



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE

**Estimates**

(Public)

MONDAY, 24 MAY 2021

CANBERRA

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**SENATE**

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

**Monday, 24 May 2021**

**Members in attendance:** Senators Abetz, Antic, Carol Brown, Davey, Green, McCarthy, McDonald, McMahon, O'Neill, Patrick, Polley, Rennick, Rice, Roberts, Sheldon, Sterle, Watt, Whish-Wilson.



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

### **In Attendance**

Minister Reynolds, Minister for the National Disability Insurance Scheme, Minister for Government Services  
Minister Colbeck, Minister for Senior Australians and Aged Care Services, Minister for Sport

### **Executives**

Mr Simon Atkinson, Secretary  
Dr Stephen Arnott PSM, Acting Chief Operating Officer  
Dr Rachel Bacon, Deputy Secretary  
Mr Brendan McRandle PSM, Deputy Secretary  
Mr David Hallinan, Deputy Secretary  
Ms Christine Dacey, Deputy Secretary  
Mr Richard Windeyer, Deputy Secretary

### **Airservices Australia**

Mr Jason Harfield, Chief Executive Officer  
Mr Paul Logan, Chief Financial Officer  
Mr Peter Curran, Chief Customer Experience and Strategy Officer

### **Australian Maritime Safety Authority**

Mr Mick Kinley, Chief Executive Officer  
Ms Sachi Wimmer, Deputy Chief Executive Officer  
Mr Allan Schwartz, Executive Director, Operations  
Mr Michael Drake, Acting Executive Director, Policy and Regulation  
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 Transport Safety Bureau**

Mr Greg Hood, Chief Commissioner  
Mr Colin McNamara, Chief Operating Officer  
Mr Patrick Hornby, Head of Legal, Governance and International  
Dr Stuart Godley, Director Transport Safety  
Mr Stuart Macleod, Director Transport Safety  
Ms Kerri Hughes, Acting Director Transport Safety

### **Cities**

Mr David Mackay, First Assistant Secretary  
Ms Kim Forbes, Assistant Secretary, City Deals (Queensland, South Australia, New South Wales and Geelong)  
Mr Michael Heard, Acting Assistant Secretary, City Deals (Melbourne, Northern Territory, Tasmania, Western Australia) and Policy

### **Civil Aviation Safety Authority**

Ms Pip Spence PSM, Chief Executive Officer and Director of Aviation Safety  
Mr Graeme Crawford, Group Executive Manager Aviation  
Dr Jonathan Aleck, Executive Manager Legal, International and Regulatory Affairs  
Mr Rob Walker, Executive Manager Stakeholder Engagement  
Ms Philippa Crome, Executive Manager Corporate Services

Mr Simon Frawley, Chief Financial Officer

Ms Leanne Yannopoulos, Executive Manager Group Transformation and Safety Systems

Mr Craig Martin, Executive Manager Regulatory Oversight Division

Mr Chris Monahan, Executive Manager, National Operations and Standards

#### **Domestic Aviation and Reform**

Ms Janet Quigley, First Assistant Secretary

Mr Phil McClure, Assistant Secretary, Airports

Mr Jason Dymowski, Assistant Secretary, Domestic Policy and Programs

Ms Clare Chapple, Assistant Secretary, Regional Policy and Programs

Ms Natalie Broughton, Acting Assistant Secretary, Regional Policy and Programs

#### **International Aviation, Technology and Services**

Mr Richard Wood, First Assistant Secretary

Mr Mitchell Dunn, Acting Assistant Secretary, Safety and Future Technology

Mr Jim Wolfe, Assistant Secretary, International Aviation

Mr David Jansen, Assistant Secretary, Western Sydney Regulatory Policy

#### **Surface Transport Policy**

Ms Maree Bridger, First Assistant Secretary

Mr Andrew Johnson, Assistant Secretary, Maritime and Shipping

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

Ms Paula Stagg, Assistant Secretary, Land Transport Policy

Ms Anita Langford, Assistant Secretary, Vehicle Safety Policy and Partnerships

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

Ms Gayle Milnes, First Assistant Secretary

Dr Louise Rawlings, Head of Bureau, Bureau of Infrastructure and Transport Economics

Ms Stephanie Werner, 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, Programs, Policy and Budget

Ms Shona Rosengren, Assistant Secretary, Queensland, Northern Territory and Western Australia Branch

Ms Robyn Legg, Assistant Secretary, New South Wales, Australian Capital Territory and Targeted Roads

Ms Lisa La Rance, Assistant Secretary, Investment Advisory and Business Improvement Branch

Ms Melony Czajor, Acting Assistant Secretary, Victoria, Tasmania and South Australia Branch

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

Ms Jessica Hall, First Assistant Secretary

Mr Mitch Pirie, Assistant Secretary, Inland Rail Operations Branch

Mr Greg Whalen, Assistant Secretary, Western Sydney Airport Program and Shareholder Management

Mr Andrew Bourne, Assistant Secretary, Inland Rail Stakeholder and Regional Delivery Branch

Mr Adam Stankevicius, Assistant Secretary, Western Sydney Airport Program and Shareholder Management Branch

Mr Drue Edwards, Director, Flood Modelling and Alignment.

Ms Ruth Wall, First Assistant Secretary, Assurance Taskforce

**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 Transport Commission**

Mr Michael Hopkins, Acting Chief Executive Officer/Executive Leader, Strategy and Engagement  
Mr Paul Davies, Executive Leader, Productivity  
Mr Marcus Burke, Executive Leader, Future Technologies  
Mr Michael Hopkins, Executive Leader, Strategy and Engagement

**National Water Grid Authority**

Mr Mark Darrough, Assistant Secretary, Infrastructure Framework and Delivery Branch  
Mr Malcolm Southwell, Assistant Secretary, Policy, Science and Engagement Branch

**North Queensland Water Infrastructure Authority**

Mr Richard McLoughlin, Chief Executive Officer  
Mr Matthew Squire, Chief Operating Officer

**People, Governance, Parliamentary and Communication**

Ms Justine Potter, First Assistant Secretary  
Ms Stephanie Bourke, Assistant Secretary, Human Resources and Property  
Ms Susan Charles, Assistant Secretary, Communication  
Ms Liz Caelli, Acting Assistant Secretary, Assurance and Risk  
Ms Rebecca Rush, Assistant Secretary, Governance and Parliamentary

**Portfolio Strategy and Coordination**

Ms Vicki Middleton, First Assistant Secretary  
Ms Sarah Leeming, Assistant Secretary, Portfolio Strategy and International Engagement  
Ms Naa Opoku, Assistant Secretary, Transition and Internal Coordination  
Ms Sally Todd, Assistant Secretary, Policy Coordination

**Finance, Legal and IT**

Mr Brad Medland, Chief Finance Officer

**Regional Development, Local Government and COVID Regional Recovery**

Ms Marisa Purvis-Smith, First Assistant Secretary  
Ms Meghan Hibbert, Assistant Secretary, Regional Programs  
Mr Chris Faris, Assistant Secretary, Regional Intelligence and Local Government  
Ms Karly Pidgeon, Assistant Secretary, Program Implementation and Drought

**Significant Project Investment Delivery Office**

Ms Diana Hallam, First Assistant Secretary  
Mr Stephen Sorbello, Assistant Secretary, Project Strategy and Inception

**Territories**

Ms Sarah Vandenbroek, First Assistant Secretary  
Mr Aaron O'Neill, Assistant Secretary, Indian Ocean Territories  
Dr Oliver Holm, Assistant Secretary, Norfolk Island Branch  
Ms Megan Scott, Assistant Secretary, Mainland Territories Branch

**Western Sydney Airport Co**

Mr Simon Hickey, Chief Executive Officer

Ms Shelley Turner, Chief Financial Officer

### Committee met at 09:00

**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 2021-22 and related documents for the Infrastructure, Transport, Regional Development and Communications portfolio, excluding Communications. All questions on Communications go to the department's appearance before the Environment and Communications Legislation Committee. The committee may also examine the annual reports of the departments and agencies appearing before it.

The committee has before it a program listing agencies relating to matters for which senators have given notice. The proceedings today will begin with an examination of corporate matters within the Department of Infrastructure, Transport, Regional Development and Communications. The committee has fixed Friday 16 July 2021 as the date for the return of answers to questions taken on notice. Senators are encouraged to provide any written questions on notice to the committee secretariat by the close of business on Friday 25 June 2021.

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

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operations or financial positions of the department and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

I particularly draw the attention of witnesses to an order of the Senate from 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which will be incorporated by Hansard:

*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 2021-22 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**

[09:04]

**CHAIR:** I now welcome Senator the Hon. Linda Reynolds, Minister for the National Disability Insurance Scheme and Minister for Government Services; Mr Simon Atkinson, secretary of the Department of Infrastructure, Transport, Regional Development and Communications; and officers of the department. Minister Reynolds, do you or Mr Atkinson wish to make an opening statement?

**Senator Reynolds:** Morning, Chair. It's wonderful to be here with all of you on this committee. I don't have an opening statement, though I believe Mr Atkinson does.

**CHAIR:** Please go ahead, Mr Atkinson.

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

More than \$4½ billion of timely targeted and proportionate support to aviation has been committed to the sector to a number of new programs and initiatives. This support has helped ensure the sector continues to function at a time when travel bans, border closures and public health measures have severely impacted it. Through our latest range of measures announced on 11 March, we've also contributed to stimulating demand for domestic travel and, pleasingly, we are seeing promising signs of a more sustainable level of domestic activity. We continue to work cooperatively across government on international border matters, including for aviation and

maritime restarts. As we've done from the start, we'll work through these issues carefully and we'll take actions that are guided by the best medical advice available.

We are continuing to work to improve road safety for all Australians and reduce the trauma suffered on our roads. Tranche 1 of the government's new \$3 billion Road Safety Program is underway, with almost \$1 billion being provided for close to 700 road safety road projects to be completed by June this year. There is a further \$1 billion to come by mid-2022. We're also working to finalise the National Road Safety Strategy for 2021-30 following public consultation earlier in the year.

The work of the department continues to support the delivery of job creating economy boosting land transport infrastructure. Since the start of 2021, over 45 major projects with an Australian government investment of \$7 billion have been completed, including the Pacific Highway at Woolgoolga to Ballina, New South Wales; Ballarat rail line upgrade stage 1 in Victoria; and the Mackay ring road stage 1 on the Bruce Highway in Queensland. Right now, more than 275 major Australian government funded projects are either underway or under construction, and more projects are scheduled to begin over the coming months. The Local Roads and Community Infrastructure Program is supporting local councils to deliver priority works in their communities, with over 5,200 projects approved valued at more than \$1.2 billion. An additional \$1 billion was committed to the program through the budget, bringing the total to \$2½ billion over 2020 to 2023.

Our department continues to support the Commonwealth delivery of Inland Rail and the Western Sydney airport. The halfway point for the bulk earthworks for Western Sydney international airport was reached in March 2021. Construction commenced on the North Star to Narrabri section of Inland Rail in November 2020, and construction was completed on the Parkes-Narromine section on 15 September 2020.

Through the national water grid fund, eight water infrastructure projects have been completed since the establishment of the National Water Grid Authority, with the Mitiamo and district reticulated water supply project in Victoria being completed since the last estimates in March. Additionally, Rockwood weir in Queensland commenced river construction in April. The budget included an additional \$250 million for a sixth round of the Building Better Regions Fund, which will provide funding for a range of locally driven projects that aim to strengthen our regions, their economies and the communities that live in them. Significant investment and placed based reforms continue to be delivered through the government's city and regional deals.

I'd like to take this opportunity to update the committee on the status of the department's response to the ANAO's performance audit of the Leppington Triangle. As I previously outlined to the committee, to ensure that all issues raised by the ANAO are addressed, I initiated a number of independent investigations and review processes that go beyond the recommendations of the ANAO report. Today I'm pleased to provide to the committee the final report of the independent audit of the conduct of the Leppington transaction undertaken by Mr Mark Harrison of Sententia Consulting. The Sententia report builds on the ANAO report to identify further areas for improvement and lessons learned. The Sententia report makes eight recommendations that go to improving the department's processes, management and control structures and risk frameworks. This includes improving guidance for staff in relation to land acquisitions, achieving and demonstrating value for money, probity guidance and management as well as improvements to governance and assurance arrangements. The department agrees to these recommendations, as acknowledged in its report. Many of Sententia's recommendations are consistent with the work the department has already commenced to improve departmental processes as a result of the ANAO report.

The department will further build on these actions to implement these additional recommendations. As I've previously advised the committee, the department initiated two investigations into potential breaches of the APS Code of Conduct as part of its response to the report. These investigations are ongoing.

In response to a request from Senator Sterle, I'd now like to table a number of documents relating to program expenditure across infrastructure investment, regional development, local government, cities and COVID response funding for aviation support, targeted road safety projects and local and community infrastructure projects. The information provided is consistent with what we've provided in response to previous requests. It does not include some of the additional information requested beyond what we've provided previously given the work required to prepare it and very significant workloads our teams are managing as they roll out this critical funding to Australian communities and businesses.

I would like to take this opportunity to thank the stakeholders we've partnered with in responding to COVID. I'd also like to thank the people in my department as well as our portfolio agencies for their extraordinary efforts over the last year. Through this period, the department has continued to deliver its essential ongoing business in program, policy and regulatory functions. Thank you.

**CHAIR:** Thank you, Mr Atkinson. I'm sure that the senators will refer to that mountain of documents that has just been provided and that it will answer so many questions they will have throughout the day. I want to acknowledge Road Safety Week last week as well, particularly for the transport industry, be they flying or driving. There are truck drivers right across Australia who are on the front line of keeping Australia rolling. A big shout-out to all of those guys. I know that Senator Sterle will join me in that.

**Senator STERLE:** I have a couple of questions. Thanks, Mr Atkinson. Do they come in a searchable PDF as well?

**Mr Atkinson:** Yes. As usual, my chief of staff will send them to the committee.

**Senator STERLE:** Thank you. We might need a spillover day by the time we go through this, Chair. I will put that on notice.

**CHAIR:** Of course we wouldn't do that, Senator Sterle.

**Senator STERLE:** I seek one clarification in your opening statement about tranche 1. I've written down the first \$1 billion job ready programs. You said in your opening statement that they would be completed by June. Is that June this year, Mr Atkinson?

**Mr Atkinson:** The Road Safety Program?

**Senator STERLE:** Yes. The first tranche of \$1 billion.

**Mr Atkinson:** Yes.

**Senator STERLE:** June this year?

**Mr Atkinson:** Yes.

**Senator STERLE:** Thank you. That's it. Fine.

**Mr Atkinson:** It's shoulder widening and audible lines and stuff.

**Senator STERLE:** That's right. We'll get to that later in the day. That's fantastic.

**Senator WATT:** Thanks, Mr Atkinson, for your opening statement. We obviously haven't had an opportunity to review all of those documents in the seconds since they've been produced. I did hear you say that they've been prepared in the same form they've been previously prepared.

**Mr Atkinson:** Yes.

**Senator WATT:** We obviously asked for things to be prepared in a different, simpler form this time. That hasn't happened?

**Mr Atkinson:** We haven't. It's because our systems are configured to produce it this way. If the government asked us to change the format, that would be a significant diversion of our resources. So we have provided you with all of the information but in the way that our systems produce it. There are tens of thousands of lines of information there, and reformatting is not simple.

**Senator WATT:** I'll have a quick look at them, thank you. I appreciate that. That was one of the reasons, though, that Senator Sterle wrote to you three weeks ago—to give more than the usual amount of time. There were specific reasons that we were seeking the information be provided in the way we asked for. Is that something that can be taken on notice and provided subsequently? It is a request of the Senate.

**Mr Atkinson:** There's no other committee that asks a question on notice for tabling at the start. We have, over many estimates now, provided vast amounts of information. As a question on notice, the huge size of what is being requested would naturally be an unsustainable diversion of resources. I can take away and see what we can do. All the information you need is in there. It's just that it's in a format that we actually hold in our IT systems. If you were asking for small amounts of data, it's not a huge thing to change the way we present it. But reformatting all of that is huge.

**Senator WATT:** I'm just looking at Senator Sterle's letter. As I understand it, he was asking for the information to be provided in a table like the one you provided previously in documents tabled on 19 October last year. There does seem to be some precedent in providing the information in this form.

**Mr Atkinson:** What you are actually asking for is all of the programs. We've got 130 programs. You are asking that all of them be provided in the format that one of them is held in. So what we do is provide them in the format that they are held in. The formats they are in are based on how the program is administered in the IT system for that program.

**Senator WATT:** Within the department, spending is recorded in different ways?

**Mr Atkinson:** For instance, a 10-year road project is managed through a different IT system to a regional development project. So we give you all of the information, but we pull it out of our existing systems. To reformat it into one that is the same for all of them would be quite a lot of work.

**Senator WATT:** We might—

**Mr Atkinson:** I'm happy to talk to you about it in the break.

**Senator WATT:** Yes. We might take a look at them and see if there is some further information that we specifically need.

**Mr Atkinson:** If there are bits I can give, I will try.

**Senator WATT:** You've obviously also addressed the Leppington Triangle investigations in your opening statement. Again, I appreciate your providing us with a copy of the report. We'll obviously need a bit of time to look at that. I might come back to that once I have had an opportunity to scan it rather than ask questions that were prepared previously. I want to deal with a couple of issues to do with the infrastructure budget in global terms before we get into individual programs. I think now would be the time to do that. I don't know if you have the budget papers with you. Budget Paper No. 1—

**CHAIR:** Table or page number?

**Senator WATT:** Page 84 of Budget Paper No. 1. The second dot point there states:

Payments relating to the Infrastructure Investment Program, which are expected to decrease by \$188.7 million in 2020-21. So there's been a cut of \$188.7 million in the Infrastructure Investment Program for this financial year. That is going to amount to \$3.3 billion over the next four years. It goes on to say that it largely reflects a re-profile of program funding. Minister, this is a question maybe best put to you. Why is the Morrison government spending \$3.3 billion less on infrastructure over the next four years?

**Mr Atkinson:** I might start, if that is okay. I will get Mr Hallinan to give you some more detail. Obviously that is part of Budget Paper No. 1 and doesn't include the new policy proposals for additional expenditure. It relates to parameter variations. So it is not the total end picture of what is happening with the infrastructure budget.

**Senator WATT:** Sure.

**Mr Atkinson:** And 2020-21 is a very significant increase on the previous year. I will pass to Mr Hallinan to add to that.

**Senator WATT:** I appreciate the point that it doesn't include new spending. But what it does say, in black and white, is that the existing Infrastructure Investment Program of the government is going to fall by \$3.3 billion over the next four years. Why?

**Mr Atkinson:** I might get Mr Hallinan to talk to that.

**Mr Hallinan:** Our forward estimates profile is designed in consultation with our delivery partners, which is the states and territories, primarily. We update our forward estimates profile for the baseline infrastructure program at every economic update. The dot point in Budget Paper No. 1 at page 84 refers to an update in the baseline infrastructure program. It is an adjustment on a series of projects about how they'll be scheduled across the four-year forward estimates profile.

**Senator WATT:** I accept that. Minister, I draw you in here as the representing minister here. We've heard some of the background to this. The bottom line remains that the budget papers show that there will be a \$3.3 billion cut to the Infrastructure Investment Program over the next four years. Why is now the time to be cutting infrastructure spending?

**Senator Reynolds:** Senator Watt, as has already been explained, total expenditure is actually increasing.

**Senator WATT:** Yes.

**Senator Reynolds:** So that is cherrypicking numbers. Total expenditure is up.

**Senator WATT:** We'll come to the new spending that has been announced and how much of that is actually going to happen in the next four years as opposed to the headlines that were generated on the day of the announcement. We'll get to that later today. I'm going off budget documents here. The existing program that the government had already announced prior to this budget for the next four years is going to see \$3.3 billion less spent on it than what had previously been announced. How can that be—

**Mr Atkinson:** Sorry, Senator—

**Senator WATT:** No. I am asking the minister this question. How can that be anything else other than a cut to funding for existing infrastructure programs?

**Senator Reynolds:** Senator Watt, as you well know, and as has just been described, projects change over time. Expenditure by program changes over time. How many projects are underway?

**Mr Atkinson:** There are 270-odd major projects.

**Senator Reynolds:** Projects change in size and scope over time. We are largely directed by the states and territories in terms of timeframe and actual delivery.

**Senator WATT:** So we're blaming the states and territories?

**Senator Reynolds:** So you would expect projects to change over time. As the secretary has said, we've got new projects coming in, so total expenditure is actually increasing.

**Senator WATT:** Well, as I say, I think this afternoon it will make clear that there is far less new spending occurring in the next four years than what the headlines said on the day of the announcements of new funding. But you do concede, then, that we're going to see \$3.3 billion less spent on the existing Infrastructure Investment Program that the government has had heading into this budget over the next four years than had previously been announced? Can I get an answer from the minister, please?

**Senator Reynolds:** I certainly do not concede that.

**Senator WATT:** Well, how can it be anything other than that?

**Senator Reynolds:** Because total expenditure is increasing. I will ask the secretary or the official to actually go through and explain to you how it is actually increasing across hundreds of projects that this government has funded.

**Senator WATT:** Here are the words from your own budget papers. I do not know if you have a copy there. Page 84 of your own Budget Paper No. 1 states:

Payments relating to the Infrastructure Investment Program, which are expected to decrease by \$188.7 million in 2020-21 [\$3.3 billion over the four years to 2023-24.]

We'll talk about new spending when we come to that later. But those words are crystal clear, aren't they—that the existing Infrastructure Investment Program is going to decrease by \$3.3 billion over the next four years?

**Senator Reynolds:** Senator Watts, you are a master of the art of cherrypicking numbers. But—

**Senator WATT:** I'm just reading back to you what your own budget papers say.

**Senator Reynolds:** Senator Watts, total expenditure increases. In fact, we've got \$15.2 billion in new commitments in this budget. So total expenditure on infrastructure is actually increasing. So you can cherrypick separate figures from the budget, but you have to aggregate—

**Senator WATT:** With respect, I think the person who is cherrypicking is—

**Senator Reynolds:** Senator Watt, it is up by \$15.2 billion.

**Senator WATT:** I'm asking you—

**Senator Reynolds:** What is it net? Is it \$6 billion?

**Mr Atkinson:** The new is \$6 billion.

**Senator Reynolds:** New is \$6 billion.

**Senator WATT:** Minister, I'm asking you a very specific question. I'm not cherrypicking anything. I'm reading back to you words in your budget papers. If you want to talk about the total infrastructure program or new infrastructure program, with respect, I suggest you are the one who is cherrypicking. What I'm talking about is a—

**Senator Reynolds:** What? That we're spending more money, not less?

**Senator WATT:** No. Is it not correct that spending on the Infrastructure Investment Program will fall by \$3.3 billion over the next four years? Is that not correct?

**Senator Reynolds:** Senator Watt, I point you to the fact that you are cherrypicking from Budget Paper No. 1.

**Senator WATT:** I'm reading from the budget papers.

**Senator Reynolds:** But, as we all know, you actually have to read Budget Paper No. 2. That actually tells you that we're spending in new programs \$15.2 billion, which is a net increase of \$6 billion. So on behalf of the government, we are spending more on infrastructure than less. As you and I both well know, you have to read

budget papers No. 1 and 2 together, and that shows a net increase in spending. It is a significant net increase in spending.

**Senator WATT:** I'm asking you a very specific question.

**Senator Reynolds:** And I'm answering it.

**Senator WATT:** I'm asking you about the existing Infrastructure Investment Program. I'm not asking you about the total infrastructure program, the new infrastructure program or the infrastructure program on Mars, in Perth or in Adelaide. I'm asking you about the existing Infrastructure Investment Program. Budget Paper No. 1 says very clearly that the government will be spending \$3.3 billion less over the next four years. Do you concede that what the budget paper is saying is correct?

**Senator Reynolds:** I'm saying that when you look at budget papers No. 1 and 2, you see that it is a \$15.2 billion increase. You can't just cherrypick one budget paper.

**Senator WATT:** You're not answering my question. It is 9.25 am and you're already avoiding questions.

**CHAIR:** Senator Watt, I think the minister has answered.

**Senator WATT:** She hasn't answered anything about the question that I'm asking.

**CHAIR:** She has just not said what you would like her to say. Please go ahead.

**Senator Reynolds:** Thank you.

**Senator WATT:** Is this a typo to reveal this in the budget papers?

**Senator Reynolds:** Would you like to finish reading the same dot point, or do you want me to finish reading that dot point?

**Senator WATT:** Yes. Largely reflecting a re-profile of program funding.

**Senator Reynolds:** After that—again, this is the wonderful cherrypicking you are doing—that very same dot point that you are quoting says:

As part of the 2021-22 budget measures, total infrastructure investment and Road Safety Program extension, the Government is providing additional payments for priority road and rail projects to support the short-term economic stimulus.

**Senator WATT:** And how much of that is happening over the next—

**Senator Reynolds:** So that means we are paying extra.

**Senator WATT:** And how much of that is happening over the next four years?

**Senator Reynolds:** This is a record. However you try to split it and downplay it, Senator Watt, this is a record spend for infrastructure by any government in the history of this nation.

**Senator WATT:** How much of the new spending is going to happen over the next four years in total?

**Senator Reynolds:** For that I will pass over to the officials.

**Mr Hallinan:** Over that same time period, it is \$6.2 billion.

**Senator WATT:** New funding?

**Mr Hallinan:** New funding.

**Senator WATT:** In the next four years?

**Mr Hallinan:** Over the same time period. If I were to do another forward estimates comparison, as in a phase shift, I think we get to \$8.5 billion.

**Senator WATT:** Why is it that projects keep having to be re-profiled? As you know, we've come into estimates consistently and talked about the promises that the government makes about spending only to see underspends every year. So I think the average over the course of this government is \$1.2 billion underspend compared to every year what is announced in the budget. Last year, I think it was \$1.6 billion less. Why should we believe any figures that the government says are going to be spent on infrastructure when it consistently underperforms?

**Senator Reynolds:** Senator Watt, as you know, this is a partnership with states and territories.

**Senator WATT:** Blame the states.

**Senator Reynolds:** We largely fund the projects. As I've said, we've got record funding for any government in the history of our nation. Ultimately, the projects are scheduled and delivered by the states and territories. Again, there are some examples in your own state of some of the delays, rescheduling and re-profiling. The states deliver these projects. We deliver the funding.

**Senator WATT:** So you don't hold a road shovel, mate. Is that kind of the excuse?

**Senator Reynolds:** It is not an excuse; it is a fact.

**Mr Hallinan:** I could talk through—

**Senator WATT:** So you don't have a road shovel. You don't hold a hose. You don't hold a vaccine. You don't hold a—

**CHAIR:** Senator Watt, come on, please.

**Senator WATT:** You're only the federal government.

**CHAIR:** Mr Atkinson, can you finish your answer, please?

**Senator Reynolds:** And your state government runs your state road programs.

**Senator WATT:** But it is your government that goes out and makes announcements year after year, such as, 'We're going to announce \$10 billion in new infrastructure', while only delivering \$8 billion. You say, 'We're going to announce \$12 billion in infrastructure', but you only build \$9 billion worth.

**Senator Reynolds:** Chair, I won't take that as a question. I'll take that as a bit of political flourish.

**Senator WATT:** What is a circus is the fact that this government keeps going out making big infrastructure promises that it doesn't deliver. That's the circus, because it doesn't hold a road shovel, mate.

**CHAIR:** Senator Watt, is that a question?

**Senator WATT:** Blame the states as much as you want. Blame anyone other than yourselves, which we know is this government's modus operandi. If you know that consistently year on year you underspend the infrastructure budget by more than \$1 billion every year, why don't you factor that in when you are making announcements? Why don't you pull it back a bit and make it a bit more realistic rather than try to always get the biggest headline you can get?

**Senator Reynolds:** Senator Watt, perhaps in addition to the budget papers we should have actually brought a copy of the Constitution with us. It is not just the vibe of the Constitution; it is state and territory governments who are responsible for delivering those projects.

**Senator WATT:** Let's accept that you're right on that.

**Senator Reynolds:** So those are more rightly questions for state and territory governments.

**Senator WATT:** Let's accept that you're right on that. My point and my question is: if you know that every year your government underspends its infrastructure budget by over \$1 billion a year, why don't you pull back the announcements that you make by \$1 billion because you know you're going to underspend? You've done it every year.

**Senator Reynolds:** I'll ask the secretary to go through some of the detail of that.

**Mr Atkinson:** What you are talking about partially goes to the construction of estimates and the full funding of all the projects. We do agreements with the states with respect to how much money we will be spending with them in partnership. It is often in a fifty-fifty split. We work with them on what the expenditure profile for each of those projects is. We want to make sure that the relevant amount of cash is available for them. We construct all of those together. We have over the course of this year worked very closely with the states to put a very hard brush over those estimates.

**Senator WATT:** I think you told me that last year, Mr Atkinson, with respect.

**Mr Atkinson:** It was for the construction of this year's estimates. This year things are going well on the expenditure side.

**Senator WATT:** There is still an underspend though.

**Mr Atkinson:** I'm not sure, actually. At 30 June I will tell you.

**Senator WATT:** What is it expected to be, sitting here on 24 May?

**Mr Hallinan:** We're in pretty good shape.

**Mr Atkinson:** I am expecting that we will be pretty close.

**Senator WATT:** You're going to deliver everything that you promised, every single dollar?

**Mr Atkinson:** I'll try.

**Senator WATT:** I've got no doubt that you try every year, but the record shows that you don't get there.

**Mr Atkinson:** We've undertaken some work that I talked to you about last time. I am glad you recall that. Hopefully we will be close to the money.

**Senator WATT:** This cut of \$3.3 billion to the existing infrastructure program—

**Mr Atkinson:** I think it is better described as a re-profile. We actually manage this program on a 10-year basis.

**Senator WATT:** I knew we would have a semantic argument about what we could call a cut. Is it a cut or a decrease or a re-profiling to align with priorities blah, blah, blah?

**Mr Atkinson:** We manage the program as a whole with each of the states, not just a part of the program. Across the course of the program, it is an increase.

**Senator WATT:** Well, again, using the words in the budget papers, payments relating to the Infrastructure Investment Program are expected to decrease by \$188.7 million in this year, or \$3.3 billion over the four years. So with this decrease that we can't call a cut, because that is a naughty word, how many jobs will be lost as a result? It is not a cut but really a re-profiling; that is the management speak.

**CHAIR:** Senator Watt—excuse me, Mr Atkinson—we have a lot to get through today. I appreciate that this is the time for the opposition to ask questions of the government about the budget papers. We have covered off on this a few times that—

**Senator WATT:** I haven't asked about the number of jobs that are going to be lost as a result of this cut.

**CHAIR:** I think the secretary has already discussed that there is a reprioritisation of projects in conjunction with the states. I appreciate that this is your time, but we can we just not get bogged.

**Senator WATT:** I'm not repeating any question I've already asked. How many jobs will be lost as a result of this cut?

**Mr Atkinson:** None. As we discussed, there is actually a net increase in the size of the infrastructure program. The number of projects has increased. The number of jobs needed to build it will increase. I think the answer to that will be none. In the infrastructure investment part this afternoon, we can go into more detail about jobs.

**Senator WATT:** So you are saying in net terms there won't be any jobs lost because the jobs that are lost from this cut will be made up for by the jobs created through increases?

**Mr Atkinson:** No. I say we manage the program as a whole. The program as a whole is going up.

**Senator WATT:** If funding is decreasing, this has to mean that jobs are going to be lost?

**Mr Atkinson:** Total programs—

**Senator WATT:** They may be made up for elsewhere.

**Mr Atkinson:** Total project funding is increasing. This is a re-profiling piece.

**Senator Reynolds:** Re-profiling actually is done in accordance with the states' ability to deliver. This program is not only delivering \$6 billion extra; it is also anticipated, with the extra expenditure, to create 30,000 additional jobs. So we are not looking at job cuts across the sector; we are looking at an additional 30,000 jobs around the country.

**Senator WATT:** You've previously told us that the rough figure you use to calculate the number of jobs on a project is a certain number of jobs per billion or million; I can't remember the figure.

**Mr Atkinson:** It would be better to have this discussion with the guys who do it in the Infrastructure Investment Program piece.

**Senator WATT:** We will come back to that later. These projects have been re-profiled as opposed to cut or decreased. Do you have a list of projects that are being re-profiled to push them out beyond the forward estimates?

**Mr Atkinson:** It is not pushing them out beyond the forward estimates. It is actually updating the expenditure profile.

**Senator WATT:** However we want to talk about it, do you have a list of the projects that are being re-profiled?

**Mr Atkinson:** I can take that on notice. It is across a program of hundreds and hundreds of programs, ones and offs. It is a net figure you are looking at.

**Senator WATT:** You keep track of these. You've given us a table. It shouldn't be that difficult to pull out the ones that are being re-profiled.

**Mr Atkinson:** The thing is it's movements both ways as we re-profile things for best available expenditure estimates. So you are looking at a bottom line figure. See the fat thing you have there that is hundreds of pages?

**Senator WATT:** Yes.

**Mr Atkinson:** That's probably it.

**Senator WATT:** The projects that are being re-profiled?

**Mr Atkinson:** We update the expenditure profiles for projects at our estimates updates. The net figure at the bottom is ons and offs.

**Senator WATT:** We'll take a look at that and see whether it will give us what we need there. Which states are going to see reductions in payments over the next four years in terms of the existing Infrastructure Investment Program?

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

**Senator WATT:** Would it be fair to say that every state is likely to see some reduction in the funding for the existing infrastructure program?

**Mr Atkinson:** I think it is safe to say that every state will have more infrastructure investment this year.

**Senator WATT:** Again, because you are including some of the new investment that is occurring.

**Mr Atkinson:** Well, we manage the program as a whole. It is a relationship with the state and their capacity to deliver, so all of them are going to have an increase in what they are delivering.

**Senator WATT:** I will pick one of the states that has been talked about in the context of the budget. The Deputy Prime Minister's media release relating to Tasmanian infrastructure promised \$322.6 million of new investment in Tasmanian infrastructure that would create over 1,000 direct and indirect jobs. Where did that figure come from?

**Mr Atkinson:** Is it possible to do the infrastructure budget stuff in the infrastructure sessions when I have the officials here from infrastructure?

**Senator WATT:** Sure. I'll ask that later. Again, with this formula for jobs created by infrastructure programs, you are telling us that it is different for different programs.

**Mr Atkinson:** There are categories inside of the models that they use.

**Senator WATT:** We might come back to that later as well. Minister, one of the other things that was pretty notable about this year's budget is the number of slush funds that the government has created across different portfolios.

**CHAIR:** Senator Watt, can you manage your language to something that is useful for Mr Atkinson to answer?

**Senator WATT:** I was asking the minister—I think she knows a fair bit about slush funds—rather than the secretary.

**CHAIR:** Senator Watt, can we please not do this this early in the day. We've got two long weeks of estimates.

**Senator WATT:** I know you previously haven't liked me asking about rorts in this committee either.

**CHAIR:** No, because I am keen that we get to the bottom of the opposition's questions on expenditure.

**Senator WATT:** Slush funds are expenditure.

**CHAIR:** Your categorisations are not useful; they are emotive. I think we've got a lot of business to get through.

**Senator WATT:** Where is the standing order that says you can't use emotive language?

**CHAIR:** You know that there is not a standing order, Senator Watt. I am just asking you to use businesslike language.

**Senator WATT:** Twenty-one slush funds across different portfolios.

**CHAIR:** Thanks, Senator Watt—

**Senator WATT:** The reason I call them slush funds—

**CHAIR:** for your engagement with that.

**Senator WATT:** is that they are funds that are being created without any detail being attached to how they are going to be spent and who is going to be choosing the spending. I think calling them a slush fund is pretty appropriate, really. In this department, not surprisingly, there are a number of such slush funds.

**CHAIR:** I think it is really unfair, Senator Watts, to categorise this department. These officials are working incredibly hard.

**Senator WATT:** I'm not reflecting on the officials.

**CHAIR:** I thought that was because you said 'this department'.

**Senator WATT:** No. They are within this department's spending.

**CHAIR:** Be clear.

**Senator WATT:** Minister, your government has created a number of slush funds in this department, as it has done in previous years—the Building Better Regions Fund and the Community Development Grants Program. Have a look at the record and how many projects get funded in coalition electorates rather than anyone else's.

**Senator RENNICK:** That's because most of them need the funds.

**Senator WATT:** Do you want me to pick you some Labor federal—

**CHAIR:** Would you like to go back to Catherine King when she was minister for this, Senator Watt?

**Senator WATT:** Any number of Labor projects that are applied for in Labor regional electorates don't get funded. It's sort of mysterious that they miss out.

**CHAIR:** The ANAO has looked at this, Senator Watt. I think that the ANAO has made some clear—

**Senator WATT:** If that was a good ANAO report, you've got a different interpretation from me.

**CHAIR:** Well, if you want to have a go at the ANAO as well as the regions—

**Senator WATT:** I respect what the ANAO is doing. I think they've had a fair bit to say about the slush funds and the rorts that this government is endemic with.

**CHAIR:** Senator Watt, I think you are reading different reports to the rest of us. Please continue with a question.

**Senator WATT:** As I say, we've identified at least six slush funds in this department. Again, the reason I'm referring to them that way—

**Senator Reynolds:** I raise a point of order. I know that Senator Watt enjoys his rhetorical flourish. It is one thing to do that against the government ministers. What he is saying definitely impugns the professionalism of the secretary and his departmental staff. I would ask more consideration be given because it is inappropriate to suggest that they are administering those projects in that way.

**Senator WATT:** I don't blame the departmental officials.

**CHAIR:** Thank you, Minister.

**Senator Reynolds:** It is inappropriate.

**CHAIR:** Use respectful language, Senator Watt.

**Senator WATT:** I have the highest regard for the officials. I don't have the same regard for ministers who abuse public funds in the way that this government has specifically done.

**CHAIR:** Senator Watt, are you making an allegation now? This is a respectful period, please.

**Senator WATT:** Well, I'll come to the allegations.

**CHAIR:** Can you ask a question please?

**Senator WATT:** I'd love to.

**CHAIR:** Thank you. Please go ahead.

**Senator WATT:** Minister, I think it is six slush funds in this portfolio alone that ministers established, not officials. There is supporting regional Australia; round 6 of the Building Better Regions Fund of \$256.6 million; the Community Development Grants Program of \$55.5 million; and the Rebuilding Regional Communities Program of \$6.1 million. The big ones, the real doozies—I know Senator Sterle knows a bit about them as well—are the Local Roads and Community Infrastructure Program of \$1 billion and the Road Safety Program of \$1 billion. We don't know what the Local Roads and Community Infrastructure Program will be for, what the guidelines are and who will choose.

**Mr Atkinson:** Senator, that program is in administration already and being rolled out through local councils.

**Senator WATT:** There is \$1 billion for the Road Safety Program. But the money hasn't been administered.

**Mr Atkinson:** Yes, it has.

**Senator WATT:** No. The extension of the program is provided for in this year's budget.

**Senator Reynolds:** Chair, I raise a point of order.

**Mr Atkinson:** It's an extension of the existing guidelines.

**Senator Reynolds:** I think it would be helpful if Senator Watt could ask a question rather than just continually roll out a stream of consciousness. He needs to ask specific questions on specific programs. That would give me and the secretary an opportunity to actually address specific questions.

**Senator WATT:** I'd love to ask my questions. They relate to the slush funds. I know it is a long list of slush funds to get through.

**CHAIR:** Senator Watt, please, ask the question.

**Senator WATT:** I'm trying to ask questions about the totality of the slush funds. There are so many of them that it takes time to get through.

**CHAIR:** C'mon, let's get on with this. You may have all day. The rest of us don't.

**Senator WATT:** The last one on the list is the Road Safety Program. It is the extension of an existing program of \$1 billion. We don't know what it will be spent for and who will make the decisions. They are the slush funds that we can identify just in this portfolio.

**CHAIR:** No. That is not a question. Do you understand that that is not a question? That was another statement.

**Senator WATT:** You keep cutting me off just before I ask the question.

**Senator Reynolds:** I think we would all welcome the question, Senator Watt, at some point in time.

**Senator WATT:** Because you don't want to hear about your slush funds. How will the money in these various slush funds in this portfolio be allocated, Minister?

**Mr Atkinson:** Senator, I probably have it. There are detailed guidelines and approaches for most of those.

**Senator WATT:** So they will be done in the same way they have been?

**Mr Atkinson:** The Local Roads and Community Infrastructure Program will be an extension of what is a very successful stimulus program. It goes on an entitlement basis to local governments for road projects and other community infrastructure maintenance programs. It has been an incredibly successful program and it has very clear rules as to what can be done with it. It is the same with the Road Safety Program. These are top-ups to existing programs that have been very successful. There is no ministerial decision-making inside them.

**Senator WATT:** That was my next question. Who will make the decisions about the allocation or the choice of projects to be funded from these various slush funds?

**Mr Atkinson:** I will go back in the session where we've got the officials who actually administer them. On those two, which are the big two, we answered at the last hearing in quite a bit of detail as to how the model works. Certainly with the LRCI, just off the top of my head—I will correct it if I get it wrong once the officials are here this afternoon—the local councils put it in the system the same as Roads to Recovery. If they are compliant, they get signed off by the relevant junior level official in the department.

**Senator WATT:** So no ministerial decision-making at all?

**Mr Atkinson:** Not in the LRCI.

**Senator WATT:** And what about the Road Safety Program?

**Mr Atkinson:** I would have to check when I have the officials here.

**Senator WATT:** We can come back for the details. How is the department proposing to ensure that there will be no conflicts of interest between those who are applying for grant funding and those who are making decisions on them? What conflict of interest processes will you have in place?

**Mr Atkinson:** I think we're going to need to talk about each of the programs differently because they are incredibly different in how they work. The LRCI, for instance, has many hundreds of very small projects in it. It is just an administrative compliance piece by a mid-level official in our department. The local council is putting forward a project that is either compliant or non-compliant.

**Dr Bacon:** Another example is the Stronger Communities Program, where grant staff actually administer and are the decision-maker under that program. It has conflict of interest process that it follows in relation to that program that is set out for that program.

**Senator WATT:** We'll ask more detailed questions about Building Better Regions later in the day in the regional development program. But that is a classic example of where we've had evidence previously at estimates—I've forgotten the exact numbers—that a very large proportion of the projects ultimately approved by

ministers have not been recommended by departmental officials. So what I'm asking is when it comes to these new—

**CHAIR:** Senator Watt, I don't think that allegation is supported.

**Senator WATT:** I'll get you the exact numbers. Are you sure you want me to?

**CHAIR:** Well, we're going to do Building Better Regions later today, so I don't want to distract you.

**Senator WATT:** I don't think you want to have those figures read out.

**CHAIR:** I have just been with the western alliance of mayors in regional Queensland. I know you don't get out there as much as you would like to.

**Senator WATT:** You know that is not true.

**CHAIR:** I can tell you that those mayors are incredibly grateful for the applications and the funding that they've received.

**Senator WATT:** Sure.

**CHAIR:** They talked about it over and over again—these applications made by councils.

**Senator WATT:** People who get funding are usually pretty happy.

**CHAIR:** They are incredibly grateful—

**Senator WATT:** It is the people who miss out because of political interference who are unhappy.

**CHAIR:** that the coalition knows where the regions are and funds them for the important work they do of growing the food and fibre and getting the minerals out of the regions.

**Senator WATT:** I don't disagree. Any mayor I've ever met who's got funding is usually pretty happy. It is the ones who miss out because of political interference who are unhappy.

**CHAIR:** I think that these discussions are not useful.

**Senator WATT:** But you don't worry so much about them.

**CHAIR:** Please move to your next question.

**Mr Atkinson:** I will make one point of clarification. It is not helpful for us to explain how each of the programs work to lump them all together. The administration of the BBRF is fundamentally different from those road safety programs—

**Senator WATT:** You'd want it to be, wouldn't you?

**Mr Atkinson:** that go through national partnership arrangements and things like that.

**Senator WATT:** You'd want it be pretty different from how the Building Better Regions Fund is done. As an ethical public servant who believes in proper use of public use of public funding, you would want it to be different.

**Senator Reynolds:** Chair, I raise a point of order. I think Senator Watt is absolutely now impugning the secretary and his staff.

**Senator WATT:** No. I'm actually complimenting.

**Senator Reynolds:** The secretary has been clear—

**Senator WATT:** I'm complimenting him.

**Senator Reynolds:** that they are different programs, and many of them are actually administered by his staff across the board. I think it is inappropriate, to say the least.

**Mr Atkinson:** I can't give you an opinion on the policy.

**Senator STERLE:** I have kept quiet. I am now requesting a spill-over day. It is now 10 minutes to the hour. I am requesting a spill-over. I want it ASAP.

**CHAIR:** We will have a private meeting to do that.

**Senator STERLE:** No. I am putting it on notice because of the constant interference from the minister, who doesn't let Senator Watt finish his question. A spill-over day is requested. I will avail myself at any time. Minister, if you want to keep interfering, I'll keep you here another day. It doesn't worry me. I am happy to do that. You have a glass jaw. You keep interrupting him every time.

**CHAIR:** Let's break. We will take a break right now. We will suspend the hearing while we have a private meeting.

**Proceedings suspended from 09:49 to 09:50**

**Senator WATT:** We'll get into the detail of some of these funds later in the program. There have obviously been significant top-up funds allocated in particular in this budget for round 6 of the Building Better Regions Fund, the Community Development Grants Program and the Road Safety Program. For those programs, who is the final decision-maker for grants from those funds?

**Mr Atkinson:** Would it be alright to answer the regional ones in the regional session, unless Rachel knows off the top of her head?

**Dr Bacon:** For the Building Better Regions Fund program, the usual process is to have a ministerial panel, which then provides recommendations through to cabinet.

**Senator WATT:** So cabinet is the ultimate—

**Dr Bacon:** I think you mentioned the Community Development Grants Program as well.

**Senator WATT:** Did you say it is the same for the Community Development Grants Program?

**Dr Bacon:** No. The CDG program—I think we've talked about this at estimates previously—is a non-competitive program because it is largely used to deliver the government's election commitments. That program commences with an announcement from the government. We then follow our processes under published guidelines, which include requesting information from the proponents so that we can then make an assessment against the published criteria for that program.

**Senator McCARTHY:** Dr Bacon, you said that there is a ministerial panel. Could you give an indication as to how many are on that panel and who they are?

**Dr Bacon:** Sure. I've actually got the details in my notes. I don't have my colleagues here. It might take me a minute to find them.

**Senator McCARTHY:** If you could provide them to the committee.

**Dr Bacon:** We're very happy to let you know the membership of the ministerial panel. It is different for each round. I won't guess at the numbers, but I do have the list here and I'm happy to provide it.

**Senator McCARTHY:** Could you provide that to the committee, given that is what you have just mentioned in your response to Senator Watt?

**Dr Bacon:** Of course. I'm happy to do that.

**Senator WATT:** Thanks, Dr Bacon. Is the Road Safety Program decided by ministers or officials?

**Mr Atkinson:** It is a through a regional partnership agreement.

**Senator WATT:** Who ultimately makes the decision about where the money goes? Is it ministers or officials?

**Mr Atkinson:** I'll ask Mr Hallinan.

**Mr Hallinan:** The decision is taken by ministers under the National Land Transport Act. Where a proposal is put forward within a minister's electorate, it is considered by an alternative senator.

**Senator WATT:** Probably the remaining questions that I've got on this are better left until later in the day. For those three programs, I don't know if you've provided this already, can you provide a list of all recipients of the grants? I will come back to that when we get into regional development later. There is another massive slush fund that the government has across a range of portfolios better known as decisions taken but not announced. These are things that the government has made announcements to fund but not yet announced. I'm not asking you to tell me what decisions have been made, because they will be announced in due course. What is the quantum of funding held by this department that sits under the overall decisions taken but not announced?

**Mr Atkinson:** I will have to take that on notice. The Department of Finance holds all of that, not us.

**Senator WATT:** Do you know?

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

**Mr Hallinan:** Not necessarily, no. The decisions taken but not yet announced are usually held in contingency. The contingency reserve management arrangements are outlined in the budget papers and administered, I think, by the Department of Finance.

**Senator WATT:** So you don't know what decisions the government has made to spend? These are decisions taken. They are not decisions yet to be taken. The government has taken decisions to fund certain things. It hasn't announced them in the budget papers. You don't know which ones are in your portfolio?

**Mr Atkinson:** I will take that on notice just to explain how it works. Sometimes there are decisions held centrally in the contingency reserve that we may or may not have visibility of. There are decisions that we may have visibility of. I will take that on notice.

**Senator WATT:** As I say, I'm not after the individual decisions. We'll hear about them when they are announced.

**Mr Atkinson:** I understand that.

**Senator WATT:** All I want to know is the funds held in contingency that will ultimately be spent by this department.

**Mr Atkinson:** So we wouldn't necessarily have full visibility of that. That is really a question for the finance guys.

**Senator WATT:** This is the last thing in a global sense for the infrastructure portfolio. We often hear ministers out there talking about the \$110 billion investment pipeline for infrastructure. We know from the budget papers that at least in relation to the Infrastructure Investment Program there is going to be a \$3.3 billion cut in the next four years. I know we talk about it in different terms. We know that more than half of the new funds that have been announced are not in the forward estimates. What is the total quantum of this investment pipeline now?

**Mr Hallinan:** It is still over \$110 billion over the 10-year forward profile. I think one of the complexities in the infrastructure space, and it is due to the long lead times required for many of the major projects, is that actually establishing major projects takes some time. As you go through detailed consultation processes, either the state that is delivering it or others, you get a better understanding of precisely what is required for the major project. That leads to profile changes on those projects. That is why we managed it over a 10-year profile. The four-year profile estimates in the budget papers make it a bit difficult for us to explain the total 10-year profile of infrastructure projects.

**Mr Atkinson:** Another thing to add is that the 10 years rolls a year into each budget, so you lose the previous year and roll a new 10 years at the other end. Basically, it is not always apples with apples, if that makes sense.

**Senator WATT:** But, to the best of your knowledge, we're still looking at about \$110 billion over 10 years. How is that actually calculated? Do you go through and work out individual projects and when things will happen and add them all up?

**Mr Atkinson:** We calculate it by adding up all the program ones.

**Mr Hallinan:** Yes.

**Senator WATT:** How much of that \$110 billion is beyond the forward estimates?

**Mr Atkinson:** Can we do that in the infrastructure section? The guys who hold all the year on years are in that?

**Senator WATT:** Alright. Probably I should hold off my next question and do it then as well. One of my colleagues might have some questions, Chair.

**Senator SHELDON:** Good morning, Mr Atkinson, Minister and Mr Hallinan. I would like to ask the secretary a couple of questions about the AusTender contract, particularly with regard to advertising services. The contract period was from 1 April 2021 to 30 June 2021. It appears that the department spent just under \$6 million in the three months from April to June this year. Is that correct?

**Mr Atkinson:** I will ask Ms Potter to address those issues on advertising.

**Ms Potter:** Senator Sheldon, would you repeat the question?

**Senator SHELDON:** There is a contract period from 1 April 2021 to 30 June 2021 regarding advertising. There appears to be just under \$6 million spent in three months from April to June this year. Is that correct? It is nearly \$6 million?

**Ms Potter:** Senator Sheldon, we have contracts for that value for the Building Our Future campaign, which launched on 18 April. As at the end of March, we haven't received any invoices for advertising expenses.

**Senator SHELDON:** I want to be really clear. You've got contracts for \$6 million, which says that it has been awarded in a tender. The money hasn't actually been expended yet. What is the advertising campaign or the contract entailing?

**Ms Potter:** As I just mentioned, this is for the current phase of the Building Our Future campaign. It is about the government's \$110 billion infrastructure investment pipeline. The campaign launched on 18 April and is due to conclude on 30 June. This campaign has had multiple phases. This is the latest phase. The AusTender contracts relate to the advertising that will occur between 18 April and 30 June.

**Senator SHELDON:** You've given me a bit of an outline. What format is that advertising program in?

**Ms Potter:** It includes television, newspaper, radio, out of home, digital, CALD and Indigenous elements as well.

**Senator SHELDON:** Can you give me a breakdown of what the expenditure is?

**Ms Potter:** In terms of advertising, the largest component is digital, which we would expect to be in the order of \$2½ million. TV is under \$1.7 million. Radio is just over \$1 million. They are the major components.

**Senator McCARTHY:** Ms Potter, you've mentioned the Indigenous components. Can you break down where that has gone to?

**Ms Potter:** Yes.

**Senator McCARTHY:** And how much?

**Ms Potter:** Indigenous is expected to be \$85,000.

**Senator McCARTHY:** That is \$85,000 between April and the end of June?

**Ms Potter:** Different elements come online at different points. TV surge press started on 18 April. Social was shortly thereafter. Out of home was a week later. Mobile and video was in early May. Digital was in mid-May. Radio and CALD were late May.

**Senator McCARTHY:** Who are they with? What First Nations media organisations is that \$85,000 going to?

**Ms Potter:** I would have to take that on notice.

**Senator McCARTHY:** Would you be able to take that on notice?

**Senator STERLE:** Do you have to take that on notice because you don't know or it hasn't been issued yet?

**Ms Potter:** I don't know. Universal McCann, the master media agency, makes the placements.

**Senator STERLE:** And that's not decided yet?

**Ms Potter:** I would have to check the media plan. I don't have it with me.

**Senator STERLE:** Could you come back to Senator McCarthy before lunchtime today if that is possible, so they stop lingering?

**Ms Potter:** I'll see if that is possible.

**Senator STERLE:** Thank you.

**Senator SHELDON:** Ms Potter, you've gone through Indigenous and you've taken it on notice. Can you give us a breakdown of the other categories you had where the expenditure was occurring? What is the expenditure on those particular categories?

**Ms Potter:** In terms of the types of media, do you mean? For television, the estimate is \$1.7 million. Newspaper is just over \$100,000. Radio is \$1.1 million. Out of home is around \$800,000. Digital is \$2.6 million. CALD is just under \$350,000. Indigenous is just under \$85,000. I guess one of the things I would say is that there could be some movements during the campaign depending on the availability of placements.

**Senator SHELDON:** Which markets? I know that what is being done is a pretty broad concept. Which markets has the advertising been broken up into? You have given me the categories; I appreciate that. What part of the markets? Is it regional markets? Is it New South Wales? Wollongong, Sydney or Launceston? Can you give me a list of seats where the money is being spent?

**Ms Potter:** I don't have a breakdown by electorate. There are projects in every state and territory. There is a mix of metropolitan and regional projects. I am happy to provide a list of projects on notice.

**Senator SHELDON:** Thank you. Could you do that as well?

**Senator McCARTHY:** Ms Potter, I want to confirm. You say that \$85,000 is being spent in the Indigenous media sector for the Building our Future campaign out of a total of almost \$6 million in media advertising. Is that correct?

**Ms Potter:** That's correct.

**CHAIR:** Is that content generation? Further to Senator McCarthy's question, what does Indigenous mean if it is in categories with television or digital? Is that where you are going? Is it content creation? Is it advertising on Imparja in regional centres?

**Senator McCARTHY:** Which is the question I asked previously. Ms Potter is to reply to me on notice in terms of the breakdown. We have significant numbers of First Nations media organisations across Australia. I would be interested to know just where the \$85,000 is going. Imparja isn't seen as an Indigenous outlet per se. There are First Nations media organisations. It is really important. If the government is building our future and

giving \$85,000 to First Nations people in a media campaign of \$6 million, I think it is reflective of where this government sees First Nations people in this country.

**CHAIR:** I have some concerns around this too, but it is actually around using big corporations like Universal McCann. How much advertising is coming out of Queensland agencies, for example? That is a finance department decision. It is not the decision of this department, so it is probably directed there. I understand there is some flexibility around campaigns that are less than \$500,000. Over that amount, I would love to see more spending go to Queensland specifically.

**Senator McCARTHY:** Chair, take the Northern Territory, for example. We know we have over 100 Aboriginal languages there. I would be interested to understand if the media campaign even encompasses translation as part of this \$6 million campaign.

**CHAIR:** That might be a Universal McCann question, I guess.

**Mr Atkinson:** We can take it on notice.

**Senator SHELDON:** Can we get back?

**CHAIR:** Sorry for interrupting, Senator Sheldon.

**Senator SHELDON:** I want to get back to this question about the contract. Thanks for breaking down some of the amounts. You have taken on notice a question about where the money is being allocated. What is the allocation on a regional basis? Which region or which city or market is it going into the advertising in the categories you've broken down? Could you explain to me the criteria for the contracts? What is the criteria given the standard on the contract itself? What is the expectation on who it is supposed to reach and which parts of the market it is supposed to reach? What are the criteria?

**Ms Potter:** The objectives of the campaign are to—

**Mr Atkinson:** Are you talking about the media buying placement?

**Senator SHELDON:** Yes.

**Mr Atkinson:** Basically, Universal McCann provide us a strategy on placement against the objectives of the program. So it is in terms of where the media buy needs to be.

**Senator SHELDON:** Does that give me a breakdown of where it is actually being spent and the criteria for where it would be spent?

**Mr Atkinson:** As in which media entities? We can take it on notice. Ms Charles might be able to assist. It is one level of detail below.

**Senator SHELDON:** I'm trying to get clear about the geographical spread of that media buy—where it is actually going to appear in.

**Mr Atkinson:** With the challenges, of course, that a lot of the media entities are national companies. It is not geographically based necessarily.

**Senator SHELDON:** I appreciate they are nationally based companies. Are you saying to me that the advertising campaign is just saying, 'Here's a pile of money to accompany' and they're going to go off and spend it?

**Mr Atkinson:** No. That is not what I said. Ms Charles might be able to help.

**Ms Charles:** We develop a communication approach that we want to support the campaign. We approach Universal McCann. They are experts in media placement. They put together a strategy and recommendations on channels. As part of our strategy, we identify that we want to support a number of projects and we want advertising to support those projects and in those areas and regions those projects are. Part of Universal McCann's strategy to us is that it is a hyper-localised approach. Basically, where the projects were in market or where the projects were being delivered, the advertising would centre around those projects. It would comprise TV, radio, out of home or whatever was most appropriate for that area.

**Senator SHELDON:** You would be able to give us a breakdown on that?

**Ms Charles:** Yes. As Ms Potter said, we'll provide on notice the list of projects. Universal McCann were provided those projects, and the media plan supported those projects in market.

**Senator McCARTHY:** I have a specific request for the Northern Territory and how much of that media campaign is being spent in the Northern Territory.

**Mr Atkinson:** We will take it on notice.

**Senator SHELDON:** Following on from that question, the answers that you are giving to questions on notice will give us that breakdown effectively from state to state and region to region. Is that correct?

**Ms Charles:** That's correct. The project will be by state.

**Senator SHELDON:** How does the \$6 million compare with previous expenditure on advertising over a three-month period?

**Mr Atkinson:** Ms Potter might be able to help with that. It ebbs and flows based on what campaigns are out. I think that is probably as far as—

**Senator SHELDON:** My apologies, Mr Atkinson?

**Mr Atkinson:** It ebbs and flows based on what campaigns are actually running at a given point in time. On notice I could give you an historical spread.

**Ms Potter:** It's comparable with the first phase of the campaign, which was in 2016.

**Senator SHELDON:** What was the 2016 figure?

**Ms Potter:** It was \$6½ million.

**Senator SHELDON:** Do we know what the geographical spread was on that campaign?

**Ms Potter:** It was quite a different campaign. As Ms Charles said, the approach for this campaign is hyper-localised. The original campaign was a national campaign.

**Senator SHELDON:** Thank you, Ms Charles. I appreciate that you have taken it on notice and you are going to provide that information. Are you able to provide us information about what the spread was on the previous campaign you have just mentioned?

**Ms Potter:** I'll see what I can do.

**Senator SHELDON:** Following on the same question on where the regional spend was, how much was with channel X or channel Y or newspaper outlet Z?

**Mr Atkinson:** We'll provide what we can based on how it is done.

**Senator SHELDON:** When we talk about criteria, I'm interested in the measurements for when you turn around and do an advertising campaign. How do you test the effectiveness of the advertising campaign?

**Ms Potter:** One of the things we look at is call to action in the ads to visit the Building our Future website. So we look at website traffic. Following the campaign launch, there was a significant increase in traffic to the website.

**Senator SHELDON:** I appreciate that a pile of money has gone out to tender. The money then gets spent according to some explanations we'll get in more detail. As you say, there's criteria. You mentioned one of the ones before. Are there any other criteria you use? Is there an expectation on the advertising firm about what the outcome should be, such as how many people should have gone to that site?

**Ms Charles:** I can answer that. In evaluating a campaign, we engage Hall & Partners, who undertake the benchmark tracking and evaluation. As part of that evaluation, they measure the campaign against the objectives. In addition, Universal McCann also provide a performance report on how effective the channels have been. That is provided at the conclusion of the campaign.

**Senator SHELDON:** Could you give us benchmarking for this tender we are just talking about—the most recent one?

**Ms Charles:** Universal McCann will provide a performance report at the end of the campaign.

**Senator SHELDON:** What I'm saying is that at the beginning of the campaign you have benchmarking.

**Ms Charles:** Correct.

**Senator SHELDON:** Are you able to provide to us the benchmarking at the beginning of the campaign as well?

**Ms Charles:** We'll take that on notice.

**Senator SHELDON:** Do you have it available there?

**Ms Charles:** I don't have it available at the moment.

**Senator SHELDON:** I gather you are taking it on notice because you should be able to provide it?

**Ms Charles:** It will form part of the overall evaluation that Hall & Partners undertake. So it is a Hall & Partners evaluation, not a performance media channel evaluation. They measure the effectiveness against the campaign objectives. We can take that on notice.

**Senator SHELDON:** Thank you. I want to go back to the other campaign that we were doing a comparison with before, Ms Potter. With the benchmarking, how did that advertising campaign stack up?

**Ms Potter:** Senator Sheldon, I would have to take that on notice. I wasn't involved in the original campaign.

**Senator SHELDON:** Could you provide that to us later today? Is that possible?

**Ms Potter:** I'm not certain.

**Mr Atkinson:** We'll check, because it was five years ago.

**Senator SHELDON:** Thank you for taking it on notice. When it comes, if it is possible today, I would appreciate it. I will go to this question of the advertising campaign itself. For example, with social media, I am intrigued. Ms Charles, how do you assess the value of the advertising campaign on social media? If you set a benchmark, how do you break up that program?

**Ms Charles:** Universal McCann are the experts in the field. They have a methodology in how they undertake the evaluation. They look at things like engagement rates and how effective that channel has been to drive traffic to our call to action, which is our website. So they'll have stats, particularly in social media, on how many people are clicking through and those level of engagement rates.

**Mr Atkinson:** At this point, these types of questions are kind of more finance questions than ours. We just participate in the normal process that is set by the Department of Finance on how media buyers work and how evaluations are done and those sorts of things.

**Senator SHELDON:** Thanks, Ms Atkinson. I will hand back.

**CHAIR:** I was just smiling. Having run a business that spent a lot of money on marketing, it is always a complex issue to know where to spend the money and whether you get bang for buck. I wish it was a straight line. That was a ramble.

**Senator WATT:** I have a few questions about Leppington Triangle, given you raised it in your opening statement. We're still working our way through this report. Even looking at the overall conclusions, it is a pretty scathing report on what occurred here. I wouldn't read out everything it found. Mr Atkinson, I recognise that you weren't the secretary at the time these events occurred. I want to put that on the record. It recognised that this department was heavily focused on maintaining a positive relationship with the Leppington Pastoral Company in reaching the price it did. There were a range of key process controls that failed to be applied. The department didn't undertake all reasonable steps to determine what a suitable cost would be. The department's management control structures were ineffective in identifying and addressing weaknesses. It goes on and on with other conclusions. What does that report say about the culture and systems within this department?

**Mr Atkinson:** I'd like to place this report in context. Obviously I've had long discussions with Leppington Triangle, yourself and other senators. The original ANAO report raised some serious issues, which we've investigated in great detail. I've asked for this report to come through to give detailed recommendations of things we can do to make sure this type of thing doesn't happen again. When you go through the detail of it, you read some of the conclusions. I appreciate you haven't had it very long. There is a full and balanced piece here certainly with respect to the price and those sorts of things. There are issues around administration and some of the root causes of what happened and the scale of the issue. There are some administrative things that we've done and are moving on in the recommendations in this report which we will take as part of our lessons learned. As far as the culture of this organisation right now, a big issue—once again, as you go through it—is that you will see the risk profile is much higher where we are doing activities we haven't done before. If you go through the root cause analysis, there are issues with expertise and experience and other things like that. If you go through all of this, there is a Swiss cheese effect that allowed us to get to what happened. There was the one-off thing of buying a piece of land like this. We don't do that; it is not a normal thing, and there are not normal system structures and processes around it. It is not like our well-worn programs, which we have about 130 of, where there are well-established systems, structures, protocols and cultures that go with them. There is nothing I would bring more broadly out of this because it was a very specific circumstance. That is actually what the report says in quite a lot of detail. It goes through the individual circumstances that got us into that situation. It is also important to note in terms of the value of the transaction and those sorts of things the detail of what is in this report.

**Senator WATT:** I appreciate you are still implementing recommendations and taking action. Can you give us the top two or three actions that the department has taken both in response to this incident and the report to make sure we don't see something like this again?

**Mr Atkinson:** In fact, one of the actions that I took immediately was to change the AAIs to ensure that all land related transactions are not exercised by just a delegate in the department. They have to come through the

departmental operations committees, where they are considered properly to make sure that there is appropriate visibility at a more senior level of what is happening with land transactions. That is probably the biggest. Another thing I would go to is on page 7 of the report. There is a lot of very balanced recommendations here that go beyond the previous piece. I will be implementing all of them. Some of them are things I have already done. It runs to two pages and eight recommendations. We will be doing all of them.

**Senator WATT:** I think in your opening statement you mentioned that you had commissioned two investigations—

**Mr Atkinson:** Two code of conduct investigations.

**Senator WATT:** into two different staff members.

**Mr Atkinson:** Yes. And to two different things. One was about Leppington Triangle and one was about the management of conflict of interest documentation.

**Senator WATT:** But still arising from Leppington Triangle?

**Mr Atkinson:** No.

**Senator WATT:** That is something else. I've forgotten from last time. So there are still two code of conduct investigations underway?

**Mr Atkinson:** Yes. They are nearing completion.

**Senator WATT:** With each of those investigations, is there only one officer under investigation or are there multiple officers for one and not the other?

**Mr Atkinson:** There is one in each.

**Senator WATT:** You say that they are nearing completion?

**Mr Atkinson:** Yes.

**Senator WATT:** Roughly, when would you expect them to be concluded?

**Mr Atkinson:** Hopefully in weeks.

**Senator WATT:** Probably by 30 June?

**Mr Atkinson:** I would hope so.

**Senator WATT:** It has been nine months since the audit office published its report into the Leppington Triangle purchase. We wouldn't want people to have to wait too much longer to find out what really happened here.

**Mr Atkinson:** I think this report tells people what really happened here in quite a lot of detail. As you can see, if you go to the root cause analysis on page 5, there is actually a lot of things that combined. There is a lot of complexity when you actually go through all of the detail to find out that. I'm very much focused on dealing with those other issues and making sure that we implement the recommendations here as well to ensure going forward we can be confident that this won't happen again.

**Senator WATT:** There is one issue I want to deal with here as well. I want to take you to some documents published on the AusTender website on 28 April this year indicating that you had reappointed Mr Geoff Knuckey as the chair of the department's audit committee. I understand the shadow minister has written to you about this. Would you agree that the role of a good audit and risk committee is to provide independent advice to you and your officers on how to spend public money in accordance with their legal obligations to manage risk and prevent fraud? That is the role, isn't it?

**Mr Atkinson:** There is quite a lot to it. In general terms, yes. Are you aware of the response that I've given to the shadow minister?

**Senator WATT:** I don't believe I am.

**Mr Atkinson:** I wrote a very comprehensive reply over five pages based on the detailed information in the report we have here and further discussions and hearings with the Auditor-General.

**Senator WATT:** What is the date of that letter?

**Mr Atkinson:** Pardon?

**Senator WATT:** What is the date of your response?

**Mr Atkinson:** It is 17 May.

**Senator WATT:** And it was sent to the shadow minister?

**Mr Atkinson:** Yes.

**Senator WATT:** I have just checked with her office. They don't believe they've seen it. Could we get a copy of that tabled?

**Mr Atkinson:** Would she be happy for me to table it?

**Senator WATT:** I will check that.

**Mr Atkinson:** I can certainly make sure you get one in the break.

**Senator WATT:** I would certainly be keen to get a copy.

**Mr Atkinson:** The reason is that when you understand the full detail of what is in here and what actually happened with that audit meeting and the final closing letter from the Auditor-General and the further discussions we had on it, you see that there's not a significant question around this issue.

**Senator WATT:** I will put a few questions to you. They might be addressed in your response. It is the case, isn't it, that Mr Knuckey was the chair of the audit committee when the Auditor-General wrote to you identifying its concerns about the Leppington Triangle transaction?

**Mr Atkinson:** The Auditor-General did not write to me. He wrote to the secretary at the time.

**Senator WATT:** He wrote to the secretary at the time?

**Mr Atkinson:** We need to be precise if we're going to do this right.

**Senator WATT:** Please. So, at the time, the Auditor-General wrote to the former secretary?

**Mr Atkinson:** The closing letter. Is that what you are talking about?

**Senator WATT:** He wrote to the former secretary identifying his concerns about this transaction.

**Mr Atkinson:** You actually need all the facts here. What you are referring to, I think, is a piece that the Auditor-General and I both traversed at the JCPAA. It was actually a closing letter for the financial statements that I think you are talking about, which actually not only raised issues with it but also said that the Auditor-General would be writing further to it. So it was left as an open question. That bit was left out of the audit report. I wonder whether if I give you this response we could talk about it in the next session.

**Senator WATT:** Chair, this is the last matter we were going to raise in this section. Depending whether other senators have questions, we could break now and have a look at that letter and possibly come back with questions on that before we go to transport.

**CHAIR:** That sounds like a good plan. We will take a 15-minute break now. Thank you.

#### **Proceedings suspended from 10:28 to 10:46**

**Senator WATT:** Mr Atkinson, we've had an opportunity to review this letter, which is your reply to the shadow minister about the Leppington Triangle audit and risk committee. I take it from this letter that you were confident of Mr Knuckey's suitability to remain as the chair of this committee?

**Mr Atkinson:** Yes.

**Senator WATT:** Notwithstanding his involvement through the Leppington Triangle episode?

**Mr Atkinson:** Just to be clear on that, that is based on my much more detailed understanding of what occurred through that, as articulated in this fulsome report rather than the shorter versions.

**CHAIR:** There is media in the room. This is a reminder to remain behind the taped lines and not to film documents on desks.

**Senator WATT:** You didn't think this was an opportunity for a bit of a new broom and a new committee and a new committee chair?

**Mr Atkinson:** The chair has been in existence for a year to allow us to bed down a lot of these changes. The committee also has an additional audit member from last year, the former Auditor-General Ian McPhee, who brings additional strengths to that committee.

**Senator WATT:** Thanks. I'll leave it at that.

**CHAIR:** Senator Sterle, do you have any other questions?

**Senator STERLE:** No. We're ready to move on.

**CHAIR:** Thank you very much, Mr Atkinson. That releases corporate matters. We will now move to transport.

[10:48]

**Senator STERLE:** We'll start with aviation first, if that helps the officials. We'll do road safety after that.

**Senator SHELDON:** I want to turn to the TANS program. At the last round, we attempted to get answers to questions on notice regarding TANS. I want to see how we go having this conversation now. I trust you received the correspondence and that you have come equipped with the relevant information this morning that I sent over to the department?

**Mr Atkinson:** Yes.

**Senator SHELDON:** What correspondence or direction did the department receive from the minister or members of the government or their staff regarding destinations with the TANS program?

**Mr Atkinson:** I will pass to Ms Dacey to speak to that.

**Ms Dacey:** We have one piece of correspondence to the department. Ms Quigley has information on what that piece of correspondence was.

**Ms Quigley:** We received one letter from the Mildura Rural City Council, which talks about the Mildura region. They put forward their thoughts about including them as a destination.

**Senator SHELDON:** If I can get a copy of that, that would be helpful. There was nothing received from the minister or any other minister or members of the government or their staff regarding any of these TANS destinations? There was no interaction with the minister's staff regarding these destinations or them being selected?

**Ms Dacey:** As we've given evidence previously, this department was not responsible for choosing the regions. We were responsible for the subsequent negotiations and interacting. Those subsequent negotiations went to the roots. I think we've tried to make this distinction before. So to the best of our knowledge—and we've been back through everything—there's only that one piece of correspondence to us.

**Senator SHELDON:** I want to turn to a question regarding the department last week and questions on notice I lodged two months ago. Are you able to table correspondence between the department and Qantas with respect to the TANS program?

**Ms Dacey:** I think we have been back through our records. There is no correspondence from Qantas to us about the TANS program prior to the announcement. Clearly afterwards there was a lot of backwards and forwards as we went about the implementation task.

**Senator SHELDON:** Are you able to table the correspondence from the announcement?

**Ms Dacey:** Following your letter, we went to the witness guidelines, because we want to be as helpful as we can. We have correspondence that goes directly to the commercial aspects of the program. The guidelines make provision for what is a reasonable balance for the release of that information. We are going to try—and we will—provide you with a little more information than we have been able to previously because over 90 per cent of the tickets are now sold. Some of that commercial sensitivity has been mitigated effectively by where we are in terms of implementation. In terms of the core commercial pricing elements, we would have to seek a claim of public interest immunity. We're happy to share what we can.

**Senator SHELDON:** First of all, can you share what you are saying you can? What is the public interest immunity? It is really commercial-in-confidence. These moneys being spent run into many tens and hundreds of millions of dollars overall in the program. Of course, in the aviation industry, it is billions of dollars. Specifically large sums of that are to Qantas. They are public moneys being spent. What is commercial-in-confidence?

**Ms Dacey:** The guidelines refer to—

**Senator SHELDON:** Ms Dacey, can I help you? You're making an assertion that they are commercial-in-confidence doesn't make them commercial-in-confidence. What is the reason?

**Mr Atkinson:** I will help with this a bit. Ms Dacey has the legal side of it. The commercial piece is the sensitivity about the pricing and ticketing information of the individual airlines. We often have this. We are contracting with large entities. There is quite a lot of commercial sensitivity in that. We will give you everything we absolutely can, but we don't want to get into a situation where people won't actually give us the information we need to be able to administer our programs because they are worried that we will put it into the public domain and cause issues that they would have to declare on the stock market.

**Senator SHELDON:** There is obviously continuing disclosure about the impacts by companies such as Qantas to the stock market. I am talking specifically about the moneys that have been involved and allocated to them. This is public expenditure. There has to be accountability for public expenditure.

**Mr Atkinson:** You are asking for all of the information that goes between us. As part of those negotiations, there is a whole bunch of pricing and route data and ticketing data and those sort of things that are from their side

of the equation. What we can work on giving you is the things attached to our public money side of it. It is the other side of the equation where the commerciality rests.

**Senator SHELDON:** On this disclosure about what is commercial-in-confidence and why you're refusing, you are saying that those documents are immune from being available to this committee to consider whether there was an appropriate funding allocation from the government to deal with this program?

**Mr Atkinson:** I didn't say that. I think Ms Dacey said she would provide what information we can that doesn't have the commercial sensitivity. She also said that as the ticketing had been substantially done, we would be able to provide more information.

**CHAIR:** I want to clarify. So with 90 per cent of tickets sold, you will be able to provide data on which airline and which routes, but you're asking not to provide the pre-TANS funding data provided by airlines around what they proposed to be charging. Is that correct?

**Senator Reynolds:** Perhaps I can help you. This is an issue for government. The answer to that is yes. In terms of the airlines' allocations and tickets sold by route, that is certainly possible to provide. But what we're talking about is providing the pre-contract pricing models for each of the airlines, which is commercial-in-confidence, because that is revealing their own corporate pricing models.

**Senator SHELDON:** If the numbers were redacted but the rest of it was actually made available, that seems logical.

**Senator Reynolds:** Perhaps we can ask you a question back. What information in particular are you looking for? We might be able to see if we can get it for you.

**Senator SHELDON:** I've asked for all of the correspondence between the department and Qantas with respect to the TANS program. The department said that there is a series of commercial-in-confidence matters pertaining to that correspondence. I am suggesting that the numbers be redacted and the correspondence be made available.

**Mr Atkinson:** We will check what we can do on notice on that.

**Senator WATT:** My understanding is that Senator Sheldon asked these questions on notice two months ago.

**Mr Atkinson:** It was certainly commercial-in-confidence at that point in time.

**Senator WATT:** I think we can accept that there might be some material in them that has to be redacted for those reasons. But there is a broad range of issues that the opposition is interested in concerning this program. Can you provide the correspondence, as has been asked for, while redacting the bits you say are commercial-in-confidence?

**Mr Atkinson:** We'll take that on notice to see what we can provide.

**Senator WATT:** As Ms Dacey says, that is the reason we've come back and asked it again today. We were expecting that, now that 90 per cent of the flights have been taken, there is less commercial sensitivity around some of the information, maybe not all.

**Mr Atkinson:** It is just that when they give us their pricing information and stuff, they open up for us. We wouldn't be able to put that out or we wouldn't be able to work with them in future.

**Senator SHELDON:** I understand.

**CHAIR:** We should be able to get the data on routes and airlines that has been spent?

**Mr Atkinson:** Yes. There will be quite a lot of work. There is a lot of going backwards and forwards in these negotiations. Let's see what we can do. There is also replicative stuff, so a redaction piece is a big body of work we would need to do. But we'll see what we can do.

**Senator SHELDON:** In addition to the correspondence with Qantas on TANS, I also asked if you could come prepared with all correspondence with Qantas on the international aviation support package. Are you able to table that?

**Ms Dacey:** A bit like TANS, we had correspondence with Qantas in the lead-up prior to that announcement. But it was not couched in terms of the international aviation support program that you are labelling it. It was general correspondence about things that they had approached government about and approached government to consider. It had different elements in those various pieces of correspondence. I'm trying to understand.

**Mr Atkinson:** Basically they didn't ask for that.

**Ms Dacey:** They didn't ask for that.

**Mr Atkinson:** That is not in their correspondence.

**Senator SHELDON:** They didn't ask for it. They didn't ask for international support in the correspondence?

**Mr Atkinson:** They didn't ask for the international aviation support package.

**Senator SHELDON:** Did they ask for international support for their operations of aviation?

**Ms Dacey:** Airlines asked the government for a variety of things domestically and internationally, yes.

**Senator SHELDON:** Have you got correspondence to that effect about what support they were requesting from the government?

**Ms Dacey:** Yes, we do have correspondence.

**Senator SHELDON:** Are you able to make that available?

**Ms Dacey:** Again, I would have to take it on notice.

**Mr Atkinson:** We would need to check.

**Ms Dacey:** That's right. There would be things they would consider to be commercial-in-confidence. I would need to get a bit of advice, I think.

**Mr Atkinson:** We would need to consult with them; that would be the other side of it.

**Senator SHELDON:** If the matters are specifically commercial-in-confidence. I understand, particularly with regard to numbers, that it may be confidential, but there are a number of things that have already happened with regard to the program rolling.

**Ms Dacey:** Yes.

**Senator SHELDON:** So it is past tense rather than future tense.

**Mr Atkinson:** Certainly with regard to the letter that I recall from the time before decisions were made, I'm sure there are elements of that we might be able to bring forward. We'll take that on notice and see what can be provided.

**Ms Dacey:** That's right. We're very comfortable to share post announcement program guidelines and other things that would give the committee greater levels of visibility.

**Senator SHELDON:** I asked you if you could come prepared on the funding package for the sector, including the extensions of JobKeeper and other wage subsidy programs for the aviation sector. What was the correspondence about? There is a package that has gone forward. There was a great deal of mystery, certainly in the general public and certainly in the workforce in aviation, about how this package was going to be unravelled. There was a public announcement by Qantas to their workforce before, as I understand it, that each worker was going to get this \$500 from the department or the government. It was taxpayer money. There was no announcement by the government. There was no announcement by the department. It was announced by Qantas. It sounds like Qantas is running the program here. Can you give me the information about what Qantas requested and the criteria?

**Ms Dacey:** There is no wage subsidy. We call it an international retention payment.

**Senator SHELDON:** Thank you, yes.

**Ms Dacey:** How Qantas and Virgin decided to use that to ensure that they retain long haul international capability was a matter for those companies. We will acquit their expenditure on those matters through our reconciliation processes.

**Senator SHELDON:** What was the criteria? You handed over money in a program. What requirements did you have about outcomes from that program? What is the criteria? To spend it wisely or to send an invoice?

**Ms Dacey:** In the program guidelines we have a list of activities that we consider acceptable expenditure of money. The criteria is every month they report to us about their expenditure against those activities and their workforce and aircraft and general readiness for international reopening. We do a reconciliation process every month against that.

**Senator SHELDON:** They have laid off staff, for example. They made an announcement. There have been a number of retrenches. I'll get to some of the retrenches where they've laid off staff. There is a criteria about how they perform and how they are going to keep the airline operating. That is where the money has been spent. What happens when the borders are open and we don't have flight attendants and pilots?

**Ms Dacey:** That is exactly the core of the program. Their commitment and ability to be eligible and receive this money is that they have to be ready. So we accept that whilst the international borders remain substantially closed, a number of their staff who are involved in their international operations may have found other jobs, may be doing other things and may make choices about their career and their lives. Notwithstanding that, the airlines

are being held accountable and responsible for having sufficiently skilled staff and sufficiently ready operations, including aircraft maintenance et cetera, to be able to recommence international flying.

**Senator SHELDON:** At any point with all these hundreds of millions of dollars was there a consideration or any discussion taking place about potential equity in Qantas?

**Ms Dacey:** Not to my knowledge.

**Senator SHELDON:** The reason I'm asking that question is that we've spent hundreds of millions of dollars. We're getting criteria afterwards that they say they've spent it wisely making people redundant. What would be an unwise amount of people made redundant—pilots or flight attendants—on the international arm of Qantas?

**Mr Atkinson:** Senator, your characterisation is inconsistent with the answer that Ms Dacey gave. I am happy for her to answer the last part of your question.

**Ms Dacey:** All I can say is that we have listed the activities that we consider need to be in place, including workforce, aircraft readiness and general company preparedness to retake to the international skies. Absolutely individual decisions will happen. Individual airlines will make the decisions about their workforce based on their needs.

**Senator SHELDON:** Ms Dacey, in fairness, you've told me there's a criteria. I am saying this in very broad terms; you can certainly narrow it down whatever way you think is appropriate. There is a criteria set for how these airlines are to perform. There is a pile of money given to them. Qantas announces how that money is going to be spent, not the government. You say there is a criteria that that is all tested against. I'm asking you a very direct question. I will go through a list here. How many engineers, how many pilots and how many flight attendants are you requiring in the criteria to be maintained within the airline so that we have the capacity to restart in this country when the borders are open?

**Ms Dacey:** Senator, I would never tell Qantas or Virgin how many specific staff members by classification or by job type they need to retain. What I am telling Qantas and Virgin is that come the day that the international borders reopen, they need to have a fully capable airline for taking to the skies.

**Mr Atkinson:** Could I just add—

**Senator SHELDON:** Wait a second. If they don't, what is the penalty, Ms Dacey?

**Ms Dacey:** We have rights and remedies under the program guidelines that we would seek to use.

**Mr Atkinson:** Could I just add that—

**Senator SHELDON:** Ms Dacey is answering the questions here. What are they?

**Ms Dacey:** At the end of each month, we will look at their claim for payment. They make the payments and they ask us to recompense them. We may choose not to do that if we are not satisfied that they have the sufficient levels of staff and readiness more generally.

**Mr Atkinson:** Can I just add—

**Senator SHELDON:** This is really important, Mr Atkinson. I appreciate that you want to answer it, but I'm asking Ms Dacey.

**Mr Atkinson:** I don't. I just want to add a piece. The program guidelines we're talking about were published publicly so there is clarity as to how this works.

**Senator STERLE:** Have you got a copy there you could table for us?

**Mr Atkinson:** I am sure we can.

**Senator STERLE:** We are all intensely listening.

**Mr Atkinson:** There is no hiding of this. It is all very clear. What Ms Dacey is saying was published publicly.

**Senator SHELDON:** Thank you for making it public. It appears to be money that is handed over. We still don't know what the criteria is. If Qantas were to lay off twice as many international staff as they've now already announced, is that an appropriate thing to be done or an inappropriate thing to be done? There must be some criteria that does some cost-benefit analysis of what this does or does not need?

**Ms Dacey:** There is a bandwidth that we have agreed as part of the contract with Qantas.

**Senator SHELDON:** What is that bandwidth?

**Ms Dacey:** It is between 6,000 and 7,500 staff.

**Senator SHELDON:** How does it apply to Virgin as well?

**Ms Dacey:** We've agreed to just one static number with Virgin.

**Senator SHELDON:** What is that figure?

**Ms Dacey:** It is 1,100.

**Senator SHELDON:** I want to go to a question about JobKeeper. We spent billions of dollars as a country, and understandably and rightly so, to try to keep our airlines in some sort of shape. Part of keeping them in shape was actually keeping qualified people connected with the aviation industry. As you rightly said previously, Ms Dacey, if people leave the industry, there is a real possibility that they will not come back. These are highly skilled jobs or jobs that require many weeks and sometimes months and years of training for people to be able to carry out those duties. In addition, there is a question about keeping people connected with their employer, which is the hallmark of what the JobKeeper program was instituted to do. So 2,500 jobs were outsourced. Did that meet any of the criteria for giving money to Qantas for its operations?

**Ms Dacey:** I think at various times during the pandemic, particularly early in the piece—certainly I'm not saying not now either—a number of staff separated from airlines. These were in the days when we were at absolute bare bones minimum connectivity. Of course, that is when JobKeeper was still in place. We have sought to distinguish in our policy responses and program responses domestic from international because the international border remained substantially closed. We have much greater levels of enduring stability with domestic borders. We are consequently seeing very promising green shoots and levels of domestic activity now—between 80 and 100 per cent. The airlines are saying with some confidence that they are on a positive trajectory. The issue of retaining staff domestically I think is a different issue to the issue of retaining staff with international skills. We've just talked about the policy and program response for that international piece.

**Senator SHELDON:** I will go straight to the question again. Was there any criteria, and did any of that criteria say that Qantas should not turn around and outsource 2,500 jobs?

**Ms Dacey:** I don't know what announcement you are talking about specifically, Senator.

**Senator SHELDON:** Last year, Qantas announced that 2,500 jobs were being outsourced.

**Ms Dacey:** What time last year? As I said, through the course of the pandemic—

**Senator SHELDON:** I will find the time for you and give you the specific date. It is quite clear that 2,500 people were outsourced by Qantas at the end of last year. I can give you the specific date. I'm surprised you don't know it, but I will give you the specific date. There was a series of court cases, which have been in the public mind and arena for a very long time now. I'm sure you're aware of that.

**Ms Dacey:** Yes.

**Senator SHELDON:** They are the matters I am referring to.

**Ms Dacey:** I am looking to see if I can find that date. I don't have it.

**Senator SHELDON:** It is 25 August.

**Ms Dacey:** All I can say—we have also provided this evidence previously—is that we think the size and shape of the aviation market will be different post pandemic. How long the international recovery takes we don't know. As I said, we're seeing some promising signs of domestic recovery. But there was no number ever given to any commercial airline about numbers of staff that they needed to keep.

**Senator SHELDON:** So there were no numbers required for any staff? Correct me if I am wrong here. I am sure you will, and so you should. There were no requirements on the number of staff required on domestic but there has been a bandwidth of requirements for international. Is that correct?

**Ms Dacey:** That is correct. To the first part your question, we rolled out 10 plus programs to keep the domestic sector going and to provide for minimum levels of ongoing activity so that staff retention and workforce could be dealt with through activity.

**Senator SHELDON:** The staff retention issue goes back to my outsourcing question before. On 25 August, 2,500 jobs were outsourced. The jobs didn't disappear. They were outsourced. So after we spent tens of millions of dollars to keep people connected with Qantas, there was no criteria to turn around and actually hold Qantas to account?

**Ms Dacey:** We spent tens of millions of dollars. We rolled out the—

**Senator SHELDON:** Sorry, hundreds of millions of dollars.

**Mr Atkinson:** I want to clarify in a temporal sense. August last year was well before the program we are talking about now.

**Ms Dacey:** I think in August last year, we were still well inside the period of very significant instability. Our objective in our programs through the vast majority of 2020 was to keep activity. So we were not telling any

individual airline how they should run their business during what was the single biggest, most disruptive crisis that any of them had ever experienced. Our job was to keep planes flying and to keep people connected and to keep freight moving.

**Senator SHELDON:** Ms Dacey, your answer goes to the heart of my question: to keep people connected, which is what Qantas hasn't done. So we failed to keep people connected, didn't we? Two and a half thousand people were not kept connected whilst there was still work being carried out.

**Ms Dacey:** Senator, I meant people connected in terms of being able to visit friends and being able to undertake visits that they need to undertake. It is the community connection I was referring to.

**Senator SHELDON:** You referred in a previous answer to the question of the retention of staff with these companies. Again, was there any requirement for the retention of staff with Qantas? I am specifically in this case asking about the 2,500 jobs announced in August.

**Ms Dacey:** I am talking about staff in the sector, not with a specific employer.

**Senator SHELDON:** So we gave Qantas money to not keep their own staff connected? The criteria is basically what the Qantas plan was?

**Ms Dacey:** I can't accept that. We designed program and policy responses to keep the sector going. Qantas is one player in that sector. Other airlines were also beneficiaries of those programs.

**Senator SHELDON:** Is Qantas able to outsource those workers under the international arrangements as well?

**Ms Dacey:** That is not an eligible payment criterion.

**Senator SHELDON:** Was it ever considered that those same arrangements should have applied to the previous packages?

**Ms Dacey:** I can't go back and rewrite history. I would never seek to tell a commercial entity how to run its business.

**Senator SHELDON:** Let's go to the commercial entity. We've got billions of dollars of money spent in aviation. We've got a company that has replaced and outsourced 2,500 people who are supposed to have been retained. That was the commitment from the government.

**Mr Atkinson:** We've got two different things. That was in August. The retention discussion about international was this year.

**Senator SHELDON:** I am very clear about this year and the retention strategy and I am clear on the international piece.

**Mr Atkinson:** Yes.

**Senator SHELDON:** I will start again. There was an expectation on Qantas by the government that people would be retained. We have a bandwidth applied to the international staff now, yet there was no bandwidth applied to the domestic staff. Qantas was given the capacity to turn around and make its own decisions.

**Ms Dacey:** No airline was given any instructions about specifically keeping their staff connected to their airline at that time because of the level of uncertainty and instability in the sector.

**Mr Atkinson:** I will also add that at that point in time JobKeeper was in place.

**Senator SHELDON:** Thank you for reminding me, Mr Atkinson. As you will recall, Qantas laid off a number of its workers during that period.

**Senator STERLE:** Six thousand.

**Senator SHELDON:** Six thousand. That was regardless of the fact they were still receiving JobKeeper. You would have thought that would be a signal to the government to turn around and make a decision about making obligations regarding future payments. They could have changed it with the stroke of a pen, but they didn't.

**CHAIR:** Do you have further questions?

**Senator SHELDON:** Yes. I have a further question. Were there any requirements by the government or consideration given in the billions of public funding Qantas received to prevent Qantas from paying exorbitant pay and bonuses to people like Alan Joyce and his executive team?

**Ms Dacey:** It is not an eligible payment. It is not something that they can claim under the IAS scheme.

**Senator SHELDON:** No. As we've seen on numerous occasions with JobKeeper, money has been spent across a whole series of companies where they've turned profit and paid bonuses and dividends. I'm asking a question about whether there was a requirement for the executive team and Alan Joyce to take responsibility for the fact that we were putting hundreds and billions of dollars into their operation?

**Ms Dacey:** To the best of my knowledge, there was no requirement from us in our program guidelines.

**Senator SHELDON:** So the executives could pay whatever they wanted to pay?

**Mr Atkinson:** I think there are constraints on executive remuneration under the Corporations Law.

**Senator SHELDON:** Is \$25 million too excessive, Mr Atkinson, for the CEO of Qantas to be paid?

**Senator Reynolds:** I think that is asking for a personal opinion on behalf of the secretary.

**Senator SHELDON:** For a CEO of a major airline in Australia, is \$25 million excessive? You raised the Corporations Act.

**Senator Reynolds:** Same point of order, Chair.

**Mr Atkinson:** I'm not an expert in remuneration.

**Senator SHELDON:** No. Mr Atkinson raised the Corporations Act. Is \$25 million under the Corporations Act—

**Mr Atkinson:** That would be a matter for the Treasury.

**Senator Reynolds:** It would be a matter for the board and shareholders.

**Senator SHELDON:** I think for the general public \$25 million is an obscene amount of money. There were no obligations and an executive bonus was able to be paid along with the fact that 2,500 people were outsourced. There has been a failure by the government to turn around and deal with that issue. I want to ask this question: what proportion of funding in the TANS program thus far has flowed to Qantas as opposed to other airlines?

**Mr Atkinson:** I have one point of clarification. My understanding of the way TANS works is that the money in TANS flows all the way through to the purchaser of the ticket. It doesn't actually stay in the airlines.

**Ms Dacey:** The secretary is correct. This is a pass through payment. The amount that has been passed through—

**Senator SHELDON:** I appreciate Mr Atkinson describing how it works. What is the amount of money that has passed through to Qantas?

**Ms Dacey:** So \$144.8 million is the grant agreement. I note that not all of the tickets have been sold. About 90 per cent have.

**Senator SHELDON:** How does that compare with the other airlines?

**Ms Dacey:** The total program value is \$204.5 million.

**Senator SHELDON:** How does that compare with Virgin and other airlines?

**Ms Dacey:** The amount that Virgin will have under their grant agreement is \$40.3 million; Airnorth has \$12.8 million; Rex has \$6.4 million; Alliance has \$0.2 million; and FlyPelican and Link have \$0.1 million each.

**Senator SHELDON:** Is that Qantas figure you gave me before for Qantas or Qantas and Jetstar?

**Ms Dacey:** Qantas group, including Jetstar.

**Senator SHELDON:** What proportion of funding in the international aviation support program thus far has flowed to Qantas as opposed to other airlines? I think you might have given this figure before.

**Ms Dacey:** This is the IAS measure?

**Senator SHELDON:** Yes.

**Ms Dacey:** There are only two airlines eligible for IAS. No money has yet flowed through to Qantas, but the grant amount, noting that there is a band between 6,000 and 7½ thousand, is between potentially \$146.28 million to \$174.4 million. That will only be paid out in the manner I described to you—that they provide us with monthly reporting reconciled against the program guidelines. I can't give you an exact amount. For Virgin, it is the same basis. They have to provide evidence to us each month of retaining their international readiness. That is \$25.6 million. There are a couple of things in that. We have carved out the trans-Tasman bubble with a focus on long haul. It was on roughly the basis of market shares pre-COVID.

**Senator SHELDON:** Can you confirm that Virgin has decided not to restart flights to New Zealand and is receiving funding from this package?

**Ms Dacey:** That's right. As I just said, the trans-Tasman bubble is being carved out. That was actually a non-issue for us.

**Senator SHELDON:** Can you explain to me why it is a non-issue that Virgin is getting paid to have international flights maintained and says it is not going to fly international flights to New Zealand?

**Ms Dacey:** Neither Qantas nor Virgin was receiving an international retention payment for the New Zealand market in anticipation of that two-way safe travel zone opening.

**Senator SHELDON:** We've not set that criteria, but in essence we're paying money to Virgin for international flights. You say that there was not a criteria requirement with regard to New Zealand?

**Ms Dacey:** New Zealand.

**Senator SHELDON:** We're paying Virgin to turn around and not restart an international flight.

**Ms Dacey:** It is never about a specific route. It is about their ability to have crew and aircraft and operations and systems ready to fly to Japan or wherever it is that they choose to restart internationally as the international border reopening allows.

**Senator SHELDON:** We are trying to make sure we have an aviation industry so that we can have connectivity and our borders opening up and we can encourage economic activity, yet you did not make a requirement for that to actually occur.

**Mr Atkinson:** The requirement is to maintain the capability to do that as international borders reopen.

**Senator SHELDON:** And the international border with New Zealand has reopened, but it hasn't occurred, has it?

**Ms Dacey:** New Zealand was specifically excluded.

**Senator SHELDON:** Can you talk me through the New Zealand exclusion?

**Ms Dacey:** I think the reality is that we had seen the one-way travel zone being in operation for some time. We were very hopeful that the two-way travel zone would be open. In terms of paying them or paying airlines to be ready to restart, our view was that they would make their own commercial decisions about the restart as soon as that two-way travel zone became viable. That is what happened. One airline has elected to commence services on it and another airline has said that they are deferring.

**Senator SHELDON:** With this money that has been spent internationally, we've already seen 2½ thousand people not retained by Qantas and outsourced. We've seen additional redundancies. With the international assistance scheme, what is the situation with regard to the licensing requirements? You've set an overall figure of people that should be maintained. Did you specifically go down to what licences need to be maintained as well?

**Ms Dacey:** That would be inherent in their readiness to fly. That goes to training.

**Senator SHELDON:** When you say inherent, I'm not quite sure what that means.

**Ms Dacey:** You cannot satisfy us that you are ready to fly if you don't maintain all the necessary regulatory and licensing approvals.

**Senator SHELDON:** There was a figure in the department that in February 2020 there were 15,400 international flights just before the pandemic. In February 2021, there were 3,100, which is an 80 per cent drop year to year. Does that sound correct?

**Ms Dacey:** I will take your word for it. I don't know what the source is. At the worst of it last year, the drop was like 90 per cent plus. It might have come back.

**Mr Atkinson:** It was 99 per cent.

**Ms Dacey:** Is that international or domestic or both?

**Senator SHELDON:** It was looking specifically at international flights.

**Mr Atkinson:** Is that a monthly figure you are talking about?

**Senator SHELDON:** That is the figure I received from your website.

**Ms Dacey:** It sounds in the right ballpark. I will take your word for it.

**Senator SHELDON:** I understand it is for that month of February 2020. They are comparing it with February 2021.

**Ms Dacey:** Remember that in February 2020 the borders weren't shut. I think it was 15 March last year that the big shutdown happened.

**Mr Atkinson:** I suspect that includes freight.

**Ms Dacey:** Yes. It will. That is my guess. Is that a passenger number or freight number?

**Senator SHELDON:** It is passengers.

**Mr Atkinson:** You are talking about flights?

**Senator SHELDON:** I was talking about international flights in February 2020, and it cuts across.

**Mr Atkinson:** It is gross flights. That sounds about right.

**Ms Dacey:** I was looking at some of those stats. I think in February and early March last year, we were starting to see by that stage some of the early countries impacted by COVID. We were starting to see some moderation of behaviours in terms of aviation. It could have been in the very early stages of that as well.

**Senator SHELDON:** So in light that we gave an exclusion—you explained why—to New Zealand, where Virgin, even though they are getting paid for international flights, aren't actually flying there. What are the requirements for other bubbles that might occur for international flights, or is that left to the discretion of the international airlines?

**Ms Dacey:** The only carve out was the trans-Tasman bubble because it was basically 50 per cent open and in close anticipation of being 100 per cent open. Every other international destination will be a commercial matter for the airlines. We will obviously be paying close attention through our monthly reconciliation of their activities. I guess that we don't want to be in the position of making airlines fly somewhere if they think it is not commercially viable for them. How they construct their international networks is a matter for them. Because of the program, we will have a more active interest in what some of those decisions are.

**CHAIR:** Senator Sheldon, I have a few other senators with questions. Do you have much longer for this block?

**Senator SHELDON:** I have a bit longer, yes.

**CHAIR:** Would you mind if we just go to a few others?

**Senator SHELDON:** Absolutely fine.

**CHAIR:** Thank you. Senator McMahon and then Senator Rice.

**Senator McMAHON:** Who is responsible for the maintenance and upgrading of airstrips on remote Indigenous communities in the Northern Territory?

**Ms Quigley:** We have a regional program which includes funding for supporting upgrades in remote communities.

**Senator McMAHON:** Is that the grants program?

**Ms Quigley:** It is a grants program. It is called the Remote Airstrip Upgrade Program. We've just recently announced the eighth project round worth \$8.2 million on 4 May this year.

**Senator McMAHON:** Apart from that grants program, there is no actual responsibility on anyone for the maintenance and upgrade?

**Senator McMAHON:** CASA would be responsible for making sure that they are meeting their requirements. But this, I think, is the only funding support that might support those actual facility upgrades.

**Senator McMAHON:** Thank you.

**CHAIR:** Just to clarify: are local councils responsible?

**Ms Quigley:** Yes. There would be some local council involvement if they are managed by a local council. So they would have to take responsibility for the airports that they manage.

**Senator McMAHON:** Many of them are on Indigenous owned land. So the local councils and Northern Territory government claim responsibility for their maintenance and upkeep?

**Ms Quigley:** It depends.

**Mr Atkinson:** It depends on the ownership structures at the individual airports.

**Ms Quigley:** It would be individual depending on the ownership structure of the actual aerodrome or airstrip.

**Senator McMAHON:** Thank you.

**Senator RICE:** I want to start with a question about the \$2 billion that was announced for the fuel security package. What if any input did the department have into the \$2 billion fuel security package announcement?

**Mr Atkinson:** The fuel security package is a matter for the department of industry. We've participated through normal cabinet processes as part of those discussions.

**Senator RICE:** Can you expand on that in terms of your participation? What input would you have had into that package?

**Mr Atkinson:** Ms Stagg might be able to assist.

**Ms Stagg:** My team were involved in conversations with the department of industry in the development of that package. As the secretary has said, it was through the development of cabinet proposals.

**Senator RICE:** Was it a proposal that was put to the interdepartmental committee, or were there ideas sought from various departments as to ways to tackle the issue of fuel security?

**Mr Atkinson:** This is the normal budget and cabinet processes where we work together with other agencies to bring things forward for consideration through the ERC processes.

**Senator RICE:** Was there a proposal put by industry that was then considered and responded to by the department of transport, or was there consultation prior to that proposal being put through the ERC process?

**Mr Atkinson:** I think a detailed process of how that was brought together is probably a question for the department of industry rather than us. We participated.

**Senator RICE:** You should be able to tell me whether it was a proposal that you were asked to respond to. Was there consultation regarding different potential ways of dealing with the fuel security issue?

**Ms Stagg:** Yes. We were consulted in the development of the proposal. so we worked with the department of industry on the proposal.

**Senator RICE:** Before there was a final proposal?

**Ms Stagg:** Yes.

**Senator RICE:** What was the department's input into that proposal?

**Mr Atkinson:** We're starting to get right into the middle of the discussions around the documentation that is prepared to go to cabinet and the views that go into those processes.

**Senator RICE:** Were there considerations and proposals put by the department as to other potential mechanisms and ways to deal with fuel security?

**Mr Atkinson:** I don't think we can go into the details of what options may or may not have been considered through the cabinet processes. If we start to do that, people won't want our input into those processes any more.

**Senator RICE:** Without going into the detail, were there a range of different options as to how to deal with fuel security? Did the department put any options on the table other than what was finally ended up with, which was this \$2 billion subsidy to the oil refineries?

**Mr Atkinson:** I think that fits squarely into our approach to giving advice to the cabinet process.

**Senator RICE:** I don't want to know the details. Were there other options on the table other than \$2 billion subsidies to oil refineries?

**Mr Atkinson:** Off the top of my head, I genuinely don't know. I could take it on notice to see if we could provide anything.

**Senator RICE:** Ms Stagg?

**Ms Stagg:** I would also have to take the question on notice.

**Senator RICE:** So you don't know whether the department put in any other ways to deal with fuel security other than just giving a tick to what ended up as a \$2 billion subsidy to oil refineries?

**Mr Atkinson:** If we did do that, it would have been advice into their cabinet consideration.

**Senator RICE:** Thank you. I want to move to air noise experienced by residents around Brisbane and Melbourne airports. Do I have the right people at the table?

**Ms Dacey:** We'll be able to talk generally to you, Senator.

**Senator RICE:** The statement of expectations for Airservices Australia for the period 15 July 2019 to 30 June 2021 issued by the Deputy Prime Minister or the Minister for Infrastructure, Transport and Regional Development requires Airservices Australia to provide appropriate resourcing of the Noise Complaints and Information Service to continue to improve the flow and quality of information to noise affected communities. Does the department require the Airservices NCIS team to do anything other than provide noise information?

**Ms Dacey:** To the best of my knowledge, the way that Airservices Australia manages that function is the responsibility of Airservices Australia.

**Senator RICE:** Does the department require anything more of Airservices Australia than providing noise information?

**Ms Dacey:** That is my understanding, but Mr McClure might have more detail.

**Mr McClure:** No. The process is managed by Airservices Australia. It is their responsibility under their charter to manage that process. Beyond that, there are no specific responsibilities.

**Ms Dacey:** We don't have any further detail.

**Senator RICE:** You don't require anything of them other than providing noise information?

**Ms Dacey:** To the best of my knowledge.

**Senator RICE:** So you don't require them to proactively advocate for international best practice noise abatement strategies?

**Mr McClure:** As I said, it is the responsibility of Airservices Australia to manage that process. I'm sure they take into consideration all those matters and best practice and so on.

**Senator RICE:** I can ask these questions of Airservices Australia. I want to know what the department requires of Airservices Australia.

**Mr McClure:** We don't provide them any specific instruction about how they undertake that duty.

**Senator RICE:** So you don't require them to undertake best practice noise abatement strategies?

**Mr Atkinson:** They are a government entity in their own right. They have responsibility to do those things. They are on tomorrow.

**Senator RICE:** Yes, I know. I will be questioning them as well. I want to go to the issue of the Australian noise exposure forecasts, which form a significant component of airport major development plans. I want to go to the issue of the significant discrepancy between the noise exposure levels forecast by Airservices Australia's ANES, the Australian noise exposure forecast, and the noise exposure that is experienced. I have some questions regarding specifically Brisbane. I know it is also an issue in Melbourne. What action does the department take when airport operations don't actually conform to their ANEF, where there is this discrepancy between the noise forecast and the reality of what is experienced on the ground?

**Ms Dacey:** Through the major development plan process and the airport planning process generally, we have guidelines. We work with the airport leasing companies. Are you asking about remedial action in particular?

**Senator RICE:** Well, I'm asking about whatever action. Basically, you've got these forecasts that form part of the approval process. Then you've got the operations on the ground, where you've got noise which is actually quite different to the forecasts. I am wondering what the department does about that.

**Mr McClure:** I think it's fair to say that forecasts are only that; they are forecasts. Airservices Australia and Brisbane airport continually monitor. Specifically with regard to Brisbane, 12 months following the opening of the new runway, Airservices Australia will be undertaking their post implementation review starting off in about July. It will look specifically at those issues of what was forecast and where the flight paths are and look at what opportunities there might be to tweak them. Again, it is best that Airservices Australia talk more to that process.

**Senator RICE:** But the department has the overall regulatory oversight, haven't you?

**Mr McClure:** The responsibility for selecting flight paths and managing safety in and out of the airport is Airservices Australia.

**Ms Dacey:** We're responsible for the planning aspects. In the lead-up to getting approvals for major works, such as a new runway, we have a role through the MDP process. Once it's live and it is an actual functioning piece of the airport in an operational sense and in that noise sense, it is Airservices Australia. We, of course, continue to have an interest by virtue of our ongoing relationship with the airport leasing companies and their efforts to ensure that the communities around the airports are listened to and heard.

**Senator RICE:** Has the department taken any steps, or will they take any steps, to rectify what is currently being experienced in Brisbane with Airservices Australia's own noise and flight path monitoring systems and the large volumes of complaints? You've got this big discrepancy. Is the department going to take any steps?

**Ms Dacey:** I think we would need to see the outcomes in the post implementation review and then have a conversation with Airservices Australia. I think—this is based on my conversation with the airport owners and leasing companies—they are continually looking for ways to improve the information to make adjustments if they can. In terms of undoing approvals, no, I can't see the department doing that.

**Senator RICE:** Has the department done any internal modelling or calculations to estimate the financial and economic losses that have been experienced by Brisbane residents as a result of Airservices Australia's flight path design and the impact on decreased productivity, decline in property values, reduced liveability of residential areas and the toll on people, particularly children's ability to learn and study and people's physical and mental health?

**Ms Dacey:** I'm not aware of any. I would be surprised if we had done any.

**Senator RICE:** Sydney airport has a capacity limit of 80 aircraft movements an hour. Runway expansion at Melbourne airport will surpass the number of aircraft movements in Sydney, yet there is no capacity limit at Melbourne. Is there any consideration to declaring capacity limits at Melbourne?

**Ms Dacey:** Certainly not to my knowledge.

**Senator RICE:** Is there any reason why you would not, given the increase in aircraft travel at Melbourne?

**Ms Dacey:** It is a matter for government.

**Senator RICE:** What consultation has the department taken with local communities about the noise impacts of the proposed new runway?

**Ms Dacey:** The department?

**Senator RICE:** Yes.

**Ms Dacey:** I don't think the department has done anything. I think it's in the hands of the airport and it will go through the normal major development process, in which case there will be extensive consultation through that.

**Mr McClure:** That's right. There are certainly community groups where the department attends meeting and so forth. The consultation is run by the airports. Obviously, as the major development plan is formalised and goes out for community consultation and eventually comes to the minister for approval, we'll have an interest in all those matters that need to be addressed through that major development plan.

**Senator RICE:** In their submission to the recent planning panels hearings at Melbourne airport environs overlay, Melbourne airport acknowledged that the safeguarding with regard to noise has actually failed. All experts refused to identify the tipping point where operational constraints should be brought in. You say you leave it up to the airports. The airports are saying that operations so far have failed to constrain the noise impact on people. What is the department going to be doing with regard to this, given that the size and footprint of the airport is increasing with each new master plan?

**Mr Atkinson:** Are you talking about a reference to the airport and their current activities?

**Senator RICE:** Yes.

**Ms Dacey:** I am not familiar with that submission from Melbourne airport. That's all.

**Senator RICE:** My notes tell me that Melbourne airport acknowledge that safeguarding has so far failed. All experts refuse to identify the tipping point at which operational constraints must be brought in.

**Ms Dacey:** Safeguarding can mean different things. Would we be able to get a bit more detail on notice and see if we can provide a more sensible response?

**Mr Atkinson:** I haven't seen that.

**Ms Dacey:** No. None of us is familiar with that. Safeguarding means something potentially quite different. I want to make sure I am understanding you.

**Senator RICE:** If you could take that on notice, that would be appreciated.

**Ms Dacey:** We'll do that.

**Senator RICE:** Thank you. I want to ask now about the land acquisitions for the new runways for the Melbourne airport. Was any of the land compulsorily acquired?

**Mr McClure:** No. The actual arrangement to make the purchase was a commercial arrangement between Melbourne airport and the sellers. But as Melbourne airport wanted that parcel of land to be part of the Commonwealth leased land, our involvement with the transaction of account was that money went in and money went out to capture that land under the federal lease component, so they only had one regulator, basically, for the land.

**Senator RICE:** That sounds very confusing.

**Mr Atkinson:** The answer is no.

**Senator RICE:** So it wasn't compulsorily acquired. Did the Commonwealth pay for it?

**Mr McClure:** No.

**Senator RICE:** Can you go into what those transactions were?

**Mr Atkinson:** That is what Mr McClure was going to.

**Senator RICE:** I know. It was very confusing.

**Mr McClure:** Melbourne airport took the opportunity to purchase the land, which their long-term master plan required. But that land, if purchased, would remain state land subject to state and local government regulation. Melbourne airport wanted it to become part of the federally leased airport so it was regulated by the Commonwealth under the Airports Act. They asked us to take that land in under our regulations, which meant that there was a pass through of moneys to an account but no Commonwealth money actually went towards the purchase.

**Senator RICE:** So who now officially owns the land, then?

**Mr McClure:** It's federally leased land, so it's Commonwealth land. It is federally leased to the airport.

**Senator RICE:** But we didn't pay for it?

**Mr McClure:** No. The airport paid for it.

**Senator RICE:** The airport paid for it. The ownership, though, is the Commonwealth?

**Mr McClure:** Yes.

**Senator RICE:** And it is now leased back to the airport?

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

**Senator RICE:** But there was no Commonwealth money that changed hands?

**Mr McClure:** It was a nominal dollar.

**Senator RICE:** A nominal dollar?

**Mr McClure:** Yes.

**Senator RICE:** That went through the Melbourne airport new runway land acquisition special account. Is that correct?

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

**Senator RICE:** Could you take on notice the history of those transactions?

**Mr McClure:** Sure.

**Senator RICE:** Have there been any transactions for Melbourne airport land acquisition that haven't gone through that special account?

**Ms Dacey:** Not to my knowledge, but we'll take it on notice just to be sure.

**Mr McClure:** We'll take that on notice.

**Senator RICE:** Thank you. I have another topic, which is the former Uber project for aerial taxis in Melbourne. It was announced with great interest by Uber. In December last year, there was some media coverage that the fly-in taxis proposal was put on ice. In December, the Uber project, I'm told, was sold to Joby Aviation. What contact has the department had with Uber/Joby Aviation since then?

**Mr R Wood:** We had some informal engagement with Uber prior to that sale. I would have to take on notice whether there has been any engagement with Uber or the successor entity since that time. The proposal that you were talking about was predominantly something that was being handled by the Victorian government rather than us. We have, of course, some regulatory and other interest through our general aviation powers and our interest in emerging technologies. It is also a matter for Victoria. I will take it on notice and engage.

**Senator RICE:** But to your knowledge it is not an active project within the department?

**Mr R Wood:** It is possible that my colleague has engaged. He has recently left the department. I will need to confirm the record. I certainly haven't.

**Senator RICE:** Is there any expectation of a formal application or for actual aerial taxis to be trialled?

**Mr R Wood:** I think that is a matter of speculation. Are you talking about that proposal in particular?

**Senator RICE:** That proposal or any one.

**Mr R Wood:** I think it is a matter of speculation. I'm not aware of anything coming to us currently.

**Senator RICE:** Is the department doing any work on the regulatory framework that would be required that would apply to such proposals?

**Mr R Wood:** The government recently released the national emerging aviation technologies strategy, which outlines a range of work that the department and across government will be undertaking to support the development of emerging aviation technologies, including urban mobility of the type you describe.

**Senator RICE:** Thank you.

**Senator SHELDON:** Ms Dacey, thanks for the answers you were giving before in working through those questions on the international network, the effects of IAS and, of course, the importance of the international network for our economic recovery. Do you agree that the vaccination rollout is directly linked to jobs in aviation and tourism?

**Ms Dacey:** I think it is one of many things that are relevant.

**Senator SHELDON:** Do you think particular parts are exposed to the sector in international travel? What is the significance of vaccinations when you've said you've got criteria that have been set? What is the significance of vaccinations being made available so you can meet the criteria of getting planes back up in the air and borders open?

**Ms Dacey:** I think health officials will have the greatest voice when it comes to international reopening. Fundamentally, we will be guided by them, as we have been all the way through.

**Senator SHELDON:** Ms Dacey, you mentioned that you had criteria, which was very helpful, about opening up.

**Ms Dacey:** Are you asking whether it is one of the criteria?

**Senator SHELDON:** Yes.

**Ms Dacey:** To the best of my knowledge, no, but I will just confirm. It is not.

**Senator SHELDON:** Were vaccinations taken into consideration when the criteria was set and there was the likely closure of international borders?

**Ms Dacey:** No. I think we were more interested in the aviation side of it. We understand that a bunch of things will impact on the easing of international border restrictions.

**Senator SHELDON:** On that question, I appreciate that you are making a series of evaluations that would cut across many departments and many businesses. Absorbing that information, you would then make some criteria decisions about what needs to take place for both the amount of money that we would be spending in support of initiatives in the aviation industry and then you would be setting that against what benchmarks you had on particular events occurring. Did you have a benchmark on the vaccine rollout?

**Ms Dacey:** No. We didn't.

**Senator SHELDON:** We have a vaccine rollout that has been delayed. We've got a situation where we've got this international travel that should be available. What is the impact now on the aviation industry as a result of the delay in the vaccine rollout?

**Ms Dacey:** I would not feel comfortable speculating. Clearly, there are a range of community attitudes. There are behaviours and actions of other countries. Many things will impact on international borders reopening.

**Senator SHELDON:** Obviously we are trying to get the international borders open. What was your expectation about flights and staff that would be available if the borders were opened by October?

**Ms Dacey:** We would enter into a dialogue with both Qantas and Virgin in the lead-up to any substantive easing of the borders about what that might look like and work through what the transition back to any sort of pathway to international recovery would look like. It is not to say we don't have any expectations, but I think the one thing we have learned through the course of the last 15 months is that trying to guess and trying to know are pretty fruitless exercises.

**Senator SHELDON:** What is the criteria now? How is it applying to the new dates that have been set regarding the vaccine rollout?

**Ms Dacey:** I think we just keep a watching eye. We remain open to further discussions inside and outside government as we need to.

**Senator SHELDON:** The department sets a series of criteria. They set a number of benchmarks about when that criteria would be met. How far have we blown out on that criteria now and those benchmarks in light of the fact that we haven't got the vaccine rollout?

**Ms Dacey:** I'm not sure what criteria or benchmark you're actually referring to. The benchmarks and the activities that we have listed as acceptable go to having the airlines in a state of readiness. They are not contingent on things that are happening externally that they can't control. In part, that is what the program is designed to reflect—that they don't have control over many things.

**Senator SHELDON:** You have criteria set. The vaccines are rolled out by October. I would have assumed there are benchmarks for October where you would expect those international airlines to be operational again.

**Mr Atkinson:** I want to add something. I think we are talking about two different things here. We are talking about maintaining capability and capacity on the one hand, which I think is where the criteria piece is. The other is about the speed at which international borders will reopen and international travel will recommence, which is a separate thing. A lot of things will go to determine the timing of that.

**Senator SHELDON:** I appreciate you talking about the health matters, Mr Atkinson. I'm not asking about the health matters. You have a situation where there is an overlap with the criteria. There is criteria for October and benchmarks set to that criteria. I assume the department has done that. Where we're not meeting that October deadline, how far off the benchmarks are we that otherwise would presume to occur in October this year?

**Ms Dacey:** I'm not sure that we have the criteria or benchmarks as you just described them. We had flexibility in the program so that if international border easing came forward, we could do some things. If it goes further back, we would obviously need to go back and have further discussions inside and outside government. There are not three preconditions that we track against. That is my understanding of what you are asking me.

**Senator SHELDON:** Again, when you're writing criteria and benchmarks—and I'm listening to the way that you've said you are doing it—the criteria and benchmarks also look at the likelihood of tourism and the likelihood of economic activity through the opening up of the borders.

**Mr Atkinson:** I think it is about maintaining the capability and capacity for international flight.

**Ms Dacey:** We are trying to provide sufficient flexibility so that if domestic activity ramped up, they might be able to pivot some people and planes and readiness towards servicing that market. The flipside of people not being able to travel overseas is that we're actually seeing some fairly robust domestic tourism outcomes.

**Senator WATT:** I have a question on the vaccines and international flights. I think we all accept that you are not the department of health. We'll have some questions for them about vaccine rollout and the impact on the international borders et cetera when it comes time. We are very interested in the impact of these decisions on international travel. That is something that this department is involved in. I will take you to a couple of quotes. Back in February this year, at the Press Club, the Prime Minister said that it was his aim to offer all Australians the opportunity to be vaccinated by October this year. Shortly after that, on 25 February, Qantas issued a statement announcing that flights to most international destinations would resume in late October. In doing so, they referenced the Prime Minister's statements about vaccine rollout. So you would have to accept that, at least from Qantas's point of view, there is a direct connection between the vaccine rollout and international travel.

**Ms Dacey:** I don't have a view about what Qantas thinks, but I understand the point you're making.

**Senator WATT:** More recently, we saw the Prime Minister dump his vaccine target on 11 April, I think. There was an announcement in the budget just a week or two ago that vaccinations wouldn't be in place until the end of this year. The very next day, Qantas issued a statement that it doesn't now plan to reopen its international network until late December this year. Again, in doing so, they referenced the Prime Minister's statement that the vaccine rollout would now not happen until the end of the year. Again, surely you have to accept that, from the department's point of view, planning for international travel to occur is inextricably linked to the timing of the vaccine rollout?

**Ms Dacey:** I accept the point you are making.

**Senator Reynolds:** Chair, I think that is a hypothetical.

**Senator WATT:** It's not a hypothetical.

**Senator Reynolds:** You're putting a proposition.

**Senator WATT:** I want to stick with Ms Dacey for a moment. It's the Prime Minister's words. It is not hypothetical. The Prime Minister hasn't said anything hypothetical, although who knows whether the latest commitments about vaccine rollout will be met or not. But the Prime Minister, through the budget, said that vaccines would not be in place until the end of the year. The next day, Qantas issued a statement saying that, based on that advice from government, international travel won't resume until late December this year. From the department's point of view, in your planning for international travel, you have to be responding to what the airlines are saying. So there is a direct link, is there not, between the vaccine rollout and international travel resuming?

**Mr Atkinson:** I will go back to first principles on this. International borders reopening will be based on the ability for humans in large numbers to travel across borders. That will actually come down to health advice based on epidemiology, risk management and all those sorts of things. It is actually going to be a question for them as to what extent different categories of people, both internationally and here, being vaccinated by different types of

things will impact on what that border reopening time looks like and the model for it. At the moment, we've got 14 days quarantine and that just is what it is.

**Senator WATT:** I presume your department is involved in some kind of interdepartmental working group around these issues with the Department of Health.

**Mr Atkinson:** Yes. We do work with people on reopening.

**Senator WATT:** So based on the discussions that you're having with the Department of Health, is it fair to presume that international travel will not be possible until, at the earliest, December this year once the vaccine rollout reaches an appropriate level?

**Mr Atkinson:** It's not a binary thing like that. I think we have about 7,000 people a week coming in. I'm not sure what outbound is. The question is what the pathway is to getting back to closer to the 400,000 a week level. There is a lot more to it than a binary thing with respect to the risk management profile of—

**Senator WATT:** But vaccine rollout is surely a critical part of that.

**Mr Atkinson:** I think vaccination levels are an important issue. At the moment, it's actually compulsory 14 days quarantine that is setting the parameters. That is coming from the state health officials.

**Senator WATT:** All we can go on is what Qantas, for instance, has said—that they don't expect to be able to recommence international travel until late December this year because of the government's update on vaccination rollout.

**Mr Atkinson:** There is a commercial aspect to their choice as well.

**Senator WATT:** They make their own choices.

**Mr Atkinson:** We've got 22 airlines flying into Australia at the moment.

**Senator WATT:** They obviously make their own choices. But the statement issued on 12 May states:

The Federal Government has revised its anticipated timeline for the completion of Australia's vaccine rollout to end-2021 and its timeline for significantly reopening our international borders to mid-2022.

In light of these two dates, we'll adjust our planned international flights from end-October to late December 2021.

That happens to be when the vaccine rollout is now said to be completed.

**Mr Atkinson:** I think what we can say from this portfolio is that the constraints on movements of individuals across borders that have been put in place have been done on the best health advice. The approach and timing of easing of those constraints will be based on what the health officials actually decide with respect to that. Vaccines and types of vaccines and those things are really a matter for them as to when they think that those things will be.

**Senator WATT:** I do understand that those matters about vaccine rollout and things like that are a matter—

**Mr Atkinson:** It is also the types of vaccines.

**Senator WATT:** That is a matter for the health department. You respond to their advice.

**Mr Atkinson:** That is how the New Zealand bubble works. The health aspects were able to be dealt with in such a way that we were able to reopen.

**Senator WATT:** I will put it a different way. In your current planning for the resumption of international travel beyond the trans-Tasman bubble, what timeline are you operating to at the moment?

**Mr Atkinson:** We don't have it set. We would like to continue to work with people to open up the flow of individuals as quickly as we can consistent with the health advice.

**Senator WATT:** So you don't know when international travel is going to resume?

**Mr Atkinson:** Are you asking me for a date?

**Senator WATT:** Well, approximate. A lot of people's jobs are on the line.

**Mr Atkinson:** I'm certainly not going to do that. It is an issue for health.

**Senator WATT:** Do you anticipate a situation where in fact international travel may be able to resume earlier than the end of this year, being the date that the government has now said it expects to complete the vaccine rollout?

**Mr Atkinson:** I think I can't go any further than what I talked about before. It will be the health advice that we act upon in terms of what allows us to ease various constraints on movement of people across borders.

**Senator WATT:** Are we to believe that there is no connection at all between vaccine rollout and the resumption of international travel?

**Mr Atkinson:** I already said that I think there are a whole series of things and risk management choices that the health authorities need to make. These questions are probably best put to them rather than us.

**Senator WATT:** Trust me, we'll have lots of questions for health about the vaccine rollout and international borders. But we're focusing in here on international aviation.

**Mr Atkinson:** So in response to the health choices, advice and the movement of humans, the constrictions will be eased.

**Senator WATT:** I don't think I can take that any further. Others have questions.

**Senator SHELDON:** I have a question for the minister. You are aware of the obligations set for the ministerial advisers and the lobbying code?

**Senator Reynolds:** Yes.

**Senator SHELDON:** Are you aware that Virgin Australia recently hired an individual to be their head of government affairs?

**Senator Reynolds:** Who did, sorry?

**Senator SHELDON:** Virgin Australia recently hired. The head of government affairs until earlier this year had been an adviser on aviation to the Prime Minister. Are you aware of that?

**Senator Reynolds:** No, I'm not.

**Senator SHELDON:** I want to go to the point about appropriateness. The department might be able to assist you. Several years ago, you may recall that a former adviser to a Labor Prime Minister took on a similar position with Qantas and made an undertaking at the time that for 12 months he would not lobby the government on issues being dealt with while in the PMO. Minister, do you know if the former adviser in question has made a similar written commitment?

**Senator Reynolds:** No. I don't. I'll have to take that question on notice and get back to you.

**Senator SHELDON:** Would it be appropriate that the undertaking be given?

**Senator Reynolds:** I can't speculate. I have taken that on notice and I will come back to you on that point.

**Senator SHELDON:** Minister, do you think it is appropriate that somebody who has responsibility for aviation in the Prime Minister's office then goes and works for a company with up-to-date information about the government's thinking and procedures and processes? I have heard quite a deal, and we have rightly heard about commercial-in-confidence questions. There are government-in-confidence questions when you are dealing with commercial entities such as Virgin Australia. Is it appropriate that there be a time limit where advisers in particular areas should not be turning around and giving advice?

**Senator Reynolds:** As I have said, I'm not familiar with the circumstances, so I will seek some further information and take it on notice.

**Senator SHELDON:** Can you step me through? You mentioned that you are aware of the conflicts of interest. Can you step me through the measures in place to manage any real or perceived conflicts of interest, Minister?

**Senator Reynolds:** Again, Senator, I have taken this on notice because I don't have the background to this.

**Senator SHELDON:** I'm asking a question you answered before. You said you were aware that there is an obligation for ministerial advisers regarding the lobbying code. I am asking you what measures have been put in place to manage any real or perceived conflicts of interest.

**Senator Reynolds:** This goes outside my portfolio responsibilities and my individual office, so I will have to seek some further information about this.

**Senator SHELDON:** I haven't got anything else to ask on that. I want to turn to another matter. I may come back to it. This is regarding the international aviation support program, Ms Dacey. With respect to the wage subsidies under the international aviation support program—you may have touched on this in your earlier evidence, so forgive me—what guidelines did the department provide to Qantas as to how this should be distributed?

**Ms Dacey:** We provided to both airlines a list of—

**Mr Atkinson:** I would like to interrupt on the premise that it is not a wage subsidy.

**Ms Dacey:** I was about to say.

**Mr Atkinson:** Sorry, Ms Dacey. Obviously you had full carriage.

**Ms Dacey:** We provided a list of activities. We would not characterise it as a wage subsidy. We would characterise it as a retention readiness payment. We worked with both the airlines on a range of things that we would consider to be acceptable that would support that outcome.

**Senator SHELDON:** It would also be described as a wage offset for wage costs for the airlines. Are you able to table those guidelines?

**Ms Dacey:** Yes. We absolutely will.

**Senator SHELDON:** Was Qantas given discretion to choose which of their employees would be paid or what they would be paid?

**Ms Dacey:** The airlines were asked to advise us about their workforce needs for an international operation. In that sense, we worked through the numbers with both Qantas and Virgin.

**Senator SHELDON:** Thank you for that. An international Qantas pilot currently engaged with Qantas was in the Federal Court on a matter of age discrimination. The pilot won an interim injunction earlier this year which meant that he remains employed by Qantas as an international pilot. He received his first payment under the IAS program—this is where it comes to the department; he won that injunction for the first payment to be paid—but Qantas cut him off from the second payment. He has not received a payment since he won that injunction. Are you aware of this?

**Ms Dacey:** No.

**Senator SHELDON:** Minister, are you concerned that Qantas is using public money to silence its employees?

**Senator Reynolds:** I certainly would not accept that characterisation in general and certainly not without seeing the specifics of the case you are citing.

**Senator SHELDON:** In this case—I will step through it—there is retention money paid. I would describe it as a wage subsidy. It is certainly money that is to cover income and wage costs by, in this case, Qantas. Qantas appears to be arbitrarily deciding to work outside the guidelines. It is certainly turning around and deciding who gets IAS and who doesn't even though an injunction has been won in court for this worker to be paid.

**Senator Reynolds:** Again, I have no advice about this individual case and about your asserting a confluence of those two circumstances. I think Ms Dacey has been very clear on the requirements for both airlines in terms of this scheme. I would have thought—Ms Dacey can correct me—that it is a commercial issue for Qantas and Virgin on how they retain and engage their staff under this program.

**Senator SHELDON:** Minister, I appreciate the specifics. But the question of AIS money and how it is paid to, in this case, a pilot should not be solely at the discretion of Qantas in the case where an injunction has been placed.

**Ms Dacey:** That is a court matter. That is not an issue of policy for government. It is an issue for Qantas.

**Senator SHELDON:** This is government money being cut off from this person because the guidelines aren't requiring them, or are the guidelines requiring them and Qantas is failing to operate appropriately?

**Mr Atkinson:** Ms Dacey went through in quite a bit of detail how the AIS works and how the airlines have categories of claim that they can make after the fact. It is Qantas paying. Afterwards they claim back from us. It is not outside the guidelines that we talked about. Qantas's compliance with legal decisions is a matter for Qantas.

**Senator SHELDON:** First of all, it is AIS—I will get to the question—that has been not allocated to this individual who is entitled to it. Qantas outsourced 2½ thousand workers when they are supposed to be retained in jobs. We have a pilot—

**Mr Atkinson:** That was in August last year.

**Senator SHELDON:** So 2½ thousand jobs were outsourced, yes. We have a pilot who has been required to be engaged by Qantas but Qantas is failing to make payments. They seem to be running the game but we aren't actually keeping them to account when it comes to individuals or 2½ thousand people let go by Qantas. Can you see why there is concern about this matter?

**Mr Atkinson:** I don't accept those characterisations.

**Senator SHELDON:** Minister, is it appropriate that public money is used as a vehicle to attack employees?

**Senator Reynolds:** I don't in any way accept your characterisation of the situation. My understanding with the AIS, as Ms Dacey has very clearly explained, is that it is about a range of numbers of employees, not specific employees. In the example you are citing, you are conflating the purpose of the program for whole numbers with an individual case. As the secretary said, that individual case is really a legal issue for Qantas. It is not directly related in any way to the AIS program.

**Senator SHELDON:** I will pass to my colleagues. You may want to make some observations on this comment. You have a company that receives hundreds of millions and billions of dollars and they can arbitrarily use it to attack a worker who has just won an injunction. It would seem only logical that they are trying to force them out. It is quite clearly an inappropriate action by Qantas to be able to use government money in that fashion and concerning that there is an obligation on it.

**CHAIR:** Thank you for raising that. I think you have made your point. Do you have any other questions on this?

**Senator STERLE:** I want to follow up on Senator Sheldon's questions to Ms Dacey earlier and cue to Mr Atkinson, because you said that the payment is a pass through.

**Ms Dacey:** I was talking about TANS.

**Senator STERLE:** Sorry, TANS. I am coming back to TANS. When you say pass-through—I don't have the guidelines in front of me—what happens? I go buy a ticket and I want to go to the Gold Coast.

**Ms Dacey:** Let's say you go on to the website. There is a ticket from A to B, and the ticket is \$100. That ticket previously would have been \$200. The airline sells it to you for \$100 and we make up that price difference.

**Senator STERLE:** You pay that?

**Ms Dacey:** That's right. They don't pocket the money. It goes through in the form of lower prices for you as the consumer.

**Senator STERLE:** Okay. If the consumer changes their mind and cancels the flight, do you know what happens?

**Ms Dacey:** You get a refund or credit or whatever the individual—

**Senator STERLE:** Ms Dacey, I'm not trying to set you up. What I do know is that, as COVID things change and borders close, Qantas do not reimburse. They couldn't wait to tell the chair, Senator Sheldon and me about the opening of the borders. It sounded like Qantas were dictating when the borders were going to be open at our COVID inquiry in the aviation case. They are not refunding the money; they are keeping that money. Qantas is sitting on dollars. I want to know if you know whether they are doing the same thing here.

**Ms Dacey:** I don't know. We'll take it on notice.

**Senator STERLE:** Would you check that out?

**Ms Dacey:** Yes.

**Senator STERLE:** Don't take it on notice. Would you check that out? If I had the guidelines here, it might explain it for me.

**Ms Dacey:** I will see what I can find out for you right now.

**Senator STERLE:** I'm not saying that I don't trust Qantas. Put it this way: Virgin have been refunding but the other mob haven't. I am finished, but I know that Senator Polley and Senator Brown have questions. I want to go to road safety, but I would rather everything else be cleared up first and we can let those officials go.

**CHAIR:** Senator Brown, do you have aviation questions?

**Senator CAROL BROWN:** No.

**Senator STERLE:** Do you have questions in this space, because we're going to go to road safety?

**Senator CAROL BROWN:** Is this space called surface transport?

**Senator STERLE:** Yes.

**Senator CAROL BROWN:** I think I have.

**CHAIR:** Senator Polley, Senator Brown is just looking for her questions. Do you have questions ready to go?

**Senator POLLEY:** This is in relation to the Tasmanian Freight Equalisation Scheme.

**Ms Dacey:** Are we done with aviation questions?

**CHAIR:** Yes. Thank you very much.

**Senator POLLEY:** My questions relate to the Tasmanian Freight Equalisation Scheme. Is it correct that you will be unable to lodge your TFES claim online until October this year despite the scheme kicking off from 1 July?

**Mr Atkinson:** I will pass to Mr Johnson.

**Mr Johnson:** There was an extension to the Tasmanian Freight Equalisation Scheme that was announced in the context of the budget. In that expanded scheme, people are allowed to make claims for goods that were shipped from 1 July, but those claims can't be lodged until after 1 October. It is to allow time for Services Australia to put the required IT and other changes in place to enable those claims to be lodged.

**Senator POLLEY:** So you are confident, then, that that will be available on 1 October?

**Mr Johnson:** Yes.

**Senator POLLEY:** The government has allocated \$89.3 million over the forward four years from 2021 to 2022. What are the existing resources which will be partially met under this funding?

**Mr Johnson:** I'm not sure I quite understand the question.

**Senator POLLEY:** Over the four years from this financial year, what existing resources will partially be there to meet this funding? Is this additional new funding, or is part of this is previous funding allocation?

**Mr Johnson:** There is a bit of both. The program is actually a demand driven program. So whatever the claims are for eligible activities is what the expenditure of the program is. There is an estimate of the expected expenditure of the program in the budget forward estimates. That estimate is currently a bit above what the actual amount is. I think the way the estimate of the funding for this one have been calculated is it takes into account some of that underspend that has been against the existing forecast expenditure. Like I said, it is a demand driven program. If the claims are there and they are eligible, the money will be paid regardless of what that amount is.

**Senator POLLEY:** So much was left over from the last financial year from 2020 to 2021? What is the balance?

**Mr Johnson:** In 2021, it was about \$50 million. But that was affected a bit. Expenditure was down a bit last year due to the COVID restrictions.

**Senator POLLEY:** Is there a projected figure that you're anticipating for 2021-22?

**Mr Johnson:** No. The projected estimate is the budget estimate for \$176 million.

**Senator POLLEY:** Will this scheme help export businesses who are also struggling from historically high freight costs?

**Mr Johnson:** It may do. This additional expenditure on the program allows businesses engaged in manufacturing and agriculture, fishing and forestry activities in Tasmania to claim TFES assistance for some imported products and inputs to their manufacturing or production processes. So it would be things like capital equipment—tractors and those sorts of things. It will reduce some of their input costs potentially. It is not specifically addressing the increase in freight rates for export at the moment.

**Senator POLLEY:** Has the expanded scheme been regarded as a success? Will the government consider extending this expanded scheme indefinitely?

**Mr Johnson:** The additions made to the scheme are ongoing changes. They are not time limited.

**Senator POLLEY:** They are ongoing?

**Mr Johnson:** Yes.

**Senator POLLEY:** Has it been deemed to be successful?

**Mr Johnson:** It is a bit early to tell because it is only a few weeks after the announcement. Certainly I think the stakeholders in Tasmania were pretty keen on this going ahead as a change. I think the general feeling is that it is going to be a positive impact. But it is a bit early to tell whether it will be or won't be at this time.

**Senator POLLEY:** I've had contact from a variety of businesses and it's been in the media that Tasmanian businesses are actually struggling because of the sky rocketing freight costs and their reduced capacity. Are there any strategies being discussed or implemented to address this?

**Mr Johnson:** Not through the Tasmanian Freight Equalisation Scheme. The Tasmanian Freight Equalisation Scheme only provides a subsidy for the Bass Strait leg of the freight, reflecting the fact that there isn't an equivalent road or rail transport link for those producers. Certainly freight rates for containers coming to and from Australia have increased substantially over the last 12 months. But that is for everyone, not only Tasmanian businesses. In fact, worldwide, container freight rates have gone up substantially. From what we understand, the freight rates to Australia are certainly no worse than anywhere else and, in fact, are better than some places.

**Senator POLLEY:** I understand international freighting. In terms of between Tasmania and the mainland, you're not aware of those rates going up?

**Mr Johnson:** No. I'm not aware. They may have, but I'm not aware.

**Senator POLLEY:** Can you illuminate the committee regarding the long-term strategy to address this issue in a COVID-19 environment? Are there safeguards there if we have further outbreaks in terms of this subsidy that we have now?

**Mr Johnson:** There's certainly a regular process every few years. The Bureau of Infrastructure, Transport and Regional Economics in the department has a look at the freight data and does some analysis in terms of the way the subsidy is applied and the freight rate and those sorts of things that give us some indication of whether the subsidy is about the right amount.

**Senator POLLEY:** And you're pretty happy and confident that the businesses that need this assistance have the capacity to get it?

**Mr Johnson:** Yes. The last monitoring indicated that the subsidy was in the right ballpark in terms of the relative freight rates of maritime freight to Tasmania compared to road or rail freight for similar products on the mainland.

**Senator POLLEY:** Excellent. Thank you very much.

**Senator CAROL BROWN:** The department conducts fortnightly teleconference meetings to discuss COVID with stakeholders. Is that right?

**Ms Bridger:** Yes, we do for both the maritime domain as well as on land.

**Senator CAROL BROWN:** Are you able to give me a list of the stakeholders involved in the fortnightly meetings?

**Ms Bridger:** Yes. We can give that to you for both.

**Senator CAROL BROWN:** When did they start?

**Mr Atkinson:** February or March last year.

**Senator CAROL BROWN:** And they are still continuing fortnightly?

**Ms Bridger:** In the land space, yes, fortnightly. I think in maritime—

**Mr Johnson:** It's still fortnightly.

**Senator CAROL BROWN:** Are there two separate briefings or discussions?

**Mr Atkinson:** Yes. They are different people.

**Senator CAROL BROWN:** You give names to everything.

**Mr Atkinson:** I named them in my opening statement.

**Senator CAROL BROWN:** I wasn't here, Mr Atkinson.

**Mr Atkinson:** Sorry, Senator. I was reading. It is the COVID maritime response.

**Ms Bridger:** I think the other one is the COVID land transport response group. I need to correct my previous advice. The land transport group has moved to monthly. That was after we had general consensus that monthly was suitable for the time being.

**Senator CAROL BROWN:** So the COVID maritime response is still fortnightly?

**Ms Bridger:** Correct.

**Senator CAROL BROWN:** Great. And you're going to give me a copy of not who attends each of the fortnightly meetings but the—

**Mr Atkinson:** Yes. We've got them both.

**Senator CAROL BROWN:** That is unions as well?

**Mr Atkinson:** Yes.

**Senator CAROL BROWN:** My understanding is that the industry has been raising a number of issues for many months now about the difficulties they have had with operating with state and territory border closures. Is that correct?

**Mr Atkinson:** That's one of the key issues that we manage through them. It was particularly important early last year when the state lockdowns happened and we needed to keep freight flowing and keep people getting to the ships and things. We worked through those issues with the state people who were on those calls as well.

**Senator CAROL BROWN:** You do? My understanding is that one of the main issues seemed to be around the inconsistency in terms of health advice between states and territories. There are different border closures at particular points in time. That's right, isn't it?

**Mr Atkinson:** It depends on whether you are talking about maritime or land.

**Senator CAROL BROWN:** At the moment, I'm just talking about maritime and the COVID maritime response.

**Mr Atkinson:** It's been a progression of issues over the last year. Once again, as I said in my opening statement, this group of people pulling together has been one of the most important things in our COVID response. It has kept the international shipping lanes open. The states do have different rules with respect to health movements. They change from time to time. We work with everybody to navigate them as the states change their rules. I think there is more consistency now, Mr Johnson, than there was in the middle of last year, but we work through those individual issues with the stakeholders and the states. The maritime domain is a bit different in each of the states and territories. So the rules and experiences for pilots through the reef, for instance, in Queensland, are quite different to what happens, say, in the port of Melbourne.

**Senator CAROL BROWN:** There are many issues around the health advice with the states being inconsistent with one another, which is obviously a difficult situation.

**Mr Atkinson:** Yes. People have managed it over the year.

**Ms Bridger:** We also use the forum to learn lessons. As we've gone along, depending on the capability of the states, what has worked well or not so well in one state, we use it as a forum to share ideas and jointly work up solutions.

**Senator CAROL BROWN:** When you say that people have managed it, what does that actually mean, Mr Atkinson?

**Mr Atkinson:** What it means is that—

**Senator CAROL BROWN:** I'm a member. I will give you a scenario. I am a member of the stakeholder group. I'm having real issues with coming to grips with and trying to solve some of the health advice that states have made that is inconsistent with one another. I'm trying to work through that and continue my job traveling around the coast. Who is managing that? They come to you and they say, 'Look, this is a nightmare for us. We're getting inconsistent advice. Who do we talk to?' Do you take that on? Do you go out?

**Mr Atkinson:** The states are actually on these calls.

**Senator CAROL BROWN:** What is the role your department plays in managing the identified issues where the industry or the unions are saying, 'We need assistance?'

**Ms Bridger:** We act as a focal point. For a lot of those conversations, we can bring the right parties together. At times we have needed to participate in those conversations. We also have invited our Commonwealth Department of Health colleagues on the call. They generally provide an update to participants. I think that is a good summary.

**Senator CAROL BROWN:** I still haven't really understood. They are teleconferences, aren't they?

**Mr Atkinson:** We bring people together and solve problems.

**Senator CAROL BROWN:** So you actually solve problems? Who is solving the problems?

**Mr Atkinson:** We all solve them together. Shipping is a very complex system.

**Mr Johnson:** We're the facilitator, in effect. We try to facilitate the resolution of the issues between the parties.

**Mr Atkinson:** If there is an issue that needs to be resolved that needs further work, we will refer it off to someone in our department to lead, working with five or six other stakeholders. It might be a state police force, a state health authority, a port authority, pilots or individual workers. There are specific operational issues that need to be addressed sometimes. That is what I mean when I say we work things through with people. We resolve them.

**Senator CAROL BROWN:** Right. If an issue is raised that needs further discussion so it can be resolved, someone from the Commonwealth department takes responsibility for that?

**Mr Atkinson:** Sometimes. Or sometimes if it is a bilateral thing between, say, a particular port authority or a particular union and state government—

**Senator CAROL BROWN:** Which probably would be all the time, wouldn't it?

**Mr Atkinson:** Sometimes. Sometimes they can agree to take it offline and resolve it. That happens quite frequently. It's actually been incredibly successful given the complexity of the shipping environment.

**Senator CAROL BROWN:** It's interesting that you should say that. I can't get an understanding. Is there follow-up at the next teleconference meeting that the issue taken offline has been resolved? I'm trying to get an understanding. Someone from the Commonwealth is responsible for ensuring that these issues raised by industries or unions or whoever are resolved satisfactorily?

**Mr Atkinson:** At the start, I talked about the great collaboration between unions, industry and state governments. This grouping is an example of that. It hasn't always been perfect, but we have resolved most issues satisfactorily across the course. What we haven't done is dictate to state health authorities that they must have the same rules with respect to health. We can't do that.

**Senator CAROL BROWN:** That isn't even the question I'm asking. I'm asking who takes responsibility. Who tracks the issue through?

**Ms Bridger:** We as the facilitator will capture an issue or an outstanding item. At the next meeting, we generally do as you would in a steering committee or other meeting. We go back and tell the group what the outcome was. Is it an issue that is continuing? Do the two parties that need to get together give us an update on how they are going? It is very much a facilitative, collaborative approach to solving the issue, given all of the moving parts around making the ports work.

**Senator CAROL BROWN:** Are the calls minuted at all?

**Mr Atkinson:** No.

**Senator CAROL BROWN:** But actions required would be minuted, wouldn't they?

**Mr Johnson:** We keep a record of actions.

**Senator CAROL BROWN:** Can I have a copy of that?

**Mr Atkinson:** We can consider that.

**Senator CAROL BROWN:** Have any of the issues that have been raised needed to be kicked up to the national cabinet level, particularly from this COVID maritime response group?

**Mr Atkinson:** I just had to check on the cabinet confidentiality piece. Exemptions for crew movements was considered by national cabinet and announced.

**Senator CAROL BROWN:** Can you remember when it was announced?

**Mr Atkinson:** It was April last year.

**Senator CAROL BROWN:** Has that issue around crew movements been raised subsequent to that announcement? Has it come up again as an issue from stakeholders?

**Mr Atkinson:** Yes. I think it is safe to say that operationally crew movements cause from time to time problems for people. It is the same as all movements across borders can get caught up. Crew movements, I would say, would be an ongoing issue.

**Senator CAROL BROWN:** So it has been raised again?

**Mr Atkinson:** But it has been substantially resolved because of that exemption that came through national cabinet.

**Senator CAROL BROWN:** If they are still complaining or raising it as a concern, what sort of concern? Why is it continually raised if it has been fixed?

**Mr Atkinson:** Over the last year, as state borders open and close and restrictions change and new rules come in in different states and territories, sometimes, as we transition to a new rule set, people can get caught up. We need to resolve the issues again.

**Senator CAROL BROWN:** The announcement made last year isn't a fix-all for every scenario. Is that what you are telling me?

**Ms Bridger:** Correct. As borders close and as trade increases, it is also about building capability as well.

**Senator CAROL BROWN:** I have been told that when your stakeholders specifically asked if any of the issues are raised at national cabinet in an attempt to fix some of them, the answer was that they don't go beyond the group on the call. Is that correct?

**Mr Atkinson:** Who said that?

**Senator CAROL BROWN:** That is what I was told. You are telling me—

**Mr Atkinson:** Certainly in April last year that crew movement piece was escalated all the way to national cabinet and announced by us.

**Senator CAROL BROWN:** It is still an issue that continually gets raised. Putting that aside, MIAL are saying that when asked what happens to these issues, and whether they go to the national cabinet level, they were told, 'No. They don't go beyond the group on the call.'

**Mr Atkinson:** Who told them that?

**Senator CAROL BROWN:** MIAL, the maritime industry—

**Mr Atkinson:** Who is said to have told MIAL that?

**Senator CAROL BROWN:** Are they on the teleconference?

**Ms Bridger:** Yes, they are.

**Senator CAROL BROWN:** Do you mean the person?

**Mr Atkinson:** Depending on what the issue is, we work out the appropriate course of action to resolve it. Sometimes it is a senior person like a secretary of a state department ringing up health officials in a particular jurisdiction or sometimes it is a movement protocol, which is what went to national cabinet.

**Senator CAROL BROWN:** Hence my efforts to find out whether you're responsible. I understand that some people just take it offline and see if they can resolve it or whatever. I want to find out whether there is follow-up from the Commonwealth department, your department, as to whether it actually is resolved.

**Mr Atkinson:** The same people meet each fortnight and discuss what happened.

**Senator CAROL BROWN:** So you are telling me that nobody is responsible, then? They just come back like groundhog day every fortnight?

**Mr Atkinson:** This has been an incredibly collaborative process. I don't want to be negative about anybody in it. Everybody has actually tried to resolve these issues very successfully. Sometimes an issue has a lever of a person who is responsible for fixing it that is not us.

**Senator CAROL BROWN:** I understood that, Mr Atkinson. Are you on the teleconference, Ms Bridger?

**Ms Bridger:** I absolutely, am. Yes, I am.

**Mr Atkinson:** For the first six months I was chairing it.

**Senator CAROL BROWN:** All I want to know is whether the department follows up the issues raised, even if you say Ms J talked to Mr K to see whether they can resolve it. Do you follow up that they those two actually have a discussion, even if there is no resolution? Do you follow up whether the discussion you believe should have taken place actually happened?

**Ms Bridger:** I don't personally call each of the individuals to ask them whether the conversation happened. In the subsequent teleconference that we have, we generally do a capture of whether the issue resolved, whether there is any more to do or whether there is anything that I or my colleague Mr Johnson can do. Because it is collaborative, the actions are shared. There is transparency over what we are doing. There would probably be about 20 of us on the phone call at any one time. So it is a self-correcting body. There is not one issue that we're working towards given the borders are evolving. It is an ongoing moving agenda.

**Mr Atkinson:** Mr Johnson, did you want to add anything?

**Mr Johnson:** Certainly, if one of the stakeholders on the call is not satisfied that something has been followed up, they are not backward in asking about it. If it is not raised and it isn't reported on, it is certainly questioned and then a response is provided. As Ms Bridger said, it is very self-correcting in that way.

**Senator CAROL BROWN:** There is not a designated departmental person? I was told that the actions that people agree to are actually noted.

**Mr Johnson:** Yes.

**Senator CAROL BROWN:** But there is nobody that prior to the next fortnightly meeting checks to see if those actions have been completed?

**Mr Atkinson:** It tends to happen at the meeting. We go around the grounds of everybody who is involved.

**Senator CAROL BROWN:** I understand that. All I want to know is whether anybody is responsible for making sure these things are actually tracked and actioned.

**Ms Bridger:** We do track them absolutely from an actions perspective. Given that we go through that list at the subsequent meeting, I suppose that is a mechanism that allows the Commonwealth to track and make sure that action is happening.

**Senator CAROL BROWN:** Has there been a discussion about declaring seafarers as essential workers?

**Mr Atkinson:** There was a discussion, I think in the middle of last year, about classifications of workers under various things. There are different health determinations and all sorts of other things. The exemption that went through national cabinet created exemptions for particular maritime workers or crew to move across borders that were closed. There is a whole separate industrial relations piece that is a different thing about declarations of workers. This is not that.

**Senator CAROL BROWN:** Has Australia been asked to consider by the IMO declaring seafarers as essential workers?

**Mr Johnson:** Yes. This has come up in the IMO.

**Senator CAROL BROWN:** And it was decided against, to not go down that path?

**Mr Johnson:** Yes. The system that Australia has in operation means that seafarers and port workers and everyone overall has been able to go to work loading and unloading ships and repairing ships through the entire pandemic period. There have been no restrictions on their work activity. That is how we've answered that question.

**Senator CAROL BROWN:** There are three groups of workers. We have domestic crews, international crews and specialists in the maritime sector. Have I gone too far or missed somebody?

**Mr Johnson:** I would probably include a fourth group, which is the port workers—the stevedores, the people who work in the port precinct and the government officials who go on board vessels and do inspections and things.

**Senator CAROL BROWN:** What is the difference? I have four groups. Tell me the difference.

**Mr Johnson:** In what?

**Senator CAROL BROWN:** In terms of domestic crews. What are they subject to in terms of COVID? Quarantining?

**Mr Atkinson:** They are exempt from the border closures.

**Mr Johnson:** The Australians working on ships within Australia were subject to some of the state border restrictions. We talked about the exemptions and some of those challenges. Now those border restrictions are lifted, as long as they are not leaving the Australian territory, they are not subject to those requirements. There is a protocol in place around personal protection and all of those sorts of things between Australians who might come into contact with people who have been working on ships that have been operating internationally to make sure that there is a minimum contact and PPE and all of those things in place to prevent the transmission of COVID between them.

**Senator STERLE:** Our domestic seafarers can come down the gang plank in every state and walk off and do their shopping. Are they subject to different rules in different states?

**Mr Johnson:** In most instances at the moment, but I think there is some slight variation in a couple of states depending on the nature and operation of the vessels.

**Senator STERLE:** That would be handy to know. I know that Queensland set the pace very early in the piece and Western Australia was lagging terribly behind.

**Mr Atkinson:** Queensland has been extremely good with their management of the maritime environment.

**Senator STERLE:** I'm jealous. I wish we had the same minister in WA.

**Senator CAROL BROWN:** Did you tell me why we didn't adopt the IMO protocols? I know you told me we didn't.

**Mr Johnson:** The way Australia managed who was able to work and not work during that period when people were at home and working from home and those sorts of things was quite different. During that period, all of the port workers and the people working on ships were able to go to work and able to do their jobs. There were no restrictions on that, which is different to some other countries, where they were required to be designated as an essential worker to be able to do that so we had a different system, which meant that that classification wasn't as relevant here.

**Senator CAROL BROWN:** So essentially you're saying that the national cabinet agreed a protocol for freight and logistics workers?

**Mr Atkinson:** That is slightly different. What Mr Johnson was talking about was that we didn't have constraints on these workers in a way that would require them to be classified as essential workers to get an exemption from constraints that would be put on by a state government. Throughout this, all of the states have allowed these workers to continue. So if a state decided to close down these workers and make that classification

not able to work, that would be a point where you would need to make a decision about whether you need to change a classification to allow them to work. But in Australia, nobody did that.

**Senator CAROL BROWN:** So at no time during COVID were domestic seafarers restricted when they were going from state to state?

**Mr Atkinson:** That's different. That is movement across borders internally.

**Senator CAROL BROWN:** That's what I'm talking about.

**Mr Atkinson:** These are the issues we have been managing.

**Mr Johnson:** A port worker or someone who works on a tugboat living in Sydney could go to work and come home again without any restriction. There were some challenges in managing the movement of some of those workers where they worked across borders.

**Senator CAROL BROWN:** Did the national cabinet consider that issue? They did, didn't they?

**Mr Atkinson:** That is the one I was referring to before. If you live in South Australia and you're a pilot in WA, that exemption was designed to allow you to get to your vessel as an exemption from the health protocols in that state.

**Senator CAROL BROWN:** Can you quickly tell me what protocols the national cabinet agreed to, I think you said some time last year, for shipping workers? There was something around freight and logistics, was there not?

**Mr Atkinson:** There is a freight and logistics one, which was largely a road freight one. But the movement of maritime workers one—

**Senator CAROL BROWN:** Yes. That's right.

**Mr Atkinson:** It was public. It was published after national cabinet, so we can provide it to you.

**Ms Bridger:** Yes, absolutely.

**Senator CAROL BROWN:** So that is the land one?

**Mr Atkinson:** The maritime one is the second one I was talking about.

**Senator CAROL BROWN:** That's right. I'm trying to get an understanding of how you agreed the protocol for freight and logistic workers. I want to know what it is that the national cabinet agreed in terms of maritime workers, or did they not agree to anything? Or did they agree?

**Mr Atkinson:** The movement of maritime workers. We can get you the document. It is a published document with a protocol.

**Senator CAROL BROWN:** Has that protocol been implemented?

**Mr Atkinson:** Largely.

**Ms Bridger:** Yes.

**Senator CAROL BROWN:** So every state and territory implemented it?

**Mr Atkinson:** The reason I said largely is that the states can still make their own biosecurity choices. At the moment, certainly there are no constraints that I'm aware of.

**Senator CAROL BROWN:** So you are telling me that that national cabinet protocol about maritime workers has been implemented by every state and territory?

**Mr Atkinson:** I answered before. I said largely.

**Senator CAROL BROWN:** Can you explain to me what largely means?

**Mr Atkinson:** It means that throughout COVID-19 the states made changes to their health protocols on an as-necessary basis. If you think about when Victoria was going into and out of lockdown, there were different rules coming out from time to time. We had to respond to them.

**Senator CAROL BROWN:** Has anyone raised as an issue on your fortnightly teleconference this protocol? Do they have issues with the way the protocol is working and how it has been implemented?

**Ms Bridger:** Not issues with the protocol, but certainly given the borders are opening and shutting, that will impact how they operate. But the protocol is a common understanding of the scenario that they face.

**Senator CAROL BROWN:** The national cabinet protocol has been agreed by every state and territory. Yes?

**Mr Atkinson:** It was an outcome from the national cabinet.

**Senator CAROL BROWN:** Yes. So agreed by every state and territory?

**Mr Atkinson:** I would have to check the exact way that national cabinet works.

**Senator CAROL BROWN:** Minister, does the national cabinet announce decisions agreed by all states and territories? Is that the way they operate?

**Senator Reynolds:** They generally do, yes. So after the national cabinet, the PM and the individual members do typically announce their decisions. But in relation to the specifics of this, we would have to take that on notice and get back to you, Senator Brown.

**Senator CAROL BROWN:** Thank you. I have a different question. It may sound the same. Has every state and territory implemented the protocol?

**Mr Atkinson:** I answered that. I said 'largely'

**Senator CAROL BROWN:** Yes. I'm trying to understand, because what I've been told is that no-one has implemented it.

**Mr Atkinson:** I don't think that's true, Senator.

**Senator CAROL BROWN:** Well, I'm sure you don't mean to say you think, because you told me it was largely implemented. I'm just trying to understand.

**Mr Atkinson:** It was designed around moving crews across borders where there were biosecurity measures that stop people moving. At the moment, I'm not aware that we actually have any constraints that stop anyone moving. So there's nothing to be exempted from, if that makes sense.

**Senator CAROL BROWN:** My question is whether it has been implemented. Senator Sterle just talked about how well the Queensland arrangements work. I wonder whether there have been ongoing issues with the implementation of this protocol? Has the department had a look at what other states are doing, particularly the Queensland model?

**Ms Bridger:** I would suggest that if there are ongoing issues for them, they should raise it in the telecon. I have been with the department for about five months. I don't believe in my time that I've been on the call that it has been raised with me.

**Mr Atkinson:** This was an issue about a year ago.

**Senator CAROL BROWN:** What is happening in terms of vaccinating foreign crew? Is that an issue that the department has looked at?

**Mr Atkinson:** I think issues around vaccination are squarely a matter for the Department of Health.

**Senator CAROL BROWN:** Has it been raised as an issue on the fortnightly calls?

**Mr Johnson:** Yes. It has.

**Senator CAROL BROWN:** We get to the point where an issue is raised. How is it resolved?

**Mr Johnson:** We've had a representative from the vaccine task force at the Department of Health attending the teleconference and providing advice to the teleconference.

**Senator CAROL BROWN:** When was it raised?

**Mr Johnson:** I can't remember off the top of my head, but it has been raised several times. It has been on the agenda for at least the last three or four meetings.

**Senator CAROL BROWN:** So a couple of months maybe or something like that. Has the government come to a conclusion on whether or not Australia could start vaccinating foreign crew? Mr Atkinson, do you know whether the government has made a decision?

**Mr Atkinson:** Decisions on vaccine priorities are definitely a Health issue.

**Ms Bridger:** It is a Health issue. We would have to seek advice. It is a question to ask Health in terms of what categorisation they are.

**Mr Atkinson:** The Chief Medical Officer will be able to answer that.

**Senator CAROL BROWN:** My question is whether the government made a decision on it. You are not aware, Minister?

**Senator Reynolds:** I'm not. I can take that on notice. We should be able to find that pretty quickly for you.

**Senator CAROL BROWN:** So that is an issue on these teleconferences that has been raised over three or four meetings and no response has been made?

**Mr Johnson:** Generally, my understanding is that the categorisation as to who gets the vaccination when is generally done by the states. But certainly the health agency is the right place to ask that question.

**Senator CAROL BROWN:** The issue has been raised and the question was whether Australia has come to that decision. We don't know. The minister is going to seek to—

**Mr Atkinson:** I have rightly referred this to the health portfolio.

**Senator CAROL BROWN:** I know. You have just spent half an hour or whatever telling me that you have this teleconference every fortnight, which is great. You have quite a lot of people as members of it. It seems like you have covered off on every eventuality, if that is actually possible. My question is, and it was half an hour ago: if someone is asking you whether the government has made a decision on whether you're going to start vaccinating foreign crews—

**Senator Reynolds:** We vaccinate Australians. We don't vaccinate foreigners.

**Mr Atkinson:** Mr Johnson said they had a representative from the vaccine task force from health on there to provide advice to everybody. What I am saying is that it is not appropriate for me, as the secretary of infrastructure and transport, to give answers that are in another portfolio.

**Mr Johnson:** On the discussion of that point in relation to the vaccine, the person from the Department of Health took an action to take that away and raise that within the health department in terms of where seafarers sit in the broader priority.

**Senator CAROL BROWN:** When did that happen?

**Mr Johnson:** I would have to take on notice the specific date. From memory, it was a few weeks ago. If it wasn't, it could have been a fortnight or a month ago.

**Ms Bridger:** My recollection is about two or three meetings ago.

**Senator CAROL BROWN:** So you know the answer, then?

**Mr Johnson:** I will take on notice what specific meeting it was. My recollection is the same as Ms Bridger's.

**Senator CAROL BROWN:** They took it away two or three meetings ago. They've come back and answered it. What was the answer?

**Mr Johnson:** They haven't answered it yet.

**Senator CAROL BROWN:** Oh, they haven't answered it. How long does it take to get an answer to something so basic?

**Mr Johnson:** From what we have seen, the process of understanding the prioritisation of a vaccine amongst each of the states is quite complex and different in each circumstance. That is just my observation. The health department and the state health agencies are really the place to get a definitive answer on where they sit in the priorities.

**Senator CAROL BROWN:** So my question stands. How long does it take to get an answer to a question so basic?

**Mr Atkinson:** I suspect that if you asked it in a health committee, you would get a quick answer.

**Senator CAROL BROWN:** I'm sorry, Mr Atkinson. You have set up this committee. It is a fortnightly committee to take on board issues and concerns and to provide an avenue for resolution to facilitate that. I'm just asking a simple question. If I can't get an answer, god help the people on this teleconference.

**Senator Reynolds:** Senator Brown, to be fair, it is a question for the health portfolio. It's not one for this department.

**Senator CAROL BROWN:** I understand, Senator Reynolds. But the point of the teleconference is that they get answers. I am asking for the answer. The answer hasn't come back yet.

**Mr Atkinson:** The answer hasn't come back yet.

**Senator CAROL BROWN:** From a month to a month and a half, given the timetable both Mr Johnson and Ms Bridger outlined.

**Mr Atkinson:** Just on that question, you are asking quite a complex question. You are talking about the prioritisation of foreign workers in the Australian government vaccine rollout with state priorities and Commonwealth priorities. I don't think it is a simple question for health.

**Senator Reynolds:** If this might help, vaccines are up for the health portfolio on 1 June at 10.00 am. They'll have all of the data then on vaccines.

**Senator CAROL BROWN:** I appreciate that you've given me that. It really is just about the operation of the teleconference and whether it is operating as well as it should or could be and how timely people's issues are

actually dealt with. There have been some vaccinations of foreign seafarers, I think by New South Wales. That is correct, isn't it?

**Ms Bridger:** That's correct.

**Senator CAROL BROWN:** I think I might leave it there. I appreciate your time. Thank you.

**Senator PATRICK:** We have been talking about national cabinet. There is a question before the court about whether it is or isn't. I want to ask some questions about the Tasmanian Freight Equalisation Scheme. Is that something that fits within this program?

**Mr Atkinson:** Senator Polley already asked quite a lot of questions.

**Senator PATRICK:** This is quite localised.

**Mr Atkinson:** Mr Johnson should be able to help.

**Senator PATRICK:** Mr Johnson, you are the expert on this?

**Mr Johnson:** Yes.

**Senator PATRICK:** Can you tell me how much that cost per annum?

**Mr Johnson:** Yes. The actual expenditure from that program in 2018-19 was \$153.2 million. In 2019-20, it was \$161.2 million. For 2021 until 31 March, it was \$121 million.

**Senator PATRICK:** And it is a demand based number?

**Mr Johnson:** Yes. It's whatever eligible claims are lodged.

**Senator PATRICK:** Fantastic. I won't ambush you here. When I was on Kangaroo Island a while back, one of the big concerns was about transport costs. I went looking for similar examples where there are subsidies. Obviously this came up as, in effect, a subsidy. Has the government ever looked at Kangaroo Island as a potential candidate for a scheme like this? Has it ever been raised?

**Mr Johnson:** It has been raised a number of times, but it hasn't been looked at because that particular route is an intrastate route. The Tasmanian Freight Equalisation Scheme is an interstate route between jurisdictions.

**Senator PATRICK:** Sure. But that is just because someone designates a category. That is one way of describing it. There is nothing in law that would prevent the Commonwealth from putting in place a scheme within a state?

**Mr Johnson:** I'm not sure I could comment on that. Generally the constitutional arrangements are that the Commonwealth becomes involved in an interstate relationship.

**Senator PATRICK:** So it is only because it is interstate. Again, there are certainly jurisdictions that might get Commonwealth funding that are only within one state.

**Mr Johnson:** I am not an expert on the legal arrangements.

**Senator PATRICK:** What are the nature of the discussions that have been had around this? Who was driving these discussions? How long ago did they occur?

**Mr Johnson:** I can't remember off the top of my head. I would have to take it on notice. It has been raised a number of times in correspondence and other things.

**Senator PATRICK:** Does it just hit that block that it is not interstate and then everyone just moves on to a new discussion point?

**Mr Johnson:** Yes. I believe so.

**Senator PATRICK:** On notice, could you perhaps flesh out whether or not you think there is a restriction that would prohibit a scheme like that being entered into in a state if it were the will of the government to do so.

**Mr Atkinson:** That is an intrastate freight subsidy.

**Mr Johnson:** An internal, intrastate freight subsidy model. I'll take that on notice.

**Senator PATRICK:** Obviously the Commonwealth has a bigger purse.

**Mr Atkinson:** You mean if the Commonwealth were to do that?

**Senator PATRICK:** Yes. If the Commonwealth could do this.

**Mr Atkinson:** So a freight subsidy between two cities in a state?

**Senator PATRICK:** To Kangaroo Island. That is what I am referring to.

**Mr Atkinson:** Sorry. I was a bit slow.

**Senator PATRICK:** I have been to Kangaroo Island. It's a big inhibitor for everyone on the island. It just seems to me—this is no disrespect to Tasmanians in the room—that Tasmania benefits from the Tasmanian Freight Equalisation Scheme and they benefit from Commonwealth funding in relation to that. We don't discriminate against people just because they live on Kangaroo Island who face a similar problem. I'm trying to understand if there is any bar that would prevent—I'm not saying the government should do it—a government making a decision such as that and perhaps later implementation.

**Mr Atkinson:** It may be a constitutional issue about the interstate trade and commerce balance.

**Senator PATRICK:** Sure.

**Mr Atkinson:** The same thing would apply to all the other islands up the north as well.

**Senator PATRICK:** Sure. There could be threshold issues that say it is useful in a circumstance where there is a particular economic activity or there is a particular benefit that flows from the costs associated with conducting the scheme. Do you measure benefit in terms of the Tasmanian scheme?

**Mr Johnson:** In general terms, yes.

**Senator PATRICK:** How would you describe those benefits averaging about \$140 million or \$150 million a year? What do you say the return on that investment is?

**Mr Johnson:** In broad terms, it's particularly clear in the current circumstance, where there is quite good economic growth in Tasmania. Certainly those businesses in Tasmania have a reliable freight service with the six ships providing that freight service across Bass Strait. All of those companies have either recently or are in the process of replacing those ships with new ships with greater capacity. So there is confidence in that marketplace for businesses involved in that. I think the capacity is growing. The freight service is reliable. That group of things is supporting that economic growth in Tasmania. I think it is really that sort of picture. I think in the past there have been a few people try to come in and establish an international container service in and out of Tasmania. It has worked for a few months and then folded, which has upset the way that market has worked. The six operators across Bass Strait have had volumes going up and down, which didn't really support that long-term market. I think at the moment—

**Senator PATRICK:** That is where there would be commonality with Kangaroo Island, because it clearly does support. SeaLink operates on a regular basis. Competitors strike up from time to time, but it is a real bugbear, it is a real challenge, for people on the island. Look at forestry. There is a lot of burnt log on Kangaroo Island that could be used by sawmills in South Australia and elsewhere. The costs are quite prohibitive. Such a scheme might improve economic activity on both sides of the water body.

**CHAIR:** That is a time to break the discussion. We will break for lunch now. I look forward to seeing everybody in an hour, at quarter past two. We are coming back to the same section of road safety.

#### **Proceedings suspended from 13:16 to 14:17**

**CHAIR:** Welcome back to this afternoon's session of RRAT Senate estimates hearings. Senator Sterle, I believe you have some questions on road transport safety.

**Senator STERLE:** I want to put some questions on the National Road Safety Strategy and the Road Safety Program. I will come through you, Mr Atkinson. You can direct me whichever way we need to go. In response to the public consultation on the draft national road strategy, the latest one dated 2021-30, can you tell me how many submissions were received?

**Mr Atkinson:** I will ask Ms O'Neill to address them.

**Ms O'Neill:** There were over 110 submissions received from public and key stakeholders.

**Senator STERLE:** Did any submissions raise serious concerns about the elements of the strategy, to the best of your knowledge?

**Ms O'Neill:** Well, the priorities were tested prior in a consultation process over July and August. When the strategy came out, I think the priorities were well known. Of course, our stakeholders asked us to perhaps be more ambitious and to better nuance workplace road safety and a couple of issues like that. In general, there was very strong support for the strategy.

**Senator STERLE:** Let's talk about the workplace road strategy. What were they seeking?

**Ms O'Neill:** There was a variety of things around road workers—people who work on the roads, such as traffic management and construction gangs, road gangs, as well as truck drivers as well as what we term the gig economy. We were a bit too solutions focused on that. They were asking us to look at frameworks that better support employers or businesses, if you like, to better support those workers in the economy.

**Senator STERLE:** I think Victoria changed their law. They are actually including the truck as a workplace. I don't know if it extends to gig workers as well. I will get further on that. Any other elements that they raised concerns about? You said they wanted to be more ambitious. Ambitious in which way?

**Ms O'Neill:** In relation to the targets. They were looking for actuals rather than the proportion or the per capita rate. Of course we had both in the strategy, but there was a push to have actuals upfront and centre in that.

**Senator STERLE:** What is the process for finalising the strategy?

**Ms O'Neill:** The strategy as proposed goes to ministers at the end of this month, and we seek their endorsement for it at the infrastructure transport ministers meeting. Once we receive their endorsement or otherwise, we will take it from there. I will not get ahead of ministers.

**Senator STERLE:** It goes to June?

**Ms O'Neill:** No. The end of this month, 28 May, yes.

**Senator STERLE:** Have we got a timeline that we are putting on it for it to be done, or is it just a case that the states will all start puffing their chests out to see who has the biggest chest? Is that what are you expecting, or are we going to get somewhere for once? What is the feeling?

**Ms O'Neill:** I don't want to get ahead of ministers.

**Mr Atkinson:** I am hoping to get agreement at the moment.

**Senator STERLE:** I wasn't having a crack at you lot. I'm having a crack at the states to pull their finger out and do it.

**Mr Atkinson:** We had a discussion at the secretaries subcommittee that supports it. I'm pretty confident that we can get full agreement either there or in the couple of weeks following.

**Senator STERLE:** Good. I'll look forward to it.

**Mr Atkinson:** Governments have processes.

**Senator STERLE:** Thanks, Mr Atkinson. When will the submissions on the strategy be made public on the department's website?

**Ms O'Neill:** Once the strategy is finalised.

**Senator STERLE:** So you don't do what we do and put it all out there for the world to see so everyone can have a look?

**Ms O'Neill:** Some people have requested that the submission not be made public, but most have. So that will go out on our website once the strategy is finalised through ministers.

**Senator STERLE:** Is that normal practice?

**Ms O'Neill:** I'm not sure what happened with previous strategies.

**Senator STERLE:** I have to ask this question; someone can help me. We're as open and accountable as you can be. So we should be, because we're on the taxpayers' pay roll and all that sort of stuff. It is good for people to get their submissions out so everyone else can look at what is being said. What is the secrecy around this one?

**Ms O'Neill:** No secrecy. I think the submissions, where people have given permission for those to go public, will be made public.

**Senator STERLE:** I understand what you are saying. Once it has all had all the argy-bargy and once everyone has done their make-up and got it all right and they are not fighting. But why is there secrecy? I don't even know who the 110 are. I have a fair idea who some of them would be. They are all concerned citizens and concerned automobile clubs. The trucking industry has obviously had a bit to say. Why wouldn't you put it out there?

**Mr Atkinson:** I don't think there is any particular sensitivity. Can we have a look at it?

**Senator STERLE:** Can you give them to me today? Can you give me all the submissions?

**Mr Atkinson:** All 110 of them?

**Senator STERLE:** That's alright.

**Mr Atkinson:** I will check. So the process will have been agreed with the states and with the ministerial officers and ministers and stuff. It will have just been a sequencing thing. I am not aware of any particular sensitivity. If you can let us see whether or not—

**Senator STERLE:** Thanks, Mr Atkinson. I understand that some people—we're not strangers to this—want confidence for their submission. We accept that. There is no sinister plan. You'll come back to me some time today and let me or this committee know. I have a particular interest in it.

**Mr Atkinson:** We'll let you know whether or not we can publish early.

**Senator STERLE:** If you can't, you'll tell me why?

**Mr Atkinson:** Correct.

**Senator STERLE:** Thank you. Can the committee have a copy of the criteria and guidelines for the Road Safety Program as provided to the state road authorities?

**Mr Atkinson:** I will take that on notice. They aren't published yet.

**Senator STERLE:** That is why I am asking. There is nothing sinister here? I shouldn't put two and two together and come up with 15?

**Mr Atkinson:** No.

**Senator STERLE:** You'll let me know today, then?

**Mr Atkinson:** Yes.

**Senator STERLE:** Thanks, Mr Atkinson.

**Mr Atkinson:** Someone who is watching can find out.

**Senator STERLE:** Someone in the back room or in Civic. Someone will have that for us pretty quickly.

**Mr Atkinson:** Well, certainly an answer one way or the other.

**Senator STERLE:** I would love to know the answer why you can't.

**Mr Atkinson:** I'm aware of that, Senator. We have a couple of days together.

**Senator STERLE:** I'm looking forward to it. You know I wouldn't blame you if it was being held back. I would blame the minister or something. Anyway, would you please provide to the committee a copy of the formal document or documents that outline the criteria to be applied by the department in evaluating projects for funding as well?

**Mr Atkinson:** Yes. This is about the road safety stimulus program, right?

**Senator STERLE:** The strategy?

**Mr Atkinson:** The strategy or the program?

**Senator STERLE:** The strategy and the program. Sorry, and the program.

**Mr Atkinson:** One is a technical set of—

**Senator STERLE:** I'm still trying to get my head around how you're going to come up with an excuse why I can't see the submissions and all that.

**Mr Atkinson:** Sorry?

**Senator STERLE:** Nothing. Ignore me. Don't take the bait. Keep going. I'm sorry I cut you off.

**Mr Atkinson:** I'm confused, Senator. We'll see.

**Senator STERLE:** While we're at it, could you provide to the committee a copy of the road safety data.

**Mr Atkinson:** The detail for the assessment criteria we've actually answered in QON128.

**Senator STERLE:** We only got them at the end of last week.

**Mr Atkinson:** Yes. Sorry about that.

**Senator STERLE:** QON128.

**Mr Atkinson:** It's quite long, but it is all there.

**Senator STERLE:** I will have to flick through and have a read. Could I also have a copy of the road safety data currently collected from the state and territory road agencies as part of the Road Safety Program condition of funding?

**Ms O'Neill:** So you're after all of the data that states are submitting?

**Senator STERLE:** Yes.

**Ms O'Neill:** That would seem difficult to provide, I would think.

**Senator STERLE:** It wouldn't be any harder than that pile of documents.

**Mr Atkinson:** That is extremely hard.

**Senator STERLE:** It wouldn't be any harder than that. I'm patient. I can wait.

**Mr Atkinson:** Can we just check what the publication protocol might look like, because the data is big.

**Senator STERLE:** You can check anything you like, Mr Atkinson, because I know you won't let me down.

**Mr Atkinson:** Obviously, the data requirements are future-looking. We can look at what the publication protocol for that data as it comes through might look like.

**Senator STERLE:** Okay. Cool. Can you also please provide us with a list of all the projects that are already agreed with the states and territories?

**Mr Atkinson:** I believe that is possibly even there already.

**Senator STERLE:** If it is in there, just point to it. That's great.

**Ms O'Neill:** It should be. If not, we have it, yes.

**Senator STERLE:** When will I find out?

**Mr Atkinson:** I'm almost certain it's in there.

**Senator STERLE:** It might come as a shock. I haven't opened it yet. I forgot it.

**Mr Atkinson:** There are more copies over there.

**Senator STERLE:** I put it by my feet so I wouldn't forget it and then I forgot it. It was by the other foot.

**Mr Atkinson:** I'm pretty sure it is in there.

**Senator STERLE:** Tremendous. Can you tell us how these projects are chosen? I'm happy for you to consult.

**Mr Atkinson:** The senator asked how the projects were chosen?

**Senator STERLE:** You were talking to each other. Finish what you were doing first.

**Ms O'Neill:** I was advising the secretary that all of the projects are already part of a question on notice response to you. You have all of the projects.

**Senator STERLE:** Great. I know how efficient you people are because it is not you that has been holding it up. When did you get them all done? When was that all provided? When were all the QONs provided to the minister?

**Ms O'Neill:** I couldn't tell you.

**Mr Atkinson:** I would have to take that on notice.

**Senator STERLE:** It's alright. It would have been a long time ago.

**Ms O'Neill:** The process of assessment is that we put a call out for projects. We ask the states and territories to come forward with a proposal. We ask them to rank projects. Projects must be a road safety need. They must demonstrate whether they are reducing the risk on the network and any potential fatal and serious injury reduction. We ask them to do it within a bandwidth of funding and how much they think they could get—\$10 million, \$20 million or \$100 million. They provide a set of prioritised projects within their funding bucket. We commence to check that they are eligible under the National Land Transport Act, that they comply with the rules and that they are indeed a road safety project.

**Senator STERLE:** And there is a rating, a score marking or something like that? Is that how you do it?

**Ms O'Neill:** It is a yes or no.

**Mr Atkinson:** It is compliance.

**Senator STERLE:** Who ticks off on that?

**Ms O'Neill:** There is a range of people within the department. There are two separate divisions—obviously infrastructure investment division and surface transport division within the Office of Road Safety.

**Senator STERLE:** So it's arm's length from anyone else? It is all done within the department?

**Ms O'Neill:** Correct.

**Senator STERLE:** Good. I want to throw this curve ball at you. Have any instructions been given—no, you finish.

**Mr Atkinson:** Sorry, Senator.

**Senator STERLE:** Don't be sorry. I would rather this than you taking it on notice.

**Mr Atkinson:** I'm trying to make sure you get the full story. We do those compliance assessments against the prioritised list. But the final decision is the decision of the minister.

**Senator STERLE:** It is. Minister McCormack has the final decision?

**Mr Atkinson:** Yes.

**Ms O'Neill:** Yes.

**Senator STERLE:** Does he have the final decision on every one or those of greater spending? Is every single decision made by the minister?

**Mr Atkinson:** It goes as a package and gets agreed.

**Senator STERLE:** When you provide me with a list of what has made the cut, do you also provide us with a list of those projects that haven't made the cut? Is everyone a winner?

**Mr Atkinson:** The way it is done as a stimulus program is that it has been based on the priorities of the states. If things come through and they are compliant, they just go through and move forward.

**Senator STERLE:** They come through. It is all done by the states. You guys do all the hard work in putting it all together?

**Mr Atkinson:** We check the legislative compliance piece.

**Senator STERLE:** Sure. Then it goes to the minister's office for final approval?

**Mr Atkinson:** Yes.

**Senator STERLE:** Does anything get knocked off, or does everything make it? Does the minister just go, 'It's good enough. It has come from the state. It's good enough for me. My efficient department, one of the most efficient departments in this Commonwealth, has ticked off', so the minister just ticks them all off?

**Mr Atkinson:** In essence.

**Ms O'Neill:** Yes.

**Senator STERLE:** That's pretty much the process?

**Ms O'Neill:** Yes.

**Senator STERLE:** Most of them get ticked off?

**Mr Atkinson:** I will just check on notice if there is anything that is different to that.

**Senator STERLE:** Everything gets ticked off?

**Mr Atkinson:** That is my take on it.

**Senator STERLE:** If I were the minister and you came back to me and said, 'This is good to go, Glen', I'd go, 'Bewdy. I trust my department'. That's all I want to know.

**Mr Atkinson:** It is vast numbers of projects.

**Ms O'Neill:** It is 698.

**Mr Atkinson:** It is 698 projects. So they are not individual considerations.

**Senator STERLE:** So you will let me know if anything didn't make the cut and which one it was. Has there been any instruction given to the state and territories about the inclusion of opposition MPs in announcements? Are you aware of that? I know I read something in the paper. A couple of the opposition MPs in their electorates weren't invited to openings of road projects.

**Mr Atkinson:** I'm not aware of that.

**Senator STERLE:** I sincerely read it in the paper. You are not aware of anything? There are no instructions?

**Ms O'Neill:** We're not involved in that.

**Senator STERLE:** If a new bridge is done or roundabout or something like that, who handles the invite list? Is that you guys? It is federally funded.

**Mr Atkinson:** Are you talking about road safety works?

**Senator STERLE:** Yes.

**Mr Atkinson:** Most of these are like shoulder, sealing and rumble strips and stuff.

**Ms O'Neill:** Yes. Audio textile line marking.

**Senator STERLE:** Who handles the list?

**Mr Atkinson:** I'm not sure that they are—

**Ms O'Neill:** We're not doing invitations to events.

**Mr Atkinson:** There are 698 small projects like that.

**Ms O'Neill:** I think it is a press release.

**Senator STERLE:** You reckon you'll keep an MP away from a small project as easy as you would a big project?

**Ms O'Neill:** I think after the major electorate release has gone out, which is not through us—

**Mr Atkinson:** I'm not aware of opening ceremonies for audio tactile lines.

**Senator STERLE:** Or a photo op. Can you tell us what the states are providing in return for this funding?

**Ms O'Neill:** As in better outcomes?

**Senator STERLE:** What are they offering? What are they providing in return? We want this project done. What do they have to do?

**Mr Atkinson:** They are the ones proposing the project.

**Senator STERLE:** You don't question them?

**Mr Atkinson:** The process—

**Senator STERLE:** You just put it up to make sure it ticks off?

**Mr Atkinson:** Compliance with the fact that it is road safety works.

**Senator STERLE:** They are obviously coming back saying, 'It will save lives' or 'We've had this many rollovers or bingles?' That's what they do?

**Mr Atkinson:** Yes. That is what Ms O'Neill was talking about before.

**Ms O'Neill:** Over time, we want to measure the impact on fatal and serious injury reductions. We want to measure that over time.

**Senator STERLE:** Sure.

**Ms O'Neill:** It is a five-year bandwidth that you would look at. You would look at a five-year average to see if we are getting the savings that we thought we would get. So this is a really good thing to help back up any theory. We will also take into account the types of savings that we are seeing for the size of the program.

**Senator STERLE:** So the states are actually saying that they are providing you with figures too? They are doing that homework?

**Mr Atkinson:** That is the data requirement bit, yes.

**Senator STERLE:** Good. You said it is over a five-year band and you will go back and see.

**Ms O'Neill:** We tend to measure fatal and serious injuries over five years to get an average. Sometimes when numbers are low, you can get a spike and it throws everything out of order. Generally in road safety, statistics are looked at over a five-year period to make sure that you are getting the overall trends going down and reductions over time.

**Senator STERLE:** Will there be a star rating?

**Ms O'Neill:** That is more complex. Whilst roads are indicatively known as a one star, two star through to five stars, not all states and territories measure them exactly in that way. They might measure them as very high risk, high risk, medium and low. It is not as clear cut. To a general audience, a star rating is a very simple way to receive information, but it is not exactly done that way in-house in states at the moment.

**Senator STERLE:** No. We can star rate anything from fridges to cars and all sorts of stuff. I am saying that this is where the Commonwealth needs to step in. I am rapt that the Commonwealth actually put road safety in. Your opening statement today, I have to tell you, Mr Atkinson, got me all excited because you mentioned road safety. That's good. It is tremendous. It is good to see they have finally realised that you can't not talk about road safety. I thought you guys should and can take the lead if you have to have a star rating. If the Commonwealth is providing the taxpayer funds to do this work, you want to tick it off. If five stars or one star means five in Queensland, it should be the same in South Australia, the Northern Territory or whatever.

**Ms O'Neill:** The general premise is to get all high-speed roads up to three stars. Whether they use that particular measurement or terminology, we are after the general lifting of road safety and reducing risk, yes.

**Senator STERLE:** I agree. It doesn't take long to realise that the states are actually doing the hard work. When they say they are going to achieve that and they do achieve that, I would think the best way is to put the best ones on the pedestal and get everyone else to follow.

**Mr Atkinson:** The states are actually very focused on that.

**Senator STERLE:** Good. I want to go to QON146. Have you got it there? I am going to quote from it. It says: Public reporting of state and territory non-compliance of data in line with requirements is a decision for government.

That is in relation to tranche 1 projects, which are expected to be reported on in mid-2021. Will a decision be made on reporting non-compliance ahead of the above reporting period?

**Mr Atkinson:** I strongly suspect that the decision about any public reporting of non-compliance would, firstly, depend on whether there is any non-compliance. It would be post the reporting period.

**Senator STERLE:** Do you know when that decision will be made? Will it be post and then surprisingly become pre?

**Mr Atkinson:** The reporting period is the end of June. We will know who is compliant and who is not by the end of June. The question of publication of non-compliance will be after that.

**Senator STERLE:** That will be public?

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

**Senator STERLE:** Is that another one you will come back to me soon with?

**Mr Atkinson:** It is hypothetical at the moment because we haven't reached the end of the reporting period.

**Senator STERLE:** And?

**Mr Atkinson:** Everybody might be compliant.

**Senator STERLE:** I'm just testing you. Stop looking worried. You are starting to make me nervous. I haven't even finished yet.

**Mr Atkinson:** I would hate to do that, Senator.

**Senator STERLE:** Who makes that decision, Mr Atkinson? Is it a committee?

**Mr Atkinson:** Are you asking me about a hypothetical decision about potential non-compliance of a future state government?

**Senator STERLE:** Of course I am. Where did you think I was going? Who is going to make it? Does it fall to you? Does it fall to the cleaner? Do you want me to do it?

**Mr Atkinson:** I'm not supposed to answer hypotheticals.

**Senator STERLE:** I never mentioned that word at all.

**Mr Atkinson:** No. I did. If there was non-compliance by a state, it would be a decision of the government to publicly report that.

**Senator STERLE:** So the government would be the department or the minister's office?

**Mr Atkinson:** Something like this would be the minister, I would have thought.

**Senator STERLE:** I am still on QON146 pertaining to the reporting of data from tranche 1. Can you tell us specifically what road safety data has been asked for as a requirement?

**Ms O'Neill:** Yes. I can.

**Mr Atkinson:** We can come back to that while Ms O'Neill finds that. If you jump on to the next question, we'll come back.

**Senator STERLE:** I will have to wait for you to find it. I am going to ask you whether the jurisdictions have been asked to consistently measure that data.

**Mr Atkinson:** They all flow, do they?

**Senator STERLE:** There are only a couple more.

**Mr Atkinson:** We'll take a minute or two.

**Ms O'Neill:** Traffic volume and mix; the number of each type of vehicle on the site before, during and after works reported on commencement and biannually thereafter; a death from an on-road traffic crash on any part of the network within 30 days of the event; a report on serious injuries, persons admitted to a hospital as an inpatient within 30 days of a road crash on a public road; and the risk profile of roads measured by the number of kilometres with safety attributes and the change in the risk profile as safety measures are applied reported on commencement and biannually thereafter.

**Senator STERLE:** Thanks, Ms O'Neill. How have jurisdictions been asked to consistently measure that data?

**Ms O'Neill:** There is a bit of harmonisation going on at the moment. Obviously we want to make sure that all serious injuries are recorded as serious injuries against the national definition. There is a national linkage project going on with Flinders University. We're also asking for states and territories to report against that national definition. I expect that that will take some harmonisation to ensure. It won't be a matter of just receiving the

numbers and them being correct. We'll have to verify all of them. The absence and presence of safety features on the roads, I think, will take a bit of harmonisation. We're expecting everybody to use the Austroads guidelines to report their metrics against roads. I think there will be some differentiation given the legacy systems in each state and territory.

**Senator STERLE:** At least we've started. In what form has the data been asked for?

**Ms O'Neill:** I don't know. I think there is probably a data file transfer. I think that is still being worked out. Dr Rawlings may know. It is just an Excel spreadsheet.

**Senator STERLE:** That is alright. The beauty of all this is that road safety is not political. The more information we have, the more we can share and the more we can all see and we can all have input. Does that sound right?

**Ms O'Neill:** Yes.

**Senator STERLE:** I want to go back to national road safety. That is QON128. Dr Rawlings, you are in the spotlight. You don't have 128 in front of you?

**Dr Rawlings:** I don't have 128.

**Senator STERLE:** I remember this line of questioning. I was asking you when we were talking about doing forecasts beyond 2030, to which you answered, 'We haven't been doing forecasts beyond 2030.' I will ask now: when was the 2030 forecast of fatalities and injuries last updated? Do you have that information?

**Dr Rawlings:** Yes. BITRE, as per the QON, is not doing forecasts beyond 2030. The last time we updated our forecast was in June 2019. That was looking at forecasts from 2018 to 2030. They were forecasts based on business as usual, so they wouldn't account for the investment that is currently happening under the Road Safety Program.

**Senator STERLE:** So this was around the time when the government requested assistance from Dr Crozier and Professor Woolley? Around that same time?

**Dr Rawlings:** I believe that's correct.

**Senator STERLE:** What are those forecasts now?

**Dr Rawlings:** As I said in the QON, we don't have plans to update the BITRE forecast to 2030 at the moment because Austroads is doing some separate work. We wouldn't want to—

**Senator STERLE:** Did you say secret or separate?

**Dr Rawlings:** Separate. Definitely not secret. We wouldn't want to jump ahead of those forecasts. The ones we released in June 2019 used a model looking at all the dependent variables. There was obviously fatalities and serious injuries. We modelled variables including seatbelts enforcement, the state of the infrastructure, what the vehicles are like et cetera as well as vehicle kilometres and population growth. What they showed to 2030—again, I would emphasise that that is under a business as usual scenario, not accounting for the investment that is currently underway under the Road Safety Program—was that fatalities would increase by around 14 per cent to 2030. This is over 2018. Serious injuries would increase by around 25 per cent between 2018 and 2030. There would be a slight reduction in the per population rates on serious injuries and fatalities. Those increases were really based on increasing vehicle kilometres travelled and increasing population.

**Senator STERLE:** What were the forecasts immediately prior to that?

**Dr Rawlings:** I would have to take that on notice. I only have the most recent forecasts.

**Senator STERLE:** Will the 2030 forecast be updated again ahead of the next national road safety strategy? Are we talking about that already?

**Dr Rawlings:** As per the question on notice response, BITRE doesn't have plans to update those forecasts at the moment because Austroads is currently undertaking those forecasting—

**Senator STERLE:** Is that until Austroads comes back with their final paperwork? We got to the end of the last one and went, 'Oh, my God. We are in trouble. We've got nowhere near it.' There was a fair bit of bagging coming out from automobile associations and road safety experts. That is why I asked. If I were in the hot seat, I would be definitely requiring that. I will go back to my original question. Is it just because Austroads haven't finished their work, or is BITRE just not going to stick their head out prior to the end of 2030?

**Dr Rawlings:** BITRE updates its work plan twice yearly. We don't currently have it on our forward program. We would definitely take requests.

**Ms O'Neill:** We would also do a five-year review of the strategy. We definitely have it at that point in time to see if we are tracking in the right direction.

**Senator STERLE:** You have a five-year review. That is done by the department or BITRE?

**Ms O'Neill:** We work out at four years who is going to do it.

**Senator STERLE:** How often were the forward forecasts updated over the last five years?

**Dr Rawlings:** I would have to take that on notice. The year 2019 was the last release. I would have to find out when the release was before that. It is periodically, which is an indication.

**Senator STERLE:** Sure. The last periodical scared the living daylights out of people. Thank you. I have a question on road safety and the safe system. Have direct reporting lines been established between the responsible minister and the Office of Road Safety?

**Ms O'Neill:** Yes. We deal directly with the office of Assistant Minister Buchholz, the minister for road safety.

**Senator STERLE:** That is good. If you are dealing with his office, that is great.

**Ms O'Neill:** He is very enthusiastic.

**Senator STERLE:** Yes. He is very enthusiastic, and that is good. How would required changes to the system over time be managed and responded to by the minister? Can you enlighten us there?

**Ms O'Neill:** I'm not sure I understand the question.

**Senator STERLE:** If we're going to make some changes over time, will the minister be doing it? Will the minister have a working group? Will the minister put it on the department? Will it be the Office of Road Safety? I know Mr Buchholz is a very busy man. I know he is passionate. We got all that. I tilt my hat to him. What is the process? Is there a working group set up?

**Mr Atkinson:** Are you trying to ask about what the process for future policy change would be?

**Senator STERLE:** No. If you are going to update it. We said we're going to have some updates. The safe system is going to be a direct link between Minister Buchholz and the Office of Road Safety. What is the link? Does Minister Buchholz just go, 'I've just got someone yell at me. Can you fix this?' Will there be a working group? Do you sit down? Is there a report every couple of months? Do you have a Senate inquiry?

**Mr Atkinson:** We're not anticipating change to the Safe System at this point. If we were to change that—

**Senator STERLE:** The question is about the direct reporting lines between the responsible minister and the Office of Road Safety.

**Mr Atkinson:** There is a direct reporting line between the minister and Ms O'Neill.

**Senator STERLE:** What is that? Does the Office of Road Safety report to the minister every month saying, 'This is the latest. This is what is going on. This is what is happening around the nation. Here are a few hiccups. Here's somewhere we need to put our attention to?' I'm trying to link. I know where the Office of Road Safety comes from. You know the story when I took it to the ALP conference. Congratulations. The government followed this. That is a good thing. I want to know what is the office actually going to do with the minister, or is it just catch up for a cucumber sandwich once a year?

**Ms O'Neill:** Any briefs or any generation of work goes both ways. We involve the minister. We keep the minister abreast of our activities. The minister is engaging directly with stakeholders. We facilitate forums such as roundtables for the minister to make sure that he is hearing directly from stakeholders and getting abreast of all of the issues.

**Senator STERLE:** I don't mean to cut in. Are roundtables a regular thing?

**Ms O'Neill:** We proposed a series when the office was established. We're nearly at the end of them. They have been taking place over the last couple of years. The first one was key stakeholders in general obviously with the co-chairs of the inquiry and national stakeholders. There was one on local government, and one on regional and remote road safety is about to take place. There was one on heavy vehicle road safety and vulnerable road users. There will be a further one on Indigenous Australians and road safety.

**Senator STERLE:** I don't need to know the ins and outs. Are there gazetted dates put in the calendar where these things are happening and where they are happening?

**Ms O'Neill:** No. Not gazetted dates. They are by invitation by stakeholders that have been in touch with the office and centred around particular topics.

**Senator STERLE:** How does that happen? I reckon I could send 20 truckies in here who would want to pull everyone's head off because there's not enough truck bays around the nation. How can they get a roundtable with the minister and the Office of Road Safety? Can they come through you?

**Ms O'Neill:** Yes. We get an enormous number of people contact the office who are a part of conversations we have. They would have been invited to the heavy vehicle roundtable.

**Senator STERLE:** What heavy vehicle roundtable?

**Ms O'Neill:** I can't remember the date offhand. There was a previous one. There are only two more to go.

**Senator STERLE:** Okay.

**Ms O'Neill:** There is one in the near future and one a bit longer—

**Senator STERLE:** Who goes to them?

**Ms O'Neill:** Industry stakeholders, road safety—

**Senator STERLE:** I'll make it easy for you, Ms O'Neill. Could you let me know? Could you table that information for me as to actually who goes?

**Ms O'Neill:** Absolutely.

**Senator STERLE:** I'd love to know if there are some actual truck drivers going. That is where my interest would come from. And where they are being held. You've already had one?

**Ms O'Neill:** There have been four roundtables.

**Senator STERLE:** With the heavy vehicle industry?

**Ms O'Neill:** With the heavy vehicle industry, one.

**Senator STERLE:** If you can keep me up to speed.

**Ms O'Neill:** Is it just the heavy vehicle stakeholders that you're after?

**Senator STERLE:** No. I'll do all of them. Thanks, Ms O'Neill; that's great. I want to wrap up by talking about road crash funding. Given road crash hospitalisations are continuing to increase dramatically—we've seen the figures—what will \$1.2 million per annum specifically do to help reduce these rates?

**Ms O'Neill:** Are you referring to the additional funding in the most recent budget?

**Senator STERLE:** Yes.

**Ms O'Neill:** That is for the Office of Road Safety to make sure that we have the people on board designing the right types of programs to support the prevention or elimination of serious injuries.

**Senator STERLE:** How many are in the Office of Road Safety now currently as we speak?

**Ms O'Neill:** As at 31 March, there were 20 ongoing employees and one contractor, so 21.

**Senator STERLE:** And the extra \$1.2 million will bring on how many?

**Ms O'Neill:** I think another five people.

**Senator STERLE:** Another five permanent people full time. Is that correct? Okay. Where did the \$1.2 million come from? Did you put a proposal to the minister or the department, or did someone come to you and say, 'We've got \$1.2 million spare. Can you use it?' What happened there?

**Ms O'Neill:** We put a proposal up. We've been working in, I suppose, a taskforce style to get the strategy up and to get the office established. To make sure that we're consistently delivering programs and our advice is credible, we sought more resources to be ongoing and to bed down programs and work with the states.

**Senator STERLE:** That's good. I look forward to seeing what is going on. Was the \$1.2 million the first ask? Was that your first proposal, or did it double by the time you walked out?

**Mr Atkinson:** I think—

**Senator STERLE:** I'm being positive.

**Mr Atkinson:** I know. I appreciate that. I think we jumped right into the middle of the ERC and budget process.

**Senator STERLE:** Sorry?

**Mr Atkinson:** We've jumped into a question about what is going into the ERC and budget processes.

**Senator STERLE:** What is the problem with that? You said, Ms O'Neill, that you put a proposal to the department.

**Mr Atkinson:** No. To the government.

**Senator STERLE:** What was your ask?

**Mr Atkinson:** I don't think we can talk about the ask.

**Senator STERLE:** This is where you look sneaky.

**Mr Atkinson:** We are very open about all of this.

**Senator STERLE:** Everyone out there would be saying, 'Now, what are they hiding there?'

**Mr Atkinson:** We're not hiding anything.

**Senator STERLE:** So why can't you tell me what the ask was?

**Mr Atkinson:** It is the principle.

**Senator STERLE:** It is taxpayer money. I think it is great to see the Office of Road Safety getting some more people.

**Mr Atkinson:** My recollection is that this went at the same time as the actual road safety funding.

**Ms O'Neill:** It went up with the extra billion.

**Senator STERLE:** You can show me what you wrote.

**Mr Atkinson:** She wrote \$1 billion. It was considered at the same time as the administrative program to actually deliver the Road Safety Program.

**Senator STERLE:** What does that all mean? You got what you wanted, you got double what you wanted or you got \$200 million more?

**Mr Atkinson:** It means the government gets to make choices through cabinet processes. We can't talk about what advice we gave to it.

**Senator STERLE:** We're all taxpayers in this room. We're not blushing. How much did you ask for? C'mon, Ms O'Neill. Road safety should never be politicised. It should not be Liberal. It should not be Labor. We all want to save lives. We're killing 1,200 people a year on our roads. We're maiming another 30,000. Any initiative to reduce that is fantastic.

**Mr Atkinson:** I have sat here and been very pleased to say that the investment of \$1 billion for road safety works I think is critical. This additional funding was to make sure that the Office of Road Safety has the resources necessary to both implement and undertake the data work that is so important going forward.

**Senator STERLE:** We have plenty of time to talk about the projects and what is coming. What was the ask? What did Ms O'Neill ask for?

**Mr Atkinson:** I don't know. I know what the outcome was, though.

**Senator STERLE:** We just hear the outcome. Write it down on a paper and flick it over here. Mr Atkinson, I'm not the one looking like I'm trying to hide something.

**Mr Atkinson:** I'm not hiding anything either.

**Senator STERLE:** Tell the committee. You all block ears and I'll listen. How much did you ask for, Ms O'Neill?

**Mr Atkinson:** I don't know what options went into the considerations of the ERC.

**Senator STERLE:** I'm asking Ms O'Neill because she knows. Ms O'Neill knows, Mr Atkinson.

**Mr Atkinson:** Well, I'm not sure that she does. Regardless of that, the government has the right to make its decisions with our advice behind closed doors. If we publish publicly our advice that we give to the government behind closed doors, people won't ask for our advice behind closed doors.

**Senator STERLE:** I'm not even asking you. You can take a walk outside and get a cup of coffee and a KitKat or whatever they've got out in the back room. I will ask Ms O'Neill. How much did you ask for, Ms O'Neill? Did you get what you wanted?

**Mr Atkinson:** Senator, I believe I have answered the question. The chair's opening remarks were that any question can be referred to a more senior official.

**Senator STERLE:** The chair's opening remarks also said something which is new. I was listening. I have never heard them before. It actually says that you've got to tell us what is going on.

**Mr Atkinson:** I explained, Senator, why I couldn't.

**Senator STERLE:** Mr Atkinson, you know I'm going to have to sit here and say: why are you people so secretive? An amount of \$1.2 million in this room at this time of day is a rounding error, sad as it sounds. All I want to know, Ms O'Neill, is how much you asked for? Come on.

**Mr Atkinson:** Senator—

**Senator STERLE:** No. I'm not even looking at him.

**Ms O'Neill:** I wouldn't want to break the trust of the cabinet.

**Senator STERLE:** He is not even in my line of sight. How much? Did you get what you wanted or more or less?

**Mr Atkinson:** I have answered the question.

**Senator STERLE:** Chair, you can see how you can get frustrated at Senate estimates. I see this aircraft carrier worth billions of dollars going past here. There is a little dingy or a sampan of \$1 million. I still can't get an honest answer. Are you doing Twitter? Will you do Twitter for me and tell them that they are being sneaky

**Senator McCARTHY:** Twitter, Senator Sterle?

**Senator STERLE:** I can't stand it.

**Senator McCARTHY:** You rise in my estimations.

**Senator STERLE:** I'm going to ask this question, Ms O'Neill. You wouldn't tell me what you asked even though you do know. I'll get it out of you eventually. Do you have any idea why this investment to reduce road trauma is less than what has been allocated to the supply chain?

**Ms O'Neill:** You'll have to explain further to me.

**Senator STERLE:** I have no idea. How is that?

**Mr Atkinson:** Are you referring to a separate budget measure on the supply chain stuff?

**Senator STERLE:** Probably. What do you know?

**Mr Atkinson:** I have no idea.

**Senator STERLE:** How much did you ask for, Ms O'Neill? Whisper to Senator Polley, and I won't put it on the record.

**CHAIR:** Senator Sterle, I have some questions of road safety too. I don't want to rush you.

**Senator STERLE:** Please feel free.

**CHAIR:** I actually have a question about a specific program that I went to the launch of in Townsville at one of the schools. It was the digital road safety pilot. It was so good. It is called RoadSet. It is for children who don't yet have their licences. It teaches them to be safe on the road with their scooters and their bikes and crossing the road and what not. The other day I was at the truck show in Brisbane. The road safety guys there asked me for three things. Two of them are state things. One was an addition to this program, which is talking about safety around trucks—how long they take to brake and don't get next to them when they are turning and really useful stuff. I see in the budget papers that they had money for this year but I can't see any more. Are we continuing to fund that program?

**Ms O'Neill:** I think that is a matter for the package that will come out of the strategy.

**CHAIR:** When will that come out?

**Ms O'Neill:** I would expect that later in the year. I also think that under the heavy vehicle safety initiatives there's probably opportunities for programs like this to receive funding as well. I think the assessment of that program is ongoing. I was on a panel recently. Safety around heavy vehicles is obviously primary because of the impact of the mass and velocity that a heavy vehicle has, even if it is not at fault.

**CHAIR:** They are generally not at fault. It is generally people in cars who get in the way of trucks.

**Ms O'Neill:** They think they can zip past, but judgement can be poor.

**CHAIR:** Yes.

**Ms O'Neill:** I think there is a strong appetite to continue these types of programs. I can't tell you if they have made the cut in the Heavy Vehicle Safety Initiative funding round or whether they would be picked up within the National Road Safety Strategy, but they are front of mind.

**CHAIR:** It is a terrific program. The kids were really engaged. It was trick. That is it. Thanks, Senator Sterle.

**Senator STERLE:** That is not political.

**CHAIR:** I think it is a very good program and at the right stage when kids are still open to learning about such things.

**Ms O'Neill:** It is designed to consolidate all of the knowledge that they get from the early learning years. It builds and builds so that they have some kind of habitual response prior to taking on an L plate. Prior to going into the licensing regime, they will already have a set of responses that have been practised with them to really consolidate and reinforce a positive outcome.

**CHAIR:** Terrific. That was my only question.

**Senator STERLE:** I will wrap it up with this. Of the \$1.2 million that you got, was that half of what you asked for?

**Mr Atkinson:** Senator Sterle.

**Senator STERLE:** What? I didn't even ask for a figure. I just asked whether it was half of what you asked for.

**Mr Atkinson:** Senator, I have answered that question.

**Senator STERLE:** You did not answer it. That will do. I am frustrated now.

**CHAIR:** Thanks, Senator Sterle. That completes that section of the program. We now move to infrastructure.  
[15:07]

**Mr Atkinson:** In this section, because we usually often require branch heads as well, when you ask for matters of detail on projects, I will switch in and out with them, but I'll still be here.

**Senator McCARTHY:** I would like to ask questions about infrastructure funding in the latest budget. How much new funding was included in the latest budget?

**Mr P Smith:** It is \$15 billion worth of new infrastructure projects announced.

**Senator McCARTHY:** What percentage of funding announced is included over the forward estimates?

**Mr P Smith:** The dollar amount is \$8.6 billion. I'll get someone to do some calculations on that.

**Senator McCARTHY:** That is \$8.6 billion?

**Mr P Smith:** Yes. That is 56½ per cent.

**Senator McCARTHY:** It's well documented that on average the Morrison government underspends its budget promises by \$1.2 billion each year. How much are you expecting it to be for this financial year?

**Mr Atkinson:** We talked about that. We're not expecting anything.

**Senator McCARTHY:** I would like to go through the new announcements state by state. I understand we certainly touched on it earlier, but this is where we can go into it a bit more in depth. We do hear ministers talk a lot of there being a \$110 billion investment pipeline. There has been a \$3.3 billion cut to the pipeline in the forward estimates. More than half of the new funds announced in the budget are not in the forward estimates. What is the total quantum of the investment pipeline now?

**Mr Hallinan:** I would just make the point, as this morning, that the \$3.3 billion identified on page 84 of Budget Paper No. 1 is a parameter variation, where we've adjusted profiles of projects across the 10-year profile of the infrastructure program. In addition to that, there was a new policy announcement on top, I think, over the same time period. It is about \$6 billion, with a direct comparison to the \$3.3 billion. As Mr Smith identified, it is \$8.5 billion over the current forward estimates or \$8.6 billion.

**Senator McCARTHY:** How do you calculate that, Mr Hallinan?

**Mr Hallinan:** How do we calculate that? It is just the sum of the new policies announced by the government over the forward estimates period.

**Senator McCARTHY:** So how much of this pipeline is beyond the forward estimates? The \$110 billion?

**Mr Hallinan:** No. There is \$110 billion over the 10 years. There is about \$70 billion over the forwards, with the residual beyond the forward estimates period.

**Senator McCARTHY:** How much of this funding is contingent upon equal co-contributions from state and territory governments?

**Mr P Smith:** Most of them have a fair share. With the vast majority of regional projects, the general rule is 80 to 20. Eighty per cent is Australian government funding and 20 per cent is states. For urban, we like to try and stick to the fifty-fifty rule.

**Senator McCARTHY:** Is that the same specifically as well for the Northern Territory?

**Mr P Smith:** There are individual cases where the funding split has changed. We can run through the Northern Territory in terms of the funding splits.

**Senator McCARTHY:** We're going to get to the Northern Territory, Mr Smith. We shall do that. I will start with the Australian Capital Territory. How much new funding was announced for the ACT?

**Mr Hallinan:** For the ACT, Budget Paper No. 2, page 151, has the ACT measure description. In there, there is \$167.3 million for the ACT from 2020-21. That is made up of \$132.5 million for the Canberra light rail, \$26½ million for the William Hovell Drive duplication, \$5 million for the Gundaroo Drive duplication and \$2½ million for the Beltana Road improvements.

**Senator McCARTHY:** So that includes stage 2A of the project cost?

**Mr Hallinan:** Yes. That is stage 2A.

**Senator McCARTHY:** So how much will the entire stage 2 cost?

**Mr P Smith:** We haven't received anything around that. We're just funding stage 2A or co-funding stage 2A.

**Senator McCARTHY:** Is the department doing any work on considering funding future stages?

**Mr Hallinan:** We would anticipate considering that when the ACT government provides a submission with detailed costs.

**Senator McCARTHY:** So the department doesn't have anything at the moment? It's not a trick question.

**Mr Hallinan:** It is in the planning stages.

**Senator McCARTHY:** I will head to New South Wales. Ahead of the budget, the Morrison government claimed to have promised \$3.3 billion of new infrastructure funding for New South Wales. Why is less than half of that included in the federal budget?

**Mr P Smith:** In the federal budget, we allocated \$3.4 billion to New South Wales.

**Senator McCARTHY:** That was ahead of the budget \$3.3 billion. So you are saying it is \$3.4 billion?

**Mr P Smith:** Yes, \$3.4 billion.

**Senator McCARTHY:** So the biggest ticket item promised is \$2 billion for the Great Western Highway upgrade. When will that project begin?

**Ms Legg:** I can answer that question. The Great Western Highway project funded in the budget is expected to commence in late 2022.

**Senator McCARTHY:** When do you expect money to begin flowing for that project?

**Ms Legg:** I might have to take that on notice unless one of my colleagues has the profiles.

**Senator McCARTHY:** No-one knows when the moneys will start to flow for something that is going to start at the end of next year?

**Mr P Smith:** Generally what you find—we'll see if we can find the exact profile—is that there would be some early works that would commence obviously ahead of that. Obviously, there is significant construction, as Ms Legg said, in 2022.

**Senator McCARTHY:** Can someone in the department find that response for us?

**Ms Legg:** I can certainly ask.

**Senator McCARTHY:** Thank you. When will it be completed if it starts at the end of next year?

**Ms Legg:** The expected completion is mid-2026.

**Senator McCARTHY:** Public transport has been a priority for the New South Wales government. Why is no new money provided for public transport?

**Mr Hallinan:** I'm not sure you can make that judgement. Most major roads or road upgrades will facilitate bus movements for the public transport system. I don't think we've got any major heavy rail announcements in New South Wales in this budget. For the large part, transport projects will facilitate public transport as well.

**Mr P Smith:** I have the answer to the funding profile. We have \$2 million in 2021-22; \$256 million in 2022-23; \$256 million in 2023-24; and \$305 million in 2024-25. It is \$819 million across the forward estimates. The residual is beyond that. Obviously, consistent with previous policy, if the states can spend it earlier, we're prepared to bring it forward.

**Senator McCARTHY:** Thank you, Mr Smith. I will take you to Victoria. Ahead of the budget, the Morrison government claimed to promise \$3 billion of new infrastructure funding for Victoria. Why is 87 per cent of that not in the forward estimates?

**Mr Hallinan:** The Victorian budget was largely worked through in negotiation with Victoria. The usual process we have with states is an exchange of letters between the state government and the Commonwealth government to identify the priorities of the state. In the case of Victoria, they provided a series of proposals to us which the government considered. It funded that which it chose. The profile of expenditure across each jurisdiction is usually a function of what the jurisdiction has provided to us as advice for their capacity to deliver. Last year, in Victoria in particular, we did quite a lot of new projects in the stimulus space. We brought forward projects from their pipeline. That largely explains where the profiling for Victoria comes from.

**Mr P Smith:** I will add to that. I think it is also worth pointing out that, as this is a pipeline, we need to make sure that we profile the pipeline appropriately. Victoria is getting \$13 billion over the forward estimates.

**Senator McCARTHY:** Of the \$397.7 million actually included in the budget, only \$5 million is due to flow in the next year. Is that correct?

**Mr P Smith:** With Victoria, out of the budget allocation—you're talking strictly about the \$3 billion—\$77.7 million flows over the forward estimates. The majority of that funding obviously relates to the intermodal terminal, which will take some years to design and plan.

**Senator McCARTHY:** I'm specifically focused on the next 12 months, though.

**Mr P Smith:** Budget Paper No. 2 does outline that in 2021-22.

**Senator McCARTHY:** You've just made reference to the \$2 billion intermodal freight hub.

**Mr P Smith:** Yes.

**Senator McCARTHY:** Where will that be located?

**Mr Hallinan:** The announcement for the intermodal is to investigate two options—Beveridge and Truganina. BIFT and WIFT is the shorthand. That will be a negotiation following detailed business case assessments between the Commonwealth and the state. It could be either Beveridge or Truganina or both potentially.

**Senator McCARTHY:** What form will the funding come in—grant, equity investment or a debt facility?

**Mr Hallinan:** I think it will depend on the final business cases. In the case of the intermodal terminals, we're considering with the Victorian government the potential for an equity investment.

**Senator McCARTHY:** When is it expected that the project will be in?

**Mr Hallinan:** Again, that will depend on final negotiated positions. We would anticipate intermodal terminals being delivered mid to late 2020s. More precise details as we—

**Senator McCARTHY:** Late 2020s, as in 2028-29?

**Mr Hallinan:** I would say mid-to late 2020s—so 2025 through to 2030—would be a reasonable time period to be anticipating them. But the actual detail of that will depend on final business case assessments and negotiations with the jurisdiction.

**Senator McCARTHY:** I understand that the freight hub is dependent on Victorian government funding. Has the Victorian government made any funding commitment?

**Mr Hallinan:** We're in negotiation at the moment.

**Senator McCARTHY:** What will happen if they don't make a matching commitment?

**Mr Hallinan:** It will be a matter for the government to consider in the circumstances.

**Senator McCARTHY:** Could it be similar to what happened with the East-West Link?

**Mr Hallinan:** It's a possible outcome, but it is speculation.

**Senator McCARTHY:** I might go to the Northern Territory for a bit. The federal government told us before the budget that \$323.9 million would be spent on new projects in the NT. How much of that was included in the forward estimates?

**Ms Rosengren:** I can go through each of the projects that were announced and say which ones have got funding for the forward estimates. I don't have a sum total, but I am sure we can calculate them as I go through.

**Senator McCARTHY:** Could you find that out while we're here in estimates?

**Mr P Smith:** So \$105.6 million is across the forward estimates out of the \$323.9 million.

**Senator McCARTHY:** So \$105.6 million across?

**Mr P Smith:** That was across the forward estimates out of the \$323.9 million.

**Senator McCARTHY:** So is it that 99 per cent of the promised money isn't even in the budget?

**Ms Rosengren:** One of the projects is actually a phase 2 project. There was a commitment for \$150 million to continue the Northern Territory national network highway program upgrade. Phase 1 was announced last year and has funding up to 2024. This announcement was to continue that pipeline to give certainty and allow for further planning works. So the works for that will go from 2024 to 2031.

**Senator McCARTHY:** Has there been a redirection of money for this particular network?

**Ms Rosengren:** No. Phase 1 is underway and planning works are underway. This budget announced phase 2 for those works. That is where the planning and certainty is for contractors. As you would be aware, trying to make sure that there is a pipeline of works in these regional and remote areas is really important for the workforce in the NT.

**Senator McCARTHY:** So is phase 1 sealed?

**Ms Rosengren:** No. Phase 1 on those national networks is currently underway. Planning works are going ahead. That is for the period between now and 2024. This budget announcement talks about extending that into phase 2, which will go from 2024 to 2030.

**Senator McCARTHY:** I will come back to that. I will go to the Tanami. What is the federal timeline for the upgrade of the Tanami Road?

**Ms Rosengren:** Currently, we've got some planning works that are underway. In the NT, the works are expected to start in 2022. There are also works in the WA section on the Tanami as well.

**Senator McCARTHY:** When in 2022, Ms Rosengren? This is to seal it to the WA border?

**Ms Rosengren:** Yes. It is under the ROSI project. We've got from Alice Springs to Halls Gap.

**Senator McCARTHY:** Halls Creek?

**Ms Rosengren:** Sorry, to Halls Creek. That is the Tanami in the NT. We've approved \$4 million to do scoping works to identify what that is. As I said, the actual works aren't expected to continue until after we've done that scoping. That is 2022 at the earliest.

**Senator McCARTHY:** Do you know when you're going to be doing the scoping?

**Ms Rosengren:** The scoping is underway. They've awarded the tender to the scoping works. That should be starting imminently.

**Ms Rosengren:** Who has that been awarded to?

**Ms Rosengren:** I don't have that on me. I will take it on notice.

**Senator McCARTHY:** Right now, the funding commitment is \$4 million?

**Ms Rosengren:** We've got \$4 million to do the scoping works. We've got \$9 million Australian government funding to do sealing on the Tanami into Yuendumu.

**Senator McCARTHY:** That is \$4 million plus the \$9 million?

**Ms Rosengren:** Plus the \$9 million. We still have another almost \$148 million Australian government funding to actually do the works in the Northern Territory once that scoping has been completed.

**Senator McCARTHY:** Because the road into Yuendumu is now sealed.

**Ms Rosengren:** That work is underway. They are just doing the final changes. I've got it written down here. It is from 261 into the community there. That work has been underway since November. I understand that there are still some final elements to be completed.

**Senator McCARTHY:** How long do you think the scoping work will go for? When should that be completed?

**Ms Rosengren:** Well, our expectation is that will be done now in terms of planning so that ideally we would be in a position to start construction works at the start of the dry next year—the middle of 2022.

**Senator McCARTHY:** With the funding pipeline for the Tanami, is it an 80 to 20 split?

**Ms Rosengren:** That's right, yes.

**Senator McCARTHY:** I will go back to the network highway. I understand that there was funding set aside for Kakadu National Park in terms of the roads.

**Ms Rosengren:** That's right. We have a \$70 million Australian government commitment to those roads.

**Senator McCARTHY:** So it is \$70 million?

**Ms Rosengren:** It is \$70 million for the Kakadu roads, yes.

**Senator McCARTHY:** Is that over the next 12 months or is that longer?

**Ms Rosengren:** With regard to the Jabiru road upgrade, the parks Australia road strategy was completed in December last year. We've now approved scoping works to actually identify the necessary environmental approvals and preconstruction work. It is underway now with the intention for construction to start in the middle of next year and then beyond.

**Senator McCARTHY:** Is that \$70 million separate to the announcement made for \$216 million in the 2019 budget for Kakadu?

**Ms Rosengren:** Yes. That is under another portfolio. There is a tourism package. Purely for roads there is \$70 million Australian government for the Kakadu roads package.

**Senator McCARTHY:** With the \$70 million, how much of that has been spent so far?

**Ms Rosengren:** Currently we've not spent any money.

**Senator McCARTHY:** Why is that?

**Ms Rosengren:** As I said, we've just approved the scoping works. That has now been agreed with the Northern Territory government. Previously, the road strategy was developed by National Parks Australia. That wasn't funded under our program.

**Senator McCARTHY:** So this is a separate lot of scoping works for Kakadu as opposed to what we were talking about for Tanami?

**Ms Rosengren:** Yes. This is a separate project.

**Senator McCARTHY:** Tell me about the scoping works.

**Ms Rosengren:** For Kakadu, there was a parks Australia road strategy. From that we're now doing scoping works to actually identify the requirements for specific road chainages that have been identified. We are going through all the practical preconstruction that we need—the approvals for that, sourcing the materials and working out the tenders.

**Senator McCARTHY:** When will that be complete?

**Ms Rosengren:** I imagine that would take up to a year. Again, we'll try to work in around the wet season limitations. Obviously there are only certain periods of time when we can get in and start doing construction.

**Senator McCARTHY:** Are you starting now?

**Ms Rosengren:** No. We're only doing scoping now. We will be planning to start the works hopefully in the next dry season.

**Senator McCARTHY:** I have plenty more.

**CHAIR:** I will pass the call for a second. I will come back to you.

**Senator ABETZ:** I understand that the officials may have been given notice of a bracket of questions I want to ask about Community Chef, which was funded in 2009 under the infrastructure program. Is that the case?

**Mr Hallinan:** No. What was the program?

**Senator ABETZ:** Under the infrastructure funding in 2009, Community Chef was funded in the state of Victoria to the tune of \$9 million. Is anybody briefed on that?

**Mr Hallinan:** I'm certainly not, but I'll check with my colleagues.

**Senator ABETZ:** In that case, allow me to put some questions on notice about that. It relates to a program in 2009, where infrastructure funded to the tune of \$9 million a program called Community Chef. It was a provider of food services to aged care facilities. After the initial 2009 funding, was any further funding provided to this organisation? What was the rationale for the funding? How was it justified under infrastructure? Were there any other similar type programs funded from that particular fund? The issue here is that it was a joint venture with the Victorian government. It has since lost \$30 million. A private provider has gone bankrupt. I want to know who did the assessment in relation to the viability and feasibility of this program. Apologies to the officials. I thought you had been advised by the minister's office that these questions were going to be asked. Take all these on notice for me. I understand that you won't be able to answer them now.

**Mr Atkinson:** It sounds like a community aged care program. Are you sure it is in the infrastructure program?

**Senator ABETZ:** It was under Minister Albanese as minister for infrastructure. He entered a joint venture with the then health minister Dan Andrews in the state of Victoria. Like you, I am gobsmacked that this was funded under infrastructure.

**Mr Atkinson:** I will take your questions on notice.

**Senator ABETZ:** Take them on notice. If all my advice is that it is incorrect, so be it. That is the best information I have. Is there any documentation available in relation to the assessment made of this project, the appropriateness of its funding, who supported the proposed funding of this arrangement and who takes responsibility for the assessment, which has seen this organisation run at a \$30 million loss and bowling out a private enterprise in the meantime, costing jobs? Given all the circumstance, it is clearly not viable. It is a bit of a disaster. Has any audit been undertaken in relation to this project and the program under which it was funded? Any documentation that can be provided would be greatly appreciated. Thank you.

**Mr Atkinson:** I will take all that on notice, noting it was 12 years ago.

**Senator ABETZ:** Absolutely. That is why I sought to give officials notice via the minister's office. Clearly that was not passed on. My apologies for that. Thanks, Chair.

**Senator ROBERTS:** Thank you all for attending today. My questions are designed to see where the department is up to, if at all, on some major infrastructure projects that have been brought to my attention on recent listening and fact finding tours to Northern Australia. The first one is the Iron Boomerang to connect Pilbara iron ore with Bowen Basin coal to create a new Australian steel capability worth more than \$50 billion a year.

**Ms Rosengren:** Obviously we're aware of the discussions around Project Iron Boomerang. There is no current Australian government commitment to the project. However, we have already got commitments of \$330 million on the Outback Way and over \$700 million in NARP and Beef Roads projects in Northern Australia.

**Senator ROBERTS:** Excuse me. The Outback Way being the highway?

**Ms Rosengren:** Being a highway, yeah.

**Senator ROBERTS:** Not the railway?

**Ms Rosengren:** And \$8.4 billion in Roads of Strategic Importance projects across Northern Australia as well.

**Senator ROBERTS:** But nothing on the railway line?

**Ms Rosengren:** But nothing on the railway line.

**Senator ROBERTS:** Is the Iron Boomerang seen as a very important security issue for us? It will give us independence and sovereignty over our steel industry and steel imports and make Australia a significant global player in steel.

**Ms Rosengren:** I understand the dynamics of the project, but it is not one that currently has Australian government commitment to it.

**Senator ROBERTS:** Thank you. Is the department working on any proposal to extend inland rail north to Gladstone or Townsville?

**Mr Hallinan:** Not at this stage, no. We've looked at business cases on that front twice in the last—

**Senator ROBERTS:** Sorry, what was that?

**Mr Hallinan:** There have been business cases considering our northern connection to Gladstone I think twice in the last five years or so. I will confirm with my colleagues through the afternoon.

**Senator ROBERTS:** Thank you. Is the department working on any project to connect the Adelaide to Darwin rail line with the northern rail system via Longreach or Mount Isa? Again, it is another national security issue, enabling competition between ports and security if one of the ports goes out or if the railway line goes out, because the current rail line—

**Ms Rosengren:** No.

**Mr Hallinan:** No.

**Ms Rosengren:** I'm not aware of anything.

**Senator ROBERTS:** It would mean easily moving troops from Townsville to Darwin. The fourth question is: the Tully-Millstream hydropower project is to provide 600 megawatts of clean baseload power into the national grid. Is there anything on that?

**Ms Rosengren:** I am only responsible for road and rail projects. I'm not aware of the water grid.

**Senator ROBERTS:** Is anyone from Infrastructure Australia available to comment on that?

**Mr Hallinan:** Infrastructure Australia is on tomorrow morning. That might be a water question or potentially an industry question.

**Senator ROBERTS:** You probably won't know this one either. Is the department working on any hydro projects in what is loosely called the Bradfield catchment from Charters Towers to Cairns?

**Ms Rosengren:** I'm not aware in my responsibilities.

**Mr Hallinan:** I think it is potentially a question for the water grid authority on Friday.

**Senator ROBERTS:** A space launch facility currently proposed for Abbott Point in North Queensland?

**Ms Rosengren:** Again, that is beyond my responsibilities.

**Senator ROBERTS:** Your agency is responsible for expenditure on projects of more than \$1 billion?

**Ms Rosengren:** No. Road and rail.

**Senator ROBERTS:** Just road and rail?

**Ms Rosengren:** Land transport.

**Mr Hallinan:** We mostly deal with land transport.

**Senator ROBERTS:** Mostly. What else?

**Mr Hallinan:** Well, it is land transport. We've got regional projects and city deals.

**Senator ROBERTS:** Regional projects brings up the seventh one, which is the CopperString 2.0 high voltage power transmission line to bring Mount Isa into the national electricity grid.

**Mr Hallinan:** I think electricity projects are probably a matter for the department of industry, DIISA.

**Senator ROBERTS:** Thanks. That was quick.

**CHAIR:** That was very quick, Senator Roberts. Terrific. Senator Watt, I believe you have more questions. Senator Rice, it looks like you have some questions for this area as well?

**Senator RICE:** Yes.

**CHAIR:** And you have questions too. Thank you, Senator Polley, and Senator Patrick. This is the most popular section. Over to you, Senator Watt.

**Senator WATT:** I don't mind if Senator Polley goes first. I will pick up after her if that suits her.

**CHAIR:** I will quickly give Senator Patrick a run and then go to you, Senator Polley.

**Senator PATRICK:** Thank you. At the last estimates, we had discussions about the rail upgrade from Tarcoola to Kalgoorlie. The department undertook to provide an answer about what had been going on behind the scenes in relation to that. There was some apprehension about giving information to the committee on the basis that we were going into the budget. I wonder if someone can help me out there.

**Ms Hall:** I believe that we took that as a question on notice.

**Senator PATRICK:** Yes, you did.

**Ms Hall:** With regard to the answer to the question on notice, I think we were advised that there were conversations going on but nobody has actually asked for funding for the project at this stage.

**Senator PATRICK:** What were the nature of the conversations?

**Ms Hall:** It was an understanding. The conversations were mainly between us and the other Commonwealth agencies to see if anybody had actually approached them about that project.

**Senator PATRICK:** Was that in direct response to the situation with Greensill and GFG, or was it separate to that? You are looking at me a bit strangely there.

**Ms Hall:** I think it was more in regard to whether this was actually a project that was worthy of investment currently. At the moment, it is a project that doesn't even have a business case.

**Senator PATRICK:** Sure. When I brought it up, it was related to the fact that there are concerns about GFG. In fact, there are still concerns about GFG. I wonder if that has been the reason for some of the discussions or whether—

**Ms Hall:** These conversations were happening prior to any of the issues around GFG.

**Senator PATRICK:** Thank you. These questions are for the secretary, if he is around. I might be wrong. In relation to infrastructure projects, there has been bundling. We have a situation where we have large projects that can't be completed by tier 2 contractors. The difficulty I have with that is that there are no Australian tier 1 contractors any more. They are all foreign owned. We have a situation where we have these major infrastructure programs and Australian companies are unable to tender as the prime for those particular projects, which is clearly unacceptable to most Australians. I understand from discussions I have had with Finance that there has

been some meeting with the Australian contractors regarding this. From your perspective, have you been involved in those meetings? Are you taking a lead? What is happening in that space?

**Mr Atkinson:** I have had several meetings with not just the Australian owned contractors but other groups that represent contractors as well. We have been having discussions with our state colleagues around procurement and tendering processes to address some of these issues as well as capacity constraints in the higher end of the market. The issues are interrelated. Part of this relates not just to the size of individual work packages but also issues around risk transference and insurance requirements for ongoing pieces which are different in the different states and territories. These are some of the constraining pieces of how big an organisation needs to be to absorb the risk profile of some of these big projects and the liabilities that stay over time. We are working with the states on what we can do in terms of opening that up so that more players can participate in the larger parts of the market.

**Senator PATRICK:** You might have to take this on notice. I am wondering how many meetings you have had with Australian owned contractors and/or other Australian contractors.

**Mr Atkinson:** There have been a few in the last few months, I would say. I will take the specifics on notice.

**Senator PATRICK:** Are there actions that flow from those meetings, or are they just engagements at this point in time to flesh out what the problem is?

**Mr Atkinson:** It is a bit exploratory. Obviously with market structures there is a lot to it. What we are trying to identify is the key things that will make a difference plus which jurisdictions are doing things well. Some jurisdictions are changing their models and trying new things. Part of the engagement is to see which things are the best of breed that we can move between jurisdictions to unlock the industry structure.

**Senator PATRICK:** Is there any way you could provide a description of where you are up to in terms of understanding where the thresholds lie and where the barriers lie? I can then at least get an understanding whether generally this amount of money requires this type of insurance and which states are doing it better than others in the context of all of this. This is if it is funded by the Commonwealth, even if it is passed to the states.

**Mr Atkinson:** Pre COVID we had a paper that we worked on with the states and territories around the industry capacity constraints at that time. I think the documentation in there is probably the best introduction to the issue. Can I take on notice to give you what I can on the industry structure piece?

**Senator PATRICK:** Yes.

**Mr Atkinson:** In terms of going forward, it's something that we are going to be progressing through the infrastructure ministers forum.

**Senator PATRICK:** Sure. That is my interest in this. I would like to be able to understand the issues in more detail—you might not like this—so that I can come back and question you on particular areas to see how you are progressing in each of them. That is the nature of my interest.

**Mr Atkinson:** The key thing for us is to understand the issues to progress bilateral discussions with each of the states and territories. The issues are actually quite different in each state. For instance, Queensland has a facility that takes care of a bunch of the insurance issues centrally which the others don't have. Victoria has done some partnership type stuff with their level crossing removal models, which has resulted in efficiencies and those sorts of things. Our work is bilateral with each of the states. I will see what we can do out of that previous paper. Mr Hallinan can speak at a principles level now if that is helpful as well.

**Senator PATRICK:** Take on notice to perhaps table the paper. My starting point is, of course, to table it all, unless there is some good reason not to. I think that would be a most helpful paper that makes my time at the next estimates much more productive.

**Mr Atkinson:** Do you have the documentation from the contractors and those people? They have a paper or two themselves.

**Senator PATRICK:** Yes, I have.

**Mr Atkinson:** That would go with it.

**Senator PATRICK:** They've talked to me about the issue. Have you got at least some timeframe in which you would see these problems solved, noting that there's lots of projects coming online? It is offensive to me that Australian companies can't tender for these things. They are great infrastructure projects and yet Australian owned companies can't participate.

**Mr Atkinson:** I think some of the tier 1 ones used to be Australian owned.

**Senator PATRICK:** I understand that. That begs the question. At least the infrastructure side of Lendlease and John Holland and so forth have been acquired. In some sense, that raises the question: what are we doing wrong? We've got all these Spanish companies that seem to flourish in Australia. It signals to me that the environmental settings for Australian companies are wrong.

**Mr Atkinson:** I think they are Australian based and they are employing Australians to deliver a lot of this stuff.

**Senator PATRICK:** But the big problem is that these larger companies squeeze the entire supply chain. They minimise the money that is passed down through the chain to Australian entities. Then they take the money at the top and transfer price it back to other places. That is a general problem. It is not a case of just about Australian jobs. I'd like to see the profits remaining in Australia. I'd like to see a situation where the supply chains are not squeezed in the way they are where they are all stressed and the winners out of this are overseas entities. That is the issue. It is not about jobs for me. I understand the work predominantly has to be done here. We don't need to leave company directors and workers under strain. Does the department also have a mapping of strategic capability in terms of the resilience of the industry to be able to execute these large projects? For example, I'm assured that the government is backing Whyalla. If we lost the steel industry in either Whyalla or Port Kembla, have we looked at the impact of that on our sovereign ability to build infrastructure? Have we done a study on that?

**Mr Atkinson:** It would depend. Most of the suppliers that are necessary in infrastructure are part of deep global supply chains. Over time, there is capacity for all of the inputs we need. The point about the Australian industry expertise and capability, particularly some of the higher end engineering things that are needed, is that there are capacity constraints in the system. The paper I talked about was actually about capacity constraints. So that will address some of those issues. Some of that engineering expertise is quite niche. With the tunnelling stuff in particular, we suffer from workforce constraints. We're working with the states and territories on what their needs are.

**Senator PATRICK:** There are also things like Snowy Hydro 2.0, where they've had to go offshore to get capability that we simply don't have here in terms of pipelines and structures.

**Mr Atkinson:** Certain tunnelling engineering expertise is largely sourced from offshore.

**Senator PATRICK:** Sure. My concern is: why are we not doing that here? Why are we not seeking to encourage those industries? I've just seen a really big spending budget rather than a big grow the economy budget so that you can spend more.

**Mr Atkinson:** All the works happen here, obviously. Sometimes we just need to get key personnel to come in who have done them before.

**Mr Hallinan:** What will happen through that is that you will upskill the existing sector as well. I think the challenge is some of these projects are rare enough in nature that actually the high end engineers will move from country to country where those projects are being undertaken.

**Senator PATRICK:** Sure. But that upskilling doesn't take place unless it is driven. The overseas companies have no motivation to upskill Australian industry to then be able to compete with them. There is no commercial motive to do that. The government has to in some way assist in that regard either through contracting requirements—

**Mr Hallinan:** To the extent that they are—

**Mr Atkinson:** We're talking about one-off stuff here. With the vast majority of our infrastructure works there is Australian capacity to deliver it. We've got some very high end engineering in all the work that happens here. It is for things that are repeatable and built again, like bridging and building freeways and all of that sort of stuff. I was talking about some tiny niche areas of one-off type things. Our national partnership agreement with the states and territories actually has an insertion in it which allows us to work with them on this on the local procurement component. We are very aware of these issues and we are leaning into it and working with the states.

**Senator PATRICK:** I will have a focus on this across finance and infrastructure and other government departments because it is an area where I don't think we do well enough. I have a couple of questions that come from the PBS. It goes to targets. In the PBS, there is a range of different performance measurements for which there are no targets. Transport costs for road freight and transport costs for rail freight both have the same explanation regarding targets. It says 2021-22 and beyond, no target. It is similar with domestic CO2 emissions. I'm talking about page 49 of the PBS. There is domestic CO2 emissions and rate of emissions. You talk about trying to get to 2030 to achieve reducing greenhouse emissions by 26 to 28 per cent, which are the Paris targets.

You don't set any target out to what is effectively 2025, which is halfway there from where we are now. Why is there no performance targets for the department?

**Mr Atkinson:** This document has hundreds and hundreds of targets in it.

**Senator PATRICK:** It is page 49.

**Mr Atkinson:** You are just talking about those three CO2 emissions ones. I will formally take it on notice. I suspect that it is about the fact that the portfolio level targets—it will be the same across other agencies—all relate to the government's target point, which is 2030, which is what that reference is there for. I will give you a formal answer on notice.

**Senator PATRICK:** If you don't put a target in there—I don't care what it is; I'm trying to achieve X number by next year and the follow year here is the next target—there is nothing to measure against getting to the government's total target. How does that work?

**Mr Atkinson:** I already took that on notice to give an answer as to why those three are the way they are. It is the CO2 across the three.

**Senator PATRICK:** The CO2. We have the transport costs for road freight and for rail freight as well that, again, have no targets. Rule 101 of business is that you've got to set these targets and make sure you then come back and test against them. Sometimes you will have a CEO's bonus tied to the corporate targets. Here you've got nothing.

**Mr Atkinson:** I think the issue is that certainly for transport costs for road and rail freight there is a lot of market variables that have nothing to do with the department's activities. It's not specifically a thing. We participate in and contribute towards those things, but we certainly don't control them for those first two. On the CO2 ones, I'll come back to you.

**Senator PATRICK:** Thank you.

**CHAIR:** Senator Polley, are you right for questions?

**Senator POLLEY:** Actually, no. I'm going to let Senator Watt have the call.

**Senator WATT:** I know Senator McCarthy has gone through in broad terms the funding committed in particular states. There are a couple we didn't get to. Most importantly is Queensland.

**Senator McCARTHY:** After the Territory.

**Senator WATT:** It's not a state, though, is it? I will pull up so I've got exactly the figures allocated in this year's budget for Queensland. Presumably Senator McCarthy has gone through the fact that, for instance, New South Wales has \$3.3 billion in new infrastructure funding and Victoria has \$3 billion. When we get to Queensland, which is Australia's most decentralised state, with the biggest road network, as Senator McDonald well knows, the government is allocating only \$1.6 billion in new infrastructure funding in this year's budget. Why is Queensland getting less than half other states like New South Wales, Victoria and South Australia?

**Mr Hallinan:** I think there are probably some other moving pieces in Queensland that are worth contemplating. The Prime Minister, I think, has committed to 50 per cent funding of infrastructure costs associated with the Olympics. We're in negotiations between the Commonwealth and the state and what that might look like as well. There are some separate policy processes in relation to Queensland that might affect those numbers.

**Senator WATT:** Are the Olympic projects going to happen any time soon? The Olympics is 2032.

**Mr Hallinan:** Many of the projects that we do fund in the infrastructure space might roll out over a five- to 10-year period anyway, particularly large ones where you need to do detailed planning. This comes to that discussion point we had earlier about the 10-year pipeline or profile of the infrastructure spend. Sometimes actually for your big projects your commitment period will be substantially longer than the forward estimates period.

**Senator WATT:** There is this argument that there might not be anything announced here but there are other programs and other projects. That could be argued for any state and territory.

**Mr Hallinan:** Not quite in the same way. I think with Queensland in particular and the Olympics commitment, that is a pretty substantial piece that's been a public commitment from the government.

**Senator WATT:** What dollars can we expect to see the federal government commit to with infrastructure projects in Queensland for the Olympics?

**Mr Hallinan:** It will be subject to negotiation with Queensland, so I would prefer not to make a commitment on behalf of the Commonwealth right now.

**Senator WATT:** In this year's budget—I'm sure Senator McDonald shares my horror at this, being a good Queenslander herself—Queensland, being Australia's most decentralised state, with the biggest road network of all the states, gets half the new infrastructure spending that New South Wales, Victoria and South Australia get. It gets the lowest per person rate of new infrastructure funding of any state or territory in the country. The reason is we are going to get some money for the Olympics but we don't know how much.

**Mr Hallinan:** I think there are probably two points. I might ask my colleagues to provide a bit more detail. There are probably two points. We can provide you a bit of data about what the 10 years looks like for Queensland. Separately, there are other pieces on the table specifically in relation to Queensland that other jurisdictions don't have.

**Mr P Smith:** As Mr Hallinan outlined I think this morning but also just then, you've got to look at this as a pipeline. It is a 10-year pipeline. If you look at what Queensland is getting over the forward estimates, the immediate four years, you see that they are getting \$11.8 billion. As a percentage share against the actual pipeline, it is consistent with their state share of population as well. You have to look at the context of it. In some years, states might get a slightly higher proportion. In other years, they get a slightly lower proportion. Overall, you have to look at it not only across the forwards but across the 10 years rather than from individual year to year.

**Senator WATT:** So Queenslanders should be happy to get half what other states, which are less decentralised, get this year because we have had a lot in the past? Is that what it comes down to?

**Mr P Smith:** What I am saying is that there is roughly \$11.8 billion for Queensland across the forward estimates, which is broadly consistent with the population share of Australia.

**Senator WATT:** Senator Rennick, if you think that it is good for your state to get half the funding on infrastructure that other states get, good luck to you.

**Senator RENNICK:** It's not half. It is the percentage. It is the same. It is the population percentage. Do your sums. It is simple arithmetic, mate.

**Senator WATT:** If you had been here earlier, you might have noticed that Queensland is getting \$1.6 billion this year in new funding.

**Senator RENNICK:** And \$15 billion. You were here earlier. We're getting it in new commitments, remember.

**Senator WATT:** Not only is Queensland getting half the new infrastructure funding that New South Wales, Victoria and South Australia are getting; only \$18.1 million of this new funding will flow this year. Only one per cent of the new funding will flow this year. Is that really the best your government can do for Queensland, Minister?

**Senator Reynolds:** I'm glad you actually asked me that question. I'd really like to share what this government is doing for Queensland in the current budget. The 10-year—

**Senator WATT:** Every time the minister answers, she doesn't answer the question.

**Senator Reynolds:** You just asked me a question. I'm delighted to respond.

**Senator WATT:** Is your answer going to be about the new funding, because that is what my question is about?

**CHAIR:** Let her answer.

**Senator Reynolds:** According to my figures here—and I stand to be corrected on the detail—as the officials have said, there is a 10-year pipeline investment of \$17.5 billion, which is actually 20 per cent of the overall national funding over the 10 years. Currently in Queensland, there's over 50 projects in construction right now, including the Bruce Highway and the Gold Coast light rail stage 3.

**Senator WATT:** I raise a point of order, Chair.

**Senator Reynolds:** The Coomera connector stage 3.

**Senator WATT:** Point of order.

**Senator Reynolds:** Since early 2020, a number of key funded projects in Queensland were included.

**Senator WATT:** She is not answering the question, Chair.

**Senator Reynolds:** But this part of the pipeline—

**Senator WATT:** Point of order.

**Senator Reynolds:** You might not like how I'm answering the question. Again, you are the master of selectively pulling out a single figure.

**Senator WATT:** Chair, I have five times asked for the point of order.

**Senator Reynolds:** This is a pipeline of projects.

**CHAIR:** Senator Watts, I can hear your point of order.

**Senator Reynolds:** Queensland, like all other states and territories, is benefiting.

**CHAIR:** She is answering the question.

**Senator WATT:** I haven't had a chance to place my point of order. I've just asked for the call to make a point of order.

**CHAIR:** No. You've said four times that she is not answering the question. But she is answering the question, just not in the way that you want her to answer it.

**Senator WATT:** Should I put my question again? This is exactly what happened this morning when I asked about the new infrastructure funding. The minister went off on a tangent in a way that suits her. We would like to actually get answers to the questions we're asking.

**CHAIR:** Well, ask the question and then stop and let her answer. Then we'll go through that process. Could you ask the question and let her answer it.

**Senator WATT:** Of the new funding announced for Queensland infrastructure in this year's budget, being \$1.6 billion, only \$18.1 million of that, or one per cent, if I'm being generous, will flow in the first year. Why should Queenslanders be satisfied with such a raw deal?

**Senator Reynolds:** Senator Watt, as we discussed in some detail—I think the secretary himself referred to it—this is a pipeline of infrastructure projects agreed to with the Queensland government. They are phased over 10 and sometimes further years. So you cannot look at it as one single year. In total, over the 10 years, \$17.5 billion which, as has already been said, is totally in line with the national averages. There are multiple projects underway. Funding has already been committed to, which is being expended this year. If you have a question about this year, I suggest you go back to the Queensland government, because these were all worked out in agreement—

**Senator WATT:** It's your funding.

**Senator Reynolds:** We don't build, Senator Watt.

**Senator WATT:** We know you don't hold a shovel.

**Senator Reynolds:** We can go back to the constitutional question again.

**Senator WATT:** We know you don't hold a shovel. It's all good. We've had that already.

**Senator Reynolds:** It is the state governments' projects and their advice about when they are ready.

**CHAIR:** Does that answer your question about the funding and the prioritisation and the partnership?

**Senator WATT:** Not really. But I don't expect to get answers to questions from this minister based on today.

**CHAIR:** Well I think it is a really clear example of the prioritisation in partnership with the state government because this is what happens. Levels of government have to work together.

**Senator WATT:** One of my colleagues has questions about Tasmania.

**CHAIR:** It's not political. That's just reality.

**Senator POLLEY:** I want to delve into the \$322.6 million that was announced for Tasmania. As I see it, we can expect only \$96.2 million over the forward estimates or for the next four years. This means that Tasmania will only receive \$4 million for this infrastructure spend in 2021-22. Can you confirm that, please?

**Senator Reynolds:** Is this for me or the officials?

**Senator POLLEY:** You can answer it if you want to, but it is in relation to Tasmania. It looks like we have an official at the table.

**Senator Reynolds:** I can confirm that over the forward estimates we've committed \$1.8 billion for projects. Over the 10 years, it is \$3.6 billion. Currently there are 16 projects under construction currently in Tasmania.

**Senator POLLEY:** We are talking about newly announced in this budget.

**Senator Reynolds:** That is what I am saying. It is \$1.8 billion over the forward estimates.

**Senator POLLEY:** But there is only \$4 million for 2021-22.

**Mr Hallinan:** This is similar to the other jurisdictions. The process that we usually go through in determining the budget is two parts. It is an exchange of letters between governments. The Tasmanian government will write to us with the projects and profiles that they consider—

**Senator POLLEY:** I understand that. The question is: is there only \$4 million in the financial year 2021-22?

**Mr Hallinan:** Certainly in Budget Paper No. 2 at page 157, that is the number identified as new funding that otherwise hasn't been announced or committed.

**Senator POLLEY:** Am I correct in saying that in 2022-23, there will be \$17.2 million; \$20.3 million in 2023-24; and \$55.7 million in 2024-25? Why is this money being drip fed into Tasmania?

**Mr P Smith:** Perhaps I could explain a little more about that. They are obviously the figures relating to the measures. They do not include the additional road safety money as well. They ignore the existing pipeline. It is important when you look at a state like Tasmania. You've got to ensure that they've got adequate capacity to deliver. You've just heard Senator Patrick talk about capacity. Tasmania is forecast to get about \$342 million next year in the pipeline. That needs to be factored in. It also takes reasonable time to plan, design and go to procurement for any infrastructure project regardless of the size of it. So all of those factors need to be balanced when you are setting the pipeline to make sure that it can be delivered. Otherwise you end up with a potential for overprofiling. That could also lead to potential distortions of the market.

**Senator Reynolds:** Senator Polley, you might find that Budget Paper No. 2 page 157 deals specifically with the additional infrastructure investment for Tasmania in this year's budget. There is \$113.4 million for the Midland Highway upgrade; \$80 million for the Tasmanian roads package; \$48 million for the Altona Road grade separation; \$44 million for the Rokeby Road South Arm Road upgrades; \$24 million for the Tasmanian freight rail revitalisation tranche 3; and \$13.2 million for the Huon link road. As we said this morning, you have to look at both budget papers in concert and then look at the pipeline, as the officials have explained.

**Senator POLLEY:** There were announcements that 1,000 jobs would be created. What modelling was used in these projects to get that modelling outcome?

**Mr P Smith:** I will leave Mr Caruso to explain the detail because I have a feeling there was another senator this morning interested. It might have been you, Senator Watt. We will run through the calculation methods that we have.

**Mr Caruso:** We use two methodologies to calculate job estimates for our infrastructure investments. In some circumstances, the state or territory government will provide an estimate. In that case, we use their estimate. Otherwise, we have an in-house model developed by KPMG, which we use to estimate jobs when a state hasn't provided an estimate.

**Senator POLLEY:** Are these jobs over the forward estimates, or is this a longer period of time? Where are these jobs going to be located?

**Mr Caruso:** The jobs match the profile of the spending. Obviously, the jobs line up with when the construction actually occurs. The jobs can include both direct jobs on the areas where the construction is occurring but also job supported in, for example, industries which supply materials for roadworks.

**Senator POLLEY:** What was the selection process for the Bass Highway safety and freight efficiency upgrades package under the infrastructure investment for Tasmania? Why was that selected over the Tasman Highway Sideling road upgrade?

**Mr P Smith:** Without going into necessarily the specifics, the way project selection works is that we work closely with the state. They will often give us their list of priorities. We will also look at other Commonwealth priorities and provide advice to the government. Government will ultimately make decisions around the projects it chooses to fund.

**Senator POLLEY:** But the Bass Highway safety and freight efficiency package isn't expected to begin construction until 2025. Is that correct? It is a long way off.

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

**Senator POLLEY:** Are there any works planned prior to that 2025? What has the funding been allocated to this project as part of the forward estimates? Are any meetings being scheduled for the Bass Highway upgrade? Once construction does commence, what are the project milestones?

**Ms Czajor:** The Bass Highway safety and freight efficiency upgrades is a future package of works. It is scheduled to commence in early 2025 and is currently in planning. We are yet to receive a project proposal report from the Tasmanian government that will outline the detailed scope and timing of that project. At this point in time, we expect the scope of the project may involve safety works, such as installing flexible barriers, widening

shoulders, removing roadside hazards, intersection upgrades, realigning tight curves and providing additional overtaking lanes and/or rest areas between Launceston and Devonport.

**Senator POLLEY:** So there haven't been any contracts signed as yet?

**Ms Czajor:** No.

**CHAIR:** It is quarter past four. Senator Polley, are you happy if we take our break? We will come back to you when we return?

**Senator POLLEY:** Yes. That's fine.

**CHAIR:** Thank you. We will be back in 15 minutes, at 4.30 pm.

**Proceedings suspended from 16:14 to 16:30**

**CHAIR:** Welcome back after our afternoon break. Senator Polley, you were mid-question when we went away.

**Senator POLLEY:** I just wanted to have an idea of what the indicators will be to measure improvements in freight efficiency with the new project?

**Mr P Smith:** I'll have first crack. Time savings would be one. I'd say, given time is probably the greatest cost, that's probably the first one we'd look at. Safety would be another one we'd look at—incidents, et cetera. There'd be a variety of different factors along the way. I think as the secretary alluded to earlier, some of those measures are quite tricky because, when you think about fuel costs, et cetera, they're beyond our domain. But time savings is one we can certainly look at there.

**Senator POLLEY:** Could we look at the \$40 million under the Roads of Strategic Importance program for the Bass Highway upgrade from Cooee to Wynyard. Can you tell me when that work is expected to start and if it's on track, please.

**Mr P Smith:** I might just wait for the officer to come forward.

**Senator POLLEY:** Is that expected to start this year?

**Ms Czajor:** Yes, Senator. We have that scheduled for starting in late this year.

**Senator POLLEY:** What's the time line and milestones? Have there been any contracts already signed?

**Ms Czajor:** The project will be delivered in three stages. The first stage is the Somerset to Wynyard realignment. A contract was awarded for that project in March of this year.

**Senator POLLEY:** How much was it for?

**Ms Czajor:** I don't know the contract details.

**Senator POLLEY:** Will you take it on notice?

**Ms Czajor:** I can, yes. Planning and design work is underway. Construction on that stage is expected to commence late this year and will be completed in mid-2022. Stage 2 of that project is the Cam River Bridge replacement and Murchison Highway realignment and signalisation. A PPR has been submitted and is currently with the department for consideration on that project. Pending approval, construction is again expected to commence late this year. Stage 3 of this project for the remaining identified works on the corridor will be a proposal in a later stage.

**Senator POLLEY:** Would you be able to take on notice the total cost of each of those contracts for me?

**Ms Czajor:** Yes, Senator.

**Senator POLLEY:** The \$60 million that's been contributed under the same program from Marrawah to Wynyard—what's the commencement date for that?

**Ms Czajor:** The commencement date is again late this year, 2021.

**Senator POLLEY:** When you say 'late this year', are we talking about November, December?

**Ms Czajor:** Around that time. We don't have a confirmed start date, but I can inform you the tender has been awarded for stage 1 works in that project.

**Senator POLLEY:** Who got that?

**Ms Czajor:** I don't have the contract details on me today. I can take it on notice.

**Senator POLLEY:** If you could take it on notice that would be good—who the contractors are and what other contracts have been signed. There is also \$40 million that's been committed as well to Bass Highway targeted upgrades between Deloraine and Devonport. Can you tell me when those works going to commence and when they are due to be completed.

**Ms Czajor:** Those works are expected to commence in late 2023 and be completed in late 2025 with a two-year construction period. The project is currently in planning. We have received a PPR for that, and it's currently under assessment with the department?

**Senator POLLEY:** Would you be able to provide a time line for those contracts?

**Ms Czajor:** I don't have that information with me.

**Senator POLLEY:** If you could take it on notice, that would be good.

**Ms Czajor:** On notice, yes.

**Senator POLLEY:** Thank you. Under the three upgrades, the government will already be contributing approximately \$140 million to upgrade the Bass Highway. In terms of what's already been allocated in previous budgets, when is the allocated time for these projects to be finished? Is that going right out to 2024-25?

**Ms Czajor:** I don't have the funding profiles on me at the moment, but, as to the current projects that we have, the future priorities on the Bass Highway are expected to be completed in late 2029.

**Senator POLLEY:** I just want to clarify that with the Bass Highway, when it was originally announced, there was going to be a four-lane highway. How much of the highway is in fact four lanes?

**Ms Czajor:** I don't have that information. Sorry, Senator. I'll take it on notice for you.

**Senator POLLEY:** That would be great.

**Senator WATT:** Just to finish off the states: for South Australia, in terms of announcements around new infrastructure spending this year, in the budget the government announced \$2.6 billion for the North-South Corridor project in Adelaide. When is that project expected to start?

**Ms Czajor:** We are yet to receive a final business case for that project which will detail the final scope and construction time frames.

**Senator WATT:** Is it likely to start in the next four years?

**Ms Czajor:** I will just check my notes.

**Mr P Smith:** Senator, can we just clarify the question: are you talking about the funding that was allocated in the recent budget for that project?

**Senator WATT:** Yes.

**Ms Czajor:** We expect that project will start in late 2023.

**Senator WATT:** My understanding is that that project has been announced before. It was announced in 2019, and at that time it was going to cost \$1.4 billion. Is it the same project or is it something different?

**Mr P Smith:** We'd have to go back and look at the original announcement, but this announcement was allocating the funding to complete that section.

**Senator WATT:** So it could well be the same thing?

**Mr P Smith:** I'd have to go back and look at that announcement. I don't have previous announcements with me.

**Senator WATT:** Are there any South Australians in the room who know any history of that project, the North-South Corridor project in Adelaide?

**Senator PATRICK:** That's been going on for many years.

**Senator WATT:** So this new funding that was announced in the budget this year is really just more funds for the same project?

**Ms Czajor:** It's an allocation of—

**Mr Hallinan:** I think the North-South Corridor project—my colleagues might correct me if I'm wrong—is a multistage North-South Corridor road upgrade. I think there have been multiple announcements for the different stages. We'll just have to take on notice whether or not the Darlington to Anzac Highway section is a secondary announcement with additional funding after further works have been done or whether or it's the first time it's been announced. We will confirm that on notice, though.

**Senator WATT:** Thanks. There was also an announcement of an additional \$60 million for the Gawler rail line electrification. Will this funding change the scope of the project, or is this simply a cost blowout?

**Ms Czajor:** There is additional funding that was allocated, and it will support delivery of an enhanced scope of works, including depot and railway modifications and priority station upgrades.

**Senator WATT:** Could you take on notice any further detail you can provide about the scope alteration for that project.

**Ms Czajor:** Yes.

**Senator WATT:** Thanks. Obviously, in the issues that Senator McCarthy, Senator Polley and I have covered off, across a range of different states there is this pattern where we've seen the government make some big announcements about dollars but the bulk of the funding is beyond the forward estimates. How confident is the department that these estimates are going to be accurate?

**Mr P Smith:** These are our best estimates at the time.

**Senator WATT:** So what does history tell us about how accurate the department's estimates are for projects and spending beyond the forward estimates? Four years away is a long time.

**Senator Reynolds:** The wonderful thing is that we actually have locked in 10-year plans—unlike the previous government—that are fully funded. It's a great thing for our nation's infrastructure.

**CHAIR:** Certainty is certainly something that people keep asking me for, but please continue, Senator Watt.

**Senator POLLEY:** These are on the never-never.

**Senator WATT:** I wasn't here for it, but I think Senator McCarthy covered off the fact that no public transport investment in New South Wales has been announced—no new funding for that—despite the focus of the New South Wales government on public transport. There's the intermodal hub in Victoria, which is different to the state government's priorities. What work was undertaken with the states and territories to ensure that you're on the same page in terms of these new funding announcements?

**Mr P Smith:** As I outlined earlier, basically for all budget processes we engage with the states, get their priority projects and run an evaluation over those, and provide advice to the government. The government makes decisions on those. When you say no public transport, we fund, obviously, transport infrastructure. You will have been aware previously that the Australian government has committed substantial money to Sydney Metro West, the Sydney airport rail line and, obviously, the Melbourne Airport rail line. So there is significant investment in the pipeline for infrastructure projects. There's METRONET in WA as well.

**Senator WATT:** How many new projects were announced in the budget or the day before? We've worked out it's about 60.

**Mr P Smith:** We haven't done the maths on the individual projects, but that could be right.

**Senator WATT:** Dozens. How many of those will start over the next 12 months?

**Mr P Smith:** As I alluded to earlier, when a new project's announced, if they haven't gone through the detailed planning works, you have planning design, regulatory approval processes, EIS processes, procurement processes. So, unless the project is actually shovel-ready, it takes a reasonable period of time to get to those.

**Senator WATT:** Which means that probably none of them will start over the next 12 months?

**Mr P Smith:** I wouldn't say none. I'd have to go away and look at every individual project. But there are 277 projects actually underway at the moment and a further 488 in planning. We'd expect with any pipeline that progressively those projects would come on.

**Senator WATT:** Do you know how many of the newly announced projects will start over the forward estimates?

**Mr P Smith:** Looking at the spend profile, which I think, depending on how you count it, is about 6½, plus Road Safety and LRCI, a few of those projects will commence major construction during that period.

**Senator WATT:** Could you take on notice for us, given you're not sure of the exact number of projects, how many do not have any funding allocated this side of the forward estimates?

**Mr P Smith:** Sure. We'll take that on notice.

**Senator WATT:** Thanks. I think Senator Sterle might have touched on this, but I want to cover off on it in case he hasn't. This is probably best put to the minister. We've had it suggested that the government has given instructions to state and territory governments not to allow opposition MPs to attend ceremonies and press conferences to announce particular projects. Is there such an instruction?

**Senator Reynolds:** I'll have to take that one on notice. I certainly haven't heard that, so I'll take it on notice.

**Senator WATT:** I think Senator Sterle may have covered this in relation to road safety projects, but I'm asking it more broadly, for infrastructure projects. You'll take it on notice?

**Senator Reynolds:** I'll take it on notice.

**Senator WATT:** Is anyone from the department aware of such an instruction to state and territory governments?

**Senator Reynolds:** Take it on notice.

**Mr Hallinan:** I don't think anyone would have been consulted on such, but we'll take it on notice.

**CHAIR:** In Kennedy the local member there is always invited.

**Senator WATT:** The Independent member?

**CHAIR:** Yes. But that's my patch—the north—so I can't help other than that.

**Senator POLLEY:** It doesn't happen in Tassie.

**Senator WATT:** We're aware of other states where Labor members have been told they can't attend ceremonies in their own electorate for federally and state funded infrastructure projects, and the claim is always made that there's some direction from the federal government. But no-one at the table knows anything about that?

**Senator Reynolds:** I've said that we'll take it on notice, Senator Watt.

**Senator WATT:** Could you also take on notice whether there's such a direction for MPs who simply wish to visit specific projects, even if there's no media present?

**Senator Reynolds:** Yes.

**Senator WATT:** Minister, do you have any concerns about opposition MPs attending projects that are funded by your government?

**Senator Reynolds:** I think that's asking me for a personal opinion. I have taken the question on notice for the minister, so I think that's appropriate.

**Senator WATT:** Can you think of any reason why it's justifiable to prevent a federal member from visiting a project in their—

**Senator Reynolds:** I haven't in any way said that is the policy and I've taken the question on notice. I think the best I can do is to take it on notice for you.

**Senator WATT:** I don't know if Mr Atkinson knows anything about this?

**Mr Atkinson:** No, I don't. As I said to Senator Sterle, I'm not aware of that.

**Senator WATT:** My understanding was that Senator Sterle was asking particularly about road safety projects, but mine was broader.

**Mr Atkinson:** He was. I'm not aware of it more broadly. But Mr Hallinan already took it on notice.

**Senator WATT:** And you're not aware of any provisions in deeds or partnership agreements entered between your department and the relevant state and territory department either?

**Mr Atkinson:** I'm not aware of it, no.

**Senator WATT:** Could you take that on notice?

**Mr Atkinson:** Yes.

**Senator WATT:** I missed all of this before, but Senator Polley was asking some questions about the formula to calculate job numbers. I think something was referred to explaining it in a bit more detail. I was going to ask you to table that. I think Mr Caruso was answering questions about that.

**Mr Caruso:** We're certainly happy to take the question on notice and provide on notice some more detail about the methodology behind the KPMG jobs calculator. I don't think I've got anything with me that would set it out.

**Senator WATT:** Okay, but you'll be able to table that subsequently?

**Mr Caruso:** We'll take it on notice.

**Senator WATT:** Thanks. That's probably a good place for us to stop. I know that Senator Rice wants to have a go and we can resume after that.

**Senator RICE:** I've been in and out, and some of the issues may have been covered before. Hopefully there won't be too much overlap. I want to start with the issue of the environmental offsets for infrastructure projects around Western Sydney and the investigation about that, where environmental offsets have been purchased from companies whose directors were involved in undertaking assessments integral to the offset strategy and how the purchases by the New South Wales department of transport have been referred to the New South Wales ICAC and the New South Wales department of environment and planning in reviewing its own purchases. In March 2019 the department of infrastructure purchased \$5.2 million in offset credits from Meridolum No. 1 as part of the

offset package for the construction of the new airport. Did the company Eco Logical Australia provide any advice to the department of infrastructure regarding offset requirements?

**Ms Dacey:** The department did not contract Eco Logical Australia.

**Senator RICE:** Does that mean that they did not provide you with any advice?

**Ms Dacey:** They did not provide us with any advice. They provided the Darebin local Aboriginal land council with advice, and under an MOU we paid for that advice for them. But they did not provide that advice to us.

**Senator RICE:** But your offset purchases were then informed by reports that were provided by Eco Logical Australia, if you're informed by the advice given to that other organisation.

**Ms Dacey:** No. Can I step you through how we have gone about this piece of work? We have to do the offset, we have to secure the offsets to compensate for the impacts of the airport. That work is being guided by the Biodiversity Offset Delivery Plan, which was one of the requirements under the airport plan. That was developed in consultation with a biodiversity experts group. That plan was approved by the Commonwealth Department of Environment and Energy in August 2018. Under the auspices of that plan we're using a number of mechanisms to purchase the offsets, to secure the offsets, and that is through some Department of Defence land, through some offsets that we have purchased through the New South Wales Biodiversity Offsets Scheme and by contributing to funds for native seed production programs. Those are the main avenues that we are going about this piece of work through.

**Senator RICE:** What's the relationship then between the report that was provided by Eco Logical Australia to the organisation that you mentioned in your opening?

**Ms Dacey:** The Darebin local Aboriginal council?

**Senator RICE:** Yes.

**Ms Dacey:** If you give me a minute I'll get Mr Wood to answer.

**Mr R Wood:** The Darebin local Aboriginal land council is one of three Aboriginal groups that the department engaged with when developing the biodiversity offsets program to identify offsets that could be used in a complementary manner, taking account of both the biodiversity value and Aboriginal cultural value. The ecological report was funded by the department to support the Darebin land council in determining whether it could identify appropriate offsets, so it was only one of a number of potential offset providers.

**Senator RICE:** And were the areas that were identified in that report—did some of the land end up being land where the offsets were purchased by the department?

**Mr R Wood:** I don't believe so, but I will just check that. I don't have access to that report at this point. My understanding is that the lands were not purchased through that report. There was a set of 16 providers in an expression of interest process who brought forward proposals for offsets. Of those, there were—I will just find my numbers—15 providers who offered to provide offsets. Of those, there were—I'm just trying to find my numbers; I did have them to hand—eight sale agreements. None of those were with the Darebin land council.

**Senator RICE:** Can you table those 15 separate providers?

**Mr R Wood:** We can certainly do that on notice. Those proposals where the purchases actually went through were put on AusTender at the time, but we can provide the list of those who responded to the EOI process.

**Senator RICE:** Thank you. Did New South Wales roads and maritime services communicate with the department regarding offset requirements for the road infrastructure around the Western Sydney airport?

**Unidentified speaker:** Not to my knowledge.

**Mr R Wood:** I can't comment on the road package, Senator, but I'm not aware of that.

**Senator RICE:** Has the department done any work to determine whether any of its offset purchases were potentially tainted by the conflicts of interests, as outlined in the *Guardian* expose?

**Ms Dacey:** I think that we can see the value in just running a ruler over it and doing an assurance check, just to satisfy ourselves.

**Senator RICE:** So have you done that?

**Ms Dacey:** We're starting it.

**Senator RICE:** Okay. Can you tell me what running the ruler over it is going to look like, and over what time period?

**Ms Dacey:** We'll procure an independent expert to come and give us some advice, and make sure that everything is as it should be. We propose to do that in as transparent a manner as we possibly can. We've just started the process.

**Senator RICE:** When do you expect that process to be finished then?

**Ms Dacey:** I don't know. I don't expect it would be particularly lengthy, but we've got to go and procure the person, settle the terms and get the piece of work done. I'm hoping a couple of months.

**Mr R Wood:** I think that's right. At the time of the purchase of the offsets, we got probity advice through the Australian Government Solicitor, which identified a range of potential conflicts of interest. Those were declared at that time by the proponents.

**Senator RICE:** Okay.

**Ms Dacey:** I think by the time we come around to our next lot of estimates, we should have a little bit more for you.

**Senator RICE:** Thank you. I will move onto actual funding amounts in the budget. I apologise; I haven't had a chance to look through all 700 pages of the tabled documents in response to Senator Sterle's letter.

**CHAIR:** Since this morning, Senator Rice? You haven't been through them?

**Senator RICE:** No!

**CHAIR:** What you have been doing!

**Senator RICE:** I'm not sure whether the table that I'm after is included in that. It's the table you have provided to us in previous years, basically breaking down the \$110 billion over the 10 years according to your various categories of infrastructure.

**Mr P Smith:** Yes, we have a table.

**Senator RICE:** Has it been tabled?

**Mr P Smith:** I don't think it's part of that.

**Senator RICE:** Can you please table it then?

**Mr P Smith:** Just let me have a quick look. Yes, we can.

**Senator RICE:** Okay. I obviously need to have a chance to look at that, so I will move onto some of my other questions. In terms of the \$15 billion in funding for new projects, I know that Senator Watt was asking questions earlier about the amount that is being spent on public transport. Have you done a breakdown of the amount that is being spent on road, rail and other forms of public transport?

**Mr P Smith:** No, we have not done an individual breakdown. We can certainly take that on notice.

**Senator RICE:** Thank you, because you have done that for me before.

**Mr P Smith:** Yes, happy to.

**Senator RICE:** My analysis shows it's only about 10 per cent on public transport, but obviously I want to have the official departmental figures.

**Mr P Smith:** It gets a little bit tricky. Obviously, if you're running a bus line across a road and we're paying for the road, is that public transport or not? We've probably got to put a few caveats around it, but if we've done it before, we're happy to do it again.

**Senator RICE:** Yes, if it's a road that is being provided—I've had this discussion before, about one bus compared with an awful lot of transport and how it's not really fair to allocate that road as a public transport project.

**Mr P Smith:** Yes.

**Senator RICE:** I'll go to some of the bigger amounts in that \$15 billion in new spending. I'll start with the intermodal hub in Melbourne. I'm not sure whether there were questions on this earlier today, but where is the process at with the location for that intermodal hub?

**Mr P Smith:** It's not necessarily my patch.

**Mr Hallinan:** The announcement was to look at two locations. One is Beveridge, the other is Truganina—I think BIFT and WIFT is our shorthand for them. We're doing the detailed business case for intermodals in either or both locations. It will be subject to a negotiation with the Victorian government as well.

**Senator RICE:** So what is going to be the process of determining whether it's either or both of those?

**Mr Hallinan:** It will be a process that involves the detailed business case assessment and a negotiation with the Victorian government.

**Senator RICE:** Okay. Over what period of time is that likely to occur then?

**Mr Hallinan:** I would imagine that will happen across the next six to 12 months, hopefully sooner, but it's difficult to put a deadline on it.

**Senator RICE:** Is there a time line on that business case? It's basically the business case development, and the process for that business case development will end up having a recommendation as to either or both?

**Mr Hallinan:** The business case will have quite a lot of information that's useful for us in the next few months. It won't be a finalised document at that stage, but I think we'd be at a point where we can have very detailed conversations with the Victorian government.

**Senator RICE:** Let me get this straight: in the next few months—so, what, three months?—you are expecting to have some analysis done that will inform the business case that will then enable you to undertake further negotiations or discussions with the Victorian government. You will see which way the business case is heading at that stage?

**Mr Hallinan:** Yes, I think so. We are in discussions with the Victorian government already. We have been for some time now.

**Senator RICE:** Given that uncertainty as to whether it's either or both, do you have an expected start date for construction?

**Mr Hallinan:** I wouldn't give you a precise date, no.

**Senator RICE:** How about a rough date? Is it beyond the forwards, most of it, or the money that's in the budget?

**Mr Hallinan:** Most of the money that it is in the budget is beyond the forwards. For this, we haven't got a precise date or scheduling for it. The key delivery time frames for us will largely be driven by Inland Rail and completion of Inland Rail and when we'd like the terminal and intermodal arrangements to be in place for Inland Rail for double-stacking.

**Senator RICE:** So you want to have the terminal in place when Inland Rail is ready to roll?

**Mr Hallinan:** Well, it's a key dependency for the Inland Rail project, yes.

**Senator RICE:** When did you notify the Victorian government that you'd be announcing the funding for the intermodal?

**Mr Hallinan:** I suspect it was an announcement on the budget day.

**Ms Hallam:** The announcement was made the day prior to budget.

**Senator RICE:** So the Victorian government didn't know before then?

**Ms Hallam:** That's correct. We have been working with the Victorian government for some time on the detailed business case for the terminal, and a draft of that was provided in March this year. It indicates the funding commitment that would be required for a terminal at either location, so the quantum of funds announced is commensurate with the requirement for the terminals, depending on location.

**Senator RICE:** Is there public information about the process that's been going on so far—the draft of the business case?

**Ms Hallam:** Yes, I believe so. Funding of \$10 million was committed at least the year before last.

**Senator RICE:** \$10 million for—

**Ms Hallam:** The detailed business case for the intermodal terminal.

**Senator RICE:** Thank you. I want to move on to the \$2 billion for the construction of the Great Western Highway upgrade from Katoomba to Lithgow—the construction of the east and west sections. Has the route for that been finalised?

**Ms Legg:** The commitment to the Great Western Highway project is to upgrade the corridor between Katoomba and Blackheath and between Little Hartley and Lithgow. Between Katoomba and Lithgow, there are three sections of road, with the Australian government committing to the east and west sections and New South Wales committing their funding to the central section.

**Senator RICE:** But, for those two sections that the federal government has committed to, has the route been finalised?

**Ms Legg:** Let me see if I have an update on that. I understand community consultation has been underway. In terms of how close we are to a final design, I will see if I have that—

**Senator RICE:** So the answer is no? The route hasn't been finalised yet? We're still doing community consultation on it?

**Ms Legg:** That's what I believe. Let me see if I have any further information here. I'll take it on notice to provide advice about how close to detailed design the route is.

**Senator RICE:** When do you expect to start the expenditure on those projects?

**Ms Legg:** I don't have the profiling. Sorry, we had this question earlier. I'll see if my colleague can find it. But construction is due to start in late 2022 and finish in mid-2026.

**Senator RICE:** That's only a year and a bit away—

**Ms Legg:** That's right.

**Senator RICE:** and you haven't finalised the design?

**Ms Legg:** I'd like to take that on notice. I don't have the answer to that here. I'd like to give you that correct advice about how close that design is to being settled.

**Senator RICE:** But what I'm noting is that you're saying that construction is going to start in late 2022, and that seems to me a very short time line for construction to start, given that you haven't finalised the design yet.

**Ms Legg:** Work has been underway by the New South Wales government on this full section. The Australian government commitment is towards development and delivery, so work has been undertaken, but I'd like to let you know, on notice, exactly where that process is up to.

**Senator RICE:** Towards the end of that 2022-26 time line, presumably, given that—

**Ms Legg:** Those dates I provided are for construction.

**Senator RICE:** You're taking on notice where we're at with the final design?

**Ms Legg:** That's right.

**Senator RICE:** Are you also taking on notice when you expect to actually start construction of the Commonwealth funded segment?

**Ms Legg:** No, the advice we have is that construction on that section that the Commonwealth is funding—the east and west sections—will start in late 2022. But what I'd like to take on notice is: in terms of the detailed design, is there further community consultation to occur?

**Senator RICE:** Do you expect that that's a realistic timeframe—to start in late 2022, given that you haven't finalised a design now?

**Ms Legg:** The design may be very close to being finalised. That's what I'd like to provide confirmation of.

**Mr Hallinan:** Senator, I think if we can come back to you on notice with exactly where we're at with the detailed design, that might help to inform the next part of your question, I think.

**Senator RICE:** And when did you notify the New South Wales government that you would be announcing that funding?

**Ms Legg:** I believe it was the day before—

**Mr Hallinan:** It would usually be then. I think that was announced the day before the budget. There was a budget letter that offers a schedule to the states, and it would have been included in the budget letter as well.

**Senator RICE:** For the \$2.6 billion for the North-South Corridor, Darlington to Anzac Highway, in South Australia, has that route been finalised?

**Ms Czajor:** The route—where the road will go—has been finalised, but the final scope is still in finalisation in the business case.

**Senator RICE:** When will that final scope be completed?

**Ms Czajor:** We expect the business case will be completed in the coming months. I will just get a date for you. I've got: 'later in 2021'.

**Senator RICE:** Okay—'later'!

**Ms Czajor:** 'Later'—

**Senator RICE:** Sometime—

**Ms Czajor:** sometime this year.

**Senator RICE:** When do you expect construction to start on that?

**Ms Czajor:** Not until late 2023.

**Senator RICE:** So that's a good 2½ years off. When did you note to the South Australian government that you'd be announcing that funding?

**Mr Hallinan:** Again, it would have been with the announcement or the budget letter.

**Senator RICE:** We've got the intermodal hub, \$2 billion; the \$2 billion for the Great Western Highway upgrade; the \$2.6 billion for South Australia. With all three of them, we've still got design processes going on. As to construction dates: optimistically, for Katoomba, for the Great Western Highway upgrade, you're saying 2022; the other ones are at least two years off before you'd have any money actually flowing?

**Mr Hallinan:** I'd just make the point that, in principle, the scheduling for projects we determine in consultation with the jurisdictions, and the proposals that are announced in the budget are usually part of a submission from the state that we then work with the state on to identify what the project scheduling could look like. So, yes, the dates are as we've given to you, but the proposals have either been part of negotiations with jurisdictions over some period of time or have been included in their proposals to the Commonwealth for the budget process.

**Mr P Smith:** I have something to add on what we talked about a bit earlier when, I think, you were just out of the room. Obviously, with major projects like these, you've got to go through the proper regulatory processes, and it's really important that they go through those, including any planning and EIS processes. Then it takes quite a while to procure these things as well. So if states tell us they can bring it forward, then, as we've done previously, we can also bring the money forward—

**Senator RICE:** But doesn't it make more sense to actually go through those regulatory processes before you announce the money in the budget? It doesn't look as good. It's not as fun as saying you're going to announce these billions of dollars on particular projects.

**Mr P Smith:** It costs a lot of money to go through those processes, so you've got to give the states certainty and you've got to also allow industry certainty, to gear up, because, if you hit them cold with a project, they won't have had time to think about their resource allocation and that will lead to further delays. So providing a pipeline that gives certainty for industry over a number of years is actually important.

**Senator RICE:** Yes, but the pipeline would be much better informed and you'd have much more solid projects if you'd actually been through those regulatory processes first—

**Mr P Smith:** You certainly get more—

**Senator RICE:** rather than committing to projects that actually don't stack up, but where you've already made the budget announcement, so you continue doing them.

**CHAIR:** Is that—

**Senator RICE:** Can I just ask my last question? In terms of the overall \$110 billion, can I just confirm that it still includes the \$4 billion for the East West Link and \$1.2 billion for the Perth Freight Link?

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

**Senator RICE:** So it's \$5.2 billion in phantom funding and it's just rolled forward perpetually, even though both state governments don't want to build these projects?

**Mr Hallinan:** They're contingent liabilities that are identified in the budget papers.

**Senator RICE:** On the table that you've given me here, in previous years I'm pretty sure you've actually given me more detail, out over the 10 years. This is just one figure for the 10-year period. It's an indicative estimate—

**Mr P Smith:** I think that's right. I think I can recall some of the other tables. I am happy to take that on notice and provide some similar figures.

**Senator RICE:** If we could get that sooner rather than later, that would be appreciated.

**Mr P Smith:** Yes.

**Senator RICE:** But I think you've managed to produce that within a couple of hours of me asking for it, in the last couple of years.

**Mr P Smith:** We'll see what we can do. I'm just conscious, obviously, of the time, but we'll see what we can do. Certainly we're happy to provide similar information to what we've provided before.

**Senator RICE:** Thank you. Thanks, Chair.

**CHAIR:** Thank you. It was remiss of me not to welcome Minister Colbeck. Thank you for stepping in. Senator Watt, it's back to you.

**Senator WATT:** Thanks, Chair. We've got a series of questions now about the Urban Congestion Fund. Can I begin with some overall figures before we get to specific programs? Of the total \$4 billion that was committed to the Urban Congestion Fund, how much has now been spent?

**Mr P Smith:** I'll just get to that page. In prior years, we've spent \$154.6 million. This financial year, so far to February, we've spent \$160.6.

**Senator WATT:** Sorry—\$154.6 million was spent to when?

**Mr P Smith:** That was prior years—prior to this financial year.

**Senator WATT:** So up until 1 July 2020?

**Mr P Smith:** Correct. And we've spent this financial year \$187.3 million.

**Senator WATT:** \$187.3 million?

**Mr P Smith:** Yes.

**Senator WATT:** So, to date, it's about \$340 million in total?

**Mr P Smith:** Yes.

**Senator WATT:** When we were asking about this at the last estimates, I think you were forecasting that you expected to get to a total of \$483 million by the end of this financial year, and that in itself had been revised down from previous forecasts. Do you think it's still likely you'll get to the \$483 million figure?

**Mr P Smith:** We're working closely with the states about delivery. This is obviously one of those funds that we would say is under a bit of pressure.

**Senator WATT:** Yes. So it's unlikely?

**Mr P Smith:** We'll know the final figure once we get to 30 June.

**Senator WATT:** So, sitting here today, you've spent \$340 million. Do you realistically expect you're going to get to \$483 million by 30 June, which is only about a month away?

**Mr P Smith:** June is normally our highest-paying month, just by the nature of the program. Is the UCF one of those ones? We've previously talked about the fact that, obviously, we had some ambitious forecasts and we're working closely with the states about ensuring delivery, but we will know the final outcome once we get to the end of June.

**Senator WATT:** If we look at Budget Paper 3, page 50, it shows that the government plan to spend \$1.2 billion through the Urban Congestion Fund next year, and that forecast has now changed. The government's intending to spend \$776 million next year; is my reading of that correct?

**Mr P Smith:** Your reading is correct, yes. So we've gone through, as part of the processes, a reprofiling as we've been talking about. The states provide us with their best estimates, and we try and flow that through as best we can. So that figure that you were reading—is it \$775.6? Is that what—

**Senator WATT:** Yes.

**Mr P Smith:** That's our best estimate of what we think we'll spend on the Urban Congestion Fund for 2021-22.

**Senator WATT:** So why is the government forecasting to spend half a billion dollars less on busting congestion next year than they originally promised to do?

**Mr P Smith:** As I just ran through, we go through a profiling process with the states about all the projects on their schedules. This is the best estimate that we've got.

**Senator WATT:** You've already referred to the ambitious forecasts and I think previously you've talked to us about the ambitious projections. Is it time for realistic projections, rather than ambitious ones, given that we keep seeing this fund underspent?

**Mr P Smith:** As I said, these are the best estimates we've got. We work closely with the states. I think it's probably fair to say, particularly with the Victorian state colleagues, we worked very closely to work through and get realistic time lines about what can and can't be delivered. The forecasts you see in the budget papers reflect that.

**Senator WATT:** The government's now forecasting a spend of \$1.36 billion in 2022-23. Is there any reason, based on past practice, that we should believe that promise or do you think we'll be back here talking about what were ambitious projections in 12 months time?

**Mr P Smith:** I think as each period has gone, we've got more and more confident about the forecasts. Victoria has recently agreed to the schedule. So they've agreed to all the projects that have been put forward. And now it's just a matter of getting on and working through the various planning and design works and into construction.

**Senator WATT:** So you're more confident that you'll achieve \$1.36 billion in 2022-23 than you have been about previous years?

**Mr P Smith:** Yes.

**Senator WATT:** Is that because you've done more work with the states?

**Mr P Smith:** We've worked very closely with the states over the last 18 months to go through the feasibility designs of what can and can't be done, the timeline for that and getting an agree to go on the schedule. Victoria has recently written back saying they've agreed to the schedule. That means all those projects are committed to, so now it's just a matter of going through the planning and delivery process.

**Senator WATT:** This re-profiling presumably has to impact on project delivery, so how many projects in the Urban Congestion Fund have been delayed as a result of this re-profiling?

**Mr P Smith:** I would have to take on notice how many have been delayed, but this reflects the delivery profile. At the moment 31 have been completed, 25 are under construction and we expect 69 to commence by the end of this calendar year.

**Senator WATT:** Can you just run through that again? Thirty-one are completed?

**Mr P Smith:** Thirty-one are completed, 25 are under construction and we expect a further 69 to commence by 31 December this year.

**Senator WATT:** How many does that leave?

**Mr P Smith:** That leaves, by my maths, roughly 37.

**Senator WATT:** Thirty-seven that will be commenced beyond 31 December.

**Mr P Smith:** Correct.

**Senator WATT:** But you've taken on notice how many of the projects have been delayed?

**Mr P Smith:** Yes.

**Senator WATT:** Thanks. The budget papers also say:

The Urban Congestion Fund supports projects to remediate pinch points, improve traffic safety and flow and increase network efficiency for commuter and freight movements in major urban areas.

How does the department determine whether a project remediates pinch points? Do you have a definition or a checklist of what something has to constitute to fall into this category?

**Mr P Smith:** I'd say it's a very broad definition. I mean, pinch points can mean a number of things—flows of traffic—so you would look at network modelling et cetera. I think previously we've gone through the general advice that we would have provided to government following network modelling and how the various projects were picked. But certainly anything that enables commuters to get on and off or travel in a more seamless fashion would fit that definition.

**Senator WATT:** Sure, but is there any science to it, or is it just a bit of a gut feel based on those kinds of factors?

**Mr P Smith:** I say it's a very broad definition.

**Senator WATT:** It's a broad definition—sort of like a gut feel?

**Mr P Smith:** No. We obviously undertake network modelling, and we work with states about priorities. In terms of individual particular projects, we'd have to have a look at the individual projects. But, if it's widening of ramps, if it improves intersections, if it streamlines the traffic flow, they all fit within that definition.

**Senator WATT:** This fund can be used to improve traffic safety. What analysis do you undertake to determine which traffic safety issues are sufficient to justify funding through this program?

**Mr P Smith:** It's probably been a little while since a new project has been announced in that category. But there was advice provided, based on network modelling, that would have identified a number of projects where improvements could work, and you then work through that designing phase with the relevant delivery partner and get the necessary approvals and away you go. That could be roundabouts, line markings, intersection signalling.

**Senator WATT:** As I said, in the budget papers it talks about this fund being used for pinch points et cetera in major urban areas. How do you define that? How do you define what is a 'major urban area'?

**Mr P Smith:** I'd need to take on notice the detailed definition, but it's a general definition of urban—built-up areas.

**Senator WATT:** Built-up areas exceeding a certain population or—

**Mr P Smith:** No; I don't think we've defined it to that level, but it would be generally built-up areas, as the general definition.

**Senator WATT:** We've previously discussed the fact that the Urban Congestion Fund has been used to fund an upgrade of Murradoc Road in St Leonards on the Bellarine Peninsula, so I'm assuming the department has a very broad definition of a 'major urban area' if it includes the Bellarine Peninsula.

**Mr P Smith:** There were a number of projects that were rolled in as part of an administrative decision to make it easier from a processing point of view. That may have been one from memory. But, if you're looking at congestion activities, that happens in a raft of areas. If you're looking at safety, that happens in both regional and urban as well.

**Senator WATT:** In a different program that this department funds, the Building Better Regions Fund, the department classifies St Leonards as 'inner regional'. If somewhere like St Leonards, which is classified by the department as 'inner regional', can now become eligible for urban congestion funding, does that mean that other regional areas will be eligible for funding through the Urban Congestion Fund?

**Mr P Smith:** As I explained, I think that project that you're talking about was part of a prior suite that was funded under another program. It was just rolled in for administrative convenience. But I will take that on notice to make sure I'm right.

**Senator WATT:** Yes. Can you take that on notice?

**Mr P Smith:** I'll also take it on notice, but there's nothing I'm aware of that prevents projects being added to the fund from regional areas.

**Senator WATT:** To an urban congestion fund?

**Mr P Smith:** Well, it's a non-competitive process. It wasn't a competitive grants process. So there's nothing that I'm aware of that would prevent that from occurring.

**Senator O'NEILL:** Apart from the word 'urban'?

**Mr Hallinan:** It's ultimately a decision of government.

**Senator WATT:** So, if Senator McDonald wants an upgrade to a road at Cloncurry, she should look no further than the Urban Congestion Fund?

**CHAIR:** It's getting very busy in Cloncurry, Senator Watt.

**Senator WATT:** I'm sure it is.

**Senator O'NEILL:** It was the urban appeal that drove you there, Senator McDonald!

**Senator WATT:** But seriously—I obviously have no issue with funding for regional roads; I'd like to see more of it—if the government is badging a particular fund as being used for major urban areas, how can it then be used to fix up problems in regional areas as well? That's got to come at the expense of urban areas, doesn't it?

**Mr Hallinan:** As Mr Smith explained, there were some projects rolled into the Urban Congestion Fund for administrative purposes.

**Senator WATT:** Can you not only confirm that particular project but, on notice, let us know what all those projects were that were rolled into this fund?

**Mr Hallinan:** We'll get the whole lot for you.

**Senator WATT:** But Mr Smith is saying that there's nothing stopping the government funding projects, whether it be in Mackay, Warrnambool, Cloncurry, Coober Pedy.

**CHAIR:** Hobart.

**Mr Hallinan:** It would be unusual for rural and remote locations to have an Urban Congestion Fund project.

**Mr P Smith:** I've just been reminded that we actually provided a link that had those projects that were rolled in: SQ21—a few zeros—87. So we've already provided that detail.

**Senator WATT:** Was that in a question on notice?

**Mr P Smith:** That was in a question on notice, yes.

**Senator WATT:** What number is that one?

**Mr P Smith:** This has got 87.

**Senator WATT:** Okay. We'll have a look at that. But I'm right in saying that there's been no Urban Congestion Fund money provided to Canberra or Darwin, which on any definition would be seen to be urban areas? But you're saying there's nothing stopping the use of this fund for funding regional projects?

**Mr P Smith:** There's nothing, but, as I pointed out, the projects you're talking about were rolled in for an administrative purpose rather than selected specifically for the Urban Congestion Fund.

**Senator WATT:** But you can't guarantee it won't happen again?

**Mr P Smith:** All decisions around project selection, project decisions, are a matter for government.

**Senator WATT:** That's what worries me. I think Senator O'Neill has some questions on this program as well.

**CHAIR:** Senator O'Neill, Senator Patrick has to leave soon to go to another committee. Could he have 10 minutes now and then we come back to you?

**Senator O'NEILL:** I think that would be entirely appropriate.

**Senator WATT:** Could I just clarify one thing out of that questioning that I just did? These projects that you say have been rolled in for administrative purposes—they're still funded within the overall \$4 billion, though?

**Mr P Smith:** They're included in the \$4.9 billion amount.

**Senator WATT:** \$4.9 billion? I always thought the Urban Congestion Fund was \$4 billion.

**Mr P Smith:** The Urban Congestion Fund includes car parks as well.

**Senator WATT:** The car parks in total amount to \$800 million or \$900 million?

**Mr P Smith:** About \$800 million, including unallocated, yes.

**Senator WATT:** So, when these extra projects, including this one on the Bellarine Peninsula, were rolled into the Urban Congestion Fund, did the funding that had been allocated to them get brought in as well?

**Mr P Smith:** Yes.

**Senator WATT:** They didn't have to be funded from—

**Mr P Smith:** No. It didn't decrease the size of the Urban Congestion Fund.

**Senator WATT:** Thanks.

**Senator PATRICK:** I have just a few eclectic questions. Regarding the land transport infrastructure projects in the PBS, I note that there's a difference between 2020-21 and 2021-22. They were divided in categories last year of below \$100 million and above \$100 million. This year it's switched to below or above \$250 million. What was the rationale for that?

**Mr Caruso:** The government recently announced an increase in the assessment thresholds for Infrastructure Australia. It increased from an Australian government contribution of \$100 million to \$250 million, so we aligned the thresholds in the PBS with the revised Infrastructure Australia threshold.

**Senator PATRICK:** That explains it well. A lot of the estimated achievements make reference to milestone plans or basically say things like 'delivery milestones are met' as a performance measure. So, for these projects that are mentioned, can we have the milestone plans for each of those projects? If you've got that as your own measure, I'd like to be able to check against those milestones as we progress the projects.

**Mr Hallinan:** Can we take that on notice and provide to you the milestone structures we have for the projects?

**Senator PATRICK:** I think that's fine. I don't want down to the nth degree, but—

**Mr Hallinan:** Something that frames exactly how we structure it.

**Senator PATRICK:** significant milestones. As you would understand, as a former project manager, they're very good for assessing whether or not you're hitting your targets.

**Mr Hallinan:** Yes.

**Senator PATRICK:** I would be grateful for that. I want to understand AIP plans. This intersects, presumably, with the Australian Jobs Act 2013. With your projects, how do AIP plans, or Australian industry participation plans, fit into these projects?

**Mr Caruso:** The funding we provide to the states is governed by the National Partnership Agreement on Land Transport Infrastructure Projects. As part of that, it reiterates that the Australian industry plan requirements need to be met by state and territory governments as part of receiving Commonwealth funding.

**Senator PATRICK:** How do we track that? Are the AIP plans on a website somewhere so that we can see what those plans are and what is intended for Australian industry?

**Mr Caruso:** I'm not aware that we published them, but we work with the department of industry to ensure that the plans are produced—

**Senator PATRICK:** But, again, from an oversight perspective, you may internally look at these and you might see something and you might talk about it. These are plans designed to indicate what is intended for Australian industry and not only to indicate but to allow people to understand what requirements are placed on projects. I note that defence, for example, the most secretive organisation in the country—and I don't mean that as a compliment—publish AIP plans.

**Mr Caruso:** I think it's best if I take on notice what we currently publish either on our own website or the department of industry website and provide you some more detail on those.

**Senator PATRICK:** Can you give me a feel for how big these plans are? We see that defence—and, again, I'll be critical of them—might have a \$10 billion program and a three-page Australian industry plan. Not that volume is necessarily a good measure, but what sort of thickness are these plans? Are they two or three pages or are they 100 pages?

**Mr Caruso:** I'll take that on notice. The infrastructure investment program ranges from projects the size of \$10 billion for Sydney Metro to smaller \$50 million projects. So I think there would be a wide range of detail gone into on the plans. But I'll take that on notice.

**Senator PATRICK:** But, in each of those cases, that's a lot of money for the average person, and they would expect a reasonable level of detail in relation to what is expected for Australian industry?

**Mr Hallinan:** I just make the point as well that, for major transport projects, most of the delivery is onshore—delivering jobs onshore—and many jurisdictions have policies around locally sourced materials. Victoria, for instance, does that. So there are probably a couple of levels at which industry participation is promoted.

**Senator PATRICK:** But that's very high level. I'm saying that we put a plan in place and its intention is to consciously have us think about Australian industry participation. I say it should be public. People should understand what it is that is being promised; it is a publicly funded project. But, additionally, I note that, under the Australian Jobs Act, there are also requirements for compliance checking. So I'd like to understand, in relation to these plans, what sort of compliance has been carried out. I note that there is a requirement, under section 25 of the act, for compliance reports by project proponents. Can you tell me that indeed these compliance reports are being tendered back to government, either through the state and/or through to the federal government?

**Mr Caruso:** I'll have to take that on notice. As Mr Hallinan said, the requirements are imposed on the states through the National Partnership Agreement on Land Transport Infrastructure Projects, and the states have their own policies and procedures as well which complement that and are often using significant local suppliers.

**Senator PATRICK:** Sure, but this is a federal act that puts a requirement in law to have compliance and to have compliance reports tendered. I'd like to know: are they tendered to the states or directly to the Commonwealth? Are they provided to the authority? And I'd like to know, perhaps on notice, how many compliance plans have been provided to the authority over the last 12 months.

**Mr Hallinan:** We'll take that on notice, Senator.

**Senator PATRICK:** It does worry me a little bit that you're not thinking about Australian industry. You should be waking up every morning and saying: how do I help Australian industry as well as deliver projects? In relation to the partnership agreement, I know that, with the Commonwealth Procurement Rules, there's something similar for Commonwealth grants to states. I don't think that's the partnership agreement that you've just been talking about?

**Mr Hallinan:** You might be talking about the *Commonwealth grant rules and guidelines* established by the Department of Finance. They don't apply in the National Land Transport Act or the national partnership agreement with the states. The governing arrangement for the partnership agreement is the Land Transport Act and the national partnership agreement itself.

**Senator PATRICK:** I have seen that document, but I haven't looked at it in a while. You're saying that you're carved out of the requirements of that particular document and you have your own, which is the partnership plan?

**Mr Hallinan:** Yes. I think technically it's two parts. There's the partnership agreement through the federal financial relations arrangement but also the National Land Transport Act, which governs how the expenditure is administered.

**Senator PATRICK:** Thank you for directing me to that. Is the partnership agreement public?

**Mr Caruso:** Yes. It's on the website.

**Senator PATRICK:** Thank you. I'll have a look at that. In general terms, I presume that the partnership agreement and the act require value-for-money assessments to be made. I'll ask that as a first question: I presume there's a requirement for value-for-money tests?

**Mr Caruso:** The act touches on some of those issues, but the PGPA Act applies to all of Australian government spending—

**Senator PATRICK:** Sure, but some of this money goes to the state, and I presume that the states are not subject to the PGPA Act?

**Mr Caruso:** It's our assessment of the projects, and we're required to form a view under the PGPA Act of whether or not they're value for Commonwealth money.

**Senator PATRICK:** I think it's 4.7 of the Commonwealth Procurement Rules has a requirement for people assessing projects to consider not just value for money but also the economic benefit, which goes to how many local jobs are created, how much investment occurs locally, and how much supply chain activity is generated locally. Can you please advise me as to whether or not similar requirements exist in that partnering agreement?

**Mr Caruso:** Under the National Land Transport Act, section 11 lists the range of matters which the minister should consider when considering whether it's appropriate to approve a project, and it goes to things like the extent to which the project is likely to improve the ability of industries and communities to trade; the extent to which the project will improve efficiency, integration, security or safety of transport operations; and any assessment of economic, environmental or social costs and benefits; the extent to which the project is likely to improve access for communities to services or employment. So—

**Senator PATRICK:** But there's a subtlety to that. That's talking about the benefit of the outcome of the project, presumably. The building of a bridge might generate a particular economic benefit. I'm talking about like what we do with the Commonwealth procurement rules—perhaps not as well as I would like. Before Commonwealth money is expended, an official is supposed to look at how many local jobs are created, how much local investment occurs, how much supply chain activity results. Noting that that complies quite nicely with our WTO obligations in that respect, it doesn't say that the company can't be Japanese or French or German or Australian. But it can look at it and say, 'How many jobs do you create locally?'

**Mr Hallinan:** We do assess the number of jobs identified in a project. I think the states will provide us their estimates as a general principle. We also have a jobs estimation calculator that Mr Caruso talked through earlier. And, I think, embedded in the arrangements through the partnership agreements is cost-benefit analysis as well. It may not be precisely the same point that you're talking about.

**Senator PATRICK:** I think what you're describing is just a general feel for how many jobs might be created. What I'm talking about is that, when you look at the tender responses that come back, one company may choose to set up a capability here in Australia to do something that we haven't done before; others may decide to do that in an overseas jurisdiction for specialist aspects. So that ought to be a consideration when the tender is decided, in my view.

**Mr Hallinan:** The details of tendering are usually undertaken at the jurisdictional level—so at the state or territory level. The partnership agreement doesn't go into the specifics of how the procurement itself will occur, other than to the extent that we maintain competitive principles. But I'll take it on notice for you. I get what you're asking. We'll take on notice what we can bring back to you that might be of assistance.

**Senator PATRICK:** Okay—because it might be an area that I might talk to the minister about, noting we do that in the federal space. When it's federal money going to the state, one might expect that those principles that we apply at the federal level can be transferred to the states as a requirement for receipt of such funding. In some sense, that's a comment, so I might leave it there unless you've got anything further to say.

**Mr Hallinan:** No, that's it from me.

**Senator PATRICK:** Thank you, Chair.

**CHAIR:** Senator O'Neill.

**Senator O'NEILL:** The Central Coast, where I come from, is a beautiful part of the world—

**Mr Hallinan:** Absolutely.

**Senator O'NEILL:** and there are many commuters who live there and their job's in Sydney, and they're up at five o'clock in the morning and they're in their cars and they drive to Woy Woy station and they struggle to park. The same thing happens in Gosford. The government did know about that and made an announcement that

affected these commuters and commuters in other areas around the country, knowing that it would be pretty popular if they could say they were going to solve the problem of where you put your car when you're up at five o'clock in the morning and you're trying to get to Sydney for your job that starts at 8.30. So, in that context, I want to get real clarity about what the government are actually doing, compared to what they said they were going to do, with regard to the commuter car park component of the Urban Congestion Fund. So let's clear up a question on notice from previous rounds last year. The department told us initially that there were 67 car parks funded through the commuter car park component of the Urban Congestion Fund. But, subsequently, the department has provided evidence that there were 47 car parks funded. Which is the correct number—67 or 47?

**Mr P Smith:** It would probably be the lower number. The trick with the car parks is—

**Senator O'NEILL:** Mr Smith, can you just answer my questions really clearly for people listening. You say 'the lower number'. Which is the number?

**Mr P Smith:** In terms of car parks—

**Senator O'NEILL:** Is it 67 or 47? How many?

**Mr P Smith:** I'm actually going to suggest a different number altogether.

**Senator O'NEILL:** Oh, my goodness!

**Mr P Smith:** No, because there have been a number of changes. At the present time, there are 43 car park sites, with some additional car park sites to go on the northern lines in Victoria.

**Senator O'NEILL:** Okay. So it once was 67, it dropped to 47 and now it's 43, you're telling me.

**Mr P Smith:** I'd have to go back and check the 67, but the current number is 43.

**Senator O'NEILL:** Forty-three? Why is there a difference between the first two numbers—the figure of 67 that was advised to us by the department, and the figure of 47 that was advised in response to a QON?

**Mr P Smith:** I have a feeling it might have been someone like me who misspoke. The correct number would have been 47 at that stage. Now what I'm saying is that the number, with the changes that were announced during the budget, is 43, plus scope for some additional projects on the northern lines in Victoria.

**Senator O'NEILL:** Okay. So it sounds like the number varies a lot depending on when we ask you the question.

**Mr P Smith:** No. As I said, I would have to go back and check all the transcripts, but I have a feeling the 67 would have come from me but the 47 would have been the correct figure. So that would have corrected the record for that. Following the announcements in the budget, there would be 43 currently, with some additional ones for the northern lines in Victoria.

**Senator O'NEILL:** Let's get into that. If you want to provide anything on notice with regard to that, that would be helpful, but let's get into a little bit of the detail, because it looks like you have to watch very closely what the government are actually doing with the car park that they promised. It's clear that there have been issues with this component of the Urban Congestion Fund. I acknowledge that the federal budget this month included \$87.8 million for the program. So what's the \$87.8 million in funding to go towards?

**Mr P Smith:** We worked closely with the state government and we undertook a number of feasibility studies with them to identify scope and cost, and the government made some decisions in the budget around that. That would reflect additional funding for roughly 13 projects. There were also a couple of scope changes where the government added significant money to a number of road projects that were formerly UCF projects. Because of the scale and size, they have since moved out of the UCF program as well.

**Senator O'NEILL:** I'm trying to make sense of this. There is lots of money moving around all over the place. You said there were feasibility studies undertaken.

**Mr P Smith:** Yes.

**Senator O'NEILL:** This is after the government promised these communities their car parks—is that correct? After the announcement was made, you went to a feasibility study?

**Mr P Smith:** As with most projects, you normally go through a process that includes feasibility, scoping and design work.

**Senator O'NEILL:** Yes, but you'd think the government, which has been there for three terms, would have done the feasibility to make sure they gave out the right amount of money and the right information when they made the announcement. They are the government. Do you mean the government didn't ask you to do feasibility until after they had made the election announcements?

**Mr P Smith:** I think in previous estimates we've gone through the process. There were a number of announcements during that period, and we've worked closely with the state to work through delivery of those. That includes undertaking necessary feasibility studies on the specific sites to see what can be delivered and what costs will be associated with it, and the government has made a decision around 13 of those to provide additional funding to deliver those car parks.

**Senator O'NEILL:** So the process is that you make an announcement, and then afterwards you figure out how much it's actually going to cost and if it's possible? That's what the government did, and that's why they've had to provide this \$87.8 million for 13 projects, because they needed extra money, because they had done such a poor job of estimating how much it would cost.

**Mr P Smith:** That sounds like a comment rather than a question.

**Senator O'NEILL:** Is that the process? You don't have to approve of it, but is that the process? You make the announcement and then find out you haven't got enough money, so you have to put more money in and you figure out if you can do it, but you do it all after you make the announcement? Is that the time line?

**Mr P Smith:** I think I've already answered that in terms of us working closely with the states to identify what can and can't be delivered on those sites and the cost pressures—

**Senator O'NEILL:** After the announcement?

**Mr P Smith:** All projects at times experience cost pressures. You might get through a business case, move into reference design and there might be something that comes out of the environmental studies that requires additional funding to go to it. You might identify through geotechnical work that there are additional utilities that you hadn't taken account of. There's a raft of pressures that can lead to increases in costs for projects.

**Senator O'NEILL:** But that doesn't really meet the expectations of communities who had these announced, does it? Will the \$87.8 million be sufficient to complete what you describe now as the 47 car parks that were funded and announced?

**Mr P Smith:** I think I said 43.

**Senator O'NEILL:** Yes, you reduced it down to 43, but you did say 47 at some point in time in your response to QON 324.

**Mr P Smith:** Yes. As I answered—I'm happy to go back and just check—there are a number of announcements in this year's budget that reduced that number down a little bit.

**Senator O'NEILL:** So 47 got promised, but now it's down to 43.

**Mr P Smith:** Well, it's 43, plus on the northern lines there's the ability for the minister to agree to a number of additional sites, and he's working closely with the Victorian government on those additional sites.

**Senator O'NEILL:** It would be good to get some detail on this. When will construction be underway?

**Mr P Smith:** Construction is underway—are you're talking specifically about car parks at this stage?

**Senator O'NEILL:** For the ones that have got the \$87.8 million—when is that going to happen?

**Mr P Smith:** I would need to go through each one of those and take it on notice. At a program level on the car parks specifically, two have been completed, three are under construction, 15 are due to commence this year and a further 18 will commence in 2022.

**Senator O'NEILL:** With those 13 extra ones that have got the funding—just to be clear, is it only the 13 that are going to share in the \$87.8 million?

**Mr P Smith:** The announcement was specifically for individual car parks and a couple of roads associated with the Urban Congestion Fund—

**Senator O'NEILL:** It's not all for car parks. There's money for roads in there?

**Mr P Smith:** There are roads in there. As I covered earlier, there was also some additional scope with some roads. Significant money was put into both the Monash and Pakenham packages which was previously for Urban Congestion Fund projects, so it was additional funds to fund additional scope there as well.

**Senator O'NEILL:** It's shifted from commuter car parks to roads.

**Mr P Smith:** No, they were always road projects. The Urban Congestion Fund includes roads and car parks.

**Senator O'NEILL:** Of the \$87.8 million for the program, how much is actually going to car parks?

**Mr P Smith:** I'll get someone to quickly do the maths.

**Senator O'NEILL:** How many and, on notice, which ones?

**Mr P Smith:** Yes, I can certainly run down which ones. Berwick got an extra \$49.2 million, Frankston commuter car park got an extra \$19 million, Ringwood got an extra \$14 million, Heathmont got an extra \$3.9, Ferntree Gully got an extra one. They're the various car parks.

**Senator O'NEILL:** How many was that?

**Mr P Smith:** Five.

**Senator O'NEILL:** Five car parks actually got extra funding—to a total of how much?

**Mr P Smith:** I'll get somebody to add that up. It's not on my sheet.

**Senator O'NEILL:** The gap between that and the \$87 million is really what we need to figure out. If somebody can give me the correct number for how much is actually going to the car parks that would be good.

**Mr P Smith:** Sure.

**Senator O'NEILL:** Also, when the construction of each one of those will be under way.

**Mr P Smith:** Yes. We'll take that on notice.

**Senator O'NEILL:** Alright. Last week the government announced that five projects were cancelled across Melbourne. Why were these projects cancelled?

**Mr P Smith:** They were cancelled for a variety of reasons. As part of the feasibility study process it was indicated that there were no feasible sites available, no delivery partner, or significant additional cost would be required due to the site itself. All that money has been reallocated back into the Urban Congestion Fund and particularly for the commuter car park fund.

**Senator O'NEILL:** Let's go through that. The projects were cancelled even though they were announced and campaigned on in these communities, presumably because they were popular and needed. The government says there are reasons why they can't honour their commitments. Those three reasons are: the promise they made costs more than they can afford to spend to honour their commitment. When you said not enough dollars—is that one of the reasons?

**Mr P Smith:** There was one that was significantly more than the envelope that had been provided.

**Senator O'NEILL:** So we were doing back-of-the-envelope figures for the announcement, were we?

**Senator Colbeck:** I think that's a bit rough. That's a very usual term.

**Senator O'NEILL:** Well it's a bit rough when you're expecting a car park from a government that has promised it, you vote for it and then it decides: 'Oops! Our figures are so bad, we can't deliver it.'

**Senator Colbeck:** You are deliberately misusing the official's term. He was talking about a funding envelope. It's a very usual term to be used in the calculation of a project.

**Senator O'NEILL:** Yes. And if businesses made a mistake on that kind of scale they would be falling over all around the country. The government can seem to get away with it.

**Senator Colbeck:** You are deliberately trying to misinterpret it. That's fine—use your time to do that. That's up to you.

**Senator O'NEILL:** I'd like, actually, to be pulling up at one of those car parks, rather than hearing this conversation. So my question is: is one of the reasons you said that projects got cancelled because the government didn't do the numbers right and they didn't allocate enough money, and it's impossible for them to honour the commitment they made to those commuter communities?

**Mr P Smith:** No. We ran through, for the Victorian ones, feasibility studies with Victorian government officials. They provided advice back to the Commonwealth, and for some of those it was just not feasible to do so. With South Morang, for instance, a car park had just recently been delivered by the Victorian government, so that money has subsequently been reallocated. For others—

**Senator O'NEILL:** Okay. So to be clear about that—

**Mr P Smith:** there was no feasible site.

**Senator O'NEILL:** the government of Australia committed to a car park in a community. That has now been overtaken by an investment by the local council, and the government of Australia were so out of touch that they didn't know the local council were going to deliver that project. Is that what happened there?

**Mr P Smith:** That—

**Senator O'NEILL:** That's one.

**Mr P Smith:** That money that was allocated to South Morang will still be allocated to other car parks in that region.

**Senator O'NEILL:** The money was allocated to south Nerang—is that what you said?

**Mr P Smith:** South Morang. And the Victorian government recently built an upgrade to one of their existing car parks.

**Senator O'NEILL:** Right. But the federal government didn't know about that, so they made an announcement and they campaigned on it. Okay, so that was one of the reasons. The other one, you said, was that it was too expensive, so they couldn't go ahead. Where was that? They'd promised it but they found out it was too expensive, so they went: 'Oops, we won't do that.' Where is that one?

**Mr P Smith:** In Mitcham. The feasibility study indicated, due to the particular site, that it would substantially increase the cost.

**Senator O'NEILL:** So for the poor people of Mitcham it was just 'too bad, so sad'?

**Mr P Smith:** It's obviously important that we undertake a value-for-money assessment, and the government went through and made its decision.

**Senator O'NEILL:** It's obviously important that the government doesn't make election promises it isn't intending to honour or isn't capable of honouring. You said the funding that was allocated in this big announcement from the government, which is not going to actually materialise into car parks for these communities, is going to be reallocated now. The communities aren't going to get what they were promised. All that money is going somewhere. What is it going to?

**Mr P Smith:** It will go to other car parks along those lines. For instance, around the Mitcham area there are Ringwood, Heatherdale and Heathmont. They're not too far away from the original allocation. So all that money has been reallocated, rather than cancelled. It's been reallocated to other projects in those areas.

**Senator O'NEILL:** Is it specifically going to other car parks or is it going to roads as well?

**Mr P Smith:** It remains within the Urban Congestion Fund profile, and that remains within the states where they were. It's not reallocated from one state to another. There's already been a commitment, as you pointed out, to a number of additional funds for car parks. The number is \$87.8 million, plus there was confirmation of a \$5 million project in Officer as well.

**Senator O'NEILL:** Is the \$87.8 million that we were talking about before money that has been gathered from these five projects that were cancelled?

**Mr P Smith:** It would be some of that, yes.

**Senator O'NEILL:** Can you give me the numbers?

**Mr P Smith:** The \$87.8 was for those car parks that I read out before, plus a confirmation of a \$5 million car park in Officer.

**Senator O'NEILL:** So the federal budget, which announced \$87.8 million for the program, was actually just taking it from the people of Mitcham and the other projects that got cancelled, putting \$5 million on it, sticking it back in and pretending it was new money. Is that a fair reading of it?

**Mr P Smith:** No. It's additional money for those projects.

**Senator O'NEILL:** Additional money?

**Mr P Smith:** It's additional money for those individual projects to deliver those car parks.

**Senator WATT:** Can I ask one thing, Senator O'Neill? You mentioned there are going to be other car parks on the same train lines and things like that. Is it possible that we'll run into the same problem, where they turn out not to be feasible?

**Mr P Smith:** No. We're working closely with the Victorian officials about those locations, and the minister has had a number of conversations with his counterpart, so we'd be very optimistic that they'll pick sites that definitely can be implemented.

**Senator Colbeck:** The point I would make is that the decisions in the budget are as a result of the review of the projects undertaken by the minister to ascertain their project status and consultation with the relevant state government to assess what might be appropriate in the circumstances in the allocation of funding to those projects.

**Senator WATT:** Isn't the question really: why didn't that work happen before the government made announcements before the election?

**Senator O'NEILL:** Exactly.

**Senator Colbeck:** My point is that the minister, on coming to the portfolio, was to make sure that the projects could be completed or that the capacity that Senator O'Neill is talking about was available to the commuters, and that was made available. He undertook the review and the budget announcement is a result of that review.

**Senator WATT:** So the previous minister wasn't quite so diligent in making sure that his promises could be delivered?

**Senator Colbeck:** I don't think it's unusual for a new minister coming into a portfolio to have a look at what's confronting them in a portfolio and undertake that sort of a process. I would say that's a reasonable thing for a new minister to do, and he has.

**Senator O'NEILL:** Was it unusual for the previous minister to do the work and figure out if what he was going to promise could actually be delivered?

**Mr P Smith:** Senator, you asked a question about whether it was shifting money around. The money within the car park fund has increased from \$660 million to \$711 million.

**Senator O'NEILL:** So the number you gave Senator Watt a little while ago was \$800 million including the—

**Mr P Smith:** Yes, that includes any unallocated money as well.

**Senator O'NEILL:** Right. The *Herald Sun* last week reported that the government will also struggle to deliver its full commitments to commuters at several other stations, not just Mitcham and the ones we've discussed so far, including Boronia, Surrey Hills, Narre Warren and Sandringham. Is this true?

**Mr P Smith:** I'm not sure where the article got its information. The government's just made an announcement on a number of car parks that it's decided to allocate funding to, and that's the only announcement so far.

**Senator O'NEILL:** So can you give me a commitment, based on your knowledge of the work that's in hand for the department and under consideration by you with the government of Victoria, that the stations that were promised commuter car parking at Boronia, Surrey Hills, Narre Warren and Sandringham will get the promised car park?

**Mr P Smith:** I'll need to take those details on notice. As I've said, we've been working very closely with the state on a raft of feasibility studies. I'll need to take on notice some of the detail.

**Senator WATT:** Mr Smith, there must be someone from your office who's close enough to the program and who must know if there's some threat to these particular car parks. There must be someone here who knows this.

**Mr Hallinan:** I think the question would really go to, if there are challenges with those projects identified through feasibility assessments, that would be a matter that we would take to government and government would make a decision at that time. At this stage governments haven't made any choices in relation to those projects and there's really no update that we can provide beyond what's been provided.

**Senator WATT:** I accept that there might need to be a decision subsequently by government. But is there anyone of the dozen or so people sitting in this room or however many are sitting in other rooms that's aware of any challenges to the car parks at those particular locations? Anyone?

**CHAIR:** To be fair to the department officials, we should let them take it away because they don't want to get it wrong.

**Ms Legg:** We can come back after the break.

**CHAIR:** Yes, let's let them take it on notice.

**Senator WATT:** Yes, why don't they come back after the break.

**Senator O'NEILL:** Chair, can I just make the point that we're not talking about a little thing here. We're talking about a full-scale car park, presumably with hundreds of commuters, early morning and night, who were promised this when the government came to power. We're approaching another election. You've got to be able to tell me if Boronia, Surrey Hills, Narre Warren and Sandringham are actually going to get the car parks that the government promised them before the last election. You've got to know.

**CHAIR:** Senator O'Neill, I can imagine that if you're a commuter you would be feeling strongly about that. But, if they discover as part of the process that there's a big rock, the engineering has to stack up, doesn't it? So let's leave it to the department to come back after the break and see if they can give you some more certainty.

**Senator O'NEILL:** Thank you, Chair. I do agree with you: there can be concerns. But, when you're the government and you have all the resources of government, what I'm struggling to understand here is how you could raise the hopes and expectations of an entire community full of commuters by saying, 'We're going to give

you a car park,' before you figure out if it's even possible. That just doesn't seem to be good government to me. That seems like a lie under construction. So that why I'm concerned for those people. You've told me two projects have been completed—is that correct?

**Mr P Smith:** Yes.

**Senator O'NEILL:** Three are under construction—is that correct?

**Mr P Smith:** Yes. This is specifically for car parks?

**Senator O'NEILL:** Yes. There are 15 that you expect to be completed in the course of this year—is that correct?

**Mr P Smith:** To commence this year

**Senator O'NEILL:** To commence this year. What are the 18 in 2022?

**Mr P Smith:** They would be commencing construction in 2022.

**Senator O'NEILL:** Right. In total, at this point in time, leaving aside Boronia, Surry Hills, Narre Warren and Sandringham—you say the announcement was of 47 car parks—how many of the original 47 car parks, if that's the correct number, have been cancelled?

**Mr P Smith:** I just ran through the list of projects that have been reallocated for the car parks.

**Senator O'NEILL:** I don't want to know about reallocation; I'm asking which ones were cancelled.

**Mr P Smith:** They're the ones where I ran through that list—I think it was six from memory—where the government has made the decision to reallocate the funding to other car parks.

**Senator O'NEILL:** And they're the only six that have been cancelled across the whole country?

**Mr P Smith:** They're the only six car parks that have been cancelled, to my knowledge, across the country.

**Senator O'NEILL:** Thank you very much. Do you have a list of car parks that are facing significant issues with delivery, whether that's an engineering problem that the government didn't anticipate and prepare for, a costing problem that the government didn't anticipate and prepare for, or a failure by the government to anticipate and prepare for local government action? Do you have a list of the reasons?

**Mr P Smith:** I just ran through, with the additional funding, the list where additional funding has been allocated to car parks. They were obviously under pressure to deliver the scope.

**Senator WATT:** We're talking about the other ones, those that have yet to be built.

**Senator O'NEILL:** Yes. Are there any more?

**Mr P Smith:** Funding decisions and scoping decisions are all a matter for government. They are all run through the cabinet processes.

**Senator WATT:** Yes, but come on.

**Senator O'NEILL:** Exactly. Give us the list.

**Senator WATT:** I've worked in government. I know you have project plans, Gantt charts and all sorts of things that keep track of particular projects, and you always identify projects where there's a risk. We're asking how many of the projects that have been announced have been identified as having some kind of risk regarding whether they can go ahead at all or whether they're going to be delayed.

**Mr P Smith:** I'll need to take that on notice.

**Mr Hallinan:** We'll take it on notice.

**Senator O'NEILL:** Yes, or any other reason why there's a problem—any kind of problem that could interrupt the vision that was painted for them by the Liberal and National parties in the lead-up to the last election and lead to the reality of the non-existent car parks. Anywhere there's a gap between those things, I want to know what the problem is.

**Senator Colbeck:** Well, with some of those you might not know until the project starts, because until you open the ground there are things that you may not find. Anyone who's worked in construction would understand that.

**Senator O'NEILL:** I actually come from a construction family. I do know a little bit about dirt and what's underneath it. For the two that have been completed, in Beaconsfield and Hurstbridge in Melbourne, has the government carried out any analysis on the impact these projects have had?

**Mr P Smith:** In terms of?

**Senator O'NEILL:** You've finally got them delivered—two of them.

**Mr P Smith:** Yes.

**Senator O'NEILL:** Are the car parks full?

**Mr P Smith:** I'm not aware of us undertaking any postcompletion studies at this stage. We would be waiting for the state to send back any postcompletion reports on those. We haven't personally driven down and had a look. We assume they're going well.

**Senator O'NEILL:** You assume they're going well—okay. There's always a danger with assumptions. This program, by comparison to other programs in other areas that I've looked at, seems to be particularly troubled. How much investigation are you doing—or are you just waiting for the ANAO to come around and tell you what to fix?

**Mr Hallinan:** We've been reviewing the program in consultation with Minister Fletcher and have put work up through cabinet for, obviously, the decisions that have been announced through this budget and that we've talked you through already, and we continue to do that, Senator.

**Senator O'NEILL:** So, Mr Hallinan, based on your answer then, it sounds like you have done some work on analysis of where the problems lie, which means you should be able to answer Senator Watt's question and my question previously: where are the problems?

**Mr Hallinan:** As I've said, we've taken that on notice for you, Senator.

**Senator O'NEILL:** There are two specific projects I would like to ask about, which are in my home turf area in New South Wales: the Woy Woy and Gosford commuter challenges. People are driving there at three o'clock or four o'clock in the morning and sleeping for two hours so they can get a car park spot and then get on the train at 5.30. This is profoundly damaging for families, for their mental health and wellbeing. I want to know exactly where that's up to because I can't get a straight answer out of the local member. How much money has been allocated to the Woy Woy project for a car park? How much money has been allocated to the Gosford project for the car park? And where are those projects up to?

**Ms Legg:** The commitment to the Woy Woy car park is \$5 million from the Australian government.

**Senator O'NEILL:** Yes.

**Ms Legg:** First, if you like, I'll just stay on that one for an update?

**Senator O'NEILL:** Yes, thank you.

**Ms Legg:** We are working with Transport for NSW on that project. They undertook a rapid viability assessment for us to identify a number of sites. That's now being narrowed down and further scoping is underway. We're expecting to get concept designs finalised this month and a development phase project proposal report expected in the months to follow that. At this stage, we have estimated construction for late 2022. But that will depend on the site that's selected.

**Senator O'NEILL:** So Woy Woy commuters were promised a commuter car park in 2019. The best-case scenario is that it could be under construction after the next election in 2022? That's the best case?

**Ms Legg:** That's the expected construction date at this stage.

**Senator O'NEILL:** That's clear. It's very disappointing, but nonetheless clear. Thank you for the clarity of the answer, Ms Legg. Now—

**Ms Legg:** To Gosford?

**Senator O'NEILL:** Yes, to Gosford.

**Ms Legg:** Let me just find where Gosford is. From memory, it's \$30 million, but I just want to confirm that. Here we are. It is \$30 million.

**Senator O'NEILL:** I don't have to wait as long for your answer as the commuters are waiting for the government to deliver on their commitments.

**Ms Legg:** The Australian government commitment is \$30 million to the Gosford car park. We started work and worked for probably close to 12 months with the Central Coast Council to deliver that project, and, unfortunately, with them going into administration, we've now started to work with Transport for NSW. So, unfortunately, it has been slightly delayed through that process, but now Transport for NSW are undertaking the rapid viability assessment for us.

**Senator O'NEILL:** But that has not yet commenced?

**Ms Legg:** That's underway at the moment to identify suitable sites. We're expecting that in mid-2021, so I would say by the end of June, and then we will work with New South Wales on a scoping phase proposal after that.

**Senator O'NEILL:** So, if Transport for NSW come back to you at the end of June with a range of possible sites, then how long will the scoping, design, development and construction take?

**Ms Legg:** At that point, we would look to brief the minister before confirming with New South Wales which of those options to proceed to scope. We wouldn't scope all four equally. Depending which of those progresses, we would expect a scoping PPR in the months that follow that, so I'd expect quarter 3 this year. Then, at that point, we would be able to identify the expected construction time, because it would depend on which site is selected.

**Senator O'NEILL:** Is it possible that it could be construction of the promised commuter car park in Gosford by the end of this year?

**Ms Legg:** Impossible.

**Senator O'NEILL:** By the end of 2022?

**Ms Legg:** I wouldn't be able to give you a definitive answer until we see—

**Senator O'NEILL:** Unlikely?

**Ms Legg:** I think it would depend on whether a solution could be, for example, an at-grade car park on a vacant block of land—maybe something that could be delivered ahead of, for example, adding additional storeys to an existing car park.

**Senator O'NEILL:** So it could be 2023 before the commitment that was announced in 2019 is delivered? That's within the scope of possibilities?

**Ms Legg:** When we get the scoping PPR we'll have a closer idea.

**Senator O'NEILL:** You've to watch the fine print with this government. There's the announcement and then there's the delay—if you actually get the delivery.

**Senator McMAHON:** I'd like to ask about funding for roads in the Northern Territory. I understand there is a fairly big backlog of money committed by the federal government for Northern Territory road projects that is yet to be spent. Can someone tell me how much has been committed but is yet to be rolled out into projects?

**Ms Rosengren:** We currently have \$1.2 billion in the forward estimates for the Northern Territory. Of that, we have 23 projects under construction. Obviously we would expect more projects to be coming online throughout that period.

**Senator McMAHON:** To have that much money outstanding from the funding committed, has there been some sort of delay in getting the projects started.

**Ms Rosengren:** Broadly across the program—I can talk about specific projects later—we have seen impacts because of COVID restrictions. Certainly, works going into the more remote and regional communities were stopped in the initial phase. We also see fluctuation in the wet and dry periods. It has been a very wet season for them this year. We have seen flooding, which has stopped some of the construction works as well. But we do have a strong pipeline of projects that we are expecting to come online. As I said, we have 23 projects under construction today and we expect more to continue.

**Senator McMAHON:** I understand that the department in the Northern Territory is looking to put on an extra 44 people to deal with the pipeline of federal government funding. Is the issue that the NT government currently doesn't have the capacity to do the design work to get the projects rolled out?

**Ms Rosengren:** I wouldn't like to speculate. When you look at the large investment we are putting in—\$1.2 billion in the forward estimates and, I think, over \$3 billion out to 2030—it is a substantial increase in the works that have typically been rolled out by the Northern Territory. So there is an increase in the demand for planning work and for scoping and for the project management.

**Senator McMAHON:** Are there any plans for the federal government to do any work with the Northern Territory government to try and get these projects rolled out in a more timely manner?

**Ms Rosengren:** We already engage heavily with our counterparts in the Northern Territory and have a positive engagement through that.

**Senator McMAHON:** How far out can industry be advised on time lines for rolling out works packages to ensure local capacity can deal with what's coming?

**Ms Rosengren:** As part of this budget, we have continued the pipeline on, for example, the Northern Territory national network highway upgrade program. Again, that's all public so people know what the works are coming forward. So there is that transparency about what the Australian government commitments are. When we are expecting that funding to be spent is all public.

**Senator McMAHON:** Recently I travelled around to quite a few Indigenous communities in the Northern Territory, and the state of some of the roads in those communities is absolutely atrocious. As most of these roads are on Aboriginal owned land, the shires are saying, 'It's not our responsibility to repair and maintain the roads.' Whose responsibility does that come under?

**Ms Rosengren:** It depends on the ownership of the road and the type of road, and there will be different specifics going into different communities. We have several programs such as the Central Arnhem Land and the Arnhem Highway link looking at works going in to connect to local communities. In terms of identifying projects and which projects get Commonwealth funding, as has been explained before, it is a consultative process, talking with the Northern Territory government about what their priorities are and also making decisions of government from an Australian government point of view.

**Mr P Smith:** Under the local finance for community infrastructure, some of the council areas are using that type of funding to improve small sections of the road as well.

**Senator McMAHON:** They are, and I'm aware of that, but that doesn't cover the small roads within the communities themselves, because it's not council owned land; it's Indigenous owned land. It seems to be falling through the crack, with nobody, apparently, responsible for the funding and the maintenance of the roads. Do we have any thoughts or ways on addressing that issue?

**Mr P Smith:** We'll need to go away and look at what we can and can't fund. We're restricted in the types of funding we can have. We would normally see that type of thing as possibly a Territory responsibility, but we'll go away and see what programs we have that could assist in that.

**Senator McMAHON:** Can you take that away and not only see what programs might be available but identify who is responsible, who needs to fund these roads? A lot of them are just falling into giant potholes.

**Mr P Smith:** We'll take that away.

**Senator McMAHON:** Thank you.

**Senator CAROL BROWN:** I would like to ask questions around the Hobart Congestion Package. Can you give me an update around the Hobart Congestion Package? This commitment is part of the Hobart City Deal; it was announced in 2018.

**Ms Czajor:** You're correct; it was a \$25 million commitment. The project is currently in planning, and the department is continuing to work with the Department of State Growth and local government authorities to identify suitable projects. We are yet to receive a scoping project proposal report on that project, so we don't have any understanding on what the—that will contain detailed and comprehensive engineering assessments of the existing corridor, including rail infrastructure and the suitability for a future transit service.

**Senator CAROL BROWN:** My understanding from last estimates was that there hadn't been any projects identified. Do you know if we've moved on from there?

**Ms Czajor:** There are still no projects.

**Senator CAROL BROWN:** The process, as I understood it from last estimates, is that there are monthly meetings between the Commonwealth department, the state government and the participating local governments; is that correct?

**Ms Czajor:** That's correct.

**Senator CAROL BROWN:** Are you able to give me any understanding of what's happening in these meetings? Last time, the department told me exactly what you're telling me right now: 'There's a discussion around projects, some projects are put forward, but at no point do we proceed to a point where there's agreement.' I'm not trying to put words in your mouth.

**Ms Czajor:** That's okay. The next meeting for that group is this week, and that will be my first one. I will be able to give you an update after that.

**Mr P Smith:** I think it's fair to say that the Commonwealth is trying to get the relevant parties to agree on some suitable projects.

**Senator CAROL BROWN:** That would be fantastic, and I'm sure Hobartians would be very pleased if we could get some agreement, but can I get an understanding of what the sticking point is? When did we start the meetings? Mr Smith, do you know?

**Mr P Smith:** They have been going for quite a while. I will need to take on notice how long, but I'm also happy to take on notice what the sticking point is. I think it's as simple as this: they've got differing views on different types of projects and they've yet to reach an agreement. One of the issues for the Commonwealth is that we need delivery partners that can get on and deliver, and it's a bit hard to get on and deliver those projects until there's an agreement.

**Senator CAROL BROWN:** We haven't identified any projects! So it was a deal announced in 2018, and the deal was signed in 2019, but we aren't able—where's the problem?

**Mr Hallinan:** There has probably been a substantial disagreement between the parties in Tasmania. As Ms Czajor said, we'll follow up with our counterparts in Tasmania this week, in the meeting that's coming up, but separately from that I think we'll probably escalate this one a little bit more than we have so far.

**Senator CAROL BROWN:** What does that mean?

**Mr Hallinan:** To the extent that we haven't been able to identify projects within the budget for the congestion package, I think it's one where we'll have to have a pretty hard-headed negotiation with Tasmania and ensure that we get some projects identified soon for Hobart. That's something that we'll prioritise inside the department.

**Senator CAROL BROWN:** You're not talking about a get-out clause for the Commonwealth, though, are you?

**Mr Hallinan:** No.

**Senator CAROL BROWN:** You're not talking about dragging the \$25 million back from the city deal?

**Mr Hallinan:** No, that wouldn't be my intent. I think we need to just make sure we're negotiating very clearly and firmly with the parties in Tasmania to make sure we get the right outcome for the city deal.

**Senator CAROL BROWN:** Tell me what tricks you have up your sleeve to get people to focus more clearly.

**Mr Hallinan:** We have Ms Czajor in the representative meetings next week, but I'll personally take this on as a project to take up with my counterparts in Tasmania and see whether we can't nut out a better set of options between the parties.

**Senator CAROL BROWN:** Will you be attending the next meeting?

**Mr Hallinan:** I don't know if I'll be attending the next meeting, but I'll certainly take it up with my counterparts in Tasmania.

**Senator CAROL BROWN:** It's been a long wait so far.

**Mr Hallinan:** I don't know whether I've got the magic solution, but I'll give it a go.

**Senator CAROL BROWN:** I'll have to put a question on notice, to see if we can get something coming out of this—did you say this week or next week?

**Ms Czajor:** This week.

**Senator CAROL BROWN:** When is it?

**Ms Czajor:** Tomorrow.

**Mr Hallinan:** I think I'll be up here again tomorrow!

**Senator CAROL BROWN:** Alright! Let's just go to one other project under the same fund: the Tasman Highway Intelligent Transport Solutions project. It is a \$23 million project, \$11½ million of which is from the Commonwealth; I'm not sure who's giving the rest, whether it's the state government or whether there is some council money. Can you tell me where we are with that project? Again, it's listed in the documents that you tabled today as still in the planning process—another project that, after three years, nothing has moved on. Can you tell me the process in determining the projects under this measure? Is that the same project, the same people meeting?

**Ms Czajor:** I believe these are different people meeting. With this project in particular, the design and construct contract is expected to be awarded this week, at the end of May, with construction expected to commence in late 2021. So we are making some small steps.

**Senator CAROL BROWN:** Who are in those? Is it just the state and the Commonwealth?

**Ms Czajor:** We are the funding partners, yes—the state and the Commonwealth.

**Senator CAROL BROWN:** And perhaps you could just repeat—according to this document, you're still in planning—

**Ms Czajor:** Yes. We're expecting a design-and-construct contract to be awarded at the end of this month, with construction to commence in late 2021.

**Senator CAROL BROWN:** Has there been a tick-off on projects under this measure?

**Ms Czajor:** The scope that I have in front of me is that the project will upgrade the on-road traveller information system, including variable message signs and new traffic cameras to be installed at various locations around greater Hobart, and the installation of a new lane management system on the Tasman Bridge to provide more contemporary management of traffic.

**Senator CAROL BROWN:** Why has it taken so long?

**Ms Czajor:** I don't know.

**Senator CAROL BROWN:** Perhaps on notice you could give me some details about those time lines.

**Ms Czajor:** I can have a look at that.

**Senator CAROL BROWN:** I'd appreciate that.

**Ms Czajor:** I can.

**Senator CAROL BROWN:** Thank you.

**CHAIR:** Senator Watt, I understand you've got just a quick five minutes worth of questions to take us through to dinner.

**Senator WATT:** Yes, that's right. Unfortunately we will need to carry over the infrastructure section beyond the dinner break, but perhaps we could just deal with one topic, if we could—the targeted road safety and shovel-ready projects. This goes back to June last year, when the Prime Minister made a speech to CEDA announcing \$1.5 billion for shovel-ready projects. He said in his speech that \$1 billion would be allocated to priority projects that are shovel ready and ready to go. When we asked about this in estimates in October last year, two projects were complete, 14 had started and 50 were due to be underway by December 2020. Were those projections met?

**Mr P Smith:** I can give a quick update, and it's probably worth going back to the original process. The Deputy Prime Minister wrote to state counterparts to identify those projects. Those projects were identified by the state and territory delivery partners. Across the \$1.5 billion, in terms of actual project numbers, we'll go through the project numbers in dollars, if that's okay, Senator.

**Senator WATT:** Yes.

**Mr P Smith:** Five have been completed, 50 are under construction and a further 32 are still in the planning stage. In terms of funding, for both those that are under construction and those that are complete, that's roughly \$1.16 billion of the \$1.5 billion.

**Senator WATT:** So, the 55 that are complete or underway amount to \$1.1 billion—

**Mr P Smith:** Yes, \$1.16 billion.

**Senator WATT:** of the \$1.5 billion.

**Mr P Smith:** Yes.

**Senator WATT:** So the remainder is obviously for the 32 that are in the planning stage.

**Mr P Smith:** Yes.

**Senator WATT:** We were told in October that two were complete, 14 had started and 50 were due to be underway. We haven't quite got to those figures yet, have we?

**Mr P Smith:** Well, 50 are under construction at the moment and five are complete.

**Senator WATT:** Yes, but we were told that 50 were due to be underway by December 2020, and 14 had started. And, again, in October you told us that all projects would be under construction by June 2021, and at the time we were talking about a total of 66 projects. Do you expect that all of those will be under construction, with a week to go, or a month to go?

**Mr P Smith:** It's likely that some projects will have slipped to just after June, and there might be a couple that have slipped a bit further, due to wet seasons et cetera. But we can take on notice the specifics of those.

**Senator WATT:** And you did tell me that \$1.16 billion covered the 55 that were complete or underway.

**Mr P Smith:** Yes.

**Senator WATT:** Is that the amount that has been spent to date?

**Mr P Smith:** No. That's the value of those projects.

**Senator WATT:** How much has been spent to date?

**Mr Caruso:** That's \$923.8 million.

**Senator WATT:** When do you expect the total fund to be spent?

**Mr Caruso:** During the course of the next financial year.

**Senator WATT:** By the end of June 2022?

**Mr Caruso:** At the very latest, yes.

**Mr P Smith:** There's always a lag, as well. We do retain a small portion beyond when a project is completed, just to make sure everything's done and dusted and we get whatever we need, and it covers any liability issues as well.

**Senator WATT:** Yes, because, again, when the Prime Minister goes out and says he's going to give \$1.5 billion to shovel-ready projects, the whole idea is that they're things that are ready to go, and in fact there are 32 that are still in the planning stage. Why is it that they haven't been as shovel ready as the Prime Minister led us to believe they would be?

**Senator Colbeck:** When you go out to colleagues and ask them for shovel-ready projects, you would expect that they give you shovel-ready projects, and that was the basis of the announcement.

**Senator WATT:** I've sort of lost count of how many times today we've blamed the states and territories for things.

**CHAIR:** Senator Watt, I think—

**Senator WATT:** We're probably already up to 10.

**CHAIR:** that's a little unfair.

**Senator WATT:** Well, that's what's happening.

**Senator Colbeck:** In these infrastructure projects, they are the delivery partners. It's an unfortunate fact that you have to deal with. They are the delivery partner. The Deputy Prime Minister wrote out to state and territory colleagues asking for shovel-ready projects. They came back to us and gave us that information. I think it's reasonable that, if you ask for a shovel-ready project, that's what you expect you're getting.

**CHAIR:** On that note—

**Senator WATT:** Just to wrap up—

**CHAIR:** Very quickly.

**Senator WATT:** Specifically on the road safety projects that were a part of this program, are there any criteria for how those projects are chosen? And do they include heavy vehicle rest stops?

**Mr P Smith:** The criteria really were around whether they had any safety measures, so, again, there wasn't a formal completed grants process for that. My recollection is that there were some rest stops in those, but I will take that on notice, just to make sure I'm giving you accurate information.

**Senator STERLE:** Could you come back before we finish tonight?

**Mr P Smith:** I will try, yes.

**CHAIR:** We're very keen on heavy vehicle rest stops in this committee! We're very focused on them.

**Senator STERLE:** Don't worry, I'm going to get you sleeping in one, one night!

**CHAIR:** That's unlikely, Senator Sterle!

**Senator STERLE:** Heather Jones—

**CHAIR:** Thank you all very much.

### **Proceedings suspended from 18:32 to 19:33**

**Senator STERLE:** I want to go through a few specific projects. I want to talk about the Singleton bypass.

**Mr P Smith:** While we're waiting for the officer to come to the table: you asked about the truck stops under the targeted road safety program. There are none under the targeted road safety program, but there are some under the broader Road Safety Program and the general IIP.

**Senator STERLE:** I've gone through the list and seen the ones that are underway, finished or listed. So none? Thanks for that, Mr Smith. Now, the New South Wales and Commonwealth governments are together contributing \$700 million to build the Singleton bypass; is that correct?

**Ms Legg:** That's right; \$560 million from the Australian government and \$140 million from the New South Wales government.

**Senator STERLE:** I've been told the mayor of Singleton has raised concerns regarding the project's design. Are you aware of those concerns?

**Ms Legg:** I am now. I was asked at the last estimates, but I wasn't aware at that stage; the project had only just been announced. I've since been made aware that the mayor has raised some concerns about the design. Those have been addressed through the New South Wales scoping process. I believe they were around two main aspects: one was about wanting a dual carriageway, and the other related to an intersection with Putty Road, if I'm not mistaken.

**Senator STERLE:** I know Putty Road. You want to go hurling down there in a semi-trailer at two o'clock in the morning! So that's all been done?

**Ms Legg:** New South Wales has responded to the Singleton council's concerns in their detailed submission report, advising that the traffic modelling indicated that a dual carriageway would not be justified in the medium-to-long term. I believe that the design we expect to see will be capable of being expanded to a dual carriageway in the future, if that's required.

**Senator STERLE:** So we've got the interchange at Putty Road?

**Ms Legg:** The New South Wales government announced that they would fund a full grade interchange at Putty Road. That's not part of our existing scope, so we would need to have a look at that.

**Senator STERLE:** But with the mayor not being happy because it's not a dual carriageway, he hasn't had a win there; is that correct?

**Ms Legg:** I'm not sure if it's a he or a she!

**Senator STERLE:** Sorry—neither am I!

**Ms Legg:** My understanding is: of the two key issues addressed, the Putty Road one has now been announced but the dual carriageway is for future consideration.

**Senator STERLE:** The mayor also went on to describe it as 'a second-rate upgrade'. Are you aware of that statement?

**Ms Legg:** I'm not aware of the exact statement, no.

**Senator STERLE:** Can I go to the Moreton Connector-Dohles Rocks Road project?

**Mr Hallinan:** While officers are changing over, I want to provide a quick correction to advice we provided earlier. In response to Senator McCarthy, in relation to the Tanami Road, we advised that the tender for scoping works had closed. The tender hasn't actually closed; it's currently out, and we anticipate it to be awarded and closed in August.

**Senator STERLE:** Thank you. I understand the federal government announced \$150 million for the building of two north facing ramps on the Bruce Highway at Dohles Rocks Road in 2018; is that correct?

**Ms Rosengren:** That's correct.

**Senator STERLE:** Has any modelling been completed on the impact of this project on traffic congestion?

**Ms Rosengren:** We currently have planning works underway. We're looking at a broader regional approach to planning, looking at the Dohles Rocks Road but also looking at the broader project we have on the Bruce and at the Gateway-Pine River Gap project. So there are planning works underway that will include traffic modelling.

**Senator STERLE:** When do you expect that to be completed?

**Ms Rosengren:** We've had \$23.96 million from the Australian government approved in planning. That work is underway, and we expect it to be completed later this year or early next year.

**Senator STERLE:** Thank you for that. Now, I understand the Queensland transport department found that this project would add an additional 12 minutes to the travel time for the morning peak and an additional 17 minutes to the travel time for the afternoon peak; is that correct?

**Ms Rosengren:** I haven't seen the traffic modelling.

**Senator STERLE:** Okay. Would anyone else have seen it?

**Ms Rosengren:** I would have to check what's been presented through our consultation that we're doing through there. But, generally, we wait until all the planning works have been done and presented to us in terms of shaping our decisions.

**Senator STERLE:** When do you think you'll find that all done?

**Ms Rosengren:** That's what I was saying—

**Senator STERLE:** At the end of this year?

**Ms Rosengren:** Yes, or into next year.

**Senator STERLE:** Sorry, I'm not trying to be a smarty, but if the Queensland government is saying that on the public record—could it be possible that they've said it, but you just don't look at it until it's all finished?

**Ms Rosengren:** I haven't looked at it. I am aware, as I said, because we're taking a broader aerial approach, we are looking at it. We're looking at the Pine River crossing as well. There's also work on the North South Urban Arterial. So there is a lot of work in that area, and until all that combined planning work is undertaken we haven't looked at specific model data for each part.

**Senator STERLE:** You did say there's a broader picture there, but are these a couple of projects that have all come together, not announced as one originally?

**Ms Rosengren:** They're separate projects. We have the Dohles Rocks north facing ramps; then we have the Bruce Highway, Bracken Ridge to Pine River; and then this council and state are doing planning works looking at the North South Urban Arterial. Because all those roads feed into one another, there's obviously the interplay between them which will affect the final designs.

**Senator STERLE:** Sure, but if the Queensland government have identified that it's going to add 12 minutes in the morning and 17 minutes at night at the peak times—and it's not a hypothetical—would it not be now that the federal government should be saying: 'Hang on, we've invested \$560 million so far into this, so we should be looking at the issues as they're raised now, rather than sitting back and waiting for them to hit us again so that all of a sudden we're not another year out talking about, "Here we go again"?'

**Ms Rosengren:** As I said, because there's the interplay between these projects, we're waiting to see what the final traffic flow and traffic modelling data presents.

**Senator STERLE:** Sorry, Senator McCarthy. The Tanami scoping project is out there and it hasn't been awarded yet. There you go. Am I right to then take away that the government is still going to push ahead with an upgrade by itself, but it's identified that there are going to be delays?

**Ms Rosengren:** At this point, we've just got the commitment for the planning works. That's what we're working towards at the moment.

**Senator STERLE:** Once again, if I was building a house and the architect was telling me I'd got the wrong floor, I wouldn't be waiting until it was all finished. Anyway. Is that how you normally work?

**Ms Rosengren:** As I said, because there are a number of projects at play, rather than making a decision in isolation just looking at the ramps, it's looking at the expansion of the Pine River crossing and what will occur out of the North South Urban Arterial as well. So they all interplay, and my understanding is that for the traffic modelling they need to take a network approach to make sure that the impacts of each of the developments is considered.

**Senator STERLE:** I will have to show my ignorance and I'll need some support from my Queensland colleagues, but for these projects, do they all link—as one finishes, the next one starts, or are they a couple of kilometres apart?

**Ms Rosengren:** The north-facing ramps are coming on to the Bruce Highway, the Pine River crossing is the Bruce Highway, and the North South Urban Arterial is a link road to take local traffic off the Bruce Highway.

**Senator STERLE:** So where one project finishes, the next one starts right next to it. There's not a gap of five feet, five kilometres, 50 kilometres; they're all linked together.

**Ms Rosengren:** They're all in the same geographical area. I think there may be a kilometre between the river crossing and the ramps, but I don't know the actual specific locations. But it is all the same—

**Senator STERLE:** Sure. Let's find someone who does know. I've watched roadworks for many years from behind the steering wheel and from this side, and we all hate roadworks until they're finished and then we love them. Let's get back to this: what is the distance between the Dohles Rocks Road and the north-facing ramps on the Bruce Highway. How far away is this peak bottleneck, or slow-down, going to be from the other bits and pieces?

**Ms Rosengren:** I'd have to take that on notice.

**Senator STERLE:** Would someone know?

**Mr Hallinan:** I think we're waiting on integrated network modelling. The junctions are related roads—it's a junction point of related roads. There is the Dohles Rocks Road. On-ramps and off-ramps are coming off one of the roads that Ms Rosengren was talking about as the North South Urban Arterial. So the challenge with this is getting integrated modelling of the three related projects.

**Ms Rosengren:** And they're all within the same—the link between one intersection coming on and one intersection coming off, so it's all the same length of—

**Senator STERLE:** Without me sounding like a complete dodo, one doesn't stop and one doesn't start right next to each another. But, if one is identified, 'Crikey, it's going to add more time,' and you know what happens when time is added to trips, doesn't that send the alarm bells off now? I'm trying to work out how the other two will make a difference to that one bit in the middle, or wherever it is, and whether Queensland has said, '12 minutes in the morning; 17 minutes extra at night'. What part am I missing?

**Ms Rosengren:** Currently you have a congestion point coming in because you have the Pine River crossing, which is a narrowing of the Bruce Highway, then you have the expanding of the Bruce Highway where the ramps are coming in, and the North South Urban Arterial will link between that section of the Bruce to take local traffic off. So they do all interplay between through traffic and local traffic as well. There is interplay between those three elements of the works.

**Senator STERLE:** With the Queensland government's work, have you gone back to the Queensland government and said, 'How did you find that out?'

**Ms Rosengren:** From what I understand—and, as I said, I haven't seen the traffic modelling—there's traffic modelling needing to be done from a network perspective to understand how those projects will interplay and what the overall time saving or, as you're saying, issue may be.

**Senator STERLE:** Okay. We will see in 12 months time and ask how it's going then. Let's go down to Melbourne—the Hume Highway and Calder Freeway additional lanes and Wallan interchange. In 2019 the government announced \$100 million for additional lanes on the Hume and Calder freeways in Melbourne's north. I understand there is still no work happening at either of these locations.

**Ms Czajor:** I don't believe I have that information in front of me. I can take it on notice.

**Senator STERLE:** No, I will let you look, because the more you take on notice, the more we have to sit back, the more work you guys have to do, the longer it takes, and then it gets lost in Alice in Wonderland's office in the minister's part of Parliament House, and then we get it on the day of estimates—which has happened today. So I will give you the opportunity, because you shouldn't have to take this sort of stuff on notice. There's an army of people that come up from Civic, and you're too professional not to have that information at someone's fingertips, whether they're in this room, the one next door or the one after that, beside the Fantales bowl.

**Ms Czajor:** I'm sorry, Senator, I don't have any project information in front of me.

**Senator STERLE:** Okay. It's not personal, but someone has to come up now, because this is Senate estimates. We're not going to a fancy dress party. When you come up here, everyone, you know why you're coming up here.

**Mr Hallinan:** Senator, I think we're going to have to take it on notice. We've got the right people at the table.

**Senator STERLE:** Sorry?

**Mr Hallinan:** I think we're going to have to take this one on notice.

**Senator STERLE:** I tell you what, Mr Hallinan: I'm pretty laid back and relaxed, but my tether is getting very thin now. I'm not having a crack at you, but I am having a crack at you. Everyone is quick to jump in and defend the \$110 billion, or whatever the billion dollar spend is, a record amount—money off into the never-never—and no-one can answer me about a \$100 million spend in Victoria from 2019. It wasn't last century, for crying out loud.

**CHAIR:** Did you say 2009?

**Senator STERLE:** 2019.

**CHAIR:** I was going to say, I'd be pressed to think what I was doing in 2009.

**Senator STERLE:** I know what I was doing—I was sitting here arguing with this department.

**Ms Czajor:** Can I confirm—are you asking about the gap road to the M80 Ring Road on the Calder Freeway?

**Senator STERLE:** It says additional lanes and Wallan interchange. All I have is that it's the Hume and Calder Freeway, and it was a \$100 million announcement. It's not a project; I don't think there is a project at the moment.

**Ms Czajor:** No, I don't have that project information, Senator.

**Senator STERLE:** Then in August of last year, a further \$50 million was promised for an interchange at Wallan on top of it. Come on, gang, for crying out loud!

**Ms Czajor:** I do have a \$50 million Australian government funding commitment for the Calder Freeway. The total between the Calder and the Hume was \$100 million.

**Senator STERLE:** That's correct.

**Ms Czajor:** This project is the Calder Freeway-Gap Road to the M80 Ring Road, and it's a \$50 million Australian government contribution.

**Senator STERLE:** From August last year?

**Ms Czajor:** From budget 2019-20.

**Senator STERLE:** Yes—so it was announced in August last year.

**Ms Czajor:** Yes.

**Senator STERLE:** We've lost \$50 million somewhere, have we?

**Ms Czajor:** No, there will be a second project for the Hume Freeway—

**Senator STERLE:** Keep looking; take your time. I'm saving you a lot of work and my patience.

**Ms Czajor:** Senator, the preliminary planning is underway for the Calder Freeway. The completion of the strategic corridor plans and investment pipeline is expected in December 2022.

**Senator STERLE:** Thank you very much. What we have established is that we had an announcement in 2019 and nothing happened; we had another one in August last year, which is the other half of \$50 million. It was announced again, was it?

**Ms Czajor:** I have a second project on the Hume Freeway: Watson Street to the M80 Ring Road, which is another—

**Senator STERLE:** To what ring road?

**Ms Czajor:** The M80 Ring Road.

**Senator STERLE:** I don't know if that is the one.

**Ms Czajor:** This is the Hume Freeway \$50 million—together that's the \$100 million announcement. This project will deliver targeted upgrades on the Hume Freeway from Watson Street in Wallan. That's the one you are asking about, Senator.

**Senator STERLE:** Thank you very much.

**Ms Czajor:** It's currently in planning. We are expecting a delivery project proposal report in September 2021. We expect this to focus on upgrades to the Watson Street-Hume Freeway interchange. I understand the delay in this is because Victorian officials are considering this as a package with other M80 projects.

**Senator STERLE:** That's why we're looking at a three-year delay; the Victorian government is looking at—

**Ms Czajor:** It's a package with other projects on the M80.

**Senator STERLE:** How many other projects are there on the M80?

**Ms Czajor:** I don't know, but I can take that on notice for you.

**Senator STERLE:** You can take that on notice. We've got plenty of time before we see a shovel turned on that one.

I think I'm still in Victoria—Ballarto Road, Skye. Do you know that one? Is that in Victoria?

**Ms Czajor:** Yes.

**Senator STERLE:** A \$30 million upgrade to Ballarto Road in the electorate of Dunkley was promised in February 2019. Is that correct?

**Ms Czajor:** That's correct.

**Senator STERLE:** Thank you. I'm told that no work has been done. Does that fall into the same category as the previous project?

**Ms Czajor:** Scoping and development are under way. Prior to delivery commencing on this project, Victoria will need to discuss the scoping options with the department. I understand there are a number of options on the table for this. They will discuss those with us before they can proceed with the delivery PPR. We will probably give advice on the preferred scope.

**Senator STERLE:** When do we think this one is going to kick off?

**Ms Czajor:** I have a to-be-determined start date, but a late 2023 finish.

**Senator STERLE:** According to some tables that were provided to us at senate estimates previously, the project's description has changed from: 'This project will upgrade Ballarto Road in Skye in 2020' to 'This project will undertake scoping of the required works in order to upgrade Ballarto Road in Skye in 2021.' How do we go from announcing in an election year that this is going to happen to two years later now talking about scoping? How does that happen?

**Mr Hallinan:** For some of these projects, we've had to negotiate with the jurisdiction. If they weren't part of the jurisdiction's forward work plan, we've had to work with them to put them into the forward work plan and try to make sure that they work in keeping with the jurisdiction's work program.

**Senator STERLE:** Mr Hallinan, thanks for that. I know the fight that I had with my good mate Smoky Dawson in WA over getting funding for truck bays—no-one makes those announcements until the state government says, 'This is what I want to do,' and then you all get together and have your sessions and then the outcome is the responsible announcement. But this is all just announcement after announcement after announcement, putting the blame back on the states and nothing getting done in an election year. You can take it as a comment; you can add to it if you want to. I suppose you don't want to.

**Mr Hallinan:** I wouldn't characterise what I've said as putting the blame on the states. It is a negotiation between us and the jurisdiction.

**Senator STERLE:** I understand. But announcement after announcement after announcement—how does a responsible minister make an announcement in an election year without even talking to anyone else who's going to be part of it. Is it just me, Senator McCarthy?

**Senator McCARTHY:** No.

**Senator STERLE:** It's not me. Okay. How much are you spending on the scoping?

**Ms Czajor:** For Ballarto Road?

**Senator STERLE:** Yes. I did say it earlier on. Was it \$30 million?

**Ms Czajor:** It's a \$30 million commitment. I don't know how much will be spent on it. That will come with the PPR.

**Senator STERLE:** How much do we normally spend on scoping? Do we normally spend \$30 million on scoping?

**Ms Czajor:** It depends on the size of the project. I wouldn't anticipate that this expected upgrade would cost \$30 million for scoping.

**Senator STERLE:** Alright. We'll go to the Princes Highway, Milton Ulladulla bypass. Is it a musical chair?

**Ms Czajor:** Yes.

**Senator STERLE:** Do you look after different states?

**Ms Legg:** Yes.

**Senator STERLE:** Hello, Ms Legg; long time, no speak.

**Ms Legg:** Hello.

**Senator STERLE:** I'll let you get your paperwork sorted. The Princes Highway, Milton Ulladulla.

**Ms Legg:** Under 'P' for Princes, not 'M' for Milton.

**Senator STERLE:** If I'd have said that—anyway, I was having flashbacks. The government committed \$400 million towards this bypass. Is that correct?

**Ms Legg:** That's right.

**Senator STERLE:** But we can't find a specific line item for this in the budget papers. Can you point me to where that may be?

**Ms Legg:** I may have inadvertently, with my little joke, answered the question. It may be under the Princes Highway corridor because it's funded out of the Princes Highway commitment.

**Senator STERLE:** So where will I find it?

**Ms Legg:** It was a 2019 commitment.

**Senator STERLE:** It falls in that bracket. Okay.

**Ms Legg:** So it's not in the recent budget.

**Senator STERLE:** Alright. I can see the pattern here. Have we got a Milton Ulladulla bypass project underway for \$400 million?

**Ms Legg:** We do. It's a \$400 million commitment from the Australian government and \$100 million from the New South Wales state government. It was announced ahead of the 2019 federal election. In November 2019, the project's underway. In November last year, 2020, New South Wales announced the preferred bypass option with community feedback received between November and February this year. There were a high number of submissions received during the consultation period. The next step is for Transport for NSW to consider the feedback, prepare a consultation report and commence the work on the environmental impact statement. The concept design and environmental assessment tender was awarded on 9 March this year. Further delivery time frames will be refined during the planning, and construction's expected to commence early 2022, with completion in mid-2025.

**Senator STERLE:** We start in 2022. So we haven't had a rock turned over or weed pulled out; we're still doing the paperwork?

**Ms Legg:** It's a significant planning project.

**Senator Reynolds:** It's important paperwork.

**Senator STERLE:** I agree. All this paperwork I understand, but there's a trend. I'm seeing big announcements, big announcements, big announcements.

**Senator Reynolds:** We're getting a lot done.

**Senator STERLE:** The truth of the matter is that there was no follow-up. Three years later we're still talking about hopefully starting by 2022. Okay, right, that will do for me. I want to talk about inland rail. Senator Watt.

**Senator WATT:** Can I ask a couple of questions about Queensland projects?

**Senator STERLE:** Please do, mate. I can have a sip of my green tea.

**Senator WATT:** I'll start with a couple of projects around Cairns, first of all, the upgrades to the Captain Cook Highway. Prior to the 2019 election, the federal government announced \$287.2 million towards the upgrade of the Captain Cook Highway. Can you please provide a funding breakdown for that \$287.2 million over the forward estimates, year by year.

**Ms Rosengren:** I don't have the forward breakdown of that with me.

**Senator WATT:** Is it likely that that will be included in the big document that was tabled earlier today?

**Ms Rosengren:** Yes, it will be.

**Senator WATT:** Okay, we'll have a look at that. Are you able to confirm when works are expected to commence on this project?

**Ms Rosengren:** Yes. For the Cairns Ring Road, early works have commenced. I'll just have a look there on where that is. I think it's around Kate Street. I'm sorry; I'm not a—

**CHAIR:** I can confirm that works have commenced. They're clearing the cane fields. There's all sorts of activity, and the works around Cairns are many and varied. It's very exciting, because, as you'd know, it was a real bottleneck getting out of Cairns going north up the Kuranda Range.

**Senator WATT:** It still is.

**CHAIR:** No. If you'd been there recently—

**Senator WATT:** As I have.

**CHAIR:** they've opened that new section, and it's now much faster. Sorry to interrupt.

**Senator Reynolds:** Thank you, Chair.

**Ms Rosengren:** Kate Street is actually to the south of the southern end of Cairns.

**Senator WATT:** So it's not that one.

**Ms Rosengren:** No, but that one is underway as well.

**CHAIR:** That's where they're clearing the cane fields.

**Ms Rosengren:** No. There are early works on both the ring-road and the Cairns Southern Access Corridor at Kate Street.

**Senator WATT:** Previously, media releases had said that early works between Airport Avenue and James Street were expected to start in September.

**Ms Rosengren:** That's right. That's the ring-road. The early works are underway to enable that full main construction before the end of the year.

**Senator WATT:** Okay. For the bottlenecks that occur further along the highway, from the airport through to Smithfield—which I know well; I've been caught in them myself—when can motorists expect to see work commence there?

**Ms Rosengren:** My understanding is that there are still planning and scoping works to understand what the next priorities of works to be undertaken there are.

**Senator WATT:** It's still in planning?

**Ms Rosengren:** Yes. There's still work to identify what those next priorities will be.

**Senator WATT:** Again, media releases that have been issued about this say that the major construction business case for the larger package of works on this project is due for completion by mid-2022, with construction expected to commence in late 2022, weather permitting. Does that sound about right?

**Ms Rosengren:** That's right. Again, there'll be issues as well with making sure that we manage the sequencing of those works.

**Senator WATT:** Does that mean we're not likely to see a shovel in the ground for that stage, from the airport through to Smithfield, until the end of next year, at best?

**Ms Rosengren:** That's right. As I said, it's sequencing, as you'll be aware. We've started at one end, and we're trying to do the works in a logical manner, working back in towards Cairns.

**Senator WATT:** Okay. The Cairns Western Arterial Road was a new commitment announced in May this year—\$240 million. Will the documents that you provided today give us a funding breakdown, year by year, on that?

**Ms Rosengren:** Yes, but I actually have that in front of me. We expect to be spending \$5 million Australian government dollars in 2021-22; \$15 million in 2022-23; \$20 million in 2023-24; \$26 million in 2024-25; and then \$174 million in the outer years.

**Senator WATT:** Beyond 2025?

**Ms Rosengren:** 2025-26 and beyond.

**Senator WATT:** We're due for another federal election in the next 12 months, and there'd actually be another one before the bulk of the funding for this project would be delivered. So it's actually two elections away before we will see the bulk of the funding actually spent for this Cairns Western Arterial Road.

**Ms Rosengren:** I think it's reflecting the fact that planning works, environmental approvals and other regulatory checks need to be undertaken, which is why we're ramping up the funding in the next few years. The aim is for construction to commence in late 2022 or early 2023. That is what the state has suggested is the time frame for starting construction.

**Senator WATT:** Yes. And I understand that with any big road project there is planning work that is going to be done, but it is a statement of fact that the bulk of the funding—\$174 million of the \$240 million—will not be spent until 2025-26 onwards, which is two elections away.

**Ms Rosengren:** We work on the profiles with the state in terms of likely delivery, but that will be reviewed once we go through the planning and the approval process. The announcement's just been made on that one.

**Senator WATT:** The announcement that was made by the government regarding the Cairns Western Arterial Road said:

This project forms part of the more than \$1.2 billion in Cairns infrastructure projects the Morrison Government has funded which are either currently underway or due to start within the coming months.

Are you able to tell us what these \$1.2 billion worth of infrastructure projects in Cairns are?

**Ms Rosengren:** The Cairns Ring Road project, which we've spoken about, and the Cairns Southern Access project are underway. Work on the Kuranda Range ITS is also due to start. I believe that will start in June or July this year as well.

**Senator WATT:** I want to come back to this point about the Captain Cook Highway. While I drive on the roads around there, I don't claim to be a local. My understanding is that that road is the one that runs north of the Cairns CBD.

**Ms Rosengren:** That is correct. That's heading north.

**Senator WATT:** So, can we be really clear: what suburb is Kate Street in?

**Ms Rosengren:** Kate Street is actually the southern access road. That's why I corrected what I'd said before. It's part of the Cairns Southern Access project. Then we have the Captain Cook Highway, which is the highway running to the north, and then the investment on the Kuranda Range, which comes off the Captain Cook Highway.

**Senator WATT:** Okay. Senator Green, who knows this road better than any of us, is I think going to come over, so I might just let her deal with this, rather than me, while I ask about a couple of other ones. The Beams Road extension—Senator Rennick, who was just here, would probably know a bit about that. Again, that was an announcement made by the government some time ago. It had a total estimated cost of \$72.6 million, with a \$50 million contribution from the Commonwealth. Are you familiar with the project I'm talking about?

**Ms Rosengren:** Yes. There are two projects on Beams Road. One is the extension. I believe that's the one we're talking about here.

**Senator WATT:** It's to upgrade Beams Road between Lacey Road and Handford Road in Carseldine.

**Ms Rosengren:** Yes.

**Senator WATT:** And that's the one where there's a \$50 million contribution from the Commonwealth?

**Ms Rosengren:** There is, yes.

**Senator WATT:** Some of the government documents about this, or the website, say that the project is supposed to start in early 2021. But it also says, in a different part, that it's supposed to start in late 2021. Do you know which is correct?

**Ms Rosengren:** That project's been approved and is due to start—construction on ground—in late 2021, but the planning works have been underway for that.

**Senator WATT:** So, late 2021 is when it'll start.

**Ms Rosengren:** That's right.

**Senator WATT:** With completion during 2024.

**Ms Rosengren:** That's correct.

**Senator WATT:** This project was I think first promised in 2018. Is that correct?

**Ms Rosengren:** My understanding is that it was part of the 2019 election commitments.

**Senator WATT:** Maybe it was the 2018-19 financial year that it was promised. But there's still planning underway, so no work has begun on this project?

**Ms Rosengren:** Yes. The complicating factor is a level crossing in there, and there's been a more recent Australian government commitment for the level crossing removal works, which interplay within that same section of work. There's an additional \$50 million of Australian government funding for that level crossing removal.

**Senator WATT:** Now that Senator Green's here, I might just pop back to the Captain Cook Highway. There was some confusion about different projects in and around Cairns. We've dealt with the newly announced one, the Cairns Western Arterial Road, where, it turns out, most of the funding won't happen until two elections away. The Captain Cook Highway, which runs north from the CBD—I think you initially told us that works had begun there.

**Ms Rosengren:** Early works have commenced on the Captain Cook Highway to enable main construction to be underway before the end of the year. There are also works on a separate project called the Cairns Southern Access roads. Early works are underway on stages 2 and 3 and then there's sequencing to do further works for stages 4 and 5.

**Senator GREEN:** Putting the Cairns Southern Access road aside—that's a separate—

**Ms Rosengren:** Yes, that's right—north and south.

**Senator GREEN:** You said early works on the Captain Cook Highway have started. Whereabouts?

**Ms Rosengren:** I'd have to come back to you with the exact location. Early works include service relocations, land-clearing and geotechnical work—the preparatory elements to make sure the construction company can come on site and commence the full construction, which is expected between September and the end of the year.

**Senator GREEN:** The TMR website doesn't say that. I drive on that road to work every day and there are no early works that I can see. If there are survey things that are off to the side and people can't see them, that would make more sense. But that's not busting congestion in the way the government said they would at the last election. The TMR website says there may be early works in September, weather permitting, and that the rest of the construction will actually happen next year.

**Ms Rosengren:** I'm happy to confirm that on notice. Obviously we've been restricted in our ability to go up to Cairns this year. What has been reported to me is that early works have commenced. You might not necessarily see people currently on site, but we've been told early works are being conducted now to enable construction to start before the end of this year.

**Mr Hallinan:** We'll take that on notice and confirm it with TMR.

**Senator GREEN:** It's a bit of a concern that you've got different information from what TMR have on their publicly available website.

**Mr Hallinan:** They might not have updated it.

**Ms Rosengren:** And it may be also the definitions of what early works are. I'm happy to come back to you and say exactly what's happening for that project.

**Senator GREEN:** I can tell you that the congestion is still there; there has been no busting of congestion. It would be good if you could take it on notice to understand what is meant by 'early works' and when construction will actually begin. And it would be good to understand whether there has been a change in the dollar figure as well, because I've heard that the original estimates might actually have been a bit undercooked. Do you have any information about changes there?

**Ms Rosengren:** We have not received any submission to increase the Australian government's commitment to that project.

**Senator GREEN:** This was a key commitment from the government at the last election—I would suggest that it was the main commitment from the local member—and there's not a lot of information about what's going on and when people are going to start seeing some construction that will benefit them.

**Mr Hallinan:** We've provided our best estimates for when that will occur and we've committed to take on notice some questions on TMR. I would make the point that we work off a 10-year infrastructure pipeline because it takes time to identify, develop and then build the infrastructure program. We are feeding that into jurisdictional work plans, and we need to do that in a negotiated way with our colleagues in the jurisdictions.

**Senator GREEN:** I'm fully aware of the plans and that's not what's been conveyed to people living in Cairns. So there's a discrepancy there between what you're planning and doing, and working effectively to make sure that there's a pipeline of activity and a media release from the local member that says they're going to bust congestion. People are still waiting in traffic.

**CHAIR:** There's a significant amount of work happening in Cairns. One thing that I think we can all agree—

**Senator GREEN:** I live there! I know exactly what's happening, and I know it takes an hour and a half sometimes to get to work in a regional town!

**CHAIR:** No, I don't disagree there is a huge amount of roadworks, which is why—

**Senator GREEN:** They're not roadworks. This is not roadworks. I live there; I'm not even debating this with you. People are just sitting in traffic—

**CHAIR:** I'm certainly not debating it either, Senator Green, I was just commenting on the amount of work that I see on the road. Do you have any more questions for the department?

**Senator GREEN:** It's not in the Leichhardt electorate, I can tell you.

**CHAIR:** Do you have any more questions?

**Senator WATT:** We do. The Stanage Bay Road Upgrade that was announced by the government at the last election: where are we up to on that one?

**Ms Rosengren:** That's been approved and works are underway.

**Senator WATT:** Works have started there?

**Ms Rosengren:** Yes they have.

**Senator WATT:** Not early works?

**Ms Rosengren:** No, no.

**Senator WATT:** Real works that people can see?

**Ms Rosengren:** That's right, yes.

**Senator WATT:** It's a bit of a remote location, hence my questioning.

**Ms Rosengren:** Yes.

**Senator WATT:** It's not one of those ones that people drive on every single day. I don't know the exact name of this project, but there was also an election commitment for a level-crossing upgrade—I think it was in Lindum?

**Ms Rosengren:** Yes.

**Senator WATT:** Which is in the Wynnum area of Brisbane.

**Ms Rosengren:** Yes.

**Senator WATT:** Where are we up to on that one?

**Ms Rosengren:** We've been working with Brisbane City Council and Queensland to undertake a rapid assessment of project works that could be undertaken. It's to address a fatality that occurred earlier this year, I think.

**Senator WATT:** Okay but, again, work hasn't started there?

**Ms Rosengren:** No. They've done the initial planning. That has identified a series of medium-, short- and long-term solutions, and we're now engaging. Obviously, the Australian government has funding available, \$85 million, for the construction works. We're waiting for BCC and TMR to come back with what the best immediate short-term solutions are that could be implemented to address the safety concerns.

**Senator WATT:** When are we likely to see work start on that one?

**Ms Rosengren:** My understanding is that Minister Fletcher and Minister Bailey have made commitments to get works underway this year for those immediate short-term fixes.

**Senator WATT:** Okay. And the Rochedale Road-Priestdale Road intersection?

**Ms Rosengren:** Let me just have a look.

**Senator WATT:** I'm going to guess it's still at the planning stage, so my main interest is when work will start.

**Ms Rosengren:** Rochedale-Priestdale has been approved. We're expecting works to commence in September this year. That's a signalisation of an intersection work.

**Senator WATT:** Okay. I might leave it at that, given the hour. Senator Sterle, did you have—

**Senator STERLE:** No, I'm finished here. I just wanted to get to the Inland Rail.

**Senator WATT:** Yes, we're there. Thank you Chair, are you okay for Senator Sterle to keep going?

**CHAIR:** Right, yes.

**Senator WATT:** We won't be too much longer.

**Senator STERLE:** There's just a couple of things I want to ask. This won't take me long.

Hello again, Ms Hall. Inland rail—or, as I call it, the 'Monty Python's Flying Circus longest line of rust in the Southern Hemisphere' project. But anyway, you know what I'm talking about. It's been an interesting whirlwind couple of years on this inquiry around the Inland Rail. Still to this stage, Ms Hall, we have no idea of where this rail is going to terminate. We still don't know where it's going to start. You would have heard the latest round of hearings, down in Melbourne, where we were told that, obviously, Acacia Ridge is now not the dream finishing point. Can you tell us where this project is going to terminate as it's heading north out of Victoria?

**Ms Hall:** I might ask my colleague, Ms Hallam, to come up. Ms Hallam and I share the end and start of the railway line.

**Mr Hallinan:** Are we talking about the north or the south?

**Senator STERLE:** Sorry?

**Mr Hallinan:** Are we talking about the north and south?

**Senator STERLE:** The north end. Where's it going to terminate in Queensland?

**Ms Hall:** It goes to the questions that we took at the inquiry in Melbourne. We were talking about the response that Ms Hallam gave about a study we're doing into where the terminal might be in Queensland. So Ms Hallam might be best placed to answer this question.

**Senator STERLE:** Sorry, Ms Hallam, I'll help you out there. After 12 years of screaming and carrying on, it's finally sunk into the government's head that Acacia Ridge is ridiculous and it's not going to happen. Is this railhead going to get to the port or stop halfway along the track?

**Ms Hallam:** I will preface any comments by saying the intergovernmental agreements entered into between the Commonwealth and the states have marked an indicative alignment, which in the south finishes at Tottenham and in the north finishes at Acacia Ridge, and this is subject to the final alignment being confirmed between both parties. We are currently looking at five intermodal sites in the north.

**Senator STERLE:** Where it's going to terminate?

**Ms Hallam:** Where Inland Rail might terminate. Acacia Ridge is one of those.

**Senator STERLE:** That's not going to happen; anyway, keep going.

**Ms Hallam:** Other sites include Bromelton, Ebenezer and two sites in Toowoomba. That work on the intermodal terminal business case has only recently commenced, so it's unlikely we would be in a position to confirm a location within the next few months. It'll be a bit closer towards the end of the year, I would imagine.

**Senator STERLE:** I was aware of that, but I didn't know if there were any other reports you were provided with. Is this just a brand-new start from scratch—after all my years of screaming and carrying on—a whole new ball game, as of two or three weeks ago, in Melbourne?

**Mr Hallinan:** It was a few weeks ago, yes.

**Senator STERLE:** But there were no other reports around, nothing else that pooh-poohed Acacia Ridge?

**Ms Hallam:** No. There was a commitment by both governments to undertake an intermodal terminal business case, and that started late last year. The Queensland government is leading that activity and we're contributing funding.

**Senator STERLE:** In that case, there's not more I can add. I am rejoicing to hear that finally someone has listened.

**CHAIR:** That is terrific news, Senator Sterle. That completes our section on infrastructure. Please go with our thanks.

**Senator STERLE:** No, there's Western Sydney airport!

**CHAIR:** No, Western Sydney airport is tomorrow at 3.15, Senator Sterle. We're doing a whole section on it.

**Senator STERLE:** No, we've got a couple of questions for the department on Western Sydney airport. It won't take long.

**CHAIR:** Okay, don't go anywhere!

**Senator STERLE:** Senator Watt, do you want to talk about Western Sydney?

**Senator WATT:** I'm more than happy for you to do it.

**Senator STERLE:** Alright. There was a recent media report about some educational material designed for primary schoolchildren, are you aware of that?

**Ms Hall:** Yes.

**Senator STERLE:** Okay, I'll just get straight to it. Who asked the department to prepare this material for the primary schoolchildren to talk up the benefits of the project?

**Ms Hall:** I might just ask Mr Whalen to come to the table for a second.

**Senator STERLE:** He's shaking his head and saying no. He doesn't want to put his head in the noose! I was trying to deflect that. Did he tell you no, he doesn't want to come up, and you're going to cop that?

**Ms Hall:** No, he didn't say that. He said it was in a different area before his time. I will come back to you in the next five minutes on that.

**Senator STERLE:** We'll wait, that's alright. You do that. That's not a problem.

**Ms Hall:** I'm happy to go to the next question.

**Senator STERLE:** Let's turn to an article that was published in the *Guardian* last month that revealed the department had purchased environmental offsets for Western Sydney airport from organisations and individuals who have consulted for the government on projects in question. I believe there was a total of \$4 million spent. Am I right on that?

**Mr Hallinan:** I think we traversed this earlier in the day.

**Senator Reynolds:** Senator Rice asked these questions—

**Senator STERLE:** She did ask them earlier?

**Senator Reynolds:** Yes, she did.

**Mr Hallinan:** Yes, we had the relevant officials here earlier. I can give you a very short run-down, if you like?

**Senator STERLE:** It's up to you. If we've got it on the record, if it takes a very short time, while we're waiting for—

**Mr Hallinan:** It is on the record. The department has reviewed the arrangements in place. There were conflict-of-interest declarations made. There was an EOI and tender process with probity advice provided by the Australian Government Solicitor. We've had a look and we don't think there's a substantial concern of wrongdoing but we've also referred the matter to an independent assurance review, which we should be able to provide some information on at the next estimates round.

**Senator STERLE:** Great, that's fantastic. For the sake of it—I don't want to see the officers having to go to all this work which they don't need to, Chair; I only have 2½ to five minutes left here.

**CHAIR:** You've had the call for—

**Senator STERLE:** I could bag out the Inland Rail project while we're waiting! Do you want me to do that?

**Ms Hall:** No!

**Senator STERLE:** This has been a good inquiry—this committee has done a lot of good work on that.

**CHAIR:** It has been a fascinating inquiry. It has helped to shape the ARTC's view of the project going forward. It's been useful.

**Senator STERLE:** Just while we're waiting I'll ask you this: as part of the fine work that's now been committed between the two governments to find a sensible outcome for where the Inland Rail may conclude, is the port one of those? No, the port isn't on that list, is it? You gave me Ebenezer, Bromelton and two sites in Toowoomba.

**Ms Hall:** No, there might—

**Mr Hallinan:** No. We're also doing port connection studies both with Queensland and Victoria.

**Ms Hall:** Yes, exactly—Victoria.

**Senator STERLE:** Port connection studies. Where are the ones in Melbourne? They make sense, because that's a lot easier. But what do you have in Brisbane?

**CHAIR:** I think we're waiting on the Queensland government to release the port connection study, which everybody is, literally, holding their breath over.

**Mr Hallinan:** That would move into an—

**Senator STERLE:** I'm not sure—

**Mr Hallinan:** Once released, we'd move into a second stage, where Queensland would test the market for potential options for port connections, depending on where the terminal is.

**Senator STERLE:** Sure. I'll take whatever bets you want—they aren't going to get it to the port. But, anyway. Hello, Ms Hallam! Are you right now?

**Ms Hallam:** I'm not happy to articulate further on where the Port of Brisbane is up to, but I will take that from my colleague!

**Senator STERLE:** We just had a whisper in the ear, and so we might be onto something.

**Ms Hall:** I understand that it was at the initiation of the department on some advice from a consulting company that it had at the time.

**Senator STERLE:** Sorry, it came from—

**Ms Hall:** The department.

**Senator STERLE:** The department. How did you determine what material was appropriate for children of this age?

**Ms Hall:** I understand—and I'll confirm this in writing for you—that they worked with a number of consultants and others, and worked with a training organisation, I believe, to make sure that it was appropriate. Then they also discussed things with relevant education providers.

**Senator STERLE:** So there were a number of consultants—and you'll provide us with who those consultants were?

**Ms Hall:** I'll provide you with whatever I can on notice.

**Senator STERLE:** Okay. And that notice doesn't need to go for six months—you can get back to us—

**Ms Hall:** No, I can get back to you.

**Senator STERLE:** That's great. You also said education—what did you say?

**Ms Hall:** I believe it was some education providers—RTOs. But I'll double check on that for you.

**Senator STERLE:** RTOs always scare me but, anyway, we'll find out who they are as well. In saying that, there are some good RTOs and there are others who are just out there to collect the rent. Alright—you'll help us out on that one?

**Ms Hall:** Yes.

**Senator STERLE:** Could you also tell us how much it would cost to prepare the material?

**Ms Hall:** Yes, absolutely—very happy to do that.

**Senator STERLE:** Thanks very much. Guess what?

**CHAIR:** Thanks, Senator Sterle. Last bids? All done! All finished, and infrastructure is complete. Thank you. We'll move to regional.

[20:30]

**CHAIR:** I now call representatives from the regional divisions. Senator Abetz, do you have a question for this section?

**Senator ABETZ:** Just a point of clarification, if I may. The committee may recall I asked a number of questions earlier today, and I understand this section is briefed on those, but all the questions will need to be taken on notice, given that the questions I asked are of a historical nature. I just wanted to put that on the record and thank the officials for the advice, and I look forward to the answers being provided on notice.

**Dr Bacon:** We are very happy to take the questions on notice. We'll endeavour to come back to you shortly.

**Senator ABETZ:** Thank you.

**Senator McCARTHY:** I'd like to go to the Barkly Regional Deal. How much of the total \$78.4 million has been expended on the Barkly Regional Deal?

**Mr Faris:** At the last estimates we reported on the funding expenses to date. I can update you today on what has happened since then. Last time we reported: a \$2 million milestone payment for the Tennant Creek visitor park; around half a million dollars spent on an airstrip upgrade at Alpurrurulam; \$700,000 expensed to Sport Australia in support of a community sport initiative.

**Senator McCARTHY:** Whereabouts in Tennant Creek itself?

**Mr Faris:** That community sport initiative covers both Tennant Creek and the broader Barkly; I know they've been out on the road in the last few weeks. There is \$250,000 to AHL—Aboriginal Hostels Ltd—for an affordability trial for their hostel in Tennant Creek; \$330,000 to support a community mediation initiative; \$335,000 to support local community governance; half a million dollars for the first milestone payment for the Barkly business hub; and \$100,000 for scoping work on a student boarding facility. Since then, there have been two further payments approved: \$1 million as a milestone payment to support the local community projects fund, now that that fund is open; and another \$0.8 million as a second milestone payment for the Barkly business hub.

**Senator McCARTHY:** I'll go to some of the figures you've just raised there. What's the total of all that so far?

**Mr Faris:** I don't have that specifically. I could do it for you quickly. I should also note—

**Senator McCARTHY:** I think I may have missed some of the figures there. If you can get anyone listening in your team to provide that, that would be good.

**Mr Faris:** No problem; happy to do that.

**Senator McCARTHY:** On some of the specific projects: the weather radar has been long awaited in Tennant Creek. Has work on the installation of that started?

**Mr Faris:** The Bureau of Meteorology undertook their initial site visits in January, and now they are undergoing community consultation on the proposed site.

**Senator McCARTHY:** So that's all it is at the moment—just visits?

**Mr Faris:** That's correct. That is in line with our planning and implementation plan, which was published in February. I think there are only one or two providers globally of the particular radar technology. The order has been placed for the radar; the Northern Territory government signed a MOU with the bureau a few months ago. We're now in the queue waiting for the radar technology to arrive.

**Senator McCARTHY:** When is the installation expected to be completed?

**Mr Faris:** My guess is 2023, but I can check that against the implementation plan, which is public, and come back to you before this session is closed.

**Senator McCARTHY:** That would be good. I thought it was 2021-22. If you could confirm that, that would be good.

**Mr Faris:** Sure.

**Senator McCARTHY:** You spoke about the student boarding accommodation. You said there were scoping works for that. Is that all that's been done so far?

**Mr Faris:** To date, yes, that's right.

**Senator McCARTHY:** What's your time line in terms of the boarding accommodation?

**Mr Faris:** Again, I might check it for you and come back in this session. I know that the community was keen to stagger the investments in the Barkly deal so that as much of the contracts as possible could be captured locally. I will check and come back on that.

**Senator McCARTHY:** How many students is it to accommodate?

**Mr Faris:** From memory, it's 40 students.

**Senator McCARTHY:** What's happening with the provision of social and affordable housing? I think you had \$250,000 for AHL.

**Mr Faris:** Yes.

**Senator McCARTHY:** That would be your social and affordable housing?

**Mr Faris:** I know that the Northern Territory government has been there, and we visited the Barkly in April. There were a number of new houses that had been built in the community living areas. We also visited—which was specifically under the deal—a new set of townhouses for government employees, which was going to free up and return between eight and 10 houses to the public housing stock. So those initiatives have been progressed.

**Senator McCARTHY:** That's on top of the AHL, though?

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

**Senator McCARTHY:** The Barkly Regional Deal is the first regional deal in Australia. It is a 10-year, \$78.4 million commitment. I want to check where we're at with it at the moment. If you can get those figures back to me, in terms of the total, that would be good. I missed one or two of your figures there, so I would appreciate that, if that's okay?

**Mr Faris:** Yes.

**Senator McCARTHY:** Would you also be able to give us an update on the Darwin City Deal, or is that someone else's role?

**Dr Bacon:** That's someone else, but we have colleagues here who can answer your questions about the Darwin City Deal.

**Senator McCARTHY:** Just an update, if someone can quickly provide that, before I go on to Christmas Island. Hello, Mr Mackay. What's the latest with the Darwin City Deal?

**Mr Mackay:** Going back to the beginning of this year, the 2020 annual progress report for the deal is out. Construction of the centrepiece project, the education and community precinct, is well underway. Excavation of the basement carpark was completed in April 2021. The next phase of that construction work is expected to commence in July, and run through to late 2023. We also understand that the Department of Defence has completed its environmental and heritage investigations relating to the Stokes Hill project.

**Senator McCARTHY:** What will it do with that report?

**Mr Mackay:** The next step, as I understand it, is for our Defence colleagues to share the results of that detailed investigation with the Northern Territory government, to work out the next steps on that site. Subject to the outcomes of that work, the Northern Territory government will then develop the master plan for the site.

**Senator McCARTHY:** So you're not waiting for anything directly from Defence yourselves?

**Mr Mackay:** No.

**Senator McCARTHY:** Is there a time line for that master plan?

**Mr Mackay:** I would need to take that on notice. The master plan will be developed by the Northern Territory government rather than by the Commonwealth.

**Senator McCARTHY:** But does the Commonwealth expect that plan to be done in order to achieve some of the outcomes around the city deal?

**Mr Mackay:** Yes, it's part of that redevelopment of the Stokes Hill site. I will take the time frame question on the master plan on notice for you.

**Senator McCARTHY:** Thank you very much, Mr Mackay. I would like to go to the casino licence for Christmas Island.

**Dr Bacon:** We have relevant officers for that, but I can probably also help with your questions.

**Senator McCARTHY:** In relation to the issuing of a casino licence for Christmas Island, what issues have the department been considering?

**Dr Bacon:** We've looked at a range of issues and explored a number of the issues that would be required to be resolved if a casino licence were to be issued. I'm just checking the detail here in my brief. The latest update on that is that the Australian government has now thoroughly considered the issue of casino licensing for Christmas Island and has determined not to proceed with an integrated resort with casino licence.

**Senator McCARTHY:** On what grounds?

**Dr Bacon:** The regulatory, legislative, and monitoring challenges of a casino in a remote location such as Christmas Island are high risk and, on balance, outweigh possible economic benefits.

**Senator McCARTHY:** And yet there have been numerous reports done on Christmas Island.

**Dr Bacon:** There have been a number of reports over a number of years, both on the issue of a potential casino licence and more broadly, which I think is really what the report is about, and the underlying issue of economic diversification on Christmas Island. As you know, it's a very small economy and it is very remote. Over the years a number of reports have looked at the options for diversifying the economy, making the population and the local economy on Christmas Island more sustainable. There have been, both in this most recent budget and in previous budgets, a range of measures that have been announced and that we're working on delivering that would go to those outcomes of diversifying the local economy on Christmas Island.

**Senator McCARTHY:** Have you seen the Christmas Island casino facility?

**Dr Bacon:** Yes.

**Senator McCARTHY:** What did you think of it?

**Dr Bacon:** In terms of describing factually what the buildings are actually like, it's been quite a while since they were used, so while they're mostly watertight, I think, the general consensus was that there'd be a huge amount of work to make the buildings viable. It would need that investment to make the buildings usable again.

**Senator McCARTHY:** What conversations have taken place with the Christmas Islanders themselves in relation to this decision not to go ahead with it?

**Dr Bacon:** There have been a range of community engagements over recent months and recent years in relation to the question of a casino licence, and there are mixed views in the community.

**Senator McCARTHY:** Could you give me the time line of the meetings that you've had?

**Dr Bacon:** I might see if my colleague Ms Vandebroek has any details about the time frames of engagement. I think there was more engagement 18 months ago. There's also been some informal market soundings.

**Mr Atkinson:** This conversation has been over many, many years.

**Senator McCARTHY:** Which is why it has been so frustrating for the Christmas Islanders, who have been asking for it report after report after report, and had been given a green light and now suddenly the rug has been pulled out from under them. They are really disappointed.

**Dr Bacon:** The decision hasn't previously been made. The issues have been thoroughly explored and thoroughly assessed on the basis of a fair bit of evidence around what the potential benefits versus the potential costs and risks might be. I think I mentioned earlier that it's off the back of quite comprehensive and detailed analysis as well as engagement with the community and those previous reports. All of those factors have been weighed very carefully and the government has decided not to proceed.

**Senator McCARTHY:** If you could provide the engagement consultation time line, that would be really good, Dr Bacon.

**Dr Bacon:** Sure.

**Senator McCARTHY:** Did the department come up with a final proposal and recommendation for consideration to the Australian government?

**Dr Bacon:** We provided advice into budget cabinet processes, off the back of some quite extensive analysis working across government. We provided that advice as part of the budget cabinet processes.

**Senator McCARTHY:** Okay. Was that a proposal to issue a licence or to continue the process?

**Dr Bacon:** That probably goes to the content of the advice that we provided to cabinet, which is difficult for us to talk about.

**Senator McCARTHY:** Alright. I'd like to put this question to you: was the proposal to issue a licence, to continue the process to possibly issue a licence in the future or to not issue a licence now or into the future, and did the department give reason for this as a final proposal?

**Dr Bacon:** We can take that on notice.

**Senator McCARTHY:** Okay. When was the information, that it was not going ahead, provided to the Christmas Islanders?

**Dr Bacon:** I might see if my colleague Ms Vandebroek has the date.

**Ms Vandebroek:** Within a day or two after the budget, there was a budget media release, which included—in that media release—that there wasn't going to be a casino licence going ahead.

**Senator McCARTHY:** The minister put out a media release. Was there any direct communication with the Christmas Islanders, in particular the tourism operators on Christmas Island, the Christmas Island shire and other interested stakeholders?

**Dr Bacon:** We have staff on Christmas Island, and there's also the administrator, who is a Commonwealth appointee, on Christmas Island. Ms Vandebroek?

**Ms Vandebroek:** Can I add to that? We did a market-sounding process last year, and we had either eight or nine respondents. I can check the exact number. Each of those parties was written to in order to advise them that the licence wasn't going ahead. They were who we considered to be the interested parties, so they were all advised.

**Senator McCARTHY:** Was the fact that you have a detention centre on Christmas Island a reason that you didn't pursue this opportunity for tourism in terms of the casino?

**Dr Bacon:** The operations of the detention centre didn't feature in the factors that were assessed, to my recollection.

**Senator McCARTHY:** They didn't come up, at all, in any of your advice to the government?

**Dr Bacon:** Consistent with what Ms Vandebroek was saying about the market soundings that had been undertaken, we were looking more at the commercial markets, the state of the market post COVID in relation to casino operations and more of those commercial factors.

**Senator McCARTHY:** You made it in complete isolation of the fact that you have a detention facility on Christmas Island?

**Dr Bacon:** We weighed up all of the relevant factors.

**Senator McCARTHY:** Okay. I might just take you to the Cocos (Keeling) Islands, while we're on the Indian Ocean territories. Has the department provided a response to the shire council, one way or the other, about the shire's house-swap proposal?

**Dr Bacon:** Does this refer to Government House, on the Cocos Islands? Is that what you're thinking of there?

**Senator McCARTHY:** I know the Cocos shire has put a proposal to the department about a position for a doctor on West Island. I'd like to ask some questions around that, please.

**Ms Vandebroek:** I'll start, and I'll defer to my colleague Mr O'Neill if there are more details that you require. We have had a number of conversations with the shire about the houses. They have taken back the house that the doctor was living in recently to use for the incoming CEO of the shire. We are looking at other options, and we believe that we're close to resolving that—to be able to still house the doctor on Home Island, because we know that's the community's preference.

**Senator McCARTHY:** What are some of the other options you're considering?

**Ms Vandebroek:** Other houses that are owned by the shire. We don't own any of the houses. We have two houses there, which have the two nurses in them. The shire does own other houses, though, so we're looking at coming to an arrangement with the shire to lease a house for the doctor.

**Senator McCARTHY:** Where is the doctor currently?

**Ms Vandebroek:** I'm not sure. I might need to ask Mr O'Neill to answer that one.

**Mr O'Neill:** Thank you for your interest in this issue. In relation to where the current doctor is residing, he has recently moved to West Island. His tenure is concluding, I believe, at the end of June, and we're currently in the process of recruiting for a doctor on Cocos (Keeling) Islands.

**Senator McCARTHY:** The West Island is in the Cocos (Keeling) Islands.

**Mr O'Neill:** Yes. You asked where the doctor was residing.

**Senator McCARTHY:** Is it West Island or Home Island? That's probably more the question.

**Mr O'Neill:** He has moved from Home Island to West Island.

**Senator McCARTHY:** Why has the doctor moved from Home Island to West Island?

**Mr O'Neill:** That was a choice that he and his family made. In the context of Government House, Government House is an Australian government property. It has been on lease to the Cocos (Keeling) Shire for 10 years. That lease expired 20 September 2019, and since then—

**Senator McCARTHY:** Was this particular doctor in Government House on Home Island?

**Mr O'Neill:** No. Traditionally, Government House, while leased to the shire, has been occupied by the CEO of Cocos (Keeling) Island Shire.

**Senator McCARTHY:** Did the Commonwealth undertake any consultation with the community about cancelling the lease for the doctor's residence on Home Island?

**Mr O'Neill:** Just as a background, in recent years, this conversation has been part of ongoing discussions between the department and the shire. We believe the shire, as representatives of the local community, would relay, where practical, those concerns they may have in relation to Government House. It was certainly not an issue that took the shire by surprise because of the fact that we had given an indication, as part of our regular dialogue, that this outcome was in the mix.

**Senator McCARTHY:** During the previous two years and prior to that, does the department have a record of the number of call-outs to the Home Island community doctor that would have required contingency emergency transport across the lagoon if the doctor was not residing on Home Island? In other words, if the doctor had been residing on West Island and a call-out occurred outside of ferry operation hours. Please take the question on notice.

**Mr O'Neill:** Most certainly, we will.

**Senator McCARTHY:** Was there any cost-benefit analysis undertaken to compare costs of having the doctor on Home Island to the pending new arrangement to reside the doctor on West Island?

**Mr O'Neill:** A cost-benefit analysis for the doctor on the island?

**Senator McCARTHY:** From Home Island to West Island.

**Mr O'Neill:** All houses on Cocos (Keeling) Island are owned by the Commonwealth, those that are employed under our service delivery arrangements, whether it be health services or broader administration. So, sometimes, those houses occupied by health professionals are owned by the Commonwealth.

**Senator McCARTHY:** Home Island, as you would know, has a large population of all the families of Malay. Families are on the West Island. Was a cost-benefit analysis done to see a doctor relocated where there's the largest cohort of families who need a doctor to an area where it's less needed? Was a cost-benefit analysis done? Just a yes or no.

**Mr O'Neill:** A cost-benefit analysis, no, but an analysis on the delivery of services, yes.

**Senator McCARTHY:** So there was a cost-benefit analysis done on that?

**Mr O'Neill:** Yes. We had internal deliberations—

**Senator McCARTHY:** Could you table that report?

**Mr O'Neill:** A report was not generated. They were considerations that we looked at internally.

**Senator McCARTHY:** Okay. You said a cost-benefit analysis in terms of the services, though.

**Dr Bacon:** I think Mr O'Neill said that there was an analysis of service delivery continuity, which was the outcome that needs to be achieved.

**Senator McCARTHY:** Was that a written report analysis in terms of the services? How did you come to that?

**Mr O'Neill:** Two nurses reside on Home Island, who are on call 24-7. Further to that, we have locum doctors that will be engaged in the coming weeks, and we will have them housed on Home Island.

**Senator McCARTHY:** I just want to come back. So, to a cost-benefit analysis having been undertaken to compare costs of having the doctor residing on Home Island to the pending new arrangements to reside the doctor on West Island, you said no. But there was a cost-benefit analysis done on the services in the Cocos (Keeling) groups.

**Mr O'Neill:** Yes. A formal report, though, was not generated. It was all part of our considerations to inform the position we took on the issue.

**Senator McCARTHY:** So it was just a discussion around it?

**Mr O'Neill:** There were internal deliberations, yes, email records, but no formal report.

**Senator McCARTHY:** What was the process to conduct the analysis and is the result available for inspection in any way?

**Mr O'Neill:** As for 'available for inspection', I probably can't—

**Senator McCARTHY:** For the estimates committee to see it.

**Mr Atkinson:** Maybe on notice we can lay out for you what the consideration is.

**Dr Bacon:** We might be able to construct a chronology and give you more details on notice if we have the opportunity to do that.

**Senator McCARTHY:** The community has made representations to the Administrator, raising their concerns about the decision not to have their only doctor resident on Home Island. Has the Administrator raised any community concerns with the department?

**Mr O'Neill:** We speak to the Administrator on a very regular basis. We have every intention of providing some communications to members of the public. However, we are still in the process of discussing and determining with the shire a housing model moving forward. There are a few moving pieces—incoming doctors, locum doctors and so forth. We are in the middle of some consultations with the shire, and that will inform the public communications that we intend to do very, very soon.

**Senator McCARTHY:** In the discussions you've had with the Administrator, when was the last discussion you had about the doctor situation?

**Mr O'Neill:** The exact date?

**Senator McCARTHY:** Yes.

**Mr O'Neill:** I would have to take that on notice. It was in recent weeks but I can't recall the exact date.

**Senator McCARTHY:** Has the Administrator written to you around the concerns raised in regard to the doctor situation or the housing situation?

**Mr O'Neill:** We have a range of email traffic and phone calls, and it would certainly be part of that. Again, I can't put an exact date on it.

**Senator McCARTHY:** Would you be able to have a look to see whether there is any written material from the Administrator to the department in relation to the issue of housing or the doctor situation?

**Dr Bacon:** We can absolutely take that on notice.

**Senator McCARTHY:** And when you had meetings with the Administrator to discuss it. Thank you.

**CHAIR:** Does anybody have any further questions of Mr O'Neill? No. Okay.

**Dr Bacon:** Excuse me, Chair: are there any other questions on territories matters? We have all the staff here at the moment.

**Senator McCARTHY:** Not from me.

**Senator WATT:** Dr Bacon, can I come back to you on that. I don't think so.

**CHAIR:** Senator Davey, do you have questions for the department?

**Senator DAVEY:** I have questions for the department but not on territories. I have questions on a couple of our regional grants programs. I will start with the Financial Assistance Grants program.

**Senator WATT:** Chair, we don't have anything more on territories. They can have an early mark.

**CHAIR:** Alright, I think we're right for territories.

**Mr Faris:** Thanks very much, Chair.

**Mr Faris:** Chair, I have answers to some questions from Senator McCarthy. Senator McCarthy, you asked about the funding expense so far in the Barkly Regional Deal. I have quickly added up the figures that I ran through for you.

**Senator McCARTHY:** Thank you. I could have added them up, but I was conscious that I had missed a couple of them. So what is the total figure?

**Mr Faris:** The total is \$6.515 million. You also asked about the proposed completion dates for the weather radar and for the boarding facility. In our public implementation plan, the weather radar is slated for completion by the end of 2022 and the boarding facility by 2023.

**Senator McCARTHY:** Thank you very much.

**CHAIR:** Senator Davey.

**Senator DAVEY:** My understanding is that the financial assistance grants are provided as untied grants to councils across Australia, both urban and regional?

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

**Senator DAVEY:** How is the value of those grants established? How do you determine what each local government area or council gets?

**Mr Faris:** There are really two parts to the calculation. There's the summing up of what the annual pool is, and that is a formula in the Financial Assistance Grant legislation. Essentially it takes last year's number and indexes it by both CPI rise and population growth. That means that in normal circumstances the total pool is going up by several per cent every year, and that's certainly what the historical record shows. In terms of the allocation to each council, this is where the federal system I guess kicks in. Under the legislation each state needs to establish a local government grants commission, and they're responsible for maintaining a methodology that will inform their council-by-council proposed allocations. Every year they provide those recommendations to the federal minister. The federal minister is responsible for checking that they comply with the national principles, which are in the legislation, and then he or she will approve those allocations. Then they're paid on a quarterly basis back through the local government's grants commission in February, May, August and November.

**Senator DAVEY:** And there are two components, is that right—general purpose and identified local roads?

**Mr Faris:** That's right. In terms of the funding that was received by each council, they will receive it as one allocation. But historically that's been calculated on the basis of historical road share, which drives the local roads component to each state. And the general purpose fund is indexed according to the legislation.

**Senator DAVEY:** As far as the annual pool goes, what's the total amount allocated to local governments through the untied Financial Assistance Grant program for 2021?

**Mr Faris:** The government made a decision in the budget to bring forward or essentially prepay 50 per cent of next financial year's allocation. That is now allocated in the 2020-21 financial year. The bring-forward amount was around 50 per cent of next year's funding. It's about \$1.326 billion. When you add that to what was already in the budget for 2020-21 it comes to a total of \$2.595 billion in untied funding.

**Senator DAVEY:** To save me going back through last year's budget to do my maths—which is pretty poor!—what increase is this year's funding compared with 2019-20?

**Mr Faris:** I'll have to take that on notice, but it is an increase from the previous year's allocation, based on that indexation.

**Senator DAVEY:** But you also said you'd brought forward 50 per cent of next year's.

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

**Senator DAVEY:** Does that mean that next year's allocation will be 50 per cent lower?

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

**Dr Bacon:** Just to add to Mr Faris's answer: it has been quite a common practice for I think nine out of the past 11 years for the government to do a bring-forward, just to meet local government needs. If the same practice were to be followed in next year's budget there would be no drop in that regard.

**Mr Faris:** On that nine out of the past 11 years—with this year's budget it's now 10 out of the past 12 years where that bring-forward has happened.

**Senator DAVEY:** Right, so it's not unusual. This wasn't a COVID measure; it's just a practice that has developed over time and is continuing.

**Mr Faris:** To some extent. Certainly through COVID and this time last year a number of state ministers were asking whether that could be maintained, particularly in the COVID year. And last year a lot of councils had been recovering from bushfires and floods and then COVID on top of that, so they were particularly keen for that practice to continue last year. Similarly, we've had some more calls from some councils for it to happen again in this year's budget, which it now has.

**Senator DAVEY:** You mentioned that when it comes to determining what the individual councils get that the state grant commissions play a significant role in that. Why do we allow the states to determine who gets the funding? What are the benefits of the states having that level of control over federal funding?

**Mr Faris:** Essentially, it is the way the legislation is established, which recognises that each state is different, that the closer those decisions, as with regional development, are made to the ground the more likely they are to reflect local conditions. So that's been the way the legislation is established, that each state needs to set up its grants commission and advise on the allocations within each state. The way that that is moderated is that there are national principles which each jurisdiction's allocation needs to accord with, so there is that degree of harmonisation, whilst allowing each state and the Northern Territory to reflect their own conditions and their priorities in that allocation.

**Senator DAVEY:** Does that mean the different states will have different formulas of allocating? A regional council in Queensland might get a different proportion of that state's funding based on that state's processes compared to, say, Western Australia or New South Wales.

**Mr Faris:** Yes, there can be that variation, and that reflects the complexity of the methodology that each state has established.

**Senator DAVEY:** I understand there is a minimum grant component that ensures that no local government area misses out. Can you explain that minimum grant component and is that part of the state process or is that part of the national requirement?

**Mr Faris:** That provision has been part of the legislation since 1986, I believe. One of the provisions of the legislation is to ensure that all local governments are supported. There is an allocation of a set amount of the total grants pool, which is then divided on a per capita basis by each state and then distributed that way, which means that every council gets at least a reasonable amount of funding through the program.

**Senator DAVEY:** So when you're talking per capita distribution, local government areas, say, in Sydney have a vastly different per capita figure than, say, my local council, the Edward River Council. Is it still fit for purpose? Is that minimum grant component still fit for purpose or is there scope to have a look at how funding is distributed against that?

**Mr Faris:** These are really questions for the government.

**Senator Reynolds:** I think you are asking for a personal opinion.

**Senator DAVEY:** I will pose it a different way. Are there any states that are actually looking at that sort of distribution? Have we had any calls or proposals for a review of the minimum grants?

**Dr Bacon:** I think we might have talked about this at last estimates. The local government minister has been having regular engagements with his state and territory counterparts, particularly last year as part of the understanding the impacts and responses that are required to support local governments during the impacts of COVID. A range of issues and lessons learnt and the different initiatives that different states have put in place to support local governments in their jurisdiction have all been discussed in those forums.

**Senator DAVEY:** I also wanted to understand, the financial assistance grants are not the only grants we provide direct to local government; are they?

**Dr Bacon:** Yes, that's right. There is actually a range of funding sources and different programs that have been supporting local governments, particularly in response to the COVID crisis. For example, the Local Roads and Community Infrastructure Program, which our colleagues in infrastructure division would have talked about, is one of the programs that has been going to directly fund local governments. Our understanding is that it has been very well received by local governments around the country and enabled them to undertake projects, to employ people and to keep their local economies ticking over.

**Senator DAVEY:** I am also aware that the Roads to Recovery Program is money that goes direct to local government. There is also a lot of other programs available that local governments can apply for that do not impact their financial assistance grants eligibility or distribution.

**Dr Bacon:** Yes. I think there are almost 40 different funding programs across eight different portfolios that we've been able to easily identify where local government is used as a delivery partner of the Commonwealth and

funding will go to local governments under a range of different programs. We can provide more detail about that if you're interested in what those programs actually are.

**Senator DAVEY:** I'd be really interested in understanding the totality of funding that goes direct to local governments—so through the financial assistance grants and those other direct programs like Roads to Recovery and Local Roads and Community Infrastructure. I am aware that there have been calls for proposals to have a look at the financial assistance grants and potentially to tie them to Commonwealth taxation revenue, which I think was a historical practice but hasn't been in place for a few decades. I'd like to understand whether that would have a positive or negative effect on both the distribution of financial assistance grants and the totality of direct funding to local government, if possible.

**Mr Faris:** Yes, I do have some figures to hand on that: for 2021, in rounded terms, \$2.6 billion for financial assistance grants; another \$0.6 billion for Roads to Recovery; and the LRCI, which is a bit over \$900 million. That adds up to a little over \$4 billion of funding through those programs alone and that doesn't take into account the plethora of programs that Dr Bacon referred to across other portfolios. Those are the core support for our portfolio and we're doing some analysis to make sure we understand the fuller picture.

**Senator DAVEY:** When that analysis is done, would you be in a position to share what can be shared?

**Mr Faris:** Yes, we can, absolutely.

**Senator DAVEY:** Finally—I'm not sure if I'm with the right people or the right section of the department—the Regional Recovery Partnerships?

**Dr Bacon:** Yes, we can talk about that.

**Senator DAVEY:** The Regional Recovery Partnerships cover 10 regional areas. How were those areas determined?

**Dr Bacon:** I might ask my colleague, Ms Purvis-Smith, to run through the data methodology that the government used to select those 10 regions.

**Ms Purvis-Smith:** I think I've been through this the last couple of estimates, but I can take you through it again without an issue. In the first instance, we did a lot of data work and we worked with our colleagues in other parts of the department and also with our colleagues in the states and territories. An adaptive capacity analysis was one factor in the assessment and that looks at the impacts of COVID-19 on regions. It looked at the impacts at three levels of geography. So we went through the ABS SLA4 statistical areas, local government areas, and also the department's working zones, which is a set of analysis that looks at areas within regions where people work and go to work. For example, if you live in one town, you don't just work in that town; you might work in a neighbouring town or a neighbouring area.

To assess the pre-COVID adaptive capacity of a region, we used a range of data on the existing pre-COVID human, social, physical, economic and financial capital of regions. It was then combined with COVID-19 impact analysis, which was based on a quantification of the economic impact of COVID-19. It used indicators such as tourism and hospitality, because we knew at the peak of the impact of COVID-19 on areas, the tourism area was one of the hardest hit. It also included payroll jobs data for employment changes, the employment participation rate, JobSeeker and Youth Allowance payments. Other factors considered were JobKeeper applications, the bushfire impacts and whether an area was declared eligible for drought programs. We used ABS data and also data which was unpublished at the time. We sourced information from within the Commonwealth and also from our states and territories. As I mentioned last time, unfortunately, it doesn't provide you with a list of the top-ten impacted regions, because all areas were impacted by COVID-19. The regions also took into account policy considerations and that went into advice to cabinet. It was a decision of government as to the final locations and the regions.

**Senator DAVEY:** Thank you. I notice on the website that certain regions have already had announcements of successful projects and other regions have not. They're mentioned as identified regions, but there are no projects. Does that mean consultations are still ongoing in those other regions?

**Ms Purvis-Smith:** That's correct, Senator. I would describe the recovery partnerships as more akin to a City Deal type process. Dr Bacon might like to elaborate a little bit more. It takes into account stakeholder information, information from local regions and it tries to take into account locally led priorities. There have been a range of negotiations and a range of projects that have been announced so far. Negotiations on the implementation of projects and the identification of projects are still continuing with the other regions.

**Senator DAVEY:** It says that consultations with state and local governments, industry, local development and community organisations have begun and are ongoing. How were those local development, community organisations and potential proposed projects identified in the first instance?

**Ms Purvis-Smith:** We worked with a range of stakeholders. For example, depending on the area and the region and because we're looking at it being locally led, it could have been with state government, state officials, local councils, RDAs, organisations within the regions. We had workshops with quite a range of areas bringing stakeholders together for discussion, because what we were trying to do was take into account the locally led initiatives.

**Senator DAVEY:** Notwithstanding that some projects have already been announced and it's all out there publicly, in the regions where projects haven't been announced, is it too late for stakeholders to get involved? Is there still a process for people to come forward with potential ideas that may fit the criteria or may suit the bill?

**Ms Purvis-Smith:** I think there is still time. We went out to almost all regions at the same time. We were having discussions with all regions at the same time. Every region has probably reached a landing point at different points in the time line. Some regions landed a little bit earlier than others. So there is still time for some regions. Negotiations are still taking place.

**Senator DAVEY:** Given that we're talking about all levels of government—state, local government and through RDA—is the best advice to people to find the relevant people within that region and talk to them about how far along in the process they are?

**Dr Bacon:** I'm quite confident that, with the extensive engagement that we've done with state and local government partners and also community groups in each of those 10 regions, we've largely identified those stakeholders who have a keen interest in participating. As Ms Purvis-Smith said, we've actually held a number of implementation workshops. We're happy to go through with you the kinds of participants that we've had in those workshops, which has been really broad and varied and there is a long list of participants there. So I'm confident that we're engaging with the right participants in the different regions. Originally, this was always intended to be a two-year measure so we're kind of part-way through the delivery and implementation. But, as Ms Purvis-Smith said, given that it is more of a partnership approach, it is very different to a more traditional merit-based grants program. There is a lot of front-end effort and investment in the relationships and the engagement about local priorities.

**Senator DAVEY:** Obviously, I'm specifically interested in where we are at for New South Wales, if you can take that on notice.

**CHAIR:** Senator Whish-Wilson.

**Senator WHISH-WILSON:** I have a couple of questions around the Regional Jobs and Investment Packages, the RJIP, on regional Tasmanian grant recipients. My question relates to a \$2.95 million grant to South Coast Tracks Huts Walks Proprietary Limited, previously known as Maria Island Walk Proprietary Limited. In terms of the Tasmanian grants, was this \$2.95 the biggest of the Tasmanian grants in dollar terms?

**Ms Purvis-Smith:** I'm not sure we will have the detail of that particular project.

**Senator WHISH-WILSON:** I can give it to you, if you like. The project description is:

The project involves building 6 environmentally sensitive walker's huts along the 85 km South Coast track in the magnificent Tasmanian Wilderness World Heritage Area (TWWHA) in southern Tasmania for a 7 day commercial guided walk for small groups of 10 guests and 2 guides.

The total project cost was \$5.9 million and the grant was for \$2.95 million of that \$5.9 million. The location was Recherche Bay. So I just wanted to ask, firstly, was it the biggest of all the Tasmanian grants? Secondly, can you give us an update of whether the full \$2.95 million has been dispensed to the recipients?

**Dr Bacon:** The data that I have here in my briefing is at a bit more of an aggregated level. I think we've got \$27.3 million available in Australian government funding that went to regional Tasmania for the collection of RJIP projects. We had 151 applications submitted. There were 49 applications approved in regional Tasmania, and—

**Senator WHISH-WILSON:** Sorry to interrupt you. I am specifically interested—in the limited time I have—in this particular project, South Cost Tracks. I understand you were asked questions at the March estimates about the same project.

**Dr Bacon:** Yes. Sorry. We have to take the detail of the individual project on notice. Out of the 49 funding agreements we have, we don't have all of those project updates here with us tonight.

**Senator WHISH-WILSON:** I'll ask you the questions, and, if you say you need to take them on notice, then please do. So, firstly, was it the largest out of those 49 projects? You can take that on notice. Has the full \$2.95 million been given to the recipient? If you don't know that, could you—

**Dr Bacon:** We will take it on notice.

**Senator WHISH-WILSON:** These were updated, by the way, on 26 June 2020. What would normally be the process for dispensing funds to these recipients?

**Dr Bacon:** We would normally have a project agreement by projects and then we would pay on milestones. Generally we would pay in arrears. So, once it was demonstrated that a milestone had been met, we would look at that evidence and pay in arrears upon receipt of that milestone.

**Senator WHISH-WILSON:** Would those milestones be publicly available?

**Dr Bacon:** They will be in the contract and the funding agreement for that particular project. So, if you don't mind, we will take that on notice.

**Senator WHISH-WILSON:** If you could.

**Dr Bacon:** Absolutely. Yes.

**Senator WHISH-WILSON:** I'm particularly interested in whether the project milestones have been delivered as required by the grant.

**Dr Bacon:** We can give you an update. Yes.

**Senator WHISH-WILSON:** I understand that the grant recipient has recently sold his company that receives the funds towards the project. If you don't know the specific circumstances of this grant recipient, what would apply to other recipients? Does the grant remain with the original proponent after they sell a business or does it transfer to the new owners, or is the money considered to be lost, or does it have to be returned to the federal government?

**Dr Bacon:** If you don't mind, we'll look at the individual project funding agreement and come back to you on notice with those details.

**Senator WHISH-WILSON:** The project was intended to deliver jobs in regional areas. Could you also give us an idea of whether job metrics were part of the project milestones for the recipient?

**Dr Bacon:** Yes. I've got aggregate figures here of 2,015 jobs for regional Tasmania, for those 49 projects, so we might need to drill down on that individual project.

**Senator WHISH-WILSON:** If you could. Does the department have the ability to recover the money if a project's not delivered or if the money is with the recipient?

**Dr Bacon:** My understanding is we will always have the ability in our funding agreements to recover money in appropriate circumstances.

**Senator WHISH-WILSON:** The South Coast Track business was recently sold by Mr Johnson, along with two other tourism proposals, to a company called Experience Co. as part of a \$5.3 million deal. Has the department looked into whether the \$3 million of public money was, in any way, capitalised in that \$5.3 million sale?

**Dr Bacon:** I think we'll need to take that on notice and come back to you.

**Senator WHISH-WILSON:** Normally, who would bring that to your attention? Would the proponent or recipient of the funds bring that to your attention or would the state government as a project partner bring that to your attention? How would you audit such things?

**Dr Bacon:** I think we have a range of sources through which we would get information about the between 12,000 and 13,000 projects that are on our books. For that one, my guess would be that, in the course of assessing milestone payments, that kind of information would come to light at those milestone points under the funding agreement. But we can double-check that on notice for this particular project.

**Senator WHISH-WILSON:** Just as a matter of interest, are there any safeguards, in relation to the 12,000 or 13,000 projects, that you might dispense public funds, that if an asset is sold by the recipient of those funds, for example, within a period of time some kind of trigger occurs where they need to report to the department, or would you wait until a project milestone came up with or without the same proponent?

**Dr Bacon:** We have a range of processes. I might see if my colleague Ms Purvis-Smith can elaborate.

**Ms Purvis-Smith:** I was going to say the same thing: we'd have to take it on notice. I think it would depend on how big each project was and who it was contracted with, but we can take that on notice for you.

**Senator WHISH-WILSON:** Is the state government, in any way, a partner in this project and would the sale need to be approved by the Tasmanian state government?

**Dr Bacon:** I don't think that's the case, but we will double-check that. We should be able to get you some information quite quickly. My colleague was just saying that we're looking for that information now for you.

**Senator WHISH-WILSON:** Okay. This is my last question, because it sounds like you'll need to take these on notice. On your website, the project description very clearly says, 'building six environmentally sensitive walkers' huts'. Could you find out if the money is going towards the construction of six tangible assets, being walkers' huts, and how you would go about checking whether they'd been capitalised in the sale of the business by the proponent who received the funds?

**Dr Bacon:** Yes, we can take that on notice and come back to you. We will have processes for checking that.

**Senator WHISH-WILSON:** Can Senator Rice use my remaining time, Chair?

**CHAIR:** Senator Rice could except that it is now break time. Senator Rice, you can be first after the break because you're going to be very brief. Is that what you are telling me, Senator Rice?

**Senator RICE:** Reasonably brief.

**CHAIR:** Senator Watt?

**Senator WATT:** In that case, I can take the call.

**Senator RICE:** I'll have a shot and see how brief I am.

**CHAIR:** Can you do five minutes, so Senator Watt can keep going?

**Senator RICE:** I'll see how I go in five.

**Senator WATT:** It has been a while since we've had the call.

**CHAIR:** It has, but you've done quite well this evening. I'm sure you're very happy to share it with your colleagues. Thank you. We're going to go for a break and we'll be back in 15 minutes.

#### **Proceedings suspended from 21:29 to 21:45**

**CHAIR:** We will resume. Senator Rice?

**Senator RICE:** Here's the minister; good evening! I want to go to the projects that I asked about at last estimates as well. The Community Development Grants that haven't been funded yet from the 2013 and 2016 election commitments. There's a question on notice that I asked you after estimates last time, to give me the list of those projects. We have three projects that were 2013 election commitments that were uncontracted as at the end of last year. There's another one that's contracted, but with no milestones achieved. Then from 2016 we've got nine projects that are uncontracted as at the end of last year. Also from 2016 we have two projects that were—no, those two are also uncontracted. I want to know if there's an update for any of those projects, please—whether anything has changed with those projects since I received the answer to your question on notice.

**Dr Bacon:** I'm just trying to recall when we tabled that information. I think that these were as at 31 December; that's the information I have here.

**Senator RICE:** Correct, that's right—yes.

**Dr Bacon:** I don't know that we've got that level of detail in our notes on a project-by-project basis—apologies for that. But we can definitely come back to you again with that same list of projects, with an update for each project.

**Senator RICE:** Okay. And for each of them, could you also come back to me with the intended locations? Some of them have a specific place and others, like the African Australian Union—the 2013 one—don't say where or what those projects are.

**Dr Bacon:** Yes, we can come back to you with all of the information that we have on location in the same answer on notice.

**Senator RICE:** Okay. Can you tell me anything then about the last time there was any form of communication with any of the proponents of these projects?

**Dr Bacon:** I think, as a general principle, that we do strive to work closely with grantees; we work with them to meet criteria. As you know, the CDG isn't a competitive program, given its nature and purpose. In terms of the conversations we've had recently with the proponents of these particular projects, I'm afraid we would need to take that on notice as part of the same question and come back to you with that detail.

**Senator RICE:** Okay. They're projects that now have had five and eight years since the money was allocated. I've got the list of them here. Would you know details for any of them without taking them on notice?

**Dr Bacon:** There can be a range of challenges and complications with a small number of projects. Sometimes there are complications with legislative or building approvals. We've had projects where there's been litigation, for example, and the litigation has needed to be resolved before we're able to move forward with that particular project. I don't know off the top of my head if that's been the case for these individual projects, but we can certainly take that on notice.

**Senator RICE:** Let's go to one of them, which is the project for the City of Stonnington—the Stonnington Indoor Sports Stadium. It was part of the 2016 election commitments, then it was re-announced by the Deputy Prime Minister the day before the Melbourne Cup. It seemed to be a good reason for him to be in town, re-announcing a project that had been announced three years previously. What's the current status of that project?

**Dr Bacon:** I think, as at 31 December, as you know, we were negotiating an agreement. I might just refer to my colleagues to see if we have an update. I think we might be checking on that for you. We'll see if we can come back to you with an answer.

**Ms Purvis-Smith:** My colleague has provided me with some extra information on that one for you. We are still negotiating the agreement. There are legal issues that we are waiting to be resolved. We are waiting, apparently, for a Supreme Court of Victoria ruling, which we are dealing with. It's about land use. As Dr Bacon mentioned previously, some of these challenges can take quite a long time, particularly if there are court cases, and this does seem to be one that has a court case that we're waiting for.

**Senator RICE:** So it's basically in the hands of the court as to how quickly they get on to it then?

**Ms Purvis-Smith:** We are trying to negotiate an agreement, but there are delays due to legal issues arising from the land use.

**Senator RICE:** Pending the court case outcome, it's still government policy to fund that project?

**Ms Purvis-Smith:** That's correct.

**Senator RICE:** Do you think it will be potentially announced yet again? One of the local councillors said: This project has been announced more often than the mythical high-speed rail. Bang for buck doesn't even begin to describe it.

**Dr Bacon:** Announcements are generally a matter for government, rather than the department.

**Senator RICE:** Can I go to the project entitled Women's Community Shelters? Who is the actual proponent of that project?

**Dr Bacon:** Are you referring to the same question on notice?

**Senator RICE:** Yes. It was another 2016 election commitment.

**Dr Bacon:** I will just check if we have information on that one. I think we're trying to source that information for you.

**Ms Purvis-Smith:** We're just trying to check for you. Sorry, we don't have the proponent for you. We'll have to take that on notice and see if we can get back to you quickly.

**Senator RICE:** Can you tell me when the last communication was, with whoever the proponent is? What is the status of that? Again, this project was announced five years ago. What information have you received from them?

**Ms Purvis-Smith:** Again, we don't have that level of detail. We do try to work with our proponents on an ongoing basis, but it depends on what the issue is. If there is a court issue or a land use issue or issues around finding an appropriate location, we try to work with them as much as possible, but we are then waiting on the challenges to be worked through.

**Senator RICE:** I might go to my final one, which you might have some more information on, because I think it's the biggest one on the list that is here. It's \$5 million to the New South Wales government, Transport for NSW, to build and upgrade truck wash out facilities across New South Wales. I was told, in the answer to my question on notice, that it was negotiating an agreement.

**Ms Purvis-Smith:** If you bear with me, I'll see if we have anybody with any information for you. We are still negotiating that funding agreement. There has been some back and forth with the proponent. It is still being negotiated.

**Senator RICE:** When did you last communicate with the New South Wales government?

**Ms Purvis-Smith:** I can take that on notice for you, to provide that. We don't have that level of detail, I'm afraid.

**Senator RICE:** Okay. Please take on notice that level of detail for all of these projects, including: who the proponents are, if that's not clear; where the sites are for each of the projects; the level of discussion; the negotiation and the time lines for each of them.

**Ms Purvis-Smith:** Yes. We can do that.

**Dr Bacon:** We're happy to take that on notice.

**Senator WATT:** Can we go to the Building Better Regions Fund. I've got a reasonable number of questions about that one. I think you told us before that there is a ministerial panel. Who currently sits on the ministerial panel for this fund?

**Dr Bacon:** Yes, Senator, I think my colleague Ms Purvis-Smith has run through the different ministerial panel members for the different rounds. For each of the rounds that have been conducted there has been a different ministerial panel established. I'll ask Ms Purvis-Smith to run through those for you.

**Senator WATT:** My recollection is that we're now up to round 4 in the sense of projects that have been funded or announced, and that there's currently a process underway for round 5.

**Ms Purvis-Smith:** That's correct.

**Dr Bacon:** The round 5 applications have been received and are being assessed.

**Senator WATT:** Who was on the panel for round 4?

**Ms Purvis-Smith:** It was the Deputy Prime Minister, the Hon. Michael McCormack, member for Riverina and Minister for Infrastructure, Transport and Regional Development; the Hon. Dan Tehan, member for Wannan, and Minister for Trade, Tourism and Investment; and the Hon. Mark Coulton, member for Parkes, and Minister for Regional Health, Regional Communications and Local Government—

**Senator WATT:** You can just give me the names, that'll be fine, thanks.

**Ms Purvis-Smith:** Sure. The Hon. Nola Marino, Assistant Minister for Regional Development and Territories; the Hon. Ben Morton, Assistant Minister to the Prime Minister and Cabinet; Senator the Hon. Jonathon Duniham, Assistant Minister for Forestry and Fisheries; Senator the Hon. Simon Birmingham, Senator for South Australia; the Hon. David Littleproud, Minister for Agriculture, Drought and Emergency Management; and the Hon. Kevin Hogan, Assistant Minister to the Deputy Prime Minister.

**Senator WATT:** Are the same ministers going to be on the panel for round 5?

**Ms Purvis-Smith:** A round 5 panel has been appointed. I could take you through; I think there are some changes.

**Senator WATT:** Yes.

**Ms Purvis-Smith:** It's the Deputy Prime Minister, the Hon. Michael McCormack; the Hon. David Littleproud, Minister for Agriculture, Drought and Emergency Management; the Hon. Dan Tehan, Minister for Trade, Tourism and Investment; the Hon. Mark Coulton, Minister for Regional Health, Regional Communications and Local Government; Senator the Hon. Anne Ruston, Minister for Families and Social Services, and Minister for Women's Safety; Senator the Hon. Richard Colbeck, Minister for Senior Australians and Aged Care Services, and Minister for Sport; the Hon. Nola Marino, Assistant Minister for Regional Development and Territories; the Hon. Kevin Hogan, Assistant Minister to the Deputy Prime Minister; and the Hon. Ben Morton, Assistant Minister to the Prime Minister and Cabinet.

**Senator WATT:** Is every state and territory represented on the panel?

**Ms Purvis-Smith:** I have not done that count, Senator.

**Senator WATT:** Queensland, New South Wales, Victoria, South Australia, Tassie, WA, New South Wales—so not the territories? There aren't too many ministers from the territories in the government, I suppose—just Senator Seselja. And it's the panel that has the final decision-making ability and the panel is able to overturn recommendations made by the department, and that has occurred?

**Dr Bacon:** I think we've talked about the process in previous estimates, Senator. The ministerial panel makes recommendations that ultimately go into a cabinet process for decision-making on this program.

**Senator WATT:** Yes, but neither the panel nor cabinet are bound by the recommendations of the department?

**Dr Bacon:** Ultimately, the decisions are matters for government—that's right.

**Senator WATT:** I think we have previously had evidence to the effect that 112 of 330 projects were approved by the panel against departmental recommendations in round 3, and in round 4 it was 49 out of 163 projects. That's a pretty substantial proportion.

**Dr Bacon:** Senator, I think you might be referring to information that came out of a freedom-of-information request coordinated by the Department of Finance. For background, we think it would actually be helpful to explain the project-ranking process that we go through. Essentially, there are three categories of project. The numbers that you're referring to, for rounds 3 and 4, were in the second category of projects, where those projects were eligible and assessed as value for money.

**Senator WATT:** I might get you to give that to us on notice, if that's okay? We only have an hour to go and we have quite a lot of questions to get through, here and on other topics. Could you please give that to us on notice?

**Dr Bacon:** We certainly can do that, and we might need to refer back to those three categories in our subsequent answers.

**Senator WATT:** That's fine. But the bottom line is: with such a high number of projects approved by the panel that weren't necessarily recommended by the department, is there much point in the department conducting this assessment process, if the recommendations are going to be ignored on so many occasions?

**Dr Bacon:** The round 3 letter that I think you're referring to was drafted by the department to comply with the Commonwealth Grants Rules and Guidelines, and that letter should have been more clearly drafted by the department. It's not entirely accurate to say that projects were approved against the advice of the department, because, generally speaking, that would be in that third category of the categories that I mentioned of projects that were eligible but did not represent value with relevant money. In that category, in the ranking that we produce of projects after they're assessed, there were zero projects, both for round 3 and for round 4 of the BBRF.

**Senator WATT:** Across all the rounds for BBRF, have any projects that were selected for funding by the ministerial panel been found by the department to be ineligible and expressly recommended to not be funded by the department?

**Dr Bacon:** I have detailed figures here in relation to rounds 3 and 4 of BBRF. In terms of round 3, and projects that were assessed as eligible, there were—

**Mr Atkinson:** Sorry, Dr Bacon: he asked whether there were any ineligible.

**Dr Bacon:** Yes, I've got the figures here for round 3 and round 4.

**Senator WATT:** That'll do for now, yes.

**Dr Bacon:** If you'd like me to keep going with those figures—

**Senator WATT:** Yes.

**Dr Bacon:** As I mentioned, there were zero projects in both round 3 and round 4. Zero projects were approved by the panel that the department advised didn't represent value for money, so there were zero projects in that category. The next category of projects are projects that were assessed as eligible and assessed as representing value with relevant money but falling outside an available funding allocation, because obviously we have lots—many hundreds, usually—of applications for BBRF, and we have a set amount of funding available.

So, there were 301 projects in round 3 that were assessed as eligible and value for money but falling outside the available funding allocation in terms of the published criteria that the department applies. Of those 301, a total of 189 were not approved by the panel and 112 were approved by the panel. That refers back to that figure of 112 that you talked about in relation to round 3. They were assessed as value for money. There were 306 projects assessed as eligible and representing value for money that the department did recommend for funding, and 218 of those 306 were approved for funding. So that's round 3, and I've also got figures for round 4.

**Senator WATT:** Just to shorten it: I take it that the 49 that we referred to earlier that were approved by the panel were projects that in essence were larger than the guidelines allowed for but were approved anyway.

**Dr Bacon:** Beyond the funding allocation, based on the published criteria that the department is required to take into account in assessing projects, noting that under the BBRF guidelines the ministerial panel has regard to additional discretionary criteria that are set out in those published guidelines. So, in a sense, the ministerial panel are applying additional criteria.

**Senator WATT:** So the 49 out of the 163 that came out of the FOI request—that was the basis for them not being recommended by the department?

**Dr Bacon:** They fell outside the available funding allocation but they were assessed as eligible and representing value for money.

**Senator WATT:** Yes. And I'm just going to paraphrase this. Leaving aside those that were ineligible under the guidelines because they were too large in dollar terms, there were no other projects approved that were ineligible for other reasons? I'm not across what the eligibility criteria were. So, were there any others?

**Dr Bacon:** The eligibility criteria go to a different issue. All the projects that we've been talking about so far were assessed as eligible. There are a range of eligibility criteria going to the nature of the organisations and the nature of the projects, and on occasion we've had round-specific eligibility criteria as well.

**Senator WATT:** So, there were no projects approved by the panel that were ineligible, other than the projects we've talked about that were larger, in dollar terms, than the guidelines provided for?

**Mr Atkinson:** Senator, you might take it that Dr Bacon's evidence is that they were all eligible.

**Dr Bacon:** Yes. With the numbers that I have read and the information that was before the ministerial panel, yes, all of those projects were assessed as eligible in the information that the ministerial panel had.

**Senator WATT:** Okay. And the issue to do with them was the quantum of those projects.

**Mr Atkinson:** No, it wasn't about the quantum of the projects. It was about availability of the funding.

**Dr Bacon:** It was about the availability of the funding allocation.

**Mr Atkinson:** The actual projects themselves—that wasn't an issue of the quantum.

**Senator WATT:** **So the quantum of the funding that was available for the program didn't allow for 112 projects that were ultimately approved in round 3?**

**Dr Bacon:** There's a certain bucket of funding for each round, and the applications we receive generally significantly exceed the amount of funding that's available. So, choices do need to be made about which projects can access the available funding for each round.

**Senator WATT:** So, they—

**Mr Atkinson:** They were assessed as eligible and value for money but they weren't funded.

**Senator WATT:** They were eligible to apply, they were assessed and they weren't ranked highly enough, from the department's point of view, to qualify, because there was a limit on how much could be spent overall, but the ministerial panel chose to fund those projects and presumably dropped others that had been recommended by the department?

**Dr Bacon:** That's correct. And, as I mentioned, the published guidelines provide for additional factors for the ministerial panel to take into account that the department is not taking into account, and that's per the published guidelines.

**Senator WATT:** Did any of the ministers involved, or their offices, give you any reasons for why they had dropped some of the projects that were recommended by the department in favour of other projects?

**Dr Bacon:** Yes. Under the Commonwealth Grants Rules and Guidelines the responsible minister does write to the finance minister and provide reasons for decisions of the ministerial panel if the decisions of government were different to the advice that was provided. The letters that I think you're referring to that were available under that FOI request were the letters that undertook that function.

**Senator WATT:** I haven't seen the documents that were obtained under FOI, but you're saying that those letters are part of that—

**Dr Bacon:** They're part of that process; that's right.

**Senator WATT:** Okay. We can have a look at that. Under round 3, seats held by the coalition, or coalition target seats, received 94 per cent of projects and 94 per cent of funds through the infrastructure component of the Building Better Regions Fund. Do you know what the split was under the department's initial recommendations?

**Dr Bacon:** No. We don't do electoral analysis as part of the assessment and decision-making process and our role in that process.

**Senator WATT:** Can you table the list of recommendations made by the department?

**Dr Bacon:** That was part of a cabinet process. I think we talked earlier about how alternately the ministerial panel makes recommendations—

**Mr Atkinson:** It was a cabinet submission.

**Dr Bacon:** to cabinet.

**Senator WATT:** Do you want to take public interest immunity on that one?

**Dr Bacon:** We want to take it on notice, to consult.

**Senator WATT:** And for round 3, I understand, 44 of the 163 grants went to the electorates of ministers who were sitting on the panel. What process is in place to ensure that political bias does not interfere in the distribution of funds?

**Dr Bacon:** Primarily I'd point to the fact that we have criteria for each round of the BBRF in the published guidelines for that round. Those criteria are clearly set out and publicly available. And as I was mentioning earlier, the letters that we've been talking about for rounds 3 and 4 are part of I suppose the accountability mechanism where there is a formal report-back under the CGRGs to the finance minister, not only about decisions compared with advice provided but also about whether any of the projects that were approved for funding fell within the electorates of the ministerial panel members. Those letters were provided in compliance with the CGRGs in round 3 and round 4 of the BBRF.

**Senator WATT:** Could you also take on notice for me the recommendations that were provided by the department for round 4? I think I asked about round 3, but could you do the same for round 4 as well?

**Dr Bacon:** We're happy to take it on notice.

**Senator WATT:** I understand that round 5 is currently being assessed—is that correct?

**Ms Purvis-Smith:** It's currently underway.

**Senator WATT:** So no recommendations have been made to the ministerial panel at this point for round 5?

**Dr Bacon:** We're still in the assessment process, Senator, so, no, we haven't provided advice yet.

**Senator WATT:** Mr Atkinson, is the process that's used for approving grants under the Building Better Regions Fund the kind of process you think should be rolled out across government?

**Mr Atkinson:** The BBRF process has been one developed over many, many years of regional grants. I think I remember doing RDAF grants with Minister Crean many years ago. Part of this 'giving reasons for disagreeing with departmental positions' actually came out of an audit process with respect to that. I think that's probably the best model for regional grants that we've seen across government over many years.

**Senator WATT:** The best process for regional grants, but would you describe it as best practice for how public funds are distributed?

**Mr Atkinson:** For this type of thing I think it is a good process.

**Senator WATT:** What makes it good for this type of thing?

**Mr Atkinson:** I'm probably going too far, because this is government policy and I can't comment on structures of government policy.

**Senator WATT:** You can't comment on whether the process used for a grant program that your department administers is best practice?

**Senator Reynolds:** I think you're asking for a personal opinion on this, Senator Watt.

**Mr Atkinson:** You're asking for my opinion on a government program.

**Senator WATT:** You don't want to back it in, though?

**Senator Reynolds:** I think he just did.

**Mr Atkinson:** I did before I realised I was giving an opinion!

**Senator WATT:** I was trying to work out what made it an appropriate process for regional grants but maybe not for other types of grants.

**Mr Atkinson:** You're asking me to project onto other hypothetical grant models that may or may not be relevant to this process—

**Senator WATT:** We're up to round 5 and the budget has now allocated an additional \$250 million for a further round of the BBRF. That will be round 6, I take it?

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

**Senator WATT:** When will that round open?

**Dr Bacon:** We're in the very early phases of starting to develop program guidelines for round 6. I imagine within a matter of weeks, but we're yet to fully develop guidelines for that round. We're working on it now.

**Senator WATT:** Is it expected that there will be any changes to the guidelines or processes compared to previous rounds?

**Dr Bacon:** We're in the very early stages of developing guidelines for that program. I'd probably rather come back to you when those guidelines are more fully developed to be able to answer your question properly.

**Senator WATT:** Given past experience with the use of funds from this program, and given we're heading towards an election sometime in the next 12 months, what steps are the department taking to ensure that these funds aren't going to be rorted by ministers in the run-up to an election?

**Dr Bacon:** There are a range of features of, generally, the regional programs that we administer, including the BBRF. Those features include having criteria that are published in available guidelines for the program. For each round of BBRF we've got a probity plan that we work up with the grants hub so that we can manage probity issues appropriately in the course of administering each round of the program. We have conflict-of-interest processes that we work with the hub to apply. There is a range of features of the program that go to assurance and proper use of public money.

**Senator WATT:** Can I ask about one particular grants to a rugby club at Redland Bay that has links to a staffer of Mr Laming, the current member for Bowman? We asked a question on notice about this grant after the last hearings. I'm not sure whether that has been answered yet.

**Ms Purvis-Smith:** Senator, may I ask, is it a BBRF project?

**Senator WATT:** As I understand it, it is. Yes.

**Mr Atkinson:** [inaudible]

**Senator WATT:** I'm wondering the same thing: if it involves Redland Bay.

**Ms Purvis-Smith:** I'm not aware of a BBRF project along those lines. I can take it on notice for you, if you'd like. I know it sounds like we might have already taken it on notice, but I'm not aware of all of the BBRF projects.

**Dr Bacon:** I'm just looking at the questions on notice that we have provided. I'm conscious that there are a handful of them still outstanding. Was there a name of a particular project that might have been captured in the title of the question on notice?

**Senator WATT:** It looks like it was a \$550,000 grant to the Redland's Southern Bay Cyclones Rugby Club. I'm just trying to confirm whether it was the Building Better Regions Fund or not.

**Mr Atkinson:** It doesn't sound like it—\$550,000?

**Dr Bacon:** We have a question on notice around BBRF round 5 that we have provided.

**Senator WATT:** I'm told it was a sports facility related grant, but that might be something to ask in Health.

**Dr Bacon:** There is a question on notice about Victoria Park stadium. I've just got some information here that it might be from the Female Facilities Program, rather than BBRF. We don't administer that program.

**Senator WATT:** No. That's Health, isn't it?

**Dr Bacon:** That transferred.

**Senator WATT:** Okay, someone can let me know if I'm wrong about this, but I'm guessing I should come back to this in Health.

**Dr Bacon:** It might actually be with another portfolio—I think that's the answer.

**Senator WATT:** Yes, okay.

**Senator CAROL BROWN:** Before we move on, I would like, on notice, updates on the Building Better Regions Fund grants to Tasmania that you've indicated as 'active' and to give me more information about what that actually means? We have a number of grants that were announced in 2020 and they're still active, but I would like to actually know whereabouts we are in this process.

**Ms Purvis-Smith:** If they were announced in 2020, then it's likely that they were from round 4, which is the last BBRF—

**Senator CAROL BROWN:** Some are round 3.

**Ms Purvis-Smith:** Can I just clarify your question, which we will take on notice? Is it for round 4—

**Senator CAROL BROWN:** Every Tasmanian BBRF grant that is 'active' in round 3 and 4. I want to know exactly where they are. 'Active' doesn't tell me anything. For example, this multipurpose space is \$275,000 in Launceston. What's happening with that? A roof replacement? Why does it take 18 months to get that grant sorted? That's the information I want to know.

**Dr Bacon:** Again, I've got aggregate numbers, but for Tasmania we have a total number of approved projects at 40, with 22 projects complete and 13 projects still active. Would you like that detail for the 13 still active projects?

**Senator CAROL BROWN:** I want the details on only the active projects.

**Dr Bacon:** The active projects, yes. That's those 13 projects. Yes, we're happy to take that on notice.

**Senator CAROL BROWN:** Because some of them are quite substantial in the amounts that have been granted. It would be good to know a little bit more than 'active' as to what exactly is the situation.

**Dr Bacon:** Yes, because we would have provided that very brief description in response to Senator Sterle's request, so we can provide more detail.

**Senator CAROL BROWN:** That's fine. I'm just asking for that on notice. I'm not wanting to take up time.

**Dr Bacon:** Sure, we can take that on notice.

**Ms Purvis-Smith:** Thank you.

**Senator WATT:** Just very quickly on regional recovery grants, I've forgotten the dollar figure but there was some money allocated in the budget for the Rebuilding Regional Communities program. That's a new program I think, isn't it?

**Dr Bacon:** Yes, it is.

**Senator WATT:** How much has been allocated for that again?

**Dr Bacon:** From memory it was between \$6 million and \$7 million.

**Ms Purvis-Smith:** I think I have some detail here for you. The Rebuilding Regional Communities program is \$5.7 million, and it will provide microgrants to assist communities in their recovery from COVID-19. It's going to be administered through the FRRR, which is the Foundation for Rural and Regional Renewal.

**Senator WATT:** Have guidelines been drafted for this fund yet?

**Ms Purvis-Smith:** No, guidelines have not yet been drafted; we're in the middle of drafting those.

**Senator WATT:** So there will be guidelines. Will the Department of Finance be involved in the finalisation of those guidelines?

**Ms Purvis-Smith:** We will work with Finance. This is a slightly different way to administer the program. The FRRR will be administering the program and making decisions on projects. We will be drafting the guidelines in terms of the boundaries and crafting that with the Department of Finance and the hub, which will also be involved. Then it will go to the FRRR to administer.

**Senator WATT:** Sorry, what's the FRRR again?

**Mr Atkinson:** The Foundation for Rural and Regional Renewal.

**Dr Bacon:** They're a very experienced grant-making organisation for regional Australia. They've won awards previously for their expertise particularly in delivering very small grants to local community organisations.

**Senator WATT:** Will they be the final decision-maker for who gets what grant?

**Dr Bacon:** Yes. It's similar to the Tackling Tough Times Together funding that was provided through FRRR as part of the government's drought response. In that program, a member of the department was part of the FRRR's assessment and decision-making process for those grants, but, essentially, the delivery of individual grants through the FRRR is at arm's length from government.

**Senator WATT:** Will the minister and the minister's office have any involvement in the selection of successful projects?

**Dr Bacon:** We haven't drafted the guidelines for this particular program. The Tackling Tough Times Together program that we're funding is administered through the FRRR, and ministers are not involved in decision-making for that program.

**Senator CAROL BROWN:** Just on community development grants, I would like to have some more information on a number of grants allocated to Tasmania that are listed as active. Considering one of the grants has been active since 2016 and it's still not completed at \$7.5 million, exactly what's happening? I would like to have information for every single Tasmanian project on where they are in the process—whether they have actually commenced, whether they're in planning. Every grant that's listed here is four, five, six years still active, yet not much is happening. If I could put that on notice, that would be great.

**Ms Purvis-Smith:** We can take that on notice, Senator. It might be useful to know that 'active' means it's contracted and it's in progress. As I mentioned previously, some issues may arise after the contracting and after it's in progress, such as court cases, et cetera.

**Senator CAROL BROWN:** Sure, but if I could get some more background that would be great.

**Senator WATT:** We'll have to put a whole range of questions about local government on notice, I'm afraid. One issue that has been pursued by local government, particularly through ALGA, their peak body, is their exclusion from the national cabinet. This is different to what used to happen under COAG where local government had a seat at the table. Is the government giving any further consideration to appointing a representative of local government to the national cabinet itself?

**Dr Bacon:** We talked about this issue at some length last time or the time before. In terms of ALGA's participation, it's a member of the Federation Reform Council, which is part of the national cabinet system. ALGA also participates on relevant items relating to regional delivery in the rural and regional reform committee of national cabinet. We also have very regular contact with our colleagues and officers at ALGA, and they participate in all of the meetings of the senior officials group we have that supports that reform committee of national cabinet. And I think I mentioned earlier this evening that the local government minister convenes a meeting of local government ministerial colleagues, and ALGA participates in all of those ministerial meetings as well.

**Senator WATT:** Okay, but the fact is that they're not members of the national cabinet itself. When the Prime Minister gets together with the premiers and the chief ministers, there's no-one from local government there.

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

**Senator WATT:** Whereas they used to be at COAG. I was there; I saw them.

**Mr Atkinson:** It's just a matter of fact, but it's a question for the PM&C portfolio. Dr Bacon has explained in quite a bit of detail—

**Senator WATT:** Is this department doing any work related to the appointment of ALGA as the representative of local government to the national cabinet itself, as opposed to its committees?

**Mr Atkinson:** I think Dr Bacon actually went through, in quite a bit of detail, how ALGA is linked into the national cabinet system, but decision-making with respect to—

**Senator WATT:** I accept that they are on subcommittees and various committees, but they're not in the room when the Prime Minister is meeting with the premiers, in the way that they used to be in the room when COAG met.

**Dr Bacon:** I think the Federation Reform Council does involve first ministers. I haven't got close personal experience; I think that's a matter that's supported by the Prime Minister's department. We might more accurately need to refer the detail to—

**Mr Atkinson:** I think it puts the old COAG and CFFR together, at the risk of referencing old models.

**Senator WATT:** Has the minister for local government made any representations to the Prime Minister on behalf of local government, seeking their representation on national cabinet itself?

**Dr Bacon:** I think we would need to take that on notice, if it's about conversations that the minister has had, and consult with him and his office.

**Senator WATT:** Are you aware of any?

**Dr Bacon:** I would have to take that on notice, Senator.

**Senator WATT:** Again, we're going to have to put the remainder of our local government questions on notice, I'm afraid, so we have a bit of time for City Deals, which we can move to now. That should probably round out the night, I suspect.

**Dr Bacon:** Chair, does that conclude the questions for the regional and local government staff?

**Senator WATT:** As long as they aren't involved in City Deals, then the answer's yes.

**Dr Bacon:** No, we have our City Deals teams here tonight, Senator.

**CHAIR:** Terrific. Thank you.

**Senator WATT:** Is it correct that this year's budget, the one that was just announced, contains no additional funding for the City Deals program?

**Dr Bacon:** While my colleague Mr Mackay is getting his notes: just for context, we're currently delivering eight city deals. There's a range of funding for projects under those eight city deals that is actually being delivered in a pipeline of delivery, if you like, across those eight deals. There are also additional city deals currently in negotiation.

**Senator WATT:** Presumably there was already funding in the budget for the city deals that are underway, but was there any additional funding provided? We couldn't find any.

**Dr Bacon:** Not additional funding that's been announced.

**Senator WATT:** Why was there no additional funding allocated?

**Dr Bacon:** There's no additional funding that's been announced. I think there might have been discussion through the course of the day. It's not appropriate for us to go into whether any decisions might have been taken but not yet announced, so we might need to take on notice your questions about additional funding.

**Senator WATT:** Does this mean that the government's walking away from city deals, if it's not providing any new funding for them?

**Senator Reynolds:** It doesn't mean that, no.

**Senator WATT:** So you're not walking away from city deals; you're just not putting any new funding into them?

**Senator Reynolds:** I think that Dr Bacon has been very clear. Our commitment remains steadfast. We've got eight city deals that have been agreed to date, and there are 160 separate city deals commitments contained in the agreements. The Australian government leads 18 of those 160, state and territory governments lead 48, and local governments lead 21. So we are absolutely not walking away in any way from that.

**Senator WATT:** Did you say, Dr Bacon, that there are new city deals being negotiated?

**Dr Bacon:** Yes. We're currently negotiating a city deal for the South-East Queensland region. You might be familiar with that particular deal. We're also working with the Victorian government on progressing a new City Deal in relation to north-west Melbourne. So there has been government commitment to progress two additional City Deals in relation to Melbourne, and the north-west Melbourne City Deal is the one where we've had the most recent conversations with Victorian officials.

**Senator Reynolds:** One point to note is that, with the construction of these city deals, having partnerships between the three levels of government and co-investment is important, but, as you've seen in the Aerotropolis in the Western Sydney City Deal, the intent is to attract private sector investment as well. So this is not just a sole source of funding from the federal government; it is also about bringing private sector investment in and then stimulating economic activity around that.

**Senator WATT:** How do you expect to be able to negotiate any new city deals if there's no additional funding for City Deals?

**Dr Bacon:** It's really a matter for government at the appropriate point in time. When negotiations reach that stage and commitments need to be made, we would be engaging with government and expecting decisions from government in relation to those deals.

**Senator Reynolds:** It is absolutely a decision for government, but it's also a bit hard to fund a proposal that we don't yet have any information on. So, as we've done with the previous deals, we'll go through a process of negotiation with the other two levels of government, and possibly private enterprise might be involved as well, and then the government will make a funding decision through the normal budgetary processes.

**Senator WATT:** Does the cities division of this department have a prioritised list of significant future projects across the eight City Deals?

**Dr Bacon:** Yes. I can ask my colleague Mr Mackay to talk in a bit more detail about the projects that we have. But, I think, as the minister has already explained, we have around 160 projects that we're delivering across those eight deals. So there's quite a substantial pipeline of projects across those eight city deals that we continue to work on with our City Deal partners to deliver those projects.

**Senator WATT:** If we're talking about 160 projects, it might be best if we get you to table them rather than read out 160 projects.

**Senator Reynolds:** They're very good projects, Senator Watt.

**Mr Mackay:** Those are contained in the tables that we provided that were tabled at the beginning of the day.

**Senator WATT:** Are they prioritised, though?

**Dr Bacon:** Each of those projects, depending on their individual location, the nature of the project, the planning that would have been done for all of those projects, will be determined by the circumstances of delivering that project. So each project will have a funding profile. I expect a lot of them will have project milestones. As Mr Mackay said, in response to Senator Sterle's request, we've provided an itemised list of all of the different projects that are across the deals. Each of those would have their own kind of time frames and funding profiles associated with them.

**Senator WATT:** Has the cities division undertaken analysis to identify which of these projects are of strategic merit?

**Dr Bacon:** That analysis is done in a lot of detail together with our City Deal partnership—state and local governments—when the projects are developed and decided.

As the minister has already referred to, quite an extensive engagement process goes into shaping a city deal. A lot of analysis and evidence—business cases, feasibility studies—goes into the decisions that are made across three levels of government in relation to finalising and deciding on the projects that are ultimately chosen. There is a lot of background to the projects that are currently underway.

**Senator WATT:** Does the cities division evaluate submissions from state and local governments and align them against priorities identified in each city deal?

**Dr Bacon:** We will certainly do that in the negotiation and decision-making around the projects within each city deal.

**Senator WATT:** Are there any plans to strategically evaluate the City Deals program against the original 2016 Smart Cities Plan?

**Dr Bacon:** I might ask Mr Mackay to talk about the National Cities Performance Framework, which we use for evaluative purposes. That also feeds into the annual reporting against our targets. Mr Mackay can talk about that performance framework in a bit more detail.

**Mr Mackay:** In addition to the reviews that are done within each deal on a three-year time frame, the National Cities Performance Framework contains over 50 indicators, covering Australia's largest 21 cities plus Western Sydney. That framework is also subject to a review every three years. The first of those reviews is underway at present, led by our colleagues in the Bureau of Infrastructure and Transport Research Economics. A consultation paper on the NCPF was released at the beginning of this year, and this Friday there'll be a workshop with the stakeholders who provided submissions to that consultation paper.

**Senator WATT:** Back in 2017, when the government launched its Smart Cities Plan, the government promised to publish the details of the City Deals competitive bid process. The government promised a generic City Deals process to provide information on the steps for establishing a city deal. The government promised to establish a Cities Reference Group to strengthen engagement in cities policy. My understanding is that the details of the City Deals competitive bid process have not been published. Is that right?

**Mr Mackay:** I would need to take that on notice to check.

**Dr Bacon:** Senator, I think you're referring to the Smart Cities Plan. I note that that plan has provided a stable and consistent framework for the development and delivery of deals. That, essentially, is the framework that surrounds the delivery of those eight deals that have been delivered and the further deals that are in negotiation.

**Senator WATT:** When was the last time the Cities Reference Group met?

**Mr Mackay:** The CRG last met in February 2019.

**Senator WATT:** Wow! The reference group that was set up to support this policy hasn't met in more than two years.

**Dr Bacon:** Particularly in 2020 there's been a focus on responding to COVID impacts, which includes delivering on existing deals. But there's certainly been very regular engagement with the Cities Reference Group's stakeholders, through a range of mechanisms. That includes the planning ministers meeting, which I think met 10 times in 2020 to discuss matters of the impacts from COVID, including on planning issues and cities. There are also the City Deals governance arrangements and the three-yearly reviews. There's been a very wide and deep engagement on cities issues over the past several years.

**Senator WATT:** The Cities Reference Group hasn't met for more than two years. There's no additional funding for City Deals in this year's budget. But we're to believe that the government remains fully committed to City Deals?

**Senator Reynolds:** As Dr Bacon said, during 2020 and into this year the government—indeed, the world—has been somewhat focused on COVID-19. As Dr Bacon said, the planning ministers meeting met 10 times last year and the focus was on dealing with COVID-related issues—the restocking of supermarkets, freight movements through urban areas et cetera. Departments and ministers have been focused on getting the country through COVID—economically, socially and health-wise. That is exactly what Dr Bacon said occurred in 2020, and that's what Australians would expect.

**Senator WATT:** City Deals has been put on the backburner because of COVID and other things?

**Senator Reynolds:** I didn't say that. I'm just saying that, like everything else, the city deals are going ahead. There are eight of them. There are another three under negotiation. If and when those come to fruition with all the parties, the government will take them through the normal budget processes.

**Senator WATT:** 'If and when'. Let's talk about some of the specific deals. Senator Brown is champing at the bit to ask some questions about Tasmania!

**Senator CAROL BROWN:** Absolutely. The Hobart City Deal was announced in 2018. Firstly, I would like to ask about the design of the Bridgewater Bridge. In the implementation plan, the design was agreed at the end of 2020. And that was pushed back to June 2021. Has the final design of the Bridgewater Bridge been settled?

**Mr Mackay:** As we understand it, the final design is to be determined by the end of this year.

**Senator CAROL BROWN:** What does 'to be determined' mean?

**Mr Mackay:** The final design is to be selected by the end of this year.

**Senator CAROL BROWN:** Do you have confidence that the deadline is going to be met for the final design?

**Mr Mackay:** Yes. The latest information we have is that the design will be selected by the end of this year.

**Senator CAROL BROWN:** I'm asking whether you have confidence in it. We have pushed it back a number of times now.

**Mr Mackay:** The details of this project are probably best answered by my colleagues in the Infrastructure Investment Division. The Bridgewater Bridge project is managed through that part of the department.

**Senator CAROL BROWN:** Do you have any understanding around the total cost of the project? Will it exceed the \$576 million?

**Mr Mackay:** The Commonwealth's contribution to the project is \$461 million.

**Senator CAROL BROWN:** I know that; I'm not asking that question. Has there been discussion around whether the budget for the project will exceed \$576 million?

**Mr Mackay:** I would need to take that on notice to consult with my colleagues in Infrastructure Investment Division.

**Senator CAROL BROWN:** When is construction going to start?

**Mr Mackay:** My advice is that work is expected to begin in 2022, with the new bridge expected to be opened to traffic by the end of 2024.

**Senator CAROL BROWN:** Even with the significant delays to the finalisation of the Bridgewater Bridge design, you anticipate the construction will be finished by 2024?

**Mr Mackay:** That's the most up-to-date information I have.

**Senator CAROL BROWN:** Is that a change in the time line?

**Mr Mackay:** I would need to take that on notice to check with my colleagues.

**Senator CAROL BROWN:** Cars will be going over that bridge by 2024 even though we haven't even finalised a design?

**Mr Mackay:** That's the latest information I have, but I'm very happy to—

**Senator CAROL BROWN:** Where does that information come from?

**Mr Mackay:** From colleagues in Infrastructure Investment Division. I'm very happy to take your specific questions on notice and consult with my colleagues to make sure you have the most up-to-date answer.

**Senator CAROL BROWN:** Tell me what's happening with the Urban Congestion Fund.

**Dr Bacon:** I think we had a range of questions about that—

**Senator CAROL BROWN:** You did, and I asked them—and now I'm going to ask Mr Mackay.

**Dr Bacon:** This part of the department doesn't administer that particular program.

**Senator CAROL BROWN:** It's a part of the city deal. Mr Heard, maybe you could help.

**Dr Bacon:** Is there a particular project that you have in mind?

**Senator CAROL BROWN:** I want to know what's happening with the \$25 million from the Hobart Urban Congestion Fund under the city deal.

**Mr Heard:** The project options for that are still being considered by the local governments in Hobart. They are putting suggestions forward to the Australian government. That list of projects is not settled yet.

**Senator CAROL BROWN:** You meet monthly, don't you?

**Mr Heard:** There is a monthly meeting on transport matters under the city deal, but this is largely a matter taken forward by the Infrastructure Investment Division of the department.

**Senator CAROL BROWN:** Exactly how do you fit in then? They meet monthly and they talk about the various components under a city deal. How does the unit fit in?

**Mr Heard:** The way it works is that both Infrastructure Investment Division and Cities Division are represented on those calls but it is the Infrastructure Investment Division that takes the lead. Obviously we're interested from the overall contribution of—

**Senator CAROL BROWN:** So you are able to answer my questions then?

**Mr Heard:** We can take that on notice and get back to you on the detail.

**Senator CAROL BROWN:** No, if you're on the calls, you can answer my questions.

**Mr Heard:** Yes.

**Senator CAROL BROWN:** Good. We heard earlier that there has been no movement regarding the \$25 million in terms of the Urban Congestion Fund component of the city deal after years of talking. The groups—the Commonwealth, the state and the four councils that are involved—have not been able to agree on projects. We have heard that it's going to be escalated. Do you know what that means?

**Mr Heard:** Advice to the state government and also the Australian government on their suggestions. The other point of note in this matter is the continuing interest in the potential role for light rail under this as well.

**Senator CAROL BROWN:** Yes, but what does 'escalate' mean. Sorry, I didn't quite understand.

**Mr Heard:** As I indicated, advice from local councils to the Tasmanian state government and to the federal government about the local government's views on the projects; the use of the \$25 million.

**Senator CAROL BROWN:** You will have to explain, Mr Heard, because I understood it to mean that the department was going to raise with their counterparts in the state department the fact that there doesn't seem to be a resolution or a meeting of the minds for projects that should be supported.

**Mr Mackay:** If I recall correctly from this afternoon, our colleague Mr Hallinan had undertaken to raise that and I think that was the sense in which the word 'escalated' was used, as in more senior engagement between governments.

**Senator CAROL BROWN:** Yes, from department to department.

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

**Senator CAROL BROWN:** I really was unsure of what Mr Heard was telling me. So, essentially, the Commonwealth department is going over the heads of the local councils because they have not been able to come to an agreement on what projects should be funded under the \$25 million component of the city deal, and it's now going to the state department to try to find a resolution to this impasse because that's essentially what we've got—is that correct?

**Mr Mackay:** The state government is also a participant in the regular meetings—

**Senator CAROL BROWN:** That's right—

**Mr Mackay:** so it's not that they haven't previously been involved and now will be, but—

**Senator CAROL BROWN:** Sorry, Mr Mackay, I wasn't suggesting that. I'm suggesting the fact that they are involved, the Commonwealth is involved and the four councils are involved, and now the Commonwealth is saying to us that they are now going to their state counterpart and bypassing the council—does that mean that the councils have been the issue in trying to find an agreement on what projects should be funded under the \$25 million urban congestion component of the city deal?

**Mr Heard:** It's about getting agreement between all three levels of government on what those projects should be—

**Senator CAROL BROWN:** How does that happen when the Commonwealth department is bypassing the normal procedure of your monthly meeting and you are going straight to the state government?

**Dr Bacon:** My understanding of the situation is that there are conversations that will be taking place at multiple levels, and have been taking place at multiple levels, and I understand that Mr Hallinan, as one of the next steps, is intending to engage directly with his counterparts, and at the same time those engagements with other parties involved in the city deal will continue as well. So, in a sense, a multi-track engagement to try to bring the issue to a resolution.

**Senator CAROL BROWN:** Why is Mr Hallinan taking that step outside what has been the normal process of the monthly meeting for a number of years now?

**Dr Bacon:** We do have very good relationships with our city deal partners and we have a range of engagement—

**Senator CAROL BROWN:** Mr Hallinan used the word 'escalate'. If I can just get a straight answer as to why that is now occurring, I'd be happy, and we could move on.

**Dr Bacon:** There are times when additional conversations over and above the normal governance arrangements for each city deal might be required, because there might be a particular difference of views about taking a matter forward, and it means that, in addition to the regular governance and engagement processes for each of the city deals, there might be additional conversations to take matters forward. That's my understanding of the situation here.

**Senator CAROL BROWN:** Alright. Is it all funding from the Commonwealth?

**Mr Heard:** It is, yes.

**Senator CAROL BROWN:** The leads are the state and the Commonwealth according to the documentation. I think it is all Commonwealth money, actually. Is there a mechanism where the decisions can be made entirely by the state and the Commonwealth without input by the local councils?

**Mr Heard:** The governance—

**Senator CAROL BROWN:** I'm not saying that's going to happen; I'm saying: is there a mechanism where that can happen?

**Mr Heard:** I'll point out the governance for the city deals is through a joint ministerial committee, which involves local government, and also the implementation board, which involves local government as well.

**Senator CAROL BROWN:** That's not my question though.

**Mr Heard:** That are three levels of government involved in both of those groups.

**Senator CAROL BROWN:** I understand that, but that's not my question.

**Dr Bacon:** In this case we will continue to work with local government and state governments to seek resolution.

**Senator CAROL BROWN:** What's the purpose of the conversations between just the state and the Commonwealth? Mr Hallinan said he's going to have a chat to his state counterpart.

**Dr Bacon:** When we, on occasion, have conversations bilaterally as well as multilaterally to take a particular issue forward that could involve, for example, problem-solving if there are particular issues. Where things might have got a bit stuck, then it can involve problem-solving. Different parties might have different ideas.

**Senator CAROL BROWN:** Alright. When did these conversations start around the projects under the congestion fund?

**Mr Heard:** I'll have to take that one on notice.

**Senator CAROL BROWN:** That's great. Under the Launceston City Deal, the City Heart project seems to have been delayed for a number of years now. Why is there a delay?

**Mr Heard:** There has been activity under that. Again, I'll have to take that on notice.

**Senator CAROL BROWN:** According to your documentation, it says it's on hold.

**Mr Heard:** There are several stages to it and—

**Senator CAROL BROWN:** But it says it's on hold.

**Mr Heard:** Yes, because I think it's the later stages of the project, but I can take that on notice.

**Senator CAROL BROWN:** Has any money been expended? It doesn't look like it.

**Mr Heard:** I don't have—

**Senator CAROL BROWN:** It's only \$75,000 in the next couple of years.

**Mr Heard:** I don't have expenditure to date in the material that I've got, so perhaps we could add that to the questions we'll take on notice.

**Senator CAROL BROWN:** This is the 2016 deal announcement. The deal was signed in 2017. And according to this you haven't even been able to spend \$55,000.

**Mr Heard:** The City Heart project was a \$7.5 million commitment from the Australian government, and the total Australian government spend to date is \$6.75 million.

**Senator CAROL BROWN:** I can't see that in your documentation. It says it's on hold.

**Mr Heard:** I'm happy to take that on notice to get further detail for you.

**Senator CAROL BROWN:** You don't know why it's on hold.

**Dr Bacon:** We can come back to you on that, Senator.

**Senator WATT:** Can I use the last five minutes to talk about something I'm sure you'd be very interested in, Chair, the Townsville City Deal? Probably, the key component of this city deal was to be the \$195 million the government had committed to stage 2 of the Haughton water pipeline. Everyone knows that the Queensland government took over the responsibility for funding this project in August last year, so we still have \$195 million yet to be spent in Townsville. Where are we at, in determining what projects will be funded from this bucket of money?

**Mr Mackay:** The leadership group of the Townsville City Deal, ministerial representatives from all three levels of government, are considering a number of proposed projects as candidates for the reallocation of that funding.

**Senator WATT:** How many projects are being considered?

**Mr Mackay:** There are a number of projects, which have come from several sources of consultation that have identified the projects for the leadership group to consider. I don't think I have with me the precise number of projects that are being considered.

**Senator WATT:** How many people are on this group of community leaders?

**Mr Mackay:** Are you referring to the leadership group?

**Senator WATT:** Yes.

**Mr Mackay:** It's Minister Fletcher, the Queensland deputy Premier and the mayor of Townsville.

**Senator WATT:** So no decision has been taken, at this point, on what that money should be used for. When are we expecting to get a decision on that?

**Dr Bacon:** There is a lot of work underway, as Mr Mackay has outlined, and the leadership group met as recently as 7 May. I think we were talking earlier about making sure that there's sufficient evidence and understanding of proposed projects to make sure that those projects would be value for money. We're in a very well-developed stage of gathering evidence and details for the different project ideas that have been put forward.

**Senator WATT:** Do we know what quarter this year these projects will be selected?

**Dr Bacon:** We don't have a target date, as such, but we're certainly working as hard and as quickly as we can to settle it, because we know that the community are anxious for the outcome.

**Senator WATT:** Part of the reason the community are anxious is that this was a key election commitment from the government in the Herbert electorate—I remember seeing the billboards myself—that \$195 million would be spent on a water pipeline. We're at great risk of getting to the end of this term without a cent of this funding being spent. Is it expected that any of these funds will be spent by the end of this term of government?

**Dr Bacon:** We're working as hard as we can and as quickly as we can on the overall delivery under the Townsville City Deal. That is one of the most longstanding deals we have. There have been a very large number of projects delivered for the benefit of that community. We're happy to go through some of those projects, if that would be helpful.

**Senator WATT:** I've got a copy of an article from the *Townsville Bulletin*, from 29 April this year, where the federal MP, Mr Thompson, said his group of community leaders 'came up with seven projects to spend the money on and it has already gone through the federal government'. Has the federal government approved these projects? He says now that the projects only require 'the tick of approval' from the state and local governments. Is that correct or does there still have to be some federal government approval of these funds as well?

**Dr Bacon:** We're just making sure, as I mentioned earlier, that we have a really solid evidence base for the projects that are decided. We're in a well-developed, well-progressed stage of collecting the further details to make sure that the projects that are chosen represent value for money.

**Senator WATT:** From the federal government's point of view, have these projects not yet been approved?

**Dr Bacon:** There's further work being undertaken to make sure that we have all of the details on the projects.

**Senator WATT:** Which means they haven't been approved yet, from the federal government's perspective. Is that right?

**Dr Bacon:** Final decisions have not yet been made.

**Senator Reynolds:** My understanding is that the council also asked for further time, for some considerations, but we can take that on notice and get some more information for you.

**Senator WATT:** Thanks. I think we are out of time, Chair.

**CHAIR:** Thank you very much for everybody's engagement this evening. It has been very illuminating. That concludes today's proceedings. The committee is due to recommence its examination of the budget estimates on Tuesday 25 May. I most sincerely thank all of the officers of the Department of Infrastructure, Transport, Regional Development and Communications and all witnesses who have given evidence to the committee today. Thank you to Minister Reynolds and Minister Colbeck and also thank you to Hansard, broadcasting and the secretariat. Good night.

**Committee adjourned at 23:00**