



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE

**Estimates**

(Public)

TUESDAY, 20 OCTOBER 2020

CANBERRA

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**SENATE**

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

**Tuesday, 20 October 2020**

**Members in attendance:** Senators Antic, Carol Brown, Davey, McCarthy, McDonald, McKenzie, Patrick, Rennick, Rice [by video link], Sheldon, Sterle, Watt, Whish-Wilson [by video link].



## **INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS PORTFOLIO**

### **In Attendance**

Senator Duniam, Assistant Minister for Forestry and Fisheries, Assistant Minister for Regional Tourism  
Senator Ruston, Minister for Families and Social Services

### **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  
Ms Lucinda Gemmell, Chief People and Culture 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 Mark Morrow, General Manager, Response  
Mr Michael Drake, Acting General Manager, Standards  
Ms Cherie Enders, Chief Operating Officer

#### **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 Rail Track Corporation

#### **Australian Transport Safety Bureau**

Mr Greg Hood, Chief Commissioner  
Mr Colin McNamara, Chief Operating Officer  
Mr Patrick Hornby, Head of Legal, Governance and International

#### **Cities**

Mr Adam Stankevicius, Acting First Assistant Secretary  
Ms Kim Forbes, Assistant Secretary, City Deals (Queensland, South Australia and Geelong)

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

Mr Shane Carmody, Chief Executive Officer  
Mr Graeme Crawford, Group Executive Manager, Aviation  
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, Executive Manager, National Operations and Standards  
Mr Craig Martin, Executive Manager, Regulatory Services and Surveillance

Mr Luke Gumley, Branch Manager, Remotely Piloted Aircraft Systems

#### **COVID Aviation Issues Management**

Ms Janet Quigley, First Assistant Secretary

Mr David Jansen, Acting Assistant Secretary, Airports

Ms Ann Redmond, Assistant Secretary, COVID Aviation Reforms

Mr Jason Dymowski, Assistant Secretary, COVID Domestic Policy and Programs

Ms Clare Chapple, Assistant Secretary, COVID Regional Policy and Programs

#### **COVID Aviation Response Programs**

Mr Richard Wood, First Assistant Secretary

Mr Simon Moore, Assistant Secretary, Safety and Future Technology

Mr Phil McClure, Assistant Secretary, COVID Financial Assistance

Mr Jim Wolfe, Assistant Secretary, COVID International

#### **COVID Surface Transport**

Ms Jessica Hall, First Assistant Secretary

Mr Andrew Johnson, Assistant Secretary, COVID Maritime and Shipping

Ms Gabby O'Neill, Assistant Secretary, Office of Road Safety

Mr Roland Pittar, Assistant Secretary, Vehicle Safety Standards

Ms Lee Steel, Assistant Secretary, COVID Freight and Logistics

Mr Graham Evans, Acting Assistant Secretary, Road Vehicle Standards Act Implementation

#### **Data, Analytics and Policy**

Ms Gayle Milnes, First Assistant Secretary, Data Analytics and Policy Division

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 Policy and Research

Mr Robin Jackson, Chief Infrastructure Prioritisation

#### **Infrastructure Investment**

Mr Phil Smith, First Assistant Secretary

Mr Daniel Caruso, Assistant Secretary, Investment Policy and Programs Branch

Ms Shona Rosengren, Assistant Secretary, North West Infrastructure Investment

Ms Robyn Legg, Assistant Secretary, New South Wales, Assurance, Subprograms and South Australia

Mr Mitch Pirie, Assistant Secretary, Investment Engagement and Governance

Sarah Nattey, Assistant Secretary, Victoria, Tasmania and South Australia

#### **Major Transport and Infrastructure Projects**

Ms Kerryn Vine-Camp, First Assistant Secretary

Ms Sarah Leeming, Assistant Secretary, Regulatory, Environment and Stakeholder Engagement Branch

Mr Greg Whalen, Assistant Secretary, Program and Shareholder Management Branch

Mr Christian Beekes, Assistant Secretary, Rail and City Deal Implementation Branch

Mr Gary McGregor, Director, Western Sydney Airport Rail Network Strategy, Rail and City Deal Implementation Branch

Mr Stephen Sorbello, Assistant Secretary, Inland Rail Operations

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  
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 Water Grid Authority**

Ms Ruth Wall, Acting First Assistant Secretary  
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**

Richard McLoughlin, Chief Executive Officer  
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  
Mr Scott Mashford, Assistant Secretary, Governance, Parliamentary and Integrity

**Finance, Legal and IT**

Ms Carol Cote, Assistant Secretary, Finance

**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, COVID Regional Intelligence and Local Government  
Ms Karly Pidgeon, Assistant Secretary, Drought

**Territories**

Ms Sarah Vandenbroek, First Assistant Secretary  
Ms Claire Howlett, Assistant Secretary, Indian Ocean Territories COVID Protection and Services  
Dr Oliver Holm, Assistant Secretary, Jervis Bay Territory and Interagency Engagement Coordination COVID Economic Recovery  
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):** Good morning. 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 related to matters for which senators have given notice, and the proceedings today will begin with an examination of the Regional Development, Local Government and COVID Regional Recovery Division within the Department of Infrastructure, Transport, Regional Development and Communications. The committee has fixed Thursday 3 December 2020 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 Friday 6 November 2020.

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 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 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 the budget 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**

[09:06]

**CHAIR:** I now welcome Senator the Hon. Anne Ruston, Minister for Families and Social Services; Mr Simon Atkinson, Secretary of the Department of Infrastructure, Transport, Regional Development and Communications; and officers of the department. Minister Ruston, do you or Mr Atkinson wish to make an opening statement?

**Senator Ruston:** I don't. Thank you very much, Chair.

**Mr Atkinson:** Thanks, Chair. I gave one yesterday.

**CHAIR:** Thank you very much.

**Senator WATT:** Just before we get into questions directly relating to these topics, Mr Atkinson, could I just follow up a couple of things from yesterday. There were obviously a number of matters that you took on notice yesterday. Is there any additional information you can provide to the committee out of any of those questions yesterday?

**Mr Atkinson:** Not beyond what we submitted to the secretariat yesterday.

**Senator WATT:** Okay. One thing I was particularly interested in getting an answer on was that point regarding the airport land issue, and this was the point that Senator Wong was asking you about. You said you thought that there may have been some sort of provision for the \$30 million or thereabouts that ended up being paid for the land.

**Mr Atkinson:** In the original budget documents.

**Senator WATT:** In the original budget documents, yes. I think you were going to check whether that was correct.

**Mr Atkinson:** Yes, I took that on notice. I said at the time, I think, that it might not be simple, because it was a long, long time ago, so we'd have to go through a lot of documents to get it. So I'll provide it on notice.

**Senator WATT:** Okay. I wasn't sure if that something that it might be possible to resolve today.

**Mr Atkinson:** I don't think so.

**Senator WATT:** You think it'll be a bit longer—okay. The only other thing I want to check about the airport issue, which I don't think was asked yesterday, is that my recollection is that the Auditor-General's report said that two written briefs had been provided to Minister Fletcher about the issue. Is that correct?

**Mr Atkinson:** That's correct.

**Senator WATT:** They were information briefs?

**Mr Atkinson:** They were noting briefs, as ANAO said last night.

**Senator WATT:** Yes, they were noting briefs. So they effectively advised the minister of—

**Mr Atkinson:** 'This is what the department has done.'

**Senator WATT:** Which was to purchase the land, but they didn't reveal the price, did they?

**Mr Atkinson:** No. That's one of the issues in the report.

**Senator WATT:** That's right. My question really is: were those briefs that were provided to Minister Fletcher requested by the minister or his office, or were they initiated by the department?

**Mr Atkinson:** I'd have to take that on notice, but I expect that they would have been initiated by the department.

**Senator WATT:** Would you be able to come back to us on notice about that one?

**Mr Atkinson:** Yes.

**Senator WATT:** Thanks. That was it out of yesterday. Turning to regional development matters, I want to begin with the COVID-19 Relief and Recovery Fund. This is the \$1 billion fund that was announced by the government, and it was badged as 'delivering targeted assistance to regions, communities and industry sectors that have been disproportionately affected by COVID-19, including support for aviation, fisheries, tourism, events and the arts'. Your department administers that fund?

**Mr Atkinson:** Yes, in an overarching sense. As we discussed at the last estimates, I think, it's a federation, so elements of individual programs are administered by other portfolios. Dr Bacon might have more to explain.

**Dr Bacon:** The secretary is absolutely right. The way that we've set up the fund is to look at the delivery mechanisms that are most efficient and effective in terms of the nature of the measures that are being delivered, so rather than set up a single set of program guidelines for the \$1 billion fund we've actually delivered measures in some cases through existing programs that other departments administer to take advantage of the existing robust nature of the program delivery mechanisms. So, for the measures that are being delivered by those particular departments, those departments are best placed to answer questions on the details of the delivery mechanisms and the status of their measures. In our portfolio there are a number of measures that we're responsible for administering under the fund. The secretariat function in the department essentially has coordinated the decision-making processes and the governance processes, and we maintain reporting, for example, on our website.

**Senator WATT:** So it's not as if an appropriation of \$1 billion has been made to your department to then administer.

**Dr Bacon:** The budget papers can be a little confusing to work through in terms of following the \$1 billion because of the way it is being distributed, with measures reported against the different portfolios who are delivering those measures. There was a difference between the July economic and fiscal update, where the fund wasn't completely allocated, and the Budget Paper No. 2 update since JEFU, the July update, where the fund is now completely allocated. We can take you through the details of that if it helps in navigating Budget Paper No. 2, but essentially now that the fund is fully allocated you'll find the information about all of the different measures reported against the portfolio information across the different budget papers.

**Senator WATT:** If I'm looking at Budget Paper No. 2, there's not one page I go to to see this fund?

**Dr Bacon:** There are probably two pages. We can take you through those if that's helpful in navigating.

**Senator WATT:** Sure.

**Dr Bacon:** The first place to look is the summary of the measures that were decided since the July economic update. On page 61 of Budget Paper No. 2 you will see a description of measures that were decided under the fund following the July update. You'll see that there aren't numbers recorded in the table at the top of page 61 for the different measures. That's because essentially the numbers were all effectively accounted for in the July economic update with the way that the papers accounted for unallocated money in the July update. They're the measures since the July update.

**Senator WATT:** So that effectively means is that in the July update the \$1 billion was locked into the budget across a range of departments?

**Mr Atkinson:** It was built into the budget bottom line, so it's then allocating unallocated funds from the bottom line.

**Senator WATT:** So what's happened since July is that these measures have been announced from funds that had already been allocated?

**Dr Bacon:** That's right. It was a special appropriation. That special appropriation was announced back in March. Page 214 will show you the measures. Essentially that's a repeat of the measures that were available and discussed as part of the July update. The numbers in the July update essentially put the unallocated funds against our portfolio, but technically they were in the contingency reserve.

**Senator WATT:** Thank you for that. I think you were just telling us that the \$1 billion has now been fully allocated.

**Dr Bacon:** That's right.

**Senator WATT:** That means that commitments have been made to spend \$20 million here and \$500 million there.

**Dr Bacon:** That's right.

**Senator WATT:** I see here that \$292.4 million of that \$1 billion was to be spent in 2019-20. That's on page 214.

**Dr Bacon:** Yes. When the special appropriation was actually first announced, the original allocation and what was profiled in the explanatory memorandum for that special appropriation, the expectation was there'd be \$100 million allocated in 2019-20 and \$900 million in 2020-21. In actual fact, out of the decisions that were made and the measures that were announced, in 2019-20 there was \$274.7 million worth of measures announced in that financial year, and so there was a bit of a shift, given how quickly decisions were made to respond to urgent situations that were happening.

**Senator WATT:** That \$292.4 million is the amount of money that has effectively left the Commonwealth, has been spent?

**Dr Bacon:** I will just ask my colleague—

**Mr Atkinson:** As at 30 June.

**Senator WATT:** As at 30 June, yes.

**Dr Bacon:** Unless Ms Purvis-Smith has anything to add.

**Ms Purvis-Smith:** I think it's probably worth keeping in mind that that was the profile that was agreed, and so it may not be the actual money that all of the departments that are administering each of the programs have spent and got out the door—that is, when looking at what money has actually been expended in relation to the commitments each department is the relevant area to talk to.

**Senator WATT:** When we hear the Deputy Prime Minister or the Prime Minister talk about their \$1 billion essentially regional fund for COVID relief, what's actually been spent, as at 30 June, is \$292.4 million?

**Ms Purvis-Smith:** As at that period of time, the \$294 million was what was put in JEFU. In terms of the breakdown between each measure and each particular program, each department who's administering it can take you into more detail.

**Senator WATT:** According to the department's website, the Deputy Prime Minister chairs a ministerial advisory group which meets regularly to consider proposals submitted from across a number of portfolios. Who are the other members of this advisory group?

**Ms Purvis-Smith:** I can take you through that, Senator: Minister Littleproud, the Hon. David Littleproud; the Hon. Dan Tehan, Minister for Education; Minister Michaelia Cash, the Minister for Employment, Skills, Small and Family Business; Minister Karen Andrews, Minister for Industry, Science and Technology; Minister Simon Birmingham, Minister for Trade, Tourism and Investment; Assistant Treasurer, the Hon. Michael Sukkar and Minister for Housing; the Hon. Ben Morton, the Assistant Minister to the Prime Minister and Cabinet; and the Hon. Kevin Hogan, the Assistant Minister to the Deputy Prime Minister.

**Senator WATT:** They left you off that one, Minister Ruston!

**Senator Ruston:** I had other things to do!

**Ms Purvis-Smith:** It's also important that other ministers are coopted into the ministerial advisory group as required. So, if they have a proposal to be discussed in the ministerial advisory group, they are coopted for that matter.

**Senator WATT:** Does Minister Ruston ever get a go?

**Senator Ruston:** No, she didn't.

**Senator WATT:** You haven't been coopted?

**Senator Ruston:** No, but I do sit on ERC.

**Senator WATT:** I thought you cared about the regions, Minister.

**Senator Ruston:** I care very much about the regions.

**Senator WATT:** How come they don't coopt you onto this regional slush fund?

**Senator Ruston:** I'm on ERC; I get my opportunity.

**Senator WATT:** That's right; you're on ERC, aren't you?

**Mr Atkinson:** All of these go into ERC.

**Senator WATT:** So Minister Ruston has the final say!

**Senator Ruston:** Not entirely on my own!

**Senator WATT:** How often does this group meet?

**Ms Purvis-Smith:** As was previously mentioned, the fund is fully allocated. It hasn't met for a little while. It was meeting, as necessary and depending on what was happening in the economy at the time. So, at the beginning of the pandemic, things were moving very quickly in the economy and so the ministerial advisory group met very often. At the beginning it might have been weekly for a little while—I would have to go back and check if you were after an exact time frame.

**Senator WATT:** Could you come back to us on notice with the dates of each meeting and who attended each of those meetings, please.

**Ms Purvis-Smith:** Yes, I can take that on notice.

**Senator WATT:** Are there minutes available for those meetings?

**Ms Purvis-Smith:** We do have minute note-takers. They are note-taking of decisions that then go into ERC, which is a cabinet process.

**Senator WATT:** This committee itself is not a committee of cabinet, though.

**Mr Atkinson:** It is deciding the proposals, the actual submissions, that go to ERC. The documentation is part of the ERC process.

**Senator WATT:** I have sort of been expecting that we would have this debate at some point today. It's clear that, if you want to claim a public interest immunity on the basis that something is the subject of a cabinet deliberation, obviously that's got to be claimed in the first instance.

**Mr Atkinson:** Could I just explain a little bit about how it works?

**Senator WATT:** Yes.

**Mr Atkinson:** The documentation that goes into ERC processes are new policy proposals. They get shaped through various discussions with ministers et cetera. Those new policy proposals go through normal cabinet processes. This is adding an additional step to the process by which those proposals go into ERC. So those are cabinet documents that form the basis of cabinet deliberations. If we were to release those documents publicly, it would mean that we're unable to have those formative discussions and consultations between ministers before they move into the ERC process.

**Senator WATT:** Sure, but there is a distinction between the deliberations of cabinet itself and its subcommittees. I'm not asking you to give me minutes of cabinet. I am not asking you to give me minutes of ERC or any other subcommittee of the cabinet. I'm asking you to table the minutes of a ministerial advisory group. We don't know whether what's discussed at the ministerial advisory group is exactly what is discussed in cabinet, because we don't get the cabinet documents. But we can ask for these.

**Mr Atkinson:** The documents flow through the chain. They're the same documents that go to ERC. I can take on notice and discuss with PM&C whether or not it is possible.

**Senator WATT:** It's probably best to take it on notice but, as you know, the Senate doesn't accept that an agenda of a meeting or minutes of a meeting that reveal the deliberations of cabinet, and it's for the Senate to decide rather than any of us individually.

**Mr Atkinson:** I will take that on notice. The thing that is a bit different in this is it is the same documentation that goes through in the chain.

**Senator WATT:** You made point that this group hasn't met for a while because the money is now fully allocated. The department's website, as I say, says that this group meets regularly to consider proposals submitted from across a number of portfolios. Was that about how the subprograms from this fund would be allocated?

**Mr Atkinson:** This is during the decision-making process where they were working out the priorities. Basically, it was a stop on the way into ERC, where ERC made the decisions. With the finalisation of the budget process and the full allocation of the fund, I think the committee's probably finished now.

**Senator WATT:** So, for instance, it was the committee, or probably cabinet ultimately—

**Mr Atkinson:** The advisory group. It goes to ERC and then cabinet.

**Senator WATT:** So, ultimately, cabinet—informed by ERC and this ministerial advisory group—made the decision to, for instance, allocate \$100 million for regional airlines funding and \$10 million for crisis relief to artists, crew and music workers and each of the subprograms within the fund, but how that \$10 million is allocated to artists, crew and music workers would be decided by the relevant department or relevant minister?

**Mr Atkinson:** They are all slightly different. With the \$10 million, for example, there is a new policy proposal that proposes that with the program dynamics of who will be eligible. That goes through the process,

through ERC and through cabinet, and it gets agreed. Then, as with any new program that gets implemented, the detailed guidelines get agreed and then it gets implemented.

**Senator WATT:** What criteria did this ministerial advisory group use to decide how it would allocate amounts from this fund?

**Dr Bacon:** Essentially, the purposes of the special appropriation are set out in the legislation. So that was the primary consideration and—

**Senator WATT:** Which legislation is that?

**Dr Bacon:** The legislation that created the special appropriation—so the relief and recovery fund legislation. I'm just seeing if I can find the details of the purposes as set out, but essentially they were to support industries, communities and regions disproportionately impacted by the effects of COVID-19, to summarise the purpose.

**Senator WATT:** How was it determined that a particular industry or particular region was disproportionately impacted?

**Dr Bacon:** There was extensive engagement with industry and a range of stakeholders. Each portfolio has its network of stakeholders or industry bodies that it works with on a regular basis. Departments were working closely and a number of ministers convened regular meetings of stakeholders, particularly in the early days of the crisis, to try and understand quickly the impacts that COVID and the necessary restrictions were having on those sectors. There were lots of discussions and engagement with stakeholders. Ministers, and I'm sure other members of parliament, received a lot of correspondence from different industry groups who were being impacted by COVID-19. We were looking at all of the evidence and the representations that were coming in to different departments through the deputy secretaries group that was supporting the minister group. In addition to that, portfolio departments have quite a detailed knowledge of their sectors and keep a range of different data sources on their sectors. For example, in the arts and creative industry space we have a quite detailed understanding of the sector and can look at different data sources to understand the impacts of COVID on that sector.

**Senator WATT:** Was there any data used or was it all basically anecdotal?

**Dr Bacon:** For our portfolio, we can talk most knowledgably about, for example, arts and aviation. There was a lot of data analysis to understand what were the impacts that restrictions were having in those sectors and a lot of analysis that was provided into the cabinet process with evidence around the impacts of COVID restrictions on those sectors.

**Senator WATT:** How is the department measuring how effective this spending has been?

**Dr Bacon:** We're working on implementation reporting effectively so that we can report on progress on delivering measures. I might ask Ms Purvis-Smith if she has more detail.

**Mr Atkinson:** I might add a little bit into that, because I deal with a lot of them individually. Each of the individual programs have their own approaches to performance reporting. One, for instance, that I'm involved with is the IFAM, the international freight assistance mechanism. We have fortnightly reports about how much freight is moved, what subsidy levels there are and a lot of detail about what that is achieving on a week-by-week basis. That's just an example, but each of the programs has a similar thing. There is similar reporting for the aviation measures, in terms of passenger movements and connectivity across Australia. It's done on a program-by-program basis in the subprograms.

**Senator WATT:** We all know tourism is one of the industries that is most affected. Obviously, the tourism industry was a particular focus of this fund. I don't know whether you ever saw the comments made by a range of tourism industry leaders at the hearing of the COVID select committee on 20 August this year that looked specifically at the impact of COVID on the tourism industry. I asked a number of tourism industry leaders their views of this fund and whether it had been effective in assisting the tourism industry. I don't think I'm exaggerating by saying that, pretty much across the board, they were pretty underwhelmed by what this fund had done for the tourism industry. That fund has been used for a range of measures that are not related to tourism, such as, I think, about \$7.8 million for oil recycling sector support. Ms Coralie Bell, from the regional tourism association, I think, when I asked her how her members felt about this fund being used for things like oil recycling rather than tourism, said, 'I would say it disappointed me.' I won't go through it in detail, but there were a number of other comments from tourism industry leaders who felt that this fund hadn't lived up to what it was being described as in assisting the tourism industry.

**Dr Bacon:** I'm not familiar with those. I haven't read that transcript. Were you saying that those questions were in August?

**Senator WATT:** Yes.

**Dr Bacon:** Since that time there have been some additional announcements in the budget context about measures under this fund. There are a couple of tourism-specific measures that have been announced in the budget context. For example, there's a \$50 million measure relating to recovery for regional tourism that's designed to support some of the most impacted tourism regions around Australia. Austrade are responsible for implementing that measure based on very extensive data analysis that Austrade have done around their tourism data. Another measure that was announced on 11 September is the Business Events Exhibitor Grants program. That's designed to respond to the very significant impacts that COVID restrictions have had on the business events sector. That was a \$50 million measure that was announced on 11 September. Perhaps the only other thing I'd say is that, with the aviation measures that have been in part funded about the relief and recovery fund, they've essentially, with programs like the regional airline network support and the domestic aviation support measures, maintained that aviation connectivity, which for some regions is critical in enabling domestic tourism, where it is able to occur, to still take place.

**Senator RUSTON:** It's probably also worth mentioning that there are a range of other programs that sit outside this specific fund that have the support of the tourism industry, not the least of which was the JobKeeper initiative that enabled people to keep their employers in place. Looking at this fund in isolation is probably not quite—

**Senator WATT:** I'll leave you to have a look at the transcript if you want to, but I think—

**Senator RUSTON:** I am not disagreeing that the transcript—there is absolutely no question that the tourism industry was king hit by COVID. There would be nobody in Australia or the world that wouldn't say that. The government has certainly understood that and put measures in place. Of course there are going to be people who will remain significantly impacted. We're trying to make sure that we put a range of measures in place to help all industry sectors, including the tourism industry sector, to get through this. It's a once-in-100-year crisis. No-one is shying away from the impact of COVID.

**Senator WATT:** The point I was going to make was that it was acknowledged by the tourism industry that JobKeeper had played an important role. As a Labor senator, I'm glad that the government also came to that view that we should have JobKeeper. It's been a very successful point, something that Labor had been advocating. But the point that they were making was that outside of JobKeeper there had been very limited support for the tourism industry. So I won't go into it but the transcript's all there with all the quotes if you want to have a look.

**Senator RUSTON:** I'm sure that's what was said, Senator. I'm just putting on the record that there were other measures. Subsequently, as Dr Bacon has said, there have been further measures put in place through this fund through the tourism sector. I noticed that Senator Birmingham, as the minister responsible for tourism, has done a number of other measures, as have the states and territories. Notwithstanding the impact, I think the tourism industry has been significantly impacted but it also has been significantly supported. But I quite understand that there are a number of people who are still suffering quite significantly.

**Senator WATT:** I presume Budget Paper No. 2, page 125, lists the various programs that have been funded from this fund. I presume, if we were to add them all up, we'd get to \$1 billion dollars. That's an entire list, is it?

**Mr Atkinson:** What page is that?

**Senator WATT:** Sorry, the regional ministerial budget statement. I'm not true if you have that one with you.

**Dr Bacon:** The blue book?

**Senator WATT:** Yes, the blue book.

**Mr Atkinson:** Dr Bacon has it.

**Dr Bacon:** If your question is about our evidence that the fund is fully allocated and what number the measures add up to: the measures that are reported in the budget papers, the announced measures, add up to a total of \$960 million. There is \$40 million worth of measures that have been decided but not yet announced.

**Senator WATT:** And they'll be announced at a time of the government's choosing, I presume?

**Dr Bacon:** That's right.

**Senator WATT:** Without asking what they are, are you able to tell us how many proposals that \$40 million will be used for?

**Mr Atkinson:** Would it be alright if we give you, on notice, the list of the 960 that are published—which is fine—so everyone can interrogate that? We can't really go into things that the government hasn't announced at this point.

**Senator WATT:** How many proposals from ministers or departments were rejected?

**Mr Atkinson:** I think that goes quite to the considerations of the ERC.

**Senator WATT:** But not every proposal that was put up was agreed to?

**Mr Atkinson:** Through normal budget processes some things get agreed and some things don't. I couldn't comment as to what the case was here.

**Senator WATT:** Okay. I think Senator Sheldon had some questions here as well.

**Senator SHELDON:** Mr Atkinson, you mentioned before in one of your other answers the international freight assistance mechanism, which of course the department administers—that's correct?

**Mr Atkinson:** No. Austrade administers it.

**Senator SHELDON:** So the International Freight Assistance Mechanism is funded under this fund?

**Mr Atkinson:** As we said at the start, it's a federation, so it is funded through this fund but it's administered by Austrade.

**Senator SHELDON:** Thank you. How much funding has been spent to date under IFAM?

**Mr Atkinson:** I'm not sure.

**Dr Bacon:** I think our aviation colleagues are due to appear around four o'clock. They're ready with details to talk about all of the measures that they're responsible for administering in terms of their delivery details.

**Mr Atkinson:** Sorry, I don't have my aviation folder here but we'll be able to get you the to-date spend on IFAM.

**Senator SHELDON:** You can do that on notice or give it to us today.

**Mr Atkinson:** I'm sure we could get it this afternoon.

**Dr Bacon:** I think colleagues this afternoon will be ready to talk to that.

**Mr Atkinson:** It is Austrade's but we're across it.

**Senator SHELDON:** If you're in a position to answer these questions: what role does the department have in the administration of or advice on the IFAM program?

**Mr Atkinson:** We work with Austrade as part of their governance arrangements but that's about implementation governance. Policy consideration through ERC processes, we work jointly with them and other agencies around the continued design and funding for it.

**Senator SHELDON:** Are you able to tell us the criteria and the funding arrangements for particular proposals that come forward?

**Mr Atkinson:** For IFAM?

**Senator SHELDON:** Yes.

**Mr Atkinson:** IFAM doesn't work that way. It's a freight subsidy mechanism. You should speak to Austrade about the detail of how that works.

**Senator SHELDON:** I stand to be corrected again, I'm sure, but if there's a particular proposal to go forward about the needs funding, and there would be certain criteria for that funding to be approved, what's your involvement in looking at those sorts of projects and what's the department's oversight—

**Mr Atkinson:** IFAM itself, the freight assistance mechanism, is effectively a freight forwarding and freight subsidy mechanism. It's not projects.

**Senator SHELDON:** I will use different terminology. When there's funding for airfreight to be funded, there are a number of people that will be striving to get their airfreight funded. There would be decisions made about whether sending one lobster to China is appropriate from a wharf in the middle of wherever. However, there may be another project which involves hundreds of tonnes of lobsters. There would be a decision made about 'should we find that one lobster to be moved to China or should we fund the hundreds of lobsters to be moved to China?' and what criteria is used.

**Mr Atkinson:** That's purely in the operational implementation that Austrade does, so you should speak to them. They've got a really good team of freight forwarding people and air force logistics people who actually know a lot about freight.

**Senator SHELDON:** Thank you. How does the department interact, just so I'm clear about the department's interaction, with IFAM and what advice do they give? What's the engagement piece that you would give advice on?

**Mr Atkinson:** We don't give advice on the day-to-day operational aspects of it. We're part of the governance and reporting arrangements. In the set up piece when new policy proposals are going to ERC, we work with them on the design and funding as part of joint proposals. The piece you're getting to is actually how it works and how the choices are made. You should speak to them about those operational decisions.

**Senator SHELDON:** It's not your remit to be looking at the criteria?

**Mr Atkinson:** I've gone a fair way for something that's out of my portfolio. I just don't want to speculate on stuff that I don't have personal knowledge about.

**CHAIR:** Senator Sheldon, I understand that Austrade's appearing next week before Foreign Affairs, Defence and Trade Legislation Committee. That might be a good place to direct those specifics.

**Mr Atkinson:** There's a lot of detail in it. It's not a—

**Senator SHELDON:** I will ask this question. I know it's fairly broad, but I think it touches on your area of responsibility. Obviously part of the responsibility of the department is to look at there being a successful aviation industry, and part of the aviation industry obviously involves airfreight and international airfreight. Is there a connection with the airfreight projects that occur and the number of jobs that are employed? So, when there's a decision made about what airfreight is being supported, is there criteria looked at by the department, is there consideration by the department's engagement with Austrade, or is there feedback to the department about how many aviation jobs are positively—you could argue negatively affected in some circumstances, if there isn't a subsidy for particular airfreight—affected by the work that Austrade does with IFAM?

**Mr Atkinson:** I'll have to take that on notice. In our aviation discussion tonight, when I've got the aviation officials here, we might be able to speak about that in more detail. But it's a flight by flight proposition. It's being done, basically almost at a payload level and using available capacity in the optimal way around moving freight. But, as I said, I could take the specifics of your question on notice, but I'm happy to talk about it more when I have the aviation guys here tonight.

**Senator SHELDON:** Just one last question then on this; it may be better tonight. Has there been consideration about how the funding might be better used to support Australian jobs in the airfreight area? Are you able to make any comment now, or is that better for tonight?

**Mr Atkinson:** Let's talk about it tonight.

**Senator SHELDON:** I'm fine with that.

**Senator Ruston:** I suppose, Senator Sheldon, the underlying purpose of this fund was to try and make sure that we were supporting industry sectors that were significantly impacted by the COVID pandemic. This is but one of the initiatives that was put in place to try and make sure that we kept people in work in the industry sectors that were being supported by the actual initiatives. The one you are talking about obviously, supporting the jobs of the aviation and freight sector, was a consequence, but the underlying purpose of this program was about retention of jobs in sectors hardest hit.

**Senator SHELDON:** That's why I'm asking the questions about whether jobs have been created and how many have been sustained, what the criteria is and whether it's haphazard or not. That goes to my point.

**Senator Ruston:** I think clearly the detail of that will be better articulated tonight by the subject matter experts, but I think you'll probably get greater satisfaction next week on this particular program with DFAT.

**Senator SHELDON:** I'm looking forward to tonight. Thank you.

**Senator STERLE:** We've got Daisy questions.

**CHAIR:** Excellent, Senator Sterle. Would you go next?

**Senator STERLE:** No. I'm enjoying listening. I'm still waiting for answers to my really important questions yesterday, Mr Atkinson, around the heavy vehicle safety initiatives—no answers yet? I just wanted to know why the South Australian winegrowers got a road safety initiative? That's all I wanted to know. Anyway, hopefully today?

**Mr Atkinson:** Officials watching, could we please try and get an answer to that today.

**Senator STERLE:** That's great. That was two that I had. Thanks.

**Senator WATT:** I want to turn to the topic of decentralisation, which is something we've certainly heard lots of promises from this government about. Could someone just give me a brief update on the progress that the government has made with its promises around decentralisation?

**Dr Bacon:** I think we've spoken in previous estimates committees about the announcements that were made in the 2019-20 budget about Public Service decentralisation. There were announcements affecting 13 agencies and

191 positions out of the 2019-20 budget and then there were also announcements in the 2018-19 budget. We can provide you with a more detailed update on the decentralisation measures that our portfolio is responsible for, and I can run you through those if that's helpful.

**Senator WATT:** Sure.

**Dr Bacon:** There was the relocation of the Regional Programs branch in our department, from Canberra to Orange, and that comprised 25 positions that were to be relocated to Orange.

**Senator WATT:** The Regional Programs branch of this department—

**Dr Bacon:** Yes.

**Senator WATT:** 25 positions have been or will be decentralised?

**Dr Bacon:** The announcement was that 25 would be relocated to Orange. That has been completed, and 25 positions have been relocated to Orange.

**Senator WATT:** And when was that announcement made?

**Dr Bacon:** That announcement was made in the 2019-20 budget.

**Senator WATT:** And that has now happened?

**Dr Bacon:** That has now been completed, and we're really happy to go into more detail about how that decentralisation exercise was approached and we have our branch head here, from our Regional Programs branch, who's come from Orange to be here today. Would you like some more information?

**Senator WATT:** What I'm probably going to focus on largely is headline numbers, just in the interests of time. But we might give him a couple of minutes to tell us how well it has gone.

**Dr Bacon:** Happy to do that, Senator!

**Senator WATT:** I'm sure government senators would be very pleased to ask those types of questions! Anything else beyond that one?

**Dr Bacon:** Yes. There was the relocation of public servants from the Indian Ocean Territories branch and our Inland Rail part of the department, and that was relocating 12 officers from Canberra to Dubbo, Moree, Wodonga, Perth and Toowoomba. That was announced in the 2018-19 budget. Those relocations are complete, and 12 positions have been relocated.

**Senator WATT:** Is that across those two divisions?

**Dr Bacon:** That's across those two functional areas. That's correct.

**Senator WATT:** Okay.

**Dr Bacon:** Then there was the decision to relocate some functions from the Australian Maritime Safety Authority, an agency within our portfolio. There were 69 positions that were announced in the 2017-18 budget. Those positions were to move from Canberra to Coffs Harbour, Airlie Beach, Cairns, Mackay, Gladstone, Geraldton, Darwin, Karratha and Port Hedland. Those 69 positions have been relocated, and that exercise is complete.

**Senator WATT:** So 69 were announced and delivered?

**Dr Bacon:** Yes, that's correct. Part of that relocation exercise was announcing the opening of an office in Coffs Harbour, and that took place last year.

**Senator WATT:** So that's the decentralisation that has occurred. That's all within this department?

**Dr Bacon:** That's within this portfolio.

**Mr Atkinson:** There are more, though.

**Senator WATT:** There are more outside this portfolio?

**Dr Bacon:** There are. I think we've provided on notice, and talked through in some detail at previous hearings, the different announcements and how many positions, and which agencies or departments those positions were relocating from and where to, so I'm confident that we've both talked through those and provided those on notice. But we're happy to provide that again if that's helpful.

**Senator WATT:** So the overall decentralisation agenda that the government refers to—it's this department that's responsible for administering that?

**Dr Bacon:** We coordinate across relevant departments across the Commonwealth. We don't play a role in the actual delivery of the relocation decisions themselves. The responsibility for those is the relevant accountable authority, department or agency head.

**Senator WATT:** Yes, but you have responsibility for coordinating that with other departments?

**Dr Bacon:** We coordinate the whole of the decentralisation agenda and provide support to our ministers on the implementation of that agenda.

**Senator WATT:** There were two measures for decentralisation that were included in this year's budget: \$35 million over two years for the Securing Raw Materials Program and \$6 million over three years for the Regional Cooperative Research Centres Project. Does this department administer either of those funding initiatives?

**Dr Bacon:** I'll ask my colleague Mr McRandle, who's working specifically on those programs.

**Mr McRandle:** Good morning, Senator. Those two initiatives, totalling \$41 million, were part of the decentralisation measures in this budget. We're working with the grants hub. The grants hub is responsible for implementing measures, but we're responsible for the measures themselves, and the guidelines for those are being developed currently.

**Senator WATT:** And the grants hub sit within this department?

**Mr McRandle:** No, they sit within the department of industry. It's a whole-of-government approach to grants management.

**Senator WATT:** So the funding for these two programs, the Securing Raw Materials Program and the regional CRCs, sits within the department of industry?

**Mr McRandle:** No, with this department, but they're managed through the grants hub. The grants hub, on behalf of all government agencies, delivers various grants programs. They've got the expertise there and the critical mass to deliver a range of grants across government.

**Mr Atkinson:** It is the administrative mechanism.

**Senator WATT:** Yes. I remember asking questions of them at estimates as well. So the funding for these initiatives sits with this department?

**Mr McRandle:** Correct.

**Senator WATT:** And that funding is essentially for grants—

**Mr McRandle:** That's right.

**Senator WATT:** which will be administered by the grants hub in the department of industry?

**Mr McRandle:** That's correct.

**Senator WATT:** In what way do they involve decentralisation?

**Mr McRandle:** These are programs that look to encourage private sector investment in regional Australia, and supporting businesses growing capabilities in regional Australia, to help diversify the economy in regional Australia. The CRC program is the smaller of the two. It's a \$6 million program that will be running over three years, with funding of up to \$3 million available for each. There are potentially two CRC programs that would be funded from that program. It will be partnering with universities to look at, effectively, applying research to manufacturing or other elements that would support businesses in regional Australia.

The other program you mentioned is the Securing Raw Materials Program. That's \$35 million over two years and is looking at integrating parts of the supply chain that would see some manufacturing activity operating in regional Australia in concert with the supply of raw material. This is where businesses, with matched funding, would look to establish activities in regional Australia that might draw on raw materials production and take them further through a manufacturing process.

**Senator WATT:** Thank you for that. Just to go back to the headline numbers, the government's decentralisation agenda was really first announced in a speech by then Minister Nash back in April 2017. She did a speech at the National Press Club. Since that time, how many Public Service jobs have been relocated outside capital cities—across government?

**Mr Atkinson:** I'll take the specific number on notice but I think it's somewhere north of 400.

**Dr Bacon:** Yes. It's 430 positions, across 13 agencies, from a metropolitan area to regional Australia since 2017.

**Senator WATT:** Four hundred and thirty?

**Dr Bacon:** That's correct.

**Senator WATT:** Do you remember the total number of APS positions?

**Dr Bacon:** It was 430 positions from 13 agencies.

**Senator WATT:** Yes. What I'm asking is how many public servants there are in total.

**Mr Atkinson:** The total APS workforce is somewhere between 160,000 and 170,000, depending on how you count it. Sixty-two per cent of those are outside of Canberra already, as a starting point.

**Senator WATT:** Sixty-two per cent?

**Mr Atkinson:** Yes. It's one of the things that people don't understand. The Australian people think that all public servants are in Canberra, but in fact only 38 per cent are.

**Senator WATT:** So 62 per cent are outside Canberra, but of that 62 per cent there'd be a sizeable proportion in other capital cities?

**Dr Bacon:** Fourteen per cent of APS staff are located outside capital cities in regional Australia, and that's an increase from 12 per cent in 2012.

**Senator WATT:** Fourteen per cent are in state and territory capital cities?

**Dr Bacon:** Not capital cities.

**Senator WATT:** So 14 per cent of the total workforce of around 160,000 to 170,000 are located in regional areas?

**Dr Bacon:** That's correct.

**Mr Atkinson:** Yes, up from 12 per cent.

**Senator WATT:** When was the 12 per cent?

**Dr Bacon:** In 2012.

**Senator WATT:** But since 2017 there have been 430 roles outside capital cities?

**Mr Atkinson:** An increase.

**Dr Bacon:** They have been relocated, that's correct.

**Senator WATT:** I know that one of the things that used to happen in these estimates about decentralisation was that figures which were allegedly being relocated to regional areas—there were little tricks used, like including roles being located to Parramatta, Adelaide and Darwin. Are you telling me that none of the 430 have been relocated to a state or territory capital city?

**Dr Bacon:** I've got a list of locations to which positions have been relocated. It includes Griffith, Mildura, Murray Bridge, Goondiwindi, Orange—which we have talked about already—Broome, Coffs Harbour, Alice Springs, Darwin, Launceston. Darwin is, I guess, a jurisdiction capital.

**Senator WATT:** How many have been relocated there?

**Dr Bacon:** Thirty positions from Comcare have been relocated to our new offices in Darwin and Launceston.

**Mr Atkinson:** I think we can all agree, though, that Darwin is a place that needs—

**Senator WATT:** Yes, the population has been falling.

**Dr Bacon:** We have provided all those positions on notice previously.

**Senator WATT:** The figures you have given me there have been provided in answer to a question on notice?

**Dr Bacon:** They have.

**Senator WATT:** And that will add up to 430?

**Dr Bacon:** Yes. I'm sure we provided those details on notice, as well as talking them through at previous hearings.

**Senator WATT:** How much funding has been allocated to pursue decentralisation?

**Dr Bacon:** I think Mr McRandle is going through the measures from this budget.

**Mr McRandle :** The two measures that I mentioned, the \$41 million, I don't have before me. I think the figures beyond those two—

**Dr Bacon:** For the other Public Service relocations, the relevant agency is responsible for delivering those, including funding them.

**Senator WATT:** There is no funding allocated to this department to coordinate the decentralisation agenda?

**Dr Bacon:** We essentially have a regional policy function within our department, and that is where the work is done.

**Mr Atkinson:** It's part of our ongoing business.

**Senator WATT:** Are departments still bringing forward business cases to relocate some or all of their workforce to regional locations?

**Dr Bacon:** I think Mr McRandle can talk about the focus that was in this budget, rather than specific relocations of departmental staff. There were two programs that were announced in this budget.

**Mr McRandle :** Dr Bacon, are you talking about beyond the \$41 million?

**Dr Bacon:** No. I'm saying that was the focus of measures in this budget, rather than public service relocations.

**Mr McRandle :** Yes, that's correct.

**Senator WATT:** How many departments have brought forward business cases?

**Mr McRandle :** The department will coordinate the process from other agencies around the decentralisation of their elements. I don't have information at the moment about whether we have written out recently on that one—

**Mr Atkinson:** If we haven't written out recently, it will be soon.

**Senator WATT:** The process is that your department writes out to all the agencies saying, 'Have a think about decentralisation and come back to us with the business case'?

**Mr Atkinson:** Yes, basically—and the details of the types of things they should be considering.

**Mr McRandle :** There are letters that have been prepared, I'm just not sure whether those letters have actually gone out.

**Senator WATT:** When was the last time those letters went out?

**Dr Bacon:** We would need to take that on notice to give you an accurate answer.

**Senator WATT:** Is it an annual process?

**Mr Atkinson:** It was certainly part of the 2019-20 budget process.

**Dr Bacon:** I would like to check it on notice, though.

**Senator WATT:** Okay. Do you know how many business cases since 2018 have resulted in agencies or parts of agencies relocating?

**Mr Atkinson:** I think the figures that Dr Bacon was talking about actually represented the outcomes of those processes.

**Dr Bacon:** That's correct.

**Senator WATT:** So, for instance, the Regional Programs Branch going to Orange?

**Mr Atkinson:** Yes, the 13 agencies and more than 400 people.

**Senator WATT:** When you say 13 agencies, I take that as meaning elements of the agencies rather than the whole agencies.

**Mr Atkinson:** No, it is not whole agencies. Sorry, I was reflecting on how many organisations had been participating.

**Dr Bacon:** That is since 2017. But I think there are over half a dozen from the 2019-20 budget.

**Senator WATT:** When Minister Nash announced the decentralisation agenda back in 2017, she said, 'I'll be responsible for creating a template for government ministers to assess which departments are suitable for decentralisation by midyear.' So the focus was very much on getting entire departments to relocate. That hasn't ended up happening, though, has it?

**Mr Atkinson:** I wouldn't necessarily interpret that language to mean entire departments of state. That's a matter for interpretation.

**Senator WATT:** She went on to say, 'Departments will need to either indicate that they are suitable to move to the regions or justify why all or part of their operation is unsuitable.' I certainly interpret that to mean—

**Mr McRandle :** I think it was elements of those agencies that would be considered for relocation. Again, these letters that are going out will seek further advice from three ministers of their departments about which elements could be considered. I think the COVID experience and the remote working experience is also something that will factor into the way agencies should think about what is now possible. Maybe agencies previously thought it was less likely, but the experience all of us have had in the last six months indicates that there are other ways of doing business. I think the prospects of looking further into that decentralisation element are stronger now than they were previously.

**Senator WATT:** For sure. That's one of the reasons why I'm asking these questions. Everyone in regional areas is talking about what opportunities there are to further decentralise. You haven't sent out letters sent to the departments—

**Mr McRandle :** I'm not sure whether the letters have actually gone out.

**Senator WATT:** Okay, but that work is happening. What work is occurring within government now to take advantage of this opportunity around further decentralisation?

**Mr McRandle :** The first step is those letters going out at ministerial level. We will follow that up with conversations and meetings with agencies as well to bring the opportunities to their attention and to explore what might be possible now in terms of remote working arrangements. Agencies will need to work through that. They are also going through that and processes of managing their existing workplaces around the remote elements. There is a lot going on.

**Mr Atkinson:** There is also a trial, with the ATO, of a remote working hub—I think it's in Geelong—where people not working in the main offices of Public Service agencies can work in an office in a space that is Commonwealth provided. This goes to a broader opportunity I wanted to talk a little bit about. On the other side of COVID, a lot of the barriers to entry for remote working have been removed, in the private sector as much as in the public sector, in terms of the IT capacity and the cultural capacity for people to do their jobs remotely. Leveraging this into the trend that was happening anyway of people moving to regions outside some of the bigger capital cities to avoid congestion et cetera, I think there is an opportunity for people to make rational choices around lifestyle and other things to take advantage of the benefits of regions. I think it's a regionalisation agenda as much as a decentralisation agenda that we and business leaders should be looking at in terms of going forward.

**Senator WATT:** I certainly hope that it happens. It is a massive opportunity that we haven't really had before, and it would be fantastic for a lot of regional areas. Just to clarify this point about full agencies or part agencies being decentralised: do you know the number of entire agencies, or branches, divisions, functions—however you want to put it—within agencies, that have been relocated to regional areas since 2017? So there are individuals within an agency or individuals within a division who might be relocated.

**Mr Atkinson:** Usually it's business units that get moved.

**Senator WATT:** Do you know the number of those?

**Dr Bacon:** The number of business units?

**Mr Atkinson:** I'd have to take that on notice. For instance, with our program delivery people that was a branch. Our data is based on numbers of people, because people usually ask us about numbers of people.

**Senator WATT:** I realise different departments probably define these things in different ways, so I'm happy—

**Mr Atkinson:** They're usually pretty standard.

**Senator WATT:** What I'm trying to capture is: it's one thing to move a handful of individuals, but I think we were led to believe in 2017 that the decentralisation agenda would go beyond that and that there'd be an attempt to relocate either entire agencies or units within an agency. I'd like to know how many of those have been relocated.

**Dr Bacon:** We can work through the lists we provided previously and give you some summary analysis of whether they are whole units or individual positions. I was just going to add that part of the requirement has been for agencies to do a business case. So they would have done the analysis in their business case of what makes the most sense, in light of their functions, in where to locate them—closer to the communities they serve, in the vast majority of cases. But we are happy to take that on notice and give you a bit of a breakdown of what that looks like.

**Senator WATT:** Thanks.

**Mr McRandle:** I can confirm those letters that I mentioned have gone out.

**Senator WATT:** When did they go out?

**Mr McRandle:** They went out immediately after the budget.

**Senator WATT:** Okay. Just one final thing on decentralisation: I have had a look at some of the figures for Queensland. There are some parts of Queensland where we have seen pretty big reductions in Public Service numbers since 2013. For instance, in Townsville there are 252 fewer public servants than there were in 2013. Darling Downs Maranoa—

**Mr Atkinson:** Sorry; what's that dataset you're quoting from?

**Senator WATT:** The data has come from the CPSU, who track these figures. I'd have to come back to you as to exactly—

**Mr Atkinson:** Does that include defence personnel?

**Senator WATT:** I honestly don't know. I can find that out. I suspect a lot of it is in Centrelink, which I know is not your agency. The three regions that I've been pointed to are: Townsville, 252 jobs cut; Darling Downs Maranoa, 103 jobs cut; and Toowoomba, 47 jobs cut—all since 2013. There is an issue there for the individuals whose positions go, but there is also an effect on the local economy with those wages being taken out. If we're looking at an ASL average pay of about \$86,000 for Townsville, that's nearly \$22 million per annum taken out of the local economy. If the government says it wants to decentralise jobs, why is it that we can find particular regions where the number of public servant roles has actually decreased since 2013?

**Mr Atkinson:** It's a bit difficult to comment when we don't know what the data source is. As to whether that is a net movement in terms of roles that have been moved but could have been replaced by more roles—is it a total regional thing?

**Dr Bacon:** Or whether the roles have moved from one region to another?

**Mr Atkinson:** Or is it specifically within an agency that a number of positions have decreased?

**Senator WATT:** I'll see if I can get a bit more detail on that.

**Mr Atkinson:** And then we'd have to ask the individual agencies about what had happened with those types of things.

**Senator WATT:** I will try and get a bit more information on that.

**Senator WHISH-WILSON:** I have some questions around the Building Better Regions Fund, or the drought fund. In particular, my home town of Launceston received \$10 million in funding for a project called the Macquarie House precinct.

**Mr Atkinson:** Sorry, Senator, with the line, we couldn't hear who you said the recipient was.

**Senator WHISH-WILSON:** Launceston City Council.

**Mr Atkinson:** Thank you.

**Senator WHISH-WILSON:** The reason I'm asking the question is that I secured the first \$3 million in funding for the Macquarie House precinct in Launceston city, so I am watching this issue very closely. The eligibility criteria for this funding states that potential recipients must confirm that they have the authority of the land or infrastructure project owner to undertake the project at the nominated site. Was the department aware that Launceston City Council had the authority of the land or infrastructure project owner for the creative precinct when they received this money?

**Dr Bacon:** We can probably take that one on notice. We do have some details about the project from Launceston City Council—the \$10 million grant. I understand that the project was to build a creative precinct on neighbouring sites in the city of Launceston.

**Senator WHISH-WILSON:** That's correct.

**Dr Bacon:** Sorry, could you just repeat the question. We may need to take it on notice.

**Senator WHISH-WILSON:** I will repeat the question. Under your eligibility criteria for this funding, you state that potential recipients must be able to confirm that they have the authority of the land or infrastructure project owner to undertake the project at the nominated site or sites. I was just asking: when you granted this money, was the department aware of whether Launceston City Council did have the authority of the land or infrastructure project owner, particularly in relation to Macquarie?

**Dr Bacon:** Thank you; that's really helpful. I think we'll need to double check. We'll try and get that information for you as quickly as possible. We'll see if our officers can get you the answer in the course of the day.

**Senator WHISH-WILSON:** Thank you. Can you tell me when the department first received an application for the funding, and who lodged the application?

**Dr Bacon:** For the Launceston project?

**Senator WHISH-WILSON:** Correct.

**Dr Bacon:** I'm not sure we have that level of detail about this specific application, but we will get our officers to check, along with the other answer, and see if we can provide that.

**Mr Atkinson:** Do we have which round it was in?

**Dr Bacon:** It was in BBRF round 4, which is the drought round. So we are familiar with the project and with the BBRF round and the guidelines under BBRF. I think these questions are going to the specifics of the application from the proponent.

**Mr Atkinson:** Okay. We'll need to take that on notice.

**Dr Bacon:** I think we just need to look through the application papers that we have, Senator Whish-Wilson, and try and come back to you as quickly as we can.

**Senator WHISH-WILSON:** If you can take on notice who exactly lodged the application for the funds and when, that would be great.

**Dr Bacon:** We'll take that on notice.

**Senator WHISH-WILSON:** Thank you. You may have missed my preamble, but I secured the original \$3 million for this creative precinct back in 2013. I'm a supporter of the project and I've been following it very closely. But I think it's fair to say everyone in my hometown of Launceston was surprised when they heard that they were in drought and that they had access to drought funding. Can you tell me who provided the data for you that Launceston was in drought?

**Dr Bacon:** I might ask Ms Hibbert, who is from our regional programs branch, to provide details. There were specific drought criteria in the published guidelines for BBRF round 4. Those criteria were explicitly designed to allow for applications in areas that were impacted by drought, and the basis for the evidence we collected was essentially allowing applicants to provide the evidence alongside their applications that showed why that particular area was drought affected. Essentially the onus was on the project applicants to provide relevant details and evidence. I will see if Ms Hibbert can add anything to my answer.

**Senator WHISH-WILSON:** In particular, can you confirm that the date the grant was awarded was 14 November 2019—that that is when it opened?

What period are we looking at here when the area would have needed to have been drought affected?

**Ms Hibbert:** We'll have to take on notice the date the project was awarded, but I'll do that and provide that with the other information today. Could you please repeat the rest of the question, Senator?

**Senator WHISH-WILSON:** I think we wrote about it in June 2020 and the process [inaudible] 14 November 2019, from what I can gather. If you could check that that's correct, please. But I'm interested to know: in what period was the eligibility for drought considered? Was it 2019, 2018 or 2020? And how granular are you in your eligibility criteria? For example, Launceston is in the north of Tasmania: would the drought area have been the north of Tasmania or the north-east of Tasmania? Like I've said, we're genuinely perplexed down here [inaudible] we're in drought. I'm just interested to know what kind of detail you apply on that.

**Mr Atkinson:** Senator, what Dr Bacon said is probably the nub of it. I think what we need to provide on notice is the model for the drought eligibility criteria, and what the justification and claim for the drought eligibility criteria is. If we have that here, good; if not, we could get that. Is that what you are after, Senator?

**Senator WHISH-WILSON:** Yes—in particular, the period of time that the drought eligibility criteria related to, and the geographical region.

**Mr Atkinson:** The reason why I wanted to pull out the criteria is I don't think it is actually done on quite that basis, so we'll pull out the criteria for you, and then the justification. Ms Hibbert doesn't have that with her, but we'll pull out both of those out for you, Senator.

**Ms Hibbert:** We'll be able to answer those on notice.

**Senator WHISH-WILSON:** That's fine: if you can take them on notice. My understanding is only two applicants, or recipients, received \$10 million in funding, Coffs Harbour and Launceston being the two that received the full funding. Is that your understanding?

**Dr Bacon:** I know that the Launceston City Council received \$10 million in grant funding. For the Coffs Harbour project, I don't have a list of the successful projects—unless my colleague Ms Hibbert has a list of those that we can look up right now. Otherwise, we may need to take the details about the Coffs Harbour project on notice, Senator.

**Mr Atkinson:** Senator, the challenge for us is that each of these rounds—

**Senator WHISH-WILSON:** Sorry; I don't want any details on Coffs Harbour. My understanding is it's a \$10 million cap per recipient, and only two projects received the full \$10 million, one being Coffs Harbour and one being Launceston. Could you just check that for me?

**Dr Bacon:** We can double-check that. It will also be included, I understand, in the information that we tabled for Senator Sterle. There was information about all our grants programs there. But we can also answer that on notice specifically for you, Senator.

**Senator WHISH-WILSON:** The reason I'm asking that question is, while Launceston may technically have been in drought, and certainly was affected by drought, it was on the extremely mild end of the scale—yet we've received the full \$10 million in funding. I'm just trying to get an idea of what other regions received as well, so I would be interested to look at that list.

**Dr Bacon:** Sure. And, just for context, the BBRF is a competitive merit-based program, so we will look at each project application on its merits. But we'll certainly provide that further information on notice.

**Senator WHISH-WILSON:** On that particular point about it being a merits based program, were you confident that the Launceston City Council had had an impact of economic and/or employment decline [inaudible] and your eligibility criteria outlined?

**Dr Bacon:** Yes, we're confident that all of the BBRF projects that were announced met those eligibility criteria.

**Senator WHISH-WILSON:** Are you able to provide that detail to me?

**Dr Bacon:** We'll take it on notice and we'll have a look at those projects that you've asked about this morning.

**Senator WHISH-WILSON:** I'm particularly interested in, when you received the application, what process you went through to determine that.

**Dr Bacon:** We can explain that as well.

**Senator WHISH-WILSON:** When would I be able to get that from you—today or in the normal process?

**Mr Atkinson:** You've asked for quite a lot of detail, so probably in the normal process.

**Senator WHISH-WILSON:** Thank you. That's it from me, Chair.

**CHAIR:** Thank you, Senator Whish-Wilson. Senator Watt, are we back to you?

**Senator WATT:** We will have a few questions about this program a bit later. But I know that Senator Brown has a small number of questions that she was going to ask about Tasmania, so maybe we could go over to her.

**CHAIR:** Sure. Senator Brown.

**Senator CAROL BROWN:** I have a couple of questions about the Building Better Regions Fund. In the last round did the electorate of Franklin receive any funding?

**Dr Bacon:** We have provided lists across all of our different projects. Because we have thousands of projects across our regional programs, we don't always have the answers on individual projects that are—

**Senator CAROL BROWN:** Perhaps, I will give you two questions, and you can take them on notice.

**Dr Bacon:** That would be great.

**Senator CAROL BROWN:** How much funding has the electorate of Franklin received through the Building Better Regions Fund throughout the program's existence, and did the electorate of Franklin receive any funding under the National Stronger Regions Fund?

**Dr Bacon:** We'll follow that up on notice.

**Senator CAROL BROWN:** They were my questions.

**CHAIR:** Thank you, Senator Brown.

**Senator WATT:** Short and sharp! She is a master at getting straight to the point. We'll come back to the Building Better Regions Fund later, but I want to go to the new measure, the Regional Recovery Partnerships. In the budget this year, one of the new announcements was \$100 million for a Regional Recovery Partnerships program. Could you briefly let us know what that program is for.

**Dr Bacon:** I'm happy to start, and then I'll turn to my colleagues. The Regional Recovery Partnerships is a bit different to our other regional grant programs in that it's comprised of regions selected on the basis of data analysis and policy advice. The objectives are to support regions to improve regional development outcomes by doing three things. One of those is aligning effort across three levels of government with the assumption that, if we align effort that's going into particular regions, better regional outcomes result from that. Another purpose is to provide an opportunity to ensure that all of the investments going in from across different portfolios are aligned and have a greater, more sustained impact. Those partnerships also respond to the articulated priorities of regional communities to support them to grow—and further economic and social outcomes, including, in a number of those regions, recovering from the impact of COVID, bushfire and drought.

**Senator WATT:** This program is being funded from the \$1 billion COVID-19 Relief and Recovery Fund, isn't it?

**Dr Bacon:** A large part of it is. That's correct. I think around \$83 million of funding comes from that program.

**Senator WATT:** Where's the rest of it coming from?

**Dr Bacon:** Through the budget.

**Senator WATT:** A special allocation?

**Dr Bacon:** As part of the new policy.

**Senator WATT:** I don't mean 'special' in a nefarious way; I just mean that it was given money.

**Dr Bacon:** Yes.

**Mr Atkinson:** Special appropriations have a particular meaning.

**Senator WATT:** Do they?

**Dr Bacon:** Yes.

**Senator WATT:** Could you let me know what.

**Dr Bacon:** The relief and recovery fund is a special appropriation—that is, money allocated under an act of parliament.

**Senator WATT:** So I should be very careful using that phrase.

**Mr Atkinson:** Yes. 'Special' has a particular meaning.

**Senator WATT:** It's special!

**Senator Ruston:** That's how we refer to you!

**Senator WATT:** I'm sure you consider me to be special! I think Gerard is pretty special! The government has now announced the 10 regions that will be the beneficiaries of this program. Could I confirm that they are: the Snowy Mountains; Hunter and Newcastle and Parkes; Cairns and Tropical North Queensland; Gladstone and Mackay-Isaac-Whitsunday; Gippsland; Kangaroo Island; South-West WA; and, as Senator Brown will be happy to hear, all of Tasmania.

**Dr Bacon:** That's correct, Senator.

**Senator WATT:** Your whole state is a region for the purpose of this program.

**Senator Ruston:** The whole state is a region for a lot of purposes.

**Senator WATT:** Yes. The blue book, the regional budget statement, says:

The identified regions offer a compelling contribution to national resilience and recovery as they have experienced the brunt of COVID-19 and they present significant emerging opportunities to diversify the region's economy to drive long term national growth and resilience.

Could you step the committee through the criteria that were used to identify these 10 regions?

**Dr Bacon:** Yes. I will ask my colleague Ms Purvis-Smith to take you through that. It's essentially a combination of data analysis and policy advice. That was the basis for it, but Ms Purvis-Smith can walk you through the methodology that was used.

**Ms Purvis-Smith:** I will summarise and then go into a little bit more detail, if you like. In choosing the 10 regions, there were a number of factors considered by the government. Data was looked at and was a key factor, and we looked at our pre-COVID economic resilience and the impact of COVID-19, and that was assessed as the pandemic unfolded. In general terms, and I can get into more detail, this included looking closely at employment trends and patterns of business viability in each region, as well as data and evidence from the regions. We worked with Commonwealth and state and territory officials during this time on the data as well. Other factors taken into consideration were things such as opportunities to back in momentum from other Commonwealth investments, to back in existing plans and priorities from state and local government, and opportunities to realise broader economic potential for national resilience and recovery. I can take you through a little bit more detail on the data analysis.

**Senator WATT:** Yes. Could I focus on the data. What data did you use?

**Ms Purvis-Smith:** We used a whole range of data, using ABS datasets as well as Commonwealth datasets. We worked with states and territories on the datasets as well. We looked at a range of datasets and it was done at the statistical area level 4; also working zone areas and local government areas. Working zone areas are things that this department has done some work on in the sense that working in

one particular town in a region does not necessarily mean you only work in that town. It means that you can work in other towns located within that region. There was a range of ways that we looked at that. That was also done with the states and territories. To assess pre-COVID, we had a pre-COVID adaptive capacity analysis of regions, and we used data on human, social, natural, physical, economic and financial capital. I can go through that in a little bit more detail. Some of the data that we used included population size and population growth, and that was an average annual growth over a period of time rather than just one point in time. It included unemployment rates, participation rates, the industry diversity index, social economic indexes, which are otherwise known by some people as SEIFA indexes, and the percentage of people doing voluntary work. We accessed census data to look at the social impacts in regions and also included internet accessibility, which was also taken from census data.

**Senator WATT:** Once you put all of that data together, that's how these 10 regions were arrived at?

**Ms Purvis-Smith:** There's a little bit more—

**Senator WATT:** A lot of data!

**Ms Purvis-Smith:** That's kind of the first part of the data analysis—to try to get an idea of what regions were like pre COVID, and their characteristics, and then as the COVID pandemic evolved we tried to get a look at what the impact was, post COVID, on the regions.

**Mr Atkinson:** Can I just add this point. We tried very hard to get a data driven approach to regional policy development through this.

**Senator WATT:** That's very reassuring.

**Mr Atkinson:** One of the things Ms Purvis-Smith coming in from Treasury has done has been to bring that rigour to a lot of this policy development.

**Ms Purvis-Smith:** In terms of getting a post-COVID dataset and analysis, we included things such as how many international students a region had and was reliant on; those employed in tourism, given that tourism was hit hard by the pandemic; the change in employee jobs, so wages and jobs data from the ABS; hospitality employment, given that hospitality was also quite key; participation rates; JobSeeker and youth allowance payments; and JobKeeper. Then we also did payroll and wages data. On top of that we overlaid which regions were declared disaster recovery locations and which were eligible for drought programs and declared drought programs.

**Senator WATT:** A lot of this work was undertaken through what you've called adaptive capacity analysis?

**Ms Purvis-Smith:** There are two parts to the analysis. There was one that tried to get the COVID-19 impact. The first part, which was when I went through population growth and internet accessibility, was to try to analyse the adaptive capacity of regions.

**Senator WATT:** If there were any reports that were prepared as part of this adaptive capacity analysis, would you be able to table those? I'm just interested in exploring the methodology to work out how these decisions were reached.

**Ms Purvis-Smith:** We could see what we could do. A lot of this analysis was prepared and put into cabinet material for cabinet discussion, but we could go and see whether we could put together something that went through the methodology for you in some detail, if that would be helpful?

**Senator WATT:** Yes, that would be great. I suppose I'm wanting to focus in on the fact that, when the announcement was made by the government, they were very much talking about this program being to 'help areas that bore the brunt of drought, bushfires and the health crisis'. I couldn't help noticing that, in all of those factors that you mentioned, it was only at the very end that you said that everything else that had been analysed was overlaid with disaster recovery areas and drought affected regions.

**Mr Atkinson:** I think the wait issue was that Ms Purvis-Smith was running through vast amounts of data in the baseline, so all of those issues were taken together.

**Senator WATT:** If it is the case that, as the government announces, this fund is about helping areas that bore the brunt of drought, bushfires and the health crisis—COVID—did you consult any of the agencies that are specifically working on, for instance, the bushfire recovery?

**Ms Purvis-Smith:** We did consult the NBRA. I'll let the NBRA talk for themselves, but I think they were doing their own data analysis at the same time. We did talk to them about the types of things they were doing, so that we could get some learnings from them. So there was discussion with the NBRA throughout.

**Dr Bacon:** Just to clarify: the measure description in Budget Paper No. 2, for the Regional Recovery Partnerships, does talk about supporting both recovery and growth in those regions. It's multifaceted.

**Senator WATT:** So you did consult the National Bushfire Recovery Agency in determining which regions would receive this funding?

**Ms Purvis-Smith:** We didn't ask for the agreement of the NBRA. The partnerships here have a slightly wider focus. They're not just bushfire regions or drought regions. They are regions for recovery coming out of COVID, but also noting that a lot of the impact on regions has also come from bushfire and drought, which is why we're including it. Some of the impacts regarding business liability or employment will have also come from bushfire. So a lot of the datasets that we will have used will include some impacts from anything that's hitting that particular region.

**Senator WATT:** We asked the Bushfire Recovery Agency about this yesterday. We opened with asking whether the commissioner, Mr Colvin, was aware of these regional recovery partnerships and he said, 'Vaguely.' We went on to ask other officers and, ultimately, what they said to the estimates committee is that the agency did not provide advice on the modelling or the analysis that went into the selection of those regions and that that's a matter for the department of infrastructure. It sounded as if they knew about the regions being chosen once the decision had been made.

**Mr Atkinson:** Can I go back to Ms Purvis-Smith's answer. Bushfire is one lens across this. There is a vast number of other data layers that were taken into account with this. On the question as to whether or not they've been looking inside of our model, that makes sense as long as they consulted on the bushfire part of it—that's the most important part—so that the bushfire impacts can be taken into account. It impacts directly, but bushfire impacts also flow through many of those other datasets that Ms Purvis-Smith spoke about, including employment and other—

**Senator WATT:** Sure. I can't help noticing that, for a fund that the government announced was about helping areas that bore the brunt of bushfire, drought and the health crisis, pretty much the regions worst affected by bushfires have been excluded. There are certain regions which were affected quite badly by bushfires in some cases—Kangaroo Island and others—that are included, but there is nothing for the New South Wales South Coast, which just happens to include the two Labor held electorates of Eden-Monaro and Gilmore. There's nothing in the Blue Mountains, a Labor held electorate. There are other bushfire regions that have also been excluded. Why are some bushfire regions included and others not?

**Mr Atkinson:** As Ms Purvis-Smith went through in quite a bit of detail, this is much broader than just bushfires. The Bushfire Recovery Agency have their own fund specifically designed around those bushfire regions.

**Senator WATT:** So this fund isn't really about helping areas that bore the brunt of bushfires?

**Mr Atkinson:** It's about a combination of all of those impacts. We are taking a data driven model to it rather than just one lens. The Bushfire Recovery Agency is completely focused on bushfire recovery. What we're looking at is regional policy across Australia, taking into account those other factors that we talked about as well.

**Senator WATT:** There are a number of regions in this list that didn't experience bushfires at all. There are a number of them that didn't experience drought at all. Some of them may have been affected by COVID.

**Mr Atkinson:** I think some of the tourism industry in particular has been significantly impacted by COVID. They had very narrow economic bases, and we moved into that economic resilience space, which is what the underpinning data—

**Senator WATT:** I accept that. From a Queensland perspective, the tourism industry in regions like Cairns, tropical North Queensland, Mackay and the Whitsundays have been really badly affected by COVID. So, if we have included some of the worst affected regions from a COVID perspective, why wouldn't we include the regions that suffered more bushfire damage than anywhere else in the country? Is it because they are held by Labor members?

**Dr Bacon:** I think Ms Purvis-Smith has gone through all of the data analysis and the way that we have done that data analysis. There was also policy analysis that was a factor that we considered as well. It was really from looking at all of those factors in combination that the methodology indicated a number of regions that, consistent with the measure description, would support recovery and growth. It wasn't exclusively about bushfire—

**Senator WATT:** I'm not saying it is. The announcement was that it was to help areas that bore the brunt of drought, bushfires and the health crisis.

**Dr Bacon:** As well as contribute significantly to recovery, including national recovery.

**Mr Atkinson:** That is in the budget paper.

**Senator WATT:** What, are we saying that the South Coast of New South Wales and the Blue Mountains can't contribute to the national economic recovery?

**Dr Bacon:** There have been a range of other measures that have focused on regions across all of Australia. There are whole-of-economy measures; there is the \$2 billion Bushfire Recovery Fund. There have also been measures that we've talked about this morning, like JobKeeper for example, that have been really important, as the minister said, in supporting regions impacted by tourism declines.

**Senator WATT:** Sure, but they're also active in all of the 10 regions that have been chosen. So what has happened here is that someone—ministers, ultimately, through cabinet—has chosen 10 regions and has left out the regions most affected by bushfires for a fund where one of the three key aims is helping regions that have suffered bushfire damage.

**Dr Bacon:** We accept that many regions have been impacted by the effects of COVID and bushfire and drought and so on, and also that a number of those have strong potential to contribute to national recovery. When we applied the methodology that Ms Purvis-Smith has outlined, some of those other regions didn't feature as strongly.

**Senator WATT:** Does that mean that the 10 regions chosen were the ones that the department recommended?

**Dr Bacon:** That would be part of the advice we provided to government as part of a budget cabinet process.

**Senator WATT:** So you can't assure us—

**Mr Atkinson:** I'll stand by the data analysis that's here.

**Senator WATT:** Okay, but you can't assure us, because it has gone to cabinet, the list of 10 regions chosen by ministers was the same as the list put up by the department?

**Dr Bacon:** I think that question invites us to talk about the advice that we provided in budget cabinet processes.

**Senator WATT:** Okay, but the decision as to which of the 10 regions were chosen, that was a decision taken by cabinet or by ministers?

**Mr Atkinson:** Yes, obviously we provided advice—

**Senator WATT:** Okay.

**Senator Ruston:** Senator, can I just add something here. Not wanting to overreach my understanding of what actually occurred here, obviously, I will take it on notice to come back to you with some advice, because I think the inference that is being made by your line of questioning is not correct. I would just like to put a bookmark here to say I'll come back to you with more information, once I've managed to research it, because I think the inference that you're making, that somehow there was some ministerial intervention and choosing on some political basis, is unfounded in fact. But I will take it on notice, and come back to you this morning in relation to that.

**Senator WATT:** Okay, that sounds great. The reason I am focusing in on this one is, let's face it, this government has a habit of rorting regional funds for its political ends.

**CHAIR:** Senator Watt, can you just—

**Senator WATT:** We've seen it over and over again.

**Senator WATT:** Senator Watt, your language—

**Senator Ruston:** Senator, I think that's [inaudible]. If you give me the opportunity to return back to you—

**Senator WATT:** Have a look at previous transcripts of this committee, where we've gone through rort after rort in the regional development space.

**CHAIR:** No, Senator Watt, can you moderate your language and listen to the minister.

**Senator WATT:** And now we have a new program, invented in this year's budget, which is supposed to be helping regions that bore the brunt of drought, bushfires and the health crisis, which includes a whole number of regions that haven't experienced drought or bushfires. It just magically leaves out the regions that suffered the most from the bushfires, probably more than any other in the country, and which also, just magically, happen to be in Labor-held electorates. I don't think you have to be a conspiracy theorist to see that there could be a manipulation of this by the government.

**CHAIR:** Goodness, I think you could well be a conspiracy theorist!

**Senator Ruston:** Chair, I actually would suggest that—

**Senator WATT:** You've got form! You've got form in rorting regional funds.

**Senator Ruston:** the senator is being a conspiracy theorist. The Snowy Mountains are in Eden-Monaro.

**Senator WATT:** Yes, it's part of Eden-Monaro, but the New South Wales South Coast—

**Senator Ruston:** The basis of your argument, your interpretation, is not founded in pure fact.

**Senator WATT:** which forms a substantial part of the electorate of Eden-Monaro, has suffered both drought and bushfire, and has also suffered from the health crisis, so it ticks all three boxes, but it's left out. It's nothing to do with it being a Labor member, nothing to do with the government having a dummy spit over losing a by-election.

**Senator Ruston:** Senator, if you think there is any opportunity that I might be able to respond without you interrupting, then that would be great. Before you started on this particular rant, I had actually undertaken to come back to you with some information in substantiating the process by which the determination was made. My understanding is that these were direct recommendations of the department on the basis of a set of robust data in which they assessed a number of different factors, including drought, bushfire and the impact of COVID. I undertook to bring that answer back to you—and, subsequent to that, you've gone on your rant. So I would appreciate the opportunity of being able to get that response before you disappear into your conspiracy theory arguments around this being political. So I would appreciate it if you could just give me that opportunity. If you're not satisfied with my answer when I come back, well, you are entitled to interpret it as you please. But I think it would only be fair to give me that opportunity.

**Senator WATT:** If this were the first time—

**CHAIR:** Senator Watt, that seems a very reasonable response.

**Senator WATT:** Sure.

**CHAIR:** Senator Rice is waiting to ask questions. Would you like to pass to her, because we are covering the same ground and—

**Senator WATT:** Happy to do it.

**CHAIR:** We are covering the same ground and it is becoming repetitive.

**Senator WATT:** If this were the first time that—

**CHAIR:** No, Senator Watt. This is political grandstanding.

**Senator WATT:** there had been regional rorts out of this department by ministers, we wouldn't worry about it. But it has happened time and time again.

**CHAIR:** Senator Watt, please stop. We are going to Senator Rice. Senator Rice, over to you.

**Senator RICE:** Thank you, Chair. I will continue to ask about grants processes. I want to go to the Community Development Grants. First of all, I'm looking at the table in the Infrastructure budget statement—table 2.3.1 on page 56—which sets out in the first half of the table that we have in the Community Developments Grants Program \$261 million this financial year, then [inaudible] at \$160 million. In the second half of that table there is an extra \$107 million that does not require appropriation. We will start with why \$107 million doesn't require appropriation.

**Dr Bacon:** Sorry, Senator; are you talking about the table in our portfolio budget statement document?

**Senator RICE:** Yes, I am—the top part of the table, which lists the appropriations, on page 56. On page 57, under the amounts that do not require appropriation, there's \$107,433 billion.

**Dr Bacon:** I'm looking for the figure that you are talking about. Is it \$107,443 that is listed in the 2020-21 budget?

**Senator RICE:** Correct.

**Dr Bacon:** I might need to double check with my colleagues the precise number of \$107, 443. But there is a measure—

**Mr Atkinson:** Senator, I think if you go to page 58, footnote B explains that expenses not requiring appropriate in the budget year comprises expenses relating to concessional loans, accruals, payments made from prior year appropriations and other non-cash expenses.

**Senator RICE:** Can you tell me what that \$107,433 billion is?

**Mr Atkinson:** I suspect that its an appropriation from a previous year's outputs. I'll take it on notice. It's a formal accounting thing about appropriation requirements in given years. Sorry, but I don't have the CFO with me.

**Senator RICE:** So it is probably money that hasn't been spent in previous years that has been carried over?

**Dr Bacon:** It sounds like it.

**Mr Atkinson:** I'd have to check, because of the lapsing and non-lapsing nature of administered appropriations.

**Senator RICE:** Alright; if you could take that on notice. In total, then—and we're on page 56—on Community Development Grants we've got \$1.125.4 billion. Do you agree with that adding up?

**Dr Bacon:** I have not added it myself, Senator, but I think so. We do have a total government funding commitment over the course of the entire CDG program of around \$2.2 billion.

**Mr Atkinson:** I would just add that that figure includes everything on page 56 as well as 57.

**Senator RICE:** Yes, that's right. So, looking at the total amount that's planned to be spent on Community Development Grants over the forwards, we've got \$1.1 billion?

**Mr Atkinson:** Sorry, are you saying \$1.174 billion, which is the 2020-21 figure?

**Senator RICE:** I'm saying the \$1.125.4 is adding up everything that's in—

**Mr Atkinson:** So everything that's in the Community Development Grants line on page 56, plus the CDG line on 57? Is that what you're saying.

**Senator RICE:** Correct. That's what I'm saying.

**Mr Atkinson:** Okay. Sorry.

**Senator RICE:** So it's \$1.174 billion. I just wanted to get that on the record, because that's a massive amount for a program that has been under a bit of a cloud as to how it's spent. I know we're running out of time, so I won't continue to pontificate about that. But, of that \$1.1 billion, in this year's budget there's \$102 million for new community grants. I think the budget announcement says that we've got \$102 million in new money, but that's included in that \$1.1 billion.

**Mr Atkinson:** Yes.

**Senator RICE:** I want to ask about that \$102.8 million. Thirty-three million is already allocated to three projects—is that correct?

**Mr Atkinson:** Yes.

**Senator RICE:** We've got \$23 million for the Rockhampton sports stadium, and there's \$5 million for the Mount Barker Regional Indoor Aquatic and Leisure Centre and \$5 million for a sports precinct, both of which happen to be in the marginal seat of Mayo. Of the remaining \$69.8 million, is any already allocated?

**Mr Atkinson:** Out of the other funding, the government hasn't decided and announced where that will go.

**Dr Bacon:** We do have some detail of projects that have been announced under that measure in addition to the projects that are listed in Budget Paper No. 2 on page 126. That's where the measure description is set out, and there are three projects that are listed as part of the measure description. There have been a handful of announcements since then about projects that are being drawn from that measure.

**Senator RICE:** Can you go through those, please.

**Dr Bacon:** Sure. I won't go through the three that are in the measure description. There is one project that was announced on 30 September, and that's for a Queensland Holocaust Museum and Education Centre. The amount awarded there was \$3.5 million. I'm just cross-checking what's in the budget measure so I'm not too repetitive. There was a project that was announced on 6 October, the Goolwa sports precinct facilities. That was in South Australia.

**Mr Atkinson:** I think that was in BP 2 already.

**Dr Bacon:** Sorry, I'm trying to cross-check as I go. I might just read you my list, because it'll be quicker and more efficient for you. There was the regional indoor aquatic and leisure facility project at Mount Barker, and that was \$5 million. There's the Amy Gillett Bikeway from Mount Torrens to Birdwood in South Australia. That was announced on 12 October. There's the McLaren Vale—

**Senator RICE:** How much was the Amy Gillett Bikeway?

**Dr Bacon:** Sorry, Senator. That was worth \$2.6 million. There is the McLaren Vale to McLaren Flat pathway that was announced on 12 October, and that project was worth \$1.5 million. There are the Mount Barker and Victor Harbor TAFE campuses upgrades, which were announced on 12 October, and that project is worth \$1 million. And there was a project for the Yankalilla Community Library refurbishment, announced on 12 October.

**Senator RICE:** How much was that one?

**Dr Bacon:** The information I have here is that it was \$300,000.

**Senator RICE:** So all those recent announcements are in South Australia?

**Dr Bacon:** Out of that list that I've read out, there are a couple in Queensland as well.

**Senator RICE:** There was the Rocky sports stadium and then one other, the Queensland Holocaust museum, but the rest of the list was all in South Australia?

**Dr Bacon:** That's my understanding.

**Senator RICE:** Very suspicious—at much the same time the government was negotiating with Centre Alliance for their support on the higher education bill.

**Senator STERLE:** Jeez, there's no end to your skulduggery, you lot!

**CHAIR:** Senator Rice, did you have a question?

**Senator STERLE:** Seriously, no wonder Murray's wound up like a clock! I'm with you, Murray!

**Senator RICE:** For the report, I haven't added it up. The remaining money within that fund hasn't been allocated, though? But that adds up—

**Dr Bacon:** It is not yet announced.

**Senator RICE:** When you say 'not yet announced', do you know whether it has been allocated but not yet announced?

**Mr Atkinson:** These become allocated when they're announced, effectively. They're decisions of government.

**Senator RICE:** So they are political decisions?

**Mr Atkinson:** They're decisions of government.

**Senator RICE:** Yes, political decisions. I point you to the Rocky Sports Club's \$23 million. When did the department become aware that the project had been selected by the government?

**Mr Atkinson:** Through budget processes.

**Senator RICE:** When was that?

**Mr Atkinson:** It would have been in the lead-up to the budget.

**Senator RICE:** Can you tell me when?

**Mr Atkinson:** These things go through the normal budget processes, and decisions get made and come to us. It would have been at some point during the budget processes leading up to the budget, and we would have been given the decisions.

**Senator RICE:** Can you specifically tell me when? The date, please.

**Mr Atkinson:** I can't, but I can take on notice whether we can. There are obviously hundreds and hundreds of decisions happening in the budget process.

**Senator RICE:** Yes, but spending \$23 million for a project that was announced by Senator Hanson is a fairly extraordinary one.

**Senator STERLE:** Again! This is not the first time either.

**Senator RICE:** As well as when the department became aware, can you tell me how you became aware—a bit more specifically than just 'through budget processes', please, Mr Atkinson

**CHAIR:** The secretary has taken that question on notice and said he would get back to you. Do you want to move to another question, Senator Rice?

**Senator Ruston:** Would it be possible for me to correct the record?

**Senator RICE:** I was asking how as well as when.

**CHAIR:** Senator Rice, the minister wants to add a clarification.

**Senator Ruston:** I just wanted to put on the record that the announcement in relation to the Rockhampton Stadium was made by the member for Capricornia.

**Senator WATT:** Well it was made by both. There's footage of it. They were both there together.

**CHAIR:** Thank you, Minister. Senator Rice, would you like to continue now?

**Senator RICE:** I want to ask—

**Senator STERLE:** If I were the member of Capricornia, I would have—

**CHAIR:** If everyone keeps talking then nobody gets a go. Senator Rice, please continue.

**Senator STERLE:** This is not the first time that this has happened.

**Senator RICE:** I would like to know, indeed, when the member for Capricornia was notified that the government would fund the project through the CDGs.

**Senator Ruston:** Sorry, I didn't hear your question.

**Senator RICE:** When was the member for Capricornia notified that the government would fund the project through the community development grants?

**Senator Ruston:** I'll take that on notice.

**Senator RICE:** When and how was Senator Hanson notified that the government would fund the project?

**Senator Ruston:** We'll take that on notice as well.

**CHAIR:** Thank you, Minister. Senator Rice, last question and then we'll go to a break.

**Senator RICE:** Okay. Has the department received a formal application for the project?

**Dr Bacon:** Senator, as you are aware, through our processes under the published guidelines for this program, once a project is announced the next step is for us to contact the project proponent with a request for information, so we will be following our normal project processes under those guidelines.

**Senator RICE:** Yes, but have you received the application as yet?

**Dr Bacon:** We would be working on providing a request for information. We don't have the information yet.

**Senator RICE:** You have previously gone to the Rocky Sports Club to say that they need to provide information?

**Dr Bacon:** Sorry, Senator. You're a little hard to hear. Would you mind repeating the question?

**Senator RICE:** Can I clarify that where the process sits at the moment is that you haven't yet even given the request for information to the Rocky Sports Club, let alone received an application?

**Ms Purvis-Smith:** We have not yet provided the request for information to the Rockhampton Stadium.

**Senator RICE:** Can I just ask a final question on this of the minister. Minister, do you have concerns about a One Nation senator using a novelty cheque with her photograph on it to announce the government's funding commitment to this?

**Senator Ruston:** The announcement or the comments that were made by Senator Hanson are a matter for Senator Hanson. But I would point out that the project has received the overwhelming support of the Rockhampton community, including the longstanding mayor, Margaret Strelow, who, coincidentally happens to be a former member of the Labor Party—

**Senator RICE:** In the interest of time, Minister, do you have some thoughts about Pauline Hanson's announcement—

**Senator Ruston:** I think I responded to that, Senator Rice. In the interests of time, maybe you should have listened to the answer that I gave you.

**CHAIR:** Alright. Thank you very much, everybody. We will go to a break.

#### **Proceedings suspended from 11:00 to 11:17**

**CHAIR:** Let's recommence the hearing. Senator Sheldon.

**Senator SHELDON:** Thank you very much, Chair. Dr Bacon, can you provide the committee with some details about the rural and regional reform committee—who's on it, when it was established, what its terms of reference are, and whether it has a work program?

**Dr Bacon:** The rural and regional reform committee is a committee of the national cabinet. It was established by the national cabinet. I think that was announced several weeks ago.

**Senator SHELDON:** On 8 October.

**Dr Bacon:** I don't have the details of the announcement in front of me, sorry. I'll look to my colleagues about whether the tasking of the reform committee was discussed as part of the announcement of the reform committee. We're not aware if that has actually been announced. We might take your question about the terms of reference on notice, if you don't mind.

**Senator SHELDON:** So we haven't got terms of reference. Have we got who's on it?

**Dr Bacon:** It would be the Deputy Prime Minister and his regional ministerial counterparts from the states and territories.

**Senator SHELDON:** Do we have a date for when it's supposed to be established?

**Dr Bacon:** There's no deadline for the establishment or for a first meeting of that committee. What I can say is that, in advance of the first meeting of that committee, the Deputy Prime Minister has met with his regional ministerial counterparts and discussed what they would like to see or like their committee to focus on, and that's all being taken into account prior to the first formal meeting of that committee.

**Senator SHELDON:** So, if we haven't got a deadline, have we got an aspirational time for this to start?

**Dr Bacon:** I think very soon. As I said, the Deputy Prime Minister has already had a discussion with his ministerial colleagues.

**Senator SHELDON:** If you don't mind me saying, when I talk to my family and they say to me 'very soon', it could mean anything! It could be tomorrow morning during the washing up or sometime never.

**Dr Bacon:** I would say it's within weeks.

**Mr Atkinson:** Can I just add a bit of background. Why the reform committees are hanging under national cabinet work is that they're actually administered via PM&C because they form part of the national cabinet process. So we're able to have a meeting of the relevant ministers, as Dr Bacon said, but the actual time frames and all of those things are governed by us being part of a central process of the establishment of reform committees.

**Senator SHELDON:** I have a bit of a concern about this. So it's some weeks off, unknown; there's no particular deadline for when this is going to occur. I put it in this context. the Deputy Prime Minister, on 8 October 2020, when referring to setting up this committee, said:

On our first agenda will be outcomes—real-world actions, not documents or studies, to ensure our significant investments reach the people who need them, and fast!

We're still looking at months after the date of the announcement.

**Dr Bacon:** What the Deputy Prime Minister is referring to there is the importance of delivery in making sure that, as with all of the stimulus measures—this is an example of that—from different governments all around the country that have been announced to support the recovery of regions from impacts of COVID and other disasters, those stimulus measures are being delivered in as efficient a way as possible. That is one of the things that, as per the Deputy Prime Minister's comments that you've referenced there—

**Senator SHELDON:** What are the 'real-world actions' that the Deputy Prime Minister's referring to?

**Dr Bacon:** An example that I've just given is around the stimulus measures that have been announced by different governments and making sure that there's swift progress in actually implementing and delivering those stimulus measures on the ground in the communities that they're intended to help recover.

**Senator SHELDON:** I go back to my first question. What are actually the actions? You've just given me a broad overview of what is happening in various activities the government would say it's doing anyway. What are the actual actions that have been taken? We haven't got a committee set up, we haven't got a deadline for when the committee is supposed to be set up, we haven't got a statement about how it's supposed to perform, and yet that's referred to as 'real-world actions'.

**Dr Bacon:** There are a number of decisions that the Commonwealth and state and territory governments have announced that they're putting in place in response to, for example, the COVID crisis. My understanding of what the Deputy Prime Minister is talking about is making sure that part of the focus of that committee will be on aligning our effort in terms of delivery—for example, if there are multiple measures that are designed to support a particular region, that we're actually working together across all levels of government to make sure that those measures are being delivered in a coordinated and joined-up way.

**Senator SHELDON:** Is there a budget for the committee?

**Dr Bacon:** I think this will be supported through existing functions. We talk to our regional counterparts in the states and territories all the time. I think Ms Purvis-Smith was just talking about we'd work with state and territory colleagues on the regional data that we talked about in the last session. We know that every state and territory has regional functions within the relevant department that looks after regional development issues in that state or territory, and my understanding is that, in supporting the work of this committee, like with our department, we will support that out of the functions that already exist within those departments.

**Senator SHELDON:** You can see I'm a little bit worried, because the Deputy Prime Minister has said that there's supposed to be fast action. We haven't got a deadline. There's no additional resources going into this oversight. We aren't clear about real-world actions and what this committee is going to specifically have oversight

of, and there are no terms of reference to work that out anyway. Isn't this quite disturbing to you? We hear an announcement, yet there's actually no substance to it.

**Senator Ruston:** Senator Sheldon, whilst I think Dr Bacon has done a pretty good reflection of the intentions of the comments of the Deputy Prime Minister, perhaps we could get the comments of the Deputy Prime Minister in relation to the actions going forward, given this is a subcommittee of the national cabinet, and perhaps get some information back to you, because, with all due respect, it was only 12 days ago. You're making it sound like it was a very long time ago.

**Senator SHELDON:** No, no.

**Senator Ruston:** I'm happy to get the information. You've asked some very appropriate questions, and I'm quite happy to get you some clearer answers on the timing around the questions you've asked, and then perhaps you may prosecute your questioning after I've got that for you.

**Senator SHELDON:** Minister, thanks. I'll be looking forward to the answers to those questions I've raised, but it doesn't detract from the concern that an announcement was made with no terms of reference—just an announcement. It's supposed to be paid for and oversighted within the existing budget. There's no clear perception about what is being oversighted, and, quite clearly, this is just another announcement without any real program worked out. I would have thought, because of the weight of what's already been answered now—and I appreciate the deputy secretary's response—that this is supposed to be a weighty committee with oversight of the substantial impacts that have been felt through COVID. That is the very essence of the national committee. It's supposed to be oversighted by this group, but we haven't got terms of reference. It seems to me that that is a particular failing: making an announcement with no terms of reference, no budget, no program and no actions. They're supposed to be the peak body with oversight on how to make sure real things are happening on the ground and fast. It doesn't sound like it was fast when it was thought through. It was a fast line to grab some media; it wasn't a fast strategy or program.

**Senator Ruston:** Hopefully you've got your media grab out of your last rant. I just made an offer to provide you with the information, and then you just proceeded to re-prosecute your conspiracy theory. I will get you some information. I will get you the information that I've promised, Senator Sheldon. I think that given the announcement was made 12 days ago it's not entirely unreasonable that some of these issues are still being worked through, but I will get you your response, and then, if you are still dissatisfied with that, please feel free to prosecute. But I think you should give me the opportunity to respond, as I think you should give the Deputy Prime Minister the opportunity to respond.

**Senator SHELDON:** I'm looking forward to the response. Thank you for taking up that opportunity to give a response, but it doesn't take away the fact that this has been going on for many months.

**Senator Ruston:** You don't need to repeat this all again.

**CHAIR:** No. Please, Senator Sheldon, go to next the question.

**Senator SHELDON:** This has been going for many months. The minister made a political statement in response—

**Senator Ruston:** On the 8th of October.

**CHAIR:** Please go to your next question; that would be terrific.

**Senator SHELDON:** The minister made a political response to it. I'm saying that this actually—

**Senator Ruston:** I did not make a political response at all, Senator Sheldon. I take offence to you suggesting that was a political response because it was a factual response.

**Senator SHELDON:** In actual fact the questions that I raised were quite legitimate.

**CHAIR:** We're wasting time. We're already over time with this section. If you don't have a question, then perhaps we should move on to the next part of the agenda.

**Senator STERLE:** We've got lots.

**CHAIR:** Then, please, Senator Sheldon, continue with your questions. We would hate to waste any more time, wouldn't we?

**Senator STERLE:** Senator Sheldon, you're no good at this. See, I like the minister but I don't trust the Deputy Prime Minister.

**CHAIR:** Please go on with your questions, Senator Sheldon.

**Senator STERLE:** No, no. I think the minister's one of the best. In fact, you should be the Deputy Prime Minister—oh, wrong party, sorry.

**Senator SHELDON:** What is clear is that there isn't an answer about having this strategy worked out rather than just the announcement. That's the problem, and I'm looking forward to further responses. As I understand, it's going to take a number of weeks before we have any proper response to what the government has announced.

**Mr Atkinson:** I'm sorry, Senator. I wouldn't necessarily give that characterisation on timing.

**CHAIR:** Okay, more questions?

**Senator WATT:** Mr Atkinson, I want to very briefly return to this issue around the airport, because there are other estimates hearings happening concurrently and there's new information coming out of those. I want to confirm: what I think you told this committee yesterday was that you or your officers—I think it was Ms Spence—first contacted the AFP about your concerns on 8 October.

**Mr Atkinson:** Yes.

**Senator WATT:** And you first advised the minister or the minister's office the day after that, on 9 October.

**Mr Atkinson:** Yes.

**Senator WATT:** I think you said that, prior to Ms Spence contacting the AFP on 8 October, there had been no discussion with either the AFP or the Audit Office about a potential police referral?

**Mr Atkinson:** No. I said that I had spoken to the Auditor-General about it.

**Senator WATT:** Prior to 8 October?

**Mr Atkinson:** Yes.

**Senator WATT:** And, roughly, when was that?

**Mr Atkinson:** Sorry, I don't have that folder with me. It was a couple of weeks before that.

**Senator WATT:** So you received the draft report from the Auditor-General—

**Mr Atkinson:** Yes.

**Senator WATT:** which highlighted all the concerns. After receiving that, you had a discussion with the Auditor-General where the prospect of it being referred to the AFP was discussed?

**Mr Atkinson:** I asked his view, yes.

**Senator WATT:** He said, effectively, that was really a matter for you?

**Mr Atkinson:** Yes.

**Senator WATT:** And in that conversation he didn't say anything about having already contacted the AFP himself?

**Mr Atkinson:** No.

**Senator WATT:** Right. I'm not sure if you've seen this evidence in other committees, but last night—

**Mr Atkinson:** They talked to them in July and referred it in August.

**Senator WATT:** Last night the Auditor-General told one of the estimates committees that he first approached the AFP about this on 10 July—

**Mr Atkinson:** Certainly.

**Senator WATT:** and then formally wrote to the AFP on 13 July.

**Mr Atkinson:** I think it was 13 August, but yes.

**Senator WATT:** We're working on rough transcripts. The official transcript hasn't come out yet.

**Mr Atkinson:** Sorry, I watched it.

**Senator WATT:** It may have been 13 August; I thought it was 13 July.

**Mr Atkinson:** Regardless, it was well before—

**Senator WATT:** But the Auditor-General at no point told you that he had already effectively referred this matter to the AFP before you, or your department itself, tried to refer it?

**Mr Atkinson:** Correct.

**Senator WATT:** Right. That seems a little bit odd—that it didn't come up. The fact that the Auditor-General referred it didn't come up?

**Mr Atkinson:** So the Auditor-General could have told me that—

**Senator WATT:** Yes, but he didn't?

**Mr Atkinson:** No.

**Senator WATT:** Did you find that a bit odd when you ultimately found out that it had happened?

**Senator Ruston:** You're asking for an opinion I think, Senator.

**Mr Atkinson:** I think the Auditor-General was probably—I couldn't speculate as to why, but I suspect he was trying to maintain some sort of rules around it.

**Senator WATT:** Okay. And then what we've actually found out this morning through AFP estimates is that they launched a formal investigation into this matter on 27 July. Is that the first time you have been aware of that? Have you been aware of that up until now?

**Mr Atkinson:** The timing of when the ANAO referred it and the timing of their investigation, I wasn't aware of. What I was aware of is the conversation I had with the Auditor-General asking him his views as to whether he thought there was sufficient evidence to refer to the AFP. Which conversation he did go to the effect of, it's a matter for me. And then, in considering it, I then decided that we did need to refer to the AFP, which is when we were made aware that there was an investigation already underway, following the ANAO referral.

**Senator WATT:** Right. Okay.

**Mr Atkinson:** In terms of the dates, we didn't know. But, once again, I wouldn't ask the AFP—once the AFP's investigating something, I don't ask them for details of their investigation.

**Senator WATT:** No. The AFP, we found out this morning, launched its investigation on 27 July, but you didn't know anything about that until 8 October, when you had Ms Spence contact the AFP?

**Mr Atkinson:** Correct.

**Senator WATT:** And they told you that there was already an investigation underway?

**Mr Atkinson:** That's correct.

**Senator WATT:** At no point after 27 July, when the AFP launched its investigation, did anyone from the AFP contact anyone in the department to advise there was an investigation, to seek any documents—no contact at all?

**Mr Atkinson:** I would have to take it on notice, but certainly that's my understanding.

**Senator WATT:** That you're aware of?

**Mr Atkinson:** Yes.

**Senator WATT:** Has the AFP, at any point since 8 October, contacted you or other departmental officials seeking documents or witness statements or anything like that?

**Mr Atkinson:** Since we made contact with the AFP, there was a conversation the following week about the investigation. Since then we've been working with the AFP with respect to their investigation.

**Senator WATT:** As I said, when we saw all these different parts it seemed a bit odd that you hadn't heard anything about this up until contacting them yourselves.

**Mr Atkinson:** That's just what it was.

**Senator WATT:** Fair enough. The only other thing I wanted to pick up on from earlier is that you made a comment, when we were talking about some of the regional development grants, along the line that Treasury had requested a lot more rigour.

**Mr Atkinson:** No, I didn't say that.

**Senator WATT:** You said that changes had been made to the processes around regional funding. I thought you said something to the effect that there was a lot more rigour being employed now?

**Mr Atkinson:** I said this program injected quite a lot more data-driven rigour.

**Senator WATT:** Did you also say that, more generally, Treasury—

**Mr Atkinson:** Nothing to do with Treasury—

**Senator WATT:** Nothing to do with Treasury.

**Mr Atkinson:** I said that I now have an official, formerly from the Treasury, injecting significantly more data rigour.

**Senator WATT:** Why did you decide that was necessary?

**Mr Atkinson:** Why was what was necessary?

**Senator WATT:** To bring in an official from Treasury to inject more rigour.

**Mr Atkinson:** We've been, as good public servants, trying to get a data-driven approach to policy. Regional policy has always had limitations on its data because of the way statistical collections work. We are just trying to strengthen our capabilities in data-driven regional policy, and that's exactly what we've done.

**Senator WATT:** It sounds like a good thing. Does that mean that, in the past, there hasn't been as much of a data-driven or rigorous approach to the disbursement of regional funds as there will be from here on in?

**Mr Atkinson:** No, I think that under governments of both persuasions regional development has been based on the best policy and data advice available, and we're seeking to continuously improve that.

**Dr Bacon:** And we've talked in this committee before about our continuous improvement approach across all of our programs.

**Senator WATT:** As I said, that sounds good to me. It might result in fewer rorts, which would be good.

**Dr Bacon:** If it's appropriate, Chair, I do have more detail for Senator Sheldon and I've now got some detail from the statement from national cabinet on 18 September about the rural and regional reform committee. That detail is that part of the statement from national cabinet was:

National Cabinet commissioned the new Rural and Regional National Cabinet Reform Committee. As a first tranche, the Committee will focus on developing a shared understanding of the quantum, status and impact of existing investments by governments in rural and regional communities and, by the end of 2020 provide advice to National Cabinet on options to improve the delivery of existing investments to support Australia's COVID-19 economic recovery through strong and sustainable rural and regional communities.

When I talked earlier about the delivery focus, that was what I was referring to. That's a public statement. The other thing I can let you know is that we're in discussions with state and territory colleagues around preparing for a first meeting of the committee.

**Senator SHELDON:** We still haven't got any terms of reference or a work program?

**Dr Bacon:** I'll need to take on notice details about the terms of reference and check the status of those.

**Senator SHELDON:** Alright. And the work program?

**Dr Bacon:** Similarly, we can take that on notice in the same answer.

**Senator SHELDON:** So we haven't got those yet. I just want to be clear, so I'm not misunderstanding.

**Mr Atkinson:** One of the challenges with this is that the national cabinet applies cabinet confidentiality rules to what it considers, so the things that Dr Bacon can talk about are things that have been announced.

**Dr Bacon:** This is the statement from the national cabinet about the initial tasking for this committee. I would like to take on notice your questions about the terms of reference, the work program and the status of those.

**Senator SHELDON:** Just to make it clear in my head: does that mean there could be terms of reference that already exist or there may not be terms of reference? Is that what you're saying to me? I'm not quite clear what your comment was.

**Mr Atkinson:** I'm saying that—

**Senator SHELDON:** And that as a result of that cabinet in confidence, you can't tell me whether there are or are not.

**Mr Atkinson:** What I'm saying is that the considerations of National Cabinet have cabinet confidentiality around them and that there has been a statement from National Cabinet, which is the public statement announcement, and that, in terms of other details, it is a matter for government when things get announced.

**Senator SHELDON:** I understand that. I'm still not clear—are you not able to tell me whether there is a terms of reference or not? Is that what you're saying to me?

**Senator Ruston:** Given that it is a matter for government and it is covered by those confidentiality rules that exist around cabinet deliberations, I think it might be safer that I take it on notice. I will get you a response in relation to your questions before and now as soon as I possibly can.

**Senator SHELDON:** So there is not a public terms of reference and there is not a work program that is public?

**Senator Ruston:** Not to my understanding, but clearly it is a matter that I would like to check with the Deputy Prime Minister.

**Senator SHELDON:** And also there is the possibility that there is no terms of reference that has been finalised, and potentially there has also been no work program finalised?

**Senator Ruston:** I am not going to speculate on what might or might not be. What I have undertaken is to find out the information that I can provide you, which I will.

**CHAIR:** Senator Sheldon, that is the answer you need. The minister has taken it on notice.

**Senator SHELDON:** It's not the one that I want. It's the one that I've got.

**CHAIR:** Exactly.

**Senator Ruston:** And it's the one you will keep on getting until I give you another one.

**CHAIR:** Are we right to move on from this section?

**Senator WATT:** We have a bit more to go on regional stuff yet. Can I return to the Community Development Grants. I know that Senator Rice has asked a few questions about this, but we had some as well. Can you confirm that this community development program has no application process or contestability—it is simply, basically, a slush fund for the government to make announcements from and then they get retrofitted at the end?

**CHAIR:** Senator Watt, I think your language is—

**Senator Ruston:** Successive governments have always funded their election campaign commitments through a particular mechanism. Previous governments, the Labor Party—

**Senator WATT:** But, not everything being funded from this program is an election campaign, though, is it?

**Mr Atkinson:** They are decisions of government.

**Senator WATT:** They're decisions of government. No application process—

**Mr Atkinson:** There are processes.

**Senator WATT:** There is no application process before an announcement is made.

**Mr Atkinson:** It's not a competitive grants program.

**Dr Bacon:** The program is designed largely to deliver the government's election commitments. The majority of the projects in the program are from the 2013, 2016 and 2019 elections. As the Secretary said, because the program is designed to deliver the government's election commitments, for that reason it's a non-competitive grants program.

**Senator WATT:** How many projects have now been funded under this program since it started after the 2013 election?

**Dr Bacon:** My understanding is that there are 1,422 projects currently under the program.

**Senator WATT:** And how many of them were not election commitments?

**Dr Bacon:** We would need to take that on notice and do that count.

**Senator WATT:** Do you have any sense? Are we talking about a very small number or dozens or—

**Dr Bacon:** Certainly I can say that the majority of projects, I think a significant majority—

**Mr Atkinson:** I think we would say it's the vast majority.

**Dr Bacon:** are from those different elections that I mentioned, but we would have to get the precise number for you on notice.

**Senator WATT:** Of the projects that were funded under this program that were election commitments in 2013 and 2016, how many are yet to be delivered?

**Dr Bacon:** We do have details of the different projects here. I will refer to my colleagues to talk you through those details.

**Senator WATT:** You will have to refresh my memory: was the information you are about to provide included in the material that was tabled yesterday, if we want to get a more detailed—

**Dr Bacon:** Part of the material that we tabled for Sterle included a very long list of all of the active projects under the Community Development Grants Program.

**Senator WATT:** By active, what does that mean?

**Dr Bacon:** We have a definition of active projects that we included with the response. I'm just looking for the definition.

**Mr Atkinson:** Ms Purvis-Smith might give the 2013 and 2016 information.

**Ms Purvis-Smith:** For the 2016 election commitments, there were 455 total projects and 351 have been completed.

**Senator WATT:** So there are still 104 election commitments from 2016 that haven't been completed?

**Ms Purvis-Smith:** There are still some outstanding election commitments not yet completed.

**Senator WATT:** Wow. That's not very good, is it?

**Ms Purvis-Smith:** From the 2013 election commitments, there were 287 projects in total and 276 completed projects.

**Senator WATT:** So there are still 11 election commitments made by this government in 2013 that haven't been delivered.

**Ms Purvis-Smith:** There are still some outstanding that have not been completed.

**Dr Bacon:** Ninety-nine per cent of the 2013 election commitments have been contracted and 96 per cent of those have been delivered. There are a very small number that would have encountered some challenges.

**Senator WATT:** You would hope so, wouldn't you? It was seven years ago. Minister?

**Senator Ruston:** Indeed. But you would also have to concede that if a commitment subsequently was assessed and didn't meet due diligence or the appropriate guidelines, you wouldn't expect us to fund it either. So I think—

**Senator WATT:** Are you saying that some of your election commitments were dodgy or no good?

**Senator Ruston:** I think it is fairly unfair to characterise it in that way.

**Senator WATT:** They don't pass due diligence—that's your language.

**Senator Ruston:** Sometimes, when you look at things, there might be sites that we didn't realise required extra remediation, it wasn't possible. So I think, to be fair, Senator, you can't have it both ways.

**Senator WATT:** From the 2013 and 2016 elections there are a combined 115 election commitments that have not yet been completed, from two or three elections ago.

**Senator Ruston:** There is a very small number from 2013.

**Senator WATT:** Eleven.

**Dr Bacon:** From the 2016 election commitments, 97 of those projects have been contracted and 77 per cent of those have been delivered. There would be a number of them that are still in progress.

**Senator WATT:** This again goes to this issue, Minister, that for this government it really just seems to be about getting an announcement out, and whether you deliver it or not comes second best.

**Senator Ruston:** Constantly saying it doesn't actually make it true.

**Senator WATT:** There are 115 election commitments from up to seven years ago that haven't been delivered.

**Senator Ruston:** There are a number of projects that haven't been completed. There are a very small number—

**Senator WATT:** There are 115.

**Senator Ruston:** That haven't been completed. What's to say a project isn't going to take longer to complete than the year or six months or whatever it is that you seem to believe every project needs to be delivered in?

**Senator WATT:** Seven years! I think it's pretty reasonable to expect that you might deliver the projects after seven years.

**Senator Ruston:** As I said previously, there are occasionally projects that, unfortunately, are not able to progress for a particular reason. There are a very small number of projects that haven't been completed for 2013. Not to concede the fact that it would be appropriate, if a project does not pass the necessary requirements, that it is not funded until it does—it would be a completely unreasonable expectation that we should fund something before it actually was appropriately assessed.

**Senator WATT:** Turning to the 2019 election, how many projects have been funded under this program since the 2019 election that were not election commitments?

**Mr Atkinson:** You're talking about commitments post 2019 that are not election commitments?

**Senator WATT:** Correct.

**Senator Ruston:** You can take that on notice.

**Senator WATT:** There might be an answer here.

**Ms Purvis-Smith:** So in 2019, post-election, Australian government commitments, there are 312.

**Senator WATT:** Are you including the 2019 election commitments there.

**Ms Purvis-Smith:** No, that's excluding the 2019 election commitments.

**Senator WATT:** How many were there in the election? How many election commitments were there?

**Ms Purvis-Smith:** In 2019 there were 206.

**Senator WATT:** 206 election commitments in 2019 to be funded for this program? 206 election commitments made from this program and funded from this program in the 2019 election. And since the 2019 election, what was the figure again?

**Ms Purvis-Smith:** 312, I believe.

**Senator WATT:** Earlier on, Minister, you were telling me that this fund is basically used to fund election commitments. But, in fact, there have been more commitments made in this fund since the election than were made during the election.

**Mr Atkinson:** Can I make it clear that that's out of a total number of projects of 1,422.

**Dr Bacon:** And if it's helpful, there were announcements in the 2019-20 budget, if they have that time correct. There were a number of projects that came out of that budget.

**Senator WATT:** Yes, that were not election commitments.

**Dr Bacon:** That's correct. So we're distinguishing there between election commitments and announcements that have come out of the budget process.

**Senator WATT:** Minister, you told me that this fund is primarily for funding election commitments. But there are nearly 50 per cent more commitments made from this fund since the election than were made in the election. How does that work?

**Mr Atkinson:** I may need to take this on notice, but I'm pretty sure that with those commitments there is a characterisation issue of the difference between things that are made as part of election campaigns or in the immediate proximity before an election, if that makes sense. I strongly suspect that the figure that we're talking about was in the budget immediately before the election.

**Dr Bacon:** I think that's correct, Secretary.

**Senator WATT:** So that 312 figure may not be the number made since the election. It may include commitments that were made immediately prior to the election.

**Mr Atkinson:** I think it's the things that were immediately prior to the election.

**Ms Purvis-Smith:** In the budget prior to the election.

**Senator WATT:** Do you have a figure for the number that were made since election?

**Ms Purvis-Smith:** No, we don't. We can take that on notice.

**Senator WATT:** If you could, that would be good.

**Mr Atkinson:** That's why I thought it was unusual.

**Senator WATT:** It did seem unusual. But you accept that there have been some projects funded from this fund since the 2019 election. You're going to come back on the actual number, but you accept that there have been such commitments.

**Dr Bacon:** And there are some in the budget.

**Mr Atkinson:** We ran through five or six in this year's budget.

**Senator WATT:** How were they selected?

**Mr Atkinson:** Through decisions of government.

**Senator WATT:** Decisions from ministers to fund things.

**Mr Atkinson:** In this case these were decisions as part of the budget process.

**Senator WATT:** Minister, can you tell me how it is that ministers are using a fund that is really about funding election commitments to just cherry-pick projects that they want to fund outside of an election process?

**Senator Ruston:** What I would like to see is the analysis of which of the projects that we are referring to actually were part of that pre-election and budget commitments, because, as you can see, we seem to have some discrepancy in relation to the numbers. Governments from time to time do make announcements and commitments in terms of the development of infrastructure, and over the last—

**Senator WATT:** Usually through a competitive process.

**Senator Ruston:** Over the last seven months clearly there have been some quite exceptional circumstances. Until I actually have the numbers—because the numbers that have just been given to you and me obviously don't

reconcile in relation to the discussion that you and I are having—I'm happy to have this discussion once we have that reconciliation.

**Senator WATT:** I accept that governments make commitments at various times, but, especially when we're talking about large sums of money, usually there is a competitive process to ensure that the money is being directed to the best use and that everyone has a fair go at applying. But what happens with this fund is that there is no competitive process and ministers decide to just dole out grants to whatever their favourite project is or their favourite member of parliament to keep them happy, with no competitive process. You don't think that's an issue?

**Senator Ruston:** As I said, once we have the facts before us I'm happy to have this discussion. Clearly governments from time to time do take decisions in relation to funding particular projects where a need is demonstrated that's outside of an election commitment process.

**Senator WATT:** Again, but usually through a competitive process.

**Senator Ruston:** Yes, but there are times when decisions are made by government. Until I have got the facts in front of us I think we're arguing without a common basis on which to have this discussion, but I'm more than happy to have that discussion with you once the officials can come back to me with some more accurate information like that which has just been provided to both you and me.

**Senator WATT:** How about I give you some of the facts. Mr Atkinson and your team, this year's budget included an additional \$102.8 million for this program, I believe. That included funding of \$23 million for the Rockhampton stadium, which was being discussed before; \$5 million for the regional indoor aquatic and leisure facility in Mount Barker; and \$5 million for the Goolwa sports precinct. None of them were election commitments?

**Mr Atkinson:** No.

**Senator WATT:** So how were those projects selected?

**Mr Atkinson:** They were decisions of government through the budget process.

**Senator WATT:** So there are three examples, Minister. How do you justify ministers just going out there and deciding, 'We've got a bit of an issue in Mount Barker, Goolwa and Rockhampton; let's throw a bit of money at it'?

**Senator Ruston:** You deny the need for a particular project and you also deny—

**Senator WATT:** No, I'm asking why there is no competitive process that everyone can apply through.

**Senator Ruston:** There are decisions taken by government from time to time that go through a particular process. They all have to go through an appropriate due diligence process and they all have to have demonstrated need. As I said, you can pick off a couple of projects here and there, but, if you would like, I'm happy to have this conversation once we have the robust data around the allocation of this funding.

**Senator WATT:** When will all three of those projects—the Rockhampton stadium, the leisure facility in Mount Barker and the Goolwa sports precinct—be delivered?

**Dr Bacon:** I think we talked before about how the next step following a government announcement of a project is for us to issue a request for information to the grant recipient. I think we confirmed earlier that, for example, for the Rockhampton Stadium we're preparing that request for information at the moment. It hasn't yet been sent to the grant recipient. As soon as we get the request for information back from those grant recipients for those projects, that will include information about the likely time frames for the projects. We will work with the grant recipient around milestones so that we can hold project proponents to account in terms of delivery of projects against agreed milestones.

**Senator WATT:** On that request for information process: is there a prospect that, once you go out seeking information and once it's supplied, the department may decide not to go forward with a particular grant?

**Dr Bacon:** Our focus is working with the grant recipients and the project proponents, who are often small community groups or organisations, for example.

**Senator WATT:** Sport clubs in these instances.

**Dr Bacon:** There is a range of different community groups and other organisations. Our focus is on working with those organisations to make sure that they understand the information that we require so that we can do our value-with-public-money assessment, and we will work through that process with the grant recipients.

**Senator WATT:** I understand that that's the process. Once you go through that process, it's possible that you won't be satisfied with the information you're provided and that grant won't be made?

**Dr Bacon:** We do make a lot of effort to try to deliver on the government's objectives through the individual projects that have been announced. At the end of the day, there are instances where, if the criteria in the published guidelines cannot be met, a grant may be terminated.

**Senator WATT:** It is possible, then, and there have been other instances where grants like these, for the Rockhampton stadium, the leisure facility in Mount Barker and the Goolwa sports precinct—and it may well happen in these instances—where, while the commitment has been made, the money isn't paid in the end, because the guidelines aren't met and the value for money isn't demonstrated.

**Dr Bacon:** Where our criteria are not met, which includes value for money, and it's the end of the line essentially that the criteria can't be met, a project may be terminated.

**Mr Atkinson:** I will add, though, that Doctor Bacon's evidence obviously was that over 99 per cent of them are in contract, which means that they've got over that bar. So the circumstance you've just talked about is very unusual.

**Senator WATT:** But, for argument's sake, for anyone going around, say, Rockhampton with a big novelty cheque with their face on it, saying that they've delivered a certain amount of money for a project under this fund, there should be a big asterisk saying 'as long as you approve value for money and satisfy all the criteria'.

**Mr Atkinson:** I don't think we could comment on that. The minister has commented about that.

**Senator Ruston:** Clearly, the announcement was made by the member for Capricornia, Assistant Minister Landry.

**Senator WATT:** That's not what Senator Hanson says.

**Senator Ruston:** That is the fact of the matter. I can provide you with the press release and I can provide you with the footage of the announcement being made by Minister Landry and also—

**Senator WATT:** Well, here's the photo from the Rockhampton *Morning Bulletin* article about this where we can see both Senator Hanson and Ms Landry with their respective supporters, both making the same announcement.

**Senator Ruston:** All I can tell you is the official announcement was made by Assistant Minister Landry.

**Senator WATT:** So is Senator Hanson lying when she says that she's delivered this funding?

**CHAIR:** You might have to direct that question to Senator Hanson.

**Senator Ruston:** It's a matter you should probably take up with Senator Hanson in relation to any announcements she made on that day.

**Senator WATT:** But you're suggesting that she didn't have any authority to make this announcement?

**Senator Ruston:** I'm not suggesting anything at all. What I'm telling you is who made the announcement.

**Senator WATT:** So all those photos of Senator Hanson making the announcement I just made up?

**Senator Ruston:** Clearly, she was very excited about the fact that the Rockhampton stadium was being funded, but I will stand by my previous answers.

**Senator WATT:** I want to recap what Senator Rice was asking about before. For this Rockhampton one, there hasn't been an application made for the funding, you haven't yet sent out the request for information to the proponents of the project to evaluate it and Senator Hanson was never notified by the department or by the government that this grant was being provided by the government?

**Mr Atkinson:** Dr Bacon gave evidence on the first two-thirds of what you said. The last is a matter for the Minister.

**Senator WATT:** And the department first became aware that Senator Hanson would be claiming to announce the funding when she made the announcement?

**Dr Bacon:** We might have to take that on notice because, as the minister has already answered, there was a media release by the relevant government member. So we just have to take that on notice. We were aware of the media release from the government announcing the project.

**Senator WATT:** You said before that the decision to make this committee was made during the budget process and you took on notice the exact date?

**Mr Atkinson:** I took on notice where it would be. It's going to be inside the budget process and decision-making.

**Senator WATT:** When and how was the local member, Ms Landry, notified that the government would be making this grant?

**Mr Atkinson:** That would be a matter for the minister.

**Senator Ruston:** I couldn't tell you off the top of my head, but I'm more than happy to take it on notice and get you an answer.

**Senator WATT:** Okay. And you're aware that the former Nationals leader, Mr Joyce, has said that he would have preferred this announcement be made by the government rather than Ms Hanson. So he is correct in saying this grant wasn't anything to do with One Nation?

**CHAIR:** I'm not sure how that relates to the budget.

**Senator WATT:** Mr Joyce has objected in the media to Senator Hanson making this announcement on the basis—

**Senator Ruston:** I've already said that Senator Hanson didn't make the announcement. The official announcement was made by Assistant Minister Landry, who is the local member, the member for Capricornia.

**Senator WATT:** Okay. Finally on this topic and more generally about the program: there are no co-funding requirements for any of those announcements made in this year's budget—the Rockhampton stadium, the Mount Barker project or the Goolwa project?

**Dr Bacon:** There are no co-funding requirements as part of the CDG program.

**Senator WATT:** And no business case? How were the dollars arrived at?

**Dr Bacon:** As I mentioned before, our step after an announcement is to issue a request for information. That provides us with all of the information that we need to assess the project against the criteria in our published guidelines.

**Senator WATT:** Are you aware that this Rockhampton site is flood prone and a former dump?

**Dr Bacon:** We haven't yet examined the details of the project. Our next step is to send out that request for information to the grant recipients, and through that process we will be seeking all of the relevant information about the project to be able to conduct the value-with-relevant-money assessment.

**Senator WATT:** I think there is \$69.8 million left unannounced in this fund available for distribution.

**Mr Atkinson:** I think that seems like the maths.

**Dr Bacon:** I think the unallocated amount is \$25.7 million. That's the information we provided to Senator Sterle in response to his request.

**Senator WATT:** Have any projects yet been identified, if not announced, for that funding?

**Dr Bacon:** I think we've talked before about the CDG program, where our process commences with the government announcement of a project. That's when our projects kick in. We don't have details today about what that money might be used for.

**Senator WATT:** I want to focus on the Rockhampton one. How did the department find out that it was the government's desire to fund that project? Do you get a call from the minister's office or the minister to say, 'Hey'—

**Mr Atkinson:** No, it comes through budget decisions.

**Senator WATT:** But is it top down? Do ministers or ministers' offices advise you, 'There's a project here we want you to fund from the Community Development'—

**Mr Atkinson:** Out of budget processes, cabinet minutes tell us what to do.

**Senator WATT:** Sorry?

**Mr Atkinson:** Out of budget decisions, cabinet minutes tell us what to do—cabinet decisions.

**Senator WATT:** So there's a decision of cabinet to fund a particular project from this fund, and you then make it happen?

**Mr Atkinson:** Yes, in accordance with the guidelines.

**Senator WATT:** Did anyone from the department receive contact from the minister's office, outside of that budget process that you talked about, saying that it was their desire to fund this Rockhampton project?

**Dr Bacon:** Not that I'm aware of.

**Senator WATT:** Could you take that on notice.

**Dr Bacon:** I can confirm, if you like, on notice.

**Senator WATT:** Thanks. That's that topic. We've got others. Do you want me to keep going or hand the call—

**Senator RICE:** I've got some more questions on this topic too.

**CHAIR:** Senator Rice, please go ahead.

**Senator RICE:** Thank you. I won't be long. I did have questions, but Senator Watt covered quite a lot of the rounds that I wanted to continue with. As you say, the process is: the project's announced, then there's a request for information and then you assess it. As the minister said, you provide due diligence [inaudible]. In response to a question on notice I put in, you advised that, up until then, no project had failed to meet the assessment criteria. Can I confirm that that's still the case?

**Ms Purvis-Smith:** I'd have to take on notice if it is still the case, or if that was at a point in time. I would have to take on notice and see whether anything has changed since that time. I think there were also, on notice, some projects that had been withdrawn for various reasons when going through that process as well. But I can take on notice whether that number has changed. I don't think it has, but I will need to check.

**Senator RICE:** There would be recent ones. I can't remember exactly—I'll see if I've got the details of when my question on notice was answered. They would be recent. Do you know of any recent ones that have failed to meet the criteria?

**Ms Purvis-Smith:** I don't have that information to hand. I don't know of any, but I can take that on notice for you.

**Senator RICE:** Okay. In terms of due diligence and demonstrated need, the criteria are pretty broad, aren't they? Basically every project that gets funded meets the [inaudible] criteria?

**Ms Purvis-Smith:** As Dr Bacon mentioned previously, it's also important to note that we do work with proponents quite closely to make sure that they know what type of information and what they need to do. For example, if they don't provide all of the relevant information that we need to be able to undertake an assessment, we work with them to see if they can provide any further information. So we do work quite closely with them to be able to provide us with the relevant information.

**Senator RICE:** But that's only regarding the information. You don't say, 'We don't think your project is suitable, so why don't you send it somewhere else,' do you?

**Dr Bacon:** We apply our published program guidelines. The assessment criteria, which are set out at section 6 of our published program guidelines, talk about the assessment criteria that we need to be addressed when we send the request for information form. The criteria are—we require detail around the project benefits, the project viability and sustainability, and the grantee viability. That information about the assessment criteria is set out in our published guidelines.

**Senator RICE:** I'm aware of the assessment criteria. My point is that no project so far—and you're taking on notice whether there are any recent ones—that have been announced through the decisions of government [inaudible] have failed to meet those criteria, those very, very generous criteria. Every project meets those criteria.

**Ms Bacon:** I think my colleague's taken that on notice.

**Senator RICE:** Yes. How many projects have been withdrawn?

**Ms Purvis-Smith:** I think we have 10 projects that have been withdrawn.

**Senator RICE:** That's out of how many, in total—a thousand or something?

**Ms Purvis-Smith:** Yes, I think it's—

**Mr Atkinson:** A little over 1,400.

**Ms Purvis-Smith:** a little over 1,400.

**Senator RICE:** So 10 have been withdrawn. That may have been because, as you said, it worked with them, and maybe those 10 didn't meet the criteria. So rather than you failing them they were withdrawn. Would that be a possibility?

**Ms Purvis-Smith:** I'd have to go through each of the 10 projects to work that out. That could be a possibility, but I wouldn't want to speculate without knowing the actual reasons.

**Senator RICE:** If you could you take on notice, and give me as much detail as you can, respecting privacy, as to why each of those projects has been withdrawn, I would appreciate it.

**Ms Purvis-Smith:** Yes, we can take that on notice.

**Senator RICE:** Thank you. Similarly, how many have been announced but haven't yet provided you with all the information you need?

**Ms Purvis-Smith:** I don't have that to hand. I can take that on notice for you.

**Senator RICE:** Okay. Similarly—

**Ms Bacon:** I might be able to assist.

**Ms Purvis-Smith:** My colleague might be able to assist you.

**Ms Bacon:** I think the projects, where we're awaiting project information—it's for 140 projects.

**Senator RICE:** Have you a breakdown as to which of those are from the various election commitments or non-election commitments?

**Ms Bacon:** I'm sorry, I just have the total figure here rather than a breakdown of where all of those announcements came from. We might need to take that part of the question on notice.

**Senator RICE:** If you could do that, that would be good. How many have been assessed and not yet funded, where you've said, yes, they meet the criteria, but you haven't yet handed over the money?

**Ms Bacon:** As you know, Senator, under our project guidelines, we request that project information, we do our assessment and then we work with proponents to contract the project, with the contracted milestones. At the moment, we have 137 projects that are currently under assessment.

**Senator RICE:** Again, could you take on notice the breakdown of those projects according to when they were committed?

**Ms Bacon:** We'd be happy to do that.

**Senator RICE:** Could you provide a list of which projects have been withdrawn? Given they were public announcements, I think it should be on the public record as to which ones are not being proceeded with.

**Ms Bacon:** Yes, I think we've—

**Ms Purvis-Smith:** We'll take that on notice.

**Ms Bacon:** agreed to take that on notice. We're happy to do that.

**Senator RICE:** Thanks very much.

**Senator WATT:** I'll try and rip through the remaining questions we've got in the regional development space. The first topic is about regional deals. Just while you're gathering, Mr Atkinson—again, on the airport. Sorry to keep jumping back; it's just that things do keep coming out in other estimates committees that we want to follow up. We've already been over the fact that you advised the minister's office about your contact with the AFP. That happened on about 9 October. Did you discuss with anyone else—for instance, in other departments—that you had contacted the AFP about this matter?

**Mr Atkinson:** After the ninth? We found out about it on the eighth.

**Senator WATT:** Your department contacted the AFP on the eighth and were told it had already been referred. You then briefed the minister's office on 9 October.

**Mr Atkinson:** I spoke to the minister's office on the ninth and briefed them the following day.

**Senator WATT:** A formal brief came through after that.

**Mr Atkinson:** Yes.

**Senator WATT:** Did you advise anyone else in other departments around that time that your department had contacted the AFP?

**Mr Atkinson:** I'd have to take it on notice. I may have mentioned it in passing—I would have to take it on notice. I don't think so, but it's possible I mentioned it in conversation as part of the general Leppington issues once it was all public.

**Senator WATT:** Would you normally speak to officers in PM&C if your department was minded to refer something to the AFP? Let's not talk about what you would normally do. Did you advise anyone in PM&C that you had decided to refer the matter to the AFP?

**Mr Atkinson:** Certainly not before I asked Ms Spence to do it.

**Senator WATT:** And what about afterwards?

**Mr Atkinson:** That's what I'd have to check, as to whether or not I told PM&C or the Public Service Commissioner. It certainly would not have been as part of me ringing them up to say this has happened but as part of a general conversation around my handling. I wrote to the Public Service Commissioner and the secretary of

PM&C outlining all of the things that I intended to do inside of our department to give them full visibility of all of it. So I may have mentioned it in conversations with PM&C or the Public Service Commissioner after that had happened that this had also happened.

**Senator WATT:** Can you come back to us on notice about what contact you had with PM&C, when and with whom?

**Mr Atkinson:** Yes.

**Senator WATT:** Did you advise Dr Kennedy, as the former secretary of the department, that you'd decided to refer it to the AFP?

**Mr Atkinson:** Once again, certainly not before I asked Ms Spence to do it. Afterwards, I may have mentioned it to him in conversation.

**Senator WATT:** You probably would remember if you did, wouldn't you? It's a pretty major thing to refer something to the AFP.

**Mr Atkinson:** In the context of all of the Leppington things that I'm working through, the conversations I have are fairly substantial. I genuinely will just have to check. For me, the important thing was that it was referred to the AFP. Once that was undertaken, that was the—

**Senator WATT:** I just wondered whether you might have then decided to advise central agencies or the person who had been the secretary of the department at the time this all occurred.

**Mr Atkinson:** I suspect that in my conversations with Steven I'd mentioned it, but I would just like to check.

**Senator WATT:** Okay. Prior to that referral or attempted referral to the AFP, did you ever discuss the draft report from the Auditor-General with anyone in PM&C or Treasury?

**Mr Atkinson:** At what point in time are you talking about?

**Senator WATT:** So the Auditor-General provides the draft embargoed report—

**Mr Atkinson:** Sorry, the embargoed report or the section 19 report?

**Senator WATT:** You'll have to explain the distinction to me.

**Mr Atkinson:** The section 19 report is the draft that we formally respond to; it has very limited distribution. Dr Kennedy got a copy of that, but the Auditor-General controls who that goes to. And then the embargoed report comes to us, I think usually three or four days before, which is the final that goes out.

**Senator WATT:** So the embargoed report is effectively the final report.

**Mr Atkinson:** That's the final report, yes.

**Senator WATT:** Let's go back. The section 19 or the draft report, did you discuss the content of that with anyone in PM&C or Treasury?

**Mr Atkinson:** No. I didn't discuss the contents of that report. I had a discussion with Ms Foster, who is a deputy secretary, just based on her experience as a former Public Service Commissioner, to get her thoughts on dealing with the code of conduct and those sorts of things that were clearly the things I was going to have to deal with, and governance.

**Senator WATT:** So you didn't discuss the content of the report with Ms Foster?

**Mr Atkinson:** No.

**Senator WATT:** Can you give me a sense of what the conversation involved? That you'd received this draft report from the Auditor-General—

**Mr Atkinson:** It was more along the lines of, 'I have received a report, and there are some serious allegations for the Public Service that we're going to have to deal with.' Then there was a general conversation around the approach to code of conduct investigations. She's the former Deputy Public Service Commissioner, and she's a trusted colleague.

**Senator WATT:** But you didn't go into detail with her about what the report had found or alleged?

**Mr Atkinson:** I didn't go into any of the content of the report. My conversation was about the things she has deep expertise in and using her as a sounding board on those issues that I was about to face.

**Senator WATT:** Was there anyone else in PM&C or Treasury that you discussed the draft report or the matters relating to the draft report with?

**Mr Atkinson:** No. I'd have to check the timing on it, but Dr Kennedy had a copy of that as well. I had a discussion with him, which I'd mentioned with Senator Wong, to draw it to his attention, effectively.

**Senator WATT:** You may have dealt with this yesterday, but remind me: did you have contact with the minister's office about the draft report when you received it?

**Mr Atkinson:** The briefing for the minister's office was when we got the embargoed report.

**Senator WATT:** You provided a formal brief when you received it—

**Mr Atkinson:** Yes.

**Senator WATT:** and then there were further discussions with the minister or the minister's office about that—

**Mr Atkinson:** That it was going to be released on—

**Senator WATT:** and what the department's response would be?

**Mr Atkinson:** No, not on the section 19 response.

**Senator WATT:** So you received the draft report from the Auditor-General?

**Mr Atkinson:** Let's be technical: the section 19.

**Senator WATT:** You received the section 19 for what I've called the draft report from the Auditor-General.

**Mr Atkinson:** Yes.

**Senator WATT:** There's a process for the department to respond.

**Mr Atkinson:** An internal process by which we respond, and other people who were impacted get to respond. Their responses are formally incorporated into the report; they're at the back.

**Senator WATT:** When you received the section 19 report, was a formal brief provided to the minister's office about that?

**Mr Atkinson:** No.

**Senator WATT:** It wasn't?

**Mr Atkinson:** No—they get briefed when we get the embargoed copy.

**Senator WATT:** I see. So there was no contact between the department and the minister's office about the draft report. The contact occurred once the final report was prepared.

**Mr Atkinson:** The embargoed report. That's my understanding.

**Senator WATT:** Can you take that on notice to confirm that?

**Mr Atkinson:** Yes, sure.

**Senator WATT:** Obviously, you're not the only officer in the department.

**Mr Atkinson:** I was about to say, certainly not me—but I presume so; that's the normal process.

**Senator WATT:** Understood.

**Mr Atkinson:** Sorry—is there any other suggestion?

**Senator WATT:** No. As I understand, Ms Foster has also said in PM&C estimates that you had a discussion with her when you received the section 19 report—

**Mr Atkinson:** Yes.

**Senator WATT:** which is what you've just said as well. There's nothing contradictory. This is a matter that obviously spans a number of portfolios, and we're just trying to check what different people are saying.

**Mr Atkinson:** That's fine. Ms Foster is an old, trusted colleague.

**Senator WATT:** Back to regional deals. There are three regional deals at this stage—Albury-Wodonga, Barkly and Hinkler. On my reading of the final budget outcome, all three of these deals were significantly underspent on, and, in fact, nothing has been spent on the Albury-Wodonga and Hinkler deals in the 2019-20 financial year—is that correct?

**Dr Bacon:** The Albury-Wodonga deal is actually still under negotiation. We have the relevant officers here who can provide updates. If you'd like to start with the Albury-Wodonga and the Hinkler parts of the regional deals—

**Senator WATT:** Okay. I'm conscious that we're now well over time, so I'll try and keep my questions pretty focused. Please do the same with the answers.

**Dr Bacon:** Okay. Mr Stankevicius is here, and he can answer questions about those regional deals. And we have Mr Faris, who can answer questions about the Barkly Regional Deal.

**Senator WATT:** That would be great.

**Dr Bacon:** We provided some information to Senator Sterle on the regional deals in response to his request as well.

**Senator WATT:** So is it correct that, at this point, no dollars have been spent regarding the Albury-Wodonga deal?

**Mr Stankevicius:** At this point, we're still negotiating with Victoria to put in place the agreement for that funding, but the consultation has been ongoing, and project selection is very close.

**Senator WATT:** Do we have someone to speak to the Hinkler deal? Is that you as well?

**Mr Stankevicius:** Kim Forbes?

**Senator WATT:** That was your 30 seconds of fame! The Barkly person might want to get ready to tag team in as well. Ms Forbes, is it the case that with the Hinkler deal nothing was spent in the 2019-20 year?

**Ms Forbes:** There's a fair bit of work underway with the Hinkler Regional Deal. The implementation plan was signed earlier this year, in January.

**Senator WATT:** Can we just focus on my question: \$0 spent?

**Ms Forbes:** Yes. Last financial year, \$7 million went into the hospice for Hervey Bay.

**Senator WATT:** Sorry, so \$7 million has been—

**Ms Forbes:** Expensed for the Hervey Bay hospice. In addition, there are funds for the Hervey Bay Airport redevelopment.

**Senator WATT:** But they haven't been expensed yet.

**Ms Forbes:** That's for a BBRF program. It's nearing completion, so there are funds that have been dispensed there.

**Senator WATT:** There have?

**Ms Forbes:** Yes.

**Senator WATT:** For the airport.

**Ms Forbes:** That's correct.

**Senator WATT:** Okay. While you're at the table, what projects are you expecting to fund under this deal in the next financial year?

**Ms Forbes:** Literally one week ago we had the agtech facility for Bargara open up. There is \$5 million for that agtech facility. Based on milestones, \$2½ million is expected to go out this financial year.

**Senator WATT:** A beautiful part of the world.

**Ms Forbes:** Yes, it is.

**Senator WATT:** Thank you. I think that's it for you, Ms Forbes. Mr Faris, I think we worked together a very long time ago.

**Mr Faris:** We did.

**Senator WATT:** You've obviously done better than me out of life! Happy 20 year reunion or whatever it is—maybe even 30. The Barkly deal: as I understand it, only \$1.3 million of the forecasted \$5.7 million on the Barkly deal got out the door last year—is that correct?

**Mr Faris:** That's the partial story. We had \$1 million spent on an airstrip refurbishment at Alpururulam under the Remote Airstrip Upgrade Program. We've provided \$0.8 million to Sport Australia to help with the community sports initiative. We've provided \$2.5 million to Aboriginal Hostels Ltd to run a trial at the Aboriginal hostel in Tennant Creek. We've provided also funding to the Northern Territory government for a scoping study for a boarding facility, \$0.33 million for community mediation work, \$0.33 million for support for community governance in the Barkly and also half a million for the development of the Barkly business hub. So there's been a range of activity through the national partnership funding and with partners on the ground.

**Senator WATT:** What projects are you expecting to fund under this deal over the next financial year?

**Mr Faris:** Over the next financial year, again looking at the national partnership agreement, the main activity we are hoping to be really pressing forward on is the visitor park in Tennant Creek, which is under design with community. That's probably the biggest item that we'd be looking to get out the door this financial year.

**Senator WATT:** Okey-doke. I think that's it for you. I should have asked about Albury-Wodonga, if Mr Stankevicius is still here—just about what projects you are expecting to fund under that one this financial year.

**Mr Stankevicius:** There's currently a project under discussion called tracks and trails, which will be delivered through the Albury-Wodonga councils as part of the 3.2 that you'll see in the budget. The rest of that funding being put through the Victorian government under a national partnership agreement will support the development of business cases to go into the deal, and we expect that that will support consideration in the next budget process for the outcome of the deal in the Australian government's budget process, the New South Wales' budget process and Victorian budget process.

**Senator WATT:** To Dr Bacon or someone in an overarching sense, is there any work currently underway for regional deals in other locations?

**Dr Bacon:** Not at this stage.

**Senator WATT:** Thank you. There's the Building Better Regions Fund. I know a couple of other senators have asked questions about this, but hopefully I won't be repeating things. Have all projects announced through the first three rounds of this fund been delivered?

**Dr Bacon:** We can give you some information about the delivery status of the Building Better Regions Fund. I will start with an overarching sense while my colleagues get the detailed information for you. Out of the first three rounds of BBRF, 60 per cent of the projects announced have been completed. Thirty-eight per cent have been contracted but not yet completed. That means that they're in progress. And two per cent have been terminated or withdrawn.

**Senator WATT:** That was the first three rounds?

**Dr Bacon:** That was for the first three rounds. That's correct.

**Senator WATT:** The information you're looking at was in the information provided to Senator Sterle?

**Dr Bacon:** We provided a very detailed list of projects in response to Senator Sterle's request. We talked before about active projects. We provided details around active projects, and that refers to projects that have not yet been finally acquitted. That was the definition of 'active projects' that I was looking for earlier.

**Senator WATT:** If you haven't provided this information already, could you please, on notice, advise us which projects have been terminated and why?

**Dr Bacon:** We'd need to take that on notice.

**Senator WATT:** Yes. Can I assume that there would be a number of projects which are not meeting project deadlines?

**Dr Bacon:** There are some examples of projects—and this cuts across more than one of our regional programs—where, due to the impacts of COVID or bushfire, and in some cases drought, there have been unforeseen delays in delivering some of our projects. That would be the case with the Building Better Regions Fund. We have some more information we can give you about the efforts we're making with proponents to support them in light of those delays.

**Senator WATT:** Again, in the interests of time, I might get you to come back to us on notice with the projects that are not meeting the original project deadlines.

**Dr Bacon:** I'm happy to provide that on notice.

**Senator WATT:** Thank you. Turning to round 4 of the program, for the projects which were funded through round 4, and that was specifically for drought support, how many have had funding agreements signed?

**Ms Purvis-Smith:** I have some information for you for round 4. The information I have is that 70 funding agreements have been executed.

**Senator WATT:** Seventy funding agreements have been executed?

**Ms Purvis-Smith:** That's correct.

**Dr Bacon:** As at 31 August.

**Senator WATT:** Out of how many?

**Ms Purvis-Smith:** Out of 163 successful round 4 projects. There are 92 funding agreements that are yet to be executed. We're still working with proponents.

**Senator WATT:** Are any projects that were announced not proceeding now?

**Ms Purvis-Smith:** One applicant has declined the offer of funding.

**Senator WATT:** Who is that?

**Ms Purvis-Smith:** I don't have that information. I can take it on notice for you.

**Senator WATT:** Perhaps you can let us know who it is and why. How much funding was allocated to the first four rounds of this program? Was there any underspend?

**Ms Purvis-Smith:** If you're after underspends, I might have to take that on notice for you.

**Senator WATT:** Why don't you come back on notice about how much was allocated for the first four rounds and what the underspend was per round. That's what I'm after.

**Ms Purvis-Smith:** Yes, we can provide that for you.

**Senator WATT:** Focusing on one project, the \$10 million creative arts precinct project in Launceston, I only had half an ear on what Senator Whish-Wilson was asking. Was that the project he was asking about before?

**Ms Purvis-Smith:** Yes; that's correct.

**Senator WATT:** Sorry. I was doing other things when he was talking. At the risk of asking things he's asked, I'll make this quick. This was funded through the drought round?

**Ms Purvis-Smith:** That's correct.

**Senator WATT:** And only drought affected areas were eligible for this round? The City of Launceston received the \$10 million grant, even though the Bureau of Meteorology data showed the region wasn't drought affected.

**Ms Purvis-Smith:** I think we've take a lot of the detail of that particular project on notice for Senator Whish-Wilson, so we can do the same. In general terms, for BBRF round 4, for the drought round, it had different eligibility requirements. It wasn't like other drought programs, where it is quite specific. We allowed proponents to provide information that they thought was relevant to illustrate how they were affected by drought. So they didn't have to be drought declared by a state, although that would be one of them. They didn't have to be eligible for DCPE, for example, although that was another criterion. There were also other criteria and it was up to the proponent to provide information that illustrated how they were impacted by drought.

**Senator WATT:** There have been media reports that other councils in Tasmania, such as the Hobart City Council, were told not to apply as only the Glamorgan Spring Bay and Break O'Day councils on Tasmania's east coast were eligible within the state. Is that correct?

**Ms Purvis-Smith:** I couldn't comment on that.

**Dr Bacon:** If we were asked for information about the application process, we would have referred potential applicants to our program guidelines.

**Senator WATT:** Let's not worry about what would have happened. Did that happen?

**Dr Bacon:** We'd have to take that on notice.

**Senator WATT:** The Break O'Day Council, which was severely drought affected, received a grant for \$30,000 through this program. Was there any consideration of the impact of drought on a region when considering applications?

**Ms Purvis-Smith:** Again, as I mentioned, it was up to each proponent to provide the information and illustrate how they were affected by drought. The Grants Hub then goes through the criteria in the guidelines—the Grants Hub administers the BBRF program—and makes a decision as to whether they meet the criteria or not. It wasn't a strict set of guidelines. There were criteria there but it was up to the proponent and they could use information that they thought was relevant rather than specific criteria that were required.

**Senator WATT:** Through round 3 of the program, 156 of the 166 projects that were funded were in coalition seats or seats targeted by the coalition at the 2019 election. Is that just a coincidence?

**Senator Ruston:** I would draw to your attention that the majority of seats in the regions are held by the coalition. You may like to do an extrapolation.

**Senator WATT:** So Hunter, Blue Mountains, Gilmore, Eden-Monaro, Blair, Lyons—

**Senator Ruston:** Do you want me to start listing the coalition seats?

**Senator WATT:** Only 10 of the 166 projects don't go to government seats or your target seats. I've just been able to rattle off six or seven of them.

**Senator Ruston:** Maybe you should do it on proportionality. I think you would find that there are way more coalition seats than there are non-coalition seats.

**Senator WATT:** I suspect that it is not 15 out of 16.

**Senator Ruston:** I haven't done the numbers. Clearly you have, and you're choosing not to use them.

**Senator WATT:** There were 10 projects not in coalition seats or seats targeted by the coalition and there are 156. So 15 out of 16 go to the government and one out of 16 doesn't.

**Senator Ruston:** So what are the stats between coalition and opposition seats?

**Senator WATT:** You reckon you hold fifteen-sixteenths of the regional seats?

**Senator Ruston:** I don't know—

**Senator WATT:** Oh, we'll work that out afterwards!

**Senator Ruston:** I just know that we hold the majority of them.

**Senator WATT:** My remaining questions relate to local government. Has the department been advised why local government workers were excluded from JobKeeper?

**Dr Bacon:** I will give you a bit of context on that issue. On 3 April, national cabinet agreed that the states are best placed to address issues related to the impact of COVID-19 on local government. In fact, most states have actually announced significant support packages for their local government sectors in their jurisdictions. For example—

**Senator WATT:** Sorry, again, we're way over time. Did the department receive any advice from other parts of government as to why local government workers were excluded?

**Dr Bacon:** National cabinet made the decision that states are best placed to address issues arising from the impacts of COVID-19 on local government.

**Senator WATT:** From your point of view it's a decision of national cabinet?

**Dr Bacon:** All jurisdictions agreed in national cabinet or first ministers that we stay in close contact with our state and territory colleagues. We talk to them about local government matters. We have those conversations at officials level.

**Senator WATT:** Did your department consult with the Australian Local Government Association or any of its state bodies about the exclusion of local government workers from JobKeeper?

**Dr Bacon:** We weren't part of the design of JobKeeper. Our department didn't play a specific role in the design of JobKeeper.

**Senator WATT:** Even though you're the department that, from a federal government perspective, oversees and works with local government you were excluded from the discussions and design of JobKeeper and the decision to exclude local government workers?

**Dr Bacon:** I would probably go back to my earlier answer where national cabinet made the decision and agreed that states were best placed to support local governments.

**Senator WATT:** Did anyone within government, PM&C, or anyone else consult your department about the exclusion of local government workers prior to that national cabinet meeting?

**Dr Bacon:** I'd have to double-check that on notice.

**Senator WATT:** Are you aware of any such consultation?

**Dr Bacon:** Not that I can recall. I'm happy to double-check that on notice.

**Senator WATT:** Okay. If you can check that on notice. But if the answer is no, so a decision is made to exclude local government workers without any consultation with the department that oversees local government—

**Dr Bacon:** I will double-check that on notice.

**Senator WATT:** Did the department discuss with local governments the impact of COVID-19 on their budgets and functions?

**Dr Bacon:** As I mentioned, we have been having regular discussions with our state and territory counterparts. Also, Minister Coulton, as minister with local government responsibilities, has been engaging on a regular basis with his state and territory counterparts. We also talk on a regular basis with the Australian Local Government Association. So during the period of the pandemic we have been in regular contact with all those different groups to better understand the impacts that COVID-19 is having on the local government sector.

**Senator WATT:** Would you, on notice, be able to let us know about the dates of those consultation sessions with the local government bodies?

**Dr Bacon:** We can—

**Senator WATT:** To the best of your ability.

**Dr Bacon:** To the best of our ability. Yes, we're happy to take that on notice.

**Senator WATT:** During those consultations have local governments raised specific concerns about the financial impact of COVID-19?

**Dr Bacon:** Absolutely. There have been a lot of concerns about the impact of COVID-19 and the restrictions. Different local governments have been impacted in different ways. There have been different types of impacts on rates and different revenue sources from different local governments. So there has been a variety of impacts.

**Senator WATT:** What action would you say the department has taken to highlight those concerns to government? What action has been taken to address them?

**Dr Bacon:** As I mentioned before, back in April national cabinet had a discussion. They agreed that first and foremost—

**Senator WATT:** It's really up to the states—

**Dr Bacon:** states and territories are responsible for their local governments sectors. I was about to mention that there are a number of jurisdictions who have announced different support packages for their local government sectors. For example, New South Wales announced a \$395 million package on 26 April in support of their local government sector.

**Senator WATT:** Did this department ever raise with other departments or ministers the risks of staff layoffs within local governments in the absence of financial support from the Commonwealth, such as JobKeeper payments?

**Dr Bacon:** Like we've taken on notice at your request what conversations did we have, we can take on notice—it's probably my staff who have participated in the majority of the conversations with state and territory colleagues, so I wouldn't mind taking that on notice.

**Senator WATT:** What I'm focusing on though is have you or your officers raised with federal government colleagues the risk of staff being laid off from councils in the absence of financial support from the Commonwealth, such as JobKeeper?

**Dr Bacon:** Probably in the broad, we have provided feedback and advice out of the various consultations we've been having that have supported our minister to PM&C in support of the Prime Minister and national cabinet, to support conversations like the one I referred to that the national cabinet has had.

**Senator WATT:** You'd be aware that a lot of local governments run childcare services?

**Dr Bacon:** Yes.

**Senator WATT:** Some of the changes made to payments for the childcare sector, including the removal of JobKeeper, have had an impact on childcare centres including those run by local governments. Has this department ever spoken with the minister for local government or the Minister for Education regarding the impact of changes to childcare subsidies and funding on local councils?

**Mr Atkinson:** Can I just check one thing? It is my understanding that they didn't have access to JobKeeper.

**Dr Bacon:** Local governments—

**Senator WATT:** The local governments one. That is a good point: they never qualified. Is that what you are saying?

**Mr Atkinson:** You said withdrawal of it.

**Senator WATT:** I'd forgotten about that fact that childcare centres run by local governments in fact never got JobKeeper for their staff. Is that correct?

**Dr Bacon:** That's my understanding at the initial stages of the pandemic response but I would need to double-check that with colleagues from the education part of the department.

**Senator WATT:** Okay. I had forgotten at the point that, while privately run or community run childcare centres did get JobKeeper for a period of time, childcare centres run by local governments didn't because local governments didn't get JobKeeper. My question is whether the department ever spoke to the minister for local government or the Minister for Education about the impact of JobKeeper not being paid to childcare services run by local governments?

**Dr Bacon:** I do you recall talking to some of my colleagues in the early childhood part of the education and skills department in the early stages to understand the nature of the decisions that were being taken. But in terms of the details, I would probably need to take that on notice.

**Senator WATT:** Did the department engage with local government about the impact of the exclusion for all local government workers on childcare centres?

**Dr Bacon:** Yes, I think we have had a range of engagements. If Mr Faris wants to answer your question in more detail than I can, we have him.

**Mr Faris:** Similar to Dr Bacon, we did raise some of those issues with colleagues in the department of education who were responsible for the design of those initiatives. So at least that bureaucratic level, we have been having those discussions.

**Senator WATT:** Was the department ever consulted regarding the make-up of national cabinet and the exclusion of local government from national cabinet?

**Dr Bacon:** I think those matters were more worked on by Prime Minister and Cabinet.

**Senator WATT:** So your department wasn't consulted?

**Dr Bacon:** I would have to double-check that on notice.

**Senator WATT:** But not that you recall?

**Dr Bacon:** I don't recall having a conversation myself, but to give you a proper answer, I think we need to go back and check that on notice.

**Senator WATT:** So you'll take it on notice but you can't recall. National cabinet is often being held up by the Prime Minister and others as the replacement for COAG. COAG used to have local government represented at it through the Australian Local Government Association. It is not part of national cabinet. Has a department ever provided any advice to government about the participation of local government in national cabinet?

**Dr Bacon:** I'm just checking my notes to see if I have the correct term, but my understanding is the Australian Local Government Association remains a member of the National Federation Reform Council.

**Senator WATT:** I was going to ask about that. Have you consulted with ALGA about its role in that National Federation Reform Council?

**Mr Faris:** There has certainly been a range of discussions with ALGA about the announcement and about how those arrangements might run. Ultimately, though, they are probably questions more for our colleagues at Prime Minister and Cabinet who have been involved in designing that system.

**Senator WATT:** Obviously there are a lot of federal government services delivered through local governments in regional and rural Australia. During the COVID-19 pandemic, when many council services were close or restricted, what support was in place to ensure that regional Australians could continue to access these services?

**Dr Bacon:** We have talked a few times about the different state and territory government supports that were provided to the local government sectors in their jurisdictions. I have given an example of the New South Wales support package. I'm just checking with my colleague, Mr Faris, if he has details of the other support is provided in other jurisdictions.

**Mr Faris:** The main action the Commonwealth took was to bring forward half the financial year payment for 2020-21, which was \$1.319 billion. That was paid on, from memory, 22 May. That was something Minister Coulton had heard from his counterparts through his local government ministers forums calling to bring that forward.

**Senator WATT:** Is this for the financial assistance grants?

**Mr Faris:** That's correct, yes.

**Senator WATT:** I have been wondering about this. It is a good thing that it was brought forward; a lot of councils wanted it. Does that mean they will only end up now receiving 50 per cent of what they would have otherwise received for the coming financial year?

**Mr Faris:** In essence, that is correct. There is \$1.240 billion left in the budget papers for this financial year. It is a quarterly payment, so it is half—

**Dr Bacon:** I would add that there have been a number of occasions in previous years where an amount has been brought forward from the forward years, so it's not to say that there may be decisions along those lines in the future; that would be speculating.

**Senator WATT:** Do you mean there may be decisions to top-up the figure that is left behind?

**Dr Bacon:** There have been in previous years. I would be speculating to say what would happen in future years but am just making the point that there have been in more than one previous years.

**Senator WATT:** Is that something that is under consideration?

**Dr Bacon:** I actually don't know.

**Senator WATT:** Have local governments made representations along those lines, that they will need to be topped up?

**Dr Bacon:** Not that I'm aware of.

**Mr Faris:** Through some of the conversations between ALGA and the minister—they are members of that forum as well—they have made the case on behalf of the secretary and that has been one of the propositions they have put.

**Senator WATT:** They have done that?

**Mr Faris:** Yes.

**Senator WATT:** And that is now being considered?

**Mr Faris:** That would be considered within the budget context.

**Senator WATT:** I might just, on notice, get you to come back to tell us about what assistance was provided to local governments to ensure they could continue to deliver those federal government services when they were closed. How many agent and access points are delivered by local government? How many of these local government agent and access points closed during the pandemic? How many have reopened? And if they haven't reopened, what ongoing support is being provided to residents of regional Australia to ensure they can access those services?

**Dr Bacon:** We will absolutely do our best. There are a lot of services in 542 council areas.

**Mr Faris:** Can I make a point as well, I think you mentioned aged-care services. Was that one of your questions?

**Senator WATT:** I said 'agent and access points'.

**Mr Faris:** Because depending on the question, it might be better directed to some of our other portfolio colleagues as well.

**Senator WATT:** Obviously local governments have a lot of responsibility around natural disaster management and recovery, and their ability to manage that is largely dependent on their resources. We have now seen the interim observations from the Royal Commission into National Natural Disaster Arrangements. Has the department done any work to ensure that local governments are sufficiently equipped to deal with their responsibilities under the national natural disaster arrangements?

**Dr Bacon:** It is probably more in the broad—apologies, not specifically to your question—but in terms of the impact of natural disasters like, for example, drought or the COVID crisis, there are a number of programs through our portfolio that do go to local government. For example, for the Drought Communities Program extension, we fund projects via local governments. For the COVID recovery, there is the Local Roads and Community Infrastructure Program. Following this budget \$1.5 billion has gone through that program that also is directed through the local government sector. I know that's not what your question is getting at, but, in terms of what our portfolio has responsibility for, they are examples of programs that do go to the ability of councils to respond to some of those types of crises.

**Senator WATT:** That's probably as much as I need. We were talking about the Community Development Grants before. There were a small number of commitments from the 2013 election that had not yet been delivered. I can't remember if I asked for this already, but could we get a list of those?

**Mr Atkinson:** Senator Rice asked for those.

**Dr Bacon:** I think we took that on notice.

**Senator WATT:** I might as well get the 2016 ones while I'm at it.

**Dr Bacon:** Sure.

**Senator WATT:** Mr Atkinson, on the airport, I want to make clear that the conversation you had with Ms Foster was about the section 19 report—

**Mr Atkinson:** No.

**Senator WATT:** Sorry, I don't mean to misrepresent you. It occurred after you had received the section 19 report?

**Mr Atkinson:** Yes.

**Senator WATT:** You didn't have a separate conversation with her once you had received the embargoed report?

**Mr Atkinson:** That would have been weeks later. I've had multiple conversations with Ms Foster on these issues around Public Service Code of Conduct investigations and governance type things. I'm just testing my thinking on various things. Without naming names, circumstances or anything, based on her previous experience—

**Senator WATT:** I understand that Ms Foster has told PM&C estimates that you spoke to her about the embargoed report on 17 September. Does that sound right?

**Mr Atkinson:** That does.

**Senator WATT:** So you had a conversation with her when you received the section 19—

**Mr Atkinson:** Not when I received it. It was quite to the end. I can take on notice the specific time. Just in terms of the conversations I've had, when I was looking at considering the report I had the first conversation with her around general Public Service Code of Conduct and handling those sorts of things because she's a well experienced colleague in that space and an old trusted colleague.

**Senator WATT:** And that conversation occurred after you had received the embargoed or final report?

**Mr Atkinson:** No, that was before the embargoed report. But I didn't talk about any of the content of the report—

**Senator WATT:** No, you didn't talk about the content, but you'd received the report and you were working out how to handle it from a code of conduct perspective?

**Mr Atkinson:** Yes, I was thinking through those sorts of issues.

**Senator WATT:** Have you spoken to anyone today about the evidence you've given regarding the airport?

**Mr Atkinson:** I've gone out and spoken to people.

**Senator WATT:** Who have you spoken to?

**Mr Atkinson:** I've been talking to PM&C colleagues about what they've been saying in their—

**Senator WATT:** You're happy with all the evidence you've provided? There's nothing you want to change?

**Mr Atkinson:** My evidence is perfectly fine. I understand that in the other committee an officer got wrong the date when we referred to the AFP, which was on 8 October. I think that caused some confusion. I understand that PM&C have corrected that evidence. The rest of PM&C, the AFP and the ANAO have all said the same thing we said.

**Senator WATT:** Great. We are done with regional development.

**CHAIR:** Thank you.

**Senator RICE:** I've got literally about—

**CHAIR:** Senator Rice, you've had several goes at this. One question, please. Let's go.

**Senator RICE:** I want to clarify the funding amounts for the \$102.8 million CDGs because I'm confused by the figures. We were told this morning that, of that \$102.8 million, the already committed amounts add up to \$41.9 million. There's \$23 million for Rockhampton, \$5 million for Mount Barker, \$5 million for [inaudible] and then you gave us this morning \$3.5 million for the Holocaust museum and \$5.4 for the four South Australian projects, but you said in answer to Senator Watt earlier on that there was \$27.5 million unallocated.

**Dr Bacon:** Yes. There are a number of reasons why there might be unallocated money in our regional programs. In the information that we provided to Senator Sterle we did include some information about the current unallocated funding in the CDG Program and that was \$25.7 million as at 30 September 2020.

**Senator RICE:** So it's \$25.7 million. You've told us about \$41.9 million and there's \$25.7 million that's unallocated. Where's the other \$35.2 million of the \$102.8 million?

**Dr Bacon:** Apologies. I should have clarified this in my answer to Senator Watt earlier. The \$25.7 million unallocated funding is as at 30 September, so that was prior to the budget being announced. We'd probably need to get you a reconciliation—maybe we could do that on notice—of what the current unallocated figure would be post the budget decisions.

**Senator RICE:** So you're saying that there's more that has been allocated but not announced?

**Dr Bacon:** No, I'm not saying that. I'm just saying that, when we provided a figure for the unallocated amount in the CDG Program in response to Senator Sterle's request, it was as at 30 September 2020. I think we should double-check on notice what the current figure is as at today's date to be able to properly answer your question.

**Senator RICE:** That was the \$25.7 million. So even less than that would be unallocated now presumably if other budget announcements have been made. What's the status of that \$35.2 million that's not in the \$41.9 million that has been announced and is not in the \$25.7 million that is unallocated? That leaves \$35.2 million.

**Dr Bacon:** Decisions of government haven't yet been announced.

**Senator RICE:** So it's decisions that have been made but not yet announced?

**Dr Bacon:** Our processes essentially kick in once there have been government announcements. For the amount remaining in that measure that's in Budget Paper No. 2 there have not yet been announcements.

**Senator RICE:** Okay, but there have been decisions made that we haven't yet been told about?

**Senator Ruston:** That's standard procedure.

**Senator RICE:** At an appropriate time in the future we can see how politicised they are then. Thank you very much.

**CHAIR:** Thanks, Senator Rice. Going forward we're going to have to make a few changes because we are operating in a COVIDSafe environment. Mr Atkinson, I ask that the Civil Aviation Safety Authority come after afternoon tea. They won't be required before afternoon tea. That will reduce one group. Between lunch and afternoon tea we will try to move as quickly as we can through the cities division, the territories division, the North Queensland Water Infrastructure Agency and the National Water Infrastructure Development Fund.

**Mr Atkinson:** That will relieve pressure in the—

**CHAIR:** Yes, exactly. I would appreciate it if you could continue giving me some feedback about any people pressures you're having with the COVIDSafe arrangements so that the committee are aware and we can make appropriate arrangements.

**Mr Atkinson:** Thank you, Chair. My challenge with that is that, as we backed them up—

**CHAIR:** Exactly, we've got more and more people in there. I'm sure the committee will work very purposely to complete the next round.

**Senator WATT:** As foreshadowed, that was the longest session we had.

**CHAIR:** We will now break for lunch.

#### **Proceedings suspended from 13:04 to 14:07**

**CHAIR:** We are going to recommence with Cities Division, with questions from Senator Watt.

**Senator WATT:** Before we do that, there were a number of things taken on notice this morning. Anything you'd like to report back to us?

**Mr Atkinson:** I don't have anything new.

**Senator WATT:** The one thing I would be keen to get today if we can, because it's a small bit that's probably achievable, is those 2013 election commitments that were funded from the Community Development Grants Program.

**Mr Atkinson:** The 11 projects?

**Senator WATT:** Was it 11 that haven't been delivered?

**Mr Atkinson:** Yes.

**Senator WATT:** Could we find out what they are?

**Mr Atkinson:** Just the names of them?

**Senator WATT:** Yes. Just the names is probably enough at this stage. That would be doable today, wouldn't it?

**Mr Atkinson:** I'll see what I can do.

**Senator WATT:** Thank you. Let me go back and check the figures. Yes, it was 11 from 2013. So, Cities Division. Could we start with the Hobart and Launceston city deals, and Bridgewater Bridge in particular. In 2016, Infrastructure Tasmania said that construction was anticipated to commence in 2019. In October 2019, the city deal implementation plan was released. The plan was to be agreed by the end of 2020, but currently the Tasmanian government's time line talks about construction starting in 2022 and people driving on the bridge by the end of 2024. I think the Infrastructure Investment Division's website states that further work is required to

identify suitable construction time frames. Who is right: the Tasmanian government or the Commonwealth government? I'm asking this here because this is part of the city deal.

**Mr Stankevicius:** The IID, Infrastructure Investment Division, are responsible in the Australian government for delivering that project in partnership with the Tasmanian government. There are a range of issues which have impacted on the delivery of that. I think you would have seen the media in the *Mercury* this morning about the way in which that might be scheduled. There are opportunities to schedule perhaps two lanes before the entire four lanes are delivered, and that might then fit within the time frames you were talking about.

**Senator WATT:** To be clear, what is the expected time frame?

**Mr Stankevicius:** The clarity would be from the Infrastructure Investment Division. I'm happy to take that on notice. Certainly you would have seen the advertisements this morning that were giving the design specs. Four companies are bidding for that work.

**Senator WATT:** Is it a coincidence that that material appeared in the media today, being the day city deals is something we look at?

**Mr Stankevicius:** It's not something that we organise.

**Senator WATT:** Did your department know this was coming out today?

**Mr Stankevicius:** I wasn't aware.

**Senator WATT:** I haven't seen it, I must admit, but I understand that what's happened is that the Tasmanian government has released a new reference design for the bridge. Was your department provided with the design prior to its release?

**Mr Stankevicius:** I wasn't provided with the design, but I'll have to check. I'll take on notice whether the Infrastructure Investment Division, which, as I said, are managing the project for the department, were. I'll check and come back to you.

**Senator WATT:** Can you confirm that the new reference design precludes the possibility of keeping the existing Bridgewater Bridge as part of the new crossing?

**Mr Stankevicius:** I wouldn't say that it precludes anything at this point. I'll check with our IID colleagues and come back to you on that as well.

**Senator WATT:** Okay. Does the new reference design lock in use of the existing causeway for the northbound lanes?

**Mr Stankevicius:** Again, that's the detail I don't have, because we're not managing that project.

**Senator WATT:** Does the reference design break the existing rail link by removing the existing Bridgewater Bridge? You'll need to check?

**Mr Stankevicius:** We'll take that on notice and come back to you.

**Senator WATT:** Sticking with the Hobart City Deal, there are obviously funds tied up in the Urban Congestion Fund that are connected to the Hobart City Deal.

**Mr Stankevicius:** Yes, and I understand Ms Nattey talked about that last night.

**Senator WATT:** Yes. Have Glenorchy City Council and the Hobart City Council suggested any specific projects to be funded from that urban congestion funding?

**Mr Stankevicius:** I don't know the detail of the conversations that our IID colleagues—

**Mr Atkinson:** Senator, we went through that in quite a lot of detail around the \$25 million last night.

**Senator WATT:** I wasn't asking these questions, so I've forgotten. One of my colleagues obviously was.

**Mr Atkinson:** I think it was Senator Brown. We did about 20 minutes on those projects.

**Senator WATT:** Can I rip through my questions? Take any of them on notice if they weren't covered. I'd like to know what projects were suggested by Glenorchy City Council and Hobart City Council if you haven't already told us. Has the Tasmanian government suggested any specific projects? How many consultation meetings with councils and the state government have there been? When was the first of those consultation meetings? Who's invited to those meetings? Those issues would be great, please.

**Mr Stankevicius:** Under the city deal implementation board for the Hobart City Deal we have a housing and transport working group. That includes representatives of the four councils as well as the Tasmanian government and the Australian government. They would have been the reference place where those conversations would have taken place, so we'll get the detail back to you.

**Senator WATT:** Launceston City Deal. I don't think these questions have been asked already. Albert Hall and northern suburbs hub were announced in May 2019. Have those projects started?

**Mr Stankevicius:** Those projects are currently under negotiation with the respective parties, the Launceston City Council and Tasmanian government.

**Senator WATT:** So they're still under negotiation?

**Mr Stankevicius:** Yes.

**Senator WATT:** No work has commenced?

**Mr Stankevicius:** Not yet, that I'm aware of, no, but if they're contributing to that, they may have precommenced work without signing an agreement with us.

**Senator WATT:** Have those projects been allocated a funding profile?

**Mr Stankevicius:** No, I think we're still going through that clarification process.

**Senator WATT:** So at this point all it is, really, is an announcement. There's no funding allocated to them, no time line for them.

**Mr Stankevicius:** I think there is a funding envelope—

**Unidentified speaker:** There's a total project cost.

**Mr Stankevicius:** and certainly they were both, as I recall, election commitments that had a particular amount allocated to them. That would be built into the work that we're doing to clarify exactly what you're asking about, which is the funding profile.

**Senator WATT:** You were saying they hadn't been given a funding profile.

**Mr Stankevicius:** A profile for us is how much we're spending over a particular period of time, rather than—

**Senator WATT:** Yes, but there is an overall cost that has been allocated to it.

**Mr Atkinson:** The project cost for the Albert Hall—correct me if I'm wrong—is 10.12.

**Senator WATT:** But no decision has been made about when any of that funding will flow?

**Mr Atkinson:** This is why you've got to finalise the deal with them, so you can then work out the time frames of individual payments—for us and others.

**Senator WATT:** Okay. The document that was tabled yesterday says that the Albert Hall refurbishment project is scheduled to be completed in February 2021. That's a \$10 million project. Is it really going to be finished in four months?

**Mr Stankevicius:** As I understand it, it's internal reconfiguration. Obviously it is depending on the availability of the necessary labourers in the market, so there is a possibility that it could be.

**Senator WATT:** Even though it's still under negotiation and work hasn't started, you're confident it can be finished in four months from now?

**Mr Stankevicius:** I said it is possible, depending on the availability of the local workforce necessary to do the work. I'm not guaranteeing it, but it is possible.

**Senator WATT:** The Defence Innovation and Design Precinct was announced in April 2017, and no funding profile had been allocated. The latest progress report tells us that there has been more consultation, but no decisions. Is that correct?

**Mr Stankevicius:** Minister Reynolds made an announcement in relation to the funding for that precinct. You'd have to ask Defence, in their estimates, about how that is profiled and what it is they've signed up to—

**Senator WATT:** So we should take that up with Defence?

**Mr Stankevicius:** Correct.

**Senator WATT:** Okay. And then, just to do with border services at Hobart Airport—again, connected to the City Deal. The City Deal commitments list that was tabled here yesterday shows that this promise is on hold. Why is that?

**Mr Stankevicius:** It's on hold pending the negotiations in relation to an international carrier.

**Senator WATT:** Right. And how's that all going?

**Mr Stankevicius:** Our airports group, who are appearing this afternoon, can give you the detail on how that's progressing. They have been taking the lead on that one.

**Senator WATT:** Okay. When was the decision made to delay the establishment of border services?

**Mr Stankevicius:** The provision of border services was always reliant on Hobart International Airport getting agreement for an international carrier.

**Senator WATT:** So you would say there has been no decision to push it back?

**Mr Stankevicius:** No formal decision to push it back. As I understand it, the Border Force commissioner in estimates yesterday indicated a particular time line as to when they could provide services. Biosecurity also has to stand up their services. But that's all triggered by when the negotiations are completed in relation to an international carrier.

**Senator WATT:** Okay. I gather there has been no public announcement to Tasmanian residents about the fact that this is on hold. Is there any reason for that?

**Mr Stankevicius:** I think it's consistent with what we have always said, which is that an international carrier has to be signed up before those services can be provided. That's the only trigger as to why it's on hold, because that international carrier hasn't yet been signed up. As I said, our airports and aviation group can provide you with the detail of that this afternoon.

**Senator Ruston:** Senator Watt, I think you'd also have to accept it is reasonable, under the current situation with the COVID pandemic and international arm of the air sector, that the COVID pandemic is probably having a significant impact on the negotiations in relation to an international carrier. Clearly, the aviation section of the department will be able to give you detail on that this afternoon.

**Senator WATT:** When was the last time this issue was discussed with the Tasmanian government or Hobart Airport?

**Mr Stankevicius:** That's a question for the airports and aviation group this afternoon.

**Senator WATT:** Okay. Yesterday the Tasmanian Premier said that the business case for the provision of border services at Hobart Airport was with the Australian government. Have you seen that business case?

**Mr Stankevicius:** I haven't personally, but, again—

**Senator WATT:** Airports division?

**Mr Stankevicius:** our aviation colleagues this afternoon will be able to talk to you about that.

**Senator WATT:** Okay, we might come back to them on that. I suspect, in fact, for all of those questions we should come back to the airports division—is that right?

**Mr Stankevicius:** Aviation airports group.

**Senator WATT:** I do have a couple of questions about one aspect of the Townsville City Deal, and I don't know whether this is the place to ask or it's a bit later, when we've got some of the water agencies. They're to do with the Haughton pipeline.

**Mr Stankevicius:** This is the place to ask.

**Senator WATT:** Great, I thought it might be.

**Senator Ruston:** Did you say Townsville?

**Senator WATT:** Yes. You'd be aware of this issue of the Haughton water pipeline stage 2. There has been a fair bit of public debate about this. There was an election commitment made by the government prior to the last election. Since that time, the Queensland government has announced that it will fully fund the project. You're aware of that, Ms Forbes?

**Ms Forbes:** Yes.

**Senator WATT:** When that commitment was made by the Queensland government, the federal member for Herbert, Mr Thompson, promised that the funds that the federal government had allocated for this project would be spent on other things in Townsville. Has that been communicated to the department?

**Ms Forbes:** I'm aware that there have been discussions as part of the City Deal. We're working on opportunities that will align with the vision and objectives of the Townsville City Deal. Once the Queensland government is out of caretaker, there will be more consultations undertaken with Queensland government and Townsville council.

**Senator WATT:** So \$195 million was the federal commitment?

**Ms Forbes:** That's correct.

**Senator WATT:** That's no longer needed for the Haughton pipeline. Will that \$195 million be entirely spent in Townsville?

**Ms Forbes:** That is the commitment that Minister Tudge put out back in August, I believe.

**Senator WATT:** And has any work been started to determine what that money will be spent on?

**Ms Forbes:** We were in early negotiations, in discussions, with the Queensland government before they went into caretaker, and with Townsville council. Also, Townsville council is undertaking NQ task force, so, again, we're looking at project opportunities that align with the vision and the objectives of the Townsville City Deal.

**Senator WATT:** So we can be confident that every single one of those dollars will be spent in Townsville?

**Ms Forbes:** That is the commitment.

**Senator WATT:** Good. I think that's it for cities division.

**CHAIR:** Marvellous!

**Senator WATT:** I told you we'd catch up.

**CHAIR:** Cities is now excused. Thank you very much for your time.

[14:23]

**CHAIR:** We'll now move to the territories division.

**Senator SHELDON:** As you'd be aware, the contract [inaudible] the New South Wales government in what are best described as state type services. Health and education to Norfolk Island was due to end in June 2021. On 9 September 2020, the minister made the announcement:

The New South Wales ... Government has agreed to extend school services on Norfolk Island to the end of 2021.

When did the minister first write to the New South Wales minister responsible for the contract regarding the need to extend the agreement?

**Dr Bacon:** There has been a range of discussions and interactions with New South Wales government around them continuing the service delivery arrangements on Norfolk Island, and particularly for education. That's been done very conscious of the fact that the continuing relationship with New South Wales is very important to the Norfolk Island community.

**Senator SHELDON:** Sorry, I might have missed that answer. When did the minister first write to the New South Wales minister responsible for the contract, regarding the extension for the agreement?

**Ms Bacon:** There's been a range of engagement with the New South Wales government. I would have to take on notice—I'm just trying to recall if there was a specific letter about—

**Mr Atkinson:** Are you asking about the very first letter asking about continuity of services?

**Senator SHELDON:** No, it's regarding the extension of the agreement, the continuity of services—

**Ms Bacon:** That was announced for an extra six months?

**Mr Atkinson:** That was the end of a very long process of engagement. The very first letter would have been around the extension of all services.

**Senator SHELDON:** It's regarding, specifically, when it was first raised by the minister, with the New South Wales minister, regarding extending it.

**Mr Atkinson:** You're probably after when we first wrote about the extension of all services, which education would have been a subset of.

**Ms Bacon:** Yes. It's why I'm thinking about the range of engagements that we've had, trying to pinpoint if there is a specific letter. I'm not sure if there is on just that issue.

**Mr Atkinson:** That's right. It would have been part of it.

**Ms Bacon:** But if we could take it on notice and we'll just go through—because, as I said, there have been a number of engagements over a period of time.

**Mr Atkinson:** Let's get the extension letter that is the extension request, effectively, the extension engagement.

**Senator SHELDON:** Yes.

**Ms Bacon:** We'll check that on notice for you.

**Senator SHELDON:** Thank you very much. I understand that the minister made the announcement, regarding extension of the New South Wales government contract, on 9 September. Although it was welcomed, the commitment, there are concerns regarding the delay and lack of communication with islanders and teachers on the

island. Will the department provide further updates to those, on the island, regarding the ongoing provision of education services?

**Ms Bacon:** As I mentioned, we've had a range of engagements with the New South Wales government over some period now. We have been endeavouring to keep the Norfolk Island community as informed as we can, without wanting to do anything that might jeopardise the outcome of those negotiations with the New South Wales government. For example, I think—and my staff can fill in, in a bit more detail—there have been occasions where staff have travelled to Norfolk Island to talk with the school, the teachers, around the transition arrangements, around the objectives and educational outcomes for Norfolk Island, for the school and for the community. So we have had a number of engagements.

**Senator SHELDON:** I was probably more asking towards the intention for the further updates and when they're likely to provide the information and exchanges with parents, teachers and students.

**Ms Bacon:** Yes, we're very conscious of that. We'll continue to work to keep the community as informed as we can without wanting to jeopardise anything in those discussions with New South Wales, which are ongoing at this point. But we are very conscious of the time frames. It's critical that we make quick progress, and that's the intent and aim of our discussions with New South Wales.

**Senator SHELDON:** Have you got a mind of what the time frame might look like where you can provide more information? Is there an expectation on weeks and months?

**Ms Bacon:** My hope is it would be in a matter of weeks where we're able to provide more fulsome information on the arrangements, going forward.

**Senator SHELDON:** Can the department provide information on the process for informing and communicating with the community on Norfolk Island regarding the delivery of education services? What is the process, the program, of informing and communicating with the community on Norfolk?

**Ms Bacon:** We've made use of different communication channels. I might ask my colleague Dr Holm to provide more detail. We use communication channels on Norfolk Island such as the local newspaper and the local radio station. The administrator is a source of information and updates from the Commonwealth government on the island. As I mentioned, we have had staff go to Norfolk Island school and talk to a range of stakeholders about the arrangements for education, but I might ask Dr Holm if he can provide any further details on those communications.

**Dr Holm:** We communicate on a regular basis with the president of the P&C on Norfolk Island on a monthly basis. We provide the updates that we are able to, being mindful that we're in a sensitive discussion at the moment and we don't want to jeopardise any of those discussions with jurisdictions. We have both email and phone conversations with the president of the P&C on a monthly basis.

**Senator SHELDON:** The New South Wales government also assists the Norfolk Island Health and Residential Aged Care Service to deliver health services to the residents of Norfolk. Was the health contract also extended to the end of 2021?

**Dr Bacon:** Health is a slightly different situation. We do have the Norfolk Island Health and Residential Aged Care Service on Norfolk Island, which is a corporate entity set up under territories corporations legislation, essentially, so it's a unique entity. That entity delivers frontline health services on Norfolk Island. The continuation of those frontline health services is not in question. You're absolutely right that the broader support that New South Wales government provides, in terms of health, is mentoring support making it easier for pathways for citizens on Norfolk Island, for example, to gain access to specialist care in New South Wales or in other parts of the New South Wales health system. That access will continue under any scenario, but the south east Sydney health services, from that district, provide that mentoring support and governance-type support for the Norfolk Island on-island health service.

**Senator SHELDON:** Just so I'm clear: the health contract hasn't been extended to 2021 yet, but the service is still being provided. Is that correct?

**Dr Bacon:** Yes, in terms of the role that the New South Wales government plays in health, which is not a frontline service delivery role, that health arrangement has not been extended in the same way as the education arrangement has been extended.

**Senator SHELDON:** Does the department have an indication of when an agreement may be reached on the ongoing provision of health services for Norfolk Island? You've got this arrangement occurring now. Have you got an indication when an agreement may be reached on the ongoing provision of health services for Norfolk?

**Dr Bacon:** Similar to my earlier answer, we know how time critical that outcome is and we're progressing it as quickly as we can in our discussions with New South Wales. Within weeks, I would hope, we will be in a position to talk more about the detail of the arrangements.

**Senator SHELDON:** And it's similar to education, within weeks?

**Dr Bacon:** It's similar to education, that's right.

**Senator SHELDON:** If we could move to the Indian Ocean Territories. The Commonwealth funds the Indian Ocean Territories Regional Development Organisation, and there is a funding agreement between the Indian Ocean Territories Regional Development Organisation and the Commonwealth. Is that publicly available?

**Ms Howlett:** That funding agreement is managed by our colleagues in the regional division.

**Dr Bacon:** The funding agreement with the regional development organisation, because it stands in the shoes of a Regional Development Australia committee, falls under our RDA program. Would you mind repeating the detail that you're after?

**Senator SHELDON:** I was asking whether there was an agreement between the Indian Ocean regional development organisation and the Commonwealth and whether it's publicly available.

**Dr Bacon:** I can take that on notice. The officer who administers the RDA program was here for the regional session. He's not here right now, but we might be able to come back to you in the course of today on that.

**Senator SHELDON:** Can you provide us with a copy?

**Dr Bacon:** Potentially. If you wouldn't mind letting me check on notice, we can dig out a copy of the agreement and see if we can provide that to you.

**Senator SHELDON:** Thank you. Are there reporting obligations that the IOT RDO must submit to the Commonwealth, and is there a schedule of dates? So, that is the reporting obligations and the dates that would be involved.

**Dr Bacon:** I think there are standard provisions in our agreements with the Regional Development Australia committees, and I'm assuming that the IOT's RDO would be similar around essentially acquitting the operational funding that we provide to those committees. If you don't mind, I can take that on notice with the other information and provide that to you.

**Senator SHELDON:** Are you aware if they've met all the reporting obligations to date?

**Dr Bacon:** I'm not aware.

**Senator SHELDON:** Could you take that on notice.

**Dr Bacon:** Of course.

**Senator SHELDON:** Can the department supply a copy of the reports?

**Dr Bacon:** Reports provided by the RDO regarding acquitting funding arrangements?

**Senator SHELDON:** That's right—as part of the reporting obligations.

**Dr Bacon:** Alright. I'll take that on notice too, if that's OK.

**Senator SHELDON:** Could you take this on notice as well—by all means, answer it if you can: in the event of an underspend, what is the mechanism for them to apply for a variation to the Commonwealth to spend the carryover in a future period?

**Dr Bacon:** Sorry, I'm trying to think more broadly across the RDA program. I know we keep a really close eye on the expenditure for that program. From memory, I think that we have been able to have some flexibility around the use of underspends. But, if you don't mind, I will take that on notice and confirm that that's correct.

**Senator SHELDON:** You can take that on notice. But, specifically regarding this project—Indian Ocean Territories—has there been an underspend in any period that you're aware of?

**Dr Bacon:** Not that I'm aware of. I don't know if my colleague Ms Howlett has any further information on that.

**Ms Howlett:** I don't have detailed information on this, as the RDO is a separate entity and works with colleagues in the regional division, but I am aware that there was some underspend last financial year, primarily as a result of the COVID response, and that normal business was unable to proceed earlier in the calendar year.

**Senator SHELDON:** If I understand correctly, the question on whether there may be a mechanism for them to activate is on notice. Do you know whether the attempt to carry over the money to another year has been exercised? Has that mechanism been—

**Ms Howlett:** I'm sorry; I'm not privy to that sort of detail.

**Senator SHELDON:** Could you take that on notice as well—

**Dr Bacon:** The relevant officer is looking at it now. I can confirm that there has been an underspend. I wouldn't be surprised if it is exactly for the reasons Ms Howlett outlined, with some of the COVID restrictions in place. We'll come back to you with further information, confirming amounts and things like that.

**Senator SHELDON:** And the details on what the underspend was for et cetera and if they activated the mechanism for a carryover.

**Dr Bacon:** We'll come back to you on those.

**Senator SHELDON:** In the event of an overspend, do you know what the mechanism would be in that circumstance? Do you need to take that on notice as well?

**Dr Bacon:** Yes. Unfortunately, we don't have the relevant officer here, so I will take that on notice.

**Senator SHELDON:** You can take that on notice as well. Thank you. Has there been an overspend in any other period?

**Dr Bacon:** I will take that on notice as well.

**Senator SHELDON:** I just want to be clear about whether the IOT RDO has activated a mechanism because of the overspend within the arrangements. I have no further questions.

**CHAIR:** Thank you very much, Senator Sheldon.

**Senator WATT:** That's it for Territories.

**CHAIR:** Very good. Thank you, Territories. You're excused with our thanks.

#### **North Queensland Water Infrastructure Authority**

[14:39]

**CHAIR:** I now call representatives from the North Queensland Water Infrastructure Authority. Do you wish to make an opening statement?

**Mr McLoughlin:** No thank you, Chair. Senator Watt?

**Senator WATT:** Thank you for joining us today. I want to get a bit of background information on the North Queensland Water Infrastructure Authority. How many staff do you have currently?

**Mr McLoughlin:** We have four staff, including three in Canberra and one in Townsville.

**Senator WATT:** Three of your staff are in Canberra?

**Mr McLoughlin:** That's correct.

**Senator WATT:** Are they full-time?

**Mr McLoughlin:** No, there are two full-time and two part-time, and one staff member in Townsville.

**Senator WATT:** Is the one in Townsville full-time or part-time?

**Mr McLoughlin:** They're a shared staff member with the Office of Northern Australia, so part-time in that sense.

**Senator WATT:** So, really, you have a 0.5 FTE in Townsville—

**Mr McLoughlin:** That's correct.

**Senator WATT:** and three FTE in Canberra?

**Mr McLoughlin:** That's correct.

**Senator WATT:** Is there any reason that the staffing for the North Queensland Water Infrastructure Authority is so disproportionately based in Canberra?

**Mr McLoughlin:** The bulk of the work that we do in terms of liaison with the National Water Grid Authority, the department of infrastructure and the minister's office is located here in Canberra. However, we do spend an inordinate amount of time travelling to Queensland—prior to COVID, that is; I was spending at least once per month—twice per month sometimes—visiting North Queensland. With an on-the-ground person half-time in Townsville, we've found that is sufficient for the projects we have for the present time.

**Senator WATT:** You wouldn't be the only one of the Canberra based personnel who has to spend a lot of time travelling back up to North Queensland, I presume?

**Mr McLoughlin:** No. We just send those people who need to. I have a chief scientist person; if they need to attend a technical meeting, for example, then I would send them. If it were more about stakeholder engagement then it would be myself, working with both the Queensland government or stakeholders on the ground there.

**Senator WATT:** And your chief scientist is one of the three Canberra based personnel?

**Mr McLoughlin:** Correct.

**Senator WATT:** So, in Canberra, there's you, full-time?

**Mr McLoughlin:** No. I work at 0.6.

**Senator WATT:** So 0.6. Mr Squire over there—are you Canberra based?

**Mr Squire:** Yes.

**Senator WATT:** Are you full-time?

**Mr Squire:** Yes, I am.

**Senator WATT:** And then you have a chief scientist, who must be 0.4—or are they full-time?

**Mr McLoughlin:** No, they're 0.2.

**Senator WATT:** Okay, 0.2. So the CEO is 0.6, the chief scientist is 0.2, the COO is full-time—you're the chief operating officer, Mr Squire?

**Mr Squire:** Yes.

**Senator WATT:** What are the other positions which make up the three FTE in Canberra?

**Mr McLoughlin:** Not the full three FTE. We have a full-time executive assistant—an administrative assistant—and that's it for Canberra. Then we have a 0.5 person in Townsville.

**Senator WATT:** And what's their main role?

**Mr McLoughlin:** Their main role is just day-to-day stakeholder management issues—attendance at meetings. For example, the projects in Queensland have project management committees and the like. We send that person to attend those, and there are public meetings, information sessions and the like. Anything that requires negotiation or direct answering to senior stakeholders, like mayors and CEOs of councils, I would do myself—if I can travel.

**Senator WATT:** With all this travel that you and your colleagues have to do to North Queensland because you're based in Canberra, what are the travel costs which have been incurred by the authority in the last 12 months—I mean for the last financial year?

**Mr McLoughlin:** I'll throw to my colleague.

**Mr Squire:** I don't—

**Mr McLoughlin:** I think we'll have to take that on notice, Senator. The reason for that is that since the COVID travel restrictions to Queensland came into place we've done little or no travel to Queensland. In terms of the calendar year, which is spread across two financial years, I would have to check.

**Senator WATT:** What's the most recent travel costs you have there—if not for the 2019-20 financial year then for an earlier year?

**Mr Squire:** I'm sorry, Senator, I don't have the travel costs, but I can get them for you very quickly.

**Senator WATT:** Yes, that would be great. And you make the point that none of us are travelling like we used to because of COVID. We were having a discussion earlier today about the opportunities around decentralisation, indeed, with Mr McRandle. You were sort of saying the argument for being based in Canberra is that a lot of your dealings are with other agencies who are also in Canberra. Now that everyone has discovered Zoom and all sorts of other technology, doesn't that create a stronger argument for having more of the staff of a North Queensland focused body in North Queensland?

**Mr McLoughlin:** It does theoretically. If we needed more staff in Queensland, and because I have the budget capacity, I would put on more staff. We found, particularly with videoconferencing and the like, that it's been possible—but I want to make the point here, too, that we have worked very hard in the establishment of the projects that we have to ensure that they had very sound governance arrangements in place for delivery of the projects so that we could minimise the amount of interventions that we had to do, just hands on interventions. So, while we have, for example, the Hells Gates project, our largest project, we have weekly project management meetings, and I attend all those via videoconference. When I can, I attend them in person and then deal with other issues while I'm there. For the other projects it is frequent teleconferences, sometimes at weekly intervals, sometimes less than that. But the initial investment in putting in governance processes to ensure that the projects

were run soundly—in addition to the fact that we are one step removed from the projects in the sense that, under the National Partnership Agreement, the funding contract is with the Queensland government; our funding is through the Queensland government. So, for the proponents for the Hughenden project, Hells Gates and the like, the funding contract they hold is with the Queensland government, and we liaise with the Queensland government in passing funds through. Notwithstanding the pass-through of the Queensland government, we have weekly interactions with all those project managers.

**Senator WATT:** In relation to the 0.5 position that you have based in Townsville, when did that person start working for you? Was it this calendar year or last calendar year or—

**Mr Squire:** That was in the last calendar year, in around February.

**Senator WATT:** February 2019?

**Mr Squire:** Of 2020, last financial year.

**Senator WATT:** So February 2020?

**Mr Squire:** Yes. My apologies.

**Senator WATT:** I think this comes from the agency outcome statements, but there's a table I'm looking at here which goes through the average staffing levels for different agencies within this portfolio. It says that the North Queensland Water Infrastructure Authority has an average staffing level of 10. This is for 2020-21. Are you expecting to increase your staffing?

**Mr McLoughlin:** At this point in time, if we—the answer is no, unless we have an increase in workloads, in which case I would immediately put more staff on.

**Senator WATT:** Have you got the funding to put more staff on?

**Mr McLoughlin:** Yes, we have.

**Senator WATT:** Have you got the funding for 10 staff?

**Mr McLoughlin:** Yes.

**Senator WATT:** That's where that figure comes from?

**Mr McLoughlin:** Yes.

**Senator WATT:** But, at this point in time, you don't believe the workload requires that?

**Mr McLoughlin:** No. If we needed more people in Townsville, I would certainly put them on. My fear at the present time is that, between the projects running relatively smoothly, the weekly interactions that we have with all the project management groups and leadership groups, I'd have staff members sitting around with not enough to do. In terms of that, it becomes a management risk itself. It's better that I play a direct hand with the project leadership groups on those private sector companies who are leading on the projects. If I needed more staff on the ground, I would put them on.

**Senator WATT:** If you do end up taking on additional staff, as you are funded to do, you expect they will be all based in Townsville or some in Canberra or—

**Mr McLoughlin:** I think it's most likely they would be based out of Townsville.

**Senator WATT:** Right. You probably remember this; it has been the focus of some media attention in the past. There was an article in *The Courier-Mail* in November last year about the fact that, at that point in time, I think the only two staff members of the authority were in Canberra and there was an empty office in Townsville. Does the authority have any empty office space in Townsville now?

**Mr McLoughlin:** We have two desks. We co-share both office space and staff with the Office of Northern Australia. We've rented, subleased, two desks at that Townsville office, with the option of taking more desks if we want them. One staff member is there, and when we're visiting Townsville ourselves we can occupy the other desk. If we need more office space we can access it.

**Senator WATT:** When this was revealed the member for Herbert, Mr Thompson, said:

...it was "not good enough" that there were no staff in north Queensland and had sought commitments there would be at least two based in Townsville by the end of—

2019. But sitting here now towards the end of 2020 there's actually only 0.5.

**Mr McLoughlin:** That's correct, based on the workloads for that person.

**Senator WATT:** Did Mr Thompson ever raise with you his belief that it was not good enough that there were no staff there now in north Queensland?

**Mr McLoughlin:** Not directly, no.

**Senator WATT:** And you didn't ever hear about him raising that with ministers or anyone?

**Mr McLoughlin:** I certainly saw the media article. But, again, as CEO of an executive agency I've got to make my own decisions about staffing levels as appropriate and budget expenditures, and I made the decision that unless I could justify that those staff would be kept fully occupied on a full-time basis it was very difficult to have the thought of people sitting around being paid a salary with not enough to do. So we've risk managed that in that sense.

**Senator WATT:** Do you think this presents some decentralisation opportunities, Mr McRandle?

**Mr McRandle:** I think the way the decentralisation program works is that every agency needs to look at its own circumstances and make the case for it. I think Mr McLoughlin set out some very good information around the efficient use of resources. Obviously, if some of the projects that he's working on convert to construction phases, I'm sure there'll be an opportunity to look at staffing up in North Queensland.

**Senator WATT:** If we can't decentralise positions in a North Queensland water authority to North Queensland, we don't really have a lot of hope of decentralising many positions at all, do we?

**Mr McRandle:** I think, as you heard from the evidence earlier today, there have been quite a number of staff—from organisations like our own, with the staff in Orange, and also the AMSA staff moving to Coffs Harbour. That showed there are some opportunities, but each agency and each department needs to work through those on their own merits.

**Mr McLoughlin:** Could I add to that? Up until this point in time we have been funding feasibility studies and business cases, where the proponents, contracted to the Queensland government, have been focused on delivery of those using consultants. There is a somewhat diminished day-to-day role for federal government staff in the delivery of those business cases because they're being delivered by engineering and consulting companies and the like. With one project, the Big Rocks Weir near Charters Towers, with the Commonwealth government committing to funding that, up to \$30 million, in late 2018 and, more recently, the Queensland Premier committing to commit up to \$30 million to that project as well, it looks highly likely we'll move to a construction phase in the next couple of months. At that point, I think, we'll be in a position to reassess whether we need a full-time person on the ground—as we move to a construction phase as opposed to a business case phase. It is a matter of judgement around whether we have someone sitting there hovering over very experienced consultants as they prepare a business case. When we move to construction I think there is a much stronger case to put full-time people involved.

**Senator WATT:** Do you have any figures on the amount you've spent on consultants in the last financial year?

**Mr McLoughlin:** We do. I might throw—

**Senator WATT:** Consultants or contractors?

**Mr Squire:** Sorry, not with me at the moment, but I can get that data fairly quickly for you.

**Senator WATT:** Again, that would be great. And are those consultants based in North Queensland, or do they tend to be in places like Sydney, Melbourne and Brisbane?

**Mr McLoughlin:** No. We have engaged some consultants. Essentially, where we have decided that in the delivery of a business case or a feasibility study, for example, there is some additional work that would be helpful in de-risking the policy advice we're giving to government about further investments, such as some groundwater assessments or some geotechnical drilling, we have commissioned local contractors to do that in support of what we're doing. The costs have been in the few hundreds of thousands. But my colleague Mr Squire will get that information to you.

**Senator WATT:** Okay, thanks. I noticed in the budget papers that you seem to have been provided with funding for this financial year and the next financial year but not the financial years beyond that.

**Mr McLoughlin:** Yes.

**Senator WATT:** Why is that?

**Mr McLoughlin:** This authority has been funded for a fixed term, largely to deliver one major project in North Queensland, the Hells Gates Dam project. We've picked up some other projects on the way, and have been divested of some projects along the way too, but our focus remains on the Hells Gates Dam project, which will be completed, in terms of the full business case, around the end of the first quarter 2022. So that gives us sufficient time for the authority to deliver the project.

**Mr McRandle:** If I can add to that, if there is a decision on some of these projects to move to construction phase, then obviously the government will come back to look at what resources might be necessary.

**Senator WATT:** What's the relationship of this organisation with the National Water Grid Authority?

**Mr McLoughlin:** We were established in March 2019, which was a couple of months before the establishment of the Water Grid Authority, which I think which was mid-year.

**Mr McRandle:** I'm the CEO of the National Water Grid Authority. We were established on 1 October 2019.

**Mr McLoughlin:** We were established on 12 March, specifically to deliver a government commitment for the Hells Gate Dam project and some other projects at that time.

**Senator WATT:** You mentioned Hells Gate. Is that the only project now that the authority's responsible for?

**Mr McLoughlin:** We have four projects, the Hells Gate Dam, including the Big Rocks Weir business case; the Big Rocks Weir construction, now there has been a co-commitment to funding from the Queensland government; the Hughenden Irrigation Project, which is a business case—

**Senator WATT:** Actually, as you go through them, could you give us a really quick summary of where they're up to and when you expect they'll be delivered.

**Mr McLoughlin:** Sure. The Hells Gate Dam business case, which, as I said a minute ago, is a very large business case at \$24 million, is due at the end of the first quarter 2022. We had a subproject within that for the Big Rocks Weir. The full business case for that has now been delivered, and the Queensland government has committed to co-fund it. So we're now in negotiations with the Queensland government around a funding agreement to move to construction on that project as soon as possible. The Hughenden Irrigation Project is a proposed large irrigation scheme out on the Flinders River at Hughenden, about halfway between Townsville and Mount Isa. It's in the detailed business case stage. That detailed business case is expected towards the end of 2021. And we have a fourth project, the western Queensland irrigation and agriculture assessment, which is largely a desktop based study of all of the previous proposals over the last 70 or 80 years to transfer water from eastward-flowing catchments in North Queensland through to Central and northern Queensland, with a view to assessing, given modern technology and modern knowledge, whether any of them might be viable now that weren't assessed as available in, say, the 1950s, 1960s, 1970s or 1980s. That project is just using modern technology, modern data and modern analysis methods to relook at all of those with a view to seeing if any of them might now be viable, given that the last technical assessment of a lot of those proposals was in the 1980s.

**Senator WATT:** Where is that work up to?

**Mr McLoughlin:** It's only recently commenced. In fact, we received yesterday the detailed literature review and analysis of all the documentation from the consultants for that project. The next stage will be the reanalysis of all of the data from those projects. That project will be completed towards the end of 2021. There is an enormous amount of re-engineering and hydrological reanalysis to be undertaken in that project.

**Senator WATT:** You're going to come back to us on that extra information I was seeking?

**Mr Squire:** Absolutely.

**Senator WATT:** I think I asked you for consultants costs. Could also let us know how many consultants have been engaged, as well as the cost?

**Mr Squire:** Yes, absolutely. Will do.

**Mr McRandle:** Sorry, Senator, do you mean the number of firms or the number of staff?

**Senator WATT:** I was going to say it's probably a bit hard to say the number of staff, so maybe the number of consultancy contracts. So at this point there's no operational funding for this authority beyond 2021-22. Is that correct.

**Mr McLoughlin:** Correct.

**Senator WATT:** So, if that funding is not extended, we actually could get to a point where this agency ceases to exist before it's ever employed a full-time person in North Queensland?

**Mr McLoughlin:** I think that's probably pre-empting the outcome.

**Senator WATT:** Well, there are no immediate plans to put anyone on in North Queensland because the work's not there—that's what we're being told.

**Mr McRandle:** I think there's some good work going on, in terms of the Big Rocks project, that will convert to construction. I think the opportunities are probably higher than, maybe, what is proposed.

**Senator WATT:** And you're confident that we will get to a point that more comes from the authority than the preparation of business cases?

**Mr McLoughlin:** At the end of the day, we'll be directed by our minister as to what projects we take on and what role we are to play in those, whether it's direct management and delivery of projects or whether it's through the National Water Grid Authority colleagues or the Queensland government. I will make a decision around the level of staffing that we need to deliver the minister's directions to us, and we have scope for employing up to 10 people. At the present time, while we're in this phase of negotiating funding agreements with Queensland for construction, it's largely a role for my chief operating officer and me, and, as we move to construction, there is every chance that we'll put staff on to play a more hands-on, day-to-day role in North Queensland.

**CHAIR:** Thank you very much, Senator Watt. You are excused with our thanks.

#### **National Water Grid Authority**

[15:01]

**CHAIR:** We now move to the National Water Infrastructure Development Fund.

**Mr McRandle:** I might just clarify: while we're on the program as the National Water Infrastructure Development Fund, the name of the group is the National Water Grid Authority. The National Water Infrastructure Development Fund is the program that we operate just in case there's any confusion.

**CHAIR:** I'm pleased you did clarify that, because I was confused—thank you. On that basis, Senator Rennick, this is the right group to ask that question. Would you like to ask your question?

**Senator RENNICK:** I've got a question about Nathan Dam. It's a proposed dam site just north of Taroom. Is there any work being done on it? I know there's been an EIS completed on it, but have you got any more information you could provide?

**Mr McRandle:** I'll just check with colleagues to see if that one's come to our list. What we do typically is seek advice from states and territories about the projects that they have on their priority list and we examine those. As for that specific dam, I'll just check with Mr Darrough to see if we have some advice.

**Mr Darrough:** It's not currently one of our projects, but we are constantly engaged with our colleagues in the jurisdictions to identify new projects and develop them into projects that can come into the water grid.

**Senator RENNICK:** When you say new projects, that project's been known about for a long time and there's been an EIS and everything on it—

**Mr Darrough:** So new projects in the sense of new project funding through the National Water Infrastructure Development Fund.

**Mr McRandle:** A new commitment from the federal government, effectively.

**Senator RENNICK:** Thank you.

**Senator WATT:** I noticed one of the lines in the budget measures relating to this area was that the government will not proceed with the National Water Infrastructure Loan Facility.

**Mr McRandle:** That's correct.

**Senator WATT:** Am I right that the National Water Infrastructure Loan Facility previously had been allocated \$2 billion which could be used to provide loans to support water projects?

**Mr McRandle:** Yes.

**Senator WATT:** How much was actually spent from that loan facility?

**Mr McRandle:** The loan facility, just to round out the context for that, is managed by the Regional Investment Corporation, which is under the department of agriculture. It was a loan facility available to the National Water Grid Authority for projects that would be capable of being funded by loan facilities. To answer your question: there was no drawdown on the loan facility at the time the government decided that it would discontinue that facility.

**Senator WATT:** Am I right that that water loan facility was announced in the 2016 budget?

**Mr McRandle:** That would be correct.

**Senator WATT:** By then Treasurer Mr Morrison in his budget speech?

**Mr McRandle:** It was announced in 2016.

**Senator WATT:** And we get to 2020 four years later and not a cent was actually spent from the facility?

**Mr McRandle:** That's correct: in fact the money instead came from the National Water Infrastructure Development Fund, which is the grant funding arm of the financing that we have available.

**Senator WATT:** So why was the loan facility such a failure that over four years it didn't lend a cent?

**Mr McRandle:** I wouldn't describe it as a failure.

**Senator WATT:** It's hardly a success, is it, if it doesn't lend a cent?

**Mr McRandle:** I think the National Water Infrastructure Development Fund has been a real success and that's what—

**Senator WATT:** Yes, but I'm asking about the loan facility.

**Mr McRandle:** The loan facility is a case where there were a few projects that were potentially in scope for loan funding. The states looked at those projects very carefully and they determined that, in a general sense, they could develop loan funding based on their own balance sheets. So, in that case, they did not seek to go forward with a loan from the Commonwealth government.

**Mr Atkinson:** Can I just add that the other thing is that the cost of capital has decreased over time, and so the capacity for governments and state governments to raise additional funding at lower prices has moved since 2016, which impacts all debt facilities.

**Senator WATT:** Effectively, the money that had previously been allocated to the loan facility has been converted to grants in this year's budget and will be administered—through which program?

**Mr McRandle:** That's broadly right in terms of the outcome. The loan facility was terminated, and, instead, the government increased the National Water Infrastructure Development Fund by the equivalent amount of money. So the \$2 billion has now gone into the development fund. And, just to add to the context around the background for the loan, there have been, obviously, a number of events—we had long-term drought and COVID. The government's very keen now to look at ways to get money into projects quickly and to ensure that the water infrastructure projects that they want to see built can be built, and the development fund is the most effective way of doing that.

**Mr Atkinson:** Just in a technical sense, the accounting treatments are quite different for those two things.

**Senator WATT:** I understand, yes. It's the same dollar figure but—

**Mr Atkinson:** The outcome is different.

**Senator WATT:** Was part of the problem with the loan facility that states could access loans at a lower interest rate than the loan facility was offering?

**Mr Atkinson:** That's the point that I was making earlier about the fact that the cost of capital in capital markets since 2016 has moved very substantially between now and then.

**Senator WATT:** Yes. So why wasn't the interest rate that was being made available adjusted to reflect that?

**Mr McRandle:** There were a number of elements around loan terms. The interest rate is obviously a very material one. There are other factors around whether the rates are fixed versus floating; the Commonwealth tends to operate on a floating interest rate. The states, if they want to use debt funding, might provide a fixed rate to their own state utility authorities—to water infrastructure authorities. There are different conditions beyond just the interest rate itself.

**Mr Atkinson:** But also, as the interest rates and returns in capital markets get lower, the differentials become less.

**Senator WATT:** It reminds me that it's not the only loan facility this government's had that has proven to be a bit of a flop. In the Northern Australia Infrastructure Facility—which we'll deal with next week in a different portfolio—\$5 billion was made available. At last count, it had only lent about \$170 million. Is there something wrong with how the government's been designing these sorts of loan facilities for infrastructure projects?

**Mr Atkinson:** We couldn't comment on that.

**CHAIR:** Senator, what a pity we're not doing Queensland as well, I could go through the facilities in Queensland. I think it's a problem with government and interest rates—

**Senator WATT:** The loan facilities?

**CHAIR:** Loan facilities in Queensland, yes.

**Senator WATT:** I guess you'll have to run for state parliament!

**CHAIR:** Indeed!

**Senator WATT:** You missed your chance to nominate this time. But there'll spots in opposition for you after the election up there!

**CHAIR:** Oh, Senator Watt!

**Senator Ruston:** I don't think she wants to run for Labor—

**CHAIR:** Well done.

**Senator WATT:** If she doesn't want to be part of the group that's been in government for 25 years in Queensland, that's her decision.

**CHAIR:** Would you like to rephrase your question, Senator Watt?

**Senator WATT:** How many staff are allocated to work on this—I want to get the name right—National Water Infrastructure Development Fund?

**Mr McRandle:** The National Water Grid Authority, in fact, is the entity that manages the development fund—

**Senator WATT:** Sorry—the national?

**Mr McRandle:** Water Grid Authority.

**Senator WATT:** Yes, you were explaining that before.

**Mr McRandle:** We have an ASL of 37. I'll check with my colleague, Mr Darrough, who has the most up to date figures, but 37 is our ASL cap. We currently have 32, and that includes two labour hires.

**Senator WATT:** However, you're an employee of the department, right?

**Mr McRandle:** That's correct. The Water Grid Authority is set up as a secondary government body. We're part of the department of infrastructure, with our own branding and name.

**Senator WATT:** Effectively, the people who are the employees of the authority are also employees of the department?

**Mr McRandle:** Correct.

**Senator WATT:** Because I was going to ask how many other people there are in the department who work with the water authority—but they are one and the same?

**Mr McRandle:** The same people, yes.

**Senator WATT:** Sorry, that's 32 FTE?

**Mr McRandle:** It's 32 ASL, average staffing level. I think the FTE number, which is a slightly different measure, is 35.

**Senator WATT:** Right.

**Mr McRandle:** That includes full-time-equivalent part-time, and rounding that up.

**Senator WATT:** So the fund is administered by the authority as opposed to the department?

**Mr McRandle:** They're indistinguishable in the sense that we're a secondary government body. But, yes, the Water Grid Authority is responsible for the day-to-day management of the fund.

**Senator WATT:** Do all 32 ASL work on this specific fund?

**Mr McRandle:** They're all involved in the objectives of the National Water Grid Authority. The teams are split into two branches. One branch has a focus on stakeholder engagement—the science program, where we're working with the CSIRO, Geoscience Australia, the Bureau of Meteorology and others. The other team is really the project management side; they've got the most direct interaction with the development fund.

**Senator WATT:** How many projects are now being administered by the fund?

**Mr McRandle:** We have 22 projects that are government commitments at this stage. The program also funds feasibility studies. We have 54 feasibility studies in total on our books, and I think 41 of those are now completed projects. So we manage both feasibility studies and the 22 capital projects.

**Senator WATT:** Did you say that 41 have been delivered?

**Mr McRandle:** Yes. That's correct.

**Senator WATT:** So there are 22 government commitments?

**Mr McRandle:** These are 22 capital projects, which are commitments to construct. There are also 54 studies that look at what might be feasible, so we can develop a pipeline of projects going forward. Of those 54 feasibility studies, 41 have been completed.

**Senator WATT:** Did any of those 54 lead to some of the 22 capital commitments?

**Mr McRandle:** Not directly at this stage. The capital commitments came earlier, but we are now going through a process of assessing each of the feasibility studies that have been completed and identifying those that we think have prospects to move into a construction phase. The intention there is for us to take those projects to states and territories. As you'd appreciate, states and territories are the owner-operators of the infrastructure at the end of the day, so we'll be having further conversations with state and territory governments about some projects that we think might have prospects for moving into the construction phase.

**Senator WATT:** On notice, I might get you to come back with where each of those 22 government capital commitments are up to.

**Mr McRandle:** Yes. We do have, on our website, some information about each of those projects, but we're very happy to provide that on notice.

**Senator WATT:** Would it be fair to assume that some but not all of those projects have commenced construction?

**Mr McRandle:** Five of the 22 projects have now been completed. We expect to have another three projects completed over the next 12 months, roughly. The remainder of the projects are either underway or going through a process of settling the bilateral funding arrangements with states. But I can give you a table that sets that out.

**Senator WATT:** I accept that some of this information might be available on your website, but if you could come back to us on notice with, for the 22 capital commitments, where they're up to and when they'll be delivered—if they haven't yet been delivered—and, for the 54 studies, which have been completed, which are still underway, where they're up to and when you expect them to be completed.

**Mr McRandle:** Yes. We'll give you a status update.

**Senator WATT:** How much has been spent overall from the National Water Infrastructure Development Fund?

**Mr McRandle:** I'll need to check the notes. You're talking about the capital commitments?

**Senator WATT:** Yes. That's probably the main thing I'm interested in.

**Mr Atkinson:** We can give you that with the status update.

**Senator WATT:** Could you break it down by year—which year the funds were expensed.

**Mr McRandle:** Yes. We're happy to provide that as part of that package of material.

**Senator WATT:** Do you know how much has been spent from the fund this year? When I say 'this year', what I probably mean is 2019-20.

**Mr McRandle:** The previous year.

**Mr Darrough:** Based on my calculations, it was \$53.9 million in the 2019-20 financial year.

**Senator WATT:** That's from the National Water Infrastructure Development Fund?

**Mr Darrough:** Yes.

**Senator WATT:** Do you have a figure for how much has been spent in the current financial year?

**Mr Darrough:** I'm sorry; I don't have the year-to-date figure with me.

**Senator WATT:** That's okay. I might get that from you on notice. I might not be comparing apples with apples, but I've got a note here that says that in the March estimates this year you advised that you expected to spend \$182.4 million. My notes say 'this year', which I'm assuming means 2019-20.

**Mr Darrough:** I'd have to go back to the *Hansard* and check if the figure that we gave you was a calendar year rather than a financial year.

**Mr McRandle:** We can clarify the time frame and which kind of year it was.

**Senator WATT:** Can you go back to that figure and come back to us on notice with what time period it related to and what you actually spent.

**Mr Darrough:** Yes.

**Senator WATT:** How much remains in the fund to be spent?

**Mr McRandle:** In terms of the development fund, the uncommitted funds are about \$1.8 billion. The government announced the extra \$2 billion as part of the recent budget announcement. Of that, there was a commitment just prior to the budget for the two projects in New South Wales, Wyangala Dam and Dungowan

Dam, to get additional funds, in lieu of the loan facility, through the development fund. That gives us about \$1.8 billion of uncommitted funds in the program.

**Senator WATT:** Can I turn to a couple of specific projects. In fact, I'm happy to hand the call over to Senator Davey, if she's got some questions, so I can get on top of what I'm about to ask.

**CHAIR:** Senator Davey.

**Senator DAVEY:** Thanks, Senator Watt. Perfect teamwork! I want to go back to the 54 feasibility studies that you have underway. You said 41 are complete and now going through an assessment process. Are those feasibility studies identified by us and the Water Grid Authority, or are they brought forward by the states for us to then fund a feasibility study for?

**Mr McRandle:** They can come in a variety of ways. The states and territories have identified many of the project topics, and the federal government has assisted with the funding on those.

**Senator DAVEY:** I appreciate that you may not be able to go into detail about the individual studies, but could you provide us with a breakdown of which states they're coming from and an overview of the type—some are for dams, some are for other sorts of infrastructure.

**Mr McRandle:** Pipelines and so on, yes. Certainly, we'll do that as part of the package of materials that we committed to Senator Watt to provide.

**Mr Darrough:** If I could add: they're all funded through the National Partnership Agreement, so they've all been included in the schedules to the National Water Infrastructure Development Fund feasibility component.

**Senator DAVEY:** Thank you. I think that package of information will be very interesting reading, as a whole. Just finally, on Wyangala and Dungowan specifically, does the conversion of the loan facility into a grant finalise the funding deal with the states, and will we soon see actual work started?

**Mr McRandle:** That announcement by the Deputy Prime Minister was relatively recent. We've provided some advice to the New South Wales government. We're working through with them now to settle the funding arrangements, which include the milestone payments and the phasing of the funding. I expect that's not too far off being settled.

**Senator DAVEY:** And then?

**Mr McRandle:** Once that's done, moving into the construction phase, both projects need to go through some preconstruction activities. In the case of Wyangala Dam, for example, there is an environmental assessment process. With this work, much like the roads and rail projects that the department engages in, the proponent or manager is the state government, so WaterNSW is responsible for taking that forward. We expect there will be geotechnical or engineering preconstruction work as well as the environmental assessment phase.

**Senator DAVEY:** So Wyangala needs the environmental assessment. These projects were sold as shovel ready. Will we see some movement on Dungowan in the near future, do you think?

**Mr McRandle:** There is some work going on on those. I'm not sure if they were sold as shovel ready. They were identified in a 2018 document by the New South Wales government about potential water infrastructure priority projects in regional New South Wales. These projects were committed to by both governments. So there was, if you like, a commitment to those projects, and now it's working through the detailed design, the community consultation and the environmental approvals, as well as the water allocation, which is an important part of any water project.

**Senator DAVEY:** Thank you.

**Senator WATT:** Am I right that there were three New South Wales dam projects that were announced by the Prime Minister back in October 2019—the Wyangala, Dungowan and the Border Rivers project on the Mole River?

**Mr McRandle:** There's, effectively, a business case or feasibility study for Mole River. That hasn't converted into a construction project but Wyangala and Dungowan are both capital projects.

**Senator WATT:** When the Prime Minister made that announcement in October last year he said that formalised agreements between the federal and New South Wales governments outlining the time frames will be finalised shortly. Have those agreements been finalised? Essentially, what do they say?

**Mr McRandle:** That was the advice I was providing that, with the loan facility coming out of that offer and, instead, the development fund going in, we're finalising those funding agreements. I expect it's a matter of weeks to get those settled with the New South Wales government.

**Senator WATT:** The Prime Minister said in October last year that these projects were shovel ready and that agreements would be finalised with the New South Wales government shortly. But it's 12 months on and we haven't got the agreements because things have changed.

**Mr McRandle:** The funding arrangements have changed just in the terms of the way that we contract with the states. The state governments have been moving forward with the planning stages, including the community consultation and the EIS, and, as you'd appreciate, those things are critical before construction can start.

**Senator WATT:** It's not your fault, Mr McRandle, but here we are again, Minister. The Prime Minister says, 'Woohoo, it's all going to happen now.' Then time rolls on.

**Senator Ruston:** I'm not sure he has said that. I've never heard him use that tone.

**Senator WATT:** That is what he does. He gets out there in his baseball cap and razzes everyone up and promises the world and then we have estimates 12 months later and find out that it's all not happening. We've had it today on dams, we had it on 11 election commitments from 2013 that still haven't been delivered.

**Senator Ruston:** Out of 290.

**Senator WATT:** You should have been here, Senator Davey.

**Senator Ruston:** One of the comments I think the Prime Minister made very clearly—

**Senator WATT:** Road projects.

**Senator Ruston:** Are you going to let me finish?

**Senator WATT:** Why doesn't he just be honest with people and say—

**Senator Ruston:** Clearly not.

**Senator WATT:** 'I can actually do this and I'll do this.' Why does he always have to say, 'I'm going to do this,' and it ends up being this?

**CHAIR:** Would you like the minister to finish?

**Senator Ruston:** I was going to make the point, Chair, that one of the reasons why the Prime Minister chose to make some quite significant announcements in New South Wales—which are progressing quite well despite COVID—was the fact that the Queensland government seems to have been failed to ever be prepared to move forward. So these are partnerships—

**Senator WATT:** That's complete rubbish! The Rookwood Weir outside Rockhampton is currently being built, and do you know who has put the money into it? The Queensland government.

**CHAIR:** The much smaller project—half the size.

**Senator WATT:** We're still waiting for the federal government to chip in.

*Senator Rennick interjecting—*

**Senator WATT:** You want to talk about the New South Wales government! We've just learned—

**CHAIR:** Or the Paradise Dam. We could do Paradise Dam as well, Senator Watt.

**Senator WATT:** I know—

*Senator Rennick interjecting—*

**Senator WATT:** I know you always want to hold up the New South Wales government—

**CHAIR:** What about Big Rocks Weir, Senator Watt? Apologies—

*Senator Rennick interjecting—*

**Senator WATT:** I know you always want to hold up the New South Wales government as the gold standard on everything because it's a Liberal government, but we've literally just learned that three dam projects that the Prime Minister announced would be finalised shortly—12 months ago—haven't been. It is a pattern of behaviour from this bloke who promises the world and never delivers.

**Senator Ruston:** I would put on the record that we have had the significant impact of bushfires in New South Wales, then followed by COVID—

**Senator WATT:** Yes, but it's not the first time.

**Senator Ruston:** These projects are moving along, and I think that the track record of other state governments around Australia are pretty dismal in comparison to the track record of the New South Wales government on many, many fronts.

**Senator WATT:** I haven't been in every estimates committee so far over the last two days, but, in the small number that I've been in, we've had the bushfire fund, where the government hasn't spent what it said—

**Senator Ruston:** You want to re prosecute everything you've already asked.

**Senator WATT:** the Emergency Response Fund—

**CHAIR:** Let's stay focused on RRAT, which is, of course, the committee that we're in.

**Senator WATT:** the Urban Congestion Fund—I'm talking about RRAT. We've got the dams and we've got the regional funds that don't get delivered.

**CHAIR:** Senator Watt, do you want to keep talking? Shall I not be the chair? Perhaps we could swap positions.

**Senator WATT:** I know it's embarrassing.

**CHAIR:** Senator Watt, please stop talking and go to a question of the committee so that we can continue moving forward.

**Senator WATT:** Minister, is the key KPI for ministers in this government the number of announcements you can make? Is that what really matters?

**Senator Ruston:** Senator, that is the most ridiculous question and you know it is.

**Senator WATT:** I would have thought the facts support that, because—

**Senator Ruston:** Senator, I just point out to you that we are in midst of the one of the most extraordinarily serious pandemics.

**Senator WATT:** I know that.

**Senator Ruston:** This government has been working overtime. I thank the opposition for its initial bipartisan support to helping Australia through this pandemic, but you sitting here and continuing to prosecute ridiculous comments like you've just made doesn't reflect very well on this place or you.

**Senator WATT:** Minister, I can't remember whether you were at the table when we found this out yesterday. I think you were. One of the very first topics we dealt with yesterday was that this is not the first year when there has been a massive underspend for infrastructure by this government. It's happened year after year, before COVID, before bushfires. I think the total we had yesterday was about \$6.4 billion in underspends over the last few years.

**Senator Ruston:** Eight point five billion dollars, on average, has been spent over the last five years on infrastructure by this government, which is well in excess of anything done by a government that you might have been a member of previously.

**Senator WATT:** I think you'll find that's not true. Leaving that aside—

**Senator Ruston:** I think you might find that it is.

**Senator WATT:** Why not just promise what you can deliver? Why do you have to promise way more than you actually end up delivering?

**Senator Ruston:** Senator, you obviously don't understand how some of these—

**Senator WATT:** Please—patronise me. Come on.

**Senator Ruston:** No; not at all. I think you're the king of patronisation. There are a number of people or stakeholders that are engaged in these projects, not least of which is the fact that they are built on the sovereign territory of the states and territories.

**Senator WATT:** But you were just telling me the New South Wales government is great.

**Senator Ruston:** I have to say: the New South Wales government has a track record of being very proactive when it comes—

**Senator WATT:** So it's only Labor states.

**Senator Ruston:** I'm not saying that there aren't some Labor states that haven't been proactive as well, but I would point out that it is not entirely in the domain of the federal government as to the timing of the delivery of projects. There are a number of other factors well outside of our control. And, I'm sorry, but the silly comments, like you just made, annoy me because they are not serving the purpose of assisting Australia through this pandemic.

**Senator WATT:** Let's bring it back to this example: the dams. The Prime Minister went to drought affected regions of New South Wales, to drought affected farmers, and told them that he would deliver agreements for three dams shortly. The photos were taken, the headlines were written up and, 12 months later, it hasn't happened.

**Senator Ruston:** What hasn't happened? Did you think the dams would be full by now?

**Senator WATT:** No. The Prime Minister said that agreements would be reached with the New South Wales government shortly, and he got in his car, drove away, never went back and didn't deliver what he promised.

**Senator Davey:** Could I just clarify: my understanding is the agreements have been reached and now it's about putting the finer details on it, with the milestone payments and the—

**Senator WATT:** That's not what Mr McRandle said.

**Mr McRandle:** Just to be clear: the funding arrangements have been settled now, in terms of the detailed milestones, and that will be signed, as Mr Darrough said, through a national partnership agreement. It will be on the website and public when that's done. I think that's a matter of weeks away. There is work already commencing on the New South Wales side, in terms of the community consultation phase around the environmental assessments, which are the necessary preconditions for any construction.

**Senator WATT:** Has any money been paid to the New South Wales government for the commencement of these three projects?

**Mr McRandle:** No. As you'd appreciate, until the agreements are settled, no funds can pass.

**Senator WATT:** I didn't think so. It's 12 months on and no—

**CHAIR:** Could I clarify this. Regarding the Rookwood Weir in Queensland, how much money is available from the federal government to go towards that project?

**Mr McRandle:** There is \$176.1 million.

**CHAIR:** There's \$176 million committed to that project.

**Senator WATT:** How much has been spent?

**CHAIR:** Has the Queensland government advanced on that? Have they put in an application or signed an agreement with the federal government to advance that any further?

**Mr McRandle:** Dr Lynham signed the agreement for the Commonwealth funding the day before the Queensland caretaker period.

**CHAIR:** Oh, just before he went into caretaker mode.

**Senator WATT:** Let's talk about this. How much has been committed by the government?

**Mr McRandle:** I was \$176.1 million.

**Senator WATT:** And how much has been spent?

**Mr McRandle:** There has been no—

**CHAIR:** He only signed it three seconds ago!

**Senator WATT:** The old zero.

**Mr McRandle:** It was two weeks ago.

**Ms Purvis-Smith:** The state government didn't sign—

**CHAIR:** Oh, it's the state government.

**Senator WATT:** That's the other thing we know you guys are good at.

**CHAIR:** Senator Watt, do you have another question?

**Senator WATT:** We know that the best amount the Prime Minister can spend is nothing. He does it over and over and over again. When was the concept design of these three projects completed? Have they been completed?

**Mr McRandle:** There are two capital projects. The Mole River project is a feasibility study.

**Senator WATT:** That's right. You have said that, sorry.

**Mr McRandle:** So, the work is going through—I don't have a contemporary update about where the design work is up to. I'm not sure whether my colleague might, at this stage?

**Mr Darrough:** They're still in the development stage, and the business case is being developed for Wyangala as well.

**Senator WATT:** Have the environmental assessments commenced?

**Mr Darrough:** The process is underway, and, as Mr McRandle mentioned, consultation is underway.

**Senator WATT:** Have either the federal or the state government—the New South Wales government—completed feasibility studies for the projects?

**Mr Darrough:** I'll take it on notice, but my recollection is that there was a feasibility study done for the Lachlan Valley, which is a New South Wales study, and there was a Peel River feasibility study.

**Mr McRandle:** These are the catchments relevant to both Wyangala and Dungowan, respectively.

**Senator WATT:** So, an application had been made. Prior to the loan facility being discontinued, applications had been made by the New South Wales government for the loan funding for these projects. Is that right?

**Mr McRandle:** No. The Commonwealth government had offered loan funding as part of its package of financing of the project. We were in discussions with the New South Wales government around terms and conditions for the loan. The Commonwealth government ultimately decided to convert the loan component to the grant component.

**Senator WATT:** Turning to a Queensland project, the Emu Swamp Dam, is that being funded from the National Water Infrastructure Development Fund?

**Mr McRandle:** It is.

**Senator WATT:** And is the department funding intended to support only irrigation or also town water?

**Mr McRandle:** The remit for the National Water Grid Authority and the development fund is to fund water that supports Australia's agricultural output and also primary industries' activities. Our project is therefore around the irrigation benefits that would come from Emu Swamp. Inevitably, projects that are funded with states, as they all are, could include an element of town water security as well, but our funding component—and we're 50 per cent of that project—goes to support the irrigation outcomes.

**Senator WATT:** But the Emu Swamp Dam will partly be used for supplying town water?

**Mr McRandle:** It would be possible that it would supply town water to Stanthorpe and those surrounding areas.

**Senator WATT:** Who desperately need the water—that's certainly acknowledged.

**Senator DAVEY:** Isn't distribution of the water, though, up to the states?

**Mr McRandle:** The allocation of water is—yes. That's right.

**Senator WATT:** Because, as I understand it, there've been numerous requests to seek Commonwealth funding for the Eurobodalla dam, which is in the Eden-Monaro electorate, but the Deputy Prime Minister has refused funding for that project on the grounds that this fund can't be used to help fund projects which are for town water.

**Mr McRandle:** As I understand the application—and it predates the formation of the Water Grid Authority, I think—the Eurobodalla dam I think is primarily a town water supply issue.

**Senator WATT:** So is there some sort of threshold? So Emu Swamp—I hear what you're saying—is mostly irrigation, but it can be used for town water, and that's okay—

**Mr McRandle:** There may be a town water benefit, but the Commonwealth's interest in the project and the reason we can commit to that project is that it's principally about irrigation and agricultural output.

**Senator WATT:** So what's the threshold that has got to be met, in terms of irrigation, to qualify?

**Mr McRandle:** It's not necessarily a particular threshold. The purpose of assessing feasibility studies and business cases is to assess whether it meets the government's commitment for water infrastructure on the terms of primary industries and agriculture.

**Senator WATT:** Right. And, with Mole River, when did you say the business case is expected?

**Mr McRandle:** I'll see if I can find the date for that. I've got the capital projects here. We might just take a second while we get that to you.

**Mr Atkinson:** It'll be on the list of feasibility studies that we've agreed to provide.

**Senator WATT:** Finally, the \$2 billion that's just been added to this fund in this year's budget, has any of that already been allocated or committed to projects?

**Mr Atkinson:** We answered that question. That's—

**Senator WATT:** Wyaralong, is it?

**Mr McRandle:** Wyangala.

**Senator WATT:** There's a Wyaralong in Queensland, near Beaudesert. So Wyangala and Dungowan have both had funds committed to them in this year's budget from the extra \$2 billion?

**Mr Atkinson:** Correct.

**Senator WATT:** But they're the only ones?

**Mr Atkinson:** At this stage.

**Mr McRandle:** The Deputy Prime Minister has written to his state and territory counterparts seeking their views on infrastructure priorities to go forward with the new pipeline. Obviously, with things like the Queensland election and caretaker, we're not likely hear from them for a few more weeks.

**Senator WATT:** Just before we wind up, Mr McRandle, we've been coming back and fourth to Mr Atkinson through the day about the issues concerning the airport. I understand you were the executive director of the Western Sydney Unit at the time that the overarching strategy for acquisitions was approved?

**Mr McRandle:** That's correct.

**Senator WATT:** When did you first become aware of the issues that were highlighted in the Auditor-General's report?

**Mr McRandle:** Through the Auditor-General's report.

**Senator WATT:** So after the section 19 report was delivered?

**Mr McRandle:** I was not involved—for example, the ANAO did not speak to me as part of their investigation. I had no role other than giving my agreement to release my conflict of interest documents as part of their audit. I did not know of all of these findings until the audit report was public.

**Senator WATT:** What was the time period that you served in that role, as executive director of the unit?

**Mr McRandle:** I was there from the establishment of the Western Sydney Unit in 2014, and I finished in January 2018.

**Senator WATT:** So pretty much at all the times this was happening?

**Mr McRandle:** A large part of it, but seven months before the transaction was completed.

**Senator WATT:** Did you know anything about the valuation strategy?

**Mr McRandle:** I knew that there was a valuation. I was given a copy of what was labelled as the draft valuation strategy, towards the end of 2017 and the advice that came with that also indicated that the project was proceeding down the approved strategy path of a compulsory acquisition.

**Senator WATT:** So at the time you left that role, you thought that it was going to be compulsorily acquired?

**Mr McRandle:** That's correct.

**Mr Atkinson:** Senator, this gets back to the point that I made yesterday quite extensively: that the serious allegation in the report is that the executive directors and above weren't provided with the information.

**Senator WATT:** I've forgotten the exact time line of events, but were you ever provided with the valuation for the around \$30 million that ended up being paid?

**Mr McRandle:** I was provided with a copy of the valuation towards the end of 2017. It came to me as an email update with a package of documents including the valuation report. It was listed, at that stage, in that email as a draft but, in fact, it had been finalised at that stage. I had no reason, reading that report, to question the validity of that valuation.

**Senator WATT:** That valuation was the one that came up with the roughly \$30 million figure?

**Mr Atkinson:** That valuation you are talking about is the one where there were findings in the ANAO report that there had been conversations backward and forward, and there are those issues that are under investigation—about how that valuation came about—that Mr McRandle and all the other people in the executive director rank and above were not made aware of.

**Senator WATT:** To be clear, did you, at any point while you were in the Western Sydney Unit, see the valuation or understand that the land had been valued at about \$30 million?

**Mr McRandle:** I had seen the valuation report towards the end of my time there.

**Senator WATT:** That's what I thought you said. Had you seen any of the other valuations which had valued the land at significantly less than that?

**Mr McRandle:** I'm referring now to what I've seen in the ANAO report. There was, at that stage I think, advice on only one valuation, which was the RMS information, and that information was not brought to my attention.

**Senator WATT:** It was not brought to your attention?

**Mr McRandle:** No.

**Senator WATT:** Right. So the only valuation you ever saw was the one for about \$30 million?

**Mr McRandle:** The MJD—the professional valuer's report.

**Senator WATT:** And because you hadn't seen any other valuation, that didn't necessarily ring any alarm bells for you, when you saw that figure?

**Mr McRandle:** I had no information to cause me to question that report. It was a 27-page report or thereabouts with the usual certifications by a professional valuer, and I think the ANAO makes no adverse criticisms of MJD in any of this process.

**Senator WATT:** In the time you were in the Western Sydney Unit, you never raised any concerns about probity in a general sense with ministers or ministers' offices regarding land purchases?

**Mr McRandle:** I'm not quite sure what you mean by 'raising questions of probity'. We had a probity adviser, a senior lawyer from AGS, who provided probity advice to the unit. That was one of the early structures that we put in place. Probity was a regular part of the divisional updates and those sort of things. I'm not quite sure—

**Senator WATT:** Specifically, did you ever raise concerns with the minister's office about the valuation? I'm assuming the answer is no because you've already said you didn't have any concerns because you had nothing to compare it to.

**Mr McRandle:** That's correct. At that stage, too, the advice indicated there were a number of issues still to work through to resolve the strategy on the compulsory acquisition. I was not expecting to see a decision point for some months at that stage.

**Senator WATT:** Leaving aside that specific valuation, did you ever raise any concerns about probity to do with land acquisitions with departmental colleagues or the minister's office?

**Mr McRandle:** No, I didn't.

**Senator WATT:** Mr Southwell is here as well. Do you mind if I take a couple of minutes to ask him similar questions? I know that he was in the Western Sydney Unit for a period of time.

**Mr Atkinson:** Senator, the only thing I would say is we had this discussion yesterday, well scheduled. Mr Southwell was not in any way connected with any of the things in that audit report.

**Senator WATT:** I'm not alleging that he is. You said exactly that yesterday. I'm just interested to know, given he was in the Western Sydney Unit for a period of time, what he did or didn't know. The questions I'm intending to ask will be very similar to what I asked Mr McRandle. We're just about at the break anyway. Mr Southwell, thanks for coming here. Can you just remind me: what were the dates you worked in the Western Sydney Unit?

**Mr Southwell:** I joined the Western Sydney Unit in April 2016 as a director.

**Senator WATT:** When did you leave?

**Mr Southwell:** Mid last year, mid-2019.

**Senator WATT:** I'm not alleging there is anything wrong with this, but you have worked as a ministerial adviser as well.

**Mr Atkinson:** I think it's important to ask Mr Southwell which part of the Western Sydney Unit he was working for.

**Senator WATT:** Sure. Which part of the Western Sydney Unit did you work in, Mr Southwell?

**Mr Southwell:** I was responsible for the rail team and the implementation of the Western Sydney City Deal when that was moved into the Western Sydney Unit in, I think, March 2018.

**Senator WATT:** Was there something about land use planning in your title when you were there as well?

**Mr Southwell:** Correct.

**Senator WATT:** That's why thought—I wasn't sure what that meant.

**Mr Southwell:** What it meant was working with the New South Wales government around the implementation of the City Deal and ensuring the airport was protected from development.

**Senator WATT:** And you did have a couple of stints as a ministerial adviser prior to and during your working in the Western Sydney Unit?

**Mr Southwell:** Correct. I worked as a ministerial adviser on policy matters between October 2015 and April 2016, and then again in February 2018 to April 2018.

**Senator WATT:** Which ministers was that with?

**Mr Southwell:** Minister Fletcher on both occasions, but different portfolios.

**Senator WATT:** The only time you worked for Minister Fletcher in any infrastructure related portfolio was when you were effectively seconded out from the unit at one point?

**Mr Southwell:** Correct.

**Senator WATT:** Put simply, did you ever have any concerns about the purchase of this land or valuations obtained for it?

**Mr Southwell:** I was not aware of that matter. As the secretary mentioned yesterday, I was not involved in that transaction.

**Senator WATT:** When did you first become aware of these issues?

**Mr Southwell:** When I read the audit report in the newspaper.

**Senator WATT:** Thanks for assisting.

**Senator RENNICK:** Were you aware, when you were chief of staff to Anna Bligh, of the property values that you undersold in the Port of Brisbane for six times earnings, forestry plantations for five times earnings—all that sort of stuff?

**Senator WATT:** I'd have to go back and have a look.

**Senator RENNICK:** You gave it away.

**Senator STERLE:** A lot of people lose faith in politics with so much of this shit going on.

**CHAIR:** We're now going to have a break. We will be back in a quarter of an hour with CASA. Thank you. You go with our thanks.

### Proceedings suspended from 15:43 to 16:03

#### Civil Aviation Safety Authority

**CHAIR:** I now call representatives from the Civil Aviation Safety Authority. Do you wish to make an opening statement?

**Mr Carmody:** I do. Thank you, Chair, for the opportunity to make a brief opening statement. I'm delighted to be here today. It's been some time since we last had the opportunity to appear before the committee. Late last year and early this year Australia experienced terrible bushfires. CASA supported last year's bushfire efforts with approvals of 66 aircraft, domestic and foreign, to operate on bushfire support activities nationwide. Tragically, as you know, one of those aircraft was lost, along with three of our international colleagues. This terrible event remains front of mind in this year's efforts, with approval already granted for 69 aircraft, domestic and foreign, to operate in support of bushfires. We also had COVID-19 and, during the pandemic, we've been flexible in our regulatory approach and offered relief to industry where possible. Some of the relief measures include: automatically renewing medical certificates by six months, now extended out to 12 months; automatically extending air operator certificates, including remotely piloted aircraft operator certificates, by six months; and deferring pilot and air traffic controller training and checking requirements, and extending the transition time frame for the fatigue rules, by 12 months. Most of our relief measures are planned to end in March 2021 and we're now looking at any ways we could further support the industry after that time.

Although we have been focused on supporting the aviation industry through these difficult times, we've also progressed many key initiatives. We've implemented commercial drone registration on 30 September 2020. So far, there are 3384 drone registrations in our system. We're continuing our digital transformation program and the extensive consultation looking towards the implementation of the remainder of the already approved regulatory suite in December 2021. We've continued all of our lines of business, although many have been modified in this new COVID-19 environment. We're also focusing our efforts on our long-term financial health as our current funding model relies heavily on fuel excise, which has been significantly impacted. We've been aware for many years of the need to develop more-sustainable funding models, and the COVID-19 pandemic has certainly highlighted these arrangements.

Thank you, Chair and members. I'm very happy to take questions, and I have a copy of the statement to table if you wish.

**CHAIR:** Thank you very much, Mr Carmody. I understand that you have resigned from CASA. When do you finish up?

**Mr Carmody:** No later than 24 December.

**CHAIR:** I have a few questions. You mentioned extending licence times. How accurate is the list of pilots that you have in CASA, how are current is it? Would I find dead people on the list?

**Mr Carmody:** The list is as current as it can be. There are 31,000 pilots on the list. It's possible that there are dead people on the list if we have not been notified that they have passed away.

**CHAIR:** If we did a review, it would be fairly accurate? I ask because you highlight pilots to such a high level of account it would be frustrating if you weren't holding yourself to the same level of accuracy.

**Mr Carmody:** Certainly. We do hold ourselves to a high level of accuracy, but we do of course have to know that the person is deceased. We may not always know.

**CHAIR:** The budget appropriation for CASA for 2019-20 was \$198 million? Is that right?

**Mr Carmody:** That's about correct, I'd say.

**CHAIR:** And you grew by 70 staff?

**Mr Carmody:** No, I don't believe we grew by 70 staff.

**CHAIR:** How many do you think you grew by?

**Mr Carmody:** I might ask the CFO, who's got the numbers in front of us. Our ASL was, I think, 831 for the last 12 months. I think we grew from 805 to 831, based on new policy proposals for the implementation of drones and some aircraft management measures. I believe that number returns to 805 at 30 June.

**CHAIR:** 30 June 2021?

**Mr Carmody:** 2021. The CFO will correct me if I'm not accurate.

**Mr Frawley:** That's right, 805 is our baseline number. Over a couple of periods, we've had additional MPP funding. That was for one year. So we were at 809 for one year and then we were up to 846, though we never got to the 846, in the last financial year. And this year it is 831.

**CHAIR:** You know, from my previous questions, that I'm most interested in general aviation, helicopters, remote work and drones. I just want to understand, then, the function of CASA. Airworthiness is now handled by industry, NAVAIDS. Airspace is handled by Airservices Australia. Airports are handled by local councils. Airlines are essentially self-regulated. What is it that CASA is doing? Is it safety and regulation?

**Mr Carmody:** The airlines are regulated and operate under the regulations that we have published. We audit them. We audit their compliance on all occasions. Going through the other ones: part 139 is the suite that relates to aerodromes. There are 300-odd aerodromes in Australia. We have a surveillance team who monitor aerodromes and provide advice on the safety of aerodromes at all occasions. I've got an airworthiness engineering branch that looks after the engineering of items such as helicopter airworthiness, fixed wing airworthiness or changes to airworthiness, so we do have quite an extensive regulatory role in that space. Airworthiness issues are reported to us, and we manage them.

**CHAIR:** Can I turn to investigations? I have brought with me the most recent complaints that I've had with CASA; I couldn't bring all the boxes. I want to ask you about investigations that you're carrying out. I'd like to understand how many that you have on foot and I'd like to understand, on average, how long they're going for. I'd imagine it might need to be a question on notice.

**Mr Carmody:** It might well need to be a question on notice. We have a coordinated enforcement program within the organisation. We have what I'll call investigations on inquires on foot all the time. I'd prefer to take that on notice and give you a number of how many are around at each given time.

**CHAIR:** I would appreciate that. I've got one fellow here, a private operator, who says that he's been under investigation for two years. I've got another one who complained of the process of investigation. I have numerous cases of investigations being carried out in a manner that I don't think is reflective of what are private individuals operating private aircraft, so it would be good to get that data.

**Mr Carmody:** I would be happy to give you the numbers. As you would also be aware, we have an industry complaints commissioner. We also have—

**CHAIR:** An industry complaints commissioner who sits within CASA and reports to the head of your legal system? Is it Jonathan Aleck?

**Mr Carmody:** No, that's not correct. The industry complaints commissioner is located within CASA. It reports directly to the board. It is not part of the organisation, in that sense.

**CHAIR:** So does he have a dotted line reporting relationship to anybody in CASA?

**Mr Carmody:** No, although I speak to him regularly when he has recommendations that he makes about activities within CASA to ensure that they are, in fact, implemented, but his sole reporting line is to the board. Sorry; I forgot the other question, but the other point I want to make is on the Administrative Appeals Tribunal. I think it's worth noting that the number of matters that are referred to the AAT is not that many over a series of years, and we could provide you that information as well.

**CHAIR:** I have a number of complaint about the AAT. In one particular case, the witness tried to retract his evidence and was not allowed to under that process. There's probably no point raising it in this format.

**Mr Carmody:** It's probably not a matter for us if the AAT refused to allow permission.

**CHAIR:** It was an issue with the investigating fellow from CASA. I want to raise Mr Glen Buckley.

**Mr Carmody:** I'm aware of Mr Buckley, yes.

**CHAIR:** Is it correct that there's been a settlement made with Mr Buckley recently?

**Mr Carmody:** Partially—there has been no settlement made. Mr Buckley put in a complaint about a CASA officer with regard to defamation and said that the CASA officer defamed him. CASA's lawyers—we have external lawyers acting on our behalf because it's a liability for CASA—offered a small settlement to Mr Buckley, and he declined. That is the only settlement matter that I am aware of.

**CHAIR:** Do you want to consult with any of your internal lawyers here to check that that's current?

**Mr Carmody:** That is current. It's correct. There would be no other matters.

**CHAIR:** Alright; very good. You would be aware that the industry has been following his case with a great deal of interest and concern.

**Mr Carmody:** I am aware.

**CHAIR:** I also want to raise—

**Mr Carmody:** If I may, we don't have much of an opportunity to defend those matters in the public domain, so we normally don't. We let them run their course. It's not up to us to engage with the industry, toing and froing on matters like Mr Buckley's, so unfortunately our story rarely gets told unless it goes to court.

**CHAIR:** Yes. I want to raise regulation, particularly part 138. I've got a submission that's been made to the Senate inquiry from the Aerial Application Association of Australia. You're possibly not aware of it.

**Mr Carmody:** I've read it.

**CHAIR:** You've read it—terrific. If CASA's role is to keep safe the aviation industry in a cost-effective manner following the changes to legislation last year, I'm trying to understand the consultation process and the culture of the organisation that allows regulation that has been universally objected to by industry to go forward. If industry provided alternative regulation that would be safer, cheaper and easier to operate, why is it that you're continuing to proceed with this specific piece of regulation?

**Mr Carmody:** Part 138, like all of the other manuals of standards or regulations, is consulted on extensively with industry. There have been over 20 technical working groups on part 138. If the technical working group makes a decision that recommends that a regulation or a MOS be made, that normally goes to our Aviation Safety Advisory Panel, which is also an external panel. That reviews the matter and makes recommendations to me on whether a regulation or a manual of standards should be made.

In the case of part 138, I think some of the information in the submission that you're referring to is probably dated. Part 138 was in consultation over the last four to five months. There was consultation indicating that it was 200 pages long and it was far too complex. We reduced it to 125 in working with the technical working groups, and the last technical working group reduced it to 75 pages—including definitions, so it's probably in the high 60s. That aerial work manual of standards simplifies 42 different aerial work categories down to three, so people are not required to come to CASA, it saves the operators significant time and money and it gives us a nationally consistent standard. I think it's a very good manual of standards. I'm expecting—I don't know whether it will happen or not, but I'm expecting—that the industry technical working group, followed by the Aviation Safety Advisory Panel, will likely recommend that it be made. If they don't, I'll go back and work with the industry

panels again to see what other things we can change to help them improve the manual of standards. But that document has come a long way, and there's been a lot of consultation with industry.

**CHAIR:** I'll just read a part of the submission:

It is not clear what 'problems' CASA seeks to remedy with this detailed, complex and highly prescriptive approach that creates a number of new requirements that are not directly relevant to the safe operation of the aircraft or the conduct of the operation.

The current relatively simple system has not resulted in any upswing of accidents that would warrant such a draconian regulatory response.

I've raised this before as I travel across Queensland: why is it in that in my very short 50 years we've gone from a thriving, busy aviation industry in this country to virtually no aircraft? They can't afford the maintenance. The pilots and operators continually say they cannot keep up with the regulatory changes that are demanded of them. You can't get engineers. This just sums up to me this concept: what is CASA trying to achieve by making changes that industry are saying are not necessary? There's not a reported number of accidents. We don't want to go back through the whole Angel Flight discussion of trying to fix a problem that hasn't been demonstrated, do we?

**Mr Carmody:** Senator, as you know, we disagree on the community service flights matter, but I'll come back to that if you wish. I believe that, if we have reduced the aerial work classifications and authorisations that you are required to obtain from 42 to three, we've made this a lot simpler, not more complex. That has been the aim of this. That's where this manual of standards is actually going. As I said, a lot of work has been done since that association, which is also part of the technical working group, put forward its submission, which was probably at least four or five months ago, I would suspect. So I'm strongly of the view that we are making manuals of standards, consulting with the industry very openly and transparently, and making the types of amendments that they think are important.

**CHAIR:** Do you want to reflect on my view that there are very few aircraft left in general aviation, particularly in the places—I'm not talking about RAAus and the recreational guys; I'm talking about the serious pilots and businesses that operate in regional and remote Australia.

**Mr Carmody:** I'd reflect on your views, Senator. The only point that I would make is that general aviation, depending on how you describe it, is declining around the world. Most general aviation aircraft in Australia are more than 40 years old. I think I could find you the average age of aircraft on the register if you wish. Young people don't necessarily want to join and maintain those aircraft and people don't want to fly them. On the other side of it, the recreational aviation space is booming. We have 10,000 pilots and 3,000 aircraft. There are only 15,700 aircraft on our register, so another 3,000 are now in the recreation space. And lots of flying training is done in that space.

**CHAIR:** I would put to you though that a very, very long way away from the comfortable halls of Canberra, where we do really serious remote and regional work, people can't afford to operate aircraft. Every pilot I speak to complains about the regulations and process of CASA. Over the last 18 months I have tried to raise this gently, but I can't seem to get any understanding of why the culture of CASA is so against people who do real flying in real places, not recreational pilots along the coast.

**Mr Carmody:** I don't believe that CASA is against real pilots doing real flying—

**CHAIR:** But they say so.

**Mr Carmody:** They may say so. Every regulatory matter that has been put to us in recent times has been dealt with. I have heard those allegations constantly over four years. Every time I've asked for something to fix, if I've been given it we've had a look at it and fixed it. Maintenance costs on old aircraft are high. There is nothing I can do with the cost of maintaining 40-year-old aircraft. People register an aircraft once for life. It costs them \$138. I don't see what CASA's costs are that are driving the industry. I believe that security and airport charges are charges that drive the industry, but I'm not sure that my charges do.

**CHAIR:** I would suggest that you get out and you talk to your CASA people in Cairns and more remote parts of the country, because they'll be able to tell you. They're trying to mediate between Canberra and the real pilots, as I'm going to describe them, and the complete lack of engineering and maintenance services. Again, I can line them up, but if you don't know about it and you don't believe it then that's a longer conversation.

**Mr Carmody:** Last year we had our board meeting in Cairns. We met with anyone from industry who wanted to meet with us, and that was with the entire CASA board. I recall a few issues being raised which were dealt with. That was open to anybody in the industry who wanted to come along. I haven't been to the Cairns office since COVID began, which has been a difficulty, but I have been able to get to a couple of the other offices. I'm

not necessarily seeing the things that you are seeing. As I said, we opened ourselves to industry late last year—I think it was—in Cairns for just that purpose, and we had very, very few complaints or responses.

**CHAIR:** Very, very few people would have come because they're terrified. They say to me, 'Can you not mention my name. I don't want to go through the two years of investigation, the massive expense and cost if CASA turns its attention on me.' So I would put to you that that's the reason why you didn't see anybody.

**Mr Carmody:** Thank you, Senator. I can't fix what I don't know, and I can't fix it if people don't come forward. They have an industry complaints commissioner to go to if they need to. That process is used often and the complaints are resolved, I think, very quickly, and monitored very, very closely by the CASA board. So I do hear and I accept what you're saying, but it's not what I'm hearing when I travel and it's not always what I hear from staff in offices. But I do hear lots of allegations and, as I said, every time a real allegation is made with a fact that an inspector has done X or Y, we deal with it.

**CHAIR:** Alright. We will continue to disagree on this matter, because I have literally hundreds of pilots and aircraft across Australia who are in sheds, giving up their planes. People travel huge distances, and I don't know that we have a focus on supporting them. But that is a comment and not necessarily useful to this estimates hearing. Senator Watts has been waiting patiently.

**Senator WATT:** Thanks everyone for coming today. I just want to begin with a few questions about this Western Sydney airport issue that we've been dealing with throughout estimates. Mr Carmody, have you had a look at the Auditor-General's report?

**Mr Carmody:** I saw the headlines. I haven't read all the detail of the report, no.

**Senator WATT:** But, in general terms—

**Mr Carmody:** In general terms, I'm aware of it.

**Senator WATT:** The particular issue I want to focus on with CASA is the air safety implications of the realignment of the Northern Road and the impact that has on the public safety area. I appreciate that you haven't read the Auditor-General's report in full. Before I go into it, are you aware that one of the contentious issues in this whole scandal is the realignment of the Northern Road to make it closer to the Western Sydney airport boundary?

**Mr Carmody:** I'm generally aware, yes, but not in detail.

**Senator WATT:** In the Auditor-General's report, paragraph 2.27, it states:

- The proposed road alignment runs through the HIAL system for Runway 05R. L&B—Landrum & Brown, which is the department's aviation consultants—

... has advised that this has the potential to cause serious disruptions to operation on Runway 05R.

- The proposed road alignment runs through the PSZ for Runway 05R. L&B recommends a detailed risk assessment.

Did CASA undertake any detailed risk assessment involving the Western Sydney airport and the change to risk that resulted from the changes to the Northern Road alignment?

**Mr Carmody:** I'd have to take that on notice; I'm not aware. We are involved in a Western Sydney technical working group. We participate in an executive-level steering group about the airport, but that's it. So I wouldn't know, and I'll have to take the question on notice.

**Mr Atkinson:** Senator, could I table something to assist. This was in 2015. The Landrum & Brown advice, the final advice, was quite different to the advice that was in the body of the report, but it is contained in the appendix to the report.

**Mr Carmody:** Thank you.

**Mr Atkinson:** As I understand, CASA was quite involved and consulted on it, and it was found to be fine.

**Senator WATT:** So CASA was involved in what exactly?

**Mr Atkinson:** In the discussions around the Northern Road in 2015.

**Senator WATT:** Okay. Is it the case that CASA is the agency that regulates and advises the department on the safety risks of airport developments and roads and other infrastructure that adjoins it?

**Mr Carmody:** For federally leased airports, that's correct; we provide advice to the department, and I'm sure that we are one of the many sources of advice that the department receives.

**Senator WATT:** So you're not aware of whether CASA undertook any detailed risk assessment that flowed from the changes to the Northern Road alignment?

**Mr Carmody:** No, I'm not.

**Senator WATT:** Are any of your officers here today aware of that?

**Mr Carmody:** No. And I didn't bring any of the airport specialists with me. Sorry, Senator, we've been a bit limited in our COVID numbers today. So, unfortunately, I'll have to take it on notice.

**Senator WATT:** Do you know who was responsible to make an informed acceptance of the risks that arose within the public safety zone from this realignment? Is it only CASA?

**Mr Carmody:** We would make a safety recommendation to the department, in this case. There may well be others. I don't know of any, but there may well be others. As far as I know it would be, principally, our safety recommendation.

**Senator WATT:** Mr Atkinson, do you know whether there's any other agency that would have a role in assessing any risk, public or otherwise, that arose from the changes to the Northern Road alignment?

**Mr Atkinson:** Yes. Airservices is also involved. Their expert advice, the final expert advice, was part of the consideration of the approval of the road. You're talking about a road right at the end of the two-kilometre safety zone. There are a lot of roads that run through, and airports can't really—looking at the final report that wasn't in the audit report is probably important as well. But Mr Carmody's taken it on notice, and I'm sure CASA's participation in this is part of the public record.

**Senator WATT:** Thanks. Also in the Auditor-General's report, at paragraph 2.27, he stated that in response to serious concerns that were raised by the New South Wales government's Roads and Maritime Services, the department of infrastructure advised RMS:

The proposed alignment is clear of the OLS [Obstacle Limitation Surface]. However, DIRD has advised that the road may interfere with "One Engineer Inoperative (OEI) procedures defined for Runway 23L. L&B—

Landrum and Brown—

has suggested further assessment by aviation safety authority.

Do you know whether any such assessment was conducted by CASA?

**Mr Carmody:** I don't know. As I said, I'm not familiar enough with that. I'm happy to take it on notice.

**Senator WATT:** Okay. Are there any broader obstacle limitation service concerns as a result of a major road now being so close to the runway or intended to be so close to the runway—for example, large freight vehicles as transient obstacles?

**Mr Carmody:** Not as far as I know, but I can take that question on notice, if you wish.

**Senator WATT:** Okay. Do you know whether any analysis has been undertaken by CASA to determine that?

**Mr Carmody:** No.

**Senator WATT:** Please take that on notice and table any such analysis, if one has been conducted. Is it normal for a four-lane dual-carriageway major arterial road, that's expected to handle 47,000 passengers and employee trips and 42,000 freight trips per day, to be located within the public safety zone of a major international airport?

**Mr Carmody:** I'll take that on notice.

**Senator WATT:** Can you think of any other examples where that is the case?

**Mr Carmody:** I haven't got the plans of the airport and the public safety zones in my mind or with me, but there are a lot of airports around the world with a lot of large infrastructure development and roadworks around them.

**Senator WATT:** Within the public safety zone, though?

**Mr Carmody:** As I said, I haven't got the—it depends on how you define the public safety zone and which way it is defined by those nations, so I'd have to take it on notice.

**Mr Atkinson:** Mr Carmody is referring to a road right at the edge of two kilometres from the end of the runway.

**Mr Carmody:** It's a long way.

**Mr Atkinson:** It is a long way.

**Senator WATT:** But surely we have a public safety zone for a reason?

**Mr Atkinson:** Mr Carmody's taken it on notice, what the advice on it is. There are many airports in Australia, if you've come into Canberra lately, for example, that have a road at the end of the runway that are much closer than that.

**Senator WATT:** To that point, could you come back to us on notice to tell us which other airports in Australia do have a major road that crosses a public safety zone? You're saying that you think Canberra airport would be one such example.

**Mr Atkinson:** Just obviously.

**Senator WATT:** I don't know where the public safety zone in that particular airport is.

**Mr Atkinson:** The public safety zone is only in force in Queensland.

**Mr Carmody:** Yes. It's not defined anywhere else. I'll take the matter on notice and construct the best response I can, understanding the question that you're asking.

**Senator WATT:** Okay. In its current airport design, would CASA certify the Western Sydney airport with a four-lane-carriageway major arterial road that runs along or through the public safety zone?

**Mr Carmody:** I assume that matter is still being discussed. I don't have the details with me. Prospectively, would we certify? I don't know. I can take it on notice and let you know. I think there is a long way to go on Western Sydney Airport as yet; I know that we are intimately involved in the technical working groups and the executive steering groups. I would assume that, if it was safe, CASA would make a recommendation on that basis.

**Senator WATT:** In CASA's view, is there a risk, as a result of this decision to realign the road, that the future second runway could be constrained and/or that a future government might need to relocate the arterial road to allow for the runway to be constructed as originally envisaged?

**Mr Carmody:** I don't believe so. If it's as far away from the end of the runway as Mr Atkinson is making out, then I don't believe so. But, again, in constructing the answer, I'm quite happy to look at that matter.

**Senator WATT:** If you could. In the process, could you advise whether that's something CASA has turned its mind to?

**Mr Carmody:** Certainly.

**Senator WATT:** Thanks. That's it on that issue, but we do have some other questions for CASA. Chair, are you okay for Senator Sheldon to keep going?

**CHAIR:** Sure, and then Senator Patrick.

**Senator SHELDON:** I've got just a few questions. With the dramatic slowdown of aviation in the country as the result of COVID—and I note that you've just talked about the increase in labour—has it had a significant effect on CASA and what has that effect been?

**Mr Carmody:** It's been quite interesting. As you know, we are largely funded by fuel excise. Normally fuel excise generates about \$2.2 million a week, to support CASA's funding model. In the last few months, it's been generating around \$900,000 a week. What that means is that about 40 per cent of the industry is still operating. If you wish to extrapolate those numbers further—given that a great amount of the fuel burn is from the major carriers, which are not operating—the response is that there is a lot of aircraft activity in Australia. There is a lot of activity underway. We've found that in our regulatory services activity, the activities that people ask us to undertake on their behalf—putting on new aircraft, changing configurations, doing whatever it is that they do—the drop-off has been minor. It's been very small: a couple of per cent. We're finding that a range of other regulatory services activities are occurring. Frankly, our business has not really slowed at all. The only area where we have been challenged is that some of the inspectorate are unable, for COVID reasons, to be out on aerodromes and doing ramp checks on aircraft and what have you, so we've had to develop a desktop model, if you will, to review and conduct some degree of desktop surveillance to ensure the industry is operating safely.

The third and final point I wanted to make is that there's been considerable work on the exemptions provided under the instruments we put out there for extending pilot recency, extending fatigue, extending medicals and what have you—there's been a lot of work to underpin that, to make sure that we can continue to do it safely. When people are requesting extensions, we have a new process now, which is called a 'safety risk management plan', where operators can come forward and say, 'We cannot get access to the simulator in location X; we are proposing to do the following things.' We need to evaluate that and make sure that's safe before we extend their permission. The long answer, I suppose, to your short question, is that we're pretty busy.

**Senator SHELDON:** The government supplementary funding for the 2019-20 and 2020-21 financial years—how much has that been?

**Mr Carmody:** My CFO can probably answer the question more accurately than I can. The challenge for us has been fuel excise drop-off—that's where we've required our supplementation. I know in the out years it's significant. Simon, over to you.

**Mr Frawley:** In the initial aviation relief package, CASA received \$30 million: \$15 million last financial year and \$15 million this financial year. In addition to that, once we worked out what the estimated take for 2021 would be, we got an additional \$72.9 million set aside for this year, on top of our normal \$40.5 million in government appropriation.

**Senator SHELDON:** Has the overall spending by CASA dropped?

**Mr Frawley:** Yes, there was \$14.8 million in savings compared to what was in additional estimates at the end of last year, mainly from the reduction in consultancies, contractors, travel and training. Obviously the amount of travel that we were doing, particularly international travel, dropped off to negligible amounts. So, yes, we were identifying ways of saving funds.

**Senator SHELDON:** Has that included staff lay-offs?

**Mr Frawley:** There were some redundancies, but they were voluntary redundancies.

**Senator SHELDON:** In what areas?

**Mr Frawley:** I would have to take that on notice.

**Mr Carmody:** Across the board not many. I would say a handful. Year on year, it's probably five to seven. But I can take on notice what the areas were.

**Senator SHELDON:** Areas and responsibilities.

**Mr Carmody:** Yes, areas and responsibilities. We also have, for a range of reasons, a slightly older workforce. A lot of people join CASA relatively late in their careers after another career somewhere else. That is a factor in terms of departures also.

**Mr Frawley:** In 2019-20, there were eight redundancies. I don't have the breakdown of which parts—

**Senator SHELDON:** If you could take on notice which parts and what their job responsibilities were, that would be great. Also, was there reduced overtime? Was there forced leave used? Were there those sorts of mechanisms to reduce—

**Mr Frawley:** We had a close look at overtime and at extended leave. One of the vagaries of where we have ended up is that with fewer people taking annual leave it has sent up our employee expenses because if people aren't taking leave it comes out as a liability instead. We have noticed that, so there has been a push for people to take leave.

**Mr Carmody:** Towards the end of the last financial year, the last three months, during the height of COVID, we worked diligently on reducing our high duties allowance and non-ongoings as much, I believe, as we could to try to get our numbers down because we knew we were in financial strife during that last part of the financial year. We have managed to keep a degree of control over that.

**Senator SHELDON:** What is the effect of the reduction in training that has been carried out and how are you going to try to make that up?

**Mr Carmody:** Internally, we have moved a lot of training online and that has helped us. So there's been a lot more work through Teams and an awful lot more work online. We had a relatively advanced training system, but a lot of it was face-to-face. We've moved a lot of it online. I think that's made a difference. There have been some challenges with moving people around, but I don't think it has been any more of a challenge for us than for anyone else.

**Senator PATRICK:** Is this your last estimates?

**Mr Carmody:** It is.

**Senator PATRICK:** I will try to make it pleasant, then!

**Mr Carmody:** Thank you very much.

**Senator PATRICK:** Too late? Just turning up makes it unpleasant! I have put some questions on notice in relation to the Space Agency. I presume they are progressing through. I have just a couple of additional questions. On the split of regulation between CASA and the Space Agency, there is a line drawn at 100 kilometres. I note that the US's FAA line has been drawn at 150 kilometres. What involvement did you have in defining the 100 kilometres?

**Mr Carmody:** I know the 100-kilometre line is there, but I don't actually know how it was defined. So, unfortunately, I am going to have to take that on notice. I thought, generally speaking, 100 kilometres was the accepted norm. So I will have to take that on notice and have a look at that.

**Senator PATRICK:** FAA's is definitely 150 kilometres. Don't feel alone; the Space Agency didn't know. I'm just trying to get to the bottom of it because it does create a regulatory burden on our space industry.

**Mr Carmody:** It creates a hard point in reality.

**Senator PATRICK:** What involvement have you had in defining the regulations for launching rockets? How did you do that prior to the Space Agency? Or did you do that prior to the Space Agency?

**Mr Carmody:** I think we had complete responsibility prior to the existence of the Space Agency, but I'm not convinced there was a great deal of activity, to be honest. We have worked closely with the Space Agency since its inception, trying to define the difference between launch permits and aerial approvals. What is our particular role as a safety regulator? Given our principal role is opening up airspace to allow rockets to pass through and then closing it again, and not much more than that, that is where we have ended up. So we have been working with them very, very closely. But there is probably some history that goes back a long way on how this was defined.

**Senator PATRICK:** I'll just say thank you; there are a couple of South Australian companies who recently did a launch who were unable to get a launch permit to go to 101 kilometres—that extra kilometre—but CASA did actually provide launch permits for the 85-kilometre launches. I can tell you the industry is most grateful for the work that you did there.

**Mr Carmody:** Thank you.

**Senator PATRICK:** I just want to go to a couple of quick budget questions and then some stuff on RAAus. There was a comment made in the budget that left me a little bit confused. I am talking about the downturn in the aviation sector. You're suggesting, I understand from your opening statement, that there still is a lot of activity taking place.

**Mr Carmody:** Well, there's a lot of fuel being burned.

**Senator PATRICK:** Sure. The PBS includes this statement—maybe this is for the CFO:

- employee expenses are expected to decrease by \$2.4 million for 2020-21. The reduction is due to a significant movement in leave provisions as employees are taking less leave in 2019-20 due to COVID-19 and redundancies of \$1.2 million.

That just doesn't seem to make sense to me—that somehow employee expenses are decreasing because people are taking more leave. How does that work?

**Mr Frawley:** As I said before, one of the anomalies that we have found with COVID is that people aren't taking leave. Normally when you take leave it's banked up over the period of time that you have worked.

**Senator PATRICK:** So it comes from a provision?

**Mr Frawley:** It comes from a provision. So the provision is getting bigger because people aren't taking leave. Next year we expect that people will take higher-than-average amounts of leave, and that will mean that the provision will go down and, therefore, our expenses will go down.

**Senator PATRICK:** One offsets the other. If people aren't taking leave, you're still paying them rather than drawing from the provision.

**Mr Frawley:** Yes, we are still paying them from a cash perspective. But, instead of it being an expense that shows as an expense item, that payment is taken from a liability.

**Senator PATRICK:** So it's just because of the accounting—

**Mr Frawley:** It's an accounting movement.

**Senator PATRICK:** Thank you. I just want to go to a couple of questions in relation to RAAus. I know that RAAus has put in, in effect, an application with CASA to take over responsibility for a range of operations in the recreational aviation space. That's correct, isn't it—an exposition, I think they call it?

**Mr Carmody:** They've put in an exposition. This is to become a self-administering organisation under part 149; I think that's what you're referring to. The application has been in for a while.

**Senator PATRICK:** Now, in effect some responsibilities transfer from CASA to RAAus if and when you approve it.

**Mr Carmody:** When they operate under part 149.

**Senator PATRICK:** Firstly, I presume, therefore, noting the size of RAAus, that there's going to be a reduction in staff at CASA, with a reduction in oversight of applications and a whole range of other things. Does the taxpayer get a benefit to this being subcontracted out?

**Mr Carmody:** Not really. RAAus pretty much run their own business at the moment. They operate under a set of rules, and we're aware of them. We have a deed of agreement where we provide them a small amount of funding on an annual basis. I would say that I have maybe one or 1½ staff members who are looking after activities in and around that space. So I would see no significant saving; I would see a tightening-up of the way they manage the sector they're engaged in, with regard to safety management systems and a general tightening-up, I suppose, of the way they run their business.

**Senator PATRICK:** In relation to that part 149—delegation, I guess you'd describe it—can you provide guidance on whether an authorisation holder can have their authorisation suspended or cancelled on the basis of a suspected breach of RAAus's exposition?

**Mr Carmody:** I might have to take that on notice, unless I have somebody who can answer the question. We might take it on notice. It's probably a bit technical.

**Senator PATRICK:** Sure. There's some general confusion in and amongst industry. I'll ask this as well: in the case of some incident, under the rules with our air investigation authorities there's no self-incrimination. Is that the case in respect of RAAus?

**Mr Carmody:** My understanding is RAAus investigates its own accidents at this stage, and ATSB investigates them if it wishes to. But I'm not sure of the applicability of the ATSB Act to RAAus.

**Senator PATRICK:** Can we get some clarify around that, please—

**Mr Carmody:** Certainly.

**Senator PATRICK:** because there are people concerned that, in effect, they are now under a new regime where the ATSB standards no longer apply in respect of an investigation.

**CHAIR:** I'm sorry, could I just clarify: you said that RAAus investigates its own accidents and ATSB investigates if it wishes to. Is that what you said?

**Mr Carmody:** ATSB investigates if it wishes to. It doesn't always investigate RAAus accidents, no. That's my understanding.

**CHAIR:** I think that's right. My understanding is it doesn't because it doesn't have the resources to.

**Senator PATRICK:** Can a decision by RAAus be reviewable by the AAT? My understanding is that decisions made by CASA are decisions of an administrative nature which are subject to AAT review.

**Mr Carmody:** Yes.

**Senator PATRICK:** What is the situation with RAAus? If a decision is made by RAAus, can it be reviewed by the AAT? You've got counsel here itching to give an answer!

**Mr Carmody:** Before Dr Aleck answers the question, I have just been reminded that ATSB have conducted some RAAus investigations—so I won't say 'pick and choose'. It might depend on the nature of the accident and the resources they have available. But they have investigated some RAAus accidents.

**CHAIR:** That doesn't sound ideal, does it?

**Mr Carmody:** It's a matter for the ATSB rather than for me, I'm afraid.

**Dr Aleck:** Under part 149, if a person has one of their authorisations suspended or varied by RAAus they can challenge that. That decision can be referred to CASA, and CASA reviews that decision, and CASA's decision on that is reviewable in the AAT. Previously RAAus members did not have that option. If they lost their authorisation as a result of a decision of RAAus, they had no recourse through the tribunals; they would have to go to court and claim unfairness of some sort.

**Senator PATRICK:** So there is a pathway?

**Dr Aleck:** Absolutely.

**Senator PATRICK:** In terms of an AAT review, a person effectively has a right to go to the AAT?

**Dr Aleck:** They do under part 149. They did not before.

**Senator PATRICK:** Under part 149, you say they have a right to appeal or seek a review by CASA?

**Dr Aleck:** That's right; either party—either RAAus or the party who launched the review—can challenge CASA's decision in the AAT.

**Senator PATRICK:** On notice, can you direct me to where that regulation stems from? I don't expect you to do it now.

**Dr Aleck:** I can do it on notice. I don't have the regs in front of me.

**Senator PATRICK:** That would be helpful. I was just saying there is some confusion in the industry. Is a decision of CASA binding on RAAus?

**Dr Aleck:** In fact, yes, CASA has the authority to issue directions to RAAus. They can give them directions to amend provisions in their exposition and they can give them directions in relation to actions they've taken in respect of an aircraft or an individual. Those decisions are reviewable, as are most decisions CASA takes, but these are powers that CASA was not able to exercise before 149.

**Senator PATRICK:** So you say this is an improvement? In some respects, did RAAus have those authorisations before, or did they come into effect prior to their exposition being accepted by CASA?

**Dr Aleck:** The RAAus operates currently under an operations manual that governs their members. CASA approves those manuals, but those manuals are administered by RAAus. Remarkably, the regime that's in effect under 149 introduces a considerably greater measure of regulatory oversight than existed previously.

**Senator PATRICK:** I know Mr Carmody took this question on notice, but do you know whether or not a person subject to an RAAus investigation has the same rights in respect of ATSB investigations in relation to self-incrimination?

**Dr Aleck:** As Mr Carmody said, the ATSB's role is a matter for the ATSB. The relationship between RAAus and their members, in terms of admissions and disclosures that they make, are matters under their exposition. Presumably they have a safety management system of some sort and an exposition that involves what is commonly referred to as a kind of just culture regime. We're certainly expecting those kinds of arrangements for other operators, but where they are not yet in place, there's a provision in 149.

**Senator PATRICK:** That exposition hasn't been accepted yet. I wonder if you would give some consideration to making sure there's an equitable situation for pilots, be they under the normal regime or under the RAAus regime.

**Dr Aleck:** Yes.

**Senator PATRICK:** There's a media report basically suggesting that RAAus are refusing to publish accident reports. Are you familiar with that situation?

**Mr Carmody:** No, I'm afraid I'm not; I wasn't aware of that at all.

**Senator PATRICK:** It's only just out, so you just haven't got your texts happening as quickly as I do.

**Mr Carmody:** I haven't got my phone with me.

**Senator PATRICK:** I would be concerned if there's not transparency in relation to accident investigations and reports. What is the current position, in terms of legal requirements, for openness and transparency in relation to RAAus accident reports?

**Mr Carmody:** Dr Aleck, to you.

**Dr Aleck:** Interestingly, prior to 149, there would've been no legal basis on which we could require them to publish an accident report. I cannot say that there is a provision in 149 that expressly calls for that, but it provides a regulatory framework within which, if CASA were to decide that that was something to be done, we would have to authority to require it.

**Senator PATRICK:** I say this in the context of all decisions: reviews generally have better decisions if the reviewer or the decision-maker is required to articulate what they found and provide reasons for the decisions that they make. That also makes it much better for appealing any particular decision. Perhaps if you could have a look at that and come back to the committee as to what the current situation is, what powers you have and how you might intend to use any directions powers in relation to accident reports. The other thing is accident reports make it better for other pilots who can see what happened and say, 'Well, I won't do that.'

**Mr Carmody:** Our overall message is we thought part 149 was a better arrangement, an improved arrangement, for regulatory oversight of self-administering organisations. RAAus, the parachute federation, is the first one to come in under part 149. They've already done so and, hopefully, RAAus will be the second. They're well advanced in their exposition.

**Senator PATRICK:** I'm not contesting that. It sounds like there are some things that are better, just there hasn't been clarity in the industry. I know, as you know, that a lot of people in the industry watch these proceedings. I'll also be interested in your answers to questions you've taken on notice.

**Mr Carmody:** Can I answer quickly a question on the Karman line, if I may. I've got some further advice. The Space (Launches and Returns) Act 2018 sets the limitation of space at 100 kilometres, or 328,094 feet, or the Karman line. But according to my advice there's no international consensus on this altitude, since space begins where an aircraft can no longer support its own weight, so it's usually somewhere between 80 and 120 kilometres. That's how we settled on 100 kilometres. But we'll go back now and have a look at the 150 kilometre point that you made.

**Senator PATRICK:** I'm absolutely sure that that's the FAA's. I say that because it creates additional obligations, perhaps unnecessarily.

**CHAIR:** Could I just clarify: are all of the sport aviation organisations required to transition to part 149?

**Mr Carmody:** They can all transition. Some of them might not be able to meet the requirements. Some of them might be so small that they might not be able to meet the requirements of part 149. I'm expecting the big ones to transition. I'm not necessarily expecting all of them to transition.

**CHAIR:** With RAAus specifically, they're in the process of transitioning?

**Mr Carmody:** They have applied.

**CHAIR:** To Senator Patrick's point about the accident reports, at the moment manufacturers can't access the accident reports. Will part 149 resolve that?

**Mr Carmody:** I'll have to take that on notice, unless Dr Aleck has the answer.

**Dr Aleck:** Currently, a manufacturer would have no greater access to RAAus documents than they would to any other company's documents. Under 149, as I said, I do not believe and I'm sure there is no provision that expressly says accident reports—and RAAus does conduct accident investigations—are to be published. But CASA does have the authority under 149 to make directions, and such a direction could be made if, as a matter of policy, that decision were taken.

**CHAIR:** Because you would release those reports as a matter of course for aircraft that are licensed or regulated under CASA regulations?

**Dr Aleck:** For conventional aircraft, investigations are actually conducted by the ATSB, and the ATSB publish their reports. That's a model that's there.

**CHAIR:** Alright. RAAus is a private organisation?

**Dr Aleck:** It is.

**Mr Carmody:** Correct.

**CHAIR:** And it's owned by the members?

**Dr Aleck:** I'm not sure of the nature of their structure. It's a corporate entity.

**Mr Carmody:** It's a corporate entity.

**CHAIR:** We gave the regulation of recreational aircraft to a private entity of some description. We removed the regulatory framework from those and gave it to a private entity, which now makes money out of—

**Dr Aleck:** What happened was, up until 149, RAAus administered their own affairs, managed their own pilot licensing schemes and oversaw the maintenance of their own aircraft, subject to the approval of their manuals by CASA, which was a condition on an exemption—an exemption which exists today. Effectively, all the sport aviation bodies were exempted from complying with virtually all of the Civil Aviation Regulations, subject to the condition that they developed manuals and procedures that CASA would then approve.

**CHAIR:** But RAAus has not always existed—

**Dr Aleck:** It was preceded by the Australian Ultralight Federation. That was their predecessor organisation. It was the same arrangement for them.

**CHAIR:** That's something we're working towards—a transition towards 149—so that ATSB can investigate accidents and so that the reports can be made available to manufacturers in particular.

**Dr Aleck:** The ATSB can investigate the them now, if they chose—

**CHAIR:** If they have the reasons—

**Dr Aleck:** What we're saying is that CASA doesn't have an accident investigation remit, but the safety management system arrangements that we envisage for 149 organisations would almost certainly include an assessment of accidents. As I said, this is a matter of policy. It's not my decision to make. But it certainly would be considered that the outcome of those investigations should be made available to the people who would benefit from them.

**CHAIR:** Yes, I would agree—

**Dr Aleck:** I think it's a logic that is inescapable.

**CHAIR:** because, at the moment, that is a black box..

**Dr Aleck:** It is, but, if it is, it has been for over 50 years, and hopefully it will be less of one now.

**CHAIR:** There just weren't many pilots in it before. Now there are 10,000 pilots.

**Mr Carmody:** There are 10,000 pilots and 3,000 aircraft. We do track the accident statistics of RAAus—they're reported to us—but I was not aware of the point that Senator Patrick was raising today about not publishing reports.

**Dr Aleck:** They have shared their reports with us.

**Mr Carmody:** On previous occasions.

**CHAIR:** Senator Sterle has been waiting very patiently.

**Senator STERLE:** Mr Carmody, you lucky so-and-so! So, let's do a deal: let's make your last one as pleasant as possible for you, and let's make your last one as pleasant as possible for me. Can we do that?

**Mr Carmody:** Senator, how can I help?

**Senator STERLE:** I just want some quick, short, direct answers, please. So, that means, Dr Aleck, I'm not even going to ask you, because you go on for hours!

**Senator RUSTON:** And I'm sure you meant that in the nicest possible way!

**Senator STERLE:** Absolutely. Dr Aleck knows me. Crikey! So, Mr Carmody: I want to ask a question around the Brisbane fire control centre, because we did visit there and have a hearing up there. How's the trial of the FCC cameras at Brisbane going?

**Mr Carmody:** I didn't bring any air space people with me, because of the limitations we have, but I understand everything is going fine. I can take it on notice and give you an answer.

**Senator STERLE:** Okay, let's do this: if you haven't got the people, I'm going to put all the questions on notice, because otherwise it would only waste your time and mine.

**Mr Carmody:** That would be fine.

**Senator STERLE:** All my questions are around the fire response times. You know how topical that was—

**Mr Carmody:** Yes, I do.

**Senator STERLE:** around the time of the inquiry. I'm also going to go to questions around the four-minute standard. There were trials. Vehicles were a bit slow. They weren't getting there.

**Mr Carmody:** The response times and those sorts of matters—I'm broadly familiar with them, but not with where we're up to. We're happy to take them on notice and answer them for you.

**Senator STERLE:** Well, let's put them on notice, because they're too important for us to not do that. I know you're leaving, but are you able to come back to us with the questions, or do you have to go through the minister's office?

**Mr Carmody:** I'm not leaving until December. We normally develop our responses to questions on notice and provide them through the department in the normal way. I think we've got a couple of weeks to provide them.

**Senator STERLE:** You have, but normally they get caught up in the minister's office. So, I'm just trying to circumvent that.

**Mr Carmody:** We'll be as quick as we can.

**Senator STERLE:** Fantastic. Well, let's put them all on notice, because it is pretty important.

**Mr Carmody:** Thank you.

**Senator STERLE:** Thanks, Mr Carmody. Do you see how I operate?

**CHAIR:** Oh, Senator Sterle, you are a shining example of efficiency!

**Senator STERLE:** If everyone ran estimates the way I do, we would get so much done. Do you know that?

**CHAIR:** Thank you, Senator Sterle. That's great advice. I think that's it for CASA.

**Mr Carmody:** Perhaps I could make a brief remark before I finish, with your indulgence.

**CHAIR:** Of course.

**Mr Carmody:** I've been appearing before Senate committees since the mid 1990s. It's occasionally been challenging. But there have been some high points as well as some low points. I just wanted to thank the committee for your consideration and state for the record that it's been a privilege to be centrally engaged in this important democratic process, and thank you.

**CHAIR:** We wish you all the very best in your future.

**Senator Ruston:** On behalf of the government, I thank Mr Carmody for his great service to aviation over the time he's been at CASA and wish him all the best in whatever he might be doing next.

**Senator STERLE:** Hear, hear!

**Mr Carmody:** Thank you very much, Minister.

**Senator STERLE:** Are you retiring?

**Mr Carmody:** I am retiring.

**Senator STERLE:** You lucky devil!

**Senator Ruston:** Well, so are you, aren't you, Senator Sterle?

**Senator STERLE:** I retired 15 years ago!

**Senator Ruston:** Well, we didn't like to say!

**CHAIR:** Thank you.

#### **Department of Infrastructure, Transport, Regional Development and Communications**

[17:09]

**CHAIR:** I call back representatives from the Department of Infrastructure, Transport, Regional Development and Communications to discuss topics in relation to COVID aviation issues management and COVID Aviation Response Programs Divisions. Senator Sheldon?

**Senator SHELDON:** During the COVID-19 pandemic the government has focused on support measures for airlines. We will go through a bit of that this evening. But there has been little funding for the airports themselves. There seems to be a significant impact on regional airports in particular. Many, of course, are local government owned and not eligible for JobKeeper. Can you clarify for the committee the full extent of support that has been provide to airports since the onset of the pandemic?

**Mr Atkinson:** I might pass to Ms Dacey to start off on that.

**Senator SHELDON:** If you wouldn't mind, whilst you're doing that you might also compare it as you go, if you can, with the type of support that has been given to airlines?

**Mr Atkinson:** Just as a bit of context on that, the like-for-like comparison is quite difficult because of the number of airports and the varying sizes and situations of them. In the airport space you have everything from local government owned airports all the way through to the massive KSAs that have incredibly different circumstances and balance sheets and capacity for employing people as well as the number of flights that come through. I'm sure Ms Dacey will do her best.

**Senator SHELDON:** I'll have some questions to see whether we can home in on something or make my question a bit narrower. We'll see how we go.

**Mr Atkinson:** We'll see how we go.

**Ms Dacey:** We are very conscious of the pressures that are being felt differently by airports across the country. Ms Quigley might have a bit of detail that she can share with the committee.

**Ms Quigley:** As Ms Dacey said, we're seeing different impacts across the aviation sector. The government measures that are in place at the moment are meant to support the sector through the minimum connectivity that we're looking to support domestically across Australia. We recognise that the sooner we get domestic travel up and running safely and quickly, the better the impacts that we can address for the sector.

We have \$1.3 billion going to the sector to support the minimum connectivity approach. There are also a number of measures that go to the airports either directly or indirectly through the airline aviation package. There's a Regional Airports Screening Infrastructure Program underneath that measure, which will be providing support for regional security costs. There is also \$173 million that's going towards domestic aviation security charges. They are being made to the airlines, but the prerequisite is that the airlines have to have paid those bills or invoices that are provided by airports, so it encourages that transaction.

We've also got a number of existing programs that have had announcements during the course of this year. In terms of the Regional Airports Program, which provides infrastructure for safety and access, there was \$41.2

million announced in June this year, and we will have a second round run this calendar year. We have also got the Remote Airstrip Upgrade Program announced this year in May, and we have just had another round announced in October this year.

**Ms Dacey:** The last thing I would add to that is that there is more funding coming through what we call the RASI, the Regional Airports Screening Infrastructure Program, another \$66 million. That money will flow in the coming months.

**Senator SHELDON:** You would have an economic value those airports to the economy. Is there a figure that exists like that? What is their contribution to the economy more generally or to aviation more specifically?

**Mr Atkinson:** Airports form an important part of the economic and structural architecture of linkages across Australia. Then there are the pure economic impacts of airports themselves in their place. So, for instance, KSA has a particular value to the economy in direct employment and those sorts of things.

**Senator SHELDON:** Whether it be a regional airport or a capital city airport, what is the economic contribution that that makes to the economy? For example, there are a lot of resources and money being spent in Western Sydney, and for land, but we would be working out what the economic value is of that whole project. What is its worth to the economy? Do you have that type of figure? Why I am asking about that figure is that I am then going to ask what the value of airlines is. I want to start comparing—

**Mr Atkinson:** It's a bit difficult to take them out of context. In the aviation market, including airports and airlines, actually it's important to have a full structural sector. Through COVID-19 what we've got is a very substantial decrease in activity. What we need to do is make sure that we maintain a system so it can reflate back into its normal economic contribution. At the moment the contribution, if we were to do the analysis across them, wouldn't be very high, but if we were to lose them in a structural sense it would be problematic for the economy. So it's hard to look at it in isolation.

**Senator SHELDON:** There's a second question. If those figures are given—what's the economic value of airports collectively and what's the economic value of airlines—

**Mr Atkinson:** You need both together.

**Senator SHELDON:** And then you can do the comparison. You're saying they can't be subtracted. Can you give me a figure for the airports and what would be the economic value of an airport without including the—

**Mr Atkinson:** The problem is that the activity factor in the equation for the airport is provided by airlines. It's symbiotic.

**Senator SHELDON:** If you were to give me a figure, can you or can the department give me a figure that would go to the economic activity of aviation, looking at the airports and the airlines, and then can you give me a figure on the economic value of sectors of the airlines within that—

**Mr Atkinson:** I'm sure on notice we would be able to do something like that. In a pre-COVID world—is that what you're after?

**Senator SHELDON:** In a pre-COVID world.

**Mr Atkinson:** I'll see what the bureau has in terms of data that could support that sort of assessment.

**Senator SHELDON:** That would be really helpful, thank you. Going back to my earlier point, that is JobKeeper, which has been a significant part of supporting the aviation industry, and there are some notable exceptions to that where JobKeeper hasn't been made available to keep people connected with their employment. In the case of the aviation industry there's a large percentage of particularly regional airports which are run by local council and which don't receive JobKeeper. In those circumstances, it appears to me that there is a rationale—explain to me why this rationale wouldn't be followed or hasn't been followed—wouldn't there be a rationale to give additional support to those airports because they aren't receiving support that would otherwise be given?

**Mr Atkinson:** There are a few things to this. Obviously funds are fungible inside local governments. Some of the ownership structures are different. Some of the airports are actually stand-alone. But the base economic position is that we need to maintain the airports in the system. We can work with local governments and airports bilaterally if they are structurally in a problematic space. Dr Bacon outlined supports for local government that are coming through in this year's budget. Those will contribute to the local government funding situation. As far as individual local governments go, once again, with airports we can have bilateral discussions if regional airports get into a situation where they're in distress.

**Senator SHELDON:** On 1 October 2020 the government released the issues paper *The future of Australia's aviation sector*, which is open for consultation until 13 November 2020. Page 3 of this issues paper includes the following statement:

The aviation sector, as well as the Commonwealth, state, territory and local governments, will need to make significant decisions about the future of air routes and airports, especially in regional Australia.

Is this a recognition or acceptance that in the post-COVID aviation environment regional air routes and airports that were in existence prior to the virus will no longer operate?

**Mr Atkinson:** I wouldn't say that, but I'll pass to Ms Dacey.

**Ms Dacey:** One of things we wanted to canvass in putting out that issues paper is a discussion with the people who are in the sector who know it intimately, to canvass the issue of what we think recovery will look like and what the sector is going to look like. We don't want to pre-empt it. There will be a variety of different views. We accept that no-one's been through a global pandemic, so there'll be a certain amount of future-gazing going on in that. But I think we just want to have a very open discussion with the people in the sector about what it might look like. And if it were to recover, and let's say we were to recover to exactly where we were in August last year, how long it might take to get to that point?

**Mr Atkinson:** I would add that the programs we have at the moment in the RANS and DANS world, and others, are designed around maintaining an aviation sector, including regional aviation, through to the other side of COVID, so that we can recover.

**Ms Dacey:** A last thing on that issues paper: you might be aware that there was a regional aviation issues paper issued earlier this year, before the pandemic hit. What we said to stakeholders is, 'Have a think about what we wrote 10 months ago, before COVID, and have a think about what you know now and we'll make all of that part of the discussion with the sector.'

**Senator SHELDON:** Picking up on something you said before, Mr Atkinson, to make sure I understood this correctly, you mentioned that if regional airports were under stress, or not viable, there would be some consideration given to intervention. I'm using my words, not yours. Is that what you were implying?

**Mr Atkinson:** I said that if they are in distress, in a structural sense, they can work with us bilaterally on their circumstances.

**Senator SHELDON:** You said the intention—is there a program to say if those airports are in distress—is to make sure they continue to operate, or is it, case by case, they might operate or they might not operate.

**Mr Atkinson:** At the moment it's a hypothetical situation.

**Senator SHELDON:** It may not be so hypothetical for councils that are doing it particularly tough at the moment in other parts of their operations, financially, and also in their aviation section with their airports.

**Mr Atkinson:** So that was part of what I was talking about—the other funding arrangements that have come in place. And the state governments have a role to play with local governments, as well, that's fairly significant. So it's a fundability of funds in local government piece, but when it comes to airports we're happy to talk bilaterally to any that are in distress. This is the same piece though that—I think it was in March estimates or May estimates that we had the same concerns. I have concerns that I want to make sure that the system stays. But between then and now it hasn't materialised in that space, where we've had to do that. So we're still very open to work bilaterally with people who get into those circumstances. But it hasn't materialised yet.

**Senator SHELDON:** Thank you for reminding me—in May's estimates. Has the department suggested any support measures for regional airports to keep them afloat during the recovery?

**Mr Atkinson:** Suggested to the Senate hearing?

**Senator SHELDON:** No. Has the department prepared any suggestions on how potentially to keep these airports afloat?

**Mr Atkinson:** So any of the COVID response proposals we have are proposals that go into the ERC consideration processes, and we can't really speak about those.

**Senator SHELDON:** The issues paper I mentioned before—1 October 2020, *The Future of Australia's Aviation Sector - Issues Paper*—acknowledges, on page 26, the fact that many council-owned regional airports: ... run at a financial loss, putting financial pressure on sometimes stretched local councils and at a cost to other local priorities.

Given this acknowledgement, did the budget include any measures to help these council-owned airports stay open?

**Mr Atkinson:** At the moment, I'm not aware of any that are not staying open—feel free to disagree with that. As Dr Bacon outlined, there are significant measures that are providing additional funding into local governments as part of the budget.

**Senator SHELDON:** I know you outlined some measures before. Could you outline those again and put some monetary amounts to them.

**Ms Dacey:** Ms Quigley and I ran through a couple of programs. There is the RASI Program, which is the upgraded security infrastructure. That is \$66 million. That funding is to flow. There's the RAT program, for which one round was announced earlier this year. Janet, do you have the numbers there?

**Ms Quigley:** The RAT was \$41.2 million. That was announced in June. Overall, it's \$100 million and there'll be a second round that's run towards the end of this calendar year. There's also the Remote Airstrip Upgrade Program. We have \$18.5 million allocated for that. We ran a round in May, worth \$9 million, and round 8 has just been announced and is underway.

**Ms Dacey:** And there's the \$173 million through the AAFRP, which is the money that gets funnelled through the airlines to the airport for domestic security screening costs.

**Senator SHELDON:** You said that before, thank you. Did the department provide any advice to the government about assisting local governments to keep their airports operational by giving them access potentially to JobKeeper programs? Did you give any advice to the government to that effect?

**Mr Atkinson:** Any advice we would give on those sorts of things would be advice into the budget process.

**Senator SHELDON:** Has the department done any work on quantifying the impact of COVID-19 on regional airports and what it means for the regional economies?

**Mr Atkinson:** We haven't done the thing that you asked for at the start, which is an airport by airport macroeconomic analysis of the contribution of airports, as a piece of economic modelling. We do know that they're an important part of the structure, at least from a connectivity perspective as much as an economic piece.

**Senator SHELDON:** Is there somewhere else from where you rely on economic modelling to value what the airport—

**Mr Atkinson:** I already took a response—

**Senator SHELDON:** —it would be handy to know what value they are, both in a broad term and an economically narrow term—but a broad term.

**Mr Atkinson:** I already took on notice what I could get from the Bureau of Infrastructure and Transport Research Economics. But I did want to say that the value of airports is beyond its pure economic value, because they're a structural part of Australia, in terms of the network and connectivity of Australians.

**Senator SHELDON:** They are very essential and that's why—

**Mr Atkinson:** That's the point that I was making.

**Senator SHELDON:** I absolutely agree with you. That's why there are concerns about the amount of funding they're getting and what their capacity is, in light of what's happening with local government, and the capacity to keep the airports operating.

**Mr Atkinson:** That was the point I was making. There are a lot of other things that are supporting it, including the financial assistance grants, the previous bring-forwards and the Local Roads and Community Infrastructure Program funding, which will put significant additional funding through local governments.

**Senator Ruston:** It's probably worth noting that, while the Australian government is willing to consider applications from regional airports on a case by case basis, it's to a larger extent in relation to the fact that many of these airports are actually operated by local government that we have a strong expectation that the state governments would be supporting local government. They are a creature of local government, and everybody has to do their share of lifting to assist through this pandemic. Clearly, the federal government is, but we would also be expecting the state governments to be supporting some of this regional infrastructure as well.

**Senator SHELDON:** I go back to that point, really taking up your point in some respects. In Mr Atkinson's words, as I view it, the connectivity is important. That's a national responsibility that goes across borders. And that goes across our regional economies, which feed both ways to state and national economies. So there's an important role for the federal government to play within that.

**Senator Ruston:** Absolutely, and I would contend that the federal government has played a very significant role in supporting regional economies across Australia in many ways, through local government as well as through other regional funds and supports. All levels of government need to play their role in assisting Australia

through this crisis. I believe that the federal government has made a significant contribution to rural and regional Australia in that respect.

**Senator SHELDON:** I still contend that if you've got JobKeeper—I'm sure we're going to beg to differ on this—it should be available to those local governments. That's what I'm contending, because it is available to the private sector but it's not available to local government, which is an important part of the aviation footprint.

**Senator RUSTON:** But you're contending then, I suppose, Senator Sheldon, that it's the federal government that should be doing all parts of the lifting in relation to this crisis. When you consider that there has been a lot of support that has been given to the airlines, particularly regional airlines, during this time from the federal government, I would contend the federal government has done a significant amount of the heavy lifting when it comes to supporting our regional economies.

**Senator SHELDON:** I can say what I said before, but it's toing and froing. The business model for airports relies on flights being as full as possible so they can maximise passenger fees. How is the department ensuring that the airlines benefiting from Domestic Aviation Network Support and Regional Airline Network Support are not charging inflated airfares when empty seats are being subsidised by taxpayers?

**Ms Dacey:** We have some measures that are part of the contract and grant design. Ms Quigley can probably take you through those in terms of the commerciality and reasonableness of fees. Once she's finished her answer I'll see if I can give you a bit more context around some of the numbers.

**Ms Quigley:** In terms of the domestic aviation network, we have a procurement arrangement where we have asked or required the airlines to make their ticket and freight pricing commercially reasonable so it's not too low and not too high, which basically makes it difficult for passengers to travel. The idea there is that they can maximise their revenue on freight. It also offsets the subsidies that we're providing to the airlines. The trigger is when revenue exceeds the subsidy for a period of time. They come off the program. It's meant to respond to the commercial viability of the sector. We pay both the domestic and regional networks retrospectively. We get provided the data from the airlines and we've got an ability to scrutinise that before we make the payments in relation to both. That gives us an ability to interrogate that, raise any questions and adjust payments as necessary.

**Ms Dacey:** So, yes, we're looking to optimise the contribution that could be made commercially through the design of the programs, recognising the inherent fragility that's still in the system. If you go too light, you can end up with the Commonwealth subsidising things that it ought not be. If you go too hard, you can actually make the already fragile consumer confidence even more fragile. It's a pretty fine line we're walking at the moment.

**Senator SHELDON:** Thank you for this. You provided details on the allocation fund and the COVID aviation support package as per the request to the secretary. Thank you, Mr Atkinson. I'd like to ask some questions about the funding and how it's monitored. The aviation support funding has been allocated across a number of disparate programs: Domestic Aviation Network Support, Regional Airline Network Support, Regional Airlines Funding Assistance, International Freight Assistance Mechanism and the Australian Airline Financial Relief Package. Can you step the committee through how each of these funding programs is being monitored?

**Ms Dacey:** Certainly. At the highest level we've actually set up a program oversight board so that we have a governance mechanism that wraps around all of the programs that you just mentioned—and, in fact, all of the programs that we're rolling out for COVID support. I chair that program. All the program managers come along. We meet about every four to six weeks. We document everything. We provide regular reporting. We are looking for driving best practice. We have external members on that board from our internal audit committee and also a couple of ginger group friends from across the department who have significant program experience so that we have voices outside the aviation and airports group who are part of that deliberative process. We provide weekly statistical updates to all of the executive and to the minister tracking the sheer raw data, the number, the passengers, the flights and the revenue, so that there are high levels of visibility around that. I guess the one thing that is a little different in all that is the IFAM, the International Freight Assistance Mechanism, because Austrade do the day-to-day administration of that program and they actually hold the dollars. It's more of a partnership agreement. That said, we hold and host fortnightly very senior level meetings with the freight coordinator and the Australian government coordinator of that program. We host a whole-of-Australian-government IDC so that we can maintain good visibility of that particular program.

**Senator SHELDON:** So you're confident that no recipients are getting an undue benefit as a result of that?

**Ms Dacey:** We've done everything that we can. We're living in pretty unusual times. We design these programs. We've had a number of very short-term review processes built in to the rollout of the programs because they were so new. We have made every effort to have, basically, an ongoing review process without breaking the operators. We have very clear data requirements. We have very clear acquittal requirements. We have external

advice at various points along the time for different parts of the programs that you were talking about. Where we considered that we needed to get commercial expertise externally we have. We've built in an assurance process, in the form of the program board, to give ourselves the maximum amount of scrutiny along the way that we can.

**Mr Atkinson:** Could I just add that there are taper systems built in so that as commerciality returns the subsidy comes off, as Ms Quigley was talking about previously.

**Ms Dacey:** And we sought specialist advice in designing those taper systems. The taper systems are the spoke for the programs, reflecting the particular circumstances of each of the measures that we've rolled out.

**Senator SHELDON:** Just so I've understood this correctly: you've mentioned there was a short-term review process, suggesting that it was rushed through. Obviously there is a lot of pressure on getting the program set up to get the oversight put in place. That was rushed. Is it to your satisfaction, those review processes now, or do they need to be—

**Ms Dacey:** I think the review processes have matured quite nicely. They are embedded well and truly in continuous improvement in the programs. Those review points, particularly reasonably short notice at like four, six and eight weeks, were designed specifically to have regard to the fact that we were reacting as we needed to at the time to make sure there were minimum levels of connectivity happening, but we were giving ourselves flexibility and an appropriate level of accountability and agility to make changes if we thought that they were needed. The key change is the building in of the tapers.

**Mr Atkinson:** The key thing we didn't know at the start was how quickly we'd recover, because we'd hoped that COVID would recover more quickly, and then we had what happened in Victoria and these things needed to go longer than we expected. The reason we had those short is that we actually wanted to immediately design the strategy for exiting out of the subsidy.

**Senator SHELDON:** Regional Express received in excess of \$54 million in untied grants under the RFA program. According to the department's website:

The Program is seen as a 'last resort' option when all other reasonable strategies to manage an air operator's position have been undertaken, including seeking assistance through other Federal and State Government support programs.

**Mr Atkinson:** This one was put in place for the many, many very small operators that are servicing regional Australia that we wanted to maintain in the system through COVID-19. It was put in there as a last resort solvency measure to make sure, as I talked about previously, that those parts of the architecture are there on the other side of COVID-19 so that we can do that. To access that under the eligibility criteria people need to effectively satisfy our accountants, who we purchase, opening up their books, that they can't get cash otherwise and that they need this assistance to stay in the system. As soon as someone is not eligible, they don't get any further funding.

**Senator SHELDON:** But since this funding, Regional Express has moved ahead with plans to lease ex-Virgin 737s and enter the lucrative capital city market when we come through this COVID period.

**Mr Atkinson:** I'll pass to Ms Dacey in a second, but REX have demonstrated, and I think presumably it's that capital markets have moved back into financing aviation, in a post-COVID world that they've now been able to secure cash. In that context they won't be eligible for any further support. The good side is that capital markets are investing in aviation.

**Senator SHELDON:** So pre-COVID there were suggestions about pressure that was on Rex financially. I'm glad Rex is still flying, but there were questions about Rex financially being under pressure. We went through COVID and \$54 million of untied grants were given to them—

**Mr Atkinson:** In essence, insolvency funding.

**Senator SHELDON:** Fifty-four million dollars of untied grants. There was no suggestion only seven months ago that they were going into capital city markets. In addition to that, they've also announced to the market that they intend to lease new planes. There was no suggestion prior to the COVID period that they were going to lease additional planes to replace their Saab jets—the planes that they have servicing their regional operations. So their inner-city operations are being expanded, they're leasing planes, they're moving into a new market. They're getting their old fleet replaced by new lease arrangements. This is an airline that was in financial difficulties pre-COVID. Don't you think the \$54 million seems to have been the centre of the success of the company now or why they're suddenly crying success?

**Mr Atkinson:** Certainly I wouldn't say that. In the context of what you're talking about, the RAFA obviously has guidelines that clearly require it to be funding of last resort. There was no cash available to them through COVID. There was a long period where it was very difficult for airlines to raise cash, so that's what that period is.

It went down going through COVID. My understanding—this is a commercial issue for Rex—is that they've been able to secure what I would call post-COVID capital to reopen into what you've just described. As soon as it became clear that they were now able to access capital, they were no longer eligible for the government support.

**Senator Ruston:** It's also worth mentioning that in addition to Rex, there were a number of other regional airlines that would not be flying now if it hadn't have been for this insolvency funding. Many of those airlines where the sole means by which they were able to get emergency medical supplies and food et cetera into some of these more remote communities. Whilst you're focusing on the largest supplier of rural and regional air services in Australia, there are a number of other airlines that also availed themselves of this insolvency funding.

**Mr Atkinson:** Just going back to the policy principle, the original principle was what I talked about before about the importance of maintaining the regional network base connectivity through COVID so that people could move still but also maintaining the important parts of the regional architecture. Because it's such a thin market, we need to make sure that those airlines are still there in a space that they can reopen on the other side. At that point, that was why this insolvency fund was introduced. I think there are at least nine other airlines—

**Senator SHELDON:** But in fairness, Mr Atkinson, this company isn't reopening; it's operating and it's expanding incredibly across the market. If I were to compare that with what Virgin has been facing for a considerable amount of time, including the latest announcements that Virgin is becoming a hybrid airline—some would say lower cost, if not low cost; there's been a lot of speculation about that—there are no untied grants going to Virgin. I'm not suggesting there should be untied grants. I'm saying, if the government are going to pick winners, and they've decided to pick a winner, which is Rex, who's expanding their airline, who's turned around and replaced their planes, then it seems to be interference in the market without a sensible strategy about how the market is actually dealt with across the board.

**Mr Atkinson:** There are a couple of things in that that are not a characterisation I would put on it. The RAFA was put in place as an insolvency measure to structurally maintain regional aviation through COVID-19. You made many references to a current tense of Rex having things in place and expanding. My understanding is they've announced a future expansion and this is a post-COVID thing they're talking about. As they were going through COVID, as I said previously, access to cash flow for regional aviation is extremely difficult and lending and securing capital is difficult. What I understand has happened here is that, in future, they have secured cash going forward in a post-COVID world to expand. But it's certainly not now.

**Senator SHELDON:** It comes back to this time line, and that is that pre-COVID there were no expansion plans into capital cities. There was no plan in the foreseeable future, as said to the market, to replace their regional fleet. They received \$54 million, amongst other funding, untied to a foreign carrier, and we turn around and find them now expanding and competing in markets that they weren't previously going to. On the \$54 million: is there a capacity to retrieve that money if the company has inappropriately received it?

**Mr Atkinson:** All payments have been made in accordance with the program guidelines, which require it to be funding of last resort, which it was, right up until the point where Rex said they now have future capital and they are no longer eligible for any more funding

**Ms Dacey:** If it would assist, I can take you through how we make a determination about what's an eligible cost. In that sense I don't think we consider that any of the funding is untied grant money. They've had to justify to us by providing detailed information every month that we then look through. Mr Wood might like to give you a bit of detail about some of the ways that we've gone about doing that.

**Mr R Wood:** As you indicated, Rex has received \$53.7 million—approximately \$54 million, as you've outlined. The last payment to Rex was on 21 August. As the secretary indicated, during the application and the consideration of the application, we undertake a thorough investigation of the detail of the application, which includes very detailed consideration of their financial position and financial records. We had an independent consultancy looking after that—EY—and also separately got advice from the Infrastructure and Project Financing Agency before the department made a decision on access to funds.

We then each month consider the cash flow position of the applicant. In some of the applications we've been very precise on what are eligible items. Some of this is on a proportionate basis, because Rex, as you've indicated, is by far the biggest recipient. Some of them are less than \$100,000. As you'd expect, we focus more on the bigger recipients on a risk basis. So we test their need. Again, as the secretary has indicated, we're currently not expecting to provide Rex with any additional funding. Their funding agreement was extended to 31 October, but, as I indicated, no funding has been paid since August, and we have determined not to extend that agreement past the 31st of this month.

The other point I'd make in terms of the funding that they've been able to access for their future expansion is that we have sought advice from Rex and we checked this on a number of occasions to ensure that none of the RAFA funding—the government's funding here—is being used in any way to fund their expansion plans, which, again, are off in the future. Rex has also indicated that a fund has been tied to that expansion purpose and can't support their regional operations.

**Senator SHELDON:** So you formally asked them.

**Mr R Wood:** Yes, we have.

**Senator SHELDON:** And I respect that that's a diligent thing to do. They come back to you and say, 'No, we're not.' If I understand correctly, EY has been brought on board to monitor programs.

**Mr Atkinson:** Right from the start, we had the accountants going through it because of the nature of this program requiring people to be able to demonstrate that it is funding of last resort.

**Senator SHELDON:** Going through the sequence of events, you sent a letter asking for confirmation that this money was not used for the expansion of its operations. They came back with the reply 'nothing to see here'.

**Mr Atkinson:** I don't think that quite is the characterisation of the relationship. Every time they submit asking for money, EY assesses those individual submissions.

**Senator SHELDON:** I will narrow it down in case I'm not being clear. Mr Wood just gave evidence that a letter was sent to Rex saying—using my language—'you are not using this money, this \$54 million, for purposes other than what it was given for, which includes the expansion of your airline'. They came back with the reassurance to say 'no, we are not'. What I am saying is obviously the sending of the letter was triggered by these events. Who is checking the response from Rex?

**Mr R Wood:** If I could just clarify, the monthly statements that are put forward, the department doesn't assess them rather than EY. Their assessment was more at the beginning of the process; although we can bring in external parties where we need to. In the advice that Rex provides, we see their cash flow on a monthly basis. We effectively have open access to their books, so we can reasonably see where funding is being provided to. I would note that Rex has also made some statements to the stock exchange in relation to this.

**Senator SHELDON:** Finally.

**Mr R Wood:** Sorry?

**Senator SHELDON:** Finally. They seemed to make some statements without going to the stock exchange first, but that's another issue.

**Mr R Wood:** The other point is: will they be required to provide final audited statements of the utilisation of funds? Going to an earlier point you raised: do we have the capacity to reclaim funds if we consider it was improperly used? Yes, the grant agreement does provide for that.

**Senator SHELDON:** What triggered the letter being sent? How many letters have been sent? Is that a regular event?

**Mr R Wood:** I would need to take on notice the precise number of letters on that particular issue. We are in very regular contact with all of the applicants under this program. It is a slightly unusual program for us to be running given it's providing that financial assistance, so we are very regular contact on a range of issues. I believe—I can't remember if it is two times or three times on that specific time.

**Ms Dacey:** Two times.

**Mr R Wood:** So twice specifically on that issue with Rex and indeed with other operators. If there are issues we think we need clarification, we write to them or otherwise assure ourselves.

**Senator SHELDON:** What was the trigger for those letters being sent?

**Mr R Wood:** It was because we became available of their expansion plans and wanted to ensure that funding was not being used for the purpose for which it was not intended.

**Senator SHELDON:** So as a surety, you are doing checks on the cash flow, which gives you certain degree of transparency?

**Mr R Wood:** Yes.

**Senator SHELDON:** Regardless of that—I am not saying this is an appropriate thing to do; far from it—you sent a letter because of the announcement they made and have done that on, I understand, two occasions?

**Mr Atkinson:** It demonstrates access to a future—

**Ms Dacey:** In the meantime, we are tracking against what they say. So the moneys they have been granted, we are tracking to make sure that they are actually spending it on what they say they are. They are getting that money on the basis that we have deemed those activities eligible under the program.

**Senator SHELDON:** Do you have anyone independently also review what their assertions are? They send a series of assertions about what they are spending the money on. You have access to cash flow questions, but obviously there are many more questions that would be considered when you are deciding to send that letter; Hence you have sent the letter off to ask for clarity. They have sent a response back. You were relying to some degree in that response the genuineness of that response; otherwise you wouldn't send the letter.

**Ms Dacey:** That is correct.

**Senator SHELDON:** You would just be confident you had the information anyway. So are you relying on the goodwill for them to have given you the correct information?

**Ms Dacey:** And on the fact that any moneys paid after those letters remain for the purposes that they had been preapproved and were eligible for under the program guidelines.

**Mr Atkinson:** We get audited statements. It is not goodwill, if that makes sense.

**CHAIR:** I want to expand on that point. You mentioned before that the reason the government paid these moneys to the nine regional air route providers—I think you said—was medical. There was nobody flying. It was the only real way that those of us who live regionally could get our COVID test to Brisbane to be tested. We could get cancer treatments. We were able to fly specialist heart doctors to Mount Isa for people to continue with their treatments. Post continue to be freighted. I appreciate your line of questioning and it is diligent but I just want to remind everybody that, when these payments were in place, there was nobody flying. These airlines were on their knees and, for those of us in regional Australia, it was the only thing that made a difference, many times, between life and death. So I appreciate that you are being diligent in your questioning but I do want to just get on the record that these were payments made to keep Australians healthy, for very important medical services to be provided—post, freight—all of the things that continued happening, and air movements were the only way that they could be serviced. We didn't have anywhere to test for COVID outside of Brisbane during that period, so everything had to be freighted and you remained isolating in your house until the test came back—I speak from experience on that. I do want it in *Hansard* that these were payments made that were critical to Australians being able to remain healthy, living in their regions and living in their homes, and I am very grateful that the government moved on this so quickly.

**Senator SHELDON:** I am a very strong supporter of aviation being successful and for regional services being provided. It is significantly important socially and to the economy but it does come back to this important question. Virgin is shutting down large parts of its business. First of all, let's paint the picture again very quickly. The government decides, understandably, that aviation is to be shut down to deal with the COVID-19 question. Governments generally—

**Mr Atkinson:** That was the airlines; that wasn't government.

**Senator SHELDON:** The government decided there was a series of questions about travel and it shut down the aviation industry. I'm just saying this very broadly.

**Mr Atkinson:** In a general sense.

**Senator SHELDON:** We then had a series of airlines that stopped flying internationally and say that it will be quite some time before they can fly internationally.

**Mr Atkinson:** That's right.

**Senator SHELDON:** We had a series of airlines pull out of routes. I'm not aware of other regional airlines. Rex has pulled out of Merimbula. I think there might be other places, which I will have to ask about, that Rex has pulled out of.

**Mr Atkinson:** At the closure time, I think everyone was closing everything.

**Senator SHELDON:** They pulled out of Merimbula recently.

**Mr Atkinson:** No, I mean, before RANS and DANS came in, the whole lot was closing.

**Senator SHELDON:** I will say this: I support there being an aviation industry, without question, so we are not arguing about there being support. The question is about how that is materialising, and have people taken advantage of it? What is quite clear is that, when you look at those two airlines—Qantas and Virgin—or you look at other airlines, none of them are expanding their services or predicting their services to be expanded the way that Rex is. Also, nobody else received that amount of money, \$54 million, untied. So you can see from my line

of questioning my concerns about what is happening. I will get back to what I was asking before. There were two letters sent. Obviously, as I mentioned, there is some faith or some goodwill that they've given you the right answers at Rex.

**Mr Atkinson:** There's much more than that. There's serious program governance across this. Any suggestion that we're relying on the goodwill of Rex is not a fair characterisation. I'd just like to add to—

**Senator SHELDON:** What's the serious governance? That's really important. I am definitely interested in the seriousness of traditional governance.

**Mr Atkinson:** Ms Dacey and Mr Wood have gone through it in quite a bit of detail. At the previous estimates hearing we went through, in a lot of detail, the RAFA program guidelines and how it worked as a funder of last resort. I explained all of the policy rationale. None of that has changed. The one thing that has changed is that one of the recipients now has flagged that they're able to access future capital on the other side of COVID. They are no longer eligible, and we have stopped them accessing the program, in accordance with good program governance.

I'd just like to add that there are five RPT operators who get it. Rex is one. The others are Fly Corporate, Skytrans, Chartair and FlyPelican. There are also six essentials: Air Med, Polar Aviation, Kakadu Air, Basair Australia, Little Wings and Air Arnhem. This program has succeeded to date in keeping these important parts of our sector open where they require solvency support. There are other operators actually who don't require this, because of the nature of their business.

**Senator SHELDON:** Mr Atkinson, you've raised this before, and I'm not disputing the fact that there's a necessity for support for the industry and there is support beyond Rex that goes to the industry. But there's no-one who's received this amount of money and has these expansion plans across the aviation industry. In fairness to the department, the department did the appropriate thing and sent two pieces of correspondence to Rex to say: what are you doing? Have you sent letters to anyone else on the same basis?

**Mr R Wood:** Yes.

**Senator SHELDON:** Good. Who are the other companies you've sent those to?

**Mr R Wood:** There is an operator in North Queensland, Skytrans, that we're in regular discussions with. There's a range of other things. I recall there is at least one operator where we wanted to clarify the utilisation of funds. That was Fly Corporate, who have rebranded as Link Airways. We wanted to ensure that Commonwealth funds hadn't been used as part of that rebranding exercise, and we demonstrated those arrangements.

The other point I'd add, coming back to Rex—

**Senator SHELDON:** Asking about rebranding is not an unimportant question to ask them, and I respect the due diligence of asking them that question. Were those airlines talking about substantial expansion into capital city markets?

**Mr R Wood:** To capital cities, no; to new markets, yes. Indeed, both of those operators have commenced operations to new markets or have announced operations. Indeed, Link—I think it was yesterday—announced they're going to start intercapital operations, as it happens, between Canberra and Hobart. It's not to the same scale; I'm not aware of anyone else looking to establish jet operations, as Rex are proposing to do.

**Senator SHELDON:** Are these all companies with untied grants?

**Mr Atkinson:** Not untied grants, but with access to RAFA, because it's tied.

**Senator Ruston:** Senator Sheldon, I think there are two points to make here. One is that I think you would be roundly criticising the government if we hadn't put these emergency insolvency provisions in place.

**Senator SHELDON:** I've not said that at all in actual fact.

**Senator Ruston:** Could I finish?

**Senator SHELDON:** That is absolutely inaccurate.

**Senator Ruston:** I do not interrupt you, so I think you could be polite enough to let me finish. I think you would be roundly criticising us if we hadn't put in place these provisions back when there was great uncertainty and airlines to rural and regional Australia were basically going to be grounded without some government assistance. You're also today judging us on decisions that were made back at a time of great uncertainty and a set of circumstances that existed at that time. The agency officials, including Mr Atkinson, have provided numerous details in relation to the due diligence and governance around the program to ensure that it's meeting the original intent of the program. We, in a sense, should be celebrating the fact that a company like Regional Express can see

a great future for itself in the Australian aviation sector. I think we need to get this in context and put a few time lines around some of the things we've done.

**Senator SHELDON:** Don't worry, I did put time lines on it. No plans for expansion before COVID and no plans to replace their fleet; COVID-19 hits and they receive \$54 million and then they decide to expand into capital cities and to replace their fleet. There are serious questions to be asked about those consequences and that series of events.

**Senator Ruston:** And you've ask those questions, and I think—

**Senator SHELDON:** Quite clearly, also, there's a conclusion in my mind that there are serious questions about what Rex has been doing in this space.

**Senator Ruston:** Okay. I think you've questioned the officials—

**Senator SHELDON:** I have more questions to ask, thank you.

**Senator Ruston:** Senator, you've questioned the officials. I suppose the inference in what you've just said is that you don't believe the answers the officials have given you are honest.

**Senator SHELDON:** I'm not confident that we're getting all the appropriate answers from Rex. That's what I'm drilling down on: what is the oversight of Rex as an operation? What is the oversight of these decisions that they've made? At this point, I've received two letters that were sent over to them because of the notification. The transparency system that exists has its own degree of diligence, but there was the necessity to send two pieces of correspondence to them. That was appropriate—I'm not criticising the department for doing that; in actual fact, quite the opposite. It was appropriate for them to do it—I'd be concerned if they didn't.

The point I'm going to is that when I was raising this before—when I raised the question about the amount of money and them saying, 'We've got it covered; we haven't used the money'—I said there was a degree of goodwill in that, that you were relying on some goodwill from Rex. I understood there was an indication—certainly from looking at you, Ms Dacey—that there was a degree of goodwill relied on from Rex in giving the right information.

**Ms Dacey:** Yes, there is also documentation about the commerciality that sat behind some of their decisions.

**Senator SHELDON:** I'm not suggesting, Ms Dacey, that you didn't give some consideration when they sent documents, but my point is that it's very goodwill, and that's why I'm asking what the oversight is on the goodwill question—

**Mr Atkinson:** No, Senator—sorry. 'Goodwill' is not a word that any of us have used. There are strict program governance guidelines and strict program implementation on this program, as has been outlined. Any suggestion that there's not vigorous oversight in this I don't consider to be accurate.

**Senator SHELDON:** No, I'm going back to the point that I made to Ms Dacey before, and that is that there was a degree of goodwill. As you've explained, there were documents; it wasn't done in a vacuum—you said there were documents.

**Mr Atkinson:** Sorry, Senator, we didn't ever agree to the word 'goodwill' coming into this conversation. It was based on rigorous program guidelines and program management implementation and oversight. We are rigorous program managers here. Ms Dacey is a very experienced program manager, as is Mr Wood, and they have put in place strong program governance arrangements for this program.

**Senator SHELDON:** Well, I can say that on the second occasion when I raised goodwill, Ms Dacey—again, if I understand it—indicated that goodwill was a part of the question on this. It was not in isolation of the fact that, as you rightly said, there was additional information given.

**Ms Dacey:** I think you asked, 'Did you take their correspondence on face value?' I'm trying to remember the exchange. I think you said, 'Did you take their letters—' I'll have to check the *Hansard*, but—

**Mr Atkinson:** Senator, I'm sorry, but it's very difficult for us—

**Senator SHELDON:** I've actually got—

**Mr Atkinson:** if we have to contest every proposition you put to us. I think we can go back to the point that we have strong program guidelines and strong program governance arrangements. We have EY going through independently and assessing eligibility against this program, and we have ongoing access to the cash flows of the entities we're talking about. We continuously monitor what's happening and we assess every monthly claim for payment; as soon as it became clear that Rex may no longer be eligible in future because they may have access to cash, they became ineligible for this program and they don't have any further funding under it.

**Senator SHELDON:** I'll go back to the comment that I made before: they weren't planning on expanding into capital operations, they weren't planning on turning around and replacing their fleet, but they got \$54 million through COVID and now they are.

**Mr Atkinson:** Senator, you're missing one piece here.

**Senator SHELDON:** There's another line of questions. I was making a statement rather than asking you a question.

**Mr Atkinson:** Okay.

**Senator SHELDON:** This is another line of issues. You've advised the government on the aviation sector and what sorts of steps should be taken. What advice have you been giving regarding Virgin Australia, when it went into administration and Bain Capital emerged as the new owner, about how Virgin was going to operate as a business?

**Mr Atkinson:** We gave our advice to the ERC consideration of the government's policy considerations of what was happening with Virgin.

**Senator SHELDON:** Then can I ask separately: since Virgin Australia was placed in administration in April this year, what undertakings were made to the department by Bain Capital about the plans that they had for Virgin's business model, including whether it would continue to operate as a full service airline competing with Qantas?

**Ms Dacey:** Through the administration process, Bain was engaging with the administrator, so the department maintained a policy interest. As we discussed when we were last talking with you at estimates in June, we had a role along with Treasury and others in a policy sense, but Bain as one of the bidders—there was a competitive bidding process at that time—was dealing with the administrator to conclude the administration process.

**Senator SHELDON:** So did they give any undertakings with regard to being a full-service airline?

**Ms Dacey:** I wasn't privy to the bid because I was not part of the administration team. Clearly there were public announcements about what sort of airline they were planning on running, and certainly we'd been tracking that as everyone else has because we have an ongoing interest in what the long-term shape of the sector is going to look like.

**Senator SHELDON:** Mr Atkinson, did Virgin give any undertakings regarding it being a full-service airline in the discussions with the department?

**Mr Atkinson:** Not to my knowledge, but I'd have to take it on notice as to whether any conversations to that effect happened.

**Senator SHELDON:** Did they indicate that they would be competing directly with Qantas in a full service?

**Mr Atkinson:** That Virgin would be competing with Qantas?

**Senator SHELDON:** Yes, in a full service.

**Mr Atkinson:** Oh, right. I'll take that on notice.

**Senator SHELDON:** In the full service.

**Mr Atkinson:** Not to my knowledge, but I'll take that on notice. I know that there were various public statements but I'll take it on notice.

**Senator SHELDON:** I can find the public statements. I was more interested in what undertakings they've made and what discussions they've had with the department.

**Mr Atkinson:** I'll take on notice whether there was anything to that effect.

**Senator SHELDON:** So you don't know whether there were any undertakings as to what their intent was regarding staff numbers?

**Mr Atkinson:** Not to my knowledge.

**Senator SHELDON:** Business class seat allocations? Lounges?

**Mr Atkinson:** I'll take that on notice.

**Senator SHELDON:** Staff numbers?

**Mr Atkinson:** Again.

**Senator SHELDON:** Mr Atkinson, there's deep concern that we have the second largest airline in the country, which at that point was in administration, and we now get notified that there have been statements from Bain and commentary indicating that they're going to a lower-cost model, at least. There's been one statement to say they're

going to be a hybrid operation to what they were before, which means they won't be operating at the same capacity so as to have, effectively, two airlines providing full service. That's what the indication to me is when they say 'hybrid'. Have you asked them what the word 'hybrid' means to them—or has your department done so, rather than you? Of course it would have been your department.

**Mr Atkinson:** I'll take on notice whether anyone's had that discussion. Ms Dacey, have you had that conversation?

**Ms Dacey:** No. What we're talking to them about at the moment is how we make RANS and DANS work. Frankly, that is the nature of the conversations we're having with all of the airlines at the moment. Those that are established carriers are scaling their operations, and Virgin are coming out of the administration process, and I think that they are still internally in the process of working out their business model or certainly refining it. But at the moment it's about operating in a COVID environment, where we're operating at levels of between five and 25 per cent depending on which metric you use.

**Senator SHELDON:** Has the department put to them the department's preferred business model? I know that you're not running the business, but what is the ideal service that you would like to see done for the Australian public?

**Mr Atkinson:** The government expressed that they wanted a market-led solution and to maintain a competitive airline sector—which we completely support. As to the commercial decisions that have happened for Virgin, I am not aware of anyone suggesting to them what their business model should be.

**Senator SHELDON:** So a market-led solution. One airline got \$54 million from the government. I am not against regional airlines—far from it; I'm quite the opposite. I'm very supportive of regional airlines and airlines being supported. But \$54 million was given without any strings attached, and then we have Virgin—and Virgin can succeed or not succeed. Rightly, there was an intervention to make sure that we have regional services available. There have been a number of other interventions—some of which you have been mentioned this evening and others that have taken place to keep some services available. The fact is that there have been interventions and there have been decisions made by government. They have made a \$54 million untied grant to Rex, and now we have Virgin, and it is: 'We don't know what we them to actually to do.' I am paraphrasing.

**Mr Atkinson:** That is not correct, Senator.

**Senator SHELDON:** We don't know whether they are going to compete with Qantas. We don't know whether they are going to offer full service.

**Mr Atkinson:** They will be given—

**Senator SHELDON:** We are not saying what we want them to do. We're not saying that we want them to keep their regular network, which is substantial. We are not saying to them what an appropriate staffing number is—and there is an issue about staffing numbers. For the success of the airline, you have to be able to ramp up and ramp down. Hopefully we never go through a further wave or a second or third wave of COVID anywhere within Australia or across the world when the borders start opening up, but there will be fluctuations in staffing levels. All I can take from the comments that you have made is that you have not required anything of them.

**Ms Dacey:** It is a commercial process.

**Senator Ruston:** Chair, I would like to put on the record a quote from the Virgin Australian group's ASX release from last Thursday, which says:

I know there has been speculation about the shape of the airline into the future, and I have reaffirmed with Bain Capital that Virgin Australia will not be repositioned as a low-cost carrier. Virgin Australia will be a 'hybrid' airline, offering great value to customers by delivering a distinctive Virgin experience at competitive prices. This will appeal to the full spectrum of travellers, from premium corporate through to more budget-focused customers.

Just to clear up some of your—

**Senator SHELDON:** Thank you.

**Senator Ruston:** I just wanted to clear that up because you said that you had some concerns about—

**Senator SHELDON:** That goes to the point that I was making before: what is a hybrid?

**Senator Ruston:** I think they have clearly said what it is.

**Senator SHELDON:** No, they haven't. You are saying a hybrid is the same thing. That just doesn't make sense. No-one here has told me that they have actually asked them what a hybrid is. You're going on their PR statement.

**Senator Ruston:** It was a statement to the ASX. I don't think you'd could call that a PR statement. Obviously they have to provide clear, accurate and correct information to the ASX.

**Senator SHELDON:** Do you know what a hybrid is? Does anyone here in this room know what a hybrid is? If the ASX do, they might want to tell all of us.

**Senator Ruston:** The release went on to say that they were delivering a full range of experiences for corporate travellers that would appeal to corporate travellers through to people wanting a budget price and that it is the same Virgin experiences that they have always delivered. Hopefully that gives some clarity around the fact that they not heading off in a direction that you may be suggesting.

**Senator SHELDON:** I am well aware of their ASX announcement. That is why I asked Mr Atkinson whether the department had spoken to Bain and Virgin about what hybrid means—and he has taken it on notice—because there have been indications in the market that there is an intention to go to at least lower cost, though there has been some speculation about low cost, and whether their definition of hybrid is lower cost or low cost.

My concern is that we have put \$54 million into Rex—not because I think we shouldn't keep regional airlines operating—but we have not made the same due diligence decision about making the same decision with Virgin. Whether it should be untied is also an issue of contention. But there has certainly not been the same support with untied grants to Virgin as there has been for Rex.

**Senator Ruston:** The number of times you say 'untied grants'—you can say it a million times, but it doesn't make it correct.

**CHAIR:** Senator Sheldon, would it be alright if you took a break for 10 minutes while we let Senator Patrick have a go?

**Senator SHELDON:** I'd be more than happy if Senator Patrick would—

**CHAIR:** Excellent.

**Senator SHELDON:** I do have more questions, though.

**Senator PATRICK:** I know this is not quite about COVID-19 but it is certainly about aviation. Earlier this year, there was a disallowance motion put up in the Senate in relation to the security changes for regional airports. As that disallowance motion was about to be voted on, a Senator McKenzie made a statement to the Senate that the government was looking for more equitable arrangements, so, rather than having Whyalla pay \$50 per passenger for security services and Sydney paying 80c and Armidale paying \$10 to \$15, a more equitable approach would be sought. I received some evidence from Home Affairs in relation to this. I know the left arm and the right arm of government will be closely connected. I just wonder what your understanding is with respect to those changes—where they are up to and what role the department has, noting that previously you had done some consultation and you had done some studies in relation to this.

**Mr Atkinson:** I think Ms Dacey is best to speak to this.

**Ms Dacey:** Senator, you'd be aware that Home Affairs put out their discussion paper. Comments on that discussion paper are due back on, I think, the 16th. That was last Friday.

**Senator PATRICK:** That is consistent with their evidence.

**Ms Dacey:** Good.

**Senator PATRICK:** I don't know how that has happened, but there you go!

**Ms Dacey:** In answer to your question, the left hand and the right hand are talking to each other. We are paying close attention to what comes out of that consultation process and, equally, we are designing the RASI \$66 million support package, and we are looking to bring those two processes together in a way that makes the most amount of sense for industry.

**Senator PATRICK:** Who has carriage of that? I know it's Home Affairs, but, as we learnt through the last process, your division is clearly often better suited to interact with the communities.

**Ms Dacey:** I would like to characterise it as a partnership with Home Affairs. We certainly have very good links to industry. Because we have provided support through various COVID-19 packages and we have the \$66 million package still to come, we're making sure that those two are knitted together as closely as possible.

**Senator PATRICK:** Are you doing any further studies?

**Ms Dacey:** We're not doing any more case studies.

**Senator PATRICK:** Are you assisting in some way in terms of how they reach their final determination? What is the role going to be?

**Ms Dacey:** I think our role will be to be a voice in the system about what the impact on the end user will be. In this case, that is the airport. Our Home Affairs colleagues are very cognisant of the fact that security comes at a cost, which is why they've gone out and consulted. As they present advice to government, we will make sure that our voice is reflected in the balance of that advice.

**Senator PATRICK:** I'm not sure that Home Affairs thinks beyond security but—

**Ms Dacey:** That's okay. It's my job to convince them—

**Senator PATRICK:** I appreciate that. Obviously this committee and the chair have done a lot of good work in this space to get a good outcome, which is why I am seeking to follow up what might happen. My understanding from Home Affairs is that the hope is that you would have some policy around the end of the year. Is that consistent with your view?

**Ms Dacey:** Provided we get the balance right and we can all come to an agreed position, our intention is to give industry some certainty.

**Senator PATRICK:** It's not just industry; it's also the communities—

**Ms Dacey:** Correct.

**Senator PATRICK:** because, as we discussed before, a \$50 fee in Whyalla will reduce the amount of air travel and that will potentially reduce the number of flights and services, and that has a significant impact on the local community. Air travel is the lifeblood of some of those communities. Thank you very much, Chair.

**CHAIR:** Thanks, Senator Patrick. Senator Shelton, do you want to come back for five minutes before the dinner break?

**Senator SHELDON:** Yes, that would be good; I'd like to ask a question of Senator Ruston. If Qantas announced that they were starting up as a hybrid airline, what would you consider that entailing?

**Senator Ruston:** As you rightly pointed out, the word 'hybrid' is obviously something that has been put forward by Virgin to describe how they are going to restructure their business model going forward, and it's not for me to speculate what it might be. We have to hear what Virgin have to say and accept what they've said is—

**Senator SHELDON:** I take it you don't know what 'hybrid' is either.

**Senator Ruston:** Given the fact that it's in inverted commas, they are using it as a term to try and give themselves some flexibility as they redesign their airline to go forward.

**Senator SHELDON:** The department released an issues paper on 1 October seeking input on a five-year plan for Australia's aviation sector. Given the changing face of aviation, Australia has scaled back Virgin. Tiger is ceasing to operate. Rex is expanding into the capital city market. International services have shut down for the foreseeable future. Regional services are under pressure. What are the key issues being considered as part of this process and what are the outcomes that you would be envisaging?

**Ms Dacey:** The issues paper canvasses a lot of different issues, including the immediate issues we're facing through COVID, and in particular what a non-linear recovery and reopening phase might look like. I think the one thing we learned—when we were talking to you in June we thought we were on this very positive trajectory, then there were issues in Victoria and domestic border closures. So we are very accepting of the fact that we will go backwards and forwards. We would prefer to go onwards and upwards, but certainly we accept that there's a level of ambiguity in there. So the first part of the issues paper deals with that, and then it transitions into a discussion about what the medium and longer term might look like, and it goes to issues like: Can we streamline regulatory approaches? Can we get the right regulatory settings that can strip cost out and help the sector refocus? Can we get decision-making at the local, state, and territory level? We have seen a lot of activity happening intrastate, in particular, while state borders have been up. So we're looking very much to partner with states and territories and local government about what their roles might be. And then we're looking at the wide sweep of policy issues— security, the environment, privacy, new technology. So it's meant to be a very broad-ranging issues paper. To the point you were making before, I think we are accepting that the sector will look different. No-one can know here. We're seeing airline operators take up in new sectors, in new ways that we had not seen, and driven by things that we had not anticipated, like state border closures, like the rise of—apparently the busiest route in Australia at the moment is Brisbane to Cairns. The golden triangle is no longer the most trafficked route in Australia. We are seeing things and I think we are accepting that the sector will shift and change, and different sized operators will respond differently to what's going on.

**Senator SHELDON:** Thank you for that. A lot of people have been calling for many months to have a plan, and we're embarking on a plan for a plan. I'm just trying to work out who has also been consulted on that. Is slot management at Sydney airport being included in those management arrangements at other airports? Also, are you

considering regional aviation, and who are the parties you are reaching out to to be involved? Does it include industry groups, unions—airports, of course?

**Ms Quigley:** In terms of the slot management, as part of the Productivity Commission review, there were proposals that we do undertake that review, and the government provided a positive response to that, and we expect that we would be able to start that shortly. Could you just—

**Senator SHELDON:** Consultation.

**Ms Dacey:** Just so you know, we've already had the virtual soft launch, I guess you'd call it, where we had a range of stakeholders present, including the RAAA, AFA, ANZ, the Airports Association, the Australian Airline Pilots' Association, the Ghan, Women in Aviation Australia—I can provide you a list on notice of who was in that initial consultation. We'll also be doing more virtual consultations. What we're trying to do is not overwhelm the sector. So, we're trying to calibrate the consultation process so that if you've provided us with input before then that's fine, and you can say that the input stands or you can refresh it. If you want to have further targeted conversations with us, you can. So, we'll do a series of virtual consultations through the next six weeks, I think it is.

**Senator SHELDON:** I have just one other brief question, Chair, with your indulgence.

**CHAIR:** Very brief.

**Senator SHELDON:** Thank you. This is to Senator Ruston. Is it still the view of the government—and to the department—that Australia would be best served by having two full-service airlines supported by budget carriers and a network of regional operators?

**Senator Ruston:** I'll let the secretary take that question.

**Mr Atkinson:** I think we want a sustainable, competitive aviation market. That's probably the simplest phrase.

**Senator SHELDON:** It's not a full answer, but it is simple!

**Mr Atkinson:** Ms Dacey might have something to add. But the thing is that at the moment nobody actually knows what next year's going to look like. I'm incredibly optimistic and want to work with all aspects of the sector to make sure we succeed and have a vibrant aviation market in Australia and even international reopening that actually can make money and such that people can get around and it can employ people. That's what we're focused on with our discussion paper, and bringing policies through as we come out the other side of COVID-19.

**Senator SHELDON:** Perhaps I can break it down to make it a bit easier for you, and you can give a simple answer. Yes or no: do we want a network of regional operators?

**Mr Atkinson:** I want effective regional aviation.

**Senator SHELDON:** Well, I guess that's close. Do we want to have—

**Mr Atkinson:** Are you asking me to make policy commitments on the run?

**Senator SHELDON:** The \$54 million question: do we want two full-service airlines?

**Senator Ruston:** Senator, I'm quite happy to provide you with a post-COVID airline policy on behalf of the government, but I think, given all the things that are happening at the moment, we'd best not verbal the Deputy Prime Minister. But I'll get that for you this evening.

**Senator SHELDON:** The question regarding two full-service airlines?

**Senator Ruston:** The question around what a post-COVID aviation policy—

**Senator SHELDON:** Well, can you then give me an answer to this: do we want to have two full-service airlines in this country?

**Senator Ruston:** I've just undertaken to get you a post-COVID aviation policy or idea for this evening, bearing in mind the work that's going on around all the consultations and bearing in mind that we're still in the middle of COVID. So, I'm not going to verbal the Deputy Prime Minister, who has responsibility for this policy area. But I undertake to bring you back some direct words.

**Senator SHELDON:** Thank you, Senator Ruston.

**CHAIR:** I think we'll call that dinner. We'll be continuing on COVID with this division.

**Senator SHELDON:** I'll just have a couple of very brief questions to ask. I'm more than happy to be helpful. I can actually put those questions on notice.

**CHAIR:** Christmas cards all round! Thanks, Tony—that's terrific. That means that COVID Aviation Issues Management is excused, and we will return with Air Services.

**Proceedings suspended from 18:34 to 19:33****Airservices Australia**

**CHAIR:** I now call representatives of Airservices Australia. Do you wish to make an opening statement?

**Mr Harfield:** No.

**Senator STERLE:** I'll kick off. Welcome, gentlemen. Can you update the committee on the extent of the impact of COVID on Airservices? How has your funding been affected? Has it been lost or increased? I think I've already worked it out, but I'll let you answer that, Mr Harfield.

**Mr Harfield:** In broad terms we have seen a 73 per cent drop in revenue compared to last year. That you could equate to the drop in air traffic. It's not exact, but it is comparable. That has meant that we've had to make significant adaptations in the organisation to continue to provide services with that reduction in revenue. We have been fortunate to receive some government funding to take us through till 30 June next year, which would mean that we have still seen overall a drop of about 20 per cent in our revenue.

**Senator STERLE:** Sorry to jump in, but let's put that in real dollars and cents, because it is the taxpayers' money. How much has the government stumped up to assist Airservices between now and 30 June next year?

**Mr Harfield:** From February this year through to 30 June it will be the equivalent of \$850 million.

**Senator STERLE:** That's that. You mentioned that you need to make some adjustments. As scary as that is, what are those adjustments?

**Mr Harfield:** As you're well aware, we are totally industry funded and need to continue to match our services to the industry that we serve. Despite the fact that we've seen what I'll call the equivalent of a 75 per cent drop in traffic, there is still traffic operating, so we've had to reposition our operations to ensure that there is a level of resilience in the operation because we didn't want to get to the stage where a controller or a firefighter got infected with COVID and we had to stop providing services. We've moved in accordance to adjust our operations in that way. We've made sure that we're in a position to be able to respond to any recovery as and when it occurs. It does mean that we have also had to reduce our costs. I will get Mr Logan to go into more detail, but in the last financial year we found \$30 million in savings and this year we're looking for at least \$85 million worth of savings.

**Senator STERLE:** Let's just get to the pointy end. How many jobs were lost? Where were they lost? Are they not lost? Are they on JobKeeper?

**Mr Harfield:** We're not entitled to JobKeeper because we're a government agency. That has been the area that we have been focusing on. We are conducting a voluntary redundancy program within our contract management ranks at this stage.

**Senator STERLE:** Contract management?

**Mr Harfield:** Contract managers.

**Senator STERLE:** What's the difference between a normal manager and a contract manager?

**Mr Harfield:** Contract managers are not enterprise agreement staff. They're on contracts.

**Senator STERLE:** I had that really weird empty look on my face then, didn't I? That explains it.

**Mr Harfield:** When we appeared before this committee at the end of August I did say that we were considering looking at the potential of a voluntary redundancy program with our enterprise agreement staff. However, we haven't made any commitment to that, as we also have obligations for consultation et cetera and need to look ahead to understand how the industry is going to shape over time. I have publicly stated that in the long run—probably in about three years time, from our projections—when we see a return to traffic it will probably be only about 80 per cent of what we had pre COVID and we will be a smaller organisation.

**Senator STERLE:** So how many contract managers are we looking at? Have they come forward yet? Is the offer of VRs still open? Are you waiting for numbers?

**Mr Harfield:** It is continuing, but there are 30 who have put their hand up so far.

**Senator STERLE:** And I suppose that would be a drop in the ocean with the overall numbers of your organisation. As you quite rightly said, it will be a lot smaller.

**Mr Harfield:** It depends. In going forward we're not quite sure how things will evolve. At this stage we're trying to manage what I call three horizons: to continue to provide services now; to be in a position to be able to respond, not knowing how quickly it will respond et cetera; and to reposition ourselves in the longer term for a very different industry than we had pre COVID.

**Senator STERLE:** Is the \$850 million government assistance from February to 30 June next year to cover the wages of all the people who were employed prior to COVID hitting and the government shutting down the industry?

**Mr Harfield:** That maintains the organisation at about 20 per cent less than what we would normally operate at.

**Senator STERLE:** Is that 20 per cent fewer people or 20 per cent less wages?

**Mr Harfield:** It's 20 per cent less revenue. In other words, we would get just over \$1 billion revenue a year and we're on \$800 million now.

**Senator STERLE:** I remember you said it was just over \$1 billion. Help me out here. So no-one has gone yet? Have you stopped employing casuals? What have you cut?

**Mr Harfield:** I'll get Mr Logan to go into more granular detail of the cost-saving initiatives we've done so far, but immediately when COVID hit we looked at the temporary contractors we had. We dealt with those, and then we looked at reassigning some of our full-time employees, I'll call them, to do work and to ensure that we remained productive to try and preserve the workforce as long as we possibly can.

**Senator STERLE:** I don't want to sound harsh or cold. If there are contractors and all of a sudden the work dries up, we know what happens. In terms of full-time employees, part-time employees or casual employees who wear the Airservices shirt, in whatever role they were doing, have we lost any of them?

**Mr Harfield:** The only reductions that we have had due to COVID is the 30 contract managers taking voluntary redundancy.

**Senator STERLE:** So they've gone? They've taken the redundancy?

**Mr Harfield:** They're going at the moment.

**Senator STERLE:** How long is a piece of string? I understand that we don't know what's going on or when flights start coming up. You're still going to need your firefighters, and you're still going to need your air traffic controllers. What's the current status of the service in terms of the firefighters, Mr Harfield? They're all still there?

**Mr Harfield:** Yes, they are.

**Senator STERLE:** They're still hanging on. So what's your next move with the VRs after the contract managers?

**Mr Harfield:** As explained and as I mentioned previously—and I am also on the public record saying this—we are examining the potential for voluntary redundancy with our enterprise agreement staff. That could, potentially, include firefighters. However, there is work to be done before that because we have to gauge beforehand how many firefighters that we actually need, what the shape of the industry is et cetera. There's no point in reducing, and allowing voluntary redundancies for, firefighters and then finding that we can't respond accordingly.

**Senator STERLE:** Mr Harfield, you and I have gone down this path—and others—on a number of occasions over the years, particularly as we completed an inquiry not long ago. If a plane blows up or crash-lands or whatever, it doesn't matter how many flights are in and out of that airport that day, we still need our firefighters sitting in the station waiting, don't we?

**Mr Harfield:** Correct. And we have not removed any firefighting service for any of the aerodromes that we're currently at.

**Senator STERLE:** Good. Last time we met, the chief fire officer was sitting at the table under a Senate inquiry and we were talking about some numbers. There were no hardcore decisions being made, but wasn't there some talk around, 'Can we do it with less'?

**Mr Harfield:** There was the thing about looking at what the staffing levels should be versus the category. And the recommendation that came out of that inquiry was about the task resource analysis, which would then define the staffing levels required for the various categories of airport—taking on.

**Senator STERLE:** Because we were having a little bit of a dust-up in Brisbane, if I remember rightly, about what would be the right numbers, perceived by ICAO, I think it was, what with the work you were doing.

**Mr Harfield:** Correct. That methodology has progressed a little—probably not as far as we'd like. I think it got a little bit interrupted with COVID et cetera. However, the methodology was trialled in 2019 and that methodology was agreed on, even with the United Firefighters Union, in late 2019. We're starting to now go through and review the staffing levels associated with the various categories, which depend on the type of area.

**Senator STERLE:** My memory's not that great, but I remember there was a little bit of a concern around someone having a heart attack and needing a defibrillator in the terminal, as opposed to there being a drama on the tarmac.

**Mr Harfield:** Yes, it was about making sure that we had the right to respond accordingly to various activities that could happen on the aerodrome.

**Senator STERLE:** So are you happy with the firefighter numbers that we have now in all our airports?

**Mr Harfield:** I'm happy with the numbers that we have today. We still have not determined what we know, because we haven't completed that task resource analysis for all the fire stations as yet.

**Senator STERLE:** So I'm right here: no firefighters have departed the business. They're still the same?

**Mr Harfield:** We haven't reduced at all based around what we were talking about during the inquiry. In fact, we've increased by seven during COVID.

**Senator STERLE:** Tremendous. I want to move on to the Broderick review, Mr Harfield.

*Senator Sheldon interjecting—*

**Senator STERLE:** Yes, of course. I'm glad that you've taken interest in this one, Senator Sheldon. Fire off and I'll listen intently. I accede to my colleague.

**CHAIR:** I have some other senators waiting. When we next have a pause in proceedings, I'll throw the call around. Please go ahead, Senator Sheldon.

**Senator SHELDON:** Thank you very much. Thank you, Mr Harfield, and thanks to your team for being here. We discussed this at the last estimates, but I just want to go over a little bit of ground to put this in context. The Broderick review was released in May 2020. *The Sydney Morning Herald* reported that staff described the workplace as being akin to *Lord of the Flies* or *Animal Farm*. Can you update the committee on how Airservices is implementing the findings of the Broderick review? I know you gave us a report last time, but we'd like to get an update.

**Mr Harfield:** We published the update on our website, but we can forward the full update on the progress that we've made with the recommendations. Everything is on track at this particular stage.

**Senator SHELDON:** Mr Harfield, you've been a senior executive for Airservices for over a decade and you were head of air traffic control in 2010?

**Mr Harfield:** That is correct.

**Senator SHELDON:** Important serious issues were raised in the Broderick review and also in the previous review—the North review. There were a series of allegations regarding the culture which included management. I'm going to ask you some you questions which are a bit close to the bone, but, if I don't ask you, it's inappropriate that I shouldn't be asking about other people as well. Were you aware of the dreadful culture for the decade that you've been there at Airservices Australia, during that 10-year period?

**Mr Harfield:** During that period, there were a number of events where we conducted different reviews into the culture of the organisation, including into air traffic control. I can remember a couple of them while I was the head of the air traffic control group. Through that period, and then last year with the North report, is one of the reasons why I asked for Elizabeth Broderick to come in and do a review of the entire organisation. Previously we had done reviews in spots where an issue had been raised, rather than looking systemically across the entire organisation as the culture. So, yes, I am aware of reviews and it's also the reason why I conducted the Broderick review across the entire organisation while North was just focused on air traffic control.

**Senator SHELDON:** Given your senior roles during those 10 years, do you take personal responsibility for the dreadful culture that has occurred in Airservices Australia?

**Mr Harfield:** I have taken responsibility and I have publicly stated to all staff that, with the release of the Broderick review, I did take time to reflect on my entire time in the organisation for 30 years. I understood and looked at what things I may have walked past—things that I had previously continued to accept. And I also understand, in the role as a leader in the organisation, what things I might have tacitly approved by walking past. I have stated to the entire organisation that I take full responsibility not only for the culture that the organisation currently has but also for addressing it and moving it forward. I have publicly stated that.

**Senator SHELDON:** Have you made any reports of sexual harassment either involving yourself or witnessing other people being involved in sexual harassment or bullying within the workplace where you've made complaints?

**Mr Harfield:** Sorry, can you rephrase that?

**Senator SHELDON:** You've been in the organisation for a considerable period of time. You've been in a leadership role for 10 years. I am not asking for the details, but have you put in complaints when you have witnessed sexual harassment or bullying within the workplace?

**Mr Harfield:** I can't recall putting any in specifically. I can recall dealing with a number with results that I was aware of. What I'm saying is that I didn't specifically report. There have been reports and I have dealt with a number.

**Senator SHELDON:** Mr Harfield, I am going to ask you a rather difficult question, but it is appropriate. Take it in the vein that I am not making an accusation towards you in any shape or fashion, but it is appropriate to ask this question. Were there any formal or informal complaints about bullying or harassment made against you or any previous Airservices CEO?

**Mr Harfield:** I am not aware of that for other CEOs. I have not been privy to it. I cannot recall any being made against me.

**Senator SHELDON:** Do you recall the Macdonald case that led to Airservices settling a multimillion dollar claim in 2010?

**Mr Harfield:** Yes.

**Senator SHELDON:** Would you concede that the issues that were raised there were endemic in Airservices for well over a decade?

**Mr Harfield:** No.

**Senator SHELDON:** In light of the Broderick report and the North report, why do you say no?

**Mr Harfield:** Some of the issues resulting in that particular issue were not necessarily picked up in the Broderick review.

**Senator SHELDON:** So you are separating from the fact that you agree there was an endemic situation—

**Mr Harfield:** I have agreed that the culture of Airservices Australia as shown in the Broderick report as well as previous reports is that things around bullying, harassment and potential sexual harassment have been occurring in the organisation, in the air traffic control environment as well as across the board.

**Senator SHELDON:** In an article on the 29 July 2010—and I appreciate you don't have this in front of you—it reads:

Both women, Jacki Macdonald and Kirsty Fletcher, have been long-time employees of the male-dominated Airservices Australia at Melbourne Airport. The women claim they were exposed to pornography that was distributed around the office by a manager and were regularly bullied and abused.

Isn't that the basis for some of the serious issues that were raised through both the Broderick review and also the North review?

**Mr Harfield:** Yes.

**Senator SHELDON:** So can you explain to me why the Macdonald case doesn't demonstrate an endemic culture in Airservices for over a decade?

**Mr Harfield:** It may have been I just misheard the question. On the issues around bullying, harassment et cetera, it is on the public record that they have been there for the last decade.

**Senator SHELDON:** Thank you for your response. I note that article, referring to Ms Macdonald, says: She said when she told a manager she was pregnant in 1996, he told her that did not suit the roster and that he had "a coat hanger in the back of his car".

Were you aware of that allegation?

**Mr Harfield:** Yes, I was.

**Senator SHELDON:** The recommendations from the review included: a code of conduct on bullying, harassment and sexual harassment made accessible via an employee manual guidebook on training for leadership and staff about what constitutes harassment and how to respond to complaints; the development of an independent unit for reporting incidents of bullying and sexual harassment; powers to hear and investigate complaints confidentially or as appropriate, including historic complaints; and the establishment of a cultural reform board, chaired by the CEO and made up of a diverse group of people across the organisation at different leadership levels. Have these recommendations been fully implemented?

**Mr Harfield:** The cultural reform board has been established. The independent place of reporting, which we call 'Safe Place', has been established. Sorry, what were the other ones you asked about?

**Senator SHELDON:** There was a code of conduct.

**Mr Harfield:** The code of conduct has been completed. Ms Gemmell has the update of where we are up to with those recommendations—the part of the update with the project review.

**Senator SHELDON:** I'd be happy to hear that.

**Ms Gemmell:** Senator, would you mind repeating the question?

**Senator SHELDON:** The recommendations from the review include a code of conduct including on bullying, harassment and sexual harassment to be made assessable via an employee manual guidebook; training for leadership and staff on what constitutes harassment and how to respond to complaints; development of an independent unit for reporting incidents of bullying and sexual harassment; and power to hear and investigate complaints confidentially or as appropriate, including historic complaints; and establishment of a cultural reform board chaired by the CEO and made up of a diverse group of people across the organisation at different leadership levels. Mr Harfield suggested you would be able to give us an overview of where that was up to. Could you cover those issues I have raised.

**Ms Gemmell:** Indeed I can. All of those initiatives have been put into place. The training that you mentioned in your second point is underway, but it's certainly well through the organisation, and we'll continue to implement that until it's right through.

**Senator SHELDON:** So we've got a manual and a guidebook?

**Ms Gemmell:** Yes, we do.

**Senator SHELDON:** We've got training for leadership?

**Ms Gemmell:** Yes, we do.

**Senator SHELDON:** Which goes to the issues of harassment and how to respond to complaints?

**Ms Gemmell:** Absolutely.

**Senator SHELDON:** Development of an independent unit for reporting incidents?

**Ms Gemmell:** Yes.

**Senator SHELDON:** And they have the power to hear and investigate confidentially?

**Ms Gemmell:** Yes, they do.

**Senator SHELDON:** Or as appropriate, including historic complaints?

**Ms Gemmell:** That's right.

**Senator SHELDON:** Establishment of a cultural reform board?

**Ms Gemmell:** Yes.

**Senator SHELDON:** Which is chaired by the CEO and made up of a diverse group people across the organisation at different leadership levels?

**Ms Gemmell:** That's correct, Senator.

**Senator SHELDON:** Thank you.

**Senator WHISH-WILSON:** Chair, I promise to keep this brief. I have some questions on PFAS in Tasmania. Before me I have a PFAS action plan released by the Tasmanian government. On the final page it has an action description which says:

Engage with Airservices Australia to ensure best practice investigation and remediation of contamination for which it has responsibility (includes commonwealth land and adjacent areas onto which pollution has migrated)

- Hobart Airport
- Launceston Airport

I understand Airservices Australia did a preliminary investigation in June 2019 and released the results of a preliminary site investigation of the presence of PFAS around Launceston Airport. At the time they said they were planning a detailed site investigation. Could you give me an update on whether that detailed site investigation has occurred?

**Mr Harfield:** Unfortunately I don't have that information in front of me. Can I take that on notice, please?

**Senator WHISH-WILSON:** Certainly. You made this statement in June 2019. I have a couple of things you could take notice. In that statement you said:

PFAS detections in groundwater on-airport exceeded criteria levels.

... ..  
The results of the report indicate further investigation is required and this will be undertaken as part of a Detailed Site Investigation (DSI).

And then you went on to provide some information that you are working with the EPA in Tasmania. If you could give me an update on where that's at, if you could take that on notice, that would be great.

**Mr Harfield:** We can do that, Senator.

**Senator WHISH-WILSON:** Could I also say that there are a number of signs in Launceston around the rivers that flow into Launceston saying not to catch and eat the fish from those rivers due to PFAS contamination. They have been put up by the EPA. Could you take on notice—or tell us now—if you're aware of any work that the Tasmanian government is doing in relation to the contamination in the river.

**Mr Harfield:** I have to take that on notice.

**Senator WHISH-WILSON:** Okay. Thanks, Chair. That's all I have.

**Senator SHELDON:** Given the findings in the previous two reports and now, where the state of the culture of Airservices Australia is at—this is the most direct way I can say it—would you feel comfortable having your children working at Airservices Australia now?

**Mr Harfield:** At this stage, yes, because of the pathway that we are on to improve.

**Senator SHELDON:** I want to talk to you about the code of conduct. How many code of conduct investigations are underway?

**Mr Harfield:** At this stage, from 1 June to 30 September, and I'll ask Ms Gemmell to go into more detail, we've had 50 code of conduct investigations. Thirteen are currently in their assessment mode, 12 are currently under investigation and 25 have been completed.

**Senator SHELDON:** Of the ones that have been completed, how many adverse findings have emerged?

**Mr Harfield:** I'll ask Ms Gemmell to provide that information.

**Ms Gemmell:** Nine people have left the organisation since 1 June.

**Senator STERLE:** Got the gold watch or kicked out?

**Ms Gemmell:** Nine people have left the organisation since 1 June on the basis of bullying and harassment related investigations.

**Senator STERLE:** Thank you.

**Senator SHELDON:** Nine people have left. The question was, though, how many have had adverse findings? Is it only nine or are there more than nine?

**Ms Gemmell:** I'd have to take on notice the other findings, but nine people have left as a result of those investigations.

**Mr Harfield:** We'll take it on notice to find out what the total of adverse findings is.

**Senator SHELDON:** So there are some people who have had adverse findings who are still working there? I understand there's a level.

**Mr Harfield:** It could be, because there's a range. There could be a warning, a final warning et cetera

**Ms Gemmell:** Absolutely.

**Senator SHELDON:** If you could come back with that answer about how many adverse finding there have been, it would be helpful.

**Ms Gemmell:** Yes.

**Senator SHELDON:** How many redundancies have been offered since the finalisation of the Broderick review?

**Mr Harfield:** As reported to Senator Sterle, there have been 30 voluntary redundancies applied to our contract managers. That is not a result of the Broderick review; it has, obviously, occurred since the Broderick review.

**Senator SHELDON:** How has the distribution of redundancies been determined?

**Mr Harfield:** It is our contract management cohort. It's been done by expressions of interest from our contract managers, and then those contract managers have been risk-assessed by what their role is, and their departure date has been dependent on making sure that their responsibilities have been handed over if they were in an area where—for example, there is a fire station manager who has put their hand up. They can't leave the organisation until there's another fire station manager in place.

**Senator SHELDON:** Was that a general redundancy offer or was it a redundancy offer in particular classes of work?

**Mr Harfield:** It was a general redundancy offer for those of our manager who are under individual contracts.

**Senator SHELDON:** Are any service managers or employees in leadership roles currently subject to code of conduct investigations?

**Mr Harfield:** Yes, there are.

**Senator SHELDON:** Are you able to give us the number?

**Mr Harfield:** Out of the 13 that are being investigated in relation to bullying and harassment, three are senior managers, five are managers and four are employees. With regard to a couple of cases relating to sexual harassment, one is a senior leader and three are employees. Overall from a senior manager and manager point of view, there are 12 who have been under investigation. Going back to the nine who have left the organisation, four of those were managers and five were employees.

**Senator SHELDON:** Are these managers or employees who are in leadership roles eligible for redundancies under the current Airservices program?

**Mr Harfield:** Are you saying that those that are under investigation able to go and take redundancy?

**Senator SHELDON:** Are they eligible for redundancy under the current Airservices program of redundancies?

**Mr Harfield:** I'm not trying to be evasive. If they are a contract manager they are eligible to put an expression of interest in. Whether we would accept that, because they are under investigation, is a different matter.

**Senator SHELDON:** If—

**Mr Harfield:** If you understand—

**Senator SHELDON:** I'll ask you then: will the code of conduct process be concluded prior to offering any redundancies to managers or employees in leadership roles?

**Mr Harfield:** If they're under a code of conduct investigation, and going through, they will not be provided a redundancy until that is completed, and, depending on what the sanction is, if they are exonerated and they apply for a redundancy then they could probably be eligible for it, but they won't be allowed to go on redundancy before that is completed.

**Senator SHELDON:** Has any manager or person in a leadership role who has had an allegation or allegations made against them, whether or not they have been or are being investigated for a breach of the Airservices code of conduct, ever been offered a redundancy?

**Mr Harfield:** I'll have to take that on notice. I couldn't recall.

**Senator SHELDON:** Is it the case that employees of Airservices Australia are required to sign any form of non-disclosure agreements when they commence their employment?

**Mr Harfield:** I'd have to take it on notice as to when they commence their employment. I don't know.

**Senator SHELDON:** Could you also take on notice whether it's the same as or similar, if public servants are required to sign such a document?

**Mr Harfield:** There would be the normal secrecy and confidentiality type things, but not necessarily a non-disclosure agreement. So it would be the same employment conditions as the Public Service.

**Senator SHELDON:** You gave me the answer to the second question. Can you take on notice the first question.

**Mr Harfield:** Yes.

**Senator SHELDON:** What about when an employee of Airservices leaves the organisation?

**Mr Harfield:** Depending on the employee and the circumstances, what can occur is that what we would call a deed of release is signed. It can be for someone who is taking a redundancy; it can be for those leaving for a variety of different reasons and even leaving the organisation as a result of disciplinary action.

**Senator SHELDON:** Could that also include circumstances where there may be a financial settlement? They would be required—I use the word 'required'; potentially, required—to also sign a non-disclosure agreement?

**Mr Harfield:** If, for example, there is a matter that may be settled and there is financial compensation, it is standard practice for a deed of release to be signed.

**Senator SHELDON:** And that includes a settlement where a complaint against another work colleague or manager may have been involved?

**Mr Harfield:** Potentially.

**Senator SHELDON:** So why does Airservices management require the signing of these non-disclosure agreements?

**Mr Harfield:** In some cases, the agreement can be because of confidential information that they hold when they are departing the organisation, because we can't have, as I call it, non-compete clauses. So it could be for that particular reason. If it's in regard to a code of conduct issue, usually, if they're departing the organisation, they're signed because the matter has been dealt with and they don't carry it going forwards. In other words, it has been dealt with and the sanction's been applied and they've been terminated, and then everyone moves on.

**Senator SHELDON:** Is there a standard format for non-disclosure agreements you're able to provide to the committee?

**Mr Harfield:** Yes, we can provide you our standard non-disclosure agreement. I would add—and maybe because of the inference or something that you mentioned in the previous question—that we would apply this to all. This is not just for managers or whatever; it's for any employee. It's not just for managers; it's for anyone.

**Senator SHELDON:** Since 2005, how many NDAs have been signed between Airservices and a staff member or ex staff member?

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

**Senator SHELDON:** Can you recall any recent ones in the last 12 months?

**Mr Harfield:** I've been involved in requiring two, for two managers that have just taken voluntary redundancy. They are the only two that I'm aware of, but we'll—

**Senator SHELDON:** The other is—I hope I've got these figures right—

**Ms Harfield:** Sorry, there is one other that I'm aware of, Senator, which was a result of a settlement of a sexual harassment case recently.

**Senator SHELDON:** Are these non-disclosures as a result of a sexual harassment case?

**Ms Harfield:** Correct.

**Senator SHELDON:** I gather from that that the other 30 people, if I've got that figure right, with redundancies would've all been required or requested to sign a non-disclosure agreement.

**Ms Harfield:** Some of them, my understanding is, would not have to sign a deed of release for their departure. In this case it is being done because of some commercial-in-confidence issues that we have.

**Senator SHELDON:** Or as you mentioned there are two cases that were settled.

**Ms Harfield:** With the cases that were settled, yes, but they weren't part of the voluntary redundancy program.

**Senator SHELDON:** I may have asked this in another way, but just so I'm clear: could you also give me a list of how many were settled with non-disclosure agreements that involved financial or other types of settlements arising from harassment or bullying complaints?

**Ms Harfield:** We can provide that.

**Senator SHELDON:** Since the release of the Broderick report, how many NDAs have been proposed to or have been signed by current or recently terminated staff members?

**Ms Harfield:** Can I take that on notice? I don't have that with me.

**Senator STERLE:** Mr Harfield, I've been sitting here listening intently to your answers to Senator Sheldon's questions, but we've been sitting on this for a number of years and we, as a committee, chose not to pursue it until the Broderick report was completed. However, I am no clearer now than I was two years ago. I'm absolutely perplexed to think that listening to your answers—and I thank you for that; that's great, and things have moved forward now. But help me out here, Mr Harfield. When were the complaints first lodged by the women—Ms Jackson and Ms Fletcher, I think? This was down Melbourne, wasn't it?

**Ms Harfield:** Yes, in 2010.

**Senator STERLE:** And I'm relying on news clippings that I've kept over that time from *The Australian*—and it's always a bit dodgy going by what they say, but it's consistent because the *Herald Sun* says it and *The Sydney Morning Herald* says it. So, help me out here. There was pornography that was being—what? Do you know?

**Ms Harfield:** No. There were allegations that pornography was being passed around. I cannot recall from the findings of the review that was done at the time whether that was substantiated or not.

**Senator STERLE:** Can someone else—does Ms Gemmell know? Do you know if there was?

**Ms Harfield:** We have to go back—

**Senator STERLE:** I'm not going by—

**Ms Harfield:** The thing is I can go back and find out.

**Senator STERLE:** You see because my head is cabbaged. I'm reading things here: I'm reading that there was, allegedly, pornography, and the report would tell us. We're all aware of that disgraceful comment, I believe, from a manager to one of the ladies—was it Ms Macdonald? I don't know if the report came out but, because she was pregnant the manager said something about he had a coathanger in the back of his car—I don't even want to go any further on that. I'm reading here, and you can help me out here, that when she complained about the comment she was allegedly told the manager was having a bad day. Can you shine some light on those comments that were in the paper for me, Mr Harfield? I can't rest until I find out who's heads rolled, who were they, how many of them? This is something we just can't sweep under the carpet. It's not good enough to say that this behaviour's—not only did we have a first inquiry, the North one, correct? I want to know what happened at the North one: who got the chop; who got their bloody head pulled off; who was the management of Airservices of Australia; who were the line managers? How the bloody hell, excuse me—and I didn't use the f-word because I'm getting to that stage—did that culture continue to all of a sudden we had to have another damn review, another report? And I'm supposed to sit here all tickety-boo, covered in rainbows and unicorns, because it's only taken 10 years to get to a worksite you would be happy to have your children to go in. Start explaining to me, Mr Harfield, because I'm really starting to lose the plot here. Help me out.

**Mr Harfield:** If I go back to the original comment that you made about—

**Senator STERLE:** Not what I made; what I've read here. I've been keeping these.

**Mr Harfield:** As Senator Sheldon said, that was an allegation made in 2010 about a comment that was made in the mid-1990s. That was dealt with—

**Senator STERLE:** So it goes back further? Okay.

**Mr Harfield:** Those matters with Ms Macdonald and Ms Fletcher were handled and dealt with, which resulted in a manager being terminated from the organisation, at that time.

**Senator STERLE:** I don't want to cut you off but I've got to get it clear in my head. Was this Mr—there's a name mentioned in one of these articles. What was his name? Holmes?

**Mr Harfield:** Correct.

**Senator STERLE:** Was he the only one?

**Mr Harfield:** There is a difference between—

**Senator STERLE:** You don't have to tell me the other names. I just want to know if there are any others.

**Mr Harfield:** There were allegations made in the press versus the allegations that were made in the statement of claim that we dealt with. They were two different things. There were a number of allegations made in the paper that were not dealt with in the statement of claims.

**Senator STERLE:** So one fellow has gone. Allegedly, he wasn't the only one. There were others?

**Mr Harfield:** There were other people involved who were also investigated at the time.

**Senator STERLE:** Did they exit the business, straightaway, under the same circumstances?

**Mr Harfield:** No, not necessarily. Other sanctions were applied.

**Senator STERLE:** It says in the *Sydney Morning Herald*:

Ms Fletcher's claim also included internal Airservices Australia documents that revealed an email sent by Mr Holmes to the then head of the Melbourne operations in which he threatened to "kick their [female workers'] arse till their nose bleeds".

Like I said, I don't know if that's gospel, but the report would prove it. Who was the manager Mr Holmes reported that to?

**Mr Harfield:** His manager at the time, if I remember correctly.

**Senator STERLE:** Is he still in the business?

**Mr Harfield:** Yes, he is.

**Senator STERLE:** You have the report there. What did he do when that happened?

**Mr Harfield:** I would have to go to the report back in 2010. I need to re-familiarise myself. I just cannot remember all the details.

**Senator STERLE:** I think what we need to do—Chair, I'm going to request that this be put on the agenda at our regular Wednesday morning wrap meetings, because we've got to keep going on this. I had already said through the committee process that we would wait for the Broderick review, but we have to go far further than this. If there was a culture, I want to know—this is where it gets to—were the same people still guilty or still there when all this bad behaviour kept going? Who instigated the Broderick report? Was that you, Mr Harfield?

**Mr Harfield:** Correct.

**Senator STERLE:** When did you initiate the Broderick review?

**Mr Harfield:** In July last year.

**Senator STERLE:** So we've still got a nine—when was the North review finished and presented to—

**Mr Harfield:** July last year.

**Senator STERLE:** The North one?

**Mr Harfield:** Correct.

**Senator STERLE:** It took nine years?

**Mr Harfield:** The North report hadn't anything to do with the 2010 incident.

**Senator STERLE:** Sorry; alright.

**Mr Harfield:** It was commissioned in January last year, and it took six months to be given to us.

**Senator STERLE:** So we had some terrible behaviour starting in the nineties that didn't finish until 2009 or 2010. Then we had something else that led to the North report—

**Mr Harfield:** Correct.

**Senator STERLE:** What was the incident where some manager allegedly bit and groped a staffer—I presume a female staffer—at a December Christmas function?

**Mr Harfield:** I'm unaware of that. I don't know.

**Senator STERLE:** Okay. I should let you know—it's strange you don't know. I'm not saying that mischievously, because that is what was reported in the paper as well. I can give you the clippings.

**Mr Harfield:** I'm happy to refresh myself with 2010—

**Senator STERLE:** I want you to, because I want this committee—I want this to go all the way. I want to find out the chronology of every single misdemeanour, who the managers were, what the response was to them, if they're still in the business and how the hell this continued to keep going. On that, Mr Harfield, can I look you in the eye and ask you: you were the manager; you were the CEO—it's a bit long ago now. How long now?

**Mr Harfield:** I started at the end of 2015.

**Senator STERLE:** In 2015. In your role as the CEO, when did you become aware of all this terrible behaviour that was going on that warranted not one but two reports in your time?

**Mr Harfield:** The North report was commissioned by Civil Air and was supplied to us by Maurice Blackburn Lawyers in the middle of last year.

**Senator STERLE:** Let's walk through this: so the union for the air traffic controllers—

**Mr Harfield:** Conducted a survey in January last year and, as a result of that survey, they commissioned the North report that was only given to us through Maurice Blackburn Lawyers in July last year.

**Senator STERLE:** What was the North report? What was that all about?

**Mr Harfield:** The North report made comments that, due to the nature of the culture in the organisation, there was a case to be reviewed that it could affect air safety.

**Senator STERLE:** Could affect air safety—that's pretty serious stuff. Alright, I know where we're getting to now—and if I may, because it is getting late at night—and I think there's a great body of work that we need to do outside of estimates. I see you're nodding intently, Chair, so thank you. Of the nine that have been shown the door, were any of them involved in any of the accusations that led to Civil Air wanting to commission the North report? Were any of them guilty of any misdemeanours that came out of the Broderick report? Were they there at the time, were they in Melbourne before, was there any connection there? I'm trying to understand if it's just a couple of bad apples or is it just—

**Mr Harfield:** Out of those that have left—to trace all the queries that you have just asked, Senator, I'd have to go back and check—a couple of them left as a result of some of the behaviours that were flagged in the Broderick review.

**Senator STERLE:** I suppose—and you're not going to give us the names now and I don't expect you to, but please help me out. To the best of your knowledge, when Ms Fletcher reported Mr Holmes's previous escapades down there in Melbourne, how long did it take before any action was taken?

**Mr Harfield:** If I remember correctly, from the time that we received the allegations through a statement of claim from the lawyers representing Ms Macdonald, to the time—

**Senator STERLE:** Sorry, I'm talking about Ms Fletcher, what was Ms Macdonald's—

**Mr Harfield:** Ms Macdonald and Ms Fletcher were both—but if I remember correctly the main one was Macdonald. From the time until the person left the organisation, which was a matter of months, there was an investigation pretty much straightaway and then, as a result of that, they were terminated.

**Senator STERLE:** To circumvent too much time, because we've got other witnesses here, I'll put you and your enterprise on notice, if I may, Mr Harfield. When we call you—we're going to request that we have a briefing—please arm yourself with the chronology of every single misdemeanour that started back in the nineties. Who were the managers and who were the CEOs when it first came to the attention of the current leadership group? Because I'm still not happy—and I know things were different in the nineties and I get all of that—but if there was behaviour that was swept under the carpet with the hope it would go away, why, allegedly, two female employees had not only disgusting comments made around them and were referred to as fat chicks because they were pregnant but had their training cut and their shifts changed. Let's find out exactly where that went, how that linked into the North report and whatever connections there were into the Broderick report. If you could do that for us—and we'd love to put a few hours aside, by all means.

**Mr Harfield:** Yes, no problem at all.

**Senator STERLE:** Thank you.

**Senator SHELDON:** Chair, I just want to follow-up on a question with regard to the non-disclosure agreements. Do the non-disclosure agreements mean a victim cannot speak about their harassment?

**Mr Harfield:** It would depend on the circumstances. If the person still wanted to speak up about it, they can. None of our deeds of release stop whistleblowers or that type of reporting.

**Senator SHELDON:** Are there any deeds of release for victims who cannot speak about their harassment after they have signed that non-disclosure agreement?

**Mr Harfield:** Potentially. It depends on the nature of the settlement.

**Senator SHELDON:** Potentially? Are there non-disclosure agreements that say victims cannot talk about the harassment they have suffered?

**Mr Harfield:** I would have to take it on notice to ensure that what I'm saying to you is correct. I am aware of a deed of release that was signed on the basis of the settlement that although the individual can talk about their circumstances, it can't be done in certain ways—just like there is an obligation on us not to talk about it as well.

**Senator SHELDON:** Are there certain ways you can't talk about it publicly?

**Mr Harfield:** Usually with these things it's publicly, and the onus is on us as an organisation not to talk about it as well.

**Senator SHELDON:** I'm talking about the victims non-disclosure arrangements and agreement. Thanks. You've answer the question: there are some that require the victim not to be able to speak about it publicly. And you've added that that may also include that the organisation can't speak about it.

**Mr Harfield:** It would always include that we wouldn't be able to speak about it as well; it wouldn't be one-sided.

**Senator SHELDON:** In fairness, blowing the whistle is talking to management but blowing the whistle is also clearing the air. So there are serious questions about people not being able to speak out with non-disclosure agreements in cases of sexual harassment or bullying. There are some serious questions about the cleansing effect of having the spotlight on circumstances that occur within an organisation. But I'll leave that for your consideration. Thanks for answering the question.

**Mr Harfield:** I just want to clarify. We wouldn't stop them from talking about the issue. It would be around going forward because it has either been resolved or it has been proven that it has happened. It's about the agreement or the settlement rather than the actual—

**Senator SHELDON:** The settlement—I'm using your words now—means that the person cannot speak publicly about it even though they are a victim of harassment or bullying?

**Mr Harfield:** It depends on the nature of the settlement.

**Senator SHELDON:** So the nature of the settlement can include them not speaking out publicly?

**Mr Harfield:** But it's by their agreement. They don't have to agree to it. That's the thing.

**Senator SHELDON:** When you've been sexually harassed, when you've made horrific allegations—and there's the North inquiry, the newspaper reports and the Broderick inquiry—about the sexual harassment and bullying that has been going on in the operation and someone says, 'Keep your mouth shut and here's some money,' you keep your mouth shut and take the money because you probably want to get out, you've had enough. That's one circumstance that seems pretty logical to me. I'm sure there are many other types of approaches to when people sign those deeds of arrangement. If somebody is saying you can only get the settlement if you agree not to speak out publicly, and that's the final arbitrary issue, you have to be a brave soul in many circumstances, not just with sexual harassment and victimisation, to sign an agreement to say you won't speak out.

**CHAIR:** Senator Sheldon, it's my understanding that, when you do a deed of agreement, you have to have legal advice; you have to take it off to a third party. I want to clarify that I understand what it is that we're talking about.

**Mr Harfield:** These are usually done between the legal teams as a result of some sort of arrangement that has been made. Usually, there has been an agreement to settle beforehand and this is just the things that are done afterwards. It is done through the legal teams.

**CHAIR:** I'm not trying to take away from the circumstances in any way. I'm just trying to clarify what it is that we're talking about.

**Mr Harfield:** We'll be providing our deed of release to you so you can—

**Senator SHELDON:** Chair, that was a very fair question to ask and I certainly have no problems with it. The point I was putting to the officer is about signing deeds of arrangement when you have been sexually harassed—and I spoke before about the sorts of issues that people have been put through. You are told you'll get the money if you sign the document. You can go to a lawyer and they will say you can get the money if you sign the document. That doesn't shine light on sexual harassment and bullying within the organisation, it shuts it down. That's what my concern is, and that's what I raised it.

**Senator STERLE:** Mr Harfield, you said earlier—my words; correct me if I'm wrong—that the North report had said that, because the bullying and harassment was so toxic, it could have endangered the lives of the travelling public.

**Mr Harfield:** That's what the North report alleged. We have subsequently shown that that is not the case.

**Senator STERLE:** Did the Broderick report touch on that?

**Mr Harfield:** The Broderick report touched on the fact that they found a real positive safety culture within the organisation and that controllers and firefighters put safety first—and the safety of the travelling public. It was a positive that came out of the report.

**Senator STERLE:** Okay, but the negatives far outweigh the positives.

**Mr Harfield:** My point was just from a safety perspective.

**Senator STERLE:** We would hope. That's great. Chair, that'll do for now. I'm sure we'll have a lot more conversation with Mr Harfield and his team at a later date.

**CHAIR:** Mr Harfield, thank you very much for your time this evening. Please go with our thanks.

#### **Proceedings suspended from 20:32 to 20:46**

#### **Department of Infrastructure, Transport, Regional Development and Communications**

**CHAIR:** I now welcome representatives from the Department of Infrastructure, Transport, Regional Development and Communications to discuss topics in relation to the COVID Surface Transport policy division.

**Mr Atkinson:** I have a few answers to questions that people asked earlier in the day to table. I have an answer to Senator Brown's question on the electorate of Franklin, an answer on the CDG projects that have not been completed and answers to Senator Whish-Wilson's questions, which are an extension of the document.

**CHAIR:** Thank you very much. Does the committee agree that those be tabled?

**Senator STERLE:** Yes. And when do I get my bit? I've been waiting two days for this!

**Mr Atkinson:** Ms Hall, could you please answer the question that Senator Sterle asked yesterday to which he kindly gave me the document?

**Ms Hall:** I understand that you asked a question about the Heavy Vehicle Safety Initiative, the funding for the South Australian Wine Industry Association project and also the Tasmanian Farmers and Graziers Association project—is that correct?

**Senator STERLE:** I certainly did.

**Ms Hall:** The first one, the South Australian Wine Industry Association project, was funded under round 5 of the Heavy Vehicle Safety Initiative on the 5 June 2020. The submission that was put in was because the South Australian Police, the industry and the Heavy Vehicle Regulator felt that, because there were around 6,500 to 10,000 truck deliveries of grapes occurring over every eight-week period on public roads during the 2009 harvest period and there were over 30 spills in that period in the Barossa and Riverland area that constituted a public road safety risk—and most of these were due to load restraint issues—funding should be provided to develop a code of conduct or an education program to be rolled out nationally for the winegrape-growing industry to improve road safety measures in those regions and ensure greater compliance with issues around load and chain-of-responsibility laws when they're travelling on public roads.

**Senator STERLE:** Thank you. So the growers were grabbing hold of trucks—their own, other people's or whatever—and the drivers had a lot of spills because they were losing half the freight on the way to the winemaker?

**Ms Hall:** Yes.

**Senator STERLE:** That's different. How much was that?

**Ms Hall:** That was \$226,888 of funding.

**Senator STERLE:** And then they're going to go off to, I assume, a RTO or RTOs. Do you have any further—

**Ms Hall:** I'd have to take that on notice. But, yes, I understand that they'll engage somebody to help develop an education program, a code of conduct and things like that to support the industry and do an education program.

**Senator STERLE:** Sorry that I'm looking at you like this. As an old truck driver, I'm thinking, 'If you can't even tie your load on, how the hell did you get your license?' Maybe that's another question not for you, and I might raise that in another Senate inquiry that I might happen to be on. Chair, do you see why I bang my head against this wall and start getting frustrated? My goodness me! Thank you very much, Ms Hall. Let's delve in. I'd like to know who is going to do the training. If there's a preferred trainer, could you find that out for me?

**Ms Hall:** It's possible we can find that out for you, yes.

**Senator STERLE:** I'd also like to know: Is the code of conduct is mandatory or voluntary? What are the time lines to deliver that training? How many people will there be? I'd like to know the whole ins and outs of a duck's—

**Ms Hall:** I'm very happy to take that on notice and come back to you.

**Senator STERLE:** That's great; thank you. And the Tasmanian—

**Ms Hall:** The Tasmanian one was very similar. The project is designed to improve risk management and safety by educating the industry on the requirements of the Heavy Vehicle National Law and their primary duty obligations. There was a concern that a number of the 2,500 farmers didn't actually understand their chain-of-responsibility obligations—very similar to the one previously. The project was supported by the Tasmanian Transport Association and the Department of State Growth. The project advances key safety and compliance priorities and is being designed as an industry led approach to achieve stronger engagement with operators and better road safety outcomes. They said that the current tools could be enhanced to better reflect the relationship between the primary producer and the transport industry requirements.

**Senator STERLE:** That's a good thing; that's great. I look forward to the follow-up on that. Thanks. I'd like to talk about the Road Vehicle Standards Act, if I could. The act is due for implementation by no later than July of next year. How are we going? Are we on track?

**Ms Hall:** Yes, we are.

**Senator STERLE:** Can you tell us how much progress has been made since we last heard from you in March?

**Ms Hall:** I think last time, or in previous questions on notice, we provided you with a time frame that showed that we were delivering against four tranches. We've now delivered two of those tranches, which are the new testing facilities and also the component type approvals. Those have both been delivered on time. We are now in

the process of working on the tranche to deliver the vehicle type approvals and also the component for special enthusiastic vehicles.

**Senator STERLE:** Special enthusiastic vehicles? What's that?

**Ms Hall:** People who want to bring in their hotted up cars and things like that from overseas.

**Senator STERLE:** Okay—the vehicle is not enthusiastic; the owner is!

**Mr Hallinan:** Enthusiast.

**Ms Hall:** Enthusiast vehicles—specialist and enthusiast vehicles; sorry!

**Senator STERLE:** Gotcha! We know this year's budget included \$7.3 million for the implementation of the act. We're told that will be fully cost recovered. How will the cost recovery work?

**Ms Hall:** I'll get Graham Evans to answer.

**Senator STERLE:** He better be enthusiastic!

**Mr Evans:** We have a compliance cost model that was designed to recover costs appropriately from industry, and that was all communicated through a cost recovery implementation statement, which is being published and approved. So costs will be recovered through a combination of fees and levies.

**Senator STERLE:** Collected annually?

**Mr Evans:** No, there will be application fees, which are a direct reflection of the cost to the department of processing applications, and there will be levies collected. Some will be collected annually, and others will be collected as vehicles are put onto something that we're calling the Register of Approved Vehicles.

**Senator STERLE:** Is this when their registration comes up?

**Mr Evans:** It's not registration—no. The Register of Approved Vehicles, or the RAV, effectively replaces the current ID or compliance plate that are put on vehicles. And so, every time a vehicle is put on the RAV, there will be a small levy attached to that.

**Senator STERLE:** Thanks. The budget also includes \$2 million for enhanced monitoring and analysis of voluntary recalls. Can you tell me what that is?

**Mr Evans:** Yes. Under the new road vehicle standards legislation, we will have responsibility for recalls from a safety perspective. The money is to fund those—

**Senator STERLE:** A high-profile one is that Takata airbag. Have we finally resolved that? Have we got them all back in?

**Ms Hall:** The Takata recall is being handled by the ACCC at the moment. I think most of them are done, but not quite all yet.

**Senator STERLE:** How many were there all together, just out of curiosity?

**Ms Hall:** Around three million.

**Senator STERLE:** Wow! They can take your head off. I'll stay on road safety. I want to go to the National Road Safety Strategy 2021-2030. The current strategy expires in December this year. Will the government have the next national road safety strategy in place by January 2021?

**Ms Hall:** At this stage, we're anticipating that a draft strategy will go to ministers in November, at their next council meeting. The recommendation to ministers will be that the draft strategy goes out for consultation, for ministers to agree early next year.

**Senator STERLE:** So we won't meet January 2021. It's not hard to work that out.

**Mr Atkinson:** It'll be close.

**Ms Hall:** It will be very close. It will depend on the consultation.

**Senator STERLE:** Sure. But you've got to go to the states as well—

**Ms Hall:** It has been developed in consultation with the states.

**Senator STERLE:** And you think they're still going to agree, because they've been consulted on it? For the ones that you've consulted with, their state might agree, but the others—anyway. How long do we think before we will have it in place?

**Ms Hall:** Sorry?

**Senator STERLE:** We're not going to be ready for smooth transition, from 31 December to 1 January, but what sort of timetable are we hoping for? Have we had a discussion about that?

**Ms Hall:** I'm anticipating it will be reasonably early in 2021, so I'm not too concerned around the transition at this stage.

**Senator STERLE:** On 20 August this year, the Office of Road Safety appeared before the Joint Select Committee on Road Safety and told the committee that it had developed 11 key priorities for the next strategy and was consulting with a large range of stakeholders on these priorities. What month did the office first send these 11 identified priorities to stakeholders for consultation?

**Ms Hall:** I might get the head of the Office of Road Safety, Ms O'Neill.

**Senator STERLE:** We haven't met.

**Ms O'Neill:** We sent our priorities out towards the end of July, consulted over July and August and were still receiving feedback during September.

**Senator STERLE:** Do you know how you came about? Because I put it in the ALP policy platform in Adelaide in 2018. How do you like that?

**Ms O'Neill:** I'm from Adelaide.

**Senator STERLE:** I'm happy that the government copied it. I really am. The government commissioned the Inquiry into the National Road Safety Strategy and the subsequent Review into National Road Safety Governance Arrangements. Both found that a lack of adequate governance and accountability for road safety at the Commonwealth level had been central failings of the existing national road safety strategy, which we're all very well aware of. Do governance and accountability specifically appear in the 11 key priorities for the next national road safety strategy?

**Ms O'Neill:** The accountability will appear in the strategy, but not the priorities that were developed under the evidence of fatal and serious injuries. So, the key priorities for changing the fatal and serious injury trajectory are based around the evidence of crash statistics, but governance and accountability are part of our program to take the strategy forward.

**Senator STERLE:** I suppose I should ask this too: we hope that it's here by early January, but when will we, the punters, get to read it?

**Ms O'Neill:** The public consultation?

**Senator STERLE:** No, get to read it. Sorry, so the strategy is going to come out for public consultation? I missed this bit.

**Mr Atkinson:** In November for consideration.

**Senator STERLE:** In November, that's right.

**Ms O'Neill:** That's right. We put in a recommendation—

**Senator STERLE:** Yes, but when do we get to see it? November?

**Ms O'Neill:** After November.

**Senator STERLE:** Good; I can't wait. Which stakeholders have been consulted on the governance and accountability issues, and are they all in agreement with the actions to address these issues?

**Ms O'Neill:** The consultation was around the priorities, but we received significant feedback from the 50-plus stakeholders that we spoke to.

**Senator STERLE:** Can you table those 50-plus stakeholders for us?

**Ms O'Neill:** Yes, we can.

**Senator STERLE:** That's great. And did they all agree? Did they all walk out, holding hands?

**Ms O'Neill:** There were some very robust discussions, but I think we found agreement around the priorities.

**Ms Hall:** So, with regard to the 11 priority areas, which is what we went out for consultation on, there was considerable agreement to all of them, but they suggested that two basically be merged. So we ended up with nine, which we will be taking to ministers for recommendation.

**Senator STERLE:** Nine? Two fell off?

**Ms Hall:** They got merged in with two others.

**Senator STERLE:** I just want to talk around the social model, if I may. The Transport and Infrastructure Council communique from 5 June this year records:

Council agreed to adopt a social model approach underpinning the Action Plans that will support the Strategy.

Can you provide this committee with a copy of the definition and explanation of the social model approach that was adopted by TIC?

**Ms Hall:** We could definitely table it for you, but Ms O'Neill might like to take you through the idea as well.

**Senator STERLE:** Let's do both, because it's very important.

**Ms O'Neill:** The social model is based on a theory or framework called the social ecological model. Its premise starts with individuals, through training or schooling or education, not necessarily picking up and taking off where everybody wants to them to go, because they start with an environment and other factors that influence them, like their background environment and who they work for. What we're using the social model to do is really look at the influence that it has through the different layers, whether it's a systemic policy issue or an individual, and look at using influence beyond the transport sector to make change in road safety. So there are a number of different layers; there's a community layer, an interpersonal layer, an individual layer, a systemic policy nature layer and an intergovernmental layer. All of those are working together, reaching out beyond where they sit, on the influence they can have on individuals to really achieve cultural change over time.

**Senator STERLE:** Tremendous! You'll table that so that we can have a read of that in our first available time, so thank you for that. Let's go to the targets now. We know the current strategy includes a targeted reduction of at least 30 per cent in fatalities and serious injuries over the decade to now. The TIC communique of this year notes that in the next National Road Safety Strategy reductions targeting fatalities and serious injuries should be defined as a percentage per capita, recognising population growth as an upward pressure—correct?

**Ms O'Neill:** Correct.

**Senator STERLE:** Can you confirm that the next strategy will include reduction targets in raw numbers, and not just per capita targets alone?

**Ms O'Neill:** I think the raw numbers will be available but we're really targeting per capita numbers.

**Senator STERLE:** But will you have the raw alongside, so all our road safety experts will be able to see both figures?

**Ms O'Neill:** Whether they're in the actual strategy or another document they will be available, yes.

**Senator STERLE:** But they'll be available hand in hand?

**Ms Hall:** Yes, they'll be able to compliment it.

**Senator STERLE:** I thought I'd said that. That's good, thank you. Has modelling been completed to support the development of targets for the next Road Safety Strategy?

**Ms Hall:** It's still in progress.

**Senator STERLE:** When will that be ready?

**Ms O'Neill:** I'm expecting it in November.

**Senator STERLE:** Next week or the week after, give or take.

**Ms O'Neill:** It's been very slow in coming; it's very behind, obviously. We expected it much earlier in the year.

**Senator STERLE:** What's held it up?

**Ms O'Neill:** COVID has had a big impact on the ability for the research institutions to function and manage the data and all of that.

**Senator STERLE:** I can relate to trying to do business over Zoom; it is challenging. On the consultation, can you let us know which stakeholders the government has consulted with on the targets? Are they the same 50 or others?

**Ms Hall:** We've consulted with all of the jurisdictions on the targets at the moment. We've had conversations with others, but there hasn't been proper consultation yet—that will be part of when it goes out for public consultation.

**Senator STERLE:** That will be in the November onwards process. How are we going to do that with COVID, just out of curiosity?

**Ms Hall:** We'll obviously put it up on our website, and we'll try and do a similar sort of thing to what we did last time, where we had a whole lot of COVID meetings with all of the relevant people—we'll give you a list of them as well. We'll engage with them, we'll make it publicly available, we'll announce it on our website and through our newsletters and all of those sorts of things.

**Senator STERLE:** Will the co-chairs of the inquiry—these are two people that I've got the greatest respect for, and I've made that very clear in many, many conversations in both the chamber and Senate committees—be provided with a draft safety strategy for comment before it goes to tick?

**Ms Hall:** We'd have to have a conversation with the jurisdictions about that to see if they were comfortable with that as well. But we have a regular once-a-month meeting with the co-chairs.

**Senator STERLE:** I could only encourage that, and I want to be around Professor Woolley and Dr Crozier every day of the year, talking road safety, and that's great. What would be the hold-up for them, if there is any? Are you aware of any hold-up where they wouldn't be consulted? Their work was just amazing, what they did.

**Ms Hall:** I don't think that there'd be any hold-up in regards to it.

**Senator STERLE:** Sorry, Ms Hall, it's just out of, I suppose, decency, because they are the experts; they're the ones that were commissioned when it all turned to custard a year or so ago—time's flying, I can't remember. Are you aware of any reason why they wouldn't be—I don't want to put you on the spot. I'll put you on the spot, Mr Atkinson.

**Mr Atkinson:** Put me on the spot. We're happy to have a look at that and talk to the jurisdictions.

**Senator STERLE:** If I can just have my two bob's worth: you can do a lot worse than bringing Professor Woolley and Dr Crozier in.

Now to the National Injury Prevention Strategy consultation. I received a letter from Minister Hunt in response to a letter that I sent to him concerning clarification on how the Australian government will ensure that the cross-portfolio aspects—you're aware of that? Okay, great. And you're aware of the minister's response, because I did read it. So when he talks about the Department of Health developing the national strategy and he talks about representatives, can you tell me who is the representative?

**Ms Hall:** I'm the representative.

**Senator STERLE:** Oh, even better! Fantastic. How many times has the expert advisory group met?

**Ms Hall:** Since I've come into this role, I have met with—

**Senator STERLE:** I should have just written to you, that would have been easier!

**Ms Hall:** Since I've come into this role, I've met with them twice. I think, prior to me, there were two previous meetings to that as well, but I'd have to come back to you on that, Senator.

**Senator STERLE:** What time frame are we talking here?

**Ms Hall:** A year.

**Senator STERLE:** When was the last one?

**Ms Hall:** I'd have to check my diary, but I think it was about two months ago.

**Senator STERLE:** That's alright. Who sits on the expert advisory group?

**Ms Hall:** At the moment, John Crozier sits there with the Department of Health, the George Institute, a couple of representatives from jurisdictions, Monash University—I can give you the exact list.

**Senator STERLE:** We've got the experts around the table—well, some of them. So what are the terms of reference for the group?

**Ms Hall:** I'd have to go back and have a look at the terms of reference, because it's actually extremely broad and it covers a range of issues—road safety is just one of them—and it looks at them through different age groups as well.

**Senator STERLE:** Sure. You can take that on notice?

**Ms Hall:** Yes.

**Senator STERLE:** Thanks. We know you've been meeting for 12 months, but when was the group established?

**Ms Hall:** It was before my time, so I think it was maybe around mid last year.

**Senator STERLE:** Part of the minister's response also stated that, similarly, the Office of Road Safety is currently leading the development of the next strategy with all the states and territories. Can you tell me—I suppose it's you, Ms O'Neill, or Ms Hall—what is the cross jurisdictional working group?

**Ms O'Neill:** That's all states and- territory representatives with their road safety expert officers, their senior officers—

**Senator STERLE:** Does that include road safety commissioners?

**Ms Hall:** In some jurisdictions.

**Ms O'Neill:** There is the WA road safety commissioner. We meet fortnightly.

**Senator STERLE:** Great. So, once again, take it on notice if it's easier to get the terms of reference, please, and provide the community with that.

**Ms O'Neill:** There's no formal terms of reference for that group. That group was established out being asked to work together, so it's very much all jurisdictions and the Australian Local Government Association being pulled together to make sure that we developed a strategy together.

**Senator STERLE:** With honest people meeting and talking, it's amazing what we can do. Once again, when was that group established?

**Ms O'Neill:** That was established just before my time.

**Ms Hall:** I think it was probably around August last year, but we'll take that on notice.

**Senator STERLE:** Okay—just after your group. Now, as part of the response from the minister—did you write the response, Ms Hall?

**Ms Hall:** No, I didn't.

**Senator STERLE:** The minister mentioned to me that your office, Ms O'Neill, is establishing an interdepartmental committee at the Commonwealth level to harness the expertise of the Department of Health and a range of other portfolios.

**Ms Hall:** That's correct. I chaired that as well as part of the development of the National Road Safety Strategy. As part of our consultation on the National Road Safety Strategy we have the cross-jurisdictional group that Gabby leads. We have the IDC that I lead, which has the Department of Health, the national Indigenous affairs portfolio, the Department of Education, the Department of Social Services, the Australian Federal Police, Treasury, Finance, Prime Minister and Cabinet and the Attorney-General's Department.

**Senator STERLE:** The only one missing is me!

**Ms Hall:** You're more than welcome to join!

**Senator STERLE:** I don't think your minister would think that!

**Mr Atkinson:** I think they'd probably think it should be executive government!

**Senator STERLE:** So, once again, it was established when?

**Ms Hall:** We established that about three months ago, and it's definitely to talk through making sure that we have a whole-of-government response to the National Road Safety Strategy. I think you've heard us say on numerous occasions that we're very keen to make this not just a transport issue.

**Senator STERLE:** How often do you meet?

**Ms Hall:** We meet once a month.

**Senator STERLE:** Tremendous. I go to the road safety fund and the \$2 billion over 18 months that's been announced. I understand the \$2 billion announcement for the jurisdictional road safety infrastructure projects is new money. Is that correct?

**Ms O'Neill:** Yes.

**Senator STERLE:** Congratulations; that's great because the focus is on both jobs and road safety outcomes, which is good. I congratulate you on making funding conditional on moving infrastructure from being a high-risk category to at least a moderate-risk category—so at least a three-star safety outcome. So how will you publish evidence of value to the community from this \$2 billion funding?

**Ms O'Neill:** As part of the budget announcement, the government also established the Road Safety Data Hub. One of the conditions of funding is that the jurisdictions will also have to provide data to us. That will go into the data hub that will then be made available.

**Senator STERLE:** And that will go through your office?

**Ms O'Neill:** That's correct.

**Senator STERLE:** And when will this evidence be publicly available?

**Ms Hall:** It will be as soon as we can make it publicly available: when we get the data and we've been able to turn it into something that we can compare apples and apples with. The exciting part about the new data hub is that we'll be able to get that out sooner rather than later.

**Senator STERLE:** You were doing so well, Ms Hall, but you just threw a curveball at me.

**Ms Hall:** Sorry!

**Senator STERLE:** I know it'll be available when it's available, but when do you think it might be available? You've been hanging around here too long!

**Ms Hall:** I understand. With regard to the projects, we're anticipating that, hopefully, they will start early next year—January next year. What we're hoping is that, once the projects have been approved, at the start, we will get data to get an understanding of what those roads are like now and then we'll get updates on those roads as well as information on any fatalities or serious injuries. Once we get that information, we'll obviously provide it to our bureau, which will be the initial data hub to start off with, and I anticipate that we'll probably be in a position to—, we haven't clearly identified the time frames, but we'll have regular reporting probably every six months or thereabout.

**Senator STERLE:** This is encouraging because road safety should never be political.

**Mr Atkinson:** We're very happy this program.

**Senator STERLE:** I'm watching it like a hawk because I'm excited.

**Ms Hall:** So are we.

**Senator STERLE:** Doubling the money wouldn't hurt, but anyway. Now the easy one: how will the funding be apportioned between jurisdictions?

**Ms Hall:** I think this question was answered.

**Mr Atkinson:** We answered this in RRT yesterday. It's based on the kilometres-of-road formula.

**Senator STERLE:** So WA should get a third of it.

**Mr Atkinson:** WA gets a lot.

**Senator STERLE:** So it should. We're a third of the nation.

**Mr Atkinson:** I'm not sure of the exact numbers, but it's a very good program for WA and Queensland—and everyone, of course.

**Senator STERLE:** That's the main thing. That's great. Can you take it on notice?

**Mr Atkinson:** I believe Mr Smith said that the splits will be published shortly.

**Senator STERLE:** And the formula is on the roads, so that's all there. How will this three-star, moderate-risk safety outcome be measured in order to meet the announced federal funding requirements?

**Ms Hall:** So Austroads actually does this work, but I will get Gabby to talk.

**Ms O'Neill:** Currently, all state agencies have an understanding of what attributes are on their road—what physical limitations there are. With the application of treatments, they should be able to tell us how much the risk has been reduced as well as the hard data of and how, after that has been done, that has resulted in the reduction of fatal and serious injuries.

**Senator STERLE:** And is this using the ANRAM calculations?

**Ms O'Neill:** Because we obviously want to roll this out quickly and get it started, we have said that, whether it's AusRAP, IRAP, ANRAM or a network safety plan, that's what we'll take, and then over time we'll build to uniformity.

**Senator STERLE:** Thank you. Will there be open publication of these funded treatments along with the supporting risk reduction outcomes?

**Ms O'Neill:** I imagine there will be a series of press releases, because people will want to see where the money is going and what's going down. The data hub will obviously over time show what has been achieved. So you'll see all of the projects.

**Senator STERLE:** I'm aware of press releases, but also follow-up through the Office of Road Safety.

**Ms O'Neill:** After five years I would expect us to do a full evaluation to make sure what we thought was going to happen actually happened. Obviously, all of our research bodies and Austroads are really interested in seeing if the algorithms that they have now for calculating risk actually eventuate. So this is going to be a really good research project as well to inform future investment and the effectiveness of investment and treatments.

**Senator STERLE:** That is very good. Can you tell us the cost to the department, to the support staff, to manage these funds and ensure reporting on safety outcomes is adequate? You can take this on notice if you haven't got it.

**Mr Atkinson:** That was part of the question that we got the other day about implementation funding.

**Senator STERLE:** How much was that? Did you supply that in the pack?

**Mr Atkinson:** No. It was in Budget Paper No. 2. Senator Watt was asking about it yesterday. It was the implementation funding that we got across all of these measures. It was bundled up.

**Senator STERLE:** So we have done that?

**Mr Atkinson:** Yes.

**Senator STERLE:** If we have done it just let me know. Exactly what road safety data is earmarked is the key condition of funding?

**Ms O'Neill:** We will be looking for traffic volume and mix. We want to understand the fatal and serious injuries. We want to understand what risk rating they would have now on the road and what change we are expecting to see.

**Senator STERLE:** Will any of this funding support speed reduction outcomes?

**Ms O'Neill:** It's entirely possible. We don't have the proposals before us yet.

**Senator STERLE:** How is this funding targeting serious injury reduction?

**Ms O'Neill:** I would expect us to see greater serious injury reductions in urban environments with separation for pedestrians, cyclists or personal mobility devices; or the application of roundabouts—the access on high-speed arterial roads and things like that. It will depend on the proposals that we receive and what particular population is being targeted.

**Senator STERLE:** Given the national partnership agreement split is 80 to 20 for regional and rural works, versus fifty-fifty for urban works, will it encourage jurisdictions to target regional and rural works?

**Ms O'Neill:** I think there will be a significant—but I won't know until I see the proposals. We know that we have a significant number of shoulder sealing and rumble strips to put down, wide centre lines. So we know that the need is there and the funding is there, so that may be what they target first—also given that they're very easy to rollout with lower design and planning needed.

**Senator STERLE:** That's great. How's the federal funding adequately targeting serious injuries? We know it has increased to around 40,000 a year now isn't it? How's it doing, with suitable weighting, in comparison to deaths of 1,200 per year?

**Ms O'Neill:** The weighting towards serious injuries is going to be greater in urban environments—or through, as I say, the application of roundabout treatments. I'm hearing some very encouraging—

**Senator STERLE:** Of what sorry?

**Ms O'Neill:** Roundabouts. The small ones. We're seeing some innovative practices taking place, particularly in regional areas where they are building smaller ones, lower speed entry limit, so we're looking forward to—

**Senator STERLE:** Great for semitrailers when they're coming to move your furniture. See, no-one thinks of that! I do.

**CHAIR:** Senator Sterle, I've got some other people who are keen to ask questions. Do you feel like a break and then we can come back to you?

**Senator STERLE:** Let me finish these three questions. I will be nice and quick. Then I will come back and do some more road safety.

**CHAIR:** Terrific.

**Senator STERLE:** How is this funding supporting the UN's 2030 targets to reduce fatal and serious injuries by 50 per cent? How will it be measured—especially injuries?

**Ms O'Neill:** That all goes to reducing the risk and seeing a change in the risk with the application of these treatments. We're asking for evidence based measures that target fatal and serious injuries. That's what we are expecting to get and that is what we will be assessing the proposals against.

**Senator STERLE:** That's great. Is there any funding earmarked to be utilised to support outcomes of the recent Productivity Commission National Transport Regulatory Reform inquiry report?

**Ms Hall:** With regard to the PC report—

**Senator STERLE:** I've got the PC report here. I'm on the warpath on that on the trucks, but anyway that's another story.

**Ms Hall:** Okay. We have plenty of time.

**Senator STERLE:** I've got to sort out some other government departments. It's alright, not you guys.

**Ms Hall:** The \$2 billion will not be specifically targeting any of the recommendations in the PC report. But in saying that, we anticipate that a number of the rural and regional roads will actually assist in upgrading roads that have heavy vehicles on them.

**Senator STERLE:** Good. I'll be watching that one. What happens with any funding that may be left over at the end of 18 months?

**Ms O'Neill:** I would be stunned if that happened.

**Senator STERLE:** That was a trick question—you come back in 18 months and say, 'We need more dough'.

**Ms O'Neill:** I would be surprised if that was not filled up very quickly.

**Senator STERLE:** It's lucky Senator Watt's not here. Otherwise we'd go into a tirade on how much hasn't been spent so far in infrastructure.

**Mr Atkinson:** Can I just add, I'm actually very optimistic, because of the low design requirement fees, that we actually will be able to move really quickly on it. And we've asked the states to give us as many projects as they can, so that we have a full book.

**Senator STERLE:** Mr Atkinson, I am tickled pink that the Commonwealth has finally woken from its slumber to realise that the Commonwealth has a major role to play in road safety. I'm wrapped. Are you waiting for a curve ball?

**Senator McKENZIE:** I'm smiling. My questions relate to road safety, too.

**CHAIR:** Over to you then, Senator McKenzie—what a great segue.

**Senator McKENZIE:** Thank you, Chair, and thank you for your indulgence, Senator Sterle. I want to return to a series of questions I was asking yesterday in which I was seeking the release of *Murray Basin Rail Project business case review*. Look what rocked up just before question time today!

**Mr Atkinson:** It's amazing—the impact that Senate estimates has!

**Senator McKENZIE:** It's amazing that Senate estimates produces movement at the station in state Labor government, which we are dying to see.

*Senator Sterle interjecting—*

**Senator McKENZIE:** You will back me on this. This is taking more trucks off the road and putting freight onto rail. It's good for farmers and good for road safety. So, this business case review has been released. It was released in the early afternoon. Mr Atkinson, has the department had a chance to read that—obviously not the full 60-odd pages, but the seven-page summary?

**Mr Atkinson:** I've been a little busy, but Mr Smith is ready to speak to you.

**Mr P Smith:** Yes, I have read that.

**Senator McKENZIE:** Preliminary thoughts?

**Mr P Smith:** As we discussed yesterday, it outlines four options on a sliding scale, increasing the scope and service along the way. Obviously, option D provides the most scope and service. As the report outlines, it does not necessarily deliver the full 2015 business case.

**Senator McKENZIE:** Have you had a chance to consult with industry or community today? I know you haven't had it for long, but have you made a quick call to the Victorian Farmers Federation, GrainGrowers or any of the local councils?

**Mr P Smith:** No, we haven't made any calls ourselves today. We're obviously looking forward to seeing the feedback. We've seen some media roll in already.

**Senator McKENZIE:** I've got some preliminary feedback, and it is option C. The full standardisation, as originally envisaged, is what industry wants. It is what the consultation committee set up by the state government wants. It is what was promised. It is what was funded. It is what was agreed. Thanks to the complete incompetence of Jacinta Allan—who is yet, I believe, to deliver a project on time and on budget—she is once again leaving rural and regional industry and communities hanging while she focuses on inner urban and major provincial seats like Ballarat. Mr Smith, has the federal government got a preferred option?

**Mr P Smith:** The government's considering the options, and we're working closely with officials exploring all options, including full delivery.

**Senator McKENZIE:** Have you had any thoughts about the outrageous request that we somehow find some more money for a project that they stuffed up?

**Mr P Smith:** Funding's a matter for government.

**Senator McKENZIE:** Okay. Minister?

**Senator Duniam:** Hello Senator!

**Senator McKENZIE:** Hello! I'll just read some commentary from the local MP down there, who is also a shadow minister who is very, very tied to this project. We did talk about the track that was laid, I think, in 1912? Can someone confirm that one of the issues raised in that audit was—

**Mr Atkinson:** Early 1900s.

**Senator McKENZIE:** Early 1900s. We're laying rail track in 2020 using track from the early 1900s.

**Senator STERLE:** Australian steel!

**Senator McKENZIE:** The Auditor-General in my home state actually called that out as a little bit beyond the pale. So now we've got the executive summary. When will we see the full summary, and when will it be released to the public?

**Mr P Smith:** I should say we'll talk about this a little bit tomorrow. Just to correct the record, we've gone back and checked. We actually have both the documents that you were asking for. Release of the documents is a matter for government. They are actually Victorian government documents, so we'll liaise.

**Senator McKENZIE:** But we have them. You have them.

**Mr P Smith:** Yes.

**Senator McKENZIE:** They're clearly not shy.

**Mr P Smith:** We'll liaise with the Victorian government about potential release and obviously consult with the minister on the potential release. So could I take that on notice, please.

**Senator McKENZIE:** Well, I would like that tabled to this committee as soon as possible. The business case executive summary provides a range of options about standardising the network. Sorry, I'm just receiving some advice here.

**Senator STERLE:** Not from Barnaby, though?

**Senator McKENZIE:** The business case is supposed to consider cost-benefit analysis, right? Is that what it's supposed to do, Mr Smith?

**Mr P Smith:** A full business case would consider cost-benefit analysis. This is—

**Senator McKENZIE:** Yes, absolutely. So you have the full business case, and I'm assuming now that you've found it today following out questions yesterday.

**Mr P Smith:** Yes, we did.

**Senator McKENZIE:** You will have read it completely just to refresh your memory—not you personally but someone.

**Mr P Smith:** No, I don't think we have. The business case is obviously seven years old.

**Senator McKENZIE:** My question goes to this. When I read this executive document and I look, on page 4 and 5, at the strategic response to problems, it lists time, capital investment and changing strategic priorities, but I don't see any analysis or consideration of the damage to local roads and the road safety issues that would arise from the continued leakage of freight from this rail network to road trains et cetera from this community right throughout the Mallee to getting to port. You'd think that, if you're doing a cost-benefit analysis, you might actually look at where you're trying to shift the costs to for your decisions, and I would be arguing that the Yarriambiack, Gannawarra, Swan Hill and Mildura local councils, who are all great supporters of the full standardisation option, will then be bearing the cost as we get more and more freight on their roads that they have to pay for, rather than this rail project that was promised five years ago.

**Mr P Smith:** Senator, is the question—

**Senator McKENZIE:** My question—because it will be another part of your department that will have to consider the cost impost being borne by local rural councils as a result of this state government's failure to assess the cost of freight moving to road as opposed to staying on the rail—is: is that something you'd expect to see in a business case?

**Mr P Smith:** In business cases, you would normally expect to see options analysis, including alternative delivery options.

**Senator McKENZIE:** So would you expect to see the analysis for a rail project that was supposed to get more freight off the road onto rail but now is seeing leakage of that freight onto road and therefore incredible degradation, which has already been happening over the last five years because of the failure in the delivery of

this project—I'm happy to give you phone numbers of anyone you need to speak to about an on-the-ground assessment of this—to not include the cost of road maintenance at a local level?

**Mr P Smith:** You would normally expect to see some element of costs, whether it's down to that granular level of all road maintenance or not. You would certainly take into account some of the benefits of removing trucks from the roads.

**Senator McKENZIE:** And the road safety benefits, because I can't find in the executive summary that that type of analysis has been done, and it was raised with me this afternoon by people who are very interested in this project. They aren't MPs; they are actual grain growers. I just want to get an understanding of whether the Commonwealth is happy for the current contractor, Rail Projects Victoria, which has overseen such a stunning implementation over the last five years, to continue to be the accountable delivery agency.

**Mr P Smith:** That would be part of conversations. We'd obviously want to make sure that it's part of any assessment of options and conversations about procurement methodology and delivery partners, but ultimately delivery is normally a matter for the state.

**Senator McKENZIE:** But this project has been a disaster, even in the view of their own state government's Auditor-General.

**Mr Atkinson:** Once the government's reached a position on this, the approach to deliver it would be a subject of discussions and agreement with the Victorian government.

**Senator McKENZIE:** Will the business case executive summary provide for the necessary additional siding extensions and restatements at Donald, Ouyen and Merbein?

**Mr P Smith:** The summary document is as it is. It's fully contained. We weren't consulted necessarily in the release, but the document contains the various options and scope on delivery.

**Senator McKENZIE:** And the department's comfortable with what it outlines, on your precursory reading of it?

**Mr P Smith:** As I—

**Mr Atkinson:** It's precursory asking Mr Smith, with this amount of notice—

**Senator McKENZIE:** I know. But this is an important project. We've been talking about this for five years.

**Mr Atkinson:** It is—

**Senator McKENZIE:** It's a disaster.

**Mr Atkinson:** Mr Smith hasn't had an opportunity to talk to the government about this. He's read it this afternoon. Asking for positions on behalf of the government is challenging—

**Senator McKENZIE:** But he's very experienced.

**Mr Atkinson:** He is very experienced.

**Senator McKENZIE:** It's not his first rodeo, shall we say.

**Mr Atkinson:** No, that is true—

**Mr P Smith:** The way I'd describe it, as I alluded to, is that there are ongoing conversations about options and delivery analysis. It's an ongoing discussion.

**Senator McKENZIE:** Would you be hoping to see something in the Victorian state budget to support the options outlined in this executive summary?

**Mr P Smith:** Their funding commitments are a matter for them. We're working with Victorian officials through the various options, and there are obviously government-to-government conversations as well.

**Senator McKENZIE:** Has the Victorian transport minister ever delivered a major project on time and on budget where she's been in partnership with the federal government?

**Senator STERLE:** Why don't you ask her?

**Senator McKENZIE:** Because she's not here. This is a partnership.

**Mr Atkinson:** I would have to take that on notice.

**Senator McKENZIE:** I would really be interested in the answer to that question. I could keep going—

**CHAIR:** Thank you very much, Senator McKenzie.

**Senator McKENZIE:** I look forward to this project being delivered and funded.

**CHAIR:** Senator Davey, for a quick question.

**Senator DAVEY:** I have a couple of questions on road safety for Senator Sterle—

**Senator STERLE:** Lucky me!

**Senator DAVEY:** and then I have a couple of questions on what was in my program, which was COVID response on freight transport. But, anyway.

**Senator STERLE:** We can finish road safety after you.

**Senator DAVEY:** I've got to be somewhere else at 10; that's the only thing. Do you know what? I'm going to start on COVID.

**Senator STERLE:** I don't care.

**Senator DAVEY:** I'll start on COVID. I'll come back to road safety, and that will segue nicely to you. How does that sound? I'll be very brief for you; I'm not here to waste time. On the COVID response, very early in the piece we entered into a freight agreement—COAG, as it was at the time.

**Ms Hall:** Yes.

**Mr Atkinson:** On the code—

**Senator DAVEY:** Yes. However, while we had a national agreement for freight transport to respond to COVID and keep our freight on the roads, each state had different at-the-border requirements. Is that right? Some truckies were carrying three different permits because they were crossing three different state borders.

**Ms Hall:** Yes. For all of the jurisdictions that had border requirements—not all jurisdictions did—it did facilitate that through different mechanisms. For example, in Western Australia they had a G2G Pass, which is an electronic pass on a cell phone. In Queensland, I think they had a paper pass. There were those sorts of things.

**Senator DAVEY:** And some states required their truckies to have seven-day testing and other states recommended it but didn't enforce it, and there was also difficulty in actually enforcing it at the border—am I right?

**Ms Hall:** No, that's not quite right, Senator. All of the jurisdictions were very conscious that they wanted to make freight travel as smooth as possible across the borders and tried to facilitate a way that was still COVID safe while ensuring that the freight could continue. We worked together in a working group across all of the jurisdictions to develop a protocol and a code which would give surety to the freight industry on what was happening in each jurisdiction. We settled collectively that COVID testing would be done on a seven-day rolling basis. Some jurisdictions made that mandatory and some jurisdictions didn't, but it was for seven days, yes.

**Senator DAVEY:** Clearly, I could still get my food, so freight was getting through. Overall, how did it work out? Did you have much feedback as to sticking points or issues, or did it actually roll out?

**Ms Hall:** We developed the freight protocol and the code in consultation with the jurisdictions and the industry, both the road and rail industry, and we've had only positive feedback from both of those.

**Senator DAVEY:** At any point in the process were you approached by other agencies for feedback about how you were able to roll something out so quickly? I think you rolled this out—

**Ms Hall:** In a matter of weeks.

**Senator DAVEY:** in a matter of weeks, and we still haven't got an agreement on an agricultural workers code throughout the nation. Have you ever been approached by other agencies to ask: 'How did you do it? How can we replicate it in our industries, such as agriculture, such as education, such as health?' We've got health workers that got caught by border restrictions.

**Ms Hall:** Yes, we have been approached by other agencies, including the department of agriculture, and we provided our code to them for a basis.

**Senator DAVEY:** And yet we're still waiting. On that: my understanding of freight is that if it's on a truck and it's being freighted then it's freight. Why did we have the instances we saw, particularly on the Victorian-New South Wales border, which made the national news, where, allegedly, a farmer was told 'Put your—

**Senator STERLE:** Sheep.

**Senator DAVEY:** sheep on a plane and fly them to Sydney,' or 'Put your 40 tonnes of hay on a plane and fly them to Sydney'? Where was the breakdown in these instances?

**Ms Hall:** I couldn't comment on that Senator. What we do know is that we worked very closely with the transport agencies right across the country. We also involved the health agencies; we got AHPPC to agree to the protocol before it went to national cabinet. We do know that in the jurisdictions that the police were the ones who were actually enforcing things at borders. Sometimes when information wasn't provided or there was a change of

police and things like that we did see little blips in regard to information, but I couldn't comment on that one. Most of the time I was able to pick up the phone to my police colleague, or get the state to pick up the phone to their police colleague, and get those things sorted, like we did on the South Australian border.

**Mr Hallinen:** As a general principle in those circumstances, individuals charged with regulating the arrangements on the ground, say, on the first day they'd done it or the first time they were doing it, every now and then there would be a bad judgement call. Through Ms Hall, I think we had some very fast abilities to intervene through the consultative mechanisms that she and the team had set up which allowed those issues to be resolved quite promptly.

**Senator DAVEY:** Freight-wise—so for sheep, or hay or ag machinery: that should have been resolved very quickly. The other issues is about the actual workers or the drivers for the ag machinery. That's not an issue for the freight code, that was an issue for other agencies or the state agencies with their border permits system.

**Mr Atkinson:** I think the agricultural movements were a separate thing.

**Mr Hallinen:** Yes, agricultural movements were separate.

**Senator DAVEY:** So moving agricultural machinery is not freight.

**Senator STERLE:** It was on the back of a truck.

**Mr Hallinan:** On the back of a truck.

**Senator STERLE:** I'm biting my tongue here. I can answer your questions!

**Senator DAVEY:** Maybe I'm doing it for your benefit!

**Senator STERLE:** No, no.

**Senator DAVEY:** Very quickly on that, I'm trying to encourage the other agencies to come to the same solution that we've managed to do with freight, and that is to establish a national code so that we can get things moving again. On road safety, we have this extra two billion which is going to the states. Is there any requirement for the states to report openly, transparently and publicly their road safety statistics so that we can evaluate whether our money is achieving its goals?

**Ms Hall:** They will be required to provide the data—which we answered with Senator Sterle's question—to the department, as part of the funding. That will go into the national hub, and we will make that information available.

**Senator DAVEY:** It'll be made public?

**Ms Hall:** Yes.

**Senator STERLE:** Senator Davey, I don't want to sound like a smarty, but our truckies have been granted essential service status. Your farmers can apply for an exemption. Some of the stupidity coming out of Victoria is not lost on me. Your friends who want to get their freight over the border, whether it be hay or whatever, can apply to NSW Health and get an exemption under animal welfare. I can help you all out with that.

**Senator DAVEY:** Senator Sterle, I couldn't agree more. My point in asking these questions and getting it on *Hansard* is that it is not the Commonwealth government blocking the free movement of freight. We have done everything in our power to ensure freight can move. If people are getting held up at the border, that is not the Commonwealth government's fault. That was my point in asking the questions. But I thank you very much for backing me on that.

**CHAIR:** Accord—terrific! I love it. Senator Sterle, back to you.

**Senator STERLE:** I was stuck on this from day one, let me tell you. There were some hiccups around the nation, but we've done pretty well. Where was I?

**CHAIR:** Road safety?

**Senator STERLE:** I want to talk about the National Road Safety Data Hub. I understand \$5.5 million over four years has been announced. I think that's a really good thing. It's tremendous, in fact. How will you publish evidence of value to the community from this \$5½ million funding?

**Ms O'Neill:** We'll use the Bureau of Infrastructure, Transport and Regional Economics to support us to scope this up so that we're providing the appropriate dashboard for people to see how effective the investment by government has been.

**Senator STERLE:** Great. When will this info be available?

**Ms O'Neill:** I think that doing an IT project to create something from nothing will take some time. I don't know exactly how long it will take. I would hope that we would provide some reasonably close understanding of what was happening up-front, but I would say the actual beautiful data hub will take 24 months or so.

**Ms Hall:** I think, though, in regard to having everything that we're wanting to have—obviously we've got the bureau now, which is already providing new information and new dashboards that we've been working up with the jurisdictions and with stakeholders, for example. I'm anticipating that we'll have the hub established soon, but rolling it out in full will take a little bit of time. But we will continue to be progressively publishing things under the data hub from now.

**Senator STERLE:** I'm trying to think: when did the Howard government wipe out the Office of Road Safety? It was 20 years ago or more, wasn't it, maybe 30 years. Doesn't time fly when you're not having fun! So you've come from a low bar. How will the funding be spent?

**Ms O'Neill:** The funding is dedicated to making sure that the linkages are there—that the data is received and it's able to be used in a dashboard banner so that people can read it and get decent data and a decent understanding out of it.

**Senator STERLE:** How many new staff does this new funding support?

**Ms O'Neill:** The \$5.5 million supports six new staff.

**Senator STERLE:** All within your office?

**Ms O'Neill:** They'll be split between the bureau and our office.

**Ms Hall:** They'll be attached to the office, but they'll be working through the bureau.

**Mr Atkinson:** The Bureau of Infrastructure, Transport and Regional Economics.

**Senator STERLE:** Oh, BITRE.

**Ms Hall:** Yes. They'll be attached to the office, and they'll be working in the bureau to help us, with their skill sets.

**Senator STERLE:** But they're yours?

**Ms Hall:** Yes.

**Senator STERLE:** What data is considered essential under this data hub?

**Ms O'Neill:** We're tying the data to other funding sources. The data hub will provide fatal and serious injury statistics. It will provide the statistics that are already there on drug and alcohol and those kinds of things. The data hub will have a variety of statistics, and I expect it would also show a change in the risk profile where road investment has gone in.

**Senator STERLE:** How will serious injury be reported?

**Ms O'Neill:** As you know, we're doing a national data linkage project. As we finalise that project—it's in stage 2, and there are three stages. Once we get a national serious-injury definition and we get like-for-like collection and can make sure that we're all counting the same thing, that will be the most useful piece of data we have. Then we'll be able to look at things with greater granularity and go into how and why crashes are happening. That will help us better target the interventions that we need for prevention. We're all trying to get to that national definition. We'll get a draft report at the end of the year and a final report in July. That will help us establish what the national definition will be. Then, from that, we'll have to do a bit of recalculation on how to implement that national definition from the hospitals that are collecting the data. I think that will be the biggest step we can make, because then we can actually look at how things are happening, what we need to prevent and what will be the most effective treatments.

**Senator STERLE:** Here's my outside-the-box curve ball. What mechanisms have you got there to bring in the stakeholders and say: 'How are we going? What do we need to do? How can we tweak it?' Are you thinking down that line, or is it all pretty well inside the tent?

**Ms O'Neill:** I think we have a huge number of well-esteemed researchers that are available to us, to help us think about how to drive this and how to get the best out of it.

**Senator STERLE:** It's not to knock you on the head but to complement the work. Sometimes there are a lot of experts out there in the field, too, who live and breathe this stuff and have done for many, many years. That's all I'm saying.

**Ms O'Neill:** We are getting offers, and we want to tap into those offers to make sure that we get the right—

**Senator STERLE:** Offers from external stakeholder groups?

**Ms O'Neill:** Yes, like research institutions.

**Senator STERLE:** What's the current budget of the Office of Road Safety?

**Ms O'Neill:** Over four years it's \$61.7 million.

**Senator STERLE:** Did you say it's six staff?

**Ms O'Neill:** No. That's six new staff for the data hub.

**Senator STERLE:** How many staff all up?

**Ms O'Neill:** There are 15 currently. That's 13 departmental staff and two contractors, but that doesn't include the people working on road safety who are dispersed throughout the department. It doesn't include the people in the bureau or the people in the infrastructure investment branches.

**Senator STERLE:** Okay, but you're the Grand Poobah? They end up with you? They all report to you?

**Ms O'Neill:** I have 15 reporting to me now.

**Senator STERLE:** But the ones who are reporting in the department—

**Mr Atkinson:** For instance, in the Infrastructure Investment Division the people who are delivering the \$2 billion—they're state-negotiated deliver-road-treatment type of people—would work with Ms O'Neill to deliver that. She has policy responsibility and oversight. They are actually in Mr Smith's delivery structure, because they have the existing relationships with the national partnership agreements to deliver.

**Senator STERLE:** It would be interesting to see how it all blends together. It's good. As I said, it's great Commonwealth—

**Mr Atkinson:** It's blended together in the design work—all of Ms O'Neill's work plus the Road Safety program.

**Senator STERLE:** What is the budget split between programs for the Office of Road Safety?

**Ms O'Neill:** Individual programs?

**Senator STERLE:** Yes.

**Ms O'Neill:** We have the Road Safety Innovation Fund—

**Senator STERLE:** What's the split? You can take that one on notice if it's easier.

**Ms O'Neill:** That would be better.

**Senator STERLE:** I think it would be easier on that.

**Ms O'Neill:** Yes.

**Senator STERLE:** Where is the National Road Safety Strategy for 2021 to 2030 up to in terms of stage of development?

**Mr Atkinson:** I think we've answered that already with respect to going to TIC in November.

**Senator STERLE:** But is it all ready? Or are there still bits hanging off it?

**Mr Atkinson:** It's ready to move into TIC to be—

**Senator STERLE:** I'd jokingly said next week or the week after. It's not going to be, but—actually, not jokingly but wishfully.

**Mr Atkinson:** It's ready to be considered by TIC ministers.

**Senator STERLE:** How many staff are dedicated to this project?

**Ms O'Neill:** It's a surge and a dispersal and all of that. We would also use people from within the department to support us. There was a very strong dedicated team of four people with surge and support of all of the office and in fact all of the division. Obviously there's another part of our division that deals with the other parts of it—the heavy freight and the vehicle standards. They don't sit within the office, but we draw on all of those people.

**Senator STERLE:** The eyes are upon you all. It's tremendous. My last question—and enough of the friendly stuff: I'm reliably told that 55 governments from around the world have agreed to the UN Global Road Safety Target to reduce deaths and serious injuries by 50 per cent by 2030. This is why it's great to have diligent staff, because my staffer Ben tells me that he believes Australia hasn't signed up to this target. Is that true?

**Ms O'Neill:** There was a UN—

**Ms Hall:** There was a UN declaration that was tabled, I believe, a month or two ago. It doesn't actually sit with us; it sits with another area of the Australian government. So, we're trying to find out how it was tabled and what the process was. We will have to come back to you on that.

**Senator STERLE:** That's fine. Which other area of government would that be?

**Ms Hall:** I believe it is the Department of Health that manages the relationship with the World Health Organization that led it.

**Senator STERLE:** I'll put that on notice. When do we intend to sign it, if we're going to sign it? Perhaps you can come back to us on that, Ms Hall. That's been fantastic. Let's hope that at every round of estimates we keep getting more excited by the efforts in the road safety area. I am finished on that. We want to talk about ships.

**CHAIR:** Thanks, Senator Sterle. Thank you very much to all the representatives for COVID Surface Transport Policy Division. Please go with our thanks.

#### Australian Maritime Safety Authority

[21:59]

**CHAIR:** I welcome representatives from the Australian Maritime Safety Authority.

**Senator STERLE:** I'm going to flick to Senator Sheldon—Bosun Sheldon!

**CHAIR:** I will first ask whether they'd like to make an opening statement. Mr Kinley, would you like to make an opening statement?

**Mr Kinley:** Not tonight, thanks Senator.

**CHAIR:** Then: Bosun Sheldon?

**Senator SHELDON:** There we go! Thanks Mr Kinley, and your team, for joining us tonight and being lucky last on the list. Regarding the COVID-19 related travel restrictions that have led to an ongoing crew change crisis—with the international shipping community estimating that there are more than 400,000 seafarers trapped onboard ships around the world due to COVID restrictions—what would be considered a normal period of time for a person to be working on a ship during this period?

**Mr Kinley:** Normally it seems to vary internationally around anywhere from three to six to eight months, normally up to a maximum of around 11 months.

**Senator SHELDON:** That may be in the non-COVID period. What do you think it is in the COVID period—now?

**Mr Kinley:** In the COVID period we have certainly seen people exceeding what was normal, and we have put out a marine notice, putting shipowners on notice that we will be looking very closely when they get to the 14-month level in particular; that is where we draw the line. We look to see that they have practical plans to repatriate seafarers where possible, to get them home when they need to. And we've certainly been trying to work with our portfolio department and with the states and territories within Australia to do what we can to ensure that crew are repatriated.

**Senator SHELDON:** What are some of the worst-case scenarios that you've found so far during the COVID period in the lengths that seafarers have been detained on ships? I call it 'contained', because they're unable to get off.

**Mr Kinley:** I think 14 months is about the worst, but I would refer to Ms Wimmer.

**Ms Wimmer:** We've seen cases of up to 16 months, but we are publishing all our inspection results on the AMSA website, so they're all available for you if you'd like to look into a bit more detail.

**Senator SHELDON:** Are you aware of cases where crews have been found working on ships beyond that period? You say that up to 16 months is among the worst-case scenarios. What protocols are in place to allow crew changes to occur in Australia?

**Mr Kinley:** Again, it's—

**Ms Wimmer:** I would refer that one to the department, who has really been dealing with the jurisdictional issues.

**Mr Kinley:** And, again, it varies state by state. And I would always give a shout-out to Queensland, who have been very good in doing what they can to facilitate crew changes, with quite a good protocol that's working. In other states it's very much a challenge to get seafarers in and to get them onboard a ship.

**Ms Hall:** All the jurisdictions have different approaches to the way they do crew changes at the moment. Most jurisdictions are allowing crew changes to happen, but they're requiring a 14-day quarantine period for people to fly in. The crew changes are also being limited by the fact that they're tied to the international aviation cap unless the jurisdiction has specifically asked for those caps to be separated from the maritime arrivals. Queensland has a policy where they have asked for the maritime crew that are coming in to be separated from the international

aviation cap. That provides for the seafarers to come in. They are privately transported to a hotel. They stay in the hotel until their vessel is available and then they are privately transported to that vessel, and then they can hop on to that vessel.

**Senator STERLE:** Is that in less than 14 days?

**Ms Hall:** Depending on where the crew is coming from, yes. But everything is done in a very COVID-safe way, and the crew have appropriate visas and all those sorts of things. So it's actually working quite well in Queensland. They're doing about 200 crew changes a week at the moment.

**Senator STERLE:** Good on them.

**Senator SHELDON:** Have there been any instances that have occurred as a result of what Queensland has been doing with those crew changes—COVID incidences?

**Ms Hall:** There has been no COVID transmission that we're aware of in any of the crew changes or even in any of the ships that have come into Australia which have had COVID on them. There have been about 5,000 ships just in the last two months, and about 80,000 seafarers, I presume, over that time, or thereabouts.

**Mr Kinley:** In and out of our ports.

**Ms Hall:** Yes, in and out of our ports.

**Senator SHELDON:** We could all well imagine 16 months at sea—

**Mr Kinley:** Yes.

**Senator SHELDON:** There has been a special notice to the ITF, which has dealt with some matters, saying that some people have had 17 months at sea.

**Senator STERLE:** It would be like being in a floating prison.

**Senator SHELDON:** I think it could be well described as a floating prison. With the Queensland example, it's frustrating that the other states aren't taking this seriously. It's a human tragedy.

**Mr Kinley:** That's very frustrating, Senator.

**Senator SHELDON:** I also find it ironic that we're signed up with a whole series of arrangements regarding slave labour and yet on the shipping vessels there's a grave instance of what is effectively slave labour because they can't get off their ships.

The UN and the IMO have developed protocols to establish green lanes to ensure that crew changes can occur safely. Is the department following those protocols?

**Ms Hall:** We're working on three areas, basically, at the moment which I would call a corridor or a green lane sort of approach. I think that very early on our greatest concern was very much around the domestic movement of seafarers and trying to make sure that somebody from Queensland could get to Western Australia and not spend 28 days in quarantine before they got onto a ship. So we had issues that we've mainly been able to navigate around with regard to Australian crew being able to get across borders as well as we can for the period.

Then we have the crew changes, which we're trying to facilitate in Australia with our conversations with industry and the jurisdictions—we've just outlined what Queensland is doing, for example. And we're also looking at what we can do in regard to those home countries. Obviously, we get a number of our sailors elsewhere—they come from about 50 different countries, including the Philippines, India and Ukraine—countries along those lines. We've been engaging with DFAT, with the jurisdictions, with our health colleagues and with Border Force to see what we can do in-country. We had a very good meeting this afternoon with the ITF and one of the shipping companies being led out of England, which looks after the majority of ships which come to Australia, to see if we could put a green lane in place, or a more robust green plane in place, in the Philippines, for example. I think that will be announced on 28 October. Then we're looking at what Singapore is doing as well. So, yes, we're trying to facilitate from all ends as best we can to ensure that these crew changes are happening.

**Senator SHELDON:** I'm pleased that the green lanes are making some headway. Also: there are a number of ships which have been held up because crews have tried to get off the ship, or wanted to get off the ship, because of the substantially long hours—the long days, long months and extended weeks—that they've been on the ships. You're aware that there's pressure from some shipowners for those crews not to get off the ships because they can't replace them and have the ships continue to move on?

**Ms Hall:** Yes.

**Senator SHELDON:** Is it an impediment for people who would be over time and over their period getting off ships elsewhere? Fourteen months is a long period, but I'll just use that 14-month period for the moment. They're there for 14 months, which is longer than the normal protocol. Are there people who aren't able to get off ships

because their shipowner may not be able to replace them, say, when they're going to ports other than in Queensland?

**Mr Kinley:** Certainly, we try to work with the crew. We are publishing how many complaints we've received from ships that come into our ports. Our inspectors work very closely with the crew, and we also work with the ITF to establish their concerns and find out what the crew really want. We have had instances where the crew have actually wanted to get off the ship, and, again, we've worked with all agencies to facilitate that. But this issue is not just about Australia, of course; it's also about the home countries. For example, we had seafarers from Myanmar who wanted to get off and wanted to get home, but their borders were closed, so some of them had to stay in hotels in Australia for weeks, and some of them eventually got there. I think some of them made a choice to actually stay with the ship, I guess, because they knew what was going to happen there—they were going to continue to be fed and paid.

We've had similar issues with other countries. So we are trying to establish as much as we can and facilitate what they want, but it isn't just an Australian issue. We are trying to actually do what the seafarer wants and what is best ultimately for their welfare. Again, we don't want to add more stress to the situation they're already in, so, where we can, we will certainly facilitate. And it's not about the crew owner, because, again, we're trying to lever the shipowners and some of the shipowners are really going above and beyond. They are chartering flights; they're doing everything they can. Others, frankly, need some encouragement to try harder, so we're doing that as well.

**Senator SHELDON:** Along with the International Transport Federation, Ports Australia and Shipping Australia have all raised concerns about the humanitarian and also the potential economic damage. Economic damage has already occurred where ships have been bailed up with Australian products, agricultural products, particularly in Adelaide—there are other examples—that haven't been able to move out of the country, because of seafarers being on those ships for long periods of time and desperately wanting to get off. I know I'm telling you something you already know, but it's just the thought of someone being on there for 14 months, when their family's back at home going through COVID, and all the sorts of pressures that a seafarer experiences full stop, let alone being elsewhere in the world through this pandemic—

**Mr Kinley:** We used to refer to it as the laminex prison when I was at sea.

**Senator SHELDON:** Can you explain the role that the International Transport Federation play with seafarer welfare and their interaction with the department?

**Mr Kinley:** The ITF is, I guess, the global union for the transport sector. They were very much in the ILO tripartite arrangements. They were certainly very much leading the way with the employee side of things when the Maritime Labour Convention was developed. Since the Maritime Labour Convention came into effect, I think we've worked quite closely with the ITF. The ITF still maintain a network of inspectors and they have inspectors in Australia. AMSA inspectors, though, undertake what's called port state control, which is a maritime terminology. As the port state, when a ship comes into your port, you have rights to go onboard and see that the international conventions are being implemented properly. So we undertake that role. But, again, we quite often get complaints that will come through via the ITF inspectors. I think the ITF inspectors have been doing, for example, wages inspections and those things for a lot longer than we have. Sometimes crew are more willing to talk to them than they are necessarily to government inspectors, but they certainly pass us any complaints they get. We also get complaints independently, and we certainly follow up any complaints that they pass on from the crew about the conditions onboard. We've banned several ships this year for underpayment of crew, for providing us with two wage books—they have one wage book for the inspectors and one wage book with what the crew actually get paid. We take a very dim view of that. Of course COVID has particularly put the spotlight on the length of time that they're on the ship and the issue about basic welfare, about being able to get repatriated.

**Senator SHELDON:** There have been recent cases of ships arriving in Australian ports and their crews being diagnosed with coronavirus, as we're aware, including the *Vega Dream* at Port Hedland. What actions are being taken to protect crew and port workers from COVID-19?

**Mr Kinley:** There are protocols in place. Very early on, when the COVID epidemic came along, we and our portfolio department worked with the Department of Health and other agencies—

**Ms Hall:** Border Force.

**Mr Kinley:** Border Force—so there were a series of protocols for port workers and maritime workers, which have all been published.

**Ms Hall:** They're all publicly available on the Department of Health website.

**Mr Kinley:** Again, it is about the pratique of the ship when it comes into port and the reporting of any temperatures or illness on board. Then it goes down to things like separation of ship crew from port workers, the use of PPE, sanitising and those sorts of hygiene practices.

**Ms Hall:** We've also worked with all of the ports and the industry to develop COVID-safe plans. We've shared best practice across those ports as well. We also offered a training session, that a number of people took up, in regard to how to develop plans and how to reach out to WorkSafe health Australia in regard to any issues there, and provided all of those contact details. So, yes, we have done quite a bit of work in regard to COVID.

**Mr Kinley:** For us, this is very real, of course, because we have inspectors who are going on board ships. We are very serious about our obligations to their work health and safety as well.

**Senator STERLE:** Mr Kinley, I just want to come in on top of that. I'm led to believe that the ship was allowed to leave port to go to anchor more than 40 miles out. What was that all about?

**Mr Kinley:** The *Vega Dream* was a slightly unusual case inasmuch as the seafarer didn't present themselves as having issues until after the vessel was in port and loading. In Port Hedland, once the ship is loaded you cannot let it sit along the berth and go into a low tide because it'll sit on the bottom; we really don't want that. So you've got to get it out of the channel. The anchorage in Port Hedland has got an exceptionally long channel; it actually goes outside our territorial sea. The only place you can send it is out that distance, unfortunately.

**Senator STERLE:** Couldn't it have been closer to the shore, just in case they needed medical help?

**Mr Kinley:** Unfortunately, no. If there was somewhere else the ship could have gone or if we could have safely left it there, that would have been the preferred option.

**Senator SHELDON:** The *Vega Dream* was allowed to depart Port Hedland with six of its 19 crew diagnosed with COVID-19. Are there any protocols in place to respond to crew diagnosed with COVID-19 and to protect their COVID-negative colleagues?

**Mr Kinley:** There are. We worked very closely with WA Health and all the other agencies that were involved—the company that was operating the ship. We did what we could to get permission for the vessel from the flag state, which we got, and also for the next port. The crew that had tested positive were basically confined to their cabins, with protocols to prevent the spread of infection to the crew. We have been getting temperature readings from those crew since they've sailed; the latest information I have is that their temperatures are actually lower than those of the crew who are out working in the tropics at the moment. The indications are that they're all doing well.

**Senator STERLE:** Sorry—would that be luck more than judgement?

Sorry, Mr Kinley. You've been to sea. I can only talk about long-distance trucking. I might have left Port Hedland feeling pretty crook and, by the time I got to Broome, I thought I was dying. These guys and girls are out for days and days, aren't they? That's a big call to let a ship sail—

**Mr Kinley:** Again, it was about working with WA Health and, I guess, their assessment of the risk for those crew members and how they were presenting—their health profile and those kinds of things—before the decision was made.

**Senator STERLE:** Did they all get to their next destination all tickety-boo?

**Mr Kinley:** As I said, they're on their way.

**Senator STERLE:** Sorry, Mr Kinley. I didn't mean to cut you off. Do we actually know that they're alright, or did they get worse, or do we only know after their 200 miles?

**Mr Kinley:** They're still on their way and, as I said just before, they've been sending us daily temperature readings and their temperatures are all looking good. The advice we have is that they're all doing well.

**Senator STERLE:** That's great. That's good news. But what if someone had gone downhill with complications having kicked in? What would they do in the middle of nowhere?

**Mr Kinley:** Again, the advice was based on working with WA Health and assessing the people onboard and what the risks were. Some crew were taken ashore from the vessel. They were put into hospital and given the treatment. We very much take our obligations to provide medical treatment where it is needed.

**Senator STERLE:** And we know that there haven't been any more infections? It's still just the six?

**Ms Wimmer:** I could add to what Mr Kinley said. We asked WA Health if there was a deterioration onboard and whether they felt the ship would be able to cope with it, and, yes, they did. We were particularly concerned about safe manning levels of the vessel. That was something that went into the risk assessment. In terms of any

deterioration onboard, there hasn't been. One of the reasons this vessel was allowed to sail is that the profile of the crew onboard were very young and most of them were asymptomatic, even though they'd been tested positive.

**Senator STERLE:** Thanks.

**Senator SHELDON:** What protocols are in place to ensure that crew changes are occurring overseas before ships travel into Australian waters, to ensure that they comply with Australian standards of quarantine?

**Mr Kinley:** That's a very big question. What I'm told is that industry have certainly implemented protocols and they are isolating crew in hotels for 14 days, doing testing and all of those things, before they join the ships. Clearly, in the case of the *Vega Dream*, something didn't work. I think industry have very much been on notice that they need to do better.

**Ms Wimmer:** There are also states like Singapore and the Philippines that are modelling themselves as crew change hubs. They're putting a lot of effort into what they're doing in those places to make sure the quarantine arrangements and protocols are followed. There is a big project underway at the moment. One of their big crewing companies is managing what is all about tightening up things in Manila, because that's obviously where there are some significant issues emerging at the moment.

**Ms Hall:** That's the issue that I raised before about [inaudible] 28 October. We will be able to provide that information.

**Senator SHELDON:** Thank you for that.

**Senator STERLE:** Mr Kinley or Ms Wimmer, did BHP have any involvement in the discussions around letting the *Vega Dream* set sail?

**Mr Kinley:** I believe they did. I know we spoke to them. I can bring Mr Schwartz to the table.

**Senator STERLE:** If you could, please. It always worries me when Mr Schwartz is smiling at this time of night!

**Mr Schwartz:** Good to see you, Senator.

**Senator STERLE:** Likewise.

**Mr Schwartz:** Yes; we were engaging with BHP in the same conversations that we were having with the Port Authority and WA Health. We were actually also trying to lever off the influence BHP had, as the owner of the cargo, to progress activities. There was one thing we were particular concerned about. In allowing the ship to go to Manila for that seven-day trip, we wanted guarantees that, when they got to Manila, the crew would be allowed off. So we were engaging with BHP as well, to put as much pressure on—to use their influence. So, yes, they were definitely in the tent.

**Senator STERLE:** Was BHP's line 'Get it going and get it moving,' or was it more like 'Heck, what if they get more crook; how reliable is the advice from WA Health?' What was their role?

**Mr Schwartz:** I think, predominantly, from a BHP perspective, it was, yes, 'We want the ship to go, but we understand it won't go if there aren't guarantees in place.' I guess they had to be part of that negotiation of 'how do we deliver that outcome in a way that delivers health and safety for the affected seafarers' and, in fact, the rest of the seafarers.

**Senator STERLE:** So they had that front of mind; they were worried about saying, 'Get going,' and something happening out there?

**Mr Schwartz:** We didn't have specific conversations about that, but, certainly, every time we spoke to them and said, 'Can you put some pressure on here as well,' they were well and truly cooperative.

**Senator STERLE:** Sure. And my relationship with BHP—it's a well-known fact—is strained at the best of times, for my own personal reasons. Did BHP at any stage, in writing or verbally, say to AMSA, 'We're more concerned about the health of these seafarers before that freight leaves our shores for our client'?

**Mr Schwartz:** I'm not aware of whether that happened or didn't happen.

**Senator STERLE:** That's fine, Mr Schwartz. I've got just a couple more. So how do we guarantee that crew changes in Manila for ships coming to Australia have observed isolation standards that we consider appropriate?

**Mr Kinley:** We can't guarantee that.

**Senator STERLE:** I didn't think you could. That's why I asked.

**Ms Hall:** Part of the conversation that we're having at the moment that I talked about before is that I understand the company will be announcing on 28 October that they'll be looking at how they can actually do that, including potentially having it audited by Singapore.

**Senator STERLE:** Ms Hall, obviously Mr Kinley wasn't at your meeting today.

**Ms Hall:** No, Mick wasn't at my meeting—

**Senator STERLE:** I'm not having a crack at you, because you answered honestly.

**Ms Hall:** Al was at my meeting today.

**Senator STERLE:** Mr Schwartz was there?

**Ms Hall:** Mr Schwartz was at my meeting today.

**Senator STERLE:** So you need to tell the boss now what's going on!

**Ms Hall:** It was only a few hours ago, so, in fairness, he hasn't had—

**Mr Kinley:** Obviously, we can't guarantee that, but we're certainly hoping that we can get better results—

**Senator STERLE:** I'll do a deal with you, alright? I won't tell anyone and you can tell me what was said today, just between us!

**Ms Hall:** I'm happy to tell you what was said today—

**Senator STERLE:** That's even better!

**Ms Hall:** because we actually had MIAL attend, we had the ITF attend, we had state governments attend, we had AMSA attend and we had DFAT attend. The Department of Health, I think, was on there as well. It's a conversation where, basically, the largest employer group of crew—

**Senator STERLE:** This is the British shipping company?

**Ms Hall:** This is the British shipping—

**Senator STERLE:** Who are they?

**Ms Hall:** IMEC, the International Maritime Employers Council, who work very closely with the ITF. They have been looking at establishing a number of hotel and quarantine facilities in Manila. They're looking at having the crew tested before they can actually get on the ship. They're looking at having their program audited. They're looking at having a certificate provided. They're working with the Philippine government, I understand, to get that information signed off. They're looking at private security. They were looking at potentially having other security mechanisms in place, including ways to ensure people don't leave, such as ankle bracelets and things like that. We're trying to get a little bit more information about it. We're also going to check in with the Singapore government with regard to understanding how they might go about auditing, because they have a very strong compliance requirement, and then we'll be able to feed that back to the jurisdictions to see if that will satisfy them with regard to what's happening offshore.

**Senator STERLE:** Thanks, Ms Hall. And are they talking about regular sea lanes between Singapore, Manila and Perth? Would they go to all that hassle for just a one-off voyage?

**Ms Hall:** No, it won't be a one-off voyage. It will be for multiple voyages, whether they go to Singapore or whether they come directly from Manila to Australia. I think one of the key things that is important to note is that Manila never used to be a key crew change hub. Crew changes were predominantly done in Singapore, Hong Kong—places like that. So this is very new for Manila and the Philippines. They haven't done this sort of thing before.

**Senator STERLE:** While they were talking to you, did they say, 'We might even source Australian seafarers'?

**Ms Hall:** I don't think we spoke about Australian seafarers, specifically in regard to sourcing them, but we did talk about how we could look at ensuring that all seafarers, at some point were—so prioritise looking at what we could do in the Philippines, looking at what we needed to do in other countries, such as India, looking at what we could do in regard to the Pacific, noting that there are still some countries—for example, as Mr Kinley was saying, in Myanmar it's still not possible, because the borders are shut.

**Senator STERLE:** Okay, but this should come as no surprise, and I know it won't, because you were waiting for this; you can't believe it's taken this long.

**Ms Hall:** I know!

**Senator STERLE:** I thought that would have been great, because a lot of these voyages would be plying our domestic ports. Obviously they're not all bluewater, are they?

**Ms Hall:** Well, what we were talking about today was more around the international—

**Senator STERLE:** To start with.

**Ms Hall:** Yes, that's exactly right. But we have been working to try and ensure the movement of Australian seafarers across borders in Australia as well.

**Senator STERLE:** I understand that. I know you don't know, but we shouldn't fool ourselves: a lot of these voyages will be between Brisbane, Melbourne and Perth, no doubt. So there was no discussion on that yet. Okay, I won't harp on that. It doesn't surprise me. That's what I'm saying. How many ships are laid up waiting for fresh crew to arrive?

**Mr Kinley:** I'm not—

**Senator STERLE:** Take it on notice.

**Mr Kinley:** I'm not aware of any. Certainly in Australia I don't think there are any ships laid up awaiting crew at the moment.

**Senator STERLE:** It's just that I boarded one in Freo, and for the life of me I can't remember, and these poor devils have been on there for 14 months, and they don't even work all around Australia. That's why I didn't know if there were still a few of them around. Has there been an increase in Maritime Labour Convention complaints since the COVID pandemic began?

**Mr Kinley:** Yes. Again, we have been publishing the number of complaints we've been receiving on our website.

**Senator STERLE:** Okay. I haven't got that quote in front of me, but I can get to that. Can you give me a rough clue how many numbers we're looking at?

**Ms Wimmer:** It's around 90—a bit over 90, at this stage—the last time I looked, at least.

**Mr Kinley:** Update on 16 October—129 total complaints received.

**Ms Wimmer:** It's gone up.

**Senator STERLE:** Since when?

**Mr Kinley:** Since the marine notice.

**Ms Wimmer:** It was 1 July that it came into effect.

**Senator STERLE:** Alright. We'll see how that climbs in the next few months. Hopefully it goes down. This is one out of the blue: do you think we have weathered the worst of the pandemic in relation to shipping? Have you done any modelling around that?

**Mr Kinley:** We haven't done any modelling, but certainly looking at what's happening globally at the moment, I would say no.

**Senator STERLE:** I'm afraid I have to agree with you. This is one of my old favourite ones, because I had a private senator's bill to address this, and your minister actually got off his backside and fixed it.

**CHAIR:** He did.

**Senator STERLE:** He had to be dragged kicking and screaming, and it took him two years. I'm sure you must have had something to do with that, because he's probably still wondering what the heck happened.

**CHAIR:** It's all about the charm, Senator Sterle.

**Senator STERLE:** Anyway, someone's done it, but let's get on with it, because it's good. Mr Kinley, can you provide an update on how changes to Marine Order 504 have been received?

**Mr Kinley:** We made the changes in February 2020. They commenced on 31 May.

**Senator STERLE:** Well done.

**Mr Kinley:** Again, a lot of the operators have really got robust procedures in place. There hasn't been a lot of change for them. Others have been updating their safety management system. COVID has I guess made it more difficult for us to get around and work with industry, but it's also, frankly, shut down a lot of the tourism industry. So we are working—we've been rolling out webinars and information sessions again as the industry starts to ramp up, to make sure that everyone's aware of it. We've got a tailored webpage for operators of passenger vessels to do Q&A, ask us questions. So, yes, we'll continue to work with industry on that.

**Senator STERLE:** And we saw this in the shipping inquiry. I feel for those poor devils, particularly out there in northern Queensland around the top of northern Australia, who are really suffering because the work's not there. With the mandated headcounts, have we had much resistance or encountered any resistance?

**Mr Kinley:** Not to my knowledge at this stage. Again, the requirements were pretty well consulted. So they're not a surprise. But we'll continue to work with industry. No doubt we will find issues and we will deal with them.

**Senator STERLE:** Yes. I suppose I'll come back again in 12 months and ask these questions and see how we're going. So you haven't run into any breaches yet?

**Mr Kinley:** Not that I'm aware of.

**Ms Wimmer:** I think we've started our compliance with education and awareness, as we tend to, and then we move slowly into compliance, giving industry some time to adjust.

**Senator STERLE:** Alright. Now a prickly one: can you provide us with any update on your dealings with the CDPP in relation to the matter of Mr Damien Mills?

**Mr Kinley:** As we advised previously, we provided the brief, and I believe CDPP are still getting advice from external counsel.

**Senator STERLE:** Well, there's still a light on at this stage, hopefully. Can you provide us with some feedback in relation to your views on the recent Productivity Commission report into national transport regulatory reform?

**Mr Kinley:** We're working with our portfolio department as they work on the government response, although generally—you would see from our submissions that we were, I think, quite supportive in principle of what they've recommended. On issues like grandfathering—and, again, we've spoken about that—it's a matter of dealing with the impact on industry as to how you approach that, and again you've got an industry that's reeling from the impact of COVID. So it is how we work with that industry going forward. But, as I've also said in the past, we are bringing some of the things up, like safety equipment standards, and float-free EPIRBs come into effect at the end of this year. So we will work with our portfolio department on the government response.

**Senator STERLE:** Good. I'll wrap up on a statement saying that only the ratbags have to fear all these changes. Good operators are doing it anyway. There you go; how's that? Thank you, Mr Kinley.

**CHAIR:** That concludes today's proceedings. The committee is due to recommence its examination of the budget estimates on Wednesday 21 October. I thank ministers Ruston and Duniam, 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 to Hansard, to Broadcasting and to the secretariat.

**Committee adjourned at 22:38**