

Rural & Regional Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Supplementary Budget Estimates
Infrastructure and Regional Development

Question no.: 171

Program: 2.2

Division/Agency: Surface Transport Policy

Topic: Review into the Road Safety Remuneration Tribunal

Proof Hansard Page: 131 (20 October 2014)

Senator Sterle asked:

Senator STERLE: Has the department provided advice to the Deputy Prime Minister or the parliamentary secretary Jamie Briggs about the findings of the review? Nothing; you have done nothing. Can you tell me how many times the Deputy Prime Minister and/or the parliamentary secretary Jamie Briggs met with representatives of Coles since 7 September, 2013?

Mr Mrdak: We would have to take that on notice. Mr Briggs is the assistant minister.

Senator STERLE: What did I call him?

Mr Mrdak: The parliamentary secretary.

Senator STERLE: I am sorry. My mistake. Could take on notice, Mr Mrdak, if there was a meeting, what was on the agenda and who was present at those meetings?

Mr Mrdak: Certainly. I will seek advice.

Answer:

The Department provided written advice to the Deputy Prime Minister on the findings of the review. Assistant Minister Briggs received a copy of this advice.

The Assistant Minister has not met with representatives of Coles since 7 September 2013.

On 18 November 2013, the Deputy Prime Minister met with senior representatives of Coles and Woolworths to receive a briefing on the new code of conduct to govern supply chain relationships.

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Division/Agency: Surface Transport Policy

Topic: Report – Review into the Road Safety Remuneration Tribunal

Proof Hansard Page: 133 (20 October 2014)

Senator Sterle asked:

Ms Zielke: My response earlier, saying we had not received a copy of the report, the RSRT, was incorrect. Senator Abetz has written to the Deputy Prime Minister and provided a copy of the report the Deputy Prime Minister. I am sorry; I was not aware of that.

Senator STERLE: Great. Can you table that for us?

Ms O’Connell: Chair, we will take it on notice.

Answer:

The review report is currently being considered by the Government. The Road Safety Remuneration Tribunal falls within the portfolio of the Minister for Employment, Senator the Hon Eric Abetz.

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Division/Agency: Surface Transport Policy

Topic: Trading Vessels on Australian Flagged Register

Proof Hansard Page: 133 (20 October 2014)

Senator Back asked:

Senator BACK: How many major trading vessels are on the Australian flagged register, and how does this compare with 10 years ago? If you cannot answer it now, I am happy to get it on notice.

Mr Mrdak: I will quickly see what information we have at the table.

Ms O'Connell: It is probably best if we take that on notice. It will just take some extra time.

Senator BACK: I also want to know how many vessels are on the Australian International Shipping Register.

Answer:

In 2012-13 there were 26 Australian registered major trading fleet vessels. In 2002-03 there were 41 Australian registered major trading fleet vessels.

There are no vessels registered on the Australian International Shipping Register.

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Division/Agency: Surface Transport Policy

Topic: Job Figures in the Sector

Proof Hansard Pages: 133-134 (20 October 2014)

Senator Back asked:

Senator BACK: ... Can you tell me what the 2013 industry census shows in terms of job figures in the sector?

Ms Zielke: I can assist by saying that of that around 10,000 seafarers, 4,500 are working for the Australian Navy as well as for Customs and Border Protection—1,500 of them were ratings and 1,000 were engineering officers, and 1,300 were masters and deckhands.

Senator BACK: In terms of industries not affected by the proposed reform, such as offshore, pilotage, dredging, subsea work, anchor laying et cetera, what numbers are we actually talking about? I understand those I just listed are not contemplated under the reform. What numbers are we looking at? If half are in the Navy, what numbers are we looking at—2,500?

Ms Zielke: From memory I think it is less than that, but I would need to take that on notice and come back to you.

Answer:

The 2012 Australian Maritime Industry Census, published in 2013, gives a number of 10,329 seafarers employed in total in the maritime industry: of that number, the largest single group are Navy and Customs and Border Protection personnel (4,527) and many of the remaining seafarers (2,893) work in industries unaffected by the proposed reforms such as the offshore sector, pilotage, dredging or in ports. The report notes that there was a 61 per cent response rate to the survey and that some key workforce participants did not participate in the survey.

Please refer to **174 - Attachment A** – Australian Maritime Industry Census

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Program: n/a

Division/Agency: Surface Transport Policy

Topic: Joint Agency Coordination Centre

Proof Hansard Page: Written

Senator Milne asked:

1. When (date and time) was the Chief Coordinator aware that the instances listed below were not from the black box of flight MH370:
 - a. Two pings observed on 5 April 2014?
 - b. Two pings observed on 8 April 2014?
 - c. Those on 10 April 2014?
2. Did the Chief Coordinator inform the Prime Minister, the Department of Premier and Cabinet, any other Minister, or any Liberal-National Coalition Member of Parliament of this fact prior to the Prime Minister making a speech in China on 11 April 2014?
 - a. If so, when and whom?
 - b. If not, why not?
3. When (date and time) did the Chief Coordinator receive the Australian Joint Acoustic Analysis Centre report confirming that the signal reported in the vicinity of the ADF vessel *Ocean Shield* was unlikely to relate to the aircraft black box?
4. When (date and time) was the first instance in which the Chief Coordinator made a public statement confirming that the pings were not from the black box?
5. At what time on 11 April 2014 did the Chief Commissioner first state that there was no breakthrough in the search for MH370?

Answer:

1.
 - a. & b. Until the black box of flight MH370 is located, we cannot be sure that the pings were not from the black box. On 28 May 2014, the autonomous underwater vehicle, *Bluefin-21* completed its last mission searching the remaining areas in the vicinity of the acoustic signals detected in early April by the towed pinger locator deployed from ADV *Ocean Shield*, within its depth operating limits. On 29 May 2014, the Joint Agency Coordination Centre advised that data collected had been analysed and that no signs of aircraft debris had been found.
 - c. On 11 April 2014, the Chief Coordinator was aware that the initial assessment of the possible signal detected on 10 April 2014 by the RAAF AP-3C Orion was determined as not related to an aircraft underwater locator beacon. Note that the possible signal detected on 10 April 2014 by the RAAF AP-3C Orion is different from the four pings detected by the towed pinger locator deployed from ADV *Ocean Shield*.
2. No. See response to Q 1.
3. See response to Q 1c.
4. Never.
5. At 1.33pm AEST 11 April 2014, the Chief Coordinator issued a media statement in relation to the possible signal detected by a RAAF AP-3C Orion. This statement did not relate to the pings observed on 5 and 8 April. In the statement he also indicated that there had been no major breakthrough in the search for MH370.

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Program: n/a

Division/Agency: Surface Transport Policy

Topic: Support to the Coastal Shipping Industry

Proof Hansard Page: 117 (20 October 2014)

Senator Sterle asked:

Senator STERLE: ...But I want to talk about shipping. Through you, Mr Mrdak, can someone indicate to me how much the Australian government has provided by way of grants to support the coastal shipping industry, including sea ports, in each year since 2000? And can you compare it with grants for either road or rail construction and maintenance?

Mr Mrdak: I do not have that level of detail for support for the maritime industry. There have been investment projects at a number of ports but it has largely been around the land transport interface, rather than in port infrastructure.

Senator STERLE: Yes.

Mr Mrdak: I will take that on notice to get you some further details.

Answer:

The Australian Government has not provided any grants to support the coastal shipping industry since 2000-01. The Australian Government has provided \$3.2 million for two planning study projects at Darwin Port in 2009-10, which considered infrastructure upgrades related to both port infrastructure and land transport infrastructure.

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Division/Agency: Surface Transport Policy

Topic: Consultation – Shipping Reform

Proof Hansard Page: Written

Senator Sterle asked:

1. Which section of the Division handles shipping reform matters?
2. What meetings has the Department had with stakeholders external to Government in relation to coastal shipping reform?
3. Can you list the organisations, date of meeting, and matters discussed.
4. Has the Department met with Navy on coastal shipping reform since September last year? When were the meetings, and who attended?
5. Has the Department met with port authorities on this issue since September last year? When were the meetings, and who attended?
6. Has the Department met with the Australian Shipowners' Association on this issue since September last year? How many times?

Answer:

1. The Maritime and Shipping Branch within the Surface Transport Policy Division of the Department handles coastal shipping reform matters.
2. The Department held consultation workshops and private meetings on coastal shipping reform with interested parties in May and June 2014. Open sessions were held in Sydney, Melbourne, Perth and Brisbane. Private meetings were held in Canberra, Sydney, Melbourne, Perth, Brisbane and Hobart.
3. The Department met with 103 organisations in total during the consultation sessions. The consultation sessions discussed the Options Paper, the review process and the *Coastal Trading (Revitalising Australian Shipping) Act 2012*. Details of the consultation sessions are as follows:

Location	Dates	Attendees
Sydney	1,2 and 30 May 2014	Asiaworld, CSL, Business Council of Australia, Teekay Shipping, Cement Industry Federation, Lloyd's List Australia, Australian Shipowners Association, RS Platou Shipbrokers, Mediterranean Shipping Company, Mitsui OSK Lines, OOCL, Shipping Australia, K&L Gates, Maritime Union of Australia, Strategic Marine Group, Maersk Line, Svitzer Australia, Minerals Council of Australia, Norton Rose Fulbright, Caltex, Thompson Clarke Shipping, BHP Billiton, Inchape Shipping Services, Arrium Mining and Materials, Australian Maritime Officers Union, Australian Institute of Marine and Power Engineers, Inco Ships, Origin Energy, Cruise Lines International Association, Carnival Australia
Melbourne	8 and 9 May 2014	Coogee Energy, NYK Line, Australian Shipowners Association, KnowMinister.com, ANL, P&O Marine, Incitec Pivot, Wallenius Wilhelmsen Logistics, Port of Melbourne Corporation, Seaway Agencies, Wilmar Sugar, CSR, Gypsum Resources Australia, Bluescope Steel, K Line, Odfjell Australia, Coastalbridge Australia, Impact Fertilisers, Oldendorff Carriers, Toll, Boral, Pacific Asia Express, Wilmar BioEthanol, Business Council of

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		Australia, CMA CGM & ANL, Asiaworld, Braemar Seascope, BP, Shell, Interacid, SeaRoad, Pacific Basin Shipping, Australian Mines and Metals Association, Nyrstar, Holman Fenwick Willan, Australian Peak Shippers Association, APT, North Star Cruises, Coral Princess, Tourism Tasmania, Tourism NT, Cruise Down Under, Tourism Victoria, Tourism and Transport Forum
Perth	19 May 2014	Fremantle Ports, Chartered Institute of Logistics and Transport, Freight and Logistics Council WA, K Line, Morgan Marine, Swire Pacific Offshore, Woodside Energy, Mediterranean Shipping Company, Braemar Seascope, Alcoa of Australia, Australian Maritime Officers Union, Iluka Resources, Cristal Mining
Brisbane	21 May 2014	Qcoast, Sea Transport Corporation, Port of Brisbane, Department of Tourism, K Line, Seaway Agencies, Pacific Aluminium, Shipping Australia, Wagners, Wilmar Sugar, Department of Transport and Main Roads, Qube Ports, Sea Swift, Asiaworld, Australian Aluminium Council, Clarksons Australia, Anderson Hughes, Austral Asia Line, Mercer Marine
Hobart	22 May 2014	Department of Infrastructure, Energy and Resources, Bell Bay Aluminium, Nyrstar, Tasmanian Minerals and Energy Council, Norske Skog, Tasmanian Famers and Graziers Association, Hartmann Project Lines
Canberra	16, 28 and 29 May, 13 June 2014	SeaRoad, BP Australia, Shell Australia, National Farmers Federation, Business Council of Australia, Australian Institute of Petroleum, Dale Cole and Associates, Wilmar Sugar, Gypsum Resources Australia, Cement Industry Federation, Australian Aluminium Council, Incitec Pivot, Toll

4. The Department did not meet with the Navy during the consultation process; however, it did engage with the Navy via email and phone in regards to the Options Paper.
5. Three port authorities attended the consultation sessions on coastal shipping reform – Port of Melbourne Corporation (8 May), Fremantle Ports (19 May) and Port of Brisbane (21 May).
6. The Department attended meetings with the Australian Shipowners Association on 8 May, 25 June and 8 July 2014, which discussed the review of coastal trading.

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Topic: Reducing Regulation and Australian Jobs

Proof Hansard Page: Written

Senator Sterle asked:

1. How does reducing regulation under the options canvassed in the coastal trading review credibly increase Australian jobs in coastal shipping?
2. What work has the Department commissioned since September 2013 that directly links reduced regulation with increased Australian jobs in Australian shipping?
3. If yes who did the work, and what is the title of the work?
4. Is increasing Australian jobs in shipping a policy priority of this Government?
5. Given you claimed at October Estimates (p134) that less than 10,000 direct jobs will be affected as a result of coastal trading changes, how many direct jobs do you estimate will be affected?

Answer:

1. The Australian Government is looking at opportunities to increase competition amongst shipping interests in the sector and boost efficiency and activity in coastal trading.
2. The Department has not commissioned any work on this issue.
3. Not applicable.
4. The Australian Government has declared that growth in employment across the Australian economy is a priority.
5. The 2012 Australian Maritime Industry Census, published in 2013, gives a number of 10,329 seafarers employed in total in the maritime industry: of that number, the largest single group are Navy and Customs and Border Protection personnel (4,527) and many of the remaining seafarers (2,893) work in industries unaffected by the proposed reforms such as the offshore sector, pilotage, dredging or in ports. The report notes that there was a 61 per cent response rate to the survey and that some key workforce participants did not participate in the survey.

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Topic: Maritime Workforce Development Forum

Proof Hansard Page: Written

Senator Sterle asked:

1. What ongoing audit work is being conducted since the abolition of the Maritime Workforce Development Forum?
2. Specifically, what work is currently being undertaken on each of the following Strategy recommendations?
 - a. That the Government funds the Forum to conduct a maritime workforce census every two years to build on the 2012 census and enhance the data source as a basis for improved workforce and skill demand predictions.
 - b. That the Government endorses a national maritime training target for each occupational category in the maritime sector, which would be set by the Forum on advice from the national maritime training organisation. The first national training target for endorsement is 545 in year one and 505 a year for the following two years—made up of 225 integrated ratings; 130 for engineer officers, with an aspirational target of 200 engineer officers if training berths can be found; and 120 for deck officers in year one with 80 per annum thereafter.
 - c. That the Government endorses the establishment of a national industry training organisation set up as a not-for-profit public company limited by guarantee, with a small independent board drawn from Forum membership. The organisation would be responsible for the development of a national demand aggregation model, management of the national maritime training co-contribution subsidy and the parameters and day to day operations of the training guarantee.
 - d. That the Australian and State Governments endorse the formation of a virtual national maritime college to bring the three AMSA-approved maritime colleges closer together, and support their memorandum of understanding.
 - e. That the maritime industry, AMSA, the maritime training colleges and TLISC continue to collaborate on the continuous improvement in the maritime training package, innovation in the development of training programs based on the package, and on opportunities for increased flexibility in the delivery of training and recruitment of women and Indigenous Australians to the industry.
 - f. That the Australian and State Governments pool resources for VET maritime training and manage the pool through a national industry training organisation as set out in Recommendation 5.
 - g. That the Government introduce a national maritime training co-contribution subsidy of \$10,000 per integrated rating trainee and \$20,000 per deck and engineer officer trainee in order to quickly boost maritime training numbers.
 - h. That the Government provide seed funding of \$1.5 million a year for three years to cover the development costs of the national aggregation model, running future biennial workforce censuses, the establishment and initial operation of a small national industry training body, the engagement of a senior person to facilitate the integration of maritime training colleges under the MOU, and support the Forum's ongoing operations.
 - i. That the Government implement a mandatory training obligation of 2 per cent of payroll for the maritime industry using maritime labour and covering relevant maritime qualified jobs, including those relevant jobs in resource companies in the offshore construction phase, as well as regulators, ports, pilots, towage companies and so on.
 - j. That the Government consult with resource companies and operational stakeholders, including maritime unions, in the offshore industry to identify gaps, if any, to manage the provision of specialist maritime services with a view to ensuring the smooth delivery of domestic

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development/construction projects which on occasion require specialist international maritime services which are not available in Australia. The aim would be to deal with such international usage needs objectively whilst ensuring that momentum is maintained on the delivery of domestic skills development against the long term sustainable needs of the Australian offshore and maritime industries.

- k. That the Government work through Navy and the commercial sector to investigate ways to increase co-operative partnership arrangements between the commercial and naval sectors in areas such as recruitment, training, and training standards, with a report back to the Government....
- l. That the Government supports the Forum in further work to explore the idea of a 'maritime cluster' to strengthen the shipping reform agenda.

Answer:

- 1. No ongoing audit work has been undertaken since 8 November 2013.
- 2. N/A.

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Division/Agency: Surface Transport Policy

Topic: Minister Truss Coastal Shipping – 18 September

Proof Hansard Page: Written

Senator Sterle asked:

1. Does the Department always check the facts used in Ministerial speeches on shipping policy?
2. Did the Department check the facts used in the Minister's 18 September speech to Shipping Australia luncheon?
3. Does the Department stand behind all the claims made by the Minister in that speech?
4. If not:
 - a. Doesn't the Minister require the Department to check facts in speeches?
 - b. Is this only done partially?
 - c. Do you see this as the Department's responsibility?
5. Can I ask you the following:
 - a. Did the Department rely on the accuracy of BITRE supplied data – the report he released in his speech - when checking or preparing facts in the Minister's speech?
 - b. Does the Department stand by the claim that there were 1000 fewer coastal voyages in 2012-3 as against the previous year? Or is relying on BITRE for that information?
6. Did the Department check or verify the claim made by the Minister relating to Cristal Mining?
7. Does the Department verify that claim?
8. Does the Department agree that "coastal shipping is bound by regulations where a ship has to wait idle in port for a day before loading can begin" - why must all ships wait?
9. Can the Department indicate how many ships in the coastal trade have in fact loaded immediately or within a day?
10. The statement implies all ships must wait 24 hours – that is incorrect isn't it?
11. Did the Department seek to correct this with the Minister's office?
12. Has the Department verified the accuracy of the Bell Bay Aluminium 63% cost increase claim?
13. Can the Department confirm that it knows that those costs were in fact never incurred?
14. Can the Department confirm that it knew those costs weren't incurred at the time of the Minister's speech, given it was party to a court case related to this matter?
15. Does the Department accept the findings of the Federal Court (in CSL v Department of Infrastructure and Transport) that the lower comparison rate - \$18.20 per tonne – was a trial offer that in fact lost the Australian shipping company \$300,000 for a single voyage?
16. Did the Department point the Minister to Bell Bay Aluminium's full range of concerns about freight rates as expressed to the Productivity Commission – including:
 - a. trucking aluminium to a different Tasmanian port at an extra cost of \$4 million?
 - b. Port of Melbourne licence fees rising 50% on 1 July 2012?
17. Does the Department accept that Bell Bay Aluminium expressed these concerns in its PC submission?
18. Is it the case that the community can be assured that when the Minister makes comments in a prepared speech on shipping, that factual content has been approved by the Department?

Answer:

1. Yes, when requested by the DPMO.
2. Yes.
3. Yes.
4. Not applicable.
5. a. Yes.
b. Yes.

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6. The Department checked the Minister's speech with Cristal Mining's submission in response to the Options Paper.
7. The information in the speech is a statement by Cristal Mining in its submission in response to the Options Paper.
8. In Minister Truss' speech to Shipping Australia on 18 September 2014 he stated that "[i]t does not help our national cause when coastal shipping is bound by regulations which can require a ship to wait idle in port for a day before loading can commence". Ships can be required to wait in port before loading if a variation to a Temporary Licence is required. For example, if a shipper receives a last minute request from a client for more fertiliser than what is approved to be carried by the Temporary Licence, then the shipper must submit an authorised matters variation before loading can commence. There is a 24 hour consultation period for authorised matters variations, which means the shipper will be waiting at least 24 hours before they receive approval for the variation and can commence loading.
9. The Department does not collect this information.
10. See response to question 8.
11. Not applicable.
12. The statement is from Bell Bay Aluminium's submission in response to the Options Paper.
13. See response to question 8.
14. See response to question 8.
15. The Federal Court did not make any findings about whether the lower comparison rate was a trial offer, or whether CSL made a loss. Rather, the Federal Court recognised that this was an issue that was potentially in dispute between CSL and Rio Tinto.
16. Not in this circumstance.
17. Yes.
18. The Department cannot answer on behalf of the community.

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Division/Agency: Surface Transport Policy

Topic: Shipping – International Vessels

Proof Hansard Page: Written

Senator Sterle asked:

1. What is the definition of a “major coastal trading vessel”?
2. Where is this definition from?
3. Can the Department indicate how many international-flagged major coastal trading ships crewed by Australians there were:
 - a. at 30 June 2012, and
 - b. how many there are today?

Answer:

1. Major coastal trading vessel – defined as a vessel in the Australian trading fleet that has a deadweight tonnage greater than or equal to 2000 tonnes and for which 80 per cent or more of its voyages called at an Australian port during a given financial year.
2. Australian Sea Freight 2012-13 report.
3. The number of international flagged major coastal trading ships during the 2011-12 financial year is in Australian sea freight 2011-12. Vessel list information for the 2013-14 financial year is currently not complete.

The number of international flagged vessels with a licence under Part 6 of the *Navigation Act 1912* was 22 as at 28 June 2012. The crew on these vessels were paid Australian wages, but were not necessarily Australians. The number of international flagged vessels with a Transitional General Licence (TGL) was 13 as at 23 September 2014. The crew on these vessels are Australians or have Australian work rights.

The number of vessels holding a Part 6 licence or a TGL will not match the number of international flagged major coastal trading vessels as the permit or TGL holding vessels may not have met the definition of a major coastal trading vessel (see answer to question 1).

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Topic: Regulatory Certainty

Proof Hansard Page: Written

Senator Sterle asked:

1. How does regulatory uncertainty impact on flagging decisions by shipowners?
2. Do you agree that flagging decisions are effectively an investment with significant regulatory risks attaching?
3. Is there likely to be a connection between flagging decisions and regulatory certainty?

Answer:

1, 2 & 3. The flagging of a vessel is a commercial decision for shipowners.

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Division/Agency: Surface Transport Policy

Topic: Second Register

Proof Hansard Page: Written

Senator Sterle asked:

1. Since last Estimates, what actions has the Department taken to promote the second register?
2. What discussions have occurred with Austrade since May?

Answer:

1. Austrade continues to support the Department in providing information on the Australian International Shipping Register to posts around the world to share with interested companies.
2. No new interaction has occurred with Austrade since May.

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Division/Agency: Surface Transport Policy

Topic: Cost Benefit Analysis – Coastal Shipping

Proof Hansard Page: Written

Senator Sterle asked:

1. Has the Government received its report into cost benefit analysis on Australian coastal shipping? (see written answer 58 to last Estimates)
2. Can you confirm the work cost \$65,000 and that the work was done by Predictive Analytics?
3. What other work in the coastal shipping area has this group done? Who for?
4. Was the report received by 30 June as indicated?
5. Will this report be released publicly in full?
6. If not, will this report be selectively quoted from by the Minister?
7. Given the Government says it has no plans to release this publicly funded work (see Estimates answer 58), can we ask:
 - a. What cost-benefit method was applied? Did it include wider economic benefits?
 - b. Can you indicate what the reference case was and what options/scenarios were evaluated?
 - c. For the favoured option – how many Australian flagged ships does the analysis forecast into the future?
 - d. To which groups do most of the costs and benefits accrue?
 - e. How was the labour component (by percentage) of coastal shipping costs derived?
 - f. Were the productivity improvements arising from implementation of the 2012 Bluewater Labour Relations Compact factored in?
 - g. What crewing complement for Australian Bluewater ships was used to estimate labour costs?
 - h. What was the assumed port charge component (by percentage) for coastal shipping costs?
 - i. What was the assumed fuel cost component (by percentage) for coastal shipping costs?
 - j. What other components of coastal shipping costs were modelled?
 - k. What assumptions about impact on manufacturing activity were assumed, and how are they related to coastal shipping policy?
 - l. Were strategic and national interest issues addressed? How?
 - m. What assumptions or findings are made about Australian skills development in harbour management, towage, pilotage, port management and the maritime cluster generally?
 - n. Did the consultant use the findings in the 2012 Maritime Workforce Development Strategy regarding the future training supply requirements? If not, why not?
 - o. What replenishment rate did the consultant use when examining the costs of not having a Bluewater trading ship fleet to provide the berths for trainees and cadets to undertake seetime as required under the Navigation Act and Marine Orders made under that Act?
 - p. Were merchant fleet links to Navy and defence analysed and quantified as benefits?
 - q. Was impact on reliability of coastal freight factored in for each option?
 - r. What assumptions were included about the response of Australian shipping to opening up of the coast?
 - s. How was greater control and reliability of Australian flagged ships in the coastal trade evaluated and quantified?
 - t. How did the modelling take into account the variability of freight rates in the global shipping market? Over what period were these trends measured?
 - u. What assessments were made regarding the different ship types / trades in the global shipping market?
 - v. Were the impacts on intermodal competition and effects on the overall freight system analysed?
 - w. How did the study incorporate the impact of changes to the manufacturing industry?

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- x. Did the study compare the costs of shipping transport to costs in the road and rail industry?
- y. Was the much higher relative level of Federal subsidy for other freight modes included?
- z. How does the paper make assumptions about ongoing lack of regulatory certainty and its impact on investment decisions?
- aa. To what extent do the analysis' findings assume ongoing regulatory certainty?
- bb. Does the paper assume that implementation of the favoured option will end regulatory uncertainty in this sector?
- cc. How is cruise shipping evaluated in the analysis?

Answer:

- 1. Yes.
- 2. Yes. This cost benefit analysis work cost \$65,000 (GST inclusive).
- 3. This is a question for Predictive Analytics Group Proprietary Limited (PAG).
- 4. The final report was received on 11 July 2014.
- 5. The Department does not intend to publicly release this report.
- 6. This is not a question for the Department.
- 7.
 - a. The cost benefit analysis was conducted with regard to the *Handbook of Cost Benefit Analysis*, (Commonwealth of Australia, January 2006), using the analytical framework consistent with that applied in informing the 2012 Regulation Impact Statement on coastal trading. It did not include wider economic benefits, in the technical sense of the term, because they would be negligible in this case.
 - b. The reference (or base) case assumed no regulatory change. The three options considered were:
 - i. Option 1: Remove all regulation of access to coastal trading;
 - ii. Option 2: Remove all regulation of access to coastal trading and enact legislation to deal with the effects of other Australian laws; and
 - iii. Option 3: Continue to regulate coastal trade, but minimise industry burden and costs.
 - c. The report does not favour or recommend an option.
 - d. The report does not specify such impacts.
 - e. Crew costs were calculated for Australian-flagged vessels on the basis of a sample of Enterprise Bargain Agreement salary rates. For foreign-flagged vessels, crew costs in line with the Seagoing Industry Award Part B and the International Transport Federation wage rates were assumed.
 - f. Yes, the report considers the Compact.
 - g. The report assumes no further reduced manning on Australian vessels under the main scenarios considered. For example, bulk carriers and product tankers for domestic vessels were assumed to be manned by 17 seafarers on average.
 - h. Port costs were not included in the cost benefit analysis as they do not vary for vessels with different flags.
 - i. Fuel costs were not included.
 - j. Shipping costs considered in the report are:
 - i. crew costs (see Answer 7. e.);
 - ii. other operating costs, including victualing, ship stores, insurance costs, administration costs, and repair and maintenance costs; and
 - iii. capital costs (both financial and economic).
 - k. This information is not included in the report.
 - l. This information is not included in the report.
 - m. None.
 - n. No. Skills development was outside the scope of work.
 - o. The report does not include reference to a replenishment rate. Skills development was outside the scope of work. Main scenario modelling for three regulatory options considered (see Answer 7. b.) did not assume the absence of an Australian Bluewater fleet.
 - p. No.
 - q. No.

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- r. Under Option 1, Australian shipping is assumed to take up a greater share of the Australian coastal freight task. Under Option 2, some Australian-flagged vessels were assumed to re-flag and/or at least partly re-crew.
- s. As per Answer 7. q., “impact on reliability of coastal freight... for each option” was not considered.
- t. The report does not refer to variability or trends in freight rates in the global shipping market. Real required annual freight rates are considered over a 20-year period in relation to initial ship yard (capital) costs. Also, lower freight rates worldwide were noted as a possible link to reduced demand for new ships, with reference to the United Nations Review of Maritime Transport 2012 and 2013 reports.
- u. No assessment was made regarding ship types or trades specifically for the global market. For both domestic and foreign vessels, types of vessels considered were: handy size; panamax; capesize; product tanker; container ship; and, crude tanker. Sectors considered were: dry bulk (including iron ore, bauxite, and other dry bulk (such as cement and fertiliser)), liquid bulk (including oil, petroleum products, and other liquid bulk (such as chemicals and LNG)), and containers.
- v. No.
- w. The report does not consider changes to the manufacturing industry.
- x. No. The potential cost of substitution of ship transportation of freight to other modes of transport (rail/road) was not modelled.
- y. No.
- z. The report does not include assumptions of this nature.
- aa. The report’s findings do not include assumptions of this nature.
- bb. The report’s findings do not include assumptions of this nature.
- cc. Cruise shipping is not evaluated in this report.

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Question no.: 185

Program: 2.2

Division/Agency: Surface Transport Policy

Topic: Seafarer Tax Offset

Proof Hansard Page: Written

Senator Sterle asked:

1. Was the Department surprised by the Budget decision to abolish the Seafarer Tax Offset?
2. Last time you indicated that the Department was not aware of the announcement in advance. Can I ask if you received representations from any shipping interest, to the effect that the Offset be abolished?
3. Can you speculate as to the motivation for the decision?
4. Can I put it to you that the Treasurer abolished a benefit that actually goes to an employer because it had the word "Seafarer" in it.
5. Can you articulate the public policy argument for the Offset?

Answer:

- | | |
|------------|--|
| 1. | The Department was not aware of the announcement in advance. |
| 2. | No |
| 3, 4 and 5 | Taxation policy and reform are matters for the Treasury portfolio. |

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Question no.: 186

Program: 2.2

Division/Agency: Surface Transport Policy

Topic: Tasmanian Freight Equalisation Scheme

Proof Hansard Page: Written

Senator Sterle asked:

1. When will the Government respond to the Tasmanian Shipping and Freight Productivity Commission report it has had since 7 March 2014?
2. Has the Government consulted with:
 - a. the Tasmanian Government,
 - b. the Joint Commonwealth and Tasmania Economic Council or
 - c. stakeholders,regarding the recommendations of the Productivity Commission Report?
3. Has the Department done any work in recent months on changing the scope of the Tasmanian Freight Equalisation Scheme?
4. To what extent is that work guided by the Productivity Commission report?
5. How much would it cost to extend the TFES to all northbound non-bulk product (ie including that bound for international export)?
6. Has a cost-benefit analysis of this option been undertaken?
7. Given that the PC says that there is a strong negative link between subsidising northbound product through to Melbourne destined for international export, and attracting a permanent and direct international container shipping service to and from Tasmania – which option does the Department support? Are there sustainable scenarios where both can occur? Has a cost-benefit analysis of this choice been undertaken?
8. How much would it cost to extend TFES to all southbound non-bulk product? Has a cost-benefit analysis of this option been undertaken?
9. If the PC recommendation was followed, and northbound-for-export was accommodated within existing funding, how would the TEU rate change?
10. What impact would subsidising exports have on Australian international trade agreements?
11. Given the PC's recommendation that TFES be "payable only on the basis of evidence of actual wharf to wharf costs" – what changes would need to be made to TFES to implement this?
12. The PC calls on the Department to weigh up the costs and benefits of undertaking additional functions with respect to TFES – has the Department commenced any of this work?

Answer:

The Government is currently considering the Productivity Commission Inquiry Report on Tasmanian Shipping and Freight and will be responding in due course.

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Question no.: 187

Program: 2.2

Division/Agency: Surface Transport Policy

Topic: Tasmanian Freight Equalisation Scheme

Proof Hansard Page: Written

Senator Sterle asked:

1. Has BITRE or the Department undertaken or continued any work on aspects of the Tasmanian Freight Equalisation Scheme since the release of the PC Report into Tasmanian shipping?
2. Has BITRE or the Department considered or acted on the follow PC recommendation number 2, which reads in part: "The Bureau of Infrastructure, Transport and Regional Economics should recommend separate dollar amounts per TEU of assistance for the Tasmanian mainland, King Island, and the Furneaux Group of islands, informed by a public consultation process".
3. The PC then lists certain criteria for looking at restructuring TFES. Has BITRE or the Department commenced any work on that?
4. If so, what is it examining?

Answer:

The Government is currently considering the Productivity Commission Inquiry Report on Tasmanian Shipping and Freight and will be responding in due course.

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Question no.: 188

Program: 2.2

Division/Agency: Surface Transport Policy

Topic: Bass Strait Passenger Vehicle Equalisation Scheme

Proof Hansard Page: Written

Senator Sterle asked:

1. Is BITRE of the Department doing any work on the Bass Strait Passenger Vehicle Equalisation Scheme? If so, what is the work?
2. What is the objective of the scheme?

Answer:

The Bureau of Infrastructure, Transport and Regional Economics (BITRE) is not conducting any work on the Bass Strait Passenger Vehicle Equalisation Scheme.

The objective of the BSPVES is to assist in alleviating the cost of sea travel across Bass Strait for passengers accompanying an eligible vehicle.

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Question no.: 189

Program: 2.2

Division/Agency: Surface Transport Policy

Topic: National Heavy Vehicle Regulator

Proof Hansard Page: Written

Senator Xenophon asked:

In previous Estimates, I have put Questions on Notice regarding the National Heavy Vehicle Regulator's responsibility for issuing permits for over-dimensional loads since the legislation came into effect on 10 February 2014.

Earlier this year, the regulator was unable to cope with the number of permits, having a major effect on the mining and renewable energy industry where permits are often needed to transport parts and equipment.

Subsequently, the NHVR delegated authority to state Governments to process new applications for oversize and over mass vehicles, and special purpose vehicles for travel wholly within a state, while interstate applications continue to be managed by NHVR.

1. I have been advised the delegation of specific permit issuing responsibilities is a temporary transitional measure, and this responsibility will be taken back by the NHVR when the appropriate systems and processes are in place.
 - a. What are these "systems and processes"?
 - b. When does the NHVR expect that they will retain responsibility for issuing permits?
 - c. What are the barriers to the NHVR resuming responsibility?
2. Has the NHVR finalised administrative arrangements with the States and Territories with regards to KPIs for travel wholly within a state?
3. Does NHVR have KPIs for processing times yet? If not, why not?
4. From 10 February – 19 March 2014, the NHVR received 3,614 access permit applications and the average time taken to process applications, seek and gain road manager consents and issue permits was 12 days – a timeframe that didn't meet industry standards.
 - a. What is the amount of time for processing application and issuing permits that is expected by industry?
5. How will the Access Management Remediation Programme improve processing times?
6. Has the rolling out of the one-stop-shop regulator been rushed?
7. In response to a previous Question on Notice, I have been advised the one-stop-shop regulator remains important if "predicted improvements to productivity, efficiency and safety are to be delivered to industry".
 - a. What are the predicted improvements to productivity, efficiency and safety?

Answer:

1. The National Heavy Vehicle Regulator (NHVR), in partnership with participating jurisdictions and the Commonwealth, is currently pursuing a range of remediation improvements to its road access and management systems. These improvements cover the information technology systems used by customers, the NHVR and road managers in processing permit applications; the processes used to action applications; and the business rules and governance models that dictate permit processing timeframes and handling.

Although the NHVR has been successfully processing a range of permit types since February 2014, it is the view of the Transport and Infrastructure Council that the NHVR will resume responsibility for the remaining permit processing when participating Governments are satisfied permit operations managed by the NHVR are

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operating at the standard expected by Governments and industry. The NHVR has advised the Council that it will take 18 months to implement the remediation solutions.

The return of all permit processing to the NHVR will occur once it can satisfactorily demonstrate improvements in permit processing turnaround times; provide consistent and accurate service provision of permits and related advice to operators; and there is a reduction in the number of instances where issues with permits applications are escalated with other parties such as industry associations or ministers.

2, 3 and 4. Service Agreements, which codify the provision of road network services between the NHVR and jurisdictions, are in place with participating jurisdictions. The NHVR is in the process of reviewing these service agreements. The NHVR has developed internal benchmarks for the processing times of permits, and is undertaking further work to develop external indicators for jurisdictions and industry. The NHVR is also working with industry to establish agreed timeframes for processing applications and issuing permits that will be included in the development of future performance benchmarks.

5. The Access Management Remediation Program will result in improved processing times by providing a more streamlined information technology system and governance arrangements that more effectively integrate with existing jurisdictional and road manager systems. Since February 2014, the NHVR has worked with road managers to develop more than 500 gazetted and pre-approved routes, which reduce the need to get a permit or reduce permit processing timeframes, and has commenced extensive engagement with local government.

6. No. The NHVR commenced limited operations in January 2013 with full regulatory operations scheduled to commence from 1 July 2013. Following a number of delays to the commencement date, due primarily to the passage of application laws in participating states and territories, the NHVR Board indicated a start date in early 2014 would be more achievable. Transport Ministers agreed in November 2013 that full regulatory responsibilities would commence from 10 February 2014 in Queensland, New South Wales, Victoria, Tasmania, South Australia and the Australian Capital Territory.

However, it is noted that the integration of state regulatory processes with a national IT system proved to be more complex than was anticipated, and the expectations of local road managers and the industry were not managed as well as originally planned. These issues are being addressed in the remediation project.

7. The National Transport Commission has estimated that the NHVR will deliver up to \$12.4 billion in benefits across productivity, safety and efficiency over 20 years. These include improved access for High Productivity Vehicles transporting freight; reduced regulatory red tape for interstate operators through harmonisation of laws, regulations and processes across Australia; removal of inefficiencies in duplicated activities across levels of government; improved safety outcomes, for example, by strengthening Chain of Responsibility provisions in legislation; and implementing comprehensive national data collection and analysis to improve knowledge of where further safety and productivity gains can be made.

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Question no.: 190

Program: 2.2.1

Division/Agency: Surface Transport Policy

Topic: National Rail Safety Regulator

Proof Hansard Page: Written

Senator Sterle asked:

1. At the last hearing you told us that Queensland and WA needed to pass legislation to join the other jurisdictions. Can you advise the status of these two States, and if legislation is not passed, at what stage they are at.
2. If still not done: Has either State indicated it will not proceed? What is the delay?
3. Given the estimate that the three national regulators will create savings to industry of \$30 billion over twenty years, can you provide an estimate of the monthly costs to industry of these States remaining out?

Answer:

1. The Western Australian Government introduced the Rail Safety National Law (WA) Bill 2014 into its Legislative Assembly on 17 September. Queensland legislation has not yet been introduced into the Queensland Parliament.
2. The Queensland Government has written to the Australian Government and rail industry to advise that it will not proceed with joining the National Rail Safety Regulator. The Australian Government expects the Queensland Government to honour commitments made in August 2011 when the Council of Australian Governments Intergovernmental Agreement on Rail Safety Regulation and Investigation Reform was signed.
3. It is difficult to reasonably estimate the total costs of the productivity loss on a select number of rail operators who will be impacted differently by some level of remaining regulatory compliance duplication.

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Question no.: 191

Program: 2.2

Division/Agency: Surface Transport Policy

Topic: National Heavy Vehicle Regulator

Proof Hansard Page: Written

Senator Sterle asked:

1. How is the NHVR progressing?
2. Are the implementation matters from February under control?
3. When will industry be able to say there is a uniform national system (excluding NT and WA) without major glitches?

Answer:

1, 2 and 3

On 7 November 2014, the Transport and Infrastructure Council (the Council) noted the extensive work being undertaken by the National Heavy Vehicle Regulator (NHVR) since it assumed regulatory responsibilities in February 2014 in Queensland, Victoria, New South Wales, South Australia, Tasmania and the Australian Capital Territory. The Council noted progress by the NHVR to boost the number of pre-approved routes for over size and over mass vehicles, with over 500 gazetted and pre-approved routes having been implemented since February 2014. In addition, the Council noted further progress being made in approving more Performance-Based Standards (PBS) Scheme vehicles, offering industry the potential to achieve higher productivity through innovative vehicle design.

Ministers also noted progress by the NHVR on other regulatory functions, including the development and release of its first safety and compliance alert to industry highlighting concerns about potentially defective trailer hitches. This followed safety issues identified by investigators in examining a fatal fuel tanker crash in country Victoria. The NHVR has also issued a series of information bulletins targeted at operators which are intended to assist them to operate safely and comply with the Heavy Vehicle National Law.

The Council also noted progress with the Heavy Vehicle Roadworthiness Program, including development of options contained in a draft consultation Regulation Impact Statement (RIS) to be released by the National Transport Commission early in 2015. In addition, Ministers agreed to progress a range of operational and non-regulatory measures designed to improve heavy vehicle roadworthiness, which will see further harmonisation in managing vehicle roadworthiness. The Council also agreed to strengthen auditing arrangements for the National Heavy Vehicle Accreditation Scheme, including the required competencies and processes for appointing auditors.

The Council noted advice on NHVR access remediation activities and endorsed the proposed remediation strategy to restore heavy vehicle road access management and operations to the NHVR. Rather than trying to meet arbitrary deadlines, the intent is for these changes to be implemented once appropriate systems, governance, and oversight arrangements are in place. This will help to ensure earlier access management failures are not repeated.

Finally, and importantly, Ministers agreed to minimum 'as of right' access for certain classes of higher productivity vehicles on Australia's key freight routes and that the NHVR monitor implementation of this improved access. The maps are available on the Council's website at http://www.transportinfrastructurecouncil.gov.au/publications/freight_route_maps.aspx

The Communique from the Council meeting can also be found on the website.

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Question no.: 192

Program: 2.2

Division/Agency: Surface Transport Policy

Topic: Heavy Vehicle Charging and Investment

Proof Hansard Page: Written

Senator Sterle asked:

1. Is the NTC or any of its directors aware of any advice being provided to the Prime Minister or his Department to slow down or cease work on heavy vehicle charging reform?
2. If yes, what was the tenor of the advice?
3. Who provided that advice?
4. Has that advice been heeded?
5. Are you aware of any communications from the PM or his Department on the progress of heavy vehicle charging reform?
6. If yes:
 - a. on what dates did the communications occur, and
 - b. who were the communications between?

At the May Ministerial Council, the communique said the following:

“The Council has also agreed that advice be prepared on possible next steps in heavy vehicle charging and investment reform for consideration at the next Council meeting”.

At the August meeting, this matter was not discussed.

7. Is it on the agenda for 19 November?
8. What is the current status of the Heavy Vehicle Charging & Investment (HVCI) Project? What are the next steps?
9. Can you indicate whether any jurisdictions have concerns about this project? What are those concerns?
10. Are you aware that some trucking organisations estimate that the current year’s determination is costing the industry \$200 million more than it should?
11. What steps are being taken to ensure that this Project materially progresses before the next Determination is rolled over again?
12. Are you confident that this project still has momentum?

Answer:

1. No.
2. N/A
3. N/A
4. N/A
5. Heavy vehicle charging reforms have been on the agenda of the Council of Australian Governments and its Transport and Infrastructure Council since 2007, and as a result the Department has been in regular dialogue with the Department of the Prime Minister and Cabinet.
6. See answer to Question 5.
7. It was not on the agenda for the most recent Ministerial Council meeting, held on 7 November 2014.
8. Following the delivery of an HVCI implementation plan to the Transport and Infrastructure Council in May 2014, the work of the HVCI Project concluded on 30 June 2014. At the 23 May 2014 Council meeting, it agreed that jurisdictions would commence work to implement initial heavy vehicle investment and access reform measures. These measures include:
 - i. Developing road asset registers and assessments of road conditions according to agreed service level standards;
 - ii. Developing improved road usage data for demand forecasting;

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- iii. Publishing annual heavy vehicle road expenditure plans based on efficient costs and prepared on a consistent basis; and
 - iv. Investigating practical ways for industry to directly negotiate and pay to improve heavy vehicle access to roads.
- 9. The Council agreed unanimously to the completion of HVCI and the implementation of the initial measures, which are outlined in the response to Question 8.
 - 10. The National Transport Commission's calculations of heavy vehicle cost recovery are contained in the 2014 Heavy Vehicle Charges Determination Regulatory Impact Statement, finalised in February 2014 and available on the National Transport Commission's website. The Base Case (described in section 4.2.2 of the document) involves revenue exceeding the cost base by \$232 million in 2014-15.
 - 11. See answer to Question 8.
 - 12. See Question 8.