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SENATE

STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS
AND TRANSPORT

ESTIMATES

(Additional Budget Estimates)

TUESDAY, 19 FEBRUARY 2008

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**SENATE STANDING COMMITTEE ON
RURAL AND REGIONAL AFFAIRS AND TRANSPORT**

Tuesday, 19 February 2008

Members: Senator Sterle (*Chair*), Senator Siewert (*Deputy Chair*), Senators Heffernan, Hutchins, Hurley, McGauran, Nash, O'Brien

Senators in attendance: Senators Abetz, Adams, Boswell, Bob Brown, Bushby, Heffernan, Hutchins, Hogg, Hurley, Ian Macdonald, McGauran, Milne, Nash, O'Brien, Scullion, Sterle and Trood.

Committee met at 9.00 am

**INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL
GOVERNMENT PORTFOLIO**

In Attendance

Senator Conroy, Minister for Broadband, Communications and the Digital Economy

Department of Infrastructure, Transport, Regional Development and Local Government

Departmental Executive

Mr Mike Taylor, Secretary
Mr Mike Mrdak, Deputy Secretary
Ms Susan Page, Deputy Secretary
Mr Andrew Tongue, Deputy Secretary

Corporate Services

Mr David Banham, Acting Chief Operating Officer
Mr Paul Wood, Chief Financial Officer

Bureau of Infrastructure, Transport and Regional Economics

Mr Phil Potterton, Executive Director, Bureau of Infrastructure, Transport and Regional Economics
Dr Gary Dolman, General Manager, Regional Research and Transport Statistics
Mr Robert Stewart, General Manager, Infrastructure and Transport Research

AusLink

Ms Leslie Riggs, Executive Director, AusLink
Mr Robert Hogan, General Manager, NSW and Investment Coordination
Ms Heather White, Acting General Manager, Policy and QLD/NT
Ms Joan Armitage, General Manager, Victoria/Tasmania and Strategic Process
Mr Jim Wolfe, General Manager, Rail
Mr Simon Atkinson, Infrastructure Australia Coordination
Mr Ned Rokvic, Acting General Manager, WA/SA and Local Roads

Maritime and Land Transport

Mr Andrew Wilson, Executive Director, Maritime and Land Transport
Mr Peter Robertson, General Manager, Vehicle Safety Standards
Mr Michael Sutton, General Manager, Maritime
Mr Stewart Jones, General Manager, Transport Integration and Reform

Australian Transport Safety Bureau

Mr Kym Bills, Executive Director, Australian Transport Safety Bureau
Mr Joe Motha, General Manager, Road Safety
Mr Alan Stray, Deputy Director, Information and Investigations
Mr Julian Walsh, Deputy Director, Aviation Safety Investigation
Mr Peter Foley, Deputy Director, Surface Safety Investigation
Ms Kerryn Macaulay, Deputy Director, Technical and Projects

Australian Maritime Safety Authority

Mr Graham Peachey, Chief Executive Officer
Mr David Baird, General Manager, Emergency Response Division
Mr Gary Prosser, General Manager, Maritime Standards Division
Mr Mick Kinley, General Manager, Maritime Operations Division
Mr Yew Weng Ho, General Manager, Corporate Services Division

Aviation and Airports

Mr John Doherty, Executive Director, Aviation and Airports
Mr Mike Ford, General Manager, Aviation Regulation
Mr Neil Williams, General Manager, Airports
Mr Stephen Borthwick, General Manager, Aviation Markets
Mr Stuart Sargent, General Manager, Airspace Policy
Ms Maureen Ellis, General Manager, Aviation Services

Civil Aviation Safety Authority

Mr Bruce Byron, Chief Executive Officer
Mr Shane Carmody, Deputy Chief Executive Officer, Strategy and Support
Mr Mick Quinn, Deputy Chief Executive Officer, Operations
Mr Peter Boyd, Head, Planning and Governance Office
Ms Julie Fox, General Manager, Corporate Relations
Dr Jonathan Aleck, Head, Legal Services Group
Ms Betty Edwards, Chief Financial Officer
Mr Gary Harbor, Head, Human Resources
Mr Rob Wight, Air Transport Operations Group
Mr Greg Vaughan, Group General Manager, General Aviation Operations Group
Mr Greg Hood, Group General Manager, Personnel Licensing, Education and Training Group
Mr Jim Coyne, Head, Airworthiness Engineering Branch
Mr Chris Farrelley, Chief Information Officer
Dr Ian Hosegood, Principal Medical Officer
Mr Peter Cromarty, Manager, Office of Airspace Regulation

Airservices Australia

Mr Alastair Hodgson, Acting Chief Executive Officer
Mr Jason Harfield, General Manager, Air Traffic Control
Mr Ken McLean, General Manager, Safety Management

Inspector of Transport Security

Mr Mick Palmer, Inspector of Transport Security
Mr Peter Pearsall, Director, Office of the Inspector of Transport Security

Office of Transport Security

Mr Paul Retter, Executive Director, Office of Transport Security
Mr James Collett, Acting General Manager, Aviation Security Operations
Mr Richard Windeyer, General Manager, Aviation Security Policy and Legislation
Ms Patricia Georgee, Acting General Manager, Analysis and Operational Support
Ms Rhyan Bloor, General Manager, Governance and Operations
Ms Philippa Power, General Manager, Maritime and Surface Security

Regional Services

Ms Carolyn McNally, Executive Director, Regional Services
Mr Tony Carmichael, General Manager, Regional Partnerships Branch
Ms Karen Gosling, General Manager, Sustainable Regions and Networks Branch
Mr Marcus James, General Manager, Regional Policy Branch

Local Government

Mr John Angley, Executive Director, Local Government
Mr Michael Pahlow, General Manager, Local Government Branch

CHAIR (Senator Sterle)—I declare open this public hearing of the Senate Standing Committee on Rural, Regional Affairs and Transport. On Wednesday, 13 February 2008 the Senate referred to the committee for examination the particulars of proposed additional expenditure for 2007-08 and certain other documents for the Infrastructure, Transport, Regional Development and Local Government portfolio. The committee will now further examine the particulars of proposed expenditure through these additional budget estimates hearings. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee is due to report to the Senate on 18 March 2008 and has fixed Wednesday, 9 April 2008 as the date for the return of answers to questions taken on notice.

Under standing order 26 the committee must take all evidence in public session. The Senate by a 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 departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. The Senate has resolved also that an officer of a department of the Commonwealth or of a state 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.

If a witness objects to answering a question, the witness should state the grounds upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim.

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.

[9.03 am]

Department of Infrastructure, Transport, Regional Development and Local Government

CHAIR—I truly do welcome you, Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, the Minister representing the Minister for Infrastructure, Transport, Regional Development and Local Government; Mr Mike Taylor, secretary of the Department of Infrastructure, Transport, Regional Development and Local Government; and officers of the department. Minister, did you or Mr Taylor wish to make an opening statement?

Mr Taylor—Importantly, at this point in time the department is working very closely with the government in implementing the new policies and program of the government. That is a process that is in train. We have already been transferring staff from our organisation to Attorney-General's relating to territories and the area of natural disaster management and we have taken on board a small group of people from the department of industry with respect to major projects, which reflects our new role in infrastructure. My colleagues and I look forward to assisting the committee.

CHAIR—Thank you, Mr Taylor.

Senator McGAURAN—What is the department's required efficiency dividend?

Mr Taylor—We will be like all other departments in terms of picking up both the normal and the additional two per cent.

Senator McGAURAN—Which is, in total?

Mr Taylor—In dollars?

Senator McGAURAN—No, percentage.

Mr Taylor—It is 3½ per cent.

Senator McGAURAN—The reason I ask is that we went through this rigmarole yesterday with the primary industry department. So I ask you: what is the definition of your understanding of efficiency dividend?

Mr Taylor—I think it is fair to say at this stage that the budget for the coming year has not yet been determined. We have not been through those processes. When we go through those processes, we will be in a position to understand precisely how the 3½ per cent will apply, particularly given both additional and removed elements of our operation.

Senator McGAURAN—This is the rigmarole I am talking about.

Mr Taylor—It is not rigmarole.

Senator McGAURAN—The efficiency dividend, as applied in the past, was to do with efficiencies within the administration of the department, not with the cutting of programs. They are two separate efficiencies. Are you going to apply this three per cent efficiency dividend to the cutting of certain road projects or programs of the previous government? That

is my understanding of the efficiency dividend. That is not how it has been applied in the past. It has been applied with regard to your own administrative costs.

Mr Taylor—Senator, I can assure you we will be applying it as is determined in the budget process, which we will be entering into over coming months.

Senator McGAURAN—How have you applied it in the past?

Mr Taylor—We have largely applied it on the administration, as you have described.

Senator McGAURAN—But you are unsure whether that will be the case still?

Mr Taylor—I am sure, very properly, as has been the case in previous years, that the budget is determined following consultation in the lead-up to its announcement in the second week of May. We are in the process of going through that. How the budget will be determined and applied will take place in that period.

Senator McGAURAN—So you are awaiting the government's definition of what an efficiency dividend is?

Mr Taylor—No, I am not awaiting that. I am very much of the view that you described about how the 1½ per cent is being applied. I am also well aware that we will have detailed discussions in the preparation of the budget. I do not want to pre-empt those discussions.

Senator McGAURAN—If there was a freeze on your department's wages and salaries, would that be in line with what an efficiency dividend has been in the past? Would that be taken into account as an efficiency dividend?

Mr Taylor—The efficiency dividends in the past have been quite clear, as you described—that is, 1½ of the administrative departmental cost, not program.

Senator McGAURAN—That is right. So if there were a freeze on public service wages in your department, would that be taken into account as an efficiency dividend?

Mr Taylor—No, the dividend would be taken into account as the percentage of whatever the total departmental cost would be. The freeze would not cause it to rise.

Senator McGAURAN—Is that not a saving?

Mr Taylor—The freeze would merely remove any sort of increment—1½ per cent would still be taken off whatever the absolute total was.

Senator SCULLION—Mr Taylor, just so I can be clear: you appear to have broken into two sections the 3½ per cent efficiency dividend which your department is going to make. One is a 1.5 per cent efficiency dividend, which you say is going to be taken off the administration of the department. That would leave the remaining two per cent to be taken from other areas.

Mr Taylor—I am sure it is likely to come in the same way as the 1½ per cent. What I am being quite clear about is that I do not want to pre-empt any budget discussions that will take place.

Senator SCULLION—Perhaps you could share with us an example so that the committee can have an idea about what these effects may be—although if you do not wish to go into the specifics, that is fine. I asked the department yesterday and it was quite fulsome in providing

some examples of the sorts of ways efficiency dividends have been dealt with in the past. It talked about things such as advances in technology. It might be how time sheets are done; it might be savings in that area. Can you indicate some of the areas?

Mr Taylor—I think all of those things apply to all departments. We have constantly been looking for productivity improvements and I have no doubt that those same sorts of areas will apply. That is one of the reasons why we have been able to absorb that 1½ per cent on a continuing basis. We will be looking for similar productivity improvements to facilitate a larger number.

Senator SCULLION—I guess the difference, Mr Taylor, is that on this occasion we have been asked for an additional two per cent. One and a half per cent per cent through time, as you would be aware in your long time in leadership and governance, is something you would expect. You are going to need a 1.5 per cent efficiency dividend out of departments, and they are continually looking for that. This is an additional two per cent on top of that again. We are trying to get a feel for what sort of impact that will have on administration, particularly staff. Have you done some work on how many staff will lose their jobs, for example? Obviously to be efficient people have to work harder and produce more—there will be fewer inputs and more outputs; it is pretty basic. Have you done any modelling about the impacts of the full 3.5 per cent?

Mr Taylor—I think very importantly, Senator, as with the 1½, we always try to absorb and make those productivity gains and we will be attempting to do the same with the additional two per cent. The areas that you have identified will be areas that we will be exploring with even greater diligence than in the past to see if we cannot deliver on them in that way. I just do not want to pre-empt how we are going to do it until I see the budget and the programs which are going to have greater emphasis and those which might have lesser emphasis. But I believe that we will manage that process.

Senator SCULLION—So in effect you are not able to comment on it until the budget process is underway. Does that indicate that from the time the government came to office until May there will be no moves in the area of producing efficiency dividends?

Mr Taylor—Obviously this year we are working on efficiency dividends of 1½ per cent. We are delivering the current commitment and clearly we are thinking about how we will do it in the future—and you have identified the areas yourself. But, importantly, the budget will be brought down in that second week of May and we will obviously be giving emphasis to where our departmental resources are deployed to facilitate the program areas of that budget. I do not want to pre-empt how we will do it until we understand where that budget is going to be allocated in terms of its priorities. I expect that to emerge over the next month and a half in the lead-up to the budget being publicly announced. Of course, as we do that we will give emphasis to where we make those savings.

Senator SCULLION—So you do not have any concerns that the two per cent extra that you are going to be required to have as an efficiency dividend is now in fact concertinaed into a much shorter period of the financial year?

Mr Taylor—Senator, I think what you are describing is pretty straightforward. I have had long experience in managing a range of government departments, both state and federal. We

have successfully managed those sorts of changes in the past. I expect to be able to manage them in the future and to ensure that we deliver on government programs.

Senator SCULLION—When was the last time, Mr Taylor, that you managed a department that was required to have a 3.5 per cent efficiency dividend?

Mr Taylor—If I reflect on my days in Victoria, I can remember making a 25 per cent reduction in one year.

Senator SCULLION—Obviously you are very well placed then, and good luck with it, Mr Taylor. We look forward to hearing what those cuts are going to be.

Senator McGAURAN—Mr Taylor, how many AWAs are there in your department?

Mr Taylor—I will turn to my colleague on my right to give you the precise number.

Mr Mrdak—As at 31 December there were 147 AWAs in the department.

Senator McGAURAN—Are they spread thinly across all levels?

Mr Mrdak—That represents 45 officers at SES level and 102 non-SES employees, who represent approximately nine per cent of non-SES staff.

Senator McGAURAN—And I suppose each one is different, to state the obvious. When is their due termination? What is the length of each agreement, just to begin with?

Mr Mrdak—They vary from two to three years. Our SES AWAs are generally of two years duration. Other AWAs are a bit longer. Our estimate is that the majority of our AWAs will expire by around the end of June 2009.

Senator McGAURAN—In the context of the discussion on efficiency dividends, when they do expire, this number of people on AWAs quite obviously will be facing a reduction in their conditions and their pay, given that they were individually tailored for them. It is a given. They will now go into the collective agreement system. Therefore, they will not be as well-off either in direct pay or, at least, in conditions of work as they were previously. Will that be taken into account as an efficiency dividend?

Mr Mrdak—I do not think it is as simple as that, that they would simply have a reduction in terms and conditions. It would very much depend on the nature of the arrangements under the collective agreement. We have a collective agreement which has quite a variety of salary scales and terms and a degree of flexibility within it, so it is not correct to assume that people coming off AWAs will be worse off in terms of remuneration or conditions. The AWAs obviously represent a whole range of employment conditions. We are currently awaiting advice from government in relation to the transition arrangements. Given their commitment to no longer offer AWAs, we will look closely at the transition arrangements which will apply to our staff—how they will transition to our collective agreement and other flexible measures that the government has already spoken about publicly—and work through them, as will other Commonwealth agencies, once we have received detailed advice from the Department of Education, Employment and Workplace Relations.

Senator McGAURAN—Do you intend to make up the loss for those coming out of AWAs and into collective agreements so that they are no worse off?

Mr Mrdak—We will certainly be looking. Our collective agreement expires in the middle of next year, in June 2009, so we will during this year start a process of negotiating a new collective agreement for our staff. It will obviously need to include some transitional arrangements for those staff whose AWAs expire. The government has spoken publicly about offering flexibility through mechanisms such as individual contracts alike for certain staff. We are waiting for final advice from government in relation to how they wish those transitional arrangements for our employees to operate.

Senator McGAURAN—You are expecting an announcement on your ability to make individual contracts?

Mr Mrdak—We expect not just that, but certainly the transitional arrangements into the collective agreement which will apply to our staff who are currently on AWAs and also the framework under which our collective agreement for the future will be offered.

Senator McGAURAN—All this will have an effect on the efficiency dividend. This is where, Mr Taylor, you study more than any other area your wages or salaries bill in order to achieve the efficiency dividend; is that not right? Have you done any calculations or could you do some calculations? If you were to, across the board, freeze Public Service wages—or at least the top—would that achieve your 3½ per cent efficiency dividend? My guesstimate is that it would almost do it in one hit. To what extent can you achieve your efficiency dividends with a freeze on wages and salaries?

Mr Mrdak—We have not given consideration to that. I would have to—

Senator McGAURAN—Wouldn't you?

Mr Mrdak—Not at this stage. As the secretary has outlined, we are looking at a whole range of options where we will make savings.

Senator McGAURAN—You look at redundancies, you look at new employments, you look at not replacing new employments as it affects your wages and salaries bill.

Mr Taylor—Unless the government was to make a policy decision about a freeze, that is not how we would tackle it. We would tackle it in terms of numbers. Importantly, we would be placing emphasis on where we make savings, as was discussed earlier—supplier expenses, consultancies, legal costs and a range of other areas. We would also look at employment turnover and whether or not we would retain the same number of people. In terms of any of the contemplation we have made to date, a salary freeze has not been one of the issues we have actually confronted, and we would not unless the government made that determination. As you might understand, our current certified agreement, which Mr Mrdak has indicated runs to June 2009, actually provides for annual increases.

Senator McGAURAN—Once the AWAs run out, is there any capacity for anyone in your department to negotiate or approach you with regard to an individual contract or is it all going to be through certified agreements and the unions?

Mr Taylor—I think the government has made it quite clear that it will have a framework which allows for a level of flexibility. That is in the process of evolving now and we would expect to operate within the framework that the government provides.

Senator McGAURAN—To the minister at the table, much has been made of the requirement of restraint in wages and salaries of top executives in the private sector, families and of course parliamentarians. Why has nothing been said about Public Service wages and salaries, when they could lead by example?

Senator Conroy—If you bear with me for just a moment. I will read to you, because I appreciate you are not in the other chamber, Senator McGauran. I think I should take you through the Prime Minister's comments and that might help with your deliberations. This is quoting from his answer on 14 February in the House of Representatives. Senator Nash, you may wish to leave at this point as you have heard this a couple of times already.

But I am asked further whether there are any other measures which the government would embrace and measures which would be supported by members of parliament here on the overall question of how we approach the inflation challenge this year, including wage restraint. In a modest exercise in wage restraint the government has decided to propose to the parliament a regulation which will have the effect of not increasing MPs' salaries through until the middle of next year. Furthermore, the government proposes that, when this measure comes to a close in mid-2009, there be no clawback mechanism for any salary forgone between now and then. This is a modest measure. It does not of itself solve the nation's economic challenges or problems. But it does, I believe, indicate to the public at large that the government—and I hope the parliament—is serious about the overall challenge of wage restraint. Therefore, we are not calling on working families to engage in some sort of freeze on their wage claims or wage outcomes. Working families are already under financial pressure. But we need to be able to face the Australian community in the eye and say that we in the privileged position of this place are doing one small bit when it comes to exercising some wage restraint on our part. I will conclude by saying this. Right across the country and the economy many people have responded to various claims for further CEO salary increases. Markets ultimately determine these things. But, in the difficult challenges we face ahead this year on the economy and inflation, I would hope that those in the most privileged positions in the corporate sector also reflect carefully on the need for CEO wage restraint in the year ahead.

That is a fairly straightforward, modest contribution, which I understood you were supporting. It is disappointing to see you, as a relatively new member of the Liberal Party—

Senator McGAURAN—What about the departments?

Senator Conroy—to see you so blatantly undermining Dr Nelson's authority so early in his term. I thought you were supporting Dr Nelson's position on this.

Senator McGAURAN—There is no mention of the departments, though.

Senator Conroy—Actually, no. I can read it to you again. I have read this out a number of times. I am more than willing to read it out to you as often as you wish.

Senator SCULLION—That came from the Prime Minister?

Senator Conroy—That was his statement in the parliament.

Senator SCULLION—This is the Prime Minister who had a \$90,000 pay rise two months earlier?

CHAIR—I call the committee to order. Minister, thank you for that answer. We can ask questions in six or seven different ways and get the same answer. Senator McGauran, I hope

that has answered the question for you. If there are further questions to the minister or the department, I urge you to ask them.

Senator Conroy—I am happy to read it out again anytime if it will assist the committee.

CHAIR—Minister, it has certainly sunk in for me and it has done so for the last seven days. Are there any other questions for the department or the minister?

Senator McGAURAN—Not on this subject.

Senator NASH—It is obviously very important that we get the economy travelling in the right direction. Minister, I appreciate what you have just read out, and that the wage rise only applies to politicians, but have there been any discussions at a ministerial or prime ministerial level with departments on voluntary wage freezes for those who earn, say, more than backbenchers?

Senator Conroy—I will not read you the entire quote again but the key part is:

Markets ultimately determine these things. But, in the difficult challenges we face ahead this year on the economy and inflation, I would hope that those in the most privileged positions in the corporate sector also reflect carefully on the need for CEO wage restraint in the year ahead.

Senator NASH—I understand that. It was a simple question: have there been any discussions?

Senator Conroy—If you are seeking to argue—

Senator NASH—I am not seeking to argue; that is a statement with an intent. My question was: have there been any discussions? Yes or no? It is a very simple question.

Senator Conroy—The intent of your question is to suggest that the Prime Minister's statement, which I will again happily read out to you—

CHAIR—That is quite all right, minister. It has sunk in with the rest of the committee, I can assure you.

Senator Conroy—Clearly not with all members of the committee, Chair. I will happily point out the exact words of the Prime Minister. They stand quite clearly in their intent and who they were targeted to.

Senator NASH—That is fine, Minister. Thank you for not answering the question.

Senator Conroy—Would you like me to read it out again?

Senator NASH—If you could shut the laptop for five minutes, that would be very handy.

Senator Conroy—I am available whenever you need me.

Senator McGAURAN—Perhaps the minister can explain why the Public Service have been left out of a wage freeze—

Senator Conroy—Are you advocating that?

Senator McGAURAN—given the enormity of their—

CHAIR—Senator McGauran, yesterday we went on and on and on. We kept departmental officials here until all hours of the night, unnecessarily. This is a very good chance to ask the department questions that relate to the agencies. So that we do not waste everybody's time on

frivolous questions that really do not go to the core of this agency, I urge senators to come back on track with your questions to the minister and officials, and let us hope we can get some constructive answers to our questions today.

Senator McGAURAN—Mr Taylor, would you voluntarily take a salary freeze?

CHAIR—I ask that everyone direct their questions to the operations of the agency. Personal wages and packages may be a matter for a different forum.

Senator MILNE—My question goes to the corporate governance of the agency. I have just been perusing what I think is one of the most damning audit reports I have read in a long time. The Senate committee report was bad enough, but the audit report really suggests that the overall management of the Regional Partnerships Program was appalling. It does not go just to the regional services issue, which is why I am raising it under corporate governance. While the audit report was being undertaken, it is clear from what the auditor says that the department made a number of commitments which the auditors took into account when making the recommendations.

I ask you specifically about the recommendations. There are several recommendations at the back but I would start by talking about the election campaign. The audit report said that in the previous election campaign DOTARS had not provided early advice to ministers on options to fund commitments where the program guidelines were not satisfied or advice on their statutory obligations in approving expenditure of public money on election outcomes. For the 2007 election, did you specifically address that and advise ministers accordingly, as in fact you undertook to do to the auditors?

Ms Page—The department's response is attached to the audit report in full. The Audit Office commended the department on the significant improvement initiatives that the department had made, which are listed in the report. Those enhancements were adhered to throughout the 2007 election.

Senator MILNE—Specifically, I go directly to the recommendations and seek from you your response—I know you said you did it overall—on them. The first recommendation went to the design and implementation of discretionary grants programs—that the department further strengthen its administrative processes and provide relevant advice to responsible ministers in relation to statutory obligations relating to the approval and payment of grants arising under the applicable financial management legislation and options for implementing administrative arrangements et cetera. Did you do that?

Ms Page—There are 20 recommendations. The recommendations were brought down prior to the establishment of the current government. The current government is currently considering the future of the Regional Partnerships program and other programs, so to date those initiatives have not been considered by the government. They would be if the program continues in its current fashion.

Senator MILNE—With respect, Ms Page, that is not what I asked. This was before the current government came to power. You made an agreement with the Audit Office. You have said that DOTARS agreed to each of the recommendations in the back of this audit that occurred prior to the election. I am not talking about what the current government may or may

not do with the program. I am asking: in every case did DOTARS inform the ministers of the previous government—as they agreed to do according to this—to the letter?

Ms Page—The recommendations pick up both changes that had already taken place and changes that were in train. Some of them are suggested enhancements to procedures that we had underway. By the time the audit report was brought down during November, we had not had the opportunity to institute the additional enhancements. To the extent that the program continues in its current form, we will do so.

Senator MILNE—If you had not given the response to the auditors before the election, I am asking specifically: did the department inform the minister or ministers concerned prior to the election campaign or at the calling of the election, or in the months leading up to it, of their obligations under the financial management legislation and all the regulations pertaining to this in view of this damning report and handling of this issue?

Ms Page—Yes.

Senator MILNE—You did inform the ministers?

Ms Page—Yes.

Senator MILNE—Finally, in relation to this, who took responsibility in the department for the complete mismanagement of this Regional Partnership program?

Mr Taylor—Clearly, the secretary of the department is responsible for the overall department and for the management of each of the programs. If you read the report closely you will be aware that much of the report refers to actions that took place prior to the 2004 election. You will be aware, both with the response that we made to the Senate, following its inquiries, and the other actions that we took over the past three years, that we made substantial changes and improvements to the management of the Regional Partnerships program. None of us—I am talking about Susan Page and Mike Mrdak—were around in that period of administering this program pre-2005. All I can say is that in the time we have been responsible for the governance we have worked extraordinarily hard to improve the way that program has operated—that has been acknowledged by the ANAO—and we will continue to do that.

Senator MILNE—The Auditor's report covers the period to 2006, which is well after the 2004 federal election.

Mr Taylor—And the report picks up, in referring to that period at the end of 2006, a considerable number of changes that were instituted by the departmental management.

Senator MILNE—Given that this is just one program administered by DOTARS, what confidence should we have that there is appropriate management of other programs, since this is one that the Senate picked up and then the Auditor picked up? Why would I have any confidence that there is any better management of any other programs in this department?

Mr Taylor—I think you should have a very high level of confidence, importantly, as the audit report picks up and acknowledges the very extensive work that the current management of the department have undertaken in improving the Regional Partnerships management—and that is acknowledged by the ANAO. As well, elsewhere in the department we run a very strong program of governance. We have an independent auditor assisting us on a day-to-day

basis as part of our overall governance framework, as well as the ANAO. We have always put a very strong store in the governance of the organisation. I think it is important to acknowledge that the ANAO noticed in its report the substantial changes that the current management of the department has made in the course of continuing to administer the Regional Partnerships program. I cannot account—I am not trying to—for a period when we were not managing but I can certainly deal very strongly with the period in which we are managing.

Senator MILNE—If we were to look at the administration of the Regional Partnerships program in 2007, we could be confident that all of the guidelines were adhered to and that the financial management guidelines in particular were adhered to?

Mr Taylor—You can be confident that we have had clarity about those, that we have been adhering to them. You will be aware in the report—

Senator MILNE—Yes, I am.

Mr Taylor—that there were some detailed discussions around a number of those guidelines which required clarification between the department of finance, the ANAO and ourselves. That has now occurred.

Senator MILNE—And has that clarification taken place?

Mr Taylor—Yes, it has. It occurred because the department pressed that matter.

Senator MILNE—We will see. Thank you.

Senator SCULLION—I spoke to another department yesterday, Mr Taylor, in regard to the formats that one would normally use in replies to letters to constituents or to members of the public that the minister may require you to write from time to time. Has the minister's office or the minister himself made any particular format available that you would use to guide you in your responses to the public?

Mr Taylor—No, I cannot say that I have any formal direction at all in that sense.

Senator SCULLION—I have a document entitled 'Headlines for preparing ministerial responses for the Hon. Anthony Albanese MP'. It is dated 5 February 2008. Are you aware of that?

Mr Taylor—No, I am not aware of the specifics, but I am aware—

Senator SCULLION—It is what they call a 'style document' and it gives some indication as to how they should be prepared. The document talks about general writing style and speeches and says:

Don't use unnecessary phrases; use plain English—

all those practical aspects. I note and I am fairly concerned, when you are talking about ministerial responses, that there is a dot point here which says:

We should portray the minister or the department in a good light.

How do you, professional public servants, respond to being asked to portray the man in a good light?

Mr Taylor—For right or for wrong, I think the department—in serving ministers or governments—has sought to portray the minister in a good light when it is responding.

Senator Conroy—Some are harder than others, as you would understand, Senator Scullion.

Senator SCULLION—Another dot point that I am particularly interested in says to use:

... language which shows that the minister has taken an active role—for example, ‘In response to your letter, I have arranged for ...’

If the central issue in someone’s correspondence is completely unknown to the minister, why would a departmental response suggest that the minister has taken an active role in it? Clearly, that would not be the case.

Mr Taylor—First of all the style guide is ours, not the minister’s, so it is the department’s style guide and as I indicated we do not have any formal direction. Secondly, the style guide has been one that we have used over a long period of time. I am not saying we do not update it from time to time—

Senator CONROY—But it existed under the previous government?

Mr Taylor—It did, indeed. It has been the usual practice to think about things and, when replying to citizens, to think in the proactive. I do not shy away from that. We have done it in the past; we will do it in the future.

Senator SCULLION—You can confirm then that there have been no amendments to the style guide?

Mr Taylor—I am sure we have made amendments, but they are departmental amendments. But the nature of what you are describing has applied for all governments that we have served.

Senator SCULLION—So it would be quite normal to ensure that any recipient of a letter or an issue that was put before the minister, even if the minister had absolutely no knowledge whatsoever about the matter, or the constituent or the member of the public, you would say, ‘In response to your letter I have arranged for’, and show that the minister has taken an active role when he may not have.

Mr Taylor—Senator, I think we have both noted that this is a guide. It is not a mandate.

Senator SCULLION—Indeed.

Mr Taylor—Where it is appropriate that the minister is involved, we would use that proactive language that you described. If the minister had no involvement at all, we obviously would not be using those words. That is why it is called a guide, not a mandate.

Senator SCULLION—I wonder if you would be able to provide the committee with that guide, Mr Taylor.

Mr Taylor—I am happy to provide our style guide.

Senator SCULLION—If you can provide the most recent style guide and the style guide that preceded it, that would be very useful.

Senator CONROY—Do you have a copy of the style guide you had when you were a minister?

Senator SCULLION—No, I do not.

Senator CONROY—Probably thought it was a lost cause.

Senator SCULLION—But if you attended the appropriate estimates, I am quite sure one of your colleagues would make sure that that was available. Thank you, Mr Taylor.

CHAIR—Are there any other questions for corporate services? If there are not, I thank you very much.

[9.34 a.m.]

Bureau of Infrastructure, Transport and Regional Economics

CHAIR—I welcome officers from the Bureau of Infrastructure, Transport and Regional Economics. Do you have an opening statement?

Mr Mrdak—No, senator.

Senator NASH—My question is probably to Dr Dolman. I am interested in regional research. Can you outline for the committee the types of things that you do with that regional research and the funding that is allocated for that?

Dr Dolman—Thank you for your question. Each year we publish a research program which is available on our website. I can quickly take you through the projects that we currently have on the regional side of things.

Senator NASH—Thank you.

Dr Dolman—The projects are numbered. From our website the first one on our research program is No. 36. That project involves looking at key indicators of regional economic performance, looking at income support payments and the spatial distribution of those payments across Australia. The next project again is part of our key indicators work, and that is looking at household wealth and the distribution of household wealth across regions.

The third project looks at industry trends, so the structure of industry in each of the regions across Australia. The fourth project looks at taxable income, which is an update. Both the industry trends and the taxable income projects are an update of information we have published previously. The fifth project is a little booklet called *Australia's Regions* that we put out that gives factual information across regions, and that will be updated this year.

The next project is a fairly significant project that we have been working on for a number of years, which is likely to be completed in the next few months. That is looking at the cost of remoteness where we have gone out and done surveys of the cost of living in various parts of Australia, particularly in remote parts of Australia. So we are looking to complete that in the next six months.

The next project is one that we have not actually started yet, but it is on our agenda, that is looking at the phenomenon of sponge cities: how larger centres in regional Australia tend to absorb population from surrounding areas and provide a range of services.

The next one is looking at patterns of regional economic development. That study is also in the final stages of completion and will be published in the next few months. That is looking at Tasmania as an example of a region and the trends from the mid-1980s to 2005, which covers a period when the Tasmanian economy was doing quite poorly and then subsequently did quite well. We are looking at the reasons for the changes there.

Senator MILNE—I can answer that in one—subsidies.

Senator NASH—Saves a whole lot of funding on research, doesn't it?

Senator MILNE—Saves a lot of worry. Anyway, go ahead, I would be interested to see what you say.

Senator NASH—Go ahead, Dr Dolman.

Dr Dolman—The final two projects also relate to Tasmania. They are actually done in the transport research branch but I will add them for completeness. The first is looking at the Bass Strait Passenger Vehicle Equalisation Scheme. We do a regular monitoring report on that. We are also doing a review of the methodology that is being used for the Tasmanian Freight Equalisation Scheme, which feeds into the policy being developed by the maritime and land transport division.

Senator NASH—No. 42, the sponge cities, when is that due to be completed?

Dr Dolman—As I briefly mentioned, that is one that we are yet to start.

Senator NASH—Sorry, that is one you have not started yet.

Dr Dolman—We are in the process of scoping that study over the next few months. It will take at least 12 months. It is a fairly substantial piece of work.

Senator NASH—I am very happy for you to take this on notice: could you provide the committee with the commencement dates and projected completion dates for those projects?

Dr Dolman—Yes, I would be happy to do that.

Senator NASH—How many people are responsible for doing this work within the department? Do you outsource some of it or is it all done within the department?

Dr Dolman—The research is largely done by the regional research team within the bureau. There is roughly eight people that are involved in that research.

Senator NASH—What is the funding allocated for these projects?

Mr Potterton—The funding allocation for the regional research team is approximately nine staff, which is approximately \$900,000—obviously with an overhead factor to be added to that.

Senator NASH—Has there been a commitment that that will continue? Has there been any indication that that funding will be reassessed in any way or will this program keep continuing?

Mr Potterton—We expect that all of our programs will be continuing into the next financial year.

Senator NASH—The department is to be commended because there are some extremely good research projects in that list. In terms of transport statistics, what types of things does that cover?

Mr Potterton—We have a program of statistics which covers aviation, maritime and rail in particular. We have a comprehensive set of aviation statistics which are provided by the carriers. We produce monthly statistics for domestic, international on time performance and we also produce annual digests of those statistics. Similarly in maritime, we publish an annual Australian sea freight publication which has domestic, coastal and international freight. We also have the *Waterline* publication which looks at the before in detail, both the wharf side and the land side of our major port operations.

We have recently commenced a series of inter-capital rail freight statistics. We published the first annual publication of that last year. We are also producing for the first time a major compendium of transport statistics across all the modes, including road transport, which is expected to be released shortly.

Senator NASH—Just on the waterfront, does that mean you are responsible for determining things like crane rates at port? Do you have that information on an ongoing basis?

Mr Potterton—We do have that information. We have an excellent relationship with the stevedoring companies who provide us with that information, and we publish that information twice a year.

Senator McGAURAN—When is the next publication?

Mr Potterton—We have actually just released *Waterline*.

Senator McGAURAN—Could we have a copy of that?

Mr Potterton—Yes, if you will take a hard copy download of that because we are in the process of producing the final copies.

Senator NASH—Absolutely. With that, even though you only publish *Waterline* twice a year, and thank you for that information that has just been released, is the department in receipt of ongoing figures; or do you only get reported to twice a year by the stevedoring companies; or at any particular point in the year are you aware of what the crane rates might be?

Mr Potterton—We have two specific data collections per year which cover the six-month period, so it is done retrospectively for the six months.

Senator NASH—That is in terms of publication or is that in terms of the receipt of information as well?

Mr Potterton—Both.

Senator NASH—So you only collect it twice a year. Thanks for that. You were talking about the statistics around rail freight and then you went on to talk about road transport. Am I to understand that the prediction that we are going to double the freight tasks by 2020, has that come from your department?

Mr Potterton—Certainly, we publish freight task projections.

Senator NASH—Excuse my lack of knowledge around here, what type of things go into determining what the freight task is going to be 12 years out? I am happy for you to take it on notice. I am just interested in what goes into that.

Mr Potterton—We look at the past history of the transport task—the freight task in this case—over a long period back to the 1970s, so we are able to establish relationships between things like the economic growth rates and the trend in freight rates, and through that develop a model which we can apply for the future in order to come up with projections of the future.

Senator NASH—Coming up with those projections, do you then make recommendations about what I would term the best mix of road and rail type infrastructure to be able to cope with that projected task? Sorry, that is a bit complicated. Once we get to 2020 and the freight task will be X, does the department make any kind of recommendation of what is the most appropriate mix of infrastructure to cope with that task?

Mr Potterton—We provide the estimates by mode. There is road, which has historically been the fastest growing mode and is projected to continue growing somewhat faster than rail and coastal shipping, although both of those are showing very healthy growth rates. Our role is essentially to provide the information for all players at both federal and state levels and industry as well of course, and for them to use that information for infrastructure planning and operations planning purposes.

Senator NASH—Does that then cross with regional research in terms of those impacts with research then determining what the most appropriate modes are going to be? It is probably a bit confusing, but you are talking about the basic facts that are leading to the prediction of task. My question is: did that then come back to an impact level through research to determine if we are talking about road being the one to have exponentially more pressure on it? Then, through research, is there anything done which says that rail should, hypothetically, take X component of this in the future? Is that something that happens?

Mr Potterton—We will shortly be publishing a new set of projections for the AusLink non-urban network, which are highly regional in nature. We have done that previously and have a publication of that type. So that does provide a lot of information that is potentially useful for regions and the state governments for informing planning. The trends in usage by the different modes are very deep-seated because shippers and others make their choices for a whole range of factors which are often quite difficult to change. We tend to look at the issue of potential mode shift at more a national level but also a corridor level. We do have some work which informed the Productivity Commission's heavy vehicle inquiry a couple of years ago which looked at the potential for mode shift on the intercapital corridors. It tends to be more at the major city level rather than at the level of specific regional zones.

Senator NASH—It is certainly an area that is going to be incredibly important over the next little while. What I was getting at was this: you are certainly very good at ascertaining the problem of what the freight task is going to be, but we are also going to need a solution. I was just trying to understand where you are coming from.

Senator McGAURAN—You mentioned a household wealth study. You are doing it, or you are to do it?

Dr Dolman—We are in the middle of that household wealth project. We expect to complete it by June.

Senator McGAURAN—What are the terms of reference for that? What is the aim of it?

Dr Dolman—That project is about examining the spatial distribution of household wealth. It is a fact-gathering exercise and, as with all our regional research where we generate databases, we will publish those databases which are often used by academic researchers as well. It does provide an understanding of the distribution of wealth across Australia. When you compare it against some of the other parameters that we are studying, looking at income and wealth distribution, you see quite a difference between some of the mining areas that have high levels of income but low levels of wealth and relatively young populations. We are hoping that it is a useful input for developing policy for family support.

Senator McGAURAN—So it is basically a statistical study?

Dr Dolman—It is a statistical study; that is correct.

Senator McGAURAN—Are all your references by the minister?

Mr Potterton—No. We certainly do take references from our minister. We consult quite widely in preparing our program, particularly inside the departments and also with external stakeholders, as we are able to.

Senator McGAURAN—Who are you doing the crane rates for?

Mr Potterton—That originally was a government reference at the time when it was a major policy issue some 10 or so years ago. It has remained of policy interest and certainly when we talk to ports, shipping groups and freight groups they generally remain very interested in it.

Senator McGAURAN—Do you charge for your services?

Mr Potterton—Essentially no, Senator. We occasionally charge for specific data requests that have specific costs associated with them, but no.

Senator McGAURAN—To the degree that it is working or being used, what is the end point of your ongoing study on the Bass Strait Passenger Vehicle Equalisation Scheme?

Dr Dolman—The background of the freight equalisation scheme or the passenger—

Senator McGAURAN—What is it called? The Bass Strait equalisation scheme?

Mr Potterton—It is somewhat confusing. There are two schemes. We do have a requirement under regulation to undertake a monitoring review of the Bass Strait Passenger Vehicle Equalisation Scheme every year. It values, if you like, the sort of subsidy equivalent of the scheme and is made available every year. There is also the Tasmanian Freight Equalisation Scheme, where we are doing a particular study at this point in time pursuant to the Productivity Commission review and the government's response to that of last year.

Senator HUTCHINS—This is the first time I have been on this committee so, I suppose, I am still a maiden in that sense. In your outline, Dr Dolman, you said that you had been concentrating on maritime and rail transport statistics. Is that correct?

Mr Potterton—That was me, Senator. That is right; we have longstanding roles in aviation and maritime and a growing role in rail statistics.

Senator HUTCHINS—You would no doubt be aware of the significance now of the supply chain. Are you going to venture at all into other parts of that supply chain to look at the economies in them, such as road transport? It would seem to me to make sense to have that all bottled up in one, whether it is road, rail, air or sea. You seem to be excluded from road. I wonder who does that.

Mr Potterton—We are very interested in the efficiency of supply chains. It is clearly a major issue. From a statistical point of view, in many ways we complement the role of the Australian Bureau of Statistics. Getting information on road transports is a very different exercise from getting information on aviation and shipping and rail where you have a small number of operators; therefore, our relationships with a small number of operators can successfully enable us to garner the data. What is required with road transport is major sample surveys and, essentially, they are undertaken by the ABS. I add that we certainly have very good relationships with the states and, in particular, the state road authorities and we have been obtaining data from them on the Auslink network. We are generating databases on Auslink road traffic, which have not previously existed, through that cooperation with the states. The major role in road transport lies with the ABS for those reasons.

Senator HUTCHINS—It would seem to me that, with the National Transport Commission recommendations for higher vehicle charges pending, there are many statistics there that the commission has made determination on. I wonder whether, considering the emphasis the government wants to give in this area of infrastructure and regional transport, that there should be one dedicated supply chain, not just for those freight tasks but also for the major clients who are involved in the movement of goods. I am not sure who one should make that representation to, but it would seem to me that your department is probably best equipped to supply to the parliament the information that we need in order to come up with the conclusions that government or parliament need to come up with to effect what we want to do.

Mr Potterton—We are certainly very interested in new ways of getting information from major companies and so forth and taking advantage of the techniques that they have with GPS systems and the like. I can see that that is an important area for the future.

Senator HUTCHINS—That may be something we need to take up on our side of the Senate. In the completed inquiries—and I have not had the opportunity to see them—can you outline for us what sorts of questions or methods you are using to calculate the cost of remoteness? What sorts of things do you take into account? I can imagine, but I am interested in what you do.

Dr Dolman—That project involved an extensive survey involving officers from the bureau travelling to, I think, 131 remote destinations across Australia, having a shopping list and essentially looking at methodologically that is similar to the CPI calculations—getting a basket of goods that can be purchased in remote locations and then analysing that. Some of the early findings indicate that, particularly when you are at very remote locations, it is very

difficult to get some of those goods. The selection you have available to you in some of those remote locations becomes very narrow.

The study is really broken up into three different parts. One looks at retail purchases, including petrol and a whole range of furniture, as well as grocery items. The second part looks at costs relating to education and healthcare services. So it is quite a different way of looking at it and that is probably a bit behind the rest of it. The third part looks at housing—the cost of housing and the spatial distribution across regions, particularly in remote regions, and whether or not that is a reflection of costs or whether it is an indicator of confidence in the community. That is an interesting study as well. In terms of analysing—particularly the retail figures—what we do is look at indicators of prices. We come up with a basket of goods and look at whether or not the common goods are available. We look at the variations and analyse them against the costs of transport, the distance from regional centres—we have about 10 different variables that we analyse that information against—to try to understand what it is that drives the variations in prices.

Senator HUTCHINS—Is it available to the committee to have a look at the questionnaire, or the model?

Dr Dolman—We could take that on notice to see what we can provide. As I said, it is a project that is in progress; it is not yet complete.

Senator HUTCHINS—Do you also survey how people earn income—whether it is by some sort of government assistance or wages or salaries?

Dr Dolman—Yes. Other studies that we have underway look at wealth—accumulated wealth over time. Also, we have studies that look at income and also government support payments and how they are distributed. The income information comes from the Australian tax office and we have analysed that information to look at the spatial distribution.

Senator HUTCHINS—I think either you or Mr Potterton said that you had completed an inquiry into regional trends. Is that correct?

Mr Potterton—I certainly mentioned we are completing a study of the non-urban AusLink corridors, which has a regional dimension. There is a previous study which is already available and there was a second one which will be available in a few months time. We would be happy to make that available.

Senator HUTCHINS—Are similar sorts of methods used there to calculate?

Mr Potterton—They are in terms of the ‘long-time’ series analysis in terms of the relationship between economic growth, freight rate trends and traffic trends and using those basic sorts of parameters to project the future.

CHAIR—Dr Dolman, as part of the ongoing process that you have, would it be possible—take this on notice—to see the break-up of the regions? I think it would be very interesting to see the situation of a mining superintendent in Argyle compared to that of a state schoolteacher in Wyndham, just down the road, in terms of earnings. Could you take it on notice?

Dr Dolman—Yes, I think that is actually information that we have published and is available, but we will take it on notice and provide you the reference to that.

CHAIR—Thank you.

Senator MILNE—This is a very interesting list of research projects that you are working on. The first question I would like to ask about them is in relation to climate change. Why has it taken you until now to commence a program of work looking at the future economic impact of greenhouse gas abatement and its impacts on various transport scenarios? As the European Union had directives on this a decade ago, why has it taken you until now to begin the research?

Mr Mrdak—That is a particular piece of research which has been commissioned over the last couple of years in the light of the emerging policy debate that is taking place particularly around the future of emissions-trading schemes and the like. I would not say the bureau has not done extensive research; in fact, the bureau has for many years been publishing forecasts of greenhouse gas emissions by transport. That goes back probably the best part of 20 years, so that research has been there. In fact, the bureau's research in relation to those areas has been very important. It has been probably the best data set and the best forecast set available to Australian policy makers and has been there for some time. That work is currently being updated again as part of the current government's consideration of the move towards emissions trading and meeting the targets the government has set.

Senator MILNE—In relation to some of your other projects, I know that there is the statistical report on shipping, for example. My concern is the interface between the greenhouse gas mitigation scenarios and the future transport scenarios. For example, the maritime people have come to me and said that, in fact, coastal shipping may well provide it—obviously, this is their perspective and they are going to say this, but I cannot make a judgement about it although this is where you may be able to. Instead of our planning more road infrastructure, might we be better off to be increasing coastal shipping? When you are looking at these various policy scenarios and mitigation scenarios, are you working with that kind of analysis as well?

Mr Potterton—We have not done a specific study on the issue of short sea shipping, but we certainly do publish, as I have indicated previously, the trend information very extensively. The issue is always that per tonne-kilometre, as the shipping industry will say, shipping is cheaper than rail, which is generally cheaper than road, but the reason it tends to be cheaper is the very, very long distances over which those costs are amortised and, therefore, the problem concerns the intermodal linkages. So the policy issue is, I guess, the extent to which it may be possible to harness those low costs on short sea segments. Perhaps the jury is still out on that.

Senator MILNE—I appreciate that there is a body of work in relation to emissions in particular, but in terms of mitigating greenhouse almost all of these projects would change if you assumed a carbon price of X or a government policy position which says that we will reduce transport emissions by 20 per cent by a certain time. All of them would change. Is there a climate pencil, if you like—or climate perspective—being run over all of the projects as you do the analysis?

Mr Potterton—I can say that our most recent set of greenhouse gas projections, which we provided to the former Australian Greenhouse Office last year and will be publishing later this year, do have sensitivity analysis for different oil prices. With a very high oil price you see

road transport very much plateauing, for example, which is not the case under the more business-as-usual type of scenario. We are starting to take into account that kind of important uncertainty about the future.

Senator MILNE—The other issue I have is that, whilst you are doing work looking at the impacts of the growth of rural towns and the transport infrastructure and so on, it is actually the interface between the cities and the regions in terms of transport that concerns me. For example, it seems to me that no-one is looking at the issue. If you build a new freeway out of Melbourne, what does that mean for growth in additional satellite suburbs or towns following the transport route, and is that desirable? What interface is there between the land use planners and the transport planners when it comes to where your future settlements ought or ought not to be, especially looking at our climate change scenario? One of our issues is that the poorest people live furthest from the centre of the city and drive the oldest cars—the whole scenario. Then we open up more land for cheap housing further out. We say, ‘Lets build them another road,’ there is no public transport, and on it goes. Where is there any effort to work with land use planners about the ramifications of AusLink roads meeting future settlement patterns?

Mr Mrdak—That work is occurring, and it is largely happening within our state jurisdictions, who have the responsibility for land use planning. The Commonwealth does not have the responsibility for land use planning decisions. Mr Potterton and the bureau provide very extensive data sets. We work very closely with the state governments, both transport and planning agencies, which in some jurisdictions are joined—but not in all—to provide those data sets and to work on policy decisions in relation to future infrastructure, particularly road and rail. As you know, we also have a close role in maritime and also airports. Essentially, a lot of those decisions are about spatial planning and the like. The distribution of centres and how they follow, or do not follow, road links are really decisions of the states in the first instance, through their planning powers. While we work closely—and we certainly have some influence through our investment funding decisions—essentially those planning decisions are with that level of government.

Senator MILNE—I do not know how to overcome the problem—just from the point of view that it is ongoing and it is causing a disaster all around the country. What starts off as a regional and rural area soon becomes an outer suburb and then we have no transport adequate to it, and so on and so forth. Are you proposing or considering how that may be reformed? Could that be one of your projects—to look at the dysfunction that is occurring in transport planning because of the separate jurisdictional responsibilities and the lack of an interface between state based spatial planning and federal funding of AusLink corridors?

Mr Mrdak—The government has made it clear that it is looking for different approaches to investment planning and coordination. As you would be aware, the government has a major policy commitment to Infrastructure Australia. Legislation to establish that is intended to be introduced into the parliament this week.

I think that is one of the first concrete steps in trying to get a better relationship in relation to some of the issues you have raised. Certainly the government has a strong commitment to that. How that flows through is as the secretary was outlining earlier. We are now in the process of working through how that might influence our operations and our focus over the

coming months but certainly we are very aware of that and the government has a very strong commitment to better addressing those types of issues in the outer metropolitan areas. Our minister has made a number of public statements since the election last year about how he sees an increased role for the Commonwealth to be involved in those types of issues.

Senator MILNE—In relation to that new Infrastructure Australia that is a policy proposal—we are unclear at this moment what that actually means and they are working through that—are you thinking about ways in which we can avoid a conflict of interest between those who have an interest in building massive new infrastructure, such as Macquarie Bank, and those people who will be advising government? Do you have a way of at least keeping at arm's length that conflict of interest, which is big in Australia because there are not many of them and they are very big funders?

Mr Mrdak—The minister will be making statements later this week in the parliament in on the Infrastructure Australia legislation and how it will operate. I think it is probably best to look at that statement by the minister to see how he envisages Infrastructure Australia and the government's position on its functions and responsibilities.

Senator MILNE—I will deal with that in that context. Can I ask now about oil or do you want to go back to infrastructure? Is this the appropriate place to talk about oil or do you want me to do that under AusLink?

Mr Mrdak—It depends on which aspects, I suppose.

CHAIR—Before we shift to that, Senator Scullion has a question and then it is 10 minutes to morning tea.

Senator SCULLION—I will try to be brief. Dr Dolman, I have to say I am very impressed by the scope of your research. In view of the capacity to have a look at trends and the changes in the trends in transport needs and infrastructure, have you completed any work or thought about doing any work on the potential policy changes of the AWB? We had somebody from the department yesterday indicate that there may well be changes to transport demand and infrastructure and those trends and there were some indications from the department last night that they had advised the minister that there may well be changing pressures, needs and seasonality as a consequence perhaps in the short term as they move from having a pooling arrangement. Those changes may mean that there are some changes in the transport needs, trends and infrastructure. Have you done any work on that or are you planning to do any work on it?

Mr Mrdak—Not in the bureau. The government has made a commitment to doing some further work on grain lines and obviously that is where our focus has been of late—the grain rail infrastructure which is the responsibilities of states. I know there are strong concerns within the farming community and groups and amongst the grain marketing authorities about the capability of the rail and road network to cope with future changes. That is work that we will do through our AusLink division with the various states, but, no, we have not commissioned any specific research at this point from the bureau. We will probably do that as specific projects relate to the grain rail system.

Senator SCULLION—I accept it must be very difficult, as the officers yesterday acknowledged. It is a policy-free zone; they have not actually made the decision and will not

be making a decision on the new arrangements until some unspecified time in the future. I think it would be a very interesting and important piece of work and I hope that you would look very carefully at that.

Mr Mrdak—Certainly there is no doubt that the future of how grain storage and handling is rationalised is quite critical to the future investment decisions around the grain rail network.

Senator SCULLION—Would there be the capacity within the department to self-generate? There is obviously going to be a need to understand the trends and changes in the policy. Would you normally require direction from the minister or would you often just say, ‘This is a very important piece of work; we know we are going to need to know about that; there are going to be changes we will take on ourselves.’ How does that process work?

Mr Mrdak—Our rail policy area looks very closely at how those types of issues impact on the rail system, and we have done a number of pieces of work in the past for government—not solely for the bureau but right across the departments with states. The government has some further work being done on grain rail systems. We will pick it up in that further work, I think.

Senator SCULLION—Thank you.

Senator McGAURAN—I notice that you have undertaken a study entitled *Evaluation of the Black Spots Program*. Is that an ongoing study or is that just a one-off? Is it simply a statistical one, before the black spot and after the black spot, according to the casualties?

Mr Potterton—It will be the third evaluation that the bureau has undertaken, and it will look at the whole of the federal black spots program period, so back into the 1990s and then through to 2006.

Senator McGAURAN—Is the evaluation as simple as looking at the number of accidents before and the number of accidents after? Is that what you call the evaluation?

Mr Potterton—It certainly looks at the before and after situation in some depth and controls, for example, the time trend in accidents where you have a generally improving accident record over time. If you did not take account of that, there would be a risk that one might overstate the impact of the program. There are one or two things like that that we have to take account of.

Senator MILNE—I want to ask you something in terms of all your research and modelling as to costs and, in particular, the oil price. Where do you get your oil price from, the one on which you then model all your ramifications and so on as to whether we go with road, rail or whatever else? In the past I have had an understanding that ABARE provides that. Is it the ABARE oil price that essentially influences your modelling? Could you just clarify for me where you get your oil price from.

Mr Potterton—We have essentially used the International Energy Administration estimates. Certainly those are the estimates that we used for the 2007 greenhouse projections for the transport sector.

Senator MILNE—So you do not use ABARE’s modelling anymore? Did you, or what?

Mr Potterton—I stand corrected on this. I was not aware that ABARE forecast the international oil price, but perhaps they do. But certainly we have tended to use IEA numbers.

Senator MILNE—What are you currently working on as a basic assumption for your research?

Mr Potterton—I have to be careful here because we are in a joint process with Treasury, for example, in the work on the impact of the introduction of emissions trading, so there will be oil price scenarios for that work, which will be agreed in conjunction with Treasury.

Senator MILNE—Are you telling me that you cannot tell us at this point?

Mr Potterton—That is right.

Mr Mrdak—There is not one fixed price that we are working from. As Mr Potterton has been saying, in our modelling work that is currently being done for the government in relation to the climate change agenda we are using a whole range of scenarios, being international and upper bound and lower bound.

Senator MILNE—In terms of the infrastructure decisions that have already been taken on the basis of your modelling and your work with AusLink, one of the recommendations of the Senate inquiry into Australia's future oil supplies and alternatives was that AusLink or the bureau go back and look at the decisions it made to favour road over rail, or whatever else, in the light of changed oil price scenarios so that we do not keep building things for which these scenarios have significantly changed. At \$45 a barrel some roads would have been clearly more reasonable options, but at \$100 or \$150 a barrel it would be ridiculous to proceed with something that was previously approved. Have you done any of that kind of analysis on projects that were approved and have yet to commence to establish whether there has been a change in the fundamental assumptions before it actually goes ahead?

Mr Mrdak—The government has certainly made commitments in relation to the AusLink program, both in terms of AusLink 1 and 2. They are government policy commitments. We are not, at this stage, envisaging work which would revisit those commitments.

Proceedings suspended from 10.30 am to 10.45 am

Senator MILNE—I want to come back to that question about AusLink 1 and AusLink 2 and the projects that have been approved. The response was that they are just going to proceed, regardless of the change in the oil price and the ramifications that might have for the economic rationality, if you like, of those projects in terms of road over rail or other transport. I know that there is a commitment to going ahead with AusLink 2, but is there any capacity for you to review those projects in light of that Senate recommendation that that be done so that government can at least be informed, when proceeding with the election promise in the manner in which it has been promised, that the economics of it have changed substantially?

Mr Mrdak—As I have said, the government have made a series of project commitments in AusLink out to 2014. The issue you have raised about reconsidering that is a matter for government, but at this stage we have no advice to the contrary and the government's position is that they will meet the commitments made in the election campaign in relation to AusLink projects. Certainly, the matters you have raised in relation to traffic and traffic volumes and the like are all issues, but I think, as we have seen around the world, governments have

continued to invest in road infrastructure to meet a whole range of issues, not just for congestion or volume but for safety and a whole lot of reasons. At this point in time, we have no basis to fear that the government will review any of the commitments it has made to this point.

Senator MILNE—In relation to the oil price, I understand the International Energy Agency has said that there is likely to be a supply crunch by 2015, so how have you taken that into account?

Mr Potterton—That is a fairly broad question, but the way I would answer it is that we do have a specific project looking at transport energy futures which will be reviewing both the long-term transport fuels market and potential transport technology responses to that. The broad issue, I think, is that the responses to rising oil prices can be of a number of kinds. We have seen over the last three years very significant fuel and vehicle size switching in response to the high prices, so there is a strong fuel efficiency response within the transport mode, if you like, before issues of alternative modes—rail and sea and so forth, or walking and cycling—come into the picture. We are seeing that already, and we are certainly taking account of those changes in all of our future projections work.

Senator MILNE—But how can you be taking them into account when there is no capacity for your responsibility on public transport? If you put a congestion tax on as a response to climate change, plus an increased oil price, in the absence of public transport you have got a dysfunctional system. So how are you dealing with those kinds of policy mix scenarios?

Mr Mrdak—I think the bureau work is providing a factual information base and forecasts of potential scenarios. I think those decisions about modal choice and investment are being made by various levels of government—obviously, the state governments, many of whom are making substantial investments in public transport systems; others are not.

Senator MILNE—I am interested to know the ones who are making the substantial investments in public transport.

Mr Mrdak—I think if you look at the Sydney metropolitan rail system, while there is lots of angst about some of the way it is happening, there is a substantial investment taking place in the renewal of urban rail in New South Wales, for instance.

Senator MILNE—Yes, I think that is the exception rather than the rule. It is a state government responsibility, but it comes to this interface that I was talking about before—we need some infrastructure planning with much better integration between rural and regional and urban centres. Senator Conroy, since it is a government policy issue, I just ask the question about AusLink 1 and 2. Those projects were funded when the oil price was considerably less than it is now and the transport economics were different. The department has no brief to even look at how the transport economics have changed in view of the oil prices and in view of the International Energy Agency saying that by 2015—only seven years away—we are likely to have an oil supply crunch, therefore a huge oil price as well. Has the government any intention of reviewing the economics of those projects to look at, if not supplying infrastructure, then other ways. Maybe it is more appropriate to put a train in instead of a freeway?

Senator Conroy—Thanks for that question. I will happily take it on notice and get an answer for you from my colleague.

Senator MILNE—Thank you.

CHAIR—As there are no other questions of the Bureau of Infrastructure, Transport and Regional Economics, thank you very much.

[10.52 am]

AusLink

CHAIR—Welcome. Ms Riggs, do you wish to make an opening statement?

Ms Riggs—No thanks, Chair.

Senator ABETZ—Can we have a list of all the promises made by the Labor Party during the last election in relation to road funding and what those promises were—with the attached timetables?

Ms Page—We can take that on notice.

Senator ABETZ—Thank you.

Senator MILNE—Senator Abetz, could I just follow on with an additional question to the one being taken on notice?

Senator ABETZ—Absolutely.

Senator MILNE—In relation to a question I asked corporate before about adherence to appropriate financial management frameworks and guidelines, can you also indicate, when responding to the committee about the promises that were made, the process the department is going to take in advising the ministers about that according to what the promises were to the audit report?

Ms Page—The overwhelming part of the AusLink program—the national network sector—is currently being audited by the Audit Office. Other elements of it—the Black Spot element, the Roads to Recovery element and the ARTC grants—have already been audited by the Audit Office, so there are separate recommendations in place and pending in relation to the AusLink program.

Senator MILNE—This was specifically about the election promises and the undertaking you gave me earlier to meet the auditors requirements. That was specifically in the final recommendation that the department, in assessing project budgets et cetera, inform the ministers of the full financial ramifications and obligations, so what I am asking for is how that process—

Ms Page—We already do that. It is a different type of grants program to the discretionary grants program, which was the Regional Partnerships grants program. We already provide advice of that nature when we advise ministers on AusLink project approvals.

Senator MILNE—Thank you.

Senator ABETZ—Can I refer to some specific policy promises that were made by the now government, and ask for an update on those. First of all, who can tell me about the proposed upgrade of the Lyell Highway and Midland Highway intersection in southern Tasmania?

Ms Page—I think it might be useful to indicate generally at this point that the government is committed to delivering its election commitments but, as yet, it is just commencing the process of discussing its commitments with state ministers. No decisions have been made to date on the timing and delivery of those projects.

Senator ABETZ—That is a very helpful answer, thank you. What I am also trying to get a grip on is what was actually promised.

Ms Page—We would prefer to take those on notice because we have a very large number of government election commitments, and we do not have the terms of all of them with us.

Senator ABETZ—Ms Page, I fully understand your confusion when a government says its top priority is climate change, its top priority is defence, its top priority is education, its top priority is inflationary pressures. Everything is its top priority, and then when you try to put it all together—

Senator Conroy—Is that a question or an essay?

Senator ABETZ—I am just empathising with your public servant, Minister, who is having difficulty putting together the plethora of government promises.

Senator Conroy—We said we would take it on notice.

Senator ABETZ—I ask then whether or not a promise was made to upgrade the Lyell Highway—

Senator Conroy—We will take that on notice.

Senator ABETZ—and the Midland Highway intersection in southern Tasmanian at Granton?

Senator Conroy—We will take that on notice.

Senator ABETZ—I know that, but I am making the question absolutely specific so that there cannot be any misunderstanding as to what intersection may be spoken of. Another promise was made to put the Brooker Highway and the Eastern Outlet from the city to the airport onto AusLink. By what year or in which year was that promised?

Ms Page—Senator, again, I would like to take that on notice. There are, in fact, scores of road project and rail project election commitments, and I do not have the detail of all of them here.

Senator ABETZ—Yes, but which details do you have? If we were to ask about every single election promise, are we going to get exactly the same answer, that the minister and the officials at the table have no idea what at least one of the road promises was?

Ms Page—We have not brought detailed information on all of the government's election commitments with us. The terms of many of those were extremely precise and I would not wish to speculate on them here.

Senator ABETZ—I can understand that you do not have all of them with you, but I would have thought that, as a matter of course, you would have had at least some of them. What you are telling me is that you do not even have some of them, is that correct?

Senator Conroy—What you can be rest assured of, Senator Abetz, is that the government will deliver all of its promises that it made during the election campaign. What we are not going to engage in—

Senator ABETZ—Well read!

Senator Conroy—It actually has nothing to do with it.

Senator ABETZ—Do you want to table it? Go on table it, otherwise we cannot believe you.

Senator Conroy—It is a request for a meeting from a guy from Tasmania who wants to meet me to discuss broadband over the powerlines.

CHAIR—Senator Abetz, let the Minister answer your question.

Senator ABETZ—You are quite right, Chair. I defer to your suggestion.

Senator Conroy—What we are not going to let you do is assert what you claim are election promises. We will give you a very precise and detailed answer by taking it on notice, and then ultimately you will need to wait because we are not going to give you any scoops today until the budget, on what we are funding.

Senator ABETZ—This is a scoop in itself that you cannot tell us one of your election promises.

Senator Conroy—No, we are not going to let you try to put words in our mouth, so we will happily take it on notice and give you a detailed answer, Senator Abetz.

Senator ABETZ—Can the Minister or the department tell this Senate estimates committee one roads election promise that was made by the government during the last election?

Senator Conroy—We can and we will take it on notice.

Senator ABETZ—Which one?

Senator Conroy—We will take it on notice and let you know.

Senator ABETZ—This is just outrageous.

CHAIR—We know the feeling, Senator Abetz.

Senator ABETZ—Are we led to believe that the department honestly has no idea of one single roads policy promise that was made during the last election?

Ms Page—Our departmental listing of government election commitments comes from a public source, from government websites, and that material is freely available, and at this stage—

Senator ABETZ—So why can't you share it with us today?

Ms Page—We have nothing more to add to what is available at the moment in publicly available material.

Senator McGAURAN—So you have done no work on those things?

Senator Conroy—Do not put words in her mouth.

Senator ABETZ—So why can't you share the material with us?

Ms Page—I have indicated that there are many, many election commitments. They have a lot of detail. They have a number of terms attached to them, and I would want to provide advice on those in detail. I do not wish to speculate on their terms, many of which are quite precise.

Senator ABETZ—Ms Page, when I started asking you, you said you did not have all of them with you. I fully appreciated and understood that because to expect you to have all of them—the dates, the costings et cetera—would be asking too much. I then asked you whether you had some of them with you, and the answer to that is no; is that right? You do not have some of them with you?

Ms Page—I have got advice on the broad scope of projects. I do not have with me the detail that you are seeking and I would prefer not to pick and choose between election commitments and to provide you with advice on the ones that you seek information on in context.

Senator ABETZ—But these are just all general questions at the moment as to whether you have a list. You say you do not have all of them. We then drilled down to ‘some of them’. You do not have that either. I then asked for just one roads policy promise, and you are not able to nominate or give us one either.

Senator Conroy—We said we will take it on notice and give you a detailed list, satisfying all your queries.

Senator ABETZ—But what it means is that we cannot ask one single question about one roads policy promise at this Senate estimates.

CHAIR—Senator Abetz, I think the minister has made it very clear that your questions will be taken on notice and that the government will come back to you with some very detailed answers.

Senator ABETZ—This is very, very sloppy, Chair, but I can see we are not going to get any further so I will ask further questions. It is quite shameful that a government that prided itself on its road policy comes along to the first estimates committee and is unable to share the timing and costings of even one road policy with us.

Can you confirm that Labor promised to put the Brooker Highway and eastern outlet to the airport in Tasmania onto AusLink? Can you advise us what costings were undertaken, if any, prior to that policy announcement and whether any costings are being undertaken now as to the likely cost in future years for repairs, maintenance and upgrades? Also, can you tell us when the policy actually will come into play, because I understand it is about three or four elections away. Are you able to tell us what year the promise in relation to the Brooker Highway and eastern outlet might come into play?

Ms Page—I cannot do that at this stage.

Senator ABETZ—All right, so we will take everything on notice. Let us move on to the Kingston bypass. Surely you must have detail on that, because it was announced with huge fanfare. The former Prime Minister promised to fully fund the Kingston bypass in southern Tasmania. There was money available for it. What has happened with that money?

Ms Page—I recall that the current government has made a commitment of funds to the Kingston highway. However, as with all election commitments, we are funders of road projects; we are not owners of road assets. We are yet to have discussions with the Tasmanian government, who will be responsible for the delivery of that and any other road project that the government is committed to in Tasmania, so I cannot tell you at this stage what the likely delivery date and arrangements for that project would be.

Senator ABETZ—You are yet to have discussions. We were led to believe that it was all signed, sealed and delivered and that, with this cooperative federalism, Mr Rudd and Premier Lennon were at one on this and it was all going to happen immediately. So we have not even had preliminary discussions between the two departments?

Ms Page—The evolution of a road project is a very long process.

Senator ABETZ—Yes, we know that. We have been waiting for 30 years for the Kingston bypass, and as a resident of the area I know how long the evolutionary process is.

Ms Page—What I cannot tell you, and I am happy to take it on notice—

CHAIR—You know who you can blame for the last 11 years, Senator Abetz.

Ms Page—The detailed design work has been done by the Tasmanian government, which would enable that project to commence.

Senator ABETZ—If you want to know why, I used to live on the road that would be bypassed and I thought it was inappropriate for me to agitate for it publicly and so I did not until I moved a couple of years ago. Since then I have agitated, and we got some election policy results from both sides of politics. But what has happened to the money that the former Prime Minister promised to fully fund this bypass?

Ms Page—The current government has committed to fund that project in part and from funding that is currently within the forward estimates. Discussions will take place with the Tasmanian government on the terms of that project.

Senator ABETZ—That is not responsive, with due respect. I am asking you about the former Prime Minister making a promise, saying that the \$30 million was there for the full funding of the bypass and I want to know what has happened to that money.

Ms Page—The choices that this government might make in relation to the allocation of funds between road projects are yet to be finalised.

Senator McGAURAN—So it is under review?

CHAIR—Senator McGauran, Senator Abetz has the call. But I must say in defence of Ms Page, Senator Abetz, you may ask the same question five or six times and I think the answer keeps coming back the same, and time is of the essence. We saw stalling tactics yesterday.

Senator ABETZ—The *Hansard* will show that it was not.

CHAIR—We would have wasted two or three hours of valuable time to question our agencies because of the opposition's tactics of asking the same question 10 or 12 different ways, so I would urge you to take the questions that are given to you, if they are on notice, and can we move on.

Senator ABETZ—No, because, with great respect, I asked about the full funding by the former Prime Minister and Ms Page gave me the answer that the current government is going to part fund it. It was an interesting answer but completely non-responsive. I do not say it was deliberate, but I am bringing her back to the actual question as to what has happened with that funding. As I understand it, that \$30 million was allocated for the Kingston bypass. Can you confirm that for us?

Ms Page—I understand that the previous government allocated funds in the MYEFO process and labelled them for particular road projects. Those decisions the current government has the ability to review.

Senator ABETZ—Of course. So what we are confirming is that the \$30 million for the Kingston bypass was allocated and locked away for that purpose—you can confirm that?

Ms Page—There has been a revision by the government of the decisions made at MYEFO since then.

Senator ABETZ—Can you confirm that it was locked away? The next step is—

Senator Conroy—Can you let the officer finish her answer before you add a further question?

Senator ABETZ—I am trying to get her to focus.

Senator Conroy—That is very good of you, but if would you just let her finish her sentence. Then, if you would like to ask a second question, we will not have any problems.

Ms Page—The previous government allocated money at MYEFO in 2007 for a group of road projects. The current government—

Senator ABETZ—Including the Kingston bypass?

Ms Page—Including the Kingston bypass. The current government, as does any incoming government, has the ability to review priorities and allocations of funding of the previous government.

Senator ABETZ—Absolutely, and we have no argument with that, but what we now have confirmed is that the money was actually allocated, ready to go, but the new government, for whatever reason, has changed its policy on that. It made a policy to fund half of the Kingston bypass. Have we any idea as to when it might be started?

Ms Page—I have explained that we have yet to have those detailed discussions with the Tasmanian government about the state of planning and the extent of any contribution by the Tasmanian government and possible delivery timetables.

Senator ABETZ—Moving on to the Brighton bypass in southern Tasmania, that was also a policy announcement by the current government. I assume you cannot tell us anything about that either.

Ms Page—The answer is as I explained to you on the previous project.

Senator ABETZ—I then ask that you to take on notice in relation to all these road projects the number of questions I asked in relation to the Brooker and Eastern Outlet to the airport—when the promise was made, how much it is going to cost, the timetable et cetera.

Ms Page—We can do that.

Senator ABETZ—That would be very helpful. The Bridgewater Bridge in southern Tasmania was a promise by the previous government. Funds were allocated for it as well in I think four successive budgets. Can you confirm that funding for the Bridgewater Bridge was allocated?

Ms Page—It has been from time to time.

Ms Riggs—The Bridgewater Bridge is a project that is in the current five-year AusLink program and has had funding available to it, which the Tasmanian government has not yet made any substantial draw down against.

Senator ABETZ—That is right, and that has been available for some four years?

Ms Riggs—Correct.

Senator ABETZ—Thank you. What is going to happen with that money? Will that just be reallocated at the whim of the current government?

Ms Riggs—The AusLink bilateral that currently exists between the Australian government and the Tasmanian government currently runs until 30 June 2009. As with each of the bilateral agreements, there are provisions in there for management of the funding contained within the agreement, both at project level and, as at it were, for the envelope of funding. In the discussions with the Tasmanian officials that Ms Page has already made reference to, we will clearly need to have a conversation about whether there would be a need to activate some of the provisions in relation to the management of cash within that envelope for the remainder of the current period.

Senator ABETZ—Basically you are saying that the money will not be made available for the specific Bridgewater Bridge project and might be allocated elsewhere. Is that it in a nutshell?

Ms Page—That is really up to the Tasmanian government. To the extent to which the Bridgewater Bridge proposal is brought forward there is cash available to commence that project.

Senator ABETZ—The current government is committed to the building of the Bridgewater Bridge if the Tasmanian government were to say we want the Bridgewater Bridge; is that what you are telling us?

Ms Riggs—The bilaterals represent a partnership between the Australian government and each of the state and territory governments. The projects in the current bilateral are there by virtue of a previous government's decisions but in the spirit of that partnership. The Tasmanian bilateral has a quite specific clause in it that says, in effect—I cannot remember the formal language of it—if the Tasmanian government wishes not to proceed with the replacement of the Bridgewater Bridge but wishes to propose an alternative project then the Australian government undertakes to consider that alternative proposal in good faith. If the Tasmanian government's now wish is, rather than to replace the Bridgewater Bridge, to undertake some upgrading works on that bridge and instead focus its future priorities in partnership with the Australian government on some alternative works then I believe that the

spirit of that clause about considering the alternative proposal in good faith would remain intact.

Senator ABETZ—That is all very interesting, but the question was: if the Tasmanian government were to say, ‘We want this money spent on the Bridgewater Bridge,’ would the new federal Labor government honour that agreement?

Ms Riggs—I will have to ask for the minister’s guidance on that, so I will take the question on notice.

Senator ABETZ—Thank you very much. I did limit my question on notice, Chair, to the road projects that I had specified, but I would be obliged if the department could take on notice all the Tasmanian road projects, including the ones up north, in the north-west and elsewhere. That would be very helpful. I understand the Sisters Hills project in north-west Tasmania was completed below budget. Are you aware of that?

Ms Riggs—The final tender price for the last two elements of that original scope of works came in a little under the original estimate of what the tendered price would be, so the current likelihood is that the original scope of works would have come in under the available funding.

Senator ABETZ—It is great that you have all the detail at your fingertips when there is good news to tell us, so I am delighted with that. Can you tell us how much the savings might be on this? It was a \$30 million project, or estimated project, wasn’t it?

Ms Riggs—That was the original estimate shared jointly between the two governments.

Senator ABETZ—And how much do you think we might save?

Ms Riggs—I am sorry. I do not have that number at my mental fingertips, as it were. I will take that on notice.

Senator ABETZ—What purpose will those savings be put to?

Ms Riggs—My recollection is that we have had a proposal at officials level from the Tasmanian Department of Infrastructure, Energy and Resources as to whether it would be possible to consider a small extension to the works contiguous with other works already undertaken in the six sub-element projects that made up the Sisters Hills work so as to achieve an upgrade to some slightly extended stretches of that road through the Sisters Hills area. That matter is still under consideration.

Senator ABETZ—I would be delighted if that could occur, and I am also delighted at how across the detail you are in relation to this particular project. It is a pity that we were not across the detail in some of the other road projects. How did we make the savings on that road project? Was it because of the Australian Building and Construction Commission being a bit tougher in relation to construction costs these days?

Ms Riggs—I was simply—

CHAIR—I would not have said that was in this portfolio, Senator Abetz.

Senator ABETZ—I thought that would stir up the chair!

CHAIR—You saw that I was getting comfortable, relaxing.

Senator ABETZ—Yes, you were, so I thought I would wake you up. But it might be that some geological feature that was thought to be there was not there and, as a result, the earth works came in a lot cheaper. What was the reason?

Ms Riggs—Our colleagues in the state roads agencies do their very best to provide good estimates of what roadworks will cost based on the studies that they undertake and the benchmarking of those prices against other equivalent projects that they know and the work that they have done in the area. But at the end of the day they go to tender, as is required under the AusLink legislation, and tenderers of course make their own judgements about the costs of the work that they would have to undertake in order to deliver on the tender and they price their tender accordingly. It happened that in the case of this work the successfully tendered price was a little lower than the estimate that the engineers of DIER had come up with and advised us of in the pre-tender price. I have no idea what complex interplay of factors has gone to produce that reduction.

Senator ABETZ—So you have got no idea.

Senator HURLEY—Thank you. I just wanted to ask about one of the AusLink road projects, and that is the F3 to Branxton project in New South Wales. I am told there was a funding allocation to this project under AusLink 1. Could you confirm that and, if that is so, how much funding was allocated?

Ms Riggs—When this project was first introduced into the AusLink 1 program through the bilateral with New South Wales, an allocation of \$253 million was made available. Over the subsequent period, that funding allocation has been reduced to some \$170 million.

Senator HURLEY—How much of that has been spent?

Ms Riggs—I am advised about \$30 million.

Senator HURLEY—What has that been spent on at this stage?

Ms Riggs—Planning and some preconstruction work, including some preliminary land acquisition.

Senator HURLEY—That was funding under AusLink 1. What about under AusLink 2—has that been carried into that?

Ms Page—The government has got a commitment to include that project in AusLink 2. The project has been, I think, the subject of considerable price escalation. The government is yet to consider the future of that project in discussion with the New South Wales government.

Senator HURLEY—You said it has been the subject of price escalation.

Ms Page—I would like to correct that. I do not think there has been a commitment. There is a recognition that this is a difficult project and one, as I indicated, that has attracted significant price escalation, and that it requires further consideration.

Senator HURLEY—Why has there been the price escalation? Was the original estimate wrong or have costs gone up since the original—

Ms Riggs—There are a number of things that have contributed to it. The original estimate was made on the basis of a potential alignment that had been determined in the late 1990s, and around 2004 an estimated price of about \$300 million was put on the project on the basis

of no formal engineering or technical examination of that potential alignment. Subsequently over a couple of iterations—on the basis of some of the planning work; for example, some \$30 million has been invested—the price was increased in 2004 or 2005 dollars to \$765 million. In part that was because of the geotechnical work and engineering work that had been done. In part that was about the costs estimated to be involved to meet the some 140-odd planning conditions that were put on the project through the New South Wales planning regime. There were discussions between New South Wales and the Australian government about how to proceed with the project in the face of what seemed to be a very substantial increase in costs. More recently, officials have undertaken a further review of that, informed in part on work that we have had done on our behalf by a group called Evans and Peck on how to ensure that cost estimation processes are as robust as they possibly can be. Officials now believe that the cost of that project would be something in the order of \$1.7 billion. That is a very large number in anybody's terms. I think the notion that some further consideration of how best to resolve transport issues in that part of the lower Hunter might be the source of some discussion between the Australian and New South Wales governments, in the light of that.

Senator HURLEY—The former government maintained a commitment but of the order of only about \$170 million?

Ms Riggs—That is correct, and that was done on the basis that, given the time frame of AusLink 1, even if it were begun the major part of construction would have moved beyond the AusLink 1 period. It did not reduce its fundamental commitment, but it reduced its cash commitment for the period of AusLink 1.

Senator HURLEY—That is basically 10 per cent of the final estimate.

Ms Riggs—That is how it currently stands, yes.

Senator NASH—Post AusLink 1, at any stage did the government make a further commitment to this particular Branxton link road? I have a memory that during the election campaign there was quite a large commitment to the road.

Ms Riggs—Yes, there was.

Senator NASH—Do you know what the figure was?

Ms Riggs—I do not recall; I will take it on notice.

Senator NASH—Please take it on notice, because I think it is important that we recognise that there was not just that initial AusLink 1 commitment but that there had been further commitments.

Senator BUSHBY—Is it the intention of the government to honour the Howard government commitment to construct overtaking lanes on the 50 kilometres-odd of highway south of Huonville that currently has no overtaking lanes and is considered to be an extremely dangerous stretch of road?

Ms Page—The current government has announced its election commitments, which are publicly available, as I told Senator Abetz.

Ms Riggs—And which we have agreed to provide detail of in response to questions that he asked.

Senator BUSHBY—That did not really answer the question. There was a commitment by the Howard government prior to the election—

Senator Conroy—We will take that on notice.

Senator BUSHBY—We will shortly revisit the issue of the \$303 million that was announced as the southern roads package by Labor during the election campaign. I know that—and I apologise slightly because you were discussing that when I came in—but what I believe was not actually raised is the issue of the promises relating to rail as part of that package. There was \$56 million promised to build the \$90 million new Brighton transport hub, which includes rail; \$24 million for rail capacity improvements at Rhyndaston on the main north-south rail line through Tasmania; and \$30 million to upgrade the Derwent Valley rail line from Boyer to Karanja. Has there been any official communication between the government and the department to actually advance this and move these projects along?

Ms Page—Not at this stage.

Senator BUSHBY—Were you aware of it in any unofficial capacity?

Ms Page—We were aware that there were government election commitments made to those projects, yes.

Senator BUSHBY—When government election commitments are made by a party that then wins, does the department take any action to actually prepare, or till the ground, so to speak, for action in that respect?

Ms Page—There are a series of government policy decisions that have to be made yet in relation to implementation of election commitments and formal engagement with the Tasmanian government on those, and that is yet to take place.

Senator BUSHBY—Can you take that on notice so you can attempt to find out what the approach to these promises will be and to establish whether they will be actually proceeding in accordance with the time lines?

Ms Page—The government has committed to deliver all its AusLink election commitments. It will be commencing formal discussions with the Tasmanian government at some point during the year, but the timing for the delivery of those projects will be a matter for negotiation between the two governments depending on the extent to which planning has already been undertaken by the rail operator and/or the Tasmanian government.

Senator McGAURAN—On the new government's commitments, under AusLink 2 the previous government had a mandatory requirement for the states to share in all the projects on the national network. Is that correct? I believe that to be so.

Ms Page—The government had yet to commence formal negotiations with the states in relation to AusLink 2, so any position had not been finalised in respect of conditions.

Ms Riggs—We had foreshadowed conditions of that kind in correspondence at officials level.

Senator McGAURAN—Is it correct that it was to be the mandatory commitment that the level of sharing would be 50 per cent for the urban projects from the states and 20 per cent for the non-urban projects minimum?

Ms Riggs—That is the proposition that we had made, yes.

Senator McGAURAN—What is the policy of the new government on it?

Ms Page—The current government is yet to develop its policy, although I think it is fair to say that a number of its election commitments were made publicly, contingent upon particular shares, either at a percentage level or a dollar level, by the relevant state government.

Senator McGAURAN—Good. When you get back to Senators Abetz and Bushby on the full list of government promises, could you include what state contribution is expected?

Ms Page—We can do that where there is a percentage required, if you like, by the state government. In some respects, some of the projects are capped at a dollar level by the Commonwealth on the basis that the state would pick up the balance of the project.

Senator McGAURAN—We will wait and see. The history of it is that all these commitments and grand promises for bypasses and double carriageways are made but the states never come to the party. They always slow it up. They cannot be relied upon for their contribution.

Senator Conroy—It sounds like an opinion rather than a question, Senator McGauran.

Senator McGAURAN—The question is to you, Minister. It is most important with the promises and commitments you put down that they just do not go up into the ether—

Senator Conroy—Senator McGauran is one of the most visionary members of parliament. He foresaw the death of the National Party long before the rest had jumped ship. I know it is not often that he gets called ‘visionary’ but he has looked into the future.

CHAIR—Minister, I think Senator McGauran was halfway through a question.

Senator McGAURAN—I would just like an indication from the government that there will be a mandatory commitment from the states.

Ms Page—Senator, I think it is too early at this stage to ascribe a general policy to the government until it has had the chance to develop its negotiating strategy on Auslink 2 with the states.

Senator McGAURAN—I thought you all worked through Christmas. What have you all been doing? Every other department worked through Christmas. We have got no indications at all.

CHAIR—Senator, we will get back to relevance.

Senator Conroy—That sounds like a commentary rather than a question, Senator McGauran. Given your visionary status, it is disappointing.

Senator McGAURAN—With respect to the Black Spot Program, again, I seek an indication, a commitment from the minister and his department. They are obviously floundering at the moment and unable to give commitments. He is not on the job. I am not sure the Prime Minister, Mr Rudd, would be too pleased about this.

Senator Conroy—That sounds like commentary rather than a question.

Senator McGAURAN—In relation to the Black Spot Program does the government have a commitment to maintain it to its 2004 estimates level and, more particularly, if it does, does it intend to maintain the 50 per cent allocation to rural and regional areas?

Ms Page—Senator, the government is committed to maintaining the program, but I do not recall any details in relation to the commitment at this stage.

Senator McGAURAN—Can anyone give me an update on the Deer Park bypass in Victoria, which is now well underway. Is it on time and on budget?

Ms Armitage—I am just checking the update that I actually got at the end of January. The entire project is on schedule for completion by the end of 2009. The Lakes Road interchange, which commenced in August 2007, is basically progressing well. The earthworks are up and the road footprint of the entire interchange is now visible, I understand, when you travel along the road. The service relocations are nearing completion and the inbound traffic was diverted onto the side track on 14 December.

Senator McGAURAN—And the costs?

Ms Armitage—The costs, I understand, are currently running to budget. The commitment in the 2007-08 budget is \$76.05 million.

Senator McGAURAN—Concerning the Anthony's Cutting commitment, a promise made by the government, which is a stretch of road just outside Bacchus Marsh in Victoria, what is the expected state government commitment to that? How is it being prioritised in regard to all the promises they have made?

Ms Page—It is a bit early to tell. I do not have the details with me of the particular terms of the election commitment, and any requirement within that for a state government contribution. It is too early at this stage to be able to provide you with the advice on scheduling and priorities because, as I have indicated, we have yet to have the detailed discussions with the states to find out how advanced those projects are, and whether they are ready to go or whether they will be some years down the track.

Senator McGAURAN—On Roads to Recovery, the commitment of the current government to the program at its level of funding—you would be aware that this project has been an enormous success. I remember when it was first introduced. It surpassed even our own expectations in a federal local government relationship. The local governments rely heavily on the funding, because they cannot rely on the states. They were being squeezed out of the maintenance and upgrades of their local roads from the state governments, and this relationship was a lifesaver for them. We know when we are delivering the dollar that it has been a most efficient form of delivering road funding rather than to give it to the states who mess it up. It is lost somewhere in the departments. I give that background, in praise of the program.

Ms Page—The current government has made, as I understand it, a general commitment to retain Roads to Recovery, but I do not recall a dollar allocation to it at this stage.

Senator McGAURAN—It could well be cut back.

Ms Page—I think the government is yet to make a decision on it, would be how I would categorise it.

Senator McGAURAN—It is under review.

Senator HUTCHINS—I refer to the ANAO report on the administration of grants to the ARTC tabled last Thursday. I note a grant of \$450 million was made in June 2004, \$100 million in June 2005 and \$270 million in June 2006. What was the original purpose for these payments?

Ms Page—I think the audit report sets out the broad objectives of each of the three grants which were for particular elements of upgrading of the interstate network.

Senator HUTCHINS—Any particular areas? I do not have it in front of me, Ms Page.

Ms Page—I do not think I have the detail of the individual grants with me either, but they were for broad chunks of upgrading of the line managed by ARTC.

Senator HUTCHINS—Was that the original purpose?

Ms Page—Yes.

Senator HUTCHINS—Can you explain the process that was used to determine each year the amount of the grant to the ARTC and the purpose of it?

Ms Page—The government made policy decisions in each of those years to provide money to the ARTC for those purposes.

Senator HUTCHINS—Is that the usual procedure?

Ms Page—It was a government policy decision.

Senator HUTCHINS—The government made that decision? There was no input from the department?

Ms Page—The department provided advice and I think that that is mentioned in the audit report, but these were ultimately government decisions and I cannot speculate on the reasons by which the government chose to make those decisions.

Senator HUTCHINS—There was no transparent process on these decisions. That is unfair to put to you. Let me ask you this. Is there a transparent process by which decisions along these lines are made?

Ms Page—Governments make policy decisions on the allocation of funds all the time and on these three occasions the government decided to allocate additional funding to rail upgrading.

Senator HUTCHINS—Can you confirm what work the payments were actually used for?

Ms Page—We can provide you with that information.

Ms Riggs—Broadly it is as Ms Page has said; they have contributed towards a larger program of upgrading on the main line interstate rail network, predominantly on the north-south corridor between Melbourne and Brisbane.

Senator HUTCHINS—Do you know what work has actually been completed since June 2004?

Ms Riggs—We would be happy to take that on notice.

Senator HUTCHINS—Did you have a mechanism within the department to ensure that the grants are administered appropriately and used for the purpose agreed to by the government?

Ms Page—I think the audit report covers that, including our statement.

Senator HUTCHINS—As I said, I do not have it in front of me. Can you reiterate for the committee.

Ms Page—The audit report covers two different types of grants. Grants to the ARTC made under the AusLink framework were monitored in the normal way. The Audit Office indicates that it is satisfied with the process by which the department administered those grants. The other three were untied grants effectively for purposes determined by the ARTC and they have been monitored by the two shareholder departments—our department and the Department of Finance and Deregulation—via the normal corporate reporting framework to date which we use in relation to the broader corporate activities of the ARTC. The view that the Audit Office had was that they would have preferred a mechanism rather more like a grant agreement for the monitoring of expenditure. That is not to say that we have not been tracking the purpose of that expenditure and cannot provide you with advice on the purposes for which it has been applied.

Senator HUTCHINS—I would appreciate that. Given the identical situation now has occurred three years in a row, did the then government develop a strategic plan for rail investment to ensure that when funds from future surpluses became available there was an agreed program of investment?

Ms Page—The ARTC itself finalised its strategic plan during the period. You will see from the report that that was applied in relation to the second and third grants.

Senator HUTCHINS—They are the grants after June 2006?

Ms Riggs—No. The \$100 million and the \$270 million grants are the two that Ms Page refers to.

Senator NASH—I want to briefly return to the F3 to Branxton link. I think it was around \$780 million that the government had proposed during the campaign—again could you take that on notice?

Ms Riggs—Yes.

Senator NASH—Under that arrangement was there a requirement for a co-contribution from the New South Wales state government?

Ms Page—There would have had to have been, given the price escalation.

Ms Riggs—The AusLink 1 agreement on the F3 to Branxton was that it would be an 80-20 share—80 per cent Australian government funded and 20 per cent New South Wales government funded. I do not know if that is part of the thinking that went into the election commitment by the coalition that you referred to.

Ms Page—I think it is fair to say that the government had yet to negotiate with the New South Wales government on what any sharing or co-contribution arrangements would be.

Senator NASH—So there had been no negotiations—

Ms Page—No; there had not

Senator NASH—But there would have been an expectation—

Ms Page—There would have been an expectation, given the cost of that project, for a co-contribution.

Senator NASH—I am quite happy for you to take this on notice. Had the state government made any comment around their preparedness to commit to a project, even though there had not been discussion around percentage levels?

Ms Page—I do not believe that we had had discussions along those lines or that ministers had—

Ms Riggs—We had been working at officials level to try to tie down the cost of the project and options, I guess, because that is what we always try to do. But Ms Page is right in reflecting that that had never progressed to the consideration of either government.

Senator NASH—If I can turn to rail funding and get some clarification. I am trying to understand under the government what is going to exist and what is potentially being changed. I think it was around \$100 million last year the government was going to provide to ARTC—I think \$15 million was for the inland rail scoping study and \$85 million for work on existing track. Can you give me some further detail around that.

Ms Riggs—There was a MYEFO measure which proposed to bring forward some \$75 million for two elements of work. One was \$10 million towards a \$15 million inland rail study, if I can short-hand it that way, and the other was \$65 million towards a total project cost of something like \$85 million for a line-upgrading project on the Cootamundra-Parkes section of the line, managed by the ARTC.

Senator NASH—Can you tell me how that has changed under the new government, if indeed it has changed?

Ms Riggs—The minister for finance made a statement last week about some savings measures the government had agreed on. One of those included a reversal of the bringing forward of the \$65 million for the upgrading works on the Cootamundra-Parkes section. It simply restored them back to their original places in the program.

Senator NASH—Can I ask where that original place in the program was, as we go through this process?

Ms Riggs—Those funds were brought forward in the MYEFO measure from 2009-10 to 2007-08 and 2008-09.

Senator NASH—So that \$65 million now reverts back out to 2009-10—is that correct?

Ms Riggs—Correct. And Minister Albanese confirmed in the House on 13 February the government's commitment to the \$15 million inland rail study, of which \$10 million remains available for that study to get underway—\$2.7 million in 2007-08 and \$7.3 million in 2008-09.

Senator NASH—To make this very simple, when was the scoping study to start under the previous government, and when is the scoping study to start under the current government?

Ms Riggs—In both cases, they were to start in this financial year.

Senator NASH—But the numbers have changed?

Ms Riggs—No, the numbers for that study have not changed.

Senator NASH—So it stays exactly the same. It will progress in exactly the same way as it would have done under the previous government—is that correct?

Ms Riggs—Yes.

Senator NASH—Going back to the \$65 million for 2009-10: it is for line upgrading for the Cootamundra-Parkes track. That is correct?

Ms Riggs—That is correct.

Senator NASH—Sorry to be pedantic. I am trying to follow this through. Am I to understand that there will be no funding for line upgrading of that rail section until at least mid-2009?

Ms Riggs—I think it might be useful to remember that there is about \$2.4 billion worth of money in the current AusLink period going into rail projects, including through the grants that Senator Hutchins has already discussed as a result of the audit. The ARTC has, as Ms Page has recognised, a strategic plan for the further upgrading of the sections of rail that it controls. The Cootamundra-Parkes section is one of its priority projects in its strategic plan for future expenditure. The previous government had brought forward funding from the AusLink 2 period in order to progress those works earlier than might otherwise have been the case. The present government has made a decision to revert that funding back to its original place in the scheme.

Senator NASH—To be very clear, will there be any funding for line upgrading on the Cootamundra-Parkes before mid-2009?

Mr Wolfe—I think we might ask that question of the ARTC. My understanding is that the ARTC themselves may be doing some work on that track. As to whether I would describe it as line upgrading, I would like to get the words from them, so we will take that on notice.

Senator NASH—Could you take that on notice and come back with a detailed brief on exactly where that particular line stands, given that this government have given some very clear indications of how important they see rail to be. As we all know about the freight task doubling by 2020, it would seem vitally important that this government focuses on it now. Having said that, I find it extraordinary that they are pushing out funding for line upgrading when, especially in inland New South Wales, it needs to be attended to as a matter of urgency. If you could take that on notice, I would be very pleased.

Senator HEFFERNAN—Can I ask when the ARTC is going to turn up here to answer the question? We want the answer here.

Senator NASH—It is a fairly simple question. Perhaps somebody can contact the ARTC during the course of the day and come back to us before the end of the day.

Mr Wolfe—We will endeavour to do so.

Senator HEFFERNAN—What sort of a fob-off is that?

Senator NASH—That would be very helpful. Either they do have it within their forecasts to do before mid-2009 or they do not. I imagine it would be fairly simple. Obviously, I am coming from a parochial New South Wales perspective and do not understand much about the other states and how they work. Who is responsible for maintenance of the branch lines in New South Wales?

Ms Riggs—They are the responsibility of the New South Wales government, but it has contracted out the day-to-day operations of its country regional network to the ARTC.

Senator HEFFERNAN—Subject to their budget. This is a complete con job. You are talking about the freight task going to double by whenever! It is going to double by this harvest, unless there is a huge frost, and Australia's cockies are wondering how the hell they are going to get their grain down to the seaboard, given that the government—

Senator Conroy—What they are wondering is how you did nothing about it for 11½ years.

Senator HEFFERNAN—Calm down, Minister! I gave our blokes just as much stick as I will give to whoever is here at estimates. What is the plan? Is there a strategy to deal with next harvest, given that National Rail has pulled out of the game and that the branch lines are falling apart?

Senator Conroy—That is actually a policy question.

Senator HEFFERNAN—We need to know what the plan is. It is not a policy matter at all. What is the plan to shift the grain? Why do we have a system where someone can say, 'No, it's all too hard. We'll pull out.' As you correctly point out, Ms Riggs, the New South Wales government said, 'We will upgrade the branch lines to a certain standard,' but then we find it is subject to budgetary constraints.

Senator Conroy—Do you have a question, rather than a stream of consciousness?

Senator HEFFERNAN—Get used to the culture, old mate. And then you say, 'We've contracted that out to the ARTC, but they don't have the dough to do anything.' So the lines are falling apart and the wheat is going to be transferred onto the roads. Sorry Minister, but this is a practical, everyday farming worry. Forget about all the political bullshit that goes on in here. We are worried about how we are going to shift next harvest. I want to know who has the plan to shift it, unless we have 100,000 trucks on the road.

Senator Conroy—That is a policy question.

Ms Page—The responsibility for those lines is a matter for the New South Wales government and they have a commercial relationship with ARTC. So in the first instance it is the responsibility of the New South Wales government.

Senator HEFFERNAN—Yeah, fob it off!

Ms Page—However, in recognition of some of the infrastructure issues in relation to the carriage of wheat, the government has committed to two grain rail studies, one in Western Australia and one in New South Wales, which will establish this year—

Senator HEFFERNAN—God help us! You can come for a run in the car. You do not need to do a study. Take a run now and we will show you.

Senator Conroy—Did you not go for a run in the last 11½ years?

Senator HEFFERNAN—Senator, if you had any idea about—

CHAIR—Order! Senator Heffernan, you have the call. Please put your question to the department.

Senator HEFFERNAN—Righto. Senator, Minister, my reverend friend—

Senator Conroy—You are welcome to give me as much stick as you want.

Senator HEFFERNAN—We gave as much stick to the issue in the previous government. These are serious issues for rural Australia. Would someone like to comment on the withdrawal of National Rail from grain trading and the implications of that?

Ms Page—As I have indicated, that is first and foremost a matter for the New South Wales government because they are responsible for those particular lines.

Senator NASH—That would be the New South Wales state Labor government. Can I just go back to this issue of the branch lines. While I might not use as much colour as my colleague here, this is a really, really important issue. Given that branch lines are a state government responsibility, is the minister aware that the then shadow minister for transport roads and tourism, Martin Ferguson, on 12 November said:

When the drought breaks and growers start producing the grain they want to, they'll struggle to get it to market because of the broken branch lines.

Rebuilding the branch lines for our \$5 billion grain export industry is the kind of nation-building infrastructure the Labor Party is passionate about.

Minister, perhaps you—if the department is not able to—could tell me exactly what your plan is—

Senator Conroy—I know—

Senator NASH—Let me finish the question, Minister. Given that there has been a lot stated about the new cooperative federalism between federal and state governments, it would seem to be very simple to solve this problem. What plan has the Labor government got to fix it?

Senator Conroy—In the 11½ years, was it so simple to fix?

Senator NASH—Stop blaming and just get on and fix it. What plan have you got with the state Labor government in New South Wales to fix the branch lines? If you cannot answer that, which I am guessing you possibly cannot, Minister, could somebody take it on notice and get back to us very quickly because, for those who do not know, there is a crop about to be sown and this is an extremely important issue. If you cannot answer it, take it on notice. What are the Labor governments going to do to fix the branch lines?

Senator Conroy—We will happily take that on notice, thank you.

Senator NASH—Thank you, Minister. I will turn to Pacific National and a question on the market that I do not know the answer to. How much of the freight market did Pacific National have in its operation in New South Wales? What percentage of the market did they have?

Mr Wolfe—I think they had virtually all, because they had a contractual arrangement with the New South Wales government to provide services. I do recall that GrainCorp used to run a service themselves, but that service has been withdrawn. So Pacific National is certainly the dominant carrier of grain in New South Wales.

Senator NASH—Having said that—and I am happy for you to take this on notice—can you come back to the committee with what discussions the state government has in place, given that it is their responsibility to ensure that there is a service available now that Pacific National have gone out of the market.

Ms Page—I do not know that we can take on the role of speaking on behalf of the New South Wales state government.

Senator HEFFERNAN—The difficulty is, with great respect, if it all turns to custard, which is what we in the bush think is going to happen, someone is going to have to sort it out. We ought to have a plan now, because obviously the New South Wales government gave a low priority to branch lines and they have fallen apart—that is virtually what it is. The contracted arrangements were not kept to. How irresponsible is it to hand over all the freight in a contract to an operator who—

Senator Conroy—Do you have a question?

Senator HEFFERNAN—We are getting to the question. Just calm down, old mate. How irresponsible is it for farmers to cop the proposition that you would contract everything in a monopoly situation to a contractor who then tells you to shove it? We have nowhere to go.

Senator Conroy—I appreciate that somewhere in there was potentially a question, but I certainly got the impression that it was asking the officials to comment on either this government's policy or the New South Wales government's policy, which is outside the scope of this estimates.

Senator HEFFERNAN—No. Australia's farmers want to know—

CHAIR—Respect the chair if you would, please, senators. I would urge senators to leave the bad behaviour to the chamber. If someone has the call they have the right to ask the question then, proceeding, it goes to an answer. We are not putting our best foot forward for our departmental officials. So, once again, can I please urge the committee: let us not waste valuable time. You have the call, Senator Heffernan.

Senator HEFFERNAN—Thank you, Chair, but this is not wasted time. We want to flag the fact that the major contractor has pulled out of the job. We want to know what the plan is for Australia's farmers. I am not interested in what the politics are and who is in government and who is not in government. We want to know who the hell is going to do the job, given that the major contractor has pulled out.

Senator Conroy—I invite you, with all your parliamentary experience, to draft a question for question time and see if you can get it through your tactics committee. You are asking for opinions of officials and, as you well know, this is not the forum for asking opinions of

officials. I am not saying it is not a proper question. I am just saying this is not the proper forum for the question, Senator Heffernan.

Senator HEFFERNAN—Because you do not know the answer, I suppose that is the only answer you can give. I realise that, and I do not expect you to know the answer because, at the present time, no-one knows the answer because there is no plan. I just want to flag the fact that, as it has been running around the bush now, it will take 100,000 trucks to smash up a whole lot of bridges.

CHAIR—Take it on notice.

Senator Conroy—I am not sure he has actually asked a question, but if there was a question in there I am happy to take it on notice for you, Senator Heffernan.

Senator HEFFERNAN—I know I speak in some sort of bush twaddle, but—

Senator Conroy—You are in a steam of consciousness. You are not actually asking a question.

Senator HEFFERNAN—I am sure my colleagues will put it into a succinct form.

Senator NASH—I have not quite finished yet.

CHAIR—For the purposes of Hansard, it is hard enough to hear us at the best of times, but senators arguing over each other does not make their job any easier.

Senator HEFFERNAN—But it makes the day interesting.

Senator NASH—Turning to the plan: the then shadow, Martin Ferguson, said in November:

Federal Labor will invest \$3 million to set up a high-powered taskforce of growers, handlers, the National Farmers Federation, the Australian Rail Track Corporation (ARTC) and the New South Wales Government to get grain exports back on track.

Has that funding commitment been adhered to? Has this particular task force been set up yet, does it have terms of reference and does it have a reporting date?

Ms Page—Not at this stage.

Senator NASH—I will move very briefly on to Roads to Recovery. Where are we at with previous funding commitments that currently exist for Roads to Recovery?

Ms Page—The government is honouring all existing contractual commitments at this stage, and the Roads to Recovery program is continuing.

Senator NASH—Can you just refresh my memory for the figures for this financial year?

Ms Riggs—Roads to Recovery is \$307.5 million allocated to all the councils by formula, and the states that have portions of unincorporated lands also receive funding as if they were councils. That program is on track.

Senator NASH—Great, so that will continue. Has there been any discussion, and I am assuming not, on whether or not the continuation or extension of that program will be undertaken?

Ms Page—I think I have already indicated that the government committed to maintaining the program.

Senator NASH—I understood that. I know they said they were going to maintain it—that was not my question.

Ms Page—It has not committed at this stage to a particular dollar amount for that commitment.

Senator NASH—Beyond the current funding arrangement?

Ms Riggs—It is in place for 2007-08 and, as we understand it, 2008-09.

Senator NASH—Thanks. It might be useful, given some of the earlier conversations we have had around road funding, if the department could do for the committee a complete list of all roads currently under the auspices of current AusLink funding and also those across the country that were election commitments. I think if we had a whole list of both it might be very useful for the committee.

Ms Page—We could provide the current AusLink program, which we have done in the past, and we can update that.

Senator NASH—Thank you. I know we have not previously asked for that this morning.

Ms Riggs—Senator O'Brien was fond of asking for the AusLink program.

Senator NASH—I am following in Senator O'Brien's footsteps—big shoes to fill. That would be very useful.

Senator SCULLION—A number of feasibility studies are being undertaken around the country, and I will cite one. I understand that there was a government commitment to undertake a \$3 million feasibility study to investigate moving the main freight line from the Belair through the Adelaide hills and north of the Adelaide Hills, and I understand there will be a number of other feasibility studies around the country as well. I wonder if you would be able to provide me with some information about when this particular feasibility study would commence.

Ms Page—Again, like all election commitments, those decisions have not yet been made.

Senator SCULLION—I understood that part of the commitment was that the study would, in fact, commence within six months of the election. That may be just the Labor candidate for Boothby rather than the government, but that was the reason I asked that specific question. Can you provide a list of other feasibility studies that are current so we can see if there are any changes, in much the same way as you have dealt with the question from Senator Nash, that we can have some completeness—just the feasibility studies that were either current or promised, and what their status would be by the time we next meet.

Ms Page—We can do that.

Senator McGAURAN—The proposed longstanding proposal of the bridge over the Murray at Echuca-Moama in Victoria. Is there a cost estimate for that? It must have been changed many times over.

Ms Riggs—I do not know what the current cost estimate for that project is. The Australian government commitment to that, which, as you note, has been in place for some time, is a capped \$15 million, and I understand that still to be the case.

Senator McGAURAN—Is that in the budget papers, in the estimates?

Ms Riggs—Yes, it is a separate line item in the budget.

Senator McGAURAN—When was that \$50 million committed?

Ms Page—\$15 million. It was committed in the late 1990s, 1998?

Ms Armitage—Mid-1998, I understand.

Senator McGAURAN—Do you know if the state government's own commitment has been varied from budget to budget—costs of course will have gone up?

Ms Riggs—My recollection of the history of this item in the budget is that when it was first committed it was phased over about a three-year period, and as delays have occurred in being able to commence this project, we have simply moved that phasing out, consistent with whatever our best judgement would be, based on dialogue with Victorian officials about where the negotiations on the route, and so on, for the construction of the bridge would be. Currently we have this funding showing as being \$1 million in the next financial year, and \$14 million in 2009-10. That is based on our understanding that there has been a recent agreement about where to locate the bridge. Detailed planning based on that location can now proceed over the next 12 months and construction hopefully in 2009-10.

Senator McGAURAN—That is the latest update, that an agreement has been signed, sealed and delivered after more than a decade?

Ms Riggs—No, Senator.

Ms Page—I think it is a general agreement with the local indigenous community about the route. I do not think we are at the point of having a detailed design for the bridge yet.

Senator McGAURAN—Finally, we can safely say that an agreement has been met with the Indigenous community.

Ms Riggs—That is our understanding, yes.

Senator McGAURAN—Your understanding is that the Victorian government is now drafting the plans for the bridge?

Ms Riggs—Yes. They will be in the very early stages of that now. It was late last year that the agreement on the location was finally settled between the Victorian government and the local community.

Senator McGAURAN—Did I hear you say there is an expected start-up time for that?

Ms Riggs—Our understanding is that the detailed planning work is beginning now, and that hopefully the bridge will be able to move into its major construction phase in 2009 or 2009-10. I am not sure yet whether that is going to be a calendar or a financial year.

Senator McGAURAN—Are there any terms of that agreement, other than the location?

Ms Riggs—We are not aware of them. It is not a matter we have been involved in. We have simply been requesting updates from our colleagues in Victoria.

Senator McGAURAN—That is a happy end to a long saga.

Senator ADAMS—I asked a question of the department on 21 May 2007. Ms Page, you were going to answer me but unfortunately to date I have not received the answer to the question, so I will ask it again. It is regarding depreciation, the intent of the policy on councils claiming depreciation against Roads to Recovery funding, and the contractors actually being able to put their contract forward and that would include the depreciation, and then when the councils do it they are not allowed to. Have you come up with an answer to your question?

Ms Page—We may well have answered that question on notice. There are a number of questions that were not finalised prior to the election, and that is probably one of them. I think we had indicated more generally to you that depreciation is a broader issue for councils than just road funding and that they use plant and equipment for a range of activities. We did not think it advisable, if you like, to make concessions in relation to our road projects, and we were really unclear of what the extent of that would be, or what the effect of that would be, that it is not appropriate given that councils have to buy equipment for a range of activities.

Senator ADAMS—Would you take that question on notice again, so that I can have a far more detailed account to take back, because it is not just one council. Now there are a number of them that are concerned. Unfortunately as the rate revenue for councils is disappearing, they really do have a problem trying to maintain their roads. This equipment is used on the roads so if they cannot get that funding, our roads disintegrate and become worse, and there are more and more accidents on country roads. We have all these issues to take into it. I would be very appreciative if that could go perhaps to the top of the list, instead of the bottom of your list.

Ms Page—We will take that on notice.

CHAIR—There are no further questions for AusLink. Thank you very much. The committee calls officers from Maritime and Land Transport.

[12.14 pm]

Maritime and Land Transport

CHAIR—Welcome. Mr Wilson, do you have an opening statement?

Mr Wilson—No.

Senator HUTCHINS—Mr Wilson, I understand you may be able to answer questions on the National Transport Commission.

Mr Wilson—Yes.

Senator HUTCHINS—Could you advise the committee where the recommendations are up to in relation to increased vehicle charges and the process of how it got to that.

Mr Wilson—Certainly. The current situation is that the regulatory impact statement, which the National Transport Commission has developed, has been presented to ministers of the Australian Transport Council. Ministers have been asked to agree to a shortened voting period so that ministers can vote at the Australian Transport Council meeting on 29 February. That

document has been prepared after consultation with industry and stakeholders over the last 15 months. A draft was put out, I believe in July last year. Consultation was undertaken by the National Transport Commission. A final document has now been prepared and put to ministers.

Senator HUTCHINS—So this covers both governments, both periods that this process—

Mr Wilson—Yes. The process has been running since, I believe, early 2007 and has involved both governments.

Senator NASH—Could you refresh my memory of the process. The draft report was mid last year, I think you said.

Mr Wilson—The draft report was released, I believe, in the first week of July last year. I believe there was an eight-week consultation process involving written commentary, plus public meetings between the NTC and stakeholders, which would have covered the range of stakeholders—the ATA, the major trucking organisations and the unions. Following the consultation process, the NTC took into account the comments made by stakeholders, including jurisdictions, with regard to what was put out, and have then restructured the regulatory impact statement, which provides ministers with guidance on what they are being asked to consider. That document has now been finalised and will be considered by ministers on 29 February.

Senator NASH—Did the draft report—sorry, I should know this—come out with a series of recommendations for the consideration of stakeholders? Was that the format?

Mr Wilson—The draft report provided options with regard to how the new determination could meet COAG's requests with regard to recovering costs associated with the provision of road infrastructure and damage caused by the heavy vehicle industry. Those options were the subject of the consultation processes. The final document, which is presented to ministers, provides recommendations rather than options.

Senator NASH—My colleagues over here will understand this far better than I. I understand there are some significant state-by-state regulatory differences that cause concern to the industry. Has a national approach to some of those issues been addressed in this report?

Mr Wilson—The heavy vehicle charges determination, the documentation that ministers will consider, is a process to have uniformity of charges across the country. The document is not seeking to address disparities between jurisdictions. It is seeking to maintain a concept that was first established in, I think, 1991 with the establishment of the first determination. It is not actually seeking to address any shortfalls in that sense.

Senator NASH—Is there any mechanism at the moment by which those irregularities are being addressed?

Mr Wilson—If you mean the irregularities between the regulations and in the broad for operation of heavy vehicles across jurisdictions, the National Transport Commission is charged by the Australian Transport Council with pushing forward the uniformity and harmonisation of regulations across the field. That includes safety, operational, those sorts of things. In this case, in terms of heavy vehicles charges, this is just one element of a broader sphere of regulatory reform.

Senator NASH—Thank you, that is very helpful.

Senator HUTCHINS—Regarding that, the transport industry are complaining about containers going out of northern New South Wales into Brisbane because of the distribution, I understand, of the axle weights. I do not know if you are aware of this at all. People are complaining up there that they have got to take it down to Brisbane. Are you aware of this, Mr Wilson?

Mr Wilson—There are differences between jurisdictions with regard to the permitted axle weights that individual state governments will or will not allow on particular sections of roads. There is a base level of weight with which general access vehicles can access the road network across Australia, but then as you get heavier loads there are differentials between the jurisdictions. So there may very well be cases where loads are going—

Senator HUTCHINS—Following on Senator Nash's question, do you deal with that sort of anomaly? Are the NTC able to deal with that?

Mr Wilson—The National Transport Commission is charged on a national basis with pursuing those regulatory disjuncts. From a Commonwealth point of view, my area is charged with assisting the National Transport Commission but also pushing forward in terms of national policy.

Senator HUTCHINS—I would be interested if there is any inquiries underway or reports that have dealt with that, if you could highlight that to us.

Senator NASH—Yes, so would I.

Mr Wilson—If I can just clarify, in specifics with regard to the transport of containers from northern New South Wales into the Queensland port?

Senator HUTCHINS—Yes.

Mr Wilson—We will take it on notice.

Senator HUTCHINS—We will get some more information for you and pass it on.

Mr Wilson—Thank you.

Senator SCULLION—I have a question on a similar topic, and I am not sure if Mr Sutton would like to help me, regarding the national standard for commercial vessels and the implementation of a whole range of initiatives through the national safety committee or the Australian Maritime Group—I am not sure who is actually in charge of it at the moment—to provide consistency of vessels around Australia so that any vessel can go from one state to another whether it is a trading or a fishing vessel. In terms of those sorts of consistencies, first of all, can you advise me if we have, in fact, got to the point through the adoption of a national standard for commercial vessels that that is now something that is adopted throughout Australia? What is the situation there?

Mr Wilson—I will take it in the general and if Mr Sutton needs to he will make some additional comments. The process is an ongoing process coordinated by the National Marine Safety Committee. I know that there are at least three standards that are currently before ministers for their approval with regard to adoption by all jurisdictions. I do not believe that

the process of consistency is complete, and I cannot tell you precisely how much longer it will take.

Mr Sutton—The only thing I would add is that certainly the process is not complete and, that is acknowledged by all jurisdictions. There are processes in train to find a way through the difficulties that have been created and they are on the agenda for the administrative Australian Transport Council this year.

Senator SCULLION—That has been on the National Transport Commission's agenda for the last 10 years. It has been a consistent agenda item.

Mr Wilson—Yes.

Senator SCULLION—The fact that it is on the agenda does not actually fix the problem. Would it be possible to place it on the agenda in the same way as you have indicated for the National Transport Commission to try and pursue it perhaps at a different level as well, or a simultaneous level, rather than just at a ministerial level?

Mr Wilson—Under the structures that the Australian Transport Council has established, the National Transport Commission is charged with responsibility for the pursuit of uniformity and improving the regulatory regime for the road and rail systems in Australia. Under that same structure, the National Marine Safety Committee is charged with pursuit of consistency around the Australian coastline with regard to commercial vessels. The two processes do not interact, but they do feed back up through the Australian Transport Council.

Senator SCULLION—Perhaps Mr Wilson or Ms Page could indicate when will they be appearing. Do they appear under AMSA's period of time for estimates? I can understand now that basically you are saying that, outside of Mr Sutton's answer, effectively there is a differential between the way that is dealt with—one is maritime and one is land; they are completely separate—so the NMSC provide advice to the Australian Transport Council.

Mr Wilson—That is correct.

Senator SCULLION—You say that it is still on their agenda for resolution?

Mr Wilson—The issue of uniformity is an ongoing process that the NMSC has been charged with. Off the top of my head I do not have data on how far through the process in terms of consistency across jurisdictions they currently are. I can take that on notice and provide you with an answer on that.

Senator SCULLION—Rather than clogging your facilities, perhaps AMSA may be able to provide me some answers, because they are a member of the NMSC, as I understand.

Mr Wilson—That is correct.

Senator SCULLION—So do not take the question on notice. I am just obviously asking the wrong people, but thank you.

Senator ABETZ—Regarding the Tasmanian freight subsidy programs, there was an advertisement—I am not sure in which newspaper—telling me that the department was looking at this inquiry into the freight subsidy programs. Is that just a continuation from the Productivity Commission report which was commissioned by the previous government?

Mr Wilson—It is a continuation of the department's examination of the administrative arrangements underpinning the Tasmanian freight schemes, yes.

Senator ABETZ—When do you hope to report by? We have the hearing dates and the close of submissions—I think by 25 March—but how long do you think it will take you to consider?

Mr Wilson—I guess it will depend on the complexities of some of the issues that are raised in the consultation processes, but I would certainly hope to provide the government with findings with regard to those consultation processes through the course of this year.

Senator ABETZ—That long? You are giving yourself a lot of wiggle room—that is fine.

Mr Wilson—I would not want to give you a definitive date and then disappoint you.

Senator ABETZ—I was not asking for a definitive date, but I think giving yourself 10 months more is a fair time. Tell me, can you promise me that you will keep the department of finance away?

Mr Wilson—Government processes will involve all agencies.

Senator ABETZ—That is an unfair question that I should not have asked and I withdraw it. So this is just a continuation of the process that was initiated by the previous government?

Mr Wilson—Yes.

Senator ABETZ—And you hope to have a report by the end of the year?

Mr Wilson—I would hope to.

Senator ABETZ—All right, thank you. Can I move on to that famous word 'cabotage' and coastal shipping and all those wonderful things. We had Martin Ferguson, now the minister, telling us on 22 May 2007 that Labor planned to conduct a review—this government has a lot of plans and a lot of reviews are underway, but this is one of these plans to review—of cabotage. Has the plan to review been set in train yet?

Mr Wilson—No, there has been no release announcement by the government with regard to a scope or terms of reference for a review of coastal shipping.

Senator ABETZ—I think it was on page 23 of the *Australian Financial Review* yesterday that I was reading about an 80 per cent target in relation to cabotage. Are you aware of that article?

Mr Wilson—I am aware of the article.

Senator ABETZ—Possibly I should ask the minister. Does that represent government policy?

Mr Wilson—I am unaware of government policy that indicates an 80 per cent target.

Senator ABETZ—I should not be asking you about policy and that is why I was asking Minister Conroy whether that represents any government policy.

Senator Conroy—I will take it on notice.

Senator ABETZ—Like with everything else today, you are taking it on notice. You are so busy reading something, though it is clearly not briefs related to the portfolio for which you

are responsible here, but let us move on. Is it the government's intention, Minister, to increase Australian owned shipping around our coastal services?

Senator Conroy—You are asking me?

Senator ABETZ—I am asking you as a minister because it is a policy issue.

Senator Conroy—I will take it on notice.

Senator ABETZ—You will take that on notice as well. It is like talking to a wall, with glasses. But let me keep trying. So you will have to take on notice what the government's policy is in relation to a plan to review, or do we know that there is a definite plan to review?

Mr Wilson—If I can answer that question, the government made a commitment prior to the election to undertake a review of shipping policy, including the coastal permit system. As far as I am aware, the government intends to implement that review.

Senator ABETZ—Do we know by whom that review is going to be undertaken?

Mr Wilson—No, as yet there has been no announcement with regard to the scope.

Senator Conroy—Steve Bracks is busy.

Senator ABETZ—Can you take on notice what the potential terms of reference might be, when the government intends to publicly announce this review, when submissions are going to be called for et cetera?

Ms Page—I think it is a bit awkward to take that on notice if no announcement has been made, as Mr Wilson has indicated. When and if a review is announced, it will be publicly announced and that information will be made available.

Senator ABETZ—Yes, but we might have a situation where a promise was made and then we come to estimates time and time again and everything is taken on notice, like the roads policy earlier this morning, which is singularly unhelpful. What I am trying to get from the government is: by when might we expect that such a review is going to be announced?

Senator Conroy—We will take that on notice.

Senator ABETZ—Once again, we just simply announce publicly there is a plan to review, but we have no idea when we are even going to set our minds to setting up this review. Is that right?

Senator Conroy—An announcement will be made when the government has made a decision. And we are not going to rush this simply because you want to sit there and thump your hand on the table.

Senator ABETZ—Yes, but by when?

Senator Conroy—We intend to consider this—

Senator ABETZ—Unlike Senator Carr, I do not thump my hand on the table—you know that.

Senator Conroy—We intend to consider this very carefully, and when the minister is ready to make an announcement, he will, but until then—

Senator ABETZ—But you see, Mr Wilson was very helpful, and I am not one to put unreasonable time limits on people. When I asked about the best Tasmanian freight subsidy programs, he said—

Senator Conroy—The good news is you are not putting any time limits on anybody, and the minister will release any necessary policy announcement at his discretion.

Senator ABETZ—Yes, keep interrupting. Earlier Mr Wilson was very helpful in indicating a time limit that was, if I might say, relatively expansive, but I was not too critical of it, in that he would have a review undertaken by the end of the year.

Senator Conroy—Do you enjoy having conversations with yourself?

Senator ABETZ—I am gobsmacked that the government is unable to say when—

Senator Conroy—I just notice you keep congratulating yourself on your contribution.

CHAIR—Senators, please, one at a time.

Senator ABETZ—they are able to advise as to when the review might be announced. Is it intended to be done in the first year of the government or the second year?

Senator Conroy—The minister will make that announcement, and the good news is we know you will be hanging on his every word. But until the minister makes the announcement there is no point in asking the officials.

Senator ABETZ—All right what has the Maritime Union demanded of the government—that the review be done in the first year of the government, the second year of the government or—?

CHAIR—Senator Abetz, you may wish to address your question to the Maritime Union of Australia.

Senator Conroy—You seem to enjoy having conversations with yourself. You ask and answer your own questions. It is almost a waste of time you coming to estimates.

Senator ABETZ—No, I am asking you: why cannot the government—this was a firm election promise that you would undertake a review. We have agreed that a review is going to take place.

Senator Conroy—We have.

Senator ABETZ—Can you tell us if that review is going take place in 2008 or 2009?

Senator Conroy—We will take that on notice.

Senator ABETZ—Well that is just pathetic.

Senator HEFFERNAN—Can I ask a question?

Senator Conroy—Providing it is a question.

Senator HEFFERNAN—David Speers on Sky News said that he is pleased and that it is about time all politicians took a haircut on their pay. Do you agree with that?

Senator Conroy—I support the Prime Minister. I just hope that you support Dr Nelson. I have been very disappointed to see the lack of support for Dr Nelson's position that has been around the Senate estimates tables this week. It is very disappointing.

Senator ABETZ—Will this review take into account the competitive disadvantages, one way or the other, and the inflationary pressures that a tightening up of the permit system might impose on the Australian economy?

Senator Conroy—Questions about the terms of reference we will take on notice.

Senator ABETZ—So you cannot even indicate whether such a fundamental question—competition in coastal shipping and its impact on inflationary pressures—will be part and parcel of the review. This clearly has not been thought out, has it? It was a narrowcast to the MUA for a few dollars before the election without any flesh on the bone.

Senator Conroy—As I said, I will have to make sure I come to this estimates more often because I am enjoying watching you ask and answer your own questions.

Senator ABETZ—Thank you Chair.

CHAIR—Senators, if I may remind you, for the purposes of Hansard, if we can keep it to one question being asked and one answer being given, if senators would have the decency to allow questions to be answered without interfering and constantly throwing jibes from the side.

Senator HEFFERNAN—It sounds like a good plan, Mr Chairman.

CHAIR—As there are no other questions of Maritime and Land Transport, thank you very much.

[12.37 pm]

Australian Transport Safety Bureau

CHAIR—Mr Bills, do you wish to make an opening statement?

Mr Bills—No, thank you.

CHAIR—Questions? Senator McGauran.

Senator McGAURAN—Can someone give me background or update on seatbelts on regional school buses?

Mr Bills—Senator, Mr Peter Robertson is here, not from the ATSB but from earlier, and is ready to give you that answer.

Mr Robertson—The seatbelts for school buses program you might recall was announced to be implemented in this financial year in two stages, the first of which was to invite applications by 1 November last year, which happened.

Senator McGAURAN—Applications to supply?

Mr Robertson—These were applications by operators who wished to equip their buses with seatbelts and there was a set of criteria that were announced also in the invitation for applications. Of course we did have a caretaker period and then the Christmas period, which delayed things a bit, but the applications from that first round have been assessed and the minister approved funding on 5 February to the tune of around \$2 million in the first round. At this moment we are working on the form of grant agreement that we make with the operators and we expect to be able to advise the successful operators in the current week.

Senator McGAURAN—How much has been allocated?

Mr Robertson—\$10 million in each year over four years.

Senator McGAURAN—\$40 million?

Mr Robertson—Yes.

Senator McGAURAN—Have the states had any contribution?

Mr Robertson—Yes, Senator. We have consulted with the states in developing the criteria and also we consult the states to determine how we might prioritise the applications to ensure that the buses are in fact buses that will be used on school routes and the routes fall within the criteria that were announced as part of the program.

Senator McGAURAN—Financial contributions?

Mr Robertson—No financial contributions. Part of the arrangement is that where a bus operator is in receipt of a subsidy from a state government, they are not eligible under the federal scheme.

Senator McGAURAN—So states advise in regard to where best to place your priorities and in what areas or districts, are you saying?

Mr Robertson—Yes, Senator.

Senator McGAURAN—Has a panel been set up?

Mr Robertson—No, Senator. The decision was made by the minister, but at this point the number of applications—

Senator McGAURAN—It is vetted by the department?

Mr Robertson—Yes, Senator.

Senator McGAURAN—Recommendations from the department—it is all within—which the states are party to.

Mr Robertson—The states do not make a recommendation. The states are consulted if we need information on the nature of the bus contracts they have with the operators.

Senator McGAURAN—I know you have spent \$2 million worth of grants, but how many operators does that—

Mr Robertson—Thirty-two operators.

Senator McGAURAN—How many buses?

Mr Robertson—Fifty-three.

Senator McGAURAN—Is it predominantly Queensland and New South Wales?

Mr Robertson—I will have to go into the details of the routes. I might take that one on notice. As far as I am aware, there is no particular pattern. Off the top of these amounts there are seven Victoria, three Tasmania, three Queensland, four South Australia, 10 NSW and one bus service in Western Australia.

Senator McGAURAN—How much do the buses vary in size? Have you got some sort of guide as to how much one bus would cost? I am thinking of the school buses that take about 40.

Mr Robertson—The program provides a limit of \$25,000 per bus, which would normally be about the ballpark for a large bus.

Senator McGAURAN—I would have thought it was a very expensive exercise, but it does not strike me as one.

Mr Robertson—A lot depends on whether the seatbelts are being installed at the point of the building of the bus or whether there is a retrofit required.

Senator McGAURAN—Indeed. This is a great project. Is the incoming government committed to maintaining the funding for this project?

Mr Robertson—Senator, as with all programs, that is a decision for the government. We have received no advice or indication that the program would not be continued.

Senator McGAURAN—Can I ask the minister at the table about a commitment to this wonderful program. He could not possibly duck this question.

Mr Wilson—Senator, in terms of funding for the program you will note in the portfolio additional estimates statements, that the funding appears for the out years, so for four years. In terms of the department's funding arrangements and provision for the program, that gives an indication that the government has committed to the program.

Senator McGAURAN—Do you agree, Minister?

Senator Conroy—It is sitting there on page 16 of the portfolio additional estimates statements 2007-08.

Senator McGAURAN—Yes, but I have to ask the question—I know it is sitting there, but you could not commit to any of the AusLink programs that were sitting there either. So forgive me for being unsure what the government is committed to and what it is not.

Senator Conroy—The government has made no decision to vary this.

Senator McGAURAN—Anything else to add to that? Let us try and keep on the good news.

Mr Robertson—Not that I can think of, Senator.

CHAIR—You will have to forgive my ignorance toward the school bus industry, although I have had a little contact with them over the years. Seats are a certain size. I know it is so many seats per bus and costings per bus. I am aware that there are special buses that cater for wheelchairs and the like. Take the primary school children where the little tackers' backsides are a lot smaller than the seat. How do we overcome that problem? Do we have kids flopping around in seatbelts or are seats completely redesigned? Take it on notice by all means.

Mr Robertson—That is a very good question because that is an issue with small children. It has been conventional to put three small kids on a bus seat. There is a particular type of seat that can be installed—it is called the McConnell Educator—which offers the opportunity for

three by two seating so that when you have smaller children you can actually seat them there and have them belted as well.

CHAIR—So for school buses, I believe contracts would be tied to the life of vehicle and the like, but for buses that have been purchased—say the 60 to 70 seaters—to put seatbelts into those buses, all those seats have to be reconfigured?

Mr Robertson—That would be correct, Senator.

CHAIR—I know the \$25,000 is an average per bus, but is each bus operator fully compensated for whatever modifications have to be made to the existing vehicle?

Mr Robertson—If the cost of the reconfiguration exceeds \$25,000, they would have to meet that cost themselves.

CHAIR—Do you have a complete fit-out for a bus whose life is not up yet in terms of the contract and the remuneration? What would cost to fully change the bus and all the seating to comply with the seatbelt laws?

Mr Robertson—That is like asking how long is a piece of string, Senator. There are quite a few variables, but the \$25,000 figure was set to be a pretty robust estimate of what a large bus would be likely to cost to be fitted.

CHAIR—For a complete fit-out?

Mr Robertson—Yes.

CHAIR—Of new seating and—

Mr Robertson—New seating or retrofitting.

CHAIR—Take it on notice Mr Robertson, but if you do have figures, could it be made available to the committee?

Mr Robertson—Senator, I could probably give you the \$25,000 as a best average. We did take into account the experience of the Western Australian government, for example, in fitting out buses and others, so it is reasonably good.

Mr Wilson—Senator, in regard to the costings associated with the applications that we have received, there is a significant variance between the lowest level of cost and the highest level of cost—around \$10,000 out to \$34,000 that the bus operator would face.

Senator McGAURAN—What are the legal requirements of each state for new buses coming on line? Obviously this program is barely going to touch the edges. Is there a legal requirement for seat belts for school buses?

Mr Robertson—The short answer is that it is not a question of school buses; it is an issue of what the ADR requires for buses that are classified as route service buses—the ones that people get on and off regularly like you find in suburban Sydney or Melbourne—and buses that offer coach-like services. Buses that are not route service buses are required to meet Australian design rule 68 which requires seatbelts. Route service buses are not. The school buses are generally provided under arrangements determined by the state governments and the state governments can decide whether those school buses can be used in the way of route service buses or they require buses with belts.

Senator O'BRIEN—Last year I tabled some documents in the Senate which were agreements between Ansett Australia, East-West, British Aerospace and an American engineering entity whose name escapes me, with regard to agreements for compensation in relation to contamination of cabin air due to oil bleeds into the air-conditioning units of aircraft operated by those operators within Australia. Given that there have been longstanding complaints from flight crew about this problem and given that in Europe there have been instances reported of pilots being affected by cabin fumes during flight, and incapacitated, what role has or can ATSB play in relation to the investigation of such matters?

Mr Bills—Senator, a number of years ago you may recall that we did do an investigation on the BAe146 aircraft and the cabin fumes issue that had arisen in those particular instances. That led to a parliamentary inquiry into the matter. I should say that it is primarily a regulatory matter, but in respect of your question as to what role the ATSB could play into the future and is playing, whenever there is an instance of cockpit crew being incapacitated, we investigate, I think on almost every occasion, because that is regarded as a serious incident. Mr Walsh will correct me if I am wrong. Certainly we have investigated a number of fumes-type incidents where often there are fumes coming through the air-conditioning system because maintenance has not quite been accomplished as intended and there are other issues as well where there is incapacitation relating to fumes of that kind. We will certainly continue to do that.

In terms of the broader issue as to whether there is anything systemic internationally regarding aircraft with cabin fumes, certainly at the time of that earlier inquiry it was the case that BAe146 aircraft had higher rates of these sorts of fumes incidents than some other aircraft, although all jet aircraft that use bleed air are prone to fumes of some kind and there can be fumes from other sources other than the engine as well. So it is possibly a matter to follow up with the regulator in terms of the broader issue, but our role is as I think I have stated. Mr Walsh may wish to add something.

Mr Walsh—On the regulatory side, the only thing I am aware of is that the cabin air quality working group has now reconvened. That working group is run essentially by CASA with a range of industry participants. So I am aware that that process has been regenerated and it would probably be a question for CASA as to where that particular working group is at the moment. I also understand they were waiting for some standards to be published. They were looking for some international standards for filtration and things like that, so there were a number of aspects that they were looking at.

Senator O'BRIEN—Given the documents which were tabled, which indicated (a) agreements for compensation in relation to this bleed air problem and (b) that the Senate inquiry you referred to, Mr Bills, was effectively lied to by Australian operators, particularly Ansett—in other words, they claimed there was no problem yet, on the other hand, they were signatories to an agreement to be compensated for the problem—presumably it is fair to say that ATSB would have received the same sort of evidence from Ansett that the Senate committee received—that is, that the problem was not able to be determined by their own inspections and they were not aware of a significant bleed air problem.

Mr Bills—I think that is a fair statement, Senator. Clearly we will check to make sure there is nothing that we are not aware of that we should be aware of, but I am sure that we would not have been aware of that type of arrangement or agreement that you have referred to.

Senator O'BRIEN—What are the consequences for an entity or individuals deliberately misleading a body such as ATSB in its inquiries in relation to a matter?

Mr Bills—At the time we would have been operating under the former legislation. Concerning my memory of exactly what the consequences are and depending on who said what to whom, we would have to check into that.

Senator O'BRIEN—Are there consequences under the current legislation?

Mr Bills—Under the current legislation, if someone misleads us or deliberately interferes with an investigation, there are consequences of up to two years imprisonment.

Senator O'BRIEN—Could you advise the committee—perhaps on notice—whether similar provisions existed under previous legislation.

Mr Bills—I am sure that they are not exactly the same, but yes, we will take that on notice.

Senator O'BRIEN—Would ATSB have records of the evidence provided to its inquiries in relation to the cabin bleed air problem?

Mr Bills—Yes. All of that should be on the files in archives and, subject to retrieving them, it will be there.

Senator O'BRIEN—Is ATSB aware of the documentation that I have been referring to?

Mr Bills—I was not aware that you had tabled that documentation, but I am aware from media articles that there was that type of information around.

Senator O'BRIEN—Has ATSB taken it upon itself to investigate the nature of the evidence provided by the operators and individuals at that time?

Mr Bills—No, Senator, we have not. We had closed the earlier investigation on the BAe146s. It is certainly possible to reopen an investigation but we have made no decision to do that. I am not sure whether the Senate is intending to do anything either. That may be of influence.

Senator O'BRIEN—Why should the Senate have to do something if the matter is drawn to ATSB's attention and there is a potential breach of the law?

Mr Bills—I am not saying that it should. I did not want to be potentially treading on the same ground.

Senator O'BRIEN—I do not think it falls to the Senate to investigate a matter that was in the hands of ATSB when that capacity lies with the ATSB, the matter having been drawn to its attention.

Mr Bills—I agree with that, Senator. It was merely that you had indicated correctly that there was a Senate Inquiry and that you believed that the Senate Inquiry was misled. Thus, I thought it possible that you may be intending to do something in that context.

Senator O'BRIEN—That is a possibility, but whilst it is a contempt of the Senate to mislead a Senate inquiry, if it is a breach of the law to which significant penalties attach, it

would be preferable if that matter was dealt with in accordance with the law, would it not, Mr Bills?

Mr Bills—I will undertake to consult with my colleagues. We will look at the evidence at the time and see if it is possible or reasonable to take that matter forward.

Senator O'BRIEN—I am sure you would be aware that the documentation tabled in the Senate is available, should you so wish.

Mr Bills—Yes.

Senator O'BRIEN—In relation to the substance that is often complained about—tricresyl phosphate—has ATSB done any work in relation to the capacity for that substance to have an effect on flight crew, cabin crew, if injected into the cabin air?

Mr Bills—I cannot recall what was in our earlier report. Certainly we have looked at hazardous chemicals in cabin air before, but we have not done any particular work on that compound that I am aware of. We will certainly check that.

CHAIR—Thank you.

Proceedings suspended from 1.00 pm to 2.00 pm

CHAIR—Mr Bills?

Mr Bills—I had a follow-up to part of Senator O'Brien's question that I took on notice before lunch in relation to the cabin fumes and the legislation. Firstly, with the previous legislation, which was part 2A of the Air Navigation Act, the only relevant section we could find was section 19CC, which was about compelling information and not being provided it. The penalty was 30 penalty units, so alas that is no longer possible to follow up. In terms of the current legislation, the equivalent section is section 32—also 30 penalty units. For a corporate body normally it is up to five times that, but it is still below the threshold for criminal law. As a lawyer, you know this much more than I do. I think I mentioned a two-year penalty; I should have said six months because it is section 24, which is the one about frustrating an investigation. The two years was in relation to leaking a draft report. So, apologies, I got that wrong.

Senator O'BRIEN—Is it possible for you to advise the committee what the nature of the response was, particularly from Ansett and EastWest, to inquiries about the cabin air contamination at that time?

Mr Bills—Certainly we can take it on notice, Senator.

Senator O'BRIEN—Whatever response you had you would be able to access it in your archives I presume.

Mr Bills—That is correct. We will have to look at what is on the files.

Senator O'BRIEN—Have ATSB been involved in any investigation of what has been reported as a very heavy landing of a Qantas owned and national jet system operated aircraft in Darwin recently?

Mr Bills—Yes, Senator.

Senator O'BRIEN—Some talk of wrinkling of the fuselage to the point where it might be a write-off?

Mr Bills—We are certainly investigating that. There is no doubt it was a very heavy landing and the damage was significant—substantial in fact. We have classified it on our website as an accident, so the damage level was sufficient to meet that threshold. As to any commercial decision, I am not aware that the operators have made any yet in terms of the future of that aircraft.

Mr Walsh—All of the information that we have been privy to at this stage would indicate that the aircraft is likely to be repaired. So I think at the moment suggestions of writing the aircraft off are speculative.

Senator O'BRIEN—Do you have any idea what caused this very heavy landing?

Mr Walsh—It is still very early in the investigation. Our team have only just this weekend gone and come back from Darwin having conducted some on-site activities. We are still looking at the flight data record information, but we will certainly have a preliminary report out on that in that 30-day time frame.

Senator O'BRIEN—Was there a weather factor?

Mr Walsh—I cannot comment on that at the moment to be quite honest. It is still being looked at. We will obviously look at all of those aspects—look at the environment in terms of the weather conditions, look at the facilities at the airport in terms of the runway infrastructure and those sorts of things. We will certainly look at all of those issues.

Senator O'BRIEN—Can someone give the committee an update on ATSB's role with Transair and those associated with it and the Lockhart River disaster?

Mr Bills—Perhaps I can attempt to start. So you are interested in the legal action. Is that correct?

Senator O'BRIEN—Yes, I am, and the coronial proceedings.

Mr Bills—In terms of the coronial proceedings, the Queensland state coroner reported on 17 August 2007. So his report, which is reasonably extensive—54 pages—is on his website. So that is publicly available. In terms of legal action, we are not aware of any legal action that has been initiated by any of the blame bodies that potentially could do so in terms of the accident itself. In terms of unrelated occurrence reporting that we have spoken about here before, the AFP is still preparing a brief of evidence on that. There has been quite a lot of interviews undertaken, I understand, but that matter is still with the Australian Federal Police.

Senator O'BRIEN—Does ATSB agree with the statement:

Transair had adequate and appropriate safety management systems, operating procedures and pilot training having regard to those issues which are directly relevant to the cause of the accident—

that is, Lockhart River—

that is, no deficiencies in these aspects of Transair's operations can be said to have caused or contributed to the accident.

Mr Bills—No.

Senator O'BRIEN—Does it surprise you that that was a submission made to the coroner on behalf of the Civil Aviation Authority?

Mr Bills—It does not surprise me because I am aware of that submission.

Senator O'BRIEN—Do you believe there is any basis for that submission?

Mr Bills—I can only refer to our own investigation report, which indicated that the matters you referred to were issues that we dealt with in the report. I think it was at the May estimates that I gave a number of page references to most of those aspects. In terms of the coroner's report, it is probably not consistent with that.

Senator O'BRIEN—On page 9 of his findings, the coroner said:

CASA had senior, expert legal representation who I'm sure would not have made such a sustained attack on the integrity of the ATSB investigation report without explicit instructions.

Do you agree with the Queensland coroner's categorisation of CASA's submission as a 'sustained attack on the integrity of the ATSB investigation report'?

Mr Bills—The coroner made that statement after rehearsing some of the material that CASA's counsel had raised in the inquest, and the coroner came to that conclusion.

Senator O'BRIEN—Reasonably so, do you think?

Mr Bills—I think the Queensland state coroner is a very reasonable person.

Senator O'BRIEN—What is ATSB's view of the way in which CASA prosecuted its role in that coronial inquiry?

Mr Bills—It was a very difficult coronial inquest—clearly more difficult for the families than for us. It was fairly robust, yes, and there were aspects of it that were uncomfortable at the time for our investigator in charge and for others in the ATSB. I think the coroner has come to his own conclusion on the evidence he heard.

Senator O'BRIEN—In relation to any proceedings for breaches of the Civil Aviation Act and regulations, is it the ATSB or CASA that is responsible for the prosecution?

Mr Bills—The only area where we get involved is if there is a deficiency in reporting under our act or if someone deliberately misleads us along the lines you raised before lunch. Anything else is either a matter for the relevant state or the regulator or the Federal Police. And the Civil Aviation Act is primarily CASA's act.

Senator O'BRIEN—In terms of the ATSB's ongoing role, is ATSB sufficiently funded given the nature of the matters it deals with and the incidents, particularly the rate of incidents and accidents in the aviation sector and its role in investigating them?

Mr Bills—Today we have the International Civil Aviation Organisation auditors doing part of the ATSB's part of the universal safety audit for Australia, so I was answering that question this morning to their auditor. The only answer I can give is the one that I think I rehearsed here before. We are given a budget. We have criteria for trying to maximise the safety value of the investigations we do within that budget. We have a priority list. There are some investigations that we will always do. An international operator having an accident in Australia will always be investigated because that is a requirement of the Chicago convention, article 26. Beyond that we look at fatal non-sport aviation accidents, and we give priority to

fare-paying passenger accidents and incidents, and we do so until the budget is essentially exhausted. You can always do more. We have 8,000 accidents and incidents reported each year. We are resourced for approximately 80 investigations, 30 of which are of the more comprehensive kind. So I am sorry I have not answered yes or no, but it is not possible to do so easily.

Senator O'BRIEN—What role, if any, does ATSB have with assessing the adequacy of the provision of air traffic control services?

Mr Bills—Only when we are investigating an accident or an incident in which they are involved. Beyond that, in terms of research, we may be looking at communications in a CTAF area, or something like that, based on trends. But that is essentially how we get involved.

Senator O'BRIEN—So, for example, the incident at Canberra airport some years ago, because there was an air traffic issue involved, would have had you involved in looking at that service and the provision of staff and the like and why the problem might have occurred?

Mr Bills—Yes.

Senator O'BRIEN—But more generally you do not?

Mr Bills—We do if it is relevant.

Senator O'BRIEN—To an incident or an accident?

Mr Bills—Correct. But we will not initiate anything unless it is either an accident, an incident or a trend.

Senator O'BRIEN—So I take it that the role for pre-empting problems with their regulatory role is for CASA?

Mr Bills—That is correct—and of course their own management.

Senator O'BRIEN—Oh, of course. One presumes that that is a given.

Mr Bills—Yes.

Senator O'BRIEN—That is all I have for ATSB.

CHAIR—Are there any other questions for the Australian Transport Safety Bureau?

Senator SCULLION—I have just one question. First of all, I would like to commend you on the case study you did on the injury rates of Aboriginal and Torres Strait Islander people.

Mr Bills—Thank you.

Senator SCULLION—I think anyone who read the report and summary would be shocked at the fact that injuries and deaths involved in that demographic are more than double those for any other Australians—a 50 per cent increase. It is a huge amount. I just wondered if you have any recommendations in terms of what organisations need to change what they are doing. What sorts of programs and recommendations can you put in place? I am assuming that you commissioned that report with an idea of some particular action to ameliorate those circumstances. What action are you intending to take or have you taken?

Mr Bills—The ATSB has certainly been interested in this area because it is important, as you have indicated. Every two years we put together a conference on Indigenous road safety

to try to maintain the focus of the jurisdictions and other organisations around the country, including researchers in this area. The last one we did was in 2006 and there is to be another one in October this year in the Cairns area. We sort of move around the country where the key concentrations of Indigenous people are and work with the local jurisdiction. Arising out of the last forum are a number of follow-up issues which I will have Mr Motha refer to. We will update some of the data ahead of the October forum as well. Would you like to add to the detail, Joe?

Mr Motha—Apart from the forums we organise every two years, we have actually contributed to a fairly useful training resource called ‘Corrugations to Highways’, which is used nationally. It was produced by Aboriginal people, for Aboriginal people. We have also contributed, together with some of the states, to what is called a HealthInfoNet, which is a very comprehensive internet based resource that has best practice examples of things that can be done to improve Aboriginal road safety. They are two things we have done. As Mr Bills referred to, apart from that report you mentioned, Senator, we also have two other reports on Indigenous injury that were done by the ARB Group. We revised that report a couple of years ago. So there are a number of things that we, the ATSB, have done.

In addition to that, we have a coordination role with the states. A lot of the operational work in road safety is carried out by the states. They have responsibility for things like licensing, policing and regulation. There are a number of things the states and territories are doing in terms of the recommendations that come out of these forums.

Mr Bills—The priority areas for action coming out of the last forum included unlicensed driving, non-seat belt wearing, drink driving, risky pedestrian behaviour, incomplete road trauma data and insufficient information sharing among road safety practitioners. Some of these are very difficult, as you would probably know better than I do.

Senator SCULLION—Pedestrians have seven times the chance of getting killed as anyone else.

Mr Bills—Absolutely. The licence issue is terribly complicated. Often there is insufficient ID to get the points to get a licence. That leads to a whole heap of other consequences. Some of these are very difficult issues.

Senator SCULLION—If I can just indulge for a moment in a little bit of feedback. I will tell you the two biggest challenges we have in the Northern Territory, where I come from. First of all, the first time someone drives a car they do not have a licence. The reason they do not have a licence is that there are no processes to examine them, there is no process to provide them with training and education and there is nobody to triage them et cetera. That is a services process—and that is, no doubt, up to the state—but I think that is fundamental.

Most people in the community are in fact unlicensed—that is a generalisation but, generally speaking, it is true in remote communities. So the second challenge is that people decide to drive unlicensed anyway and then, the very first time they are driving, a police officer provides them with their very first criminal offence. It is then very difficult to get a licence after their first criminal offence against the Traffic Act. It is a real catch-22. I commend that work. I think it is really important that we try to break that cycle because it really is not assisting anything. Basically, people are not allowed to drive—though they have

been getting behind the wheel of a car since they were 14—for no other reason than they do not have a licence. That keeps them in that criminal cycle—that non-regulatory cycle or non-compliance cycle. That is certainly a fundamental issue, apart from talking to the states and territories about having some process to follow the activities of states and territories in that regard.

Mr Bills—Certainly some of the data sources that we are updating do that. At the next forum there will also be an update and Joe does that through his manager meetings.

Mr Motha—There is what is called the Indigenous road safety working group, which I chair. The actions from the forums are carried forward through the meetings and the work of the working group.

Senator SCULLION—No doubt, there would be some micromilestones amongst that data feedback. I put on notice that at the next estimates I will ask you to share with us some of the trends that are coming from this and see whether there is really any change in all of our activities.

[2.22 pm]

Australian Maritime Safety Authority

CHAIR—I welcome representatives from AMSA. Mr Peachey, do you wish to make an opening statement?

Mr Peachey—No, I do not.

CHAIR—I call Senator Scullion.

Senator SCULLION—I have some general questions just exploring where we are up to with some of the changes in a regulatory sense. I know that you will say that there are domestic issues and offshore responsibilities. I am well aware of those. I have not managed to find in this set of estimates roughly where I would be able to speak to the National Maritime Safety Committee and their deliberations. I know some members of AMSA attend NMSC as a member of the Australian Maritime Group. You may be able to provide me with some information on their behalf since we are unable to quiz them directly at this stage.

If you have some difficulties with my questions you can take them on notice. Perhaps you could direct me to the right place to ask the questions. I would be more than happy to ask them then. Do we have an understanding of where we are up to in terms of the national standard for commercial vessels being adopted by everybody?

Mr Peachey—You are right, Senator, the NMSC has had a long and illustrious career trying to establish uniformity with jurisdictions. We do participate on the NMSC. There has been renewed interest in that national consistency agenda. The Australian Maritime Group, which we also participate in, is currently doing a body of work looking at opportunities for uniformity into the future. NMSC will contribute to that work.

Senator SCULLION—One of the biggest challenges we have is that, whilst we have not got consistency with the NMSC, there was always an understanding across the maritime industries that it would be of most use to have a seamless transfer of certificates of

competency, masters or whatever between the states and territories as well as offshore. The same was hoped for the survey of vessels.

The survey of the vessels is still problematic. I understand the acceptance of other certificates of competency, whilst more advanced than the survey, is still problematic. Perhaps I should address the details of those questions to the NMSC. I will have to find some way of doing that.

AMSA is responsible for effectively the SCTW component of the competency. We now have a number of changes through the NMSC. Do any of those changes allow some sort of seamless transfer from being a domestic or inshore operator not operating within SCTW to an SCTW accredited individual, particularly with regard to the areas of sea time and those sorts of accreditations?

Mr Peachey—I might ask one of my general managers to answer that.

Mr Prosser—There is quite a lot of work that has been going on at the NMSC of late trying to get uniformity of domestic maritime safety standards. To be truthful, I think they have struggled for the last five to 10 years, as you would probably be aware.

There is work being progressed up through the Australian Maritime Group, which Mr Peachey mentioned. There is a submission through to the Standing Commission on Transport, SCOT, about a couple of options to try to get better jurisdictional clarity and how we can get that seamless transfer.

AMSA is at the moment consulting on a project which they call the ‘tinnie to tanker project’ which is trying to lower the bridges down to try to have a seamless transfer of certificates of competency. The issue of survey standards for vessels is something which will have to be looked at in the longer term as well.

You mentioned SCTW, our compliance with that and whether there any issues that may come up out of that. Similar to what Mr Bills mentioned this morning about the ICAO audit, the IMO has a voluntary audit program which started 12 to 24 months ago. Australia will be audited on that in the latter half of this year. I am hopeful that we will come through that without any holes in the system.

Senator SCULLION—You said there were a couple of options that were provided to the Australian Transport Council, the ATC. These acronyms are new so forgive me if I get them wrong. Would you be able to provide to the committee the options that they are currently considering?

Mr Prosser—It is SCOT, the Standing Committee on Transport.

Senator SCULLION—Wherever those options were provided, I would like a copy of them.

Mr Prosser—The two options are having a single maritime jurisdiction to cover things like certificates of competency et cetera—and there are a number of iterations on what might come out of that—and, alternatively, setting up a model state legislation arrangement where one state would legislate for NSCV type standards and then the other states would then point to that state’s legislation and try to get uniformity that way.

Mr Peachey—Can I interrupt for one moment. Can we take that request on notice. I am not sure what of the protocols governing the release of those working papers.

Senator SCULLION—I was about to say that I can assure you there is no mischief in this question. Whilst today we are enjoying having everything taken on notice, I am quite sure the committee would always extend that privilege.

Mr Wilson—The current process with regard to the consideration of the issue is that a paper has been generated out of officials working in the maritime areas through jurisdictions. That paper will be considered by the Standing Committee on Transport, which is the CEOs of the transport jurisdictions at Commonwealth and state level, on 13 March. If it is okay we will take on notice the question on providing you with the detail of what those two options are. I will check with the secretary of the department and the minister with regard to what we can and cannot provide in terms of the options.

Senator SCULLION—I appreciate that, Mr Wilson. The approach to my next question would be to perhaps elicit some frustration. As some of you would be aware, I have had a longstanding interest in this particular matter. The NMSC and a variety of departments and organisations have struggled with this for 10 years. Effectively, if we cannot get the Queensland and New South Wales departments of maritime transport to hold hands in a room and agree to the fundamentals that everybody else around the world seems to agree with then we will never move anywhere. I am not sure how we are going to resolve that. I look forward to hearing what SCOT has to say about those matters. I preface my question with those remarks. How are you going to implement the tinnie to tanker proposal, which I have to say is very exciting? Those people have had some experience with AMSA.

It is fantastic to see a program that actually addresses that issue. Without the resolution of the NMFC's difficulty in finding the seamless transfer of both competency and survey around Australia, it would be almost impossible to have some sort of confidence in the tinnie to tanker process, which would have to be subsequent to a favourable decision in the first instance. What steps are you taking to ensure that your own process that deals with the transfer to SCTW is still able to take place without reference to the first process, which you will probably have less confidence in?

Mr Prosser—At this point in time it is really just a proposal and we are out getting stakeholder consultation on it. We still have our normal process applying at this time.

Mr Peachey—I guess the short story is that there are things travelling down different tracks. One is the work that we are doing in terms of our 'tinnie to tanker' concept. The other one is, as you rightly referred to, the issue of the jurisdictions and how we actually implement uniformity. Alongside that of course is the Navigation Act itself. So it is a fairly complicated playing field out there of which we are playing a role in two of them.

Senator SCULLION—I would have to say that in my mind the future role of the NMFC hinges on a successful outcome. There is no real reason for its existence apart from the fact they have carriage of what I would have thought is a particularly simple issue. I would have very little confidence in any useful part that the Australian Maritime Group would play on their behalf. That is just a comment, but that is how strongly I think that industry now feel about this matter—that it has just dragged on for so long without a resolution.

If I can just get on another matter, Mr Peachey—the *Malu Sara*. It is not my intention to cross judiciary paths by the mention of this matter. I am not really interested in the contents of the matter. I am not even sure if it is before the courts or an inquiry at the moment, but I am being particular not to get into the particular details of that. But I am interested in AMSA's approach to advising Commonwealth government bodies, organisations and departments—be it the chaps floating around in a dinghy in Kakadu or Customs and Quarantine and other agencies in the Torres Strait. What advice are we the Commonwealth providing those organisations about their requirements for both manning and surveying of their vessels? I obviously do not want to go into the specific details, but perhaps you can approach it with the same sensitivity that I am and just talk about the matter of process and what has happened in that regard.

Mr Kinley—Following the *Malu Sara* incident—and, as you are probably aware, the coronial inquiry is still taking place in Queensland—we took the steps of contacting all Commonwealth agencies to establish which ones of those actually owned small vessels, making sure that they were all aware of their obligations under the legislation and the Marine Orders Part 62. We also went a step further and no longer accepted their word that these vessels all complied with the standards that they were supposed to. We required independent verification that all of those vessels were built to the required standard—which we now have. We are currently awaiting the outcome of the coronial inquiry to see if there are changes required to the legislation, but I am confident that the vessels that are out there now are in compliance.

Senator SCULLION—Just in terms of the vessels initially, I think it was section 62. It has been a long time since I have been anywhere near familiar with any of the act, so can you just remind me about that particular provision as it applies to the vessels?

Mr Kinley—The Marine Order actually deals with the way the vessels were surveyed, in that it did not require an independent surveyor to carry out those surveys on a regular basis because these vessels were owned by Commonwealth agencies and they were able to put in place maintenance regimes and therefore ensure the condition of the vessels was maintained in that way. The steps we took were to make sure that the agencies were aware of the obligations that they had signed up to in declaring they had these maintenance regimes in place and that they had independent verification and there was no possible confusion about the standards that were to be called up. For small boats there was Australian Standard 1799 and for the larger vessels there is the USL code.

Senator SCULLION—With regard to the small vessel standard 1799, just so I have a rough comparison, the Queensland survey for a vessel under seven metres in length would comply roughly with those same similar standards? In fact, we are talking about state and territory standards. That would reflect that?

Mr Kinley—That is correct.

Senator SCULLION—In terms of the manning, there were similar circumstances as you understand, and I am not sure whether that was an AMSA thing—in fact, I am pretty sure it was not. But there was some sort of a notion that because it was Commonwealth there was a different set of circumstances, and I think we all agree that they may have led to the

circumstances. What has been the advice in terms of the manning of the vessels that are Commonwealth owned vessels in these circumstances?

Mr Kinley—The advice that we have given is that they certainly were under state jurisdiction, so that was not really any different from what we were allowing. The recreational ship master's certificate was permissible for vessels of that size. What we have been working with the Commonwealth agencies on is to look at how they can get their people trained up to the coxswain's level, at least in the full theoretical component, and then look at how they get the 12-months sea time, because that is also another issue that we are looking at—that requirement for a full 12-months sea time for a coxswain's certificate and whether that is reasonable. We were basically working with the Commonwealth agencies to make sure their vessels can operate safely while meeting the legislative requirements where applicable.

Senator SCULLION—So you are satisfied that all of those Commonwealth agencies that own a vessel and have crews in the way that we have been discussing currently are meeting those obligations?

Mr Kinley—I am satisfied that the ones that have responded to us are, yes.

Senator SCULLION—What is the differential in your list? You have made a list of those people who own them. You have then contacted them. Have they all responded?

Mr Kinley—Some agencies took some time to work out what vessels they owned, but there are some that have not got back to us at this stage.

Senator SCULLION—Will you be able to provide me with a list of those vessels—and the agencies—that are owned that are owned by the Commonwealth? Would you also be able to provide me with a list of those people who have responded?

Mr Kinley—Yes.

Senator SCULLION—Thank you very much, Mr Kinley.

CHAIR—If there are no further questions of AMSA, thank you very much, gentlemen. I now call Aviation and Airports.

[2.38 pm]

Aviation and Airports

Senator HUTCHINS—My questions relate to the proposed east-west runway closure in September last year at Sydney airport. When did the Sydney Airport Corporation first tell the department about the proposed east-west runway closure?

Mr Mrdak—I was advised by Sydney Airport Corporation on 6 September last year that the works to make the runway compliant with the Civil Aviation Safety Authority's safety standards would require a closure period of the runway for a significant period. That was in a meeting that was held in my office on 6 September.

Senator HUTCHINS—So it was just a verbal advice to you?

Mr Mrdak—Verbal advice. They left us with a briefing package which included some concept diagrams and maps and the like which gave an indication of the sort of project being envisaged.

Senator HUTCHINS—So then you advised the minister?

Mr Mrdak—At that stage I certainly advised the minister's office verbally. We then took a number of steps in relation to trying to get further information, including meetings with agencies—the Civil Aviation Safety Authority and Airservices Australia. That took place over the next few days following on and we formally briefed the then minister around 19 September.

Senator HUTCHINS—So they came in on the 6th to see you—a prearranged meeting, no doubt?

Mr Mrdak—That is right.

Senator HUTCHINS—You and who else?

Mr Mrdak—I think that meeting was attended by myself, Mr Doherty and Mr Williams.

Senator HUTCHINS—So you then contacted the minister's office?

Mr Mrdak—I verbally advised the minister's office at that stage, pending getting some further details, and provided them with the indicative concept material we had been given. It took us a few days by the time we got a more detailed picture of what was involved.

Senator HUTCHINS—A written brief was then given to the minister's office on the 19th?

Mr Mrdak—It was a formal brief that I signed off to the then minister on 19 September.

Senator HUTCHINS—Do you know what the minister did with that information?

Mr Mrdak—We had a number of discussions with the then minister in relation to the issue. From memory, I had at least two meetings with him where I discussed the issues involved and the approach. Essentially, the then minister's position was to understand the safety requirements involved, why the time frame was such that the runway required these works and the like and the safety issues involved. The then minister was very clear in his advice to me to relay back to the Sydney Airport Corporation on a number of fronts: firstly, that the work should proceed as quickly as possible to meet the safety requirements; secondly, that we should look to develop a program that minimised the period of closure of the runway to minimise any impacts and make sure the runway is operational as soon as possible; and, thirdly, that we undertake further work with the airport to determine any environmental impacts from the unavailability of the runway.

Senator HUTCHINS—So on the basis of the meetings of the 6th and the 19th, did the minister seek any further information from the Airport Corporation about this decision—why it needed to be done there and then at that period?

Mr Mrdak—Certainly, we did go, and from the 6th onwards we were engaged in a very interim process with the airport to get further information. We did a lot of analysis in that period with the other agencies—the Civil Aviation Authority and Airservices Australia—about the issues involved. We did seek further information from the airport about their construction program proposal. It is fair to say that from the 6th onwards they were still—and still are today—finalising a definitive program for how these works will proceed.

Senator HUTCHINS—It is pretty unusual that seemingly out of the air they come and tell you that one of the major runways in the premier airport in the country has to close down and they just give you a phone call and ask to come and have a cup of tea with you.

Mr Mrdak—I think the issue for the airport was that they had been working through a number of options to try to make the runway compliant. The advice that we received from the airport was at that point—in around August—they received definitive advice from firms about the sort of thing that could be constructed. I think they had been working on the basis that they could do the construction while maintaining the runway open. Their advice to us at the time was that what became clear in that period of August-September was that the works involved—the type of construction involved over the top of the sewer and the electricity cable and the like that sits at the end of that runway—would involve quite an extensive period of closure. The advice we received—and we obviously checked and went back and there was a whole iterative process—was on whether the works could be done without closure, what the scope was for works to be done at night and the like, which is work that is still somewhat ongoing.

Senator HUTCHINS—So this advice is available to the committee? Clearly, this is written advice?

Mr Mrdak—The advice I provided to the former minister?

Senator HUTCHINS—Yes.

Mr Mrdak—I would have to take that on notice. It has not been the practice in the past to provide such advice to the committee. It is advice that the department has provided to the minister.

Senator HUTCHINS—What about advice provided to the department by these agencies?

Mr Mrdak—I can certainly take that on notice. We certainly were provided with concept diagrams and the like on 6 September.

Senator HUTCHINS—I think we would be interested in having a look at all of that. Who did you meet with at the Sydney Airport Corporation?

Mr Mrdak—On 6 September I met with Mr Rod Gilmour from Sydney airport and Ms Julieanne Alroe from Sydney Airport Corporation.

Senator HUTCHINS—And did you meet them subsequent to the 6th as well?

Mr Mrdak—Yes.

Senator HUTCHINS—You said that you had met or advised them in August.

Mr Mrdak—No. After the meeting on the 6th we then had a series of meetings. We arranged a follow-up meeting for 10 September back here in Canberra, where we arranged a meeting which involved the Civil Aviation Authority and Airservices Australia. From my recollection, we then met again about a week later as we were working our way through the issues before I formally briefed the minister. I think there was a further meeting around 17 September.

Senator HUTCHINS—So that would be the limit of the meetings with the corporation on this issue?

Mr Mrdak—There would have been extensive phone conversations that took place in that period as well, as we were trying to build up a clear picture of the sorts of questions you are asking—why this runway needs to be closed at this particular time, for how long and all of those things—so we had a clear piece of advice which we could give the minister at that time.

Senator HUTCHINS—Would I be right in saying that the last physical meeting you held with the corporation was on 17 September?

Mr Mrdak—Prior to formally briefing the minister, yes.

Senator HUTCHINS—And the briefing of the minister was on the 19th?

Mr Mrdak—That is when the brief was signed, yes.

Senator HUTCHINS—So, other than the telephone conversations and maybe email traffic, there were no subsequent meetings?

Mr Mrdak—Not that I can recall. I think there were those three meetings—the 6th, the 10th and the 17th—from my records.

Senator HUTCHINS—Who made the decision to announce the proposed runway closure and works program on 27 November?

Mr Mrdak—Sydney Airport Corporation.

Senator HUTCHINS—And the two officers you were dealing with were the ones who conveyed that information to you?

Mr Mrdak—Yes.

Senator HUTCHINS—That is Mr Gilmour and—

Mr Mrdak—Ms Alroe.

Senator HUTCHINS—When was the former government first informed of the 27 November public announcement?

Mr Mrdak—My recollection is we became aware of it in the week before that. Sydney Airport Corporation was looking to make an announcement on 27 November. I do not recall the specific date, but it would have been around the middle of the week before when I was advised, and I advised the then minister's office of that time.

Senator HUTCHINS—So this is one of your telephone conversations with Mr Gilmour?

Mr Mrdak—I think that is right. It would have been a telephone conversation with Mr Gilmour in which I was advised that they had reached a decision to announce this on 27 November and I advised the then minister's office of that intention.

Senator HUTCHINS—So the minister's office, or the minister, was made aware of this on 19 September?

Mr Mrdak—The minister was made aware of it prior to the formal brief going up—by virtue of my contact with his office and subsequent discussions that took place between myself and our officers and his office.

Senator HUTCHINS—And you were advised by the corporation on 20 November that they would be making an announcement within the week? Is that the way they put it to you?

Mr Mrdak—Around that time. I think it was around the middle of that week before the announcement.

Senator HUTCHINS—Okay. That is all I have.

Senator ADAMS—Last time we spoke about the Jandakot airport and the problems associated with that. I would like to ask the relevant person where we are at with Jandakot airport's runway expansion.

Mr Williams—The airport operators lodged a draft major development plan with the minister on 17 January. That is now with the minister and the department. We are currently assessing the proposal.

Senator ADAMS—We will move from there. Being a West Australian senator, I think it is important that I find out what is happening at Perth airport. With the terrific increase in aircraft movements, plus people movement and car movement, it is becoming an absolute nightmare. So could you tell me where we are going with that?

Mr Williams—Just prior to Christmas there was an announcement made by both the airport and Qantas regarding some upgrades to terminal 2—I think it is—which is actually on a long-term lease to Qantas. So Qantas owns the terminal. They have announced about \$50 million worth of works to make some improvements to relieve the congestion within the terminal building. The airport has made some announcements and done some works with respect to some car parking in and around the terminals and looking at some future roadworks to alleviate some of the congestion in and around the terminals.

Also, the Westralia Airports Corporation has announced an intention to build a new terminal dedicated for the regional fly-in, fly-out operations. They have given us an exposure draft of a major development plan which will go out to the public in the next few weeks or months for public consultation. In a more global sense, the airport is talking to users and airlines regarding the possible bringing forward of plans to consolidate the domestic and international terminals in the longer term, which is part of its overall master plan concept for the future. But, given the growth of traffic at the airport, I think that those plans are likely to be brought forward.

Senator ADAMS—Does that plan include the parallel runway?

Mr Williams—Certainly it is a long-term plan that there will be a parallel runway, but I do not think it is forecast in the master plan that a new runway will be required within a 20-year horizon.

Senator ADAMS—So will the domestic traffic go over to the international terminal or is it going to stay where it is?

Mr Williams—They are still considering the options and talking to the airlines. One of the options under consideration is that some of the congestion within terminal 3 will be alleviated once they build a new regional terminal for the fly-in, fly-out operations. There is possible scope for expansion of Qantas into that terminal over the next few years prior to ultimately the potential transfer of the whole domestic operations over to the international side.

Senator ADAMS—I will comment on the car parking for a start. The new car parks they have put in are miles away from the terminal. They are chock-a-block now. People are getting

so frustrated with it. Every week that we fly it is getting worse and worse. I think the chair, who is not listening, would concur that Perth airport is becoming more congested every week that we travel.

CHAIR—I was actually making comments about Perth airport to my colleague. Yes, I would say that.

Senator ADAMS—It is becoming so difficult. On a Sunday we have four large aircraft departing Perth and it is not uncommon for people to be out on the footpath—where I and my colleague have been—trying to get through security. They have their third security screen in action now, but it is just not keeping up. I would like to bring it to the minister's attention that we need far more work done. It is great to say that this is going to happen. The second thing I am worried about is the upgrade of the roads around the airport. The coalition certainly had plans for that. I am wondering, Minister, whether the government is intending to follow through with those plans.

Senator Conroy—I will take that on notice and seek a response from the minister. Haven't you had a shopping centre built at your airport recently?

CHAIR—We have a brickworks. Haven't I told you about that?

Senator Conroy—No. Most airports I visit are congested by shopping centres now. They will work out that they are supposed to run airports eventually.

CHAIR—We have one brickworks and two shopping centres.

Senator ADAMS—As far as the car parking is concerned, is there any plan for a high-rise car park rather than spreading out wherever and however?

Mr Williams—I think the issue they are working through is the potential commerciality of building brand new multi-deck car parks when within five years they may move to the other side of the airport. I think that is an issue they are grappling with in terms of whether they should build multi-deck car parks or continue to build new at-grade car parks.

Senator ADAMS—Access to the international airport from the domestic terminal is a problem. Is there any future plan to have a tunnel or some other type of access to get from one side to the other?

Mr Williams—I think the board has signed off on proposals to have an internal road from the domestic terminal to the international side to alleviate some of the problems there. I am aware in terms of looking at the long-term move to the international side that they are having discussions with the state government regarding possible road access.

Senator ADAMS—I do not know whether this comes under aircraft movement, but we are getting more and more of the larger aircraft coming in and aerobridges are not available, so elderly passengers are now having to get off a 747 and walk down two flights of stairs. I really do not think that is a very suitable arrangement with such a large number of people, but this is happening. We fly back from Canberra to Sydney to Perth quite often, and, because that particular flight arrives at 11 o'clock at night, when everything else is going out, it is becoming very difficult. Watching some of the older people trying to get down the stairs, I think it is a safety issue that should be looked at.

Mr Williams—I know one of the upgrades for the Qantas terminal was to put in a new aerobridge near terminal 3 for larger aircraft.

Senator ADAMS—I would now like to move on to some items that were passed in the Aviation Legislation Amendment (2007 Measures No. 1) Bill 2007 regarding the drug and alcohol program. I do not know whether I have the right area for this.

Mr Mrdak—That is more for the Civil Aviation Safety Authority, which is on next.

Senator ADAMS—Use of lasers was something that was of concern.

Mr Mrdak—The Civil Aviation Safety Authority and also the Office of Transport Security will be on a little later.

CHAIR—Are there any other questions?

Senator O'BRIEN—At the last estimates you provided this committee with information about curfew breaches at Sydney airport. Can we get an update on previously supplied documents, probably for the last six months or so?

Mr Mrdak—Certainly.

CHAIR—If there are no further questions, I thank Aviation and Airports and call on CASA.

[2.58 pm]

Civil Aviation Safety Authority

CHAIR—Welcome. Mr Byron, do you wish to make an opening statement?

Mr Byron—I know the committee is familiar with Mr Shane Carmody, the Deputy Chief Executive Officer, Strategy and Support, but I would like to introduce the committee to a new arrival to CASA in the last two months, and that is the Deputy Chief Executive Officer, Operations, Mick Quinn. Mr Quinn has been with CASA for nearly two months and has extensive aviation, safety and regulatory experience in the major air transport sector and, interestingly enough, in the last couple of years, experience in rail regulations as well.

CHAIR—Thank you, Mr Byron.

Senator BOSWELL—My questions are in relation to the Boomerang aircraft that is being developed in Kingaroy. Are you familiar with that, Mr Byron?

Mr Byron—Yes, I am.

Senator BOSWELL—Can you tell me where it is up to at the moment? I understand that they have one certificate from you and are waiting for the next—or have you supplied them with both certificates?

Mr Byron—I am aware of the one aircraft. Under the oversight of the Boomerang project, it is my understanding that we are, as CASA, checking out each individual aircraft, which would not normally be the case for a manufacturer. Normally a manufacturer would have a process whereby we approve a system. So it is relying on a fair bit of CASA input. I do have an officer that I can call to the table to give you more detail about subsequent aircraft. Would you like that?

Senator BOSWELL—I would.

Mr Vaughan—We are currently working with Dean Wilson Aviation. We have issued them their type certificate for the aircraft, which is the certificate which recognises the design. We are currently working with the company for the production certificate, which is the certificate which allows them to manufacture and produce the aircraft. That is progressing well. At this stage they rely on CASA to actually determine that each aircraft manufactured conforms to the design that was certified. As such, we will be involved with them until such time as they secure the production certificate.

Senator BOSWELL—What was the end certificate? What do you call that?

Mr Vaughan—There are two certificates we are dealing with. The first one is the type certificate, which is the design of the aircraft, and the second one, which we are currently working on, is the production certificate.

Senator BOSWELL—When do you envisage the production certificate will become available?

Mr Vaughan—It largely depends on the capability of the company. We are keeping up with them. Just as fast as they can progress, we are working with them. It is in our mutual interest to get them to that point so they can run the business.

Senator BOSWELL—When do you think they will arrive at that point? What is holding it up?

Mr Vaughan—It is an intense process and it is largely the capacity of the resources, probably on the side of the manufacturing company, to meet all of the requirements to be granted a certificate. I think it is now looking like this will occur within the next six months. We have certainly scheduled resources to meet them over that period.

Senator BOSWELL—I was up at the factory, from memory, just before Christmas—after the election. CASA people were working there in the factory at the time. I understood that that production certificate would be issued in the next week or two weeks or something like that.

Mr Vaughan—That was not my understanding. Certainly we did issue the type certificate just prior to Christmas. Work is progressing on the production certificate.

Senator BOSWELL—Without a production certificate, is it possible to sell the aeroplane?

Mr Vaughan—Yes, it is. In that situation CASA actually issues the certificate for each aircraft. They produce it. Our inspectors then inspect the aircraft to ensure that every detail on the aircraft matches what was certified. They issue a certificate of airworthiness and at that point they can sell the aircraft.

Senator BOSWELL—If there was a production certificate available to Boomerang Aircraft Factory, you would not have to issue it. Is that correct?

Mr Vaughan—That is correct. This is a situation that we would like to progress to as quickly as we safely can. They actually have the systems in place to ensure that production is done. The word we use is that it ‘conforms’ to the design, at which point we would place them under normal surveillance—periodic inspections—just to ensure their systems are in fact working.

Senator BOSWELL—How many planes have you given the original or an initial certificate to?

Mr Vaughan—My understanding is that we have issued an airworthiness certificate for one aircraft and we are working on the second aircraft now. I can take the actual numbers on notice and respond to you.

Senator BOSWELL—Yes. I know that you have a job to do and I just hope that this production certificate can be issued at the earliest possible time.

Mr Vaughan—I certainly share that sentiment. As I say, as soon as we can safely issue this certificate it allows them to run their business. It allows us as a regulator to oversight the operation in a normal fashion.

Senator BOSWELL—Thank you.

Senator O'BRIEN—Can someone tell me about the Miller review of CASA and the ATSB?

Mr Mrdak—As you would be aware, the former minister commissioned Mr Russell Miller to undertake a review of the relationship between CASA and ATSB. This was one of the recommendations of the Queensland State Coroner. Mr Miller completed that report and provided it to the minister on 21 December. The minister is currently considering that report. It has been considered and advice has been provided on that report to the minister.

Senator O'BRIEN—Who from CASA oversaw and ultimately authorised the CASA submission to the Queensland State Coroner in what I will describe as 'the Lockhart River inquest'?

Mr Carmody—I did.

Senator O'BRIEN—You no doubt have seen the coroner's findings at page 9 of his decision, which stated:

CASA had senior, expert legal representation who I'm sure would not have made such a sustained attack on the integrity of the ATSB investigation report without explicit instructions.

Have you seen that, and, if so, did you give or authorise such instructions?

Mr Carmody—I have seen the coroner's comments. I have read the report in some detail. As you well know, we had difficulties with some aspects of the ATSB report, but to categorise it as giving explicit instructions to attack the integrity of the ATSB, no, that is not the case. We certainly attacked the report. We had difficulties with aspects of the report. We made that plain at the beginning. The coroner found some aspects of our view on the report to be sustained.

Senator O'BRIEN—They are curious words—an 'attack on the integrity' of the report, rather than a word such as 'accuracy'—and that is why I am asking the question. It seems to me that you are suggesting that CASA was saying the ATSB was prosecuting some sinister motive or was incompetent, according to CASA's submission.

Mr Carmody—The coroner's choice of words is his own. As I indicated, we had difficulties with some aspects of the report. We made those very plain to the coroner, as we

made them plain to ATSB, and we had differences of opinion very clearly in some aspects of the report and some aspects of the methodology that underpin the report.

Senator O'BRIEN—So there is no aspect of the instructions in relation to CASA's role in the case that you think might have been over-the-top or out of order?

Mr Carmody—No.

Senator O'BRIEN—As to the coroner's depiction of the way that the case was prosecuted by CASA, do you take issue with any other aspect of his decision in that regard?

Mr Carmody—At the end of the day, the coroner is in a position to make his recommendations, as he has done, and we have reviewed those. There are aspects of his report that I think probably went further than I would like, but he is entitled to make those views and there are aspects of his report that support our views that we put forward to the coronial inquest, and I support those.

Senator O'BRIEN—Would you categorise his report as being critical of CASA?

Mr Carmody—Some aspects certainly are, yes.

Senator O'BRIEN—So it is not the first time that a coroner has made substantial criticism of CASA in relation to an inquiry into an aviation fatality?

Mr Carmody—As far as I know, there have been criticisms made in the past.

Senator O'BRIEN—In the recent past. There are two in Western Australia that I can think of in the last few years. That is the inquiry. The accident may have been more than a few years ago, but two fatalities in Western Australia come to mind.

Mr Carmody—Sorry, that was probably before my arrival at CASA. I am not actually familiar with those, but I am familiar with the general construct that occasionally coroners have criticised CASA's view.

Senator O'BRIEN—Or performance. In relation to the Lockhart River accident, CASA provided a written submission, which stated at paragraph 150: 'Transair had adequate and appropriate safety management systems, operating procedures and pilot training having regard to those issues which are directly relevant to the cause of the accident. That is, no deficiencies in these aspects of Transair's operation can be said to have caused or contributed to the accident.' You authorised that submission?

Mr Carmody—I am certain I did, yes.

Senator O'BRIEN—Did the coroner agree with that view?

Mr Carmody—In terms of that specific view, I cannot answer directly with relation to that paragraph; I do not have it in front of me. As I said, the coroner agreed with some aspects of our submission and our report and disagreed with some others. At the end of the day, the coroner concluded, though, that CASA's view on what was the most likely cause of the accident was in fact the most likely cause—which was a significant finding, if you like, out of the coronial inquiry which was not a finding of the ATSB report.

Senator O'BRIEN—The point about that passage that I read was the suggestion that: 'Transair had adequate and appropriate safety management systems, operating procedures and

pilot training having regard to those issues which are directly relevant to the cause of the accident.' Is that an accurate statement, do you think?

Mr Carmody—The one area where I think there may well have been questions—but we were never able to resolve that particular issue—was the issue of pilot training. It was an issue that was raised very late in the piece, at the time when we grounded the aircraft under the 'serious and imminent' provisions. Up until that time we had no evidence that there were any inadequacies in pilot training. Furthermore, when we sought to find that evidence it was not available to us. The company would not provide it. So we took action and closed them down. So at that point in time we still had no evidence of that fact—that there was any inadequacy in the system—and we do not have the records.

Senator O'BRIEN—No, you could not get the records. They would not give you the records. The company closed down but CASA is asserting, on your instructions, that at that time things were hunky-dory in terms of safety management systems, operating procedures and pilot training, even though after a number of reviews you found it was appropriate to close the airline down and they were denying you information. It seems to be a blunt statement—'We are confident of these other facts'—whereas I would have thought you could not say that in the context of your experience with Transair.

Mr Carmody—It is difficult to take one paragraph out of the entire submission and use that to create a context.

Senator O'BRIEN—I am happy for you to come back and tell me that that is a misrepresentation of your submission.

Mr Carmody—The point I am making is that at the time it was very clear—at the time that we used the serious and imminent provisions under the act—that we could not acquire the information that we were being led to believe did exist. We had not seen that information in the past. In our experience in auditing that company, that information had not come to light. We still do not have the evidence, and the submission of the coroner is written in the context of the ATSB report, as you well know.

Senator O'BRIEN—It is also, I take it, written in the context of what CASA truly believed was the situation. I would not have thought you were trying to misrepresent what would be a reasonable view of the state of affairs in terms of safety management, operating procedures and pilot training—and you would have to be completely confident of what you were saying to the coroner, wouldn't you?

Mr Carmody—The evidence that we had available was very clear and the evidence that we did not have available was not available to us. So we took the action that we needed to take.

Senator O'BRIEN—So, if you failed to find something at that time but subsequently discovered that things were being concealed from CASA, the only course open to you was to think, 'If we failed to find it, it must have been all right.'

Mr Carmody—With respect, any subsequent findings of things that might or might not have been concealed from the organisation were in the coronial inquiry. We did not find any subsequent information on the operator after we closed down the operator. We had no

information available to us after that time and we had no information to support that allegation prior to that time.

Senator O'BRIEN—So provided the operator closes down, shuts up its books and does not tell you anything, you have to think it is all right during the time of its operation. That follows from your statement, doesn't it?

Mr Carmody—I do not think that does follow from my statement. I think you know where I am going in terms of the information that was available to us and the actions that we had taken with that operator from the period since the accident up until the time we closed the operator down. As soon as we had an indication that there might have been information that was not available to us, we acted within days and closed the operator down.

Senator O'BRIEN—Remind me of your view of the coroner's finding as to the reason for the crash.

Mr Carmody—If I can take you to page 31 of the coroner's report, if you have it in front of you, I will quote:

When he returned to the witness box as the last witness to give evidence at this inquest, Mr Madden agreed that, in view of the evidence given by Mr Hotchin at the Short inquest, scenario (b) had become the most likely explanation for the course taken on the incident flight. I am also of that view.

It is very clear to me that that situation had changed. If I recall, the ATSB was at scenario A.

Senator O'BRIEN—Did CASA put forward a view as to which was the most likely scenario?

Mr Carmody—We put a view forward as to which was the most likely scenario on numerous occasions all the way through the development of the report.

Senator O'BRIEN—That was scenario B, was it?

Mr Carmody—Yes, it was.

Senator O'BRIEN—So the finding was that it was the most likely. I guess it is difficult to find in the circumstances with precision, given the nature of the crash.

Mr Carmody—That is what the coroner said was the most likely cause.

Senator O'BRIEN—I am told that CASA provided advice for a letter signed on 9 May last year by the former Attorney-General, through his Queensland counterpart, in relation to the Transair 15 fatality accident that: 'The Civil Aviation Act 1988 which CASA operates provides a regulatory framework for the maintenance and improvement of safety in civil aviation and relates to the prevention of aviation accidents and incidents, not their prosecution.' Does that accord with your understanding of the sort of advice that you would provide?

Mr Carmody—I am afraid I am not familiar with that letter or that advice.

Senator O'BRIEN—Indeed, it would be wrong, would it not, because you are responsible for the initiation of prosecutions under the act in some cases.

Mr Carmody—Certainly, in some cases.

Senator O'BRIEN—And CASA, if it discovered—for example, with an organisation like Transair—transgressions of the law, it would be responsible for referring those matters to the DPP.

Mr Carmody—Senator, if we are going to a bit of detail on the legalities of the act, I would prefer to have Mr Aleck, our general counsel, come to the table because he is better equipped to answer these questions than I am.

Senator O'BRIEN—It is up to you.

Dr Aleck—I do not want to speak in detail about that letter at this point; I want to take it on notice. I do recall some questions were raised by the Queensland Attorney-General's office, if I am not mistaken, about the basis on which CASA might initiate action, and as I recall it was against Mr Wright himself. I think the view that we put at the time, and I would want to confirm this, is that there was no basis under our legislation, and I would maintain that that is so, on which we could recommend prosecutorial action against Mr Wright at that point.

Senator O'BRIEN—So what you are suggesting is that you would not have given advice to suggest that in a general sense under the act which CASA operates your regulatory framework was to do with prevention of accidents and incidents, not prosecution?

Dr Aleck—No, I would not agree with that, and I would be surprised if what we said was precisely that in the letter. Virtually every provision of the civil aviation regulations and most of the requirements specified in the act contain offences and penalties which are designed to be amenable for prosecution should the occasion arise. CASA's responsibility is to investigate these matters and, when the evidence supports it, to make recommendations to the Director of Public Prosecutions to commence prosecution.

Again, I am a little uncomfortable speaking without that letter in front of me, but I remember the discussion at that time and it had to do with the propriety of pursuing action against Mr Wright, which we said (a) was really a matter for state authorities and (b) in the circumstances, and it is so, there was nothing in our legislation that would permit us to initiate prosecutorial action successfully or recommend such action against Mr Wright. I have seen nothing since then that would suggest that that is so.

Senator O'BRIEN—So I guess if the passage that I refer to exists in a letter from the Commonwealth Attorney-General to his state counterpart, it would not be on the basis of advice from CASA?

Dr Aleck—If the Commonwealth Attorney-General wrote a letter to the Queensland Attorney-General stating that CASA's legislation is not oriented towards or permissive of prosecutorial action, then that would be incorrect. I would be very, very surprised if that statement would have been made on the basis of any advice coming from CASA. But, as I said before, I will take that on notice and review that letter.

Senator O'BRIEN—Sure. The passage that I am referring to states the following, that 'the Civil Aviation Act of 1988 under which CASA operates provides a regulatory framework for the maintenance and improvement of safety in civil aviation and relates primarily to the prevention of aviation accidents and incidents, not their prosecution'.

Dr Aleck—It relates primarily to the prevention of accidents and incidents, which is true. CASA is not a prosecutorial authority and we do not see our fundamental objective as initiating prosecutorial action against people who contravene our legislation. That is one enforcement option available to us and when it is appropriate to pursue it we do so, but I would not say that that is the principal objective behind the legislation, and our objects clause I think makes that clear. We do not resile from that kind of activity when it is appropriate, though.

Senator ADAMS—I would like to ask a question on the mandatory drug and alcohol testing program. Has it started? What sort of response have you had with it?

Mr Carmody—The program has not yet started. We are in the final process of developing the regulations. If you recall, our act was amended in August last year to allow for this to happen. We are in the process now of finalising the regulations with OLDP in the Attorney-General's Department. We expect to have those finalised soon. We expect also to be undertaking some element of random testing before the end of the financial year.

Senator ADAMS—Have any of the organisations involved been unhappy with this system since the legislation went through?

Mr Carmody—We have had a few. We have consulted very extensively around the country—through working party meetings with industry, through I think 34 education and feedback sessions with industry and through a targeted survey of larger industry participants. I think I would summarise it by saying that the approach to random testing for drug and alcohol from the bigger end of town is that they think it is an excellent idea. There have been some complaints at the recreational and general aviation end of the spectrum, if you will, because I think fundamentally of the aspects of behavioural change that will be required.

Senator ADAMS—I think that is a positive, if that is the case. I have finished my questions now.

CHAIR—There are no further questions for CASA, so I thank you very much, gentlemen. We will move to Airservices Australia now.

[3.29 pm]

Airservices Australia

CHAIR—I welcome the representatives from Airservices Australia. Mr Hodgson, do you wish to make an opening statement?

Mr Hodgson—No, we do not need to make any opening statement.

CHAIR—Are there any questions of Airservices Australia?

Senator SCULLION—I understand that the appointments to the board of Airservices Australia expire in January of this year. Is that right?

Mr Mrdak—That is correct. There are four board appointments whose terms expired in January. The minister wrote to each of those—the chairman and the three other board members—seeking their agreement to have their terms extended until the end of March to enable the minister to have a look at the whole situation. Obviously, the minister had only recently been appointed to the portfolio at the time those board appointments expired. Those

appointments have been extended until 28 March this year and the minister is currently considering his views in relation to those appointments.

Senator SCULLION—What would be the normal process? I accept the fact that the minister has just been appointed, but would the normal process be that there would be either an extension for another full period of time or another appointment?

Mr Mrdak—There are a number of options available to the minister. He could reappoint the individuals involved for a further period—and periods can vary depending on the government's decision—he could appoint the people for a short period to give himself a further opportunity to review the situation or he could choose to not reappoint those people and look for alternatives. The minister is yet to reach a final position on those issues. He is currently having discussions. The process would be that once the minister has formed a view he would then take that to the cabinet and have a government decision taken on appointments. That is the normal process involved.

Senator SCULLION—So we would expect to hear about the finalisation of that process on or around 28 March?

Mr Mrdak—Certainly in advance of 28 March, Senator. There will be discussions taking place with each of those board members in the lead-up to that.

Senator ADAMS—Mr Harfield, I would like to ask you about air traffic controllers. How long does it take to train them? I note that often there have been problems and air services have been cancelled because somebody has reported sick. So obviously there is a very short supply of qualified air traffic controllers?

Mr Harfield—We do have a shortage of air traffic controllers or qualified operational air traffic controllers at the moment. Part of the result of that is the unprecedented growth that we have been seeing across the industry and the changing nature of the aviation industry. One of the factors that exacerbates the problem is that it takes at least two years for somebody off the street to be qualified as an air traffic controller. So it takes a bit of time in training people and getting resources in.

The other issue is that we have an active global shortage of air traffic controllers. Air traffic controllers can be employed elsewhere in the world and they only have to give two weeks notice to leave. So it is a constant thing that we have to manage and work on. We have to look at different methodologies for recruiting and maintaining the standard of our air traffic controllers as a result.

Senator ADAMS—Could you explain about your recruitment? Where are you going and how are you going about it—the process?

Mr Harfield—We have had a major review of our recruitment as a result of the fact that it takes us two years from getting controllers in on the first day to actually getting them trained. We are upping our recruitment targets over the next couple of years to recruit more controllers than we would normally expect. This is to address the deficit that we currently have and also prepare us for future issues ahead such as continued growth. We are investing in a new tower visual simulator which is similar to simulators that you see for aircraft that are real time and give better training. We have also invested in our en route and terminal training simulator. We

are reviewing our training requirements to ensure that we get a shorter recruitment time and a shorter training time.

Senator ADAMS—I turn to manned controlled towers. There have been a lot of complaints that X tower was unmanned for such and such a time and that pilots were flying blind. I was going to ask this of air safety. Is this happening a lot? If you have got someone off sick and there is no-one to replace them, what happens?

Mr Harfield—We have had a number of service interruptions, particularly over the last six to 12 months. Some are a result of the staffing situation and others are as a result of other issues. For example, we could not open the Mackay tower on Friday because the place was flooded and controllers could not get there. We have contingency plans in place that get implemented as a result of any service interruption. The particular issue is assessed at the time. We look at the options of rerouting aircraft or putting in other provisions to manage the traffic.

Some of our towers are what we call non-continuous towers. They are open during the day but not necessarily at night. They shut at night-time. If we cannot get staff for that particular tower for a particular reason then we go back to the night-time operations so that the aircraft using the particular area know what procedures need to be applied because they are used to applying those procedures at night-time. We do this to ensure that we can manage the risk to the airspace and ensure that there is no confusion on what needs to be done.

Senator O'BRIEN—There are stories out there about this. For example, last Friday between 2.30 pm and 6 pm and again from 9 pm until midnight there was only one air traffic controller on duty for Sydney arrivals from Melbourne known as the 'GUN' and 'BIK' sectors and normally there are three people available.

Mr Harfield—That was the Gundagai-Bindook sectors that provide an arrival service into Sydney. My understanding is that there was not just one controller; there was one controller endorsed on all the positions for that particular area and there were two other controllers who were available for certain positions. Because of a staff shortage as a result of sickness and the fact that they were unable to find a replacement, the situation was managed so that the service could be provided. There were restrictions placed on how traffic would flow through the airspace to ensure that system was not overloaded. Provision was made to provide breaks to the controller who held all the endorsements in the particular area. That had minimal impact on traffic.

Senator O'BRIEN—Presumably that would have caused some delays?

Mr Harfield—Some delays were created as a result.

Senator O'BRIEN—Was the industry advised in advance that there was a problem and to expect delays or was it something that just happened?

Mr Harfield—No, when we are aware of the situation and we are setting up the contingency arrangements notification goes to the industry. It goes not only from the head supervisor of the particular room direct to the operations department of the airlines but also a notice to airmen is published saying that there could be delays due to staff shortage.

Senator O'BRIEN—I am told that the Launceston tower was closed early Saturday and then for over six hours on Sunday morning outside normal coverage hours. In order for the Sunday afternoon and evening staff to attend duty early Monday morning the Launceston tower closed early Sunday night.

Mr Harfield—I was not aware of the early closure on Saturday and Sunday evening but it did open late on Sunday. That was a result of the morning shift member at Launceston tower going sick and being unable to get a replacement staff member.

Senator O'BRIEN—How many staff are based in Launceston?

Mr Harfield—At the moment there are five staff members at Launceston. The normal establishment is six.

Senator O'BRIEN—How long will it take to fill the extra position?

Mr Harfield—There is one person there who is on long-term sick leave. We have gone through a selection exercise to find a replacement.

Senator O'BRIEN—Does that mean you will have to train them?

Mr Harfield—They will not have to be trained from scratch. They are a currently endorsed and licensed air traffic controller but operating in a different position so they have to do the training at the location.

Senator O'BRIEN—I am told the low sectors between Melbourne and Sydney, including the sectors responsible for Canberra airport after the tower closes, were closed for four hours on Saturday night.

Mr Harfield—That is correct. That was actually Friday night or Saturday morning. That was a result of the controller who was on the 11 o'clock nightshift falling ill. At that time of night it was hard to find a replacement. The shifts that were there extended through to 2 am so we minimised the impact between 2 am and 4 am. Only two aircraft went through that particular area during the outage. We have procedures in place so they are aware of the circumstances.

Senator O'BRIEN—The Brisbane ocean sector that feeds Sydney to the east was closed for just over six hours on Sunday night.

Mr Harfield—That was on Monday morning. That was again a result of sickness and being unable to find an appropriately licensed or endorsed air traffic controller to fill the position. The airspace concerned is to the west of Sydney, from about 30 miles out to about 100 miles. Only one aircraft was scheduled to go through that particular area that night and that was from Air Pacific. They were given alternative routing instructions that would give an extra 40 nautical track miles to the flight to avoid the particular area; however, they decided to continue through it.

Senator O'BRIEN—Is that an option they have?

Mr Harfield—To go through—

Senator O'BRIEN—To go through uncontrolled airspace at their peril?

Mr Harfield—Not necessarily at their peril. They were advised of the procedures in place. The procedures are international procedures if you are unable to provide the nominal level of air traffic services. That is a decision for the pilot in command and for the company whether they want to participate or they want to go around it.

Senator O'BRIEN—In terms of the overall numbers of air traffic controllers, what are they now and what were they 12 months ago?

Mr Harfield—To give you the specific numbers, we will take that on notice, if that is all right. When we are talking about operational air traffic controllers and the requirement for them, we are talking about the number of controllers we need to sit in the particular seats, plus also a factor for leave et cetera. On top of that, generally speaking the operational requirement we need is nearly 900. Currently we are slightly below that by between 20 and 40. The reason for that big margin in the general sense is that it depends on long-term sick leave et cetera. The difference between last year and this year in the overall numbers is approximately less than five in total because we have had resignations and retirements, but we have also had people coming into the system. We will give you the specific details on that—

Senator HEFFERNAN—Did I hear you say 'long-term sick leave'?

Mr Harfield—Correct.

Senator HEFFERNAN—So are there people who get accumulated sick leave in total? Do they accumulate sick leave over the employment time?

Mr Harfield—Air traffic controllers, due to their medical requirements in the sense that they have to hold a certain medical classification, have unlimited sick leave as a result of that.

Senator HEFFERNAN—It does not accumulate over the year? It is just unlimited?

Mr Harfield—No, Senator. It is unlimited, but the issue is because they require certain medical standards to operate, for example, there could be an illness or whatever that they—

Senator HEFFERNAN—We are on unlimited sick leave, too. I am on sick leave today.

CHAIR—Senator O'Brien?

Senator O'BRIEN—No, I am content that you will be taking the question about overall numbers on notice.

CHAIR—Senator McGauran, you had a question for Airservices Australia.

Senator McGAURAN—I'm not sure it was for Airservices Australia. It is just a matter of information, whether the reporting deadline of December 2007 was met for the Aviation Regulation Review Taskforce. Did they hand down their report?

Mr Mrdak—Yes, Senator, and that report is currently with the minister for consideration.

Senator McGAURAN—That is all.

CHAIR—If there are no other questions of Airservices Australia, thank you very much. I call Regional Services.

[3.45 pm]

Regional Services

CHAIR—Welcome. Ms McNally, do you wish to make an opening statement?

Ms McNally—No.

CHAIR—Okay, questions? Are there no questions? Senator Boswell?

Senator BOSWELL—Is this regional partnerships?

CHAIR—Regional Services, Senator Boswell.

Senator BOSWELL—Who am I addressing? Ms McNally, could you tell me how many partnership programs have been approved since the caretaker period began last year?

Ms McNally—Was the question: what took place during the caretaker period?

Senator BOSWELL—I think because of the power in the microphones, I can hardly hear you. Do you want me to repeat the question?

Ms McNally—Yes, please.

Senator BOSWELL—How many regional partnership projects have been approved since the caretaker period began last year?

Ms McNally—No projects, Senator.

Senator BOSWELL—I have a couple of people who are getting very concerned. Blackall old people's home, what is happening with that one? It was approved, it was passed and it has been held up.

Ms McNally—Senator, the government is currently considering its administrative arrangements for the regional programs in light of the ANAO audit report.

Senator NASH—Can I just ask a general question before we go into the cases. Just so we are absolutely clear, the projects that were signed and completed before the campaign, that were signed and completed and done, are still sitting in the system?

Ms McNally—Signed and approved.

Senator NASH—Signed and approved?

Ms McNally—That is correct.

Senator NASH—Why are they still sitting in the system if they were signed and approved before we even got to caretaker mode?

Ms McNally—The government is currently considering what administrative arrangements it wants to have in place to manage the administrative aspects of regional programs. So while it does that, those projects are sitting waiting to see what sort of administrative arrangements are in place.

Senator NASH—So these people—

Ms McNally—So that can go to anything like contracts—

Senator NASH—I understand with the change in government these things happen, but it just seems rather strange that these people out in regional communities that are in receipt of a tick by the then government saying that everything is done and dusted are now being told,

'Sorry, your projects have just popped into the ether and we're not quite sure what is happening.' Is that right?

Ms McNally—When the projects are approved, they are approved subject to completion of a satisfactory funding agreement by both parties. Often there are a range of outstanding issues that need to be agreed between both parties. They can range from anything like confirmation of partnership contributions, development approvals—a range of things.

Senator NASH—I understand all that process. Because it had not got to that point in the train, the government is able to put that under the banner of, 'Well, we're reviewing it', even though the department had agreed to those projects prior to caretaker mode?

Ms McNally—The previous government approved those projects.

Senator NASH—Sorry, the department had recommended to the minister previous to the campaign?

Ms McNally—We made recommendations either to fund or not to fund.

Senator NASH—That is what I said; to recommend either way, recommend to fund or not to fund.

Ms McNally—That is correct.

Senator NASH—Okay. So that had been done and dusted by the department?

Ms McNally—That is correct.

Senator NASH—And the minister has then made a decision?

Ms McNally—The minister has made a decision.

Senator NASH—So the technical process of the funding agreements that are now holding up the process may not actually be returned to?

Ms McNally—Well, basically those projects are in the process of considering what the administrative arrangements should be for regional programs.

Senator NASH—So does that mean once the administrative processes have been determined, then those particular projects that were agreed to will go ahead?

Ms McNally—That will be a decision for the government.

Senator NASH—If they do not go ahead, the current government will have to overturn previous decisions on those projects?

Ms McNally—I cannot comment on exactly what the government will do.

Senator NASH—But that is—

Senator Conroy—That is a hypothetical question.

Senator NASH—Well, I think even a hypothetical might give some people out there in the community a bit of comfort about exactly what is happening. Sorry, Senator Boswell. I will come back to that later.

Senator McGAURAN—Still on that, have you informed those people that their projects are now under review? I don't think so. See, this is the problem. A courtesy letter would not have hurt.

Ms McNally—Those people who have contacted us asking us what is happening have all been advised that currently the government is considering its administrative arrangements for the regional programs.

Senator McGAURAN—I am not so sure that message has got through to most of them.

Senator BOSWELL—I am constantly getting phone calls asking what is happening to these particular projects. What is the case where a project has been approved and is done and dusted, as the previous senator said, and they have gone out and engaged people to do the project—so they have employed people or taken contractors on—but they have now been told that there is no certainty they will get their money?

Ms McNally—When the applicants were notified of the status of their project, they were told that no expenditure commitment should be entered into in reliance upon the funding until an agreement is fully executed with the government. So they were notified that they should not enter into any commitments until such time as they have had an executed funding agreement.

Senator NASH—Is that standard?

Ms McNally—All recipients would have got that.

Senator BOSWELL—Did these projects that have been held up have the full approval of the previous government—the full approval, ready to go, ticked off?

Ms McNally—They had approval subject to a funding agreement being agreed to between the government and the applicant.

Senator BOSWELL—So that funding agreement had not been put into place?

Ms McNally—That is correct.

Senator BOSWELL—Are you aware of the Blackall old people's home?

Ms McNally—Not directly, no.

Senator BOSWELL—Is anyone here?

Ms McNally—I would have to take that on notice.

Senator BOSWELL—That is a particularly concerning one, where a number of old people have been given some agreement that they can move—

Senator HEFFERNAN—Can I just interrupt. You would have it there in your folder, wouldn't you?

Ms McNally—No, I do not have a list of all the projects with me.

Senator HEFFERNAN—You did not bring the folder with you?

Senator NASH—Why not? Why would you not bring the list of projects?

Ms McNally—Because there are hundreds of projects.

Senator NASH—Well, you can fit 200 on a page.

CHAIR—Senator Boswell has the call.

Senator NASH—This is ridiculous.

Senator Conroy—I think the official has indicated what the government's position is: it is reviewing the administrative arrangements.

Senator BOSWELL—What exactly are the administrative arrangements? Could you just enlighten us on what 'reviewing the administrative arrangements' means?

Senator Conroy—We are happy to take that on notice and get back to you.

Senator BOSWELL—You should be able to say, 'We are going to put in a new manager,' or, 'We are going to review the whole'—

Senator Conroy—They are decisions that the government has not finalised yet, so we are happy to take it on notice and give you a thorough answer as soon as the decision is made.

Senator BOSWELL—So have you approved any projects since 24 November?

Ms McNally—No, no projects since 24 November.

Senator BOSWELL—How many projects have been announced as successful applicants and have been informed that they are successful applicants but are waiting for contracts to be signed? How many people have you got there who are waiting for your new administration? How many projects are being held up? I will put it that way.

Ms McNally—I would have to take the exact number on notice. There are a number, because a number of projects would have been approved up to nine or 10 months ago but a funding agreement is still trying to be negotiated for them. So it is not a matter of whether they were approved a couple of weeks prior to November. There are projects that were approved all the way through 2007 that have been negotiating various aspects of a funding agreement.

Senator NASH—But surely you would have those in a separate bucket, 'awaiting funding agreement'. You cannot tell me that in the department you have not got that list of projects, regardless of the date of status, in a separate folder or somewhere saying, 'These are our projects that are awaiting funding agreement.' If not, that would indicate an incredibly lax practice by the department.

Ms McNally—We have those back in the department in our—

Senator NASH—Well, why would you not bring them to a Senate estimates hearing?

Senator HEFFERNAN—Can't you ring them up and ask them to bring them up now?

CHAIR—Just let them answer the question.

Senator Conroy—On a point of order, that would go to the administration of the previous government which you were just criticising.

Senator NASH—It would be the department's ability to provide information to a hearing on a topic that they would have been well aware would be raised, Minister. We can put everything on notice and we can all go home—

Senator Conroy—We are happy to take that on notice—

Senator NASH—if the departments are not going to be a little more forthcoming.

Senator Conroy—We are happy to take that on notice.

Senator NASH—I know you are happy to take it on notice.

Senator HEFFERNAN—Can I just implore you—

Senator Conroy—No, you can ask a question.

Senator HEFFERNAN—It is just another way of asking the question. Obviously, you come here equipped to answer questions on programs. Couldn't you kindly ring your department and tell them to run the folder up now so we can answer it tonight?

CHAIR—Senator Heffernan, the minister has said that the question will be taken on notice.

Senator Conroy—We will happily take it on notice. You have asked how many, and we have said we will take it on notice.

Senator HEFFERNAN—But, mate, this is ordinary stuff. I do not know whether you have got instructions to not come up with anything here, but you have not come with much and there are heaps of programs. Usually, there are people sitting behind you and you turn around and say, 'Go through it.' Where are they today? Have you told them to not bring it?

CHAIR—Senator Heffernan, the question has been taken on notice. I call Senator Scullion.

Senator HEFFERNAN—It is bullshit.

CHAIR—Senator Scullion has the call.

Senator Conroy—I think you may need to ask Senator Heffernan to withdraw that.

CHAIR—I did not hear that.

Senator HEFFERNAN—'Bullshit' is a good Australian term.

Senator SCULLION—If I can simply follow the line of questioning of Senator Heffernan and Senator Boswell, we have had a couple of issues here about information that has been provided from the officer. They have said, first of all, that they have identified that there is in existence a list of those programs where everything, including the previous minister's imprimatur, has been placed upon that group of applications. They then said that the only thing that needs to happen is the new administrative arrangements. We accept the fact that the government is waiting to make those arrangements and this question does not bear on the capacity to do that.

The last information that the officer provided to this committee was that they are simply back at the department. We are not asking for a decision. We are not asking for an opinion. We are not asking for anything that could be vaguely seen to be controversial at an estimates committee. So whilst the minister may say, 'We'll take it on notice,' I am sure it is not an instruction because I think it is well within your capacity, Mr Chair, to simply ask the officer if they can try to make that material available to us as soon as possible. I know the department

physically is not too far away, and I think at the least they should be asked to attempt to provide that.

Senator Conroy—We said that we will take it on notice and get the information to you as soon as the minister makes it available.

CHAIR—Are there any other questions?

Senator NASH—Yes.

Senator HEFFERNAN—This is departmental stuff; it is not ministerial stuff. Is this a new game that the department is going to play with us? You'll come up here empty-handed.

CHAIR—Senator Nash has the call.

Senator NASH—I am sorry. It is just taking me a moment because I am a little frightened about what sort of information they will be able to provide.

Senator BOSWELL—Do you want me to keep going?

Senator NASH—Absolutely, Senator Boswell.

Senator HEFFERNAN—It is a new game with new instructions. I suppose they have to do what they are told.

Senator BOSWELL—How many projects have been announced? How many successful applicants have been informed but are waiting for contracts to be signed? How many applications have you got in there that are waiting for contracts to be signed?

Ms McNally—We have got a large number. As I said earlier, I will have to get that provided.

Senator BOSWELL—I do not wish to be unreasonable, but these would be such obvious questions that you would be asked. Is this your first time before an estimates committee?

CHAIR—Senator Boswell, I can confirm that Ms McNally is a long-serving—

Senator Conroy—If you want to have a debate, you are welcome to have a debate with me, Senator Boswell.

Senator BOSWELL—Minister, this is an obvious question that would have to be asked. I cannot understand why there is any hesitation in answering it.

CHAIR—Senators, if I can just say this, and I am sorry to interrupt you, Senator Boswell: this is not the first time that senators have shown frustration with lines of questioning, and I can certainly talk about the government side now. I will ask that you ask the questions of our departmental officials. If the answer is that they will take it on notice, then that is the answer and we shall move on to the next questions, please.

Senator SCULLION—We are not asking a question. There is no doubt about this. We are not saying, 'Will you answer the question?' It is not even that a question needs to be answered. Nothing needs to be taken on notice. There is information—and I think this is an important point—that comes under the purview of the previous government so there should be no politicisation of this matter. It is simply a box of documents or a list of those projects that we are talking about. There is nothing easier than doing that. I would have to say that it is without precedent that the minister should instruct that this information, which is clearly

operational material of a department, should be refused to a Senate estimates committee. I think the chair should rule on this matter. I remind the chair that this is not the minister's committee; it is a Senate committee.

CHAIR—Senator Scullion, I have shared frustration and watched departmental officials being gagged when we wanted to talk about wheat. You have had the answer. The answer is that it is taken on notice. The minister has said he will take it on notice.

Senator SCULLION—Mr Chairman, I have to say that I am expecting you to rule on the matter. If you are ruling that they are quite in order not to provide those documents, I think we will have to take it further.

CHAIR—Senator Scullion, I will say it one more time. The minister has said that it will be taken on notice and you will be provided with the information as soon as it is available. If you wish to suspend the estimates as we are now, we will call a private meeting.

Senator SCULLION—I am asking for a determination by you, Mr Chairman. I am not trying to be difficult. I am not interested in what the minister has to say.

CHAIR—I have clearly stated as the chair—

Senator Conroy—I have been subjected to this for 11½ years. I am fully conscious of the rules.

Senator McGAURAN—But this is a payback.

Senator Conroy—No, it is not.

CHAIR—Order!

Senator Conroy—What I am saying is that the rules of the Senate allow officers—

Senator McGAURAN—So in other words the documents are available?

CHAIR—Senator McGauran, I have—

Senator Conroy—to take questions on notice—

CHAIR—Senator McGauran—

Senator Conroy—and we are simply doing that.

CHAIR—Minister—

Senator Conroy—It is just the rules of the Senate committee.

CHAIR—I will call the Senate estimates to a stop. We will have a private meeting. I will say it for the very last time as the chair. The minister has answered that they will be taken on notice and you will be provided with them at the first opportunity. If you are not happy with that under standing orders, I am sure that you can call for a private meeting.

Senator McGAURAN—I seek a private meeting.

CHAIR—All right. We will have a private meeting.

Proceedings suspended from 4.02 pm to 4.31 pm

CHAIR—Welcome back, everyone. After a private meeting of the committee and a conversation between the committee members and the minister, the minister has informed us

that there is some information in response to questions from the opposition. Minister, I will flick it over to you.

Senator Conroy—Thank you. We sought some information from the department and we can advise the following. Minister Albanese and Parliamentary Secretary Gray have been considering how the government's policy objectives for regional Australia can be delivered most effectively, including consideration of the Regional Partnerships Program. Since receiving the three-volume Australian National Audit Office report into the Regional Partnerships Program, which highlighted serious issues relating to the transparency of decision making and the administration of the program, the minister and parliamentary secretary have been analysing the report to determine the best way to proceed.

There are currently 116 projects approved but not contracted. The ANAO released its report on 15 November 2007. The report focused on application, assessment and approval processes; partnership and support; identifying, assessing and managing viability risks; managing for outcomes; and 14 case studies of projects that had been approved for funding under the program.

The audit was critical of the program and highlighted two main areas of concern. One was the transparency of ministerial funding decisions. The ANAO concluded ministers need to demonstrate and ideally document how such decisions represent an efficient and effective use of public funds, particularly for decisions made by ministers as election commitments and for decisions that were different from departmental recommendations. Further, where there may be a perception of conflict of interest in respect of decisions made in a particular minister's electorate, the ANAO recommended that steps be taken to manage perceived conflicts which should be documented, and the assessment approval and management processes supplied by the department in its administration of individual projects under the program.

The ANAO concluded there needed to be more rigour in obtaining detailed information from applicants, documenting processes undertaken during assessment, and contracting greater compliance with documented internal procedures and greater consistency in administering projects. The report made 20 recommendations: 19 for the department and one for the Department of Finance and Administration. The department agreed to all recommendations, however it qualified its response to three recommendations—10, 12 and 14—as the action required is a policy decision for the government. The government is currently considering how it should deliver programs in regional Australia in the light of the views expressed by the ANAO.

CHAIR—Minister, it is the wish of the committee for you to table that statement.

Senator Conroy—It has some of my own notes on it. It has been read into *Hansard*, so it is in *Hansard* but it has my own personal notes on the pieces of paper. I can get you a clean copy.

CHAIR—Take it on notice and come back to us.

Senator Conroy—I can get a clean copy but this has my notes on it.

Senator IAN MACDONALD—Just arising out of that, I understand there are 173 applications that have been approved but not contracted—

Senator Conroy—I said 116.

Senator IAN MACDONALD—116, okay. How many of those fit the category where the ANAO has expressed some concern?

Ms Page—Senator, the ANAO did not express concern in relation to—the period of the ANAO's consideration ended on June 2006. So these projects have not been directly scrutinised by the ANAO.

Senator IAN MACDONALD—So these are decisions made by a previous government where the contractual process was in place and it is now being stopped by a subsequent government. Is that the—

Senator Conroy—I think we established that earlier in evidence to some of the other colleagues, Senator Macdonald.

Senator IAN MACDONALD—Well, that would be unprecedented in the history of parliaments and governance in Australia where—

Senator Conroy—I think you have misunderstood the nature of the word 'approved'.

Senator IAN MACDONALD—Have I?

Senator Conroy—This was explained earlier before you turned up. I can happily pass to Ms Page for the wording, but the final documentation was subject to—

Ms Page—the conclusion of a satisfactory contract or funding agreement.

Senator IAN MACDONALD—Have the contracts been offered to the parties?

Ms McNally—The contracts have not been offered to all. It depends on how long before the election that the project was approved. In some cases it has been offered and in other cases they were going through a process of negotiation. What happens when a project is approved is that we have to do things like establish milestone dates for payments and work out what funding is required. One of the other issues that came up in the ANAO audit was to ensure that funding is not paid in advance of need. One of the things that we do is go through and say, 'When do you need the money?' That often requires them to go back to builders and other community organisations that are making partnership contributions and establish what the pattern—

Senator IAN MACDONALD—How many of the 116 have not been offered contracts, or are the 116 those who have not been offered contracts?

Ms McNally—They are in different stages. Some have received a copy of a draft funding agreement. Some have received a copy of a funding agreement subject to the milestones that they have identified. They are then encouraged to go and seek their own legal advice on that contract. They can then come back with changes or want to change some aspect of that.

Senator IAN MACDONALD—So how many of the 116 have not even been sent a draft contract?

Ms McNally—I would have to take that on notice, Senator.

Senator IAN MACDONALD—Just give us a rough estimate. What is your feel for it—half of them, a quarter of them, a third of them?

Senator Conroy—I am sure Ms McNally would like to be completely accurate.

Senator IAN MACDONALD—I do not need her to be precise—

Senator Conroy—Which is why she asked to take it on notice.

Senator IAN MACDONALD—No, just a broad brush will do. Is it most of them or just a few of them?

Ms McNally—I do not have that information with me, Senator.

Senator IAN MACDONALD—But you deal with it, do you not, Ms McNally?

Ms McNally—Yes.

Senator IAN MACDONALD—Well, you must have an idea whether—

Ms McNally—Well, the contracts go out through our 11 regional officers. So we have 11 regional officers around the country who issue the contracts. They report to us periodically on how many contracts they have sent out.

Senator IAN MACDONALD—Have contracts for the whole 116 gone out to the officers but you are not sure whether the officers have passed them on? Is that what you are saying?

Ms McNally—No, they actually develop the contracts in the regional office. The issue I am not sure about is the exact number that have been offered formally. Here is a final contract that we have negotiated and here is a letter saying ‘You now have 12 weeks to sign that contract,’ or whether they are in partial stages of negotiation. I am happy to take that on notice.

Senator IAN MACDONALD—So that process is still continuing, is it?

Ms McNally—That process is still continuing.

Senator IAN MACDONALD—So people are now negotiating their contracts, you are saying?

Ms McNally—Yes, that is correct, Senator.

Senator IAN MACDONALD—Okay. Well, that is good news to hear. So the 116 will all get something?

Ms McNally—No, Senator, that is not correct.

Senator Conroy—That is not what she said.

Ms McNally—No. Where they have identified milestones and so on, they will come back and say, ‘You asked for this information. I will come back and provide that information.’ So that process of them coming back with the information that has been requested is still going on, Senator.

Senator Conroy—Senator Macdonald—

Senator IAN MACDONALD—The department, when it offers the contract, indicates what the milestones are to be and when the funding is to be paid?

Ms McNally—That is a negotiation between the applicant and the department. Probably just to qualify, no new contracts are being offered. So where they have not received a final

offer we are not making them a final offer now based on the negotiation that may have occurred.

Senator IAN MACDONALD—So they are not even going to be offered a contract even though—

Ms McNally—As I said earlier, that is subject to what administrative arrangements the government puts in place.

Senator IAN MACDONALD—This is not a question to you, but, Minister, this is unprecedented in parliamentary history in Australia that the decisions of a previous government are countermanded by the decisions of a subsequent government. Need I remind you that what comes around goes around?

Senator Conroy—Senator Macdonald, you are not accurately reflecting the evidence of Ms McNally.

Senator IAN MACDONALD—Can I just finish? When we took government in 1996—and I happened to be around the place—one of the things that the Public Service always told us and they were most diligent in pointing out was that you really could not go back before the election and interfere with decisions made by the previous government. You can change legislation, of course, but administrative decisions made by a previous government were not subject to change by a subsequent government, particularly when citizens had been advised and had every expectation of receiving whatever they were advised they were going to get.

Senator Conroy—Minister, you are incorrectly characterising the evidence of the official. If you want to ignore, as you have consistently for four or five years, the recommendations of the ANAO—I mean, if you have not had time to read the scandalous accounting that the ANAO report produced in November, let me just take you through—

Senator IAN MACDONALD—Do not bother, Minister.

Senator Conroy—Exactly why—

Senator IAN MACDONALD—I was in the PM&C estimates yesterday with that report in my hand. So thank you; I have read it.

Senator Conroy—Excellent. Let me take the committee through—

CHAIR—Senators, please, one at a time. Minister, continue answering.

Senator Conroy—I am responding to the speech that Senator Macdonald gave. So let me take you through. This government takes ANAO reports very seriously. When a report is tabled that says the ANAO has criticised instances of poor processes in the following areas: project assessment processes, obtaining the appropriate balance between the identification and assessment of key viability risks and the finalisation of project assessments for ministerial consideration, the exercising of regulations 9 and 10, delegations of the Financial Management and Accountability Act 1997, contract management practices including payments made in advance of need, and a lack of documentation to support some payments, numbers of variations to projects essentially altering—

Senator NASH—I raise a point of order. Just to be clear, we understand the reasons, Minister, why there is this review of—

Senator Conroy—What is your point of order?

Senator NASH—Can I just speak to the point of order? It is not a speech.

Senator Conroy—What is the point of order?

Senator NASH—I am trying to be accommodating here. The point of order is that it is not relevant to the question that the minister asked. The official has already told the committee that the projects that the senator has asked about were not as a result of the ANAO report. So the senator is specifically asking about those projects that did not fall under the purview of the ANAO report.

Senator Conroy—On the point of order of relevance, let us be clear. The ANAO reviews the program these grants ultimately came from. Just because these individual grants were not individually reviewed, that in no way takes away from the findings of the ANAO, particularly when they say ‘contract management practices including payments made in advance of need and a lack documentation to support some payments, numbers of variations to projects essentially altering the nature of the approved project and projects being extended for long periods of time’. These are very serious allegations of fact by the ANAO—very serious—and they go to the heart of this entire program. You may want to dismiss that because you think there is some political advantage in it for you, but let me be clear about this: this government takes the ANAO’s findings very seriously. We are not just going to rush off and start behaving in the way your government behaved previously; we are going to take our time and get this right and we are going to consider the administrative processes involved.

Senator IAN MACDONALD—That is an enormous slur on the officials in the department—that they would be involved in fraudulent activity.

Senator Conroy—The ANAO.

Senator IAN MACDONALD—As I say, the ANAO are not beyond reproach themselves.

Senator Conroy—Oh—

Senator IAN MACDONALD—The timing—

CHAIR—Senator Macdonald, if you would respect the chair. There is a three-volume report from the ANAO with 20 recommendations. This is not something that the minister is making up; it is there for all and sundry to read. There have certainly been some examples of maladministration highlighted. So, Senator Macdonald, if you have more questions of the department, please carry on.

Senator IAN MACDONALD—I certainly do. I ask the minister: does he not believe that the officers of the department are capable of dealing with this program in the way that it has been recommended and set out by the previous government?

Senator Conroy—I think the way it has been set out by the previous government has just been completely exposed, embarrassingly, by the ANAO’s three-volume report, which is comprehensively detailed and a scandal. So the ANAO has made it clear that it does not think the way this program has been administered—

Senator IAN MACDONALD—The ANAO released this report very conveniently a couple of weeks before the election. I am simply asking the officers if there is a standard

process to follow, and the officer actually indicated what it was. There were certain milestones that had to be met. Yes, you negotiate them. There were certain comebacks that you had to do. Yes, you negotiate them. You get to a process which is hopefully clean and above board and non-fraudulent. What I am asking, Minister—or the officers—is: why can that process not proceed? If the goalposts are not met or if the milestones are not agreed upon, that is a different thing. But the decisions should be implemented in accordance with the rules and regulations that reach the appropriate conclusion.

Senator Conroy—As has been explained—and I am happy to be corrected by Ms McNally or Ms Page—where there is a final contract that has been offered it has been offered. Where it has not, it has been considered in the light of the ANAO report and the new administrative arrangements that the government is considering. When the government has finalised its consideration of those then the minister will make an announcement. But up until that point there is no point in badgering the department. It is a government policy decision to change the administrative arrangements.

Senator IAN MACDONALD—But that is fine in relation to the program henceforth. You are now the government. You make the rules you like. You change the program as you will. But the idea of changing the rules *ex post facto* is just unprecedented in the annals of parliamentary democracy.

Senator Conroy—There is no changing of the rules. There is no final contract that has been agreed by the Commonwealth. The department has indicated that there are some that have received a final contract and that it is in the process of waiting for them to come back. In terms of the remainder—

Senator IAN MACDONALD—So some of the 116 have been offered final contracts?

Senator Conroy—Congratulations, Senator Macdonald. That was actually explained about 15 minutes ago by Ms McNally in answer to your question.

Senator IAN MACDONALD—I thought she then said she really did not have a clue because they all went out to the regional offices.

Senator Conroy—I do not mind if you want to sledge me—

CHAIR—Ms McNally did offer to give you the final figures, Senator Macdonald, which you did not want to take up; you just wanted the rounded-off figure. So, Ms McNally, if you wish to add to your original answer to satisfy Senator Macdonald's question, please feel free.

Ms McNally—There are 116 approved, not contracted. Where a final contract was offered and everything was negotiated, we made that final letter saying, 'Here's the final contract. We have negotiated all the milestones.' Those contracts are coming back and they are being executed. So where they have not—

Senator IAN MACDONALD—So again, I understand you to say that the regional offices do it, but you must have some feel. If we are only arguing about two or three, I am sure the committee could have moved on two hours ago. But if we are arguing about 113 of the 116—which is it?

Ms McNally—There are 116 approved, not contracted projects.

Senator IAN MACDONALD—But some of those 116 have been contracted, you are now saying.

Senator Conroy—No, some of them have been offered final contracts.

Senator IAN MACDONALD—A final contract.

Senator Conroy—And we said we would take on notice to give you that exact number. We are actually trying to be helpful.

Senator IAN MACDONALD—And I appreciate that, Minister. Thank you very much. But could we have a guesstimate?

Ms McNally—The number is larger than what it would have been if I had had this discussion a month ago. As projects trickle in, as final offers are approved, those contracts are executed. So in the last couple of weeks we have executed about 28 further contracts.

Senator IAN MACDONALD—So it could well be that in a few weeks the 116 will be six?

Ms McNally—I cannot comment on how many it will be.

Senator Conroy—To take up the point that you seem most concerned about, if a final contract has been forwarded and is ultimately signed then it will be honoured.

CHAIR—I think, Minister—

Senator Conroy—There is no conspiracy here, Senator McGauran. If the final contract has been offered, it will be honoured.

Senator IAN MACDONALD—And all it requires is the—

Senator Conroy—Is the signature from the other party.

Senator IAN MACDONALD—And the other party to agree with the final contract that is offered. Well, that has clarified that and I am satisfied.

Senator McGAURAN—That is the first time, after about an hour and a half—

CHAIR—Senator McGauran, that was made very early in the—

Senator McGAURAN—Not in regard to the contract.

CHAIR—Senator Nash had her hand up and Senator Macdonald—

Senator NASH—No, Senator Boswell, I think.

Senator McGAURAN—Information is still coming to us in regard to how many and which are under contract to be proceeded.

Senator Conroy—Yes, we said we would take that on notice and we will get that to you when the minister releases it.

CHAIR—That was explained by the minister in the opening statement after the afternoon tea break. Now Senator Boswell, you have a question?

Senator BOSWELL—Yes, I do. I would like some clarity on the 116. There are 116 contracts that have been agreed to.

Senator Conroy—No.

Senator BOSWELL—Just go through it again; there are 116 contracts?

Ms McNally—There are 116 approved projects without a contract.

Senator BOSWELL—There are 116 approved projects without a contract. When do they get the contract?

Ms McNally—Some of them will have received a contract and some will not. It depends on the process of the negotiation and how far through that negotiation they are.

Senator BOSWELL—How many have actually got the contract? Out of that 116, how many have been completed?

Senator Conroy—We said that we will get back to you. We will take that on notice and get you that information.

Senator BOSWELL—The question I have is how many have been approved but not paid; you are getting back to us on that?

Ms McNally—Yes, Senator.

Senator BOSWELL—My question is: how many have been approved but are being reviewed?

Ms McNally—Yes, Senator.

Senator Conroy—We are taking each of these on notice, yes.

Senator BOSWELL—My other question is: how many are awaiting approval?

Ms McNally—Yes.

Senator Conroy—Yes, we will take that on notice.

Senator BOSWELL—I ask again what was the result of the meeting? Was a request made that this information be forwarded up later today or are we taking all this on notice?

Senator Conroy—We are taking it on notice. As you would all be familiar, the information is passed to the minister and then it is in the minister's hands when it is finally released. But we have undertaken we will chase that information up and it will be available when the minister authorises it to be released to the Senate committee, just like any normal Senate committee process.

Senator IAN MACDONALD—I tried to—

Senator Conroy—I cannot comment on the previous practices of your government.

Senator IAN MACDONALD—The committee's rules, I am talking about.

Senator Conroy—Subject to the committee's rules, yes.

Senator BOSWELL—Ms McNally said to us that these decisions would not be made until the government came up with some new administration. Is that—

Ms McNally—The government is currently considering what administrative arrangements it wants to have in place.

Senator BOSWELL—So, in other words, the government will not make a commitment on these contracts until they have developed some way to administer them; is that correct?

Senator IAN MACDONALD—No, that is not what has just been said; they have said that the contracts are going ahead subject to acceptance—

Senator Conroy—No, there are two different components to the 116. To try to be clear again, there are those that have already been offered a final contract. All that is needed to execute them—and, to the officials, please jump in if I am getting it wrong—is a signature by the other party. There is a remaining group that no final contract has been offered that is subject to the deliberations of the government about the administrative procedures as highlighted by the ANAO. That is awaiting the decision of the minister.

Senator BOSWELL—That is—

Senator IAN MACDONALD—That is not what you just said, I am sorry.

Senator Conroy—We are not trying to be tricky. We are trying to be make sure you get this information.

Senator BOSWELL—I want to ask a question about the remaining contracts that have not been finalised. You are going to let the committee know how—

Senator Conroy—We have taken them on notice.

Senator BOSWELL—How long will the department take to make a decision to allow those contracts to be either honoured or dishonoured?

Senator Conroy—The department will not be able to make a decision until the government makes a policy decision around the administration.

Senator BOSWELL—How long will that be?

Senator Conroy—That is in the hands of the minister, to make a policy decision. You can ask the officials all you like, but it is a policy decision by the minister.

Senator BOSWELL—I know that you have three volumes of an AOP report that were issued one week before a poll. That would have to be questionable.

Senator Conroy—Ha, ha!

Senator BOSWELL—No. This guy is either a goose or he is a paid-up member.

Senator Conroy—Or a fine public servant operating without fear and favour.

Senator BOSWELL—I know that you have read the reports. I know that you think that some of these are bipartisan. I want to tell you this: there are many out there, and I have mentioned one, the Blackall old people's home. People in Blackall went around and took the hat around and developed this wonderful old people's home and they needed topping up. I think from memory it was \$300,000. These are tremendous projects that have been informed that they are going to get the money and they have taken the necessary provisions to order tradesmen or get tradesmen in. You have everything on hold. You have a lot of old people waiting for homes or for beds or units. It is an amount of about \$300,000. I think \$2 million or \$3 million was collected by the community and this whole project is being held up. I would like to put that on the record, because there is an assumption in the government that these are very bipartisan. Some may fall in that category, but I am telling you this: there are many out

there that are actually great projects and being held up now. You are not affecting us; by not developing a decision, a lot of people are suffering.

Senator Conroy—Senator Boswell, I appreciate the point you are making. I think it is a very valid point. The individual matter you have raised we are happy to take on notice and get back to you with the information as to what status that individual project has within those gradations we were talking about. I think you have made a very good point and we are happy to take that on notice and get back to you.

Senator BOSWELL—How many projects which have been signed off by the government have had to be abandoned because the projects are time critical and they have yet to have contracts signed? There will be some of those now.

Senator Conroy—That is a very specific question. I am not sure if Ms McNally has that sort of detailed information to hand. I would not have imagined so, in all fairness. Again, we are happy to take that on notice and come back to you, but that is a very detailed question, Senator Boswell.

Senator BOSWELL—If you can take that an notice. Anyone else? Fiona, would you like to—

CHAIR—Senator Milne?

Senator MILNE—Thank you. I was not here when you started. Has there been an undertaking to provide a list of all of the projects approved—not necessarily paid out or anything but given ministerial approval—between June 2006 and 24 November 2007?

Ms McNally—All the projects that were approved during that period should appear on the department's website, Senator.

Senator MILNE—Thank you. Next to that, does it tell us what the departmental advice was in relation to all of those projects?

Ms McNally—No, Senator.

Senator MILNE—Can I have that, as well? Can I have it also broken down by state? And also, which of those projects were applications by for profit companies?

Ms Page—I will take that on notice, Senator.

Senator MILNE—Thank you. My second question goes to the time frames here. The audit report covered the grants up until June 2006.

Ms Page—That is correct, Senator.

Senator MILNE—Then the department worked on a series of guidelines. In the period from June 2006, how long was it before the guidelines which gave effect to the Audit Office's concerns were implemented?

Ms Page—It might be helpful if I gave a broader outline of what the audit process was. The audit commenced in February 2005 and was completed in November 2007. During that period the Audit Office issued 21 issues papers. In other words, we worked closely with the Audit Office all through that period. There was not a tabling of a report and then a mad scrambling to change the administrative arrangements. That happened over quite a long

period of time and there were a number of administrative changes that are detailed in the audit report which the Audit Office has reproduced. One of them related to the enhanced program guidelines and Ms McNally can provide advice on when that element was revised.

Senator MILNE—What I am particularly interested in is projects that were approved after June 2006 which would not have been subject to the enhanced guidelines. When would you say that that actually took effect?

Ms McNally—The new Regional Partnerships program guidelines were issued in July 2006.

Senator MILNE—So immediately following the period of the audit report the new guidelines came out. So in theory all of the projects approved since June 2006 up to 24 November 2007 ought to have been subject to those guidelines.

Ms McNally—The guidelines were released for applicants to complete applications in July 2006. Proposals would have been in the pipeline. We would have received proposals that were developed by applicants prior to that time. It is a two-step process. There were projects that were developed against the old guidelines and then there was a period of transition and then projects developed and assessed against the new guidelines. So some projects would have fallen into that period of being developed against the old guidelines and assessed against the new guidelines.

Senator MILNE—The overwhelming finding of the audit report for me was the fact that the ministers, according to the audit report, did not adhere to their requirements under the financial regulations. That is very clear. The excuse for not doing so is that the department failed to tell the ministers that they should adhere to the law. I am interested to know why the department did not do that.

Ms McNally—One of the processes that happened during the audit report was that we worked very closely with the Audit Office to understand what their issues were. As they identified that it would be prudent to advise ministers of what their obligations are against the financial management act, we started to include that advice in our recommendations and our briefs to ministers. So once that issue was identified we worked through what the concerns were with the Audit Office, and we agreed a process with the department of finance and we agreed it with the Audit Office so they were happy with what information we were providing. As soon as that was agreed we implemented that process.

Senator MILNE—So why weren't there any red flags raised in the department before this when it is very clear that the department has its own internal audit processes? Why weren't they triggered in relation to these programs where grants were approved when there was not even an application for them? What was the audit office within the department doing?

Ms Page—Senator, I would like to correct an earlier point. The audit commenced in February 2006, not 2005. Under any discretionary grants program, ministers have the ability at any time to decide to spend money on a particular item. The Audit Office response to that is that if they choose to do that the reasons for that should be well documented.

Senator MILNE—Yes, that is right. But it also shows that within the department you have your own audit office. There were guidelines to the grants which were not being adhered to. What I am asking is why the department did not bring that to the attention of the ministers.

Ms Page—I think it is fair to say that a number of these issues are not simple issues of administration. In fact, the issues in relation to the FMA Act took some months of discussion between ourselves and the Audit Office and the department of finance to resolve a common view on how they should operate in relation to this particular program. There are issues in each program about who is the approver and who provides advice to whom. In this program it had some different characteristics to other programs. I think it is fair to say that as we became aware of the issues as they were notified to us through the 21 Audit Office papers we have acted and the sum total of those actions is set out in the report.

Senator MILNE—What I am asking is: how could you not act when a grant is given when no application has been made? Under the most cursory glance from a senior public servant, I would have thought that would have rung some bells with them that this was not appropriate financial practice. The financial regulations are clear: you have to demonstrate that public money is being properly spent. I want to know how that could have happened.

Ms Page—Senator, I cannot speak for the earlier part of the program. Ms McNally and I date from August 2005 and January 2006 respectively. We have spent the last 18 months to two years working through this program with the Audit Office on the remediation strategy that you see in the report.

Senator MILNE—Okay. Are any of the people who ticked off on these from senior positions in the department still in those positions?

Ms Page—No, they are not.

Senator MILNE—Thank you.

Senator NASH—In the discussions that ensued earlier I am not sure whether this question was asked and taken on notice. If it was not, can I ask for a list of the 116 projects that fall under that ‘approved, not contracted’ section. Thank you. Since the inception of the program—and again, I appreciate you will probably have to take this on notice—how many projects have not gone ahead due to the fact that agreement on a funding contract could not be reached? Have there ever been any instances where a project has fallen over because there could not be agreement around the funding contract?

Ms McNally—I will take that on notice.

Senator NASH—This question is probably for the minister. This is in relation to the Prime Minister talking around the whole issue of procedure and process for potential Regional Partnerships program grants which deliver enormously, as the department has said in its annual report, in terms of the economy and economic development for regional communities. In a doorstep interview on 16 November, the now Prime Minister was asked about the process of things. The journalist asked, ‘So ministers would not be able to overturn the recommendations of the department. Is that what you were saying?’ The Prime Minister replied, ‘According to the three-stage procedure I have outlined, absolutely.’ Minister, that would then suggest that under a program if a department made a recommendation to a

minister of a positive nature the minister would not be able to overturn it and decline to approve the project. Is that correct?

Senator Conroy—I do not have the entire transcript available.

Senator NASH—I am happy to table it.

Senator Conroy—I am happy to have it tabled. I am not suggesting that you are misreading it, but I am not aware of the context of that conversation. I am happy to seek the minister's comments on that and take it on notice and get back to you.

Senator NASH—That would be good. I guess my question very simply is: is it appropriate for a department to give advice to a minister of a positive nature—that is, is it possible for a department to give advice to a minister saying, 'Yes, I recommend you approve this project'—and then the minister not be able to overturn that in a negative way and say, 'No, I don't think that is a worthy project. I think the department actually has it wrong here. They shouldn't have recommended that, so I'm not going to tick off on it'? Doesn't what the Prime Minister has said preclude the minister from being able to make a judgement?

Senator Conroy—There could be circumstances arise where, say, five projects are all approved by a department but there are only three spots—three pieces of funding. So, by definition, two projects that were approved would not receive funding, so it is entirely possible that a departmental recommendation saying 'approve this' may not actually receive funding.

Senator IAN MACDONALD—Bad try.

Senator McGAURAN—Why did the department not prioritise so that it does not have to make any decision?

Senator Conroy—But on the broader point that you are making, I think it is a very important question and I am happy to seek the views of the minister on it and take it on notice and get back to you.

Senator NASH—If you could and come back to the committee, that would be great, because I think this is a very important point. The Prime Minister has said that ministers would not be able to overturn recommendations. Departments are not perfect. They do a very good job in most instances, but they are not perfect and they may well recommend something that a minister thinks is not worthy. And, according to the Prime Minister, that minister will not have the ability to overturn that decision. So if you could come back to me with that, that would be great.

Senator IAN MACDONALD—The question is: why have ministers? Let the department run the country!

Senator NASH—That is an interesting point. I am not sure whether this goes to the minister or whether it is now information that is in the department you might be able to help with, but during the campaign the Better Regions program was announced. It was a regional community assistance type program that the government at that point was putting forward. There were a number of projects that the now government committed to funding during that campaign. With regard to any of those projects that were committed to by the opposition at

that time during the campaign under Better Regions, what is the status of those? What is the process for those particular projects?

Ms McNally—The government is currently considering all such projects as part of its arrangements for administration of regional initiatives.

Ms Page—It has made provision in the additional estimates process for funding for the Better Regions program and it will meet its commitments.

Senator NASH—So those commitments will be met according to what you just said?

Senator Conroy—The Prime Minister has made it very clear that we will keep all of our election promises. But the point that you ask as to whether they have commenced, if you like, they are in the same situation where we are considering administrative arrangements, and I think that was the point Ms McNally made.

Senator NASH—Thank you for that, Minister. So those projects that were announced during the campaign under Better Regions that were committed to will be funded?

Senator Conroy—Yes. The Prime Minister has been very clear.

Senator NASH—Then I ask this question. Given that, Minister, it was you that raised propriety of approval of projects, whether it be under Regional Partnerships or Better Regions or these types of projects that go to assist the community: how can you talk about reviewing administration arrangements for a previous program when, by your own admission just then, a number of projects that were committed to during the campaign with several million dollars worth of funding are going to be adhered to and, as far as I can see, there is not one bit of independent assessment or any measurement of criteria for those projects that you announced at that time?

Senator Conroy—They will still be subject to a contractual arrangement and they would have to meet the details and the targets within the contractual arrangement.

Senator NASH—But why is it not okay for a previous government to work with a department which does a very good job in this area in providing advice to ministers and for you to sit here, as you did earlier, which will be in *Hansard*, and howl down the government's record—which I completely refute in terms of providing funding to regional communities—and then turn around and say that it is perfectly okay to fund projects that you have announced on the run during a campaign that have had no assessment by any department or anyone anywhere? One of those projects, as it was my understanding, is a project that this department under the Regional Partnerships program had knocked back. It had been not recommended for funding and yet the opposition at the time committed money to it which, I gather from what you have said today, will be committed to.

Senator IAN MACDONALD—Very good question.

Ms Page—Senator, all funding decisions by the government are subject to regulation 9 of the FMA Act, which requires the minister to make a decision of whether the project is an efficient and effective use of funds, and they will be required to take advice from the department on that.

Senator NASH—So basically they could have run through the campaign and committed to thousands of projects around the country but then, according to what you have just said, if they did not fit they would have to overturn them later?

Senator IAN MACDONALD—But according to the minister, they would be met if they are election promises.

Senator NASH—That is exactly right; because they are election promises, they will be met. So are you not at odds with the minister—

Ms Page—No—

Senator NASH—Sorry, Ms Page, are you not at odds with the minister? He said that the funding commitments will be met; you are saying they are now subject to something else. I am a little confused as to what the actual process is here.

Ms Page—The government has agreed to meet its election commitments. However, all financial transactions across the Commonwealth are subject to the FMA Act, and these are no different.

Senator IAN MACDONALD—So that applied in the previous six years, too?

Ms Page—Yes.

Senator Conroy—If you note in particular—and Senator Milne has drawn your attention to this—the ANAO suggest perhaps it had not actually been met.

Senator MILNE—Exactly.

Senator Conroy—Black and white in the ANAO report, and that is actually one of the most damning findings, Senator Macdonald.

Senator IAN MACDONALD—Senator Nash has got you right between the eyes, Minister. Whether or not they meet the guidelines, you have said that they will be met.

Senator Conroy—The exercising of regulation 9 and 10, delegation to the Financial Management and Accountability Act—all processes.

Senator IAN MACDONALD—No, we are talking about your assurance that every commitment by Mr Rudd and your shadows will be met notwithstanding whatever the department says.

Senator MILNE—Can I just ask a question to clarify this.

Senator Conroy—I was not actually taking that as a question per se, Senator Macdonald.

Senator IAN MACDONALD—Is it right, though?

Senator Conroy—What is correct is that the government will meet all of its election promises.

Senator IAN MACDONALD—So even if the department says no, they will still meet them?

Senator Conroy—It will meet all of its election promises.

Senator IAN MACDONALD—So tell me how that is different to what you allege happened previously?

Senator Conroy—We do not allege any—

Senator IAN MACDONALD—Don't you just suffer—

Senator Conroy—The Audit Office are alleging.

Senator IAN MACDONALD—hypocrisy in the two answers to the—

Senator Conroy—The Audit Office are alleging.

CHAIR—Minister and Senator Macdonald, if you ask a question—whoever it may be—allow the person to give the answer and then follow on with the questions. I know that Senator Milne wanted a clarification but Senator Macdonald, you have the call.

Senator IAN MACDONALD—Minister, do you not see some inconsistency between, as Senator Nash very cleverly pointed out, your assurance that these promises made by shadow ministers during the election campaign without any assessment by the department—any advice—will be met regardless of what the department says?

Senator Conroy—I do not see anything inconsistent with keeping your publicly stated election promises during an election campaign. There is no inconsistency there between the Prime Minister—

Senator IAN MACDONALD—What about the—

CHAIR—Senator Macdonald, you have asked the minister a question.

Senator IAN MACDONALD—I am sorry; I beg your pardon.

CHAIR—I would urge that you hear the minister out.

Senator IAN MACDONALD—I beg your pardon, Mr Chair. Senator Boswell mentioned a commitment made and implemented, and that is not going to be honoured?

Senator Conroy—No-one has stated that it will not be honoured.

Senator IAN MACDONALD—So the Blackall—

Senator Conroy—No, Senator Boswell has asked for information and we said we will get back to him. Even Senator Boswell did not allege it was not going to be honoured.

Senator IAN MACDONALD—Okay. So I take it from that that it is going to be honoured, so there is good news for you, Senator Boswell.

Senator Conroy—You can put words into Senator Boswell's mouth; that is fine. But you are not going to put words in my mouth.

Senator IAN MACDONALD—No, it is your assurance that it will be okay, seeing this seems to be—

Senator Conroy—No, I said Senator Boswell did not go as far as you are trying to go. Anyway, we are having a rhetorical debate here.

CHAIR—All right. I think we are going around in circles, Senator Macdonald.

Senator NASH—I had—

CHAIR—I am sorry, Senator Nash. Senator Milne did have a request and has sat there patiently for clarification.

Senator MILNE—I just want to bring some clarity to this. Once a minister is informed by the department or by anybody else that he or she must comply with the financial management regulations, is it not illegal then for a minister to approve a project if it does not meet those regulations? Is that basically what you are saying, Ms Page?

Ms Page—In relation to FMA regulation 9, the minister has to make a judgement about whether the project represents an efficient and effective use of funds.

Senator MILNE—That is right, but my understanding is that the problem before was that ministers approved projects contrary to the financial regulations and that the reason they got away with it was because the department did not tell them they had to adhere to the law. If they have been told they have to adhere to the law and the financial regulations say clearly that it has to be demonstrated that it is a good use of public money and the new audit requirements are in place then if a project does not meet those audit requirements is it not the case that the minister would not be able to approve it or if the minister did the minister would have to have a very good reason contrary to financial management regulations?

Ms Page—The Audit Office report encourages ministers—it is not a requirement at the moment—to document the reasons if a minister forms a view which is different to the recommendation of the department. The minister could legitimately come to a view that an alternative or a different outcome also represents an efficient and effective use of funds but the Audit Office has encouraged ministers to document the reasons for that.

Senator MILNE—Thank you for that. Earlier I asked you to take on notice the list of projects that have been approved and the departmental recommendations. Where projects have been approved contrary to the department's recommendation can I also see the reasons that the previous ministers have given for approving those projects?

Ms Page—We will take that on notice.

Senator NASH—I go back to the projects under the Better Regions program that were announced during the election campaign. I am happy for you to take this on notice because I doubt very much that you would be able to answer this at the moment. I will expedite things by putting this in writing as a question on notice. What I will be asking is: of the list of projects that were announced by the ALP during the campaign under Better Regions how many, if any, were actually under consideration by the department as submitted projects prior to that time?

Just one last question for the minister because I am completely at a loss here. The minister has been talking all day about accountability and process. Given that the minister has been talking about the proper process—that it was supposed to come, in his view, to ministers under the Regional Partnerships program in the previous government—can the minister answer: why would the then opposition, the now Labor government, commit \$1½ million for the Dysart Sports Complex which, as my colleague here has said, the minister has said is committed funding when that particular project had previously not been approved by this department?

Senator Conroy—I need to take you up on one point in your introduction to the question where you talk about the minister talking about all these issues. Let us be clear: you may be in denial about the ANAO report but it is the ANAO report that has been identified—

Senator NASH—How many projects did the ANAO—

CHAIR—Senator Nash, the minister is trying to answer your question.

Senator Conroy—My second point is that you may be in denial but I am simply quoting from the ANAO's report on the specific item you have raised. It is a very specific question, as I am sure you understand. I am happy to take that on notice and get a specific response on that matter from the minister. As I am sure you will understand, the department has not had a chance to assess these projects and look at these projects for implementation. It is only the minister who can give you that answer.

Senator IAN MACDONALD—It does not matter. You said they are going to be met. It does not matter what the department says. It is done.

Senator NASH—That is exactly right. Just on that ANAO report, how many projects were assessed within that report?

Senator Conroy—Some 14 case studies of projects that had been approved.

Senator NASH—How many projects were assessed in the Regional Partnerships audit? You have been talking about this with such authority that I thought you must have known.

CHAIR—You have obviously got him confused with this great sustained attack, Senator Nash. I am sure the minister will get to the actual piece of advice he needs.

Senator NASH—I was certain he would have this on the tip of his tongue.

Senator Conroy—The information is that examination of the assessment approval and management processes applied to 278 successful and unsuccessful applications made by proponents in the ACC regions mentioned above of which 22 were detailed case studies.

Senator ADAMS—I turn now to area consultative committees. I come from regional Western Australia and I would like to know whether or not area consultative committees will continue. In our area they are a very valuable tool for regional and rural people. A number of projects come forward in my particular one and the Great Southern Area Consultative Committee. I have great concern that they may not exist any longer. Could the minister advise me on that?

Senator Conroy—Thank you, Senator Adams. It is a very good question. That is a matter under active consideration at the moment by the minister. He will inform you when he has finalised his considerations and makes an announcement. At this point, the minister is considering a range of issues around ACCs.

Senator ADAMS—Do the ACCs go into limbo, do they stay, do the staff stay? What happens?

Ms McNally—ACCs are currently funded under contractual arrangements so those contracts are continuing at this point in time.

Senator BOSWELL—I have a couple of questions. Was the \$2.6 million Barcaldine Tree of Knowledge project rejected by the department under the former government?

Senator Conroy—That would be advice to a former government.

Senator BOSWELL—I am asking: was it rejected by the department as a project?

Ms McNally—I will have to take that on notice.

Senator BOSWELL—If it were, and I think it was, it was part of a spending spree by then shadow minister Simon Crean who I believe promised over \$109 million in projects in a week under the Regional Partnerships program. These were election promises. I think one has already been honoured—the Winton dinosaur project. There was another sporting ground. There was another one in Winton. I congratulate the minister for making these statements but it does seem to be an absolute reversal of what you are saying. This was a shadow minister going out and promising money like a drunken sailor—in a week promising \$109 million—in a seat that the Labor Party were targeting.

CHAIR—What is the question, Senator Boswell?

Senator BOSWELL—Mr Crean went out and promised \$109 million in a week. Are those commitments going to be honoured even if the department rejects them?

Senator Conroy—These are election commitments and, as the Prime Minister has indicated, we will honour all of our election commitments.

Senator BOSWELL—The Prime Minister was asked a question by a journalist, ‘Ministers would not be able to overturn the recommendations of the department; is that what you are saying?’ The Prime Minister said, ‘According to the three procedures I have outlined the stages are renounced.’ Can these projects be overturned if the department rejects them?

Senator Conroy—As the Prime Minister has said, we will be keeping all of our election commitments. As to any further comment, I am happy to take that on notice and seek the views of the minister.

Senator BOSWELL—There seems to be a terrible conflict of decision making between the previous government, which has been bandied around as taking advantage of this regional project, when Simon Crean, the previous shadow minister and now the minister, has gone out and done exactly the same.

Senator Conroy—Let us be clear: the ANAO has systematically examined this program over a number of years. Its findings are damning. This is not some Labor Party conspiracy. This is the ANAO, an independent organisation that has made damning findings about the administration of the Regional Partnerships program.

Senator BOSWELL—So as long as you make a commitment under an election commitment you can promise the world? You can promise anything? That is exactly what the minister is saying. You do not have to listen to anyone in the department. They can give you whatever advice they like, but you are going to honour that election commitment, come hell or high water. That is virtually what you are saying.

Senator Conroy—We have said we will keep our election promises.

Senator BOSWELL—Even though the department is saying that this is not worth the paper it is written on.

CHAIR—Senator Boswell, if I may assist, the question has been put to the minister in five or six different ways—

Senator Conroy—And answered the same.

CHAIR—The answer was very straightforward and we have had this line of questioning throughout the day. I would ask, Senator Boswell, if you do have other questions of the minister to please proceed.

Senator BOSWELL—I do. There will be another authority set up, and I assume it is going to be called Regional Development Australia to replace the Regional Partnerships program. Is that correct, Minister?

Senator Conroy—We will keep all of our election commitments.

Senator BOSWELL—No, you were not listening to me. I am asking you what will be the replacement program? Will it be called Regional Development Australia?

Senator Conroy—You are making a number of hypothetical assumptions there. We are considering the administration of the program and when the minister makes his decision it will be announced and we will all know.

CHAIR—Senator Boswell, do you have any other questions to the minister or to the department?

Senator BOSWELL—I hope the ANAO gives it the same scrutiny as it did the previous government.

Senator MILNE—I would like to return to this process, because it seems that there are people on the committee who are not looking at it.

Senator Conroy—‘In denial’ I think are the words I used.

Senator MILNE—I did ask this question before, but I now have a transcript of what the Prime Minister actually said. He said, as I understand it, that there would be a three-step process. A third step for any approval processes under this grants program was that it would need to pass the departmental seal of approval in order for it to proceed. He went on to say that the ministers would not be able to overturn the recommendations of a department because of transparency, public administration et cetera. What I have just seen from the audit report is that the department now has processes in place to inform ministers of their obligations of financial management, and I also now see that the Prime Minister has said that any promises of this kind will go through that process. Minister, given the Prime Minister has said that the third stage of any approval process is with the department and that the department has to adhere to the financial management guidelines, as does the minister, can we expect transparency consistent with the Audit Office, unlike what has happened previously identified with the last government, where there was not that transparency according to the audit report?

Senator Conroy—That is exactly why we are reviewing the guidelines at the moment, Senator Milne, and the points that you have been consistently making here this afternoon are that the FMA is actually a piece of law and ministers should not operate outside the FMA.

Senator MILNE—So it is the view of the government that the minister should not operate contrary to the financial management regulations, and the fact that they have in the past has been excused by the department’s failure to advise the minister of their responsibility, notwithstanding a minister ought to know?

Senator Conroy—I am not as familiar with all of the findings of the ANAO report, but certainly the Rudd Labor government will be reviewing the administrative guidelines to ensure that there is no repetition of what has been a scandalous episode of public administration by the former government.

Senator MILNE—Precisely.

Senator McGAURAN—I think it is pretty clear now—Senator Milne rightly read out your Prime Minister’s press conference—

Senator Conroy—He is your Prime Minister as well.

Senator McGAURAN—I am having trouble getting used to that. I am traumatised, quite frankly. His third point was that you need the departmental seal. It is a wake-up call for you and all the ministers—

Senator Conroy—You have been in a coma.

Senator McGAURAN—You are in the hands of the department and we will be watching that.

Senator MILNE—And the financial management regulations.

Senator McGAURAN—It is as clear as a bell.

Senator Conroy—I think Senator Boswell was questioning you then, Senator McGauran.

CHAIR—Senator McGauran, ignore the interjections and direct your questions to the minister or the department.

Senator McGAURAN—Senator Boswell is puzzled because it is an absurd policy. You wonder why you bother to be elected. But you are entitled to bring it in. Your Prime Minister has brought it in and we will be watching it. From now on it is as clear as a bell. You have to accept, rightly or wrongly, approve or disapprove, according to the department’s recommendation.

Senator BOSWELL—How do you do that when you have an electoral committee?

Senator McGAURAN—As clear as a bell.

Senator BOSWELL—You have two conflicting statements. There are two conflicting statements there.

Senator McGAURAN—The Australian people ought to know that the government has just been handed over to the Public Service, lock, stock and barrel, and the rural and regional sector ought to know that, too.

Senator Conroy—That is not actually a question; it is more of a commentary. But I am happy to let Senator McGauran finish and then move on to—

Senator McGAURAN—Better Regions: I see the forward estimates are very strong. Better Regions was something the previous government brought in in the last six months; is that correct?

Mr Carmody—Growing regions.

Senator McGAURAN—Growing regions? I just wanted clarification on that. As Senator Nash has rightly requested, what programs have been committed to under Better Regions? Could you add to that list or requirement the electorates to which those commitments have been made during the election period? I think that is fair enough, isn't it? Will the government maintain their commitments to improving regional women's representation in decision making?

Senator Conroy—If it was an election commitment then we will certainly be implementing it.

Senator McGAURAN—I do not know what it was. It is a previous government—

Ms Page—It is a previous government program and it is in the same category as other regional programs that are under review.

Senator McGAURAN—So it is under review?

Senator Conroy—The administrative arrangements of all of these, following the ANAO report, are all under review—the whole program. The ANAO report went to the heart of the standard and we are reviewing the administrative arrangements.

Senator McGAURAN—Will the government maintain the Remote Air Service Subsidy Scheme of the previous government?

Ms Page—The RASS Scheme has ongoing forward estimates.

Senator Conroy—We have made no decision—

Ms Page—There have been no decisions made to wind up that program. It is a program that has had an exceptionally long life to date. It is open to any government at any time to cut it if they choose.

Senator McGAURAN—That sounds like you will maintain it, but it does sound like you have the regional women's representation decision making under very serious review. It looks like it is ready for the chopping block.

Ms Page—It has the same status, as the minister has said, as Regional Partnerships and the other regional programs.

Senator McGAURAN—Was it named in the audit report?

Ms Page—It was not named in the audit report.

Senator Conroy—We want to have a consistent set of guidelines across all of the programs.

CHAIR—I do have some—

Senator McGAURAN—Sorry, I have one more question. Senator Boswell raised the election commitment to the Tree of Knowledge. That is the famous Labor Tree of Knowledge, is it? The commitment is \$2.6 million, for Heaven's sake. I do not know how you could spend \$2.6 million around that tree, but if that is the case can you outline to me how \$2.6 million is envisaged to be spent on a dying tree?

Senator Conroy—I think the tree has—

Senator BOSWELL—Expired.

Senator McGAURAN—Where has \$2.6 million—

Senator Conroy—It has certainly had some issues, but we will get back to you and take that on notice on the way we intend to spend that money.

Senator SCULLION—I think it is important, just to ensure that the minister understands the full aspects of the fact, that it was an election commitment by the government of \$2.6 million to protect the tree. It was also a fact that this project had already been rejected by the department. I just wondered if you could provide the answers on notice.

Senator Conroy—Senator McGauran asked specifically how we were going to spend the \$2.6 million. So that is the part I happily take on notice. It was an election commitment and we will keep our election commitments.

Senator McGAURAN—What if the department objects?

Ms Page—The department would have assessed that project under the guidelines of the Regional Partnerships program. It may not meet the criteria for the Regional Partnerships program—it may or may not. It may meet other criteria.

Senator BOSWELL—But you are coming in here and you cannot explain—

CHAIR—Senator Boswell, we really have gone over this and your colleagues have added their little bit. If it is of great importance, please ask. We are going over old ground and I would urge—

Senator BOSWELL—I am just—

Senator Conroy—I was taking Senator Boswell's remarks as a commentary rather than a question.

Senator BOSWELL—No, I am asking you how you define the difference between a department not recommending a program and knowing that it is an election commitment. How can you—

Senator Conroy—We are reviewing the administrative arrangements.

Senator BOSWELL—I am asking: can you explain?

Senator Conroy—We are reviewing the administrative arrangements and we will keep all of our election promises.

CHAIR—And that is about the 15th time I have heard you say that. Senator Scullion, are there any other questions?

Senator SCULLION—I am just a little bit miffed. I understand you have said, 'We made an election commitment and that election commitment will be honoured.' You also said—

Senator Conroy—We have a contract with the Australian people.

Senator SCULLION—And the Prime Minister has also indicated in the media statement that we have tabled that the minister will not personally intervene. So we have a commitment it will happen and we have a project that has already been rejected by the department—and one would have thought the probity issues in the future are going to be tighter rather than less,

and certainly you have indicated that. So I am just not sure how you can guarantee it, because the Prime Minister has said that the minister will not personally intervene. I am just a little confused. I am being fair dinkum here. It is a bit confusing. I wonder if you would be able to throw some light on that circumstance.

Senator Conroy—As I have said, we are reviewing the administrative arrangements. We have a contract with the Australian people about keeping our election commitments. The Prime Minister takes it very, very seriously and we intend to keep our election commitments. We are also reviewing the administrative guidelines following the scandal that is the ANAO report and the minister will announce new administrative arrangements when he has finalised his considerations.

Senator McGAURAN—I just want to revisit the dead Tree of Knowledge. Ms Page, I asked you this question—

Senator Conroy—I am not sure anyone conceded it was dead. It is sleeping.

Senator McGAURAN—It just jumps out at you, \$2.6 million, as an absolute waste. Some frivolous shadow minister at the time has passed through there and thrown down the promise and kept moving. It is an indulgence in Labor history—self-satisfying history. Given that it has been rejected once, you must then know, Ms Page—

Senator Conroy—This is an election commitment.

Senator McGAURAN—why it was rejected. Can you inform the committee why it was initially rejected?

Ms Page—I am assuming it was rejected, as you say. I do not have a detailed knowledge of all the projects under the Regional Partnerships program.

Senator Conroy—We will have to take that on notice and come back to you.

Ms Page—That program has very specific criteria.

Senator McGAURAN—What had they planned to spend the \$2.6 million on initially?

Senator Conroy—That is a very specific question on a very specific project.

Senator McGAURAN—The first time around?

Senator Conroy—The department would like to assist and the only way it can assist is by taking that on notice and getting the information for you.

Senator McGAURAN—If you can spend \$2.6 million on a dead tree in a country town, it just strikes me—

Senator Conroy—I know you have not visited many country towns.

Senator McGAURAN—Are you going to put a gold-plated fence around it?

Senator Conroy—The Collins Street McGauran office is very popular.

CHAIR—We are going around in circles. I have a host of questions, but I would like to show some leadership and I will put them on notice, because I honestly think we have pushed this to the absolute limit and I do not wish to put anyone through any more pain. On that, I thank officers from Regional Services very much.

[5.46 pm]

CHAIR—I welcome those representatives from Local Government.

Ms Page—Before we start, could I answer a previous question that we took on notice?

CHAIR—Yes, of course you may, Ms Page.

Ms Page—We undertook to provide you with the level of expenditure programmed by the Australian Rail Track Corporation on the Cootamundra to Parkes line. The ARTC has programmed the capital expenditure and maintenance of \$3.5 million in 2007-08 and \$5.75 million in 2008-09.

CHAIR—Thank you. Mr Anglely, do you wish to make an opening statement?

Mr Anglely—No.

Senator ADAMS—I am from rural Western Australia. The south-west of Western Australia is experiencing a great boom in its population. We are going through the tree change plus the sea change. Our local governments are really struggling to fund the infrastructure necessary for this big boost in population. Would the department be able to inform me of any programs or any way that these local governments can be helped?

Ms Page—There are a series of sources of funding available to local government. The first is through the financial assistance grants and they fall into two units. The first are the general purpose grants, which are available to councils to spend on anything. The second are the roads grants, which are untied. So they can apply them to anything, but they are determined on a formula based on road length. They are particularly focused on road need, should councils choose to use to them. Councils also have access to the Roads to Recovery program, which provides a tied roads grant to all councils across Australia. Councils can also apply to state governments for funding assistance.

Senator ADAMS—And as far as infrastructure goes?

Ms Page—There is a series of small grants programs across the Commonwealth for a variety of forms of assistance. I do not have a list of all of them, but the principal ones that this department provides are the base funding through the financial assistance grants and roads funding.

CHAIR—Are there any other questions of Local Government? If not, I thank the officers very much.

[5.50 pm]

Office of Transport Security

CHAIR—I welcome officers from the Office of Transport Security. Mr Retter, do you wish to make an opening statement?

Mr Retter—No, thank you.

Senator SCULLION—I am thinking carefully about who I should be directing these questions to. It is the Inspector of Transport Security so I may defer to another senator for the moment.

Senator ADAMS—I have two questions on aviation security. Firstly, do the laser beam incidents come under you?

Mr Retter—Yes, they do, and we can provide some information in reference to an earlier question that you asked. I will just defer to Ms Georgee, who is the acting general manager of one of our branches. She can provide you with some information on what we have done thus far in terms of dealing with the laser problem. If you need any more information, we can perhaps provide it as well.

Senator ADAMS—Thank you. I just want to see the process that you have set up since the legislation was passed. We had a spate of laser attacks on pilots for a while. Has the number of attacks increased or decreased? How you are dealing with that?

Ms Georgee—May I just ask you a question, Senator. I think you commenced your question with ‘since the legislation was passed’.

Senator ADAMS—That is correct.

Ms Georgee—Are you referring to the introduction of the Aviation Transport Security Act or the amendments we made last year?

Senator ADAMS—The amendments from last year.

Ms Georgee—Okay. I might just repeat what they are for the sake of the *Hansard*. Last year in one of the amendment bills to the Aviation Transport Security Act, we put through a provision to make—and I will just describe it in general terms—a clearer arrangement with respect to being able to penalise persons found directing laser beams at aircraft. The particular provision that we amended was not in the Aviation Transport Security Act; it was in fact in the legislation administered by CASA, which is the Civil Aviation Act. That is the particular answer. That is actually an amendment to the existing subsection 24(1) of the Civil Aviation Act. That legislation came into effect on 21 August last year. Again, if I can answer by way of background: the amendments that we made just changed an existing provision to make it clearer that attempted attacks with respect to lasers on aircraft were something that should not be approved of, so we just clarified the operation of the provision.

If you now ask me how many laser light incidents have been reported to the Office of Transport Security, I can give you a breakdown. I have the numbers in front of me and I will just read them to you. They refer to quarters during last year. Quarter one was before the amendment so perhaps I will just start with the third quarter. Quarter three included the amendment. There were 117 laser light incidents reported to the Office of Transport Security during that quarter. The number increased slightly to 135 in quarter four last year. Obviously, we do not have figures for the first quarter of 2008 because that period has not yet concluded. So it is probably fair to say that there does seem to be an increase with respect to the number of laser light incidents. Do you want any further information about this?

Senator ADAMS—Yes, I do. I was just waiting until you finished. Have these people been apprehended or are they getting away with it or where are we going?

Ms Georgee—In general terms, the Australian Federal Police are responsible for dealing with criminal acts, which is what this is. At a very high level answer, I am aware that a number of people were apprehended by the Australian Federal Police or I think in one case

the state police. Unfortunately, with respect to many of the persons who perpetrate the incidents, it is not possible to identify the location of the persons sufficiently clearly and in a sufficient time for the Federal Police or the police in general to be able to go to the location of where they are and apprehend them. As you could imagine, what happens generally is that a pilot will report that during take-off or descent a laser light targeted his or her aircraft. That information really needs to be passed quickly to the police to enable them to go to the estimated location. In some cases, that has been possible but it is quite a small proportion with respect to the number of alleged incidents. So, yes, some people have been apprehended. I could get more information or we could direct your questions to the Australian Federal Police about those particular cases. I do not have that now.

Mr Retter—If I could answer too. The issue here is that it is incredibly difficult for some pilots to ascertain precisely where the laser light is coming from. This impedes the law enforcement agencies, be they Commonwealth or jurisdictional police, from reacting into the area at an appropriate time to catch people. I am aware, as I think Ms Georgee alluded to, that there has been certainly one set of circumstances in South Australia where somebody has been apprehended, but I am unaware of whether the prosecution thereafter was successful or not.

Senator ADAMS—Thank you. Are the majority of attacks coming from the major airports or smaller regional ones?

Ms Georgee—In order to answer that question, I should probably take it on notice. It is generally the case that obviously the larger airports are more likely to be attacked simply because there are more planes flying in and out of larger airports. If you want a regional versus major airport breakdown, I would prefer to take that on notice.

Senator ADAMS—Thank you. The last issue on that particular subject relates to damage to pilots. How many pilots have had eye damage and have had to be taken off their duties?

Mr Retter—I am unaware of how many pilots have suffered eye damage. I am aware of one or two pilots being subjected to medical examination at the behest of the airline and/or the pilot following an incident, but I am not aware of any permanent damage to any pilot.

Ms Georgee—I can agree with Mr Retter. That is my understanding as well.

Senator ADAMS—I have another question on something different but it is still related to security. I would like to know how many foreign dignitaries were exempted from screening during APEC.

Senator Conroy—Does that include The Chaser dignitaries?

Senator ADAMS—We will not worry about them. This is going through an airport. I do not think they went through an airport.

Senator Conroy—Goodness knows.

Mr Tongue—Could I clarify that question a bit. There were certain classes of people who were exempted—for example, heads of state. Do you want us to count how many individuals were exempted or just the classes of people?

Senator ADAMS—No, I would like to know just how many individuals went through without being screened.

Mr Retter—Senator, can I just add to that issue? The fact is a number of heads of state arrived and departed on state aircraft—their own national state aircraft—and therefore had no requirement to be exempt from screening because they did not need to be screened in that case. There were only a number of foreign dignitaries, heads of state, prime ministers et cetera who arrived on commercial aircraft where arrangements were made for the screening of those persons or the exemption of those persons in accordance with the policy that existed at the time. We can get you the numbers that apply to commercial aircraft if you want them.

Senator ADAMS—As far as the commercial aircraft, there was a concern, when this amendment was being passed, that people other than the dignitaries, heads of state and those VIPs would try as people accompanying them to go through without being screened. So were there any incidents at APEC of that nature?

Mr Retter—Senator, there were a number of minor issues that occurred during the screening of dignitaries on departure from APEC. In no instance that I am aware of was there anybody who needed to be screened that was not screened. That is due to a large amount of effort by a variety of agencies who were working at Sydney airport as part of the APEC delegation.

Senator ADAMS—Thank you.

Senator SCULLION—I am not sure who to direct this to at the table. I am sure the one who feels they can best answer it will jump in. Perhaps Ms Power may be able to assist me. In looking to the future, this committee and the Australian people, I guess, look pretty much towards the Labor Party policy platform in terms of maritime security, and I will quote chapter 14: ‘Strengthening Australia’s place in the world’. They have declared that security, stability and peace in the nations of the Pacific and our region are the most important aspects of our policy. In fact, on the public record it has been quite clear that we have an emphasis; in fact it has been another one of their No. 1 priorities.

I note with interest in the recent announcement by the newly elected government there have been a raft of budget cuts that have reversed what was announced in the 2007-08 mid-year economic and fiscal outlook. Amongst these cuts to a range of what I would see as worthwhile federal initiatives, I see that you have taken away \$7.8 million over the forward estimates period of funds provided to support regional maritime security capacity-building programs.

I am sure many would appreciate the nature of the work carried out by the former coalition government in strengthening regional maritime security arrangements. There were various initiatives, and of course this involves bilateral work with the Philippines, Indonesia, Papua New Guinea and all our maritime security partners. This is how we go about enhancing regional marine security.

In Indonesia I know that we have provided assistance. I know that with our Pacific island neighbours we have done a number of bits of work with those partners. I understand we also established and funded the Philippines port security capacity-building project and established a maritime security division in Papua New Guinea. I confess I am pretty concerned that what I would see as very worthwhile programs that meet, I would have thought, the requirements of the government could be imperilled by what we would see as reckless and ill-considered

cuts. Considering nearly 100 per cent—99 point whatever it is per cent—of cargo by weight comes by sea to this country via other ports in our region, it is a very important and serious issue. I wonder if somebody could clarify for us if these initiatives will continue.

Mr Tongue—Senator, I might handle that one. The project that I think you are referring to was a project that we put to the previous government that picked up on some work that we have been doing in the Philippines about developing the capacity of individuals working in the port sector. The current government has reviewed all its priorities and decided not to proceed with that project. We had simply done some development work with our Indonesian counterparts. No contracts have been entered into or any of those sorts of things. The project will simply not now proceed. Having said that, I would note that the government—

Senator SCULLION—Can I clarify that? I do not mean to interrupt your flow. You are saying that the project in Indonesia would not proceed?

Mr Tongue—No, Senator, because the government has decided that it wants to reprioritise that funding.

Senator SCULLION—So that is the background. Can you tell me whether or not you were able to advise the government that a recent United States Coast Guard audit of marine security in Indonesian ports revealed systemic noncompliance with internationally recognised maritime security standards? In fact, on Friday, 24 August the US ambassador to Indonesia privately informed the Indonesian government of the audit results and advised Indonesia they have 90 days in which to significantly improve maritime security standards. Did you provide that advice to the government?

Mr Tongue—Certainly, Senator, we were aware of the US Coast Guard position. At this stage the US Coast Guard is still, it is our understanding, in discussion with the Indonesian government about their views on maritime security in Indonesia. As far as the decision-making process that was undertaken when various items were being reviewed, I cannot say—

Senator SCULLION—I am not asking you to reflect on those decisions. I was simply asking you if that information had been provided to government. I understand from your answer that that is correct.

Mr Tongue—Yes.

Senator SCULLION—Please continue with your answer, if you can recall my first question, sorry.

Mr Tongue—Basically, Senator, the proposal now will not go ahead but, as I have said, we have not entered into any contracts or created any expectation other than doing some design work and speaking to our Indonesian counterparts.

Senator SCULLION—So can you tell me what we are doing to enhance regional maritime security? What are we actually doing to make it better?

Mr Tongue—There are a range of agencies, Senator, that have a bearing on regional maritime security. The bit that we are most interested in is to do with port and ship security and compliance with what is known as the International Ship and Port Facility Security Code. We have been active in the Pacific islands, Papua New Guinea, Indonesia, and the Philippines

and through APEC in trying to assist nations in the region build their capability to comply with the code.

Ultimately, what compliance means is that there is a system of national governance overseeing port and ship security, backed by law, and that on the ground there are practical things like improvements in the security, fencing, lighting, CCTV and all of those sorts of things. We have been active, since the code came into force in 2004, in working in our near region. We have also been chair of the International Maritime Organisation, the International Ship and Port Facility Security Code working group. We have been trying to contribute on an international scale.

Senator SCULLION—There seems to be, particularly in our bilaterals, no doubt about it—despite what they have said—that \$7.8 million will be going away with a lot of these, and I particularly cite the Indonesian one but I know there is one in the Philippines and in PNG. These are regional supports. Because that actually degrades the nature of our security and downgrades it, have we got a report that indicates that there has been a downgrading of the risk assessment for Australia?

Mr Tongue—Senator, I think I would answer that one by saying that we have some staff based in the embassy in Jakarta, and in all of these things there is more than one way of skinning a cat. It is still possible for us to work with our Indonesian counterparts, particularly with the assistance of the Americans, the Canadians and the Japanese for example, to continue to improve port security in Indonesia in particular. So whilst the government has decided to reprioritise, which is—

Senator SCULLION—I appreciate that the \$7.8 million is less cap. I understand that. My question went to whether you were aware of any report that downgraded the security status of Australian ports. Is this a response?

Mr Tongue—No.

Senator SCULLION—Are you aware that this may be a response to a particular report that has come out that says, ‘We do not really need regional security’?

Mr Retter—Senator, there has been no change to risk assessments pertaining to port security in a range of countries that I am aware of that we would be interested in, including Indonesia. I would couch the project that you are discussing and the moneys that were allocated as an opportunity that might have existed to enhance security capacity in that country. As Mr Tongue has alluded to, there has been a change of priorities and that is the government’s business. I am sure there will be future opportunities where we will engage in a constructive way. We have staff on the ground in Jakarta who work daily with the appropriate government agencies in Indonesia to look to where we can assist them.

Senator SCULLION—You really characterise the Australian bureaucracy. You are always hopeful and you will always work as hard as you can, and that is what makes us such a great nation. But, clearly, the significant part of your answer is that we are not downgrading our security system regionally and our maritime security because of some clearly articulated risk in some particular support that we are relying on. I take that as a no.

Mr Retter—I would say that the security measures that Australia takes with regard to maritime security and particularly with regard to how we address all ships approaching Australia and its borders is appropriate and in line with current security assessments. There has been no change to those security assessments and there is no information that I am aware of that would suggest that we need to do more in terms of our border security and preventive security regimes in Australia to address any threats that might exist.

Senator SCULLION—So you are asserting that ‘there is equally no report, Senator Scullion, that says we should be doing more’. I accept that. The proposal at the moment says that we are by \$7.8 million downgrading our security in our region. We are downgrading relationships and the work we are putting into the Philippines. We are downgrading the relationships and the work we are putting into Indonesia and Papua New Guinea. I think it is quite significant, and you are aware of the US Coast Guard and the assessment process they went through. I think you would have to say that is pretty significant. Whilst I acknowledge and recognise it is not part of a security assessment that would say it is high or low, it is simply saying that an audit of your arrangements proved to be faulty. Just to get it right, you are telling me that we have not had a report that says there is a greater risk or a lesser risk. So in fact there is no report at all under which to make a change in our current maritime security arrangements?

Mr Retter—What I am saying is that we are aware of the US Coast Guard’s actions. Nothing in the US Coast Guard’s actions changes an Australian position in terms of the level of risk or threat that might exist from an Australian perspective and that, as such, acknowledges that there are new priorities. We accept that there are other issues in terms of the \$7.8 million. Can I just make a point here in terms of the Philippines and other places? There has been no change or degradation to our capacity building and engagement in those areas, contrary to your comments.

Senator SCULLION—Okay. I made an assumption, and I am sorry I did not mean that this was spread across the programs.

Mr Retter—Absolutely no.

Senator SCULLION—So this is only in Indonesia?

Mr Retter—That is correct.

Senator SCULLION—So this is actually in the very place that we have had another country indicate that there is certainly no level of confidence we should have in that country’s maritime security arrangements with ships that leave from Indonesia and come to Australia. There is no reliance at all on that. That is the very area under which we take away the \$7.8 million.

Mr Retter—Senator, I would say to you that the conditions that exist in those ports are the same as they were six months ago or 12 months ago. We are aware of the conditions of security at those ports. We take the appropriate measures that we need to from a border and protective security perspective in Australia to address the risks that are pertinent to maritime traffic coming to Australia. Nothing has changed in that regard. There may have been an opportunity to assist in further capacity building in Indonesia due to a change of priorities. That is no longer the case. Really, that is the substance to where we stand in regard to all other

international capacity-building projects related to maritime security. There has been no change.

Senator SCULLION—Is there any particular report or information you can provide to the committee upon which you rely to give the statement that there has been no change in the security or the nature of the port over the last six months or before that?

Mr Retter—In that I have access to and see on a regular basis threat assessments and other material that relates to those matters, I think I can speak with confidence that I am unaware of any information that would suggest otherwise.

Senator SCULLION—Are you able to provide the reports that you are referring to to the committee?

Mr Retter—I will have to take some advice on that, Senator. I am not sure. In terms of classified material, I am not sure what the process would be.

Senator SCULLION—Well, obviously there would be a caveat on some of that material, and I am not—

Mr Retter—I am referring to classified intelligence material which, as I state, has not changed substantively in terms of the areas that we are talking about.

Senator SCULLION—So are you asserting that the US Coast Guard—and it is not an insignificant statement for them to make when the ambassador to Indonesia privately informs the Indonesian government of the audit results and they have advised Indonesia they have 90 days in which to significantly improve maritime standards. Now, it may well be that they have been consistently absolutely bloody awful for 12 months. I accept that. But I think the point that I get from all of this is that it would be the last place you would be withdrawing maritime security infrastructure improvements, whether it is a relationship or not. I know today it has been very difficult to see bureaucrats who are doing a fantastic job defending the indefensible. I am not expecting you to do that. I am just asking you to clarify the fact that for the security maritime arrangements in our region we are not relying on any particular report that has said that there is a significant increase—there is a significant decrease in the security assessment. I accept the fact that a report does not exist that increases the security assessment. I know the minister has just left the table. He might return in a moment. I have a question for him because it is not appropriate for the officers to answer.

Whilst he is returning to the table, I will ask: have you made an assessment of the impacts of these cuts, where jobs will be cut potentially, and what impact in terms of each of our regional neighbours will result? I know it is only in Indonesia now. Would you be able to give me an idea—

Mr Retter—In terms of the proposed moneys that would have been used in a port security project, because it was simply at this stage a proposal which had not yet been acted upon, there will be no impact on the ground in that, as Mr Tongue alluded to, there were no contracts signed and no people employed. There will be no impact in terms of current employment levels or workload.

Senator SCULLION—Minister, I know you have been following this flow of information closely. Quite clearly we have had a decision from your government, and I look carefully at

your policy statement in that regard. Again, in 'Strengthening Australia's Place in the World', which is chapter 14 of your policy platform, it particularly talks about security, stability and peace in our region. It talks about this being the No. 1 priority challenge. I note with some concern that \$7.8 million has been taken away from the maritime security arrangements in Indonesia. At the same time we have had a clear concern from a recent United States Coast Guard audit of maritime security in Indonesia. Does this signify that your government is downgrading the priority of building regional security capacity? Perhaps, Minister, if you have information that we are not aware of, or the officers are not aware of, of the change in the security impact of our region, you could share that with the committee.

Senator Conroy—I thought the evidence tendered by the officials was that the systems match the security outlook. I thought that was quite clearly articulated on a number of occasions, so I am not quite sure what the point of your question is when the evidence from the officials was that the security threat and the resourcing match.

Senator SCULLION—Well, that is not as I recall. I asked them a specific question in regard to there being a downgrading. We have taken \$7.8 million away. The officer has kindly offered to skin cats and to work harder for less. But, Minister, it is \$7.8 million that has been taken away from Indonesia at a time when an independent body—I do not know how independent the United States Coast Guard is—says, 'You have 90 days, Indonesia. You have to significantly improve your maritime security standards.' In that environment, where there has clearly been a deconstruction of the current arrangements or the arrangements that had been invested in by the previous Australian government, I just cannot understand how you can assert that that is the status quo. You have taken \$7.8 million away from an arrangement that clearly adds to maritime security in our region.

Senator Conroy—I am simply drawing to your attention the evidence that was actually given to you in your earlier, as you described it, flow of information.

Senator SCULLION—In view of the facts that are before us, could you explain why your government is downgrading to the tune of \$7.8 million the maritime regional security arrangements we had with our neighbour?

Senator Conroy—We reject that assertion completely, and the evidence that you have received this evening disputes that assertion.

Senator SCULLION—We have taken \$7.8 million away from an investment in regional security in Indonesia. I have asked the officers—and they have been very good at supplying as much information as they can—if there is any particular significance or a report of any significance that would reflect that we need to downgrade our investment in this area by \$7.8 million, and they have been unable to provide that to me. I am simply relying on the facts that have been given to them in saying that this is clearly a downgrading. You cannot take \$7.8 million away from something and say that it remains.

Senator Conroy—That is an assertion.

Senator SCULLION—It is gone—\$7.8 million less, Minister.

Senator Conroy—That is an assertion which the government rejects. As the officials have pointed out, the security outlook and the resourcing match.

Senator SCULLION—Minister, that is obviously your view, and perhaps you might pass that on to the minister for an answer on notice. That is your interpretation of the officers' evidence today.

Senator Conroy—That is the evidence you have received.

Senator SCULLION—That is right. That is your interpretation, but I assure you that anyone else who was listening—me and my colleagues included—would conclude that you cannot take \$7.8 million away and say, 'No, it matches something.' If it matches it, it means there would have to be a degradation. There would have to be a devaluation of the security assessment. I have asked the officers and they say that there is not a report that says, 'We have a lesser security requirement to the tune of \$7.8 million.' I have to say that we are very concerned. This is a reckless move that puts regional security not at risk, because that would also be reckless, but it is downgraded in what we believe is an unnecessary manner. I wonder whether you can respond.

Senator Conroy—I think your rhetoric is reckless.

Senator SCULLION—I think I have been very cautious, Minister.

Senator Conroy—I stand by the evidence that you have received from the officials at the table.

Senator SCULLION—Obviously I am not going to get much joy from you, Minister, on this line of questioning. I certainly thank the officers at the table for their information.

CHAIR—Does anyone have any other questions?

Senator McGAURAN—One of the centrepieces of the previous government's security efforts was the introduction of the Maritime Security Identification Card scheme, with great objection from the then opposition. Does the government stand by that scheme and have no plans to—

Senator Conroy—The government has made no decision to remove that plan.

Senator McGAURAN—You might want to go back to your *Hansards*. Is the government committed to the scheme?

Senator Conroy—The government has made no decision whatsoever or suggestion that we do not support the program. I am not sure what you are referring to.

Senator McGAURAN—The Maritime Security Identification Card. Go back to the time when that was introduced. The rhetoric and objection to it—

Senator Conroy—I think you are adding two and two and getting seven, Senator McGauran.

Senator McGAURAN—You did not like some of your mates having security checks done on them down at the waterfront.

CHAIR—Senator McGauran, I think senators—

Senator Conroy—I think you should retract that statement. I think it has been indicated that we actually supported the agreement.

CHAIR—It was a tripartite agreement.

Senator McGAURAN—I was part of the debate. I have a very good recollection.

Senator Conroy—My understanding is that we voted for it.

CHAIR—You were part of the agreement. It is all done and agreed to and everyone was off and running. It has been operational now for nearly 18 months.

Senator McGAURAN—There was a lot being operational—

Senator Conroy—Given that we only have one to go, I was wondering what the thoughts of the committee are. Did they want to deal with the one remaining agency and then we can wrap up for the evening? It is an offer or suggestion—rather than having the break that was scheduled.

CHAIR—Minister, the committee should discuss it.

Senator Conroy—I am offering the suggestion.

CHAIR—But I am also mindful that there are Hansard staff and secretarial staff who have been sitting around here listening to the carry-on for a while. It is great that we are organised here! Senator McGauran, please carry on. We will be breaking at 6.30 for tea.

Senator McGAURAN—That was a poor attempt to cut me off.

Senator Conroy—You said you had only one question. I was not trying to cut you off. Are we going to keep going, then? I think he has just said we are not. I think the shadow minister is suggesting that we could perhaps wrap it up in a short period.

Senator SCULLION—At least so that these people can go home we will get through this question. It does not matter what the time is. Even if it is a bit after, everyone can then go home and then we only have to have the people who are not at the table in any event.

Senator Conroy—The Inspector of Transport Security is all that is left, according to my program.

CHAIR—I am very mindful that when we have agendas set we stick to them. I think I have been a stickler for sticking to agendas. It should be a collective decision of the committee, but I have heard on so many occasions in the last two days someone saying, 'I have one question,' and then we are still sitting here half an hour later.

Senator SCULLION—I encourage my colleagues and me to try to get this over with straightaway.

CHAIR—I do not want to shut down debate.

Senator Conroy—You did say one question.

CHAIR—Senator McGauran.

Senator McGAURAN—As part of the security arrangements for the regional airports there was a trial of CCTV systems at four regional airports—Dubbo, Gladstone, Moorabbin and Geraldton. So what is the result of that trial? Has there been any budget allocation?

Mr Tongue—That trial was part of a package of measures of seven separate initiatives. The trial has now concluded. We have looked at the results of the trial. What has emerged in the whole CCTV area is another stream of work around a voluntary code of practice for the

implementation of CCTV systems. That work initially emerged out of some work we did with the states and territories on surface transport security, but we are now rolling that into aviation. So we have taken what we have learnt from the four smaller airports and we are including that. We are also linking that with work that the Customs Service is doing on CCTV, where Sir John Wheeler made a set of recommendations about the Customs Service becoming the lead Commonwealth agency on CCTV. So we are sweeping all that up together and taking it forward with the aviation industry.

Senator McGAURAN—So it is a relative success. Also, you undertook a trial of the most advanced technologies to detect explosives, liquids, aerosols and gels. What is the result of that trial?

Mr Retter—That trial is still under way and the results of that trial have not been concluded. We are not in a position yet to determine precisely what the best technologies will be in the Australian context, but we would hope that by the end of this calendar year we will have some pretty definitive advice for owners and operators of airports, who manage the day-to-day operations of our aviation security regimes, as to what the best technologies are to address these new threats.

CHAIR—Senator Scullion, did you have any more questions?

Senator SCULLION—The only question I have is to the Inspector of Transport Security.

Senator Conroy—How many questions do you have?

Senator SCULLION—It is just one issue, but I will try to put as much of it on notice as I can.

Senator Conroy—Could I suggest we try to squeeze it in?

CHAIR—We will squeeze it in. If there is only one question, that is fine. I thank very much the officers of the Office of Transport Security.

[6.30 pm]

Inspector of Transport Security

CHAIR—Mr Palmer, do you wish to make an opening statement?

Mr Palmer—No, thank you.

Senator SCULLION—Mr Palmer, welcome. Some great bureaucrats come from the territory.

Mr Palmer—Nice to see you here.

Senator SCULLION—Indeed. You understand we have to try to keep this as brief as possible. There may be things that you will take on notice, and I accept that.

Mr Palmer—Sure.

Senator SCULLION—I will just refer to some media reports. No doubt you will be very familiar with the wind back of the sky marshal program on commercial flights. I understand the decision to wind back the security arrangements was on the basis of an operational risk assessment review for the Australian Federal Police; is that right?

Mr Palmer—I am not aware of that review. I was not involved in it.

Senator SCULLION—Are you aware of any reports or circumstances that would lead us to believe that the new reduced arrangements in place would benefit the security arrangements? Is there any sort of information that you have that means that we should do less in the air?

Mr Palmer—There is none particularly available to me, but I have not looked at it. As I do not have an own-motion responsibility, I only do those matters directed to me by the minister, which has not included this area.

Mr Tongue—I think those are questions that you need to put to the Australian Federal Police, which have responsibility for the air marshal program.

Senator SCULLION—The reason I put it to the Inspector of Transport Security is that I thought you may have availed yourself of it, and I appreciate that you may not specifically have a view. I respect that, and if you have either not seen the report or are across those other issues, you would obviously not be inclined to answer. I will accept that, and thank you for attending.

Senator McGAURAN—I am a little interested that the whole issue of marshals is out of your hands.

Mr Palmer—As Mr Tongue said, it is managed and oversighted by the AFP. It is not a matter—

Senator McGAURAN—So there is no communication with you at all? No briefing? No understanding or anything?

Senator SCULLION—Mr Palmer, you have already, in answer to the question, just clarified that you are not aware of a report or a circumstance that has downgraded the need for security at whatever level at the moment. You are just simply not aware of one?

Mr Tongue—I might jump in there. The way the Inspector of Transport Security legislation is created, the inspector undertakes reviews or investigations as tasked by the Minister for Infrastructure, Transport, Regional Development and Local Government. So the inspector's focus is deliberately designed by legislation to be, if you like, project specific around tasking that the minister may make from time to time. So the inspector does not have a standing capacity to be engaged in what I would call the wider policy debate. The inspector has had no tasking around the air security officer program. That is all within the remit of the Australian Federal Police.

Senator SCULLION—Whilst I appreciate that, I think it is also reflected that the director of transport security has not heard of the particular report—and the minister, I am sure, would have provided me with it if he knew—he is absent for that. I will make sure that we get to the bottom of why we have downgraded our security in the air. I will obviously ask the right people. My apologies for that. Thank you.

CHAIR—No further questions. Thank you very much. Thank you, Mr Palmer. We will now stop for the dinner break and we will be back at 7.30.

Proceedings suspended from 6.35 pm to 7.30 pm

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO

Consideration resumed from 18 February 2008.

In Attendance

Senator the Hon Nick Sherry, Minister for Superannuation and Corporate Law, representing the Minister for Agriculture, Fisheries and Forestry

Department of Agriculture, Fisheries and Forestry**Executive**

Dr Conall O'Connell, Secretary
Mr Daryl Quinlivan, Deputy Secretary
Dr Cliff Samson, Deputy Secretary
Mr Stephen Hunter, Deputy Secretary

Management Services Division

Mr Bill Pahl, Chief Operating Officer
Mr John Bridge, Chief Finance Officer
Mr Greg Haughey, Manager, Budget Management

Corporate Policy Division

Mr David Williamson, Acting Executive Manager, Corporate Policy
Ms Nicola Hinder, General Manager, Parliamentary and Media Branch
Ms Leanne Herrick, Acting General Manager, Governance and Planning Branch
Mr Travis Power, Acting General Manager, Policy Development Branch
Ms Elizabeth Bie, Acting General Manager, Ministerial Liaison

Product Integrity, Animal [including aquatic animal] and Plant Health [including Australian Pesticides and Veterinary Medicines Authority]

Mr Tom Aldred, Executive Manager Product Integrity, Animal and Plant Health
Dr Andy Carroll, Chief Veterinary Officer, Office of the Chief Veterinary Officer
Dr Bob Biddle, General Manager, Animal and Plant Health Policy
Ms Sally Standen, General Manager, Animal Welfare
Mr Bill Magee, General Manager, Product Integrity and Safety
Dr Eva Bennett-Jenkins, Chief Executive Officer, Australian Pesticides and Veterinary Medicines Authority

Australian Quarantine and Inspection Service

Mr Greg Read, Executive Manager, AQIS Exports
Mr Mark Schipp, General Manager, Animal Products Market Access Branch
Dr Narelle Clegg, National Manager, Animal and Plant Exports and Imported Food Safety Branch
Mr Colin Hunter, Acting National Manager, Food Exports Branch
Ms Jenni Gordon, Executive Manager, Quarantine Division
Mr Peter Liehne, National Manager, Animal and Plant Quarantine Branch
Ms Helen Gannon, Acting National Manager, Border Branch
Mr Robert Langlands, Acting National Manager, Cargo Management and Shipping Branch
Ms Jenet Connell, Executive Manager, Business Strategy and Corporate Support
Mr Steve Prothero, General Manager, Information Services
Ms Cathy Cox, General Manager, Business Strategy

Mr Peter Moore, Chief Financial Officer

Mr Wayne Terpstra, National Manager, Information Services

Biosecurity Australia

Mr John Cahill, Chief Executive

Dr Ann McDonald, General Manager, Biosecurity Development and Communications

Ms Louise van Meurs, General Manager, Plant Biosecurity

Dr Bill Roberts, Principal Scientist, Plant Biosecurity

Dr Robyn Martin, General Manager, Animal Biosecurity

Dr Mike Nunn, Principal Scientist, Animal Biosecurity

International Division

Mr Craig Burns, Executive Manager

Mr Paul Morris, Executive Manager, Technical Market Access

Ms Frances Freeman, General Manager, Multilateral Trade Branch

Mr Bruce Bowen, General Manager, Bilateral Trade Branch (Americas, South East Asia,
Subcontinent, NZ and the Pacific)

Mr Simon Smalley, General Manager, Bilateral Trade Branch (North Asia, Europe and
Middle East),

Ms Fiona McKergow, Acting General Manager, Multilateral Trade Branch

Food and Agriculture [including Wheat Export Authority, Grains Research and Development Corporation, and Meat and Livestock Australia]

David Mortimer, Executive Manager, Food and Ag Division

Richard Souness, General Manager, Food Policy and Safety Branch

Mike Ryan, Acting General Manager, Horticulture and Wine Branch

Russell Phillips, General Manager, Wheat Sugar and Crops Branch

Simon Murnane, General Manager, Meat Wool and Dairy Branch

Peter Woods, Acting Chief Executive Officer, Export Wheat Commission

John Watson, Chair, Export Wheat Commission

Keith Perrett, Chair, Grains Research and Development Corporation

Peter Reading, Grains Research and Development Corporation

Geoff Budd, General Counsel, Grains Research and Development Corporation

Danielle White, Finance Manager, Grains Research and Development Corporation

David Palmer, Managing Director, Meat and Livestock Australia

Scott Hansen, General Manager, Corporate Communications and Livestock Exports, Meat
and Livestock Australia

Laurie Robinson, General Manager Corporate Services, Meat and Livestock Australia

Australian Bureau of Agriculture and Resource Economics

Mr Phillip Glyde, Executive Director

Ms Karen Schneider, Deputy Executive Director

Dr Don Gunasekera, Chief Economist

Dr Terry Sheales, General Manager, Agriculture/Chief Commodity Analyst

Bureau of Rural Sciences

Dr Colin Grant, Executive Director, Bureau of Rural Sciences

Dr Kim Ritman, General Manager, Social, Biosecurity and Information Sciences Branch

Dr James Findlay, General Manager, Fisheries, Land and Forestry Sciences Branch

Peter Ottesen, General Manager, Climate and Rural Water Sciences Branch
Mark McGovern, Manager, Business Strategy and Operations

Rural Policy and Innovation

Mr Ian Thompson, Executive Manager, Rural Policy and Innovation Division
Mr Ross Dalton, General Manager, Industry Leadership and Development
Dr Melanie O'Flynn, General Manager, Research and Innovation
Ms Jenny Cupit, General Manager, Drought and Exceptional Circumstances

Natural Resource Management [including Land and Water Australia]

Mr Rod Shaw, Acting Executive Manager, Natural Resource Management Division
Mr Mark Gibbs, General Manager, Climate Change
Mr Gerry Smith, General Manager, Australian Government Natural Resource Management Team
Mr John Talbot, General Manager, Australian Government Natural Resource Management Team
Mr Martin Walsh, Acting General Manager, Landcare and Sustainable Production
Dr Michael Robinson, Executive Director, Land and Water Australia

Fisheries and Forestry [including Australian Fisheries Management Authority]

Mr Allen Grant, Executive Manager, Fisheries and Forestry Division
Dr John Kalish, General Manager, International Fisheries and Aquaculture
Mr Tony Bartlett, General Manager, Forest Industries
Mr Robert Murphy, General Manager, Fisheries and Marine Environment
Mr Glenn Hurry, Managing Director, Australian Fisheries Management Authority
Ms Kerry Smith, Acting General Manager, Compliance, Australian Fisheries Management Authority
Dr Nick Rayns, Executive Manager, Fisheries, Australian Fisheries Management Authority
Mr Peter Venslovas, Senior Manager, Northern Compliance, Australian Fisheries Management Authority
Mr David Perrott, Chief Financial Officer, Australian Fisheries Management Authority
Mr Nigel Catchlove, Acting Senior Manager, Communications, Australian Fisheries Management Authority

CHAIR—The committee will continue its consideration of the 2007-08 additional estimates for the Department of Agriculture, Fisheries and Forestry. As agreed, I propose to call on the estimates according to the format adopted in the printed program. I remind the department that the committee is due to report to the Senate on 18 March 2008 and has fixed Wednesday, 9 April 2008 as the date for the return of answers to questions taken on notice.

We will take a break for tea at 9 pm. Under standing order 26, the committee must take all evidence in public session. 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 departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. The Senate has resolved also that an officer of a department of the Commonwealth or of a state 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. If a witness objects to answering a question, the witness should state the grounds upon which the objection is taken and the committee will determine whether it will insist on an answer having regard to the ground on which it is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim.

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. When called to answer a question for the first time, please state your full name and the capacity in which you appear.

Department of Agriculture, Fisheries and Forestry

CHAIR—I do sincerely welcome Senator the Hon. Jan McLucas, Parliamentary Secretary to the Minister for Health and Ageing, representing the Minister for Agriculture, Fisheries and Forestry, Dr Conall O'Connell, Secretary of the Department of Agriculture, Fisheries and Forestry, and officers of the department. Senator, do you or Dr O'Connell wish to make an opening statement?

Senator McLucas—I do not, but thank you for the welcome, Chair.

CHAIR—Dr O'Connell?

Dr O'Connell—No.

CHAIR—Senator Nash, do you have questions?

Senator NASH—Thanks, Chair. I apologise, I was not here yesterday for the beginning. Did we start rural policy yesterday?

CHAIR—We are continuing rural policy and innovation.

Senator NASH—Then I apologise if these questions have already been asked. Please pull me up if they have been and I will move on. I am interested in some of the programs where we have seen some changes recently, so that I can understand the nature of the changes and the reasons for them. One that I am aware of is the apprenticeships incentives for agriculture and horticulture program. Could somebody take me through exactly what that was going to provide and its current status.

Mr Thompson—That program is not in this portfolio, Senator. It is the Department of Education, Employment and Workplace Relations.

Senator NASH—I apologise. When I saw it was agriculture and horticulture, I just assumed it would fall under the agriculture department.

Mr Thompson—It is for agricultural and horticultural apprentices, but it is part of the broader apprenticeship program.

Senator NASH—The broader mix, okay. Do the re-establishment grants that come under drought funding fall under you?

Mr Thompson—Yes, they do.

Senator NASH—I believe there have been some changes in those as well, so would you mind running me through exactly what those changes have been.

Mr Thompson—The estimates, as indicated in the statements, have been reduced. In September last year additional funding was provided for exit packages associated with the drought and the shortage of water in the Murray-Darling Basin. Our experience since then has been that there has not been the uptake that was expected at the time, and there have been a number of contributing factors. One is the rain that has fallen in some parts of Australia, which has made some people change their minds about what they might do, and the other has been the quite lengthy process that many farmers go through as they make a decision to leave the land or not. Mr Dalton has some numbers.

Senator NASH—That would be great. Can you explain to the committee exactly how those grants work.

Mr Dalton—The grants have three components to them. There is a re-establishment grant which is paid once the farm has been sold.

Senator NASH—Precisely what is that for?

Mr Dalton—People may use that money for whatever purpose they choose, whether it be to buy a residence, to put it towards further education or whatever. That is a \$150,000 maximum. There are two other components for which they are eligible: \$10,000 to assist with relocation expenses, if that is what they are doing, and up to \$10,000 for advice and training. The relocation grant is tied to pursuing employment in another location.

Senator NASH—The second thing I think you said was for further education. Is that right?

Mr Dalton—Advice and training.

Senator NASH—No, advice and training was the last thing you said.

Mr Dalton—The \$150,000?

Senator NASH—Yes.

Mr Dalton—It is up to people to choose what they wish to spend that money on. The only restriction we place on them is that they do not return to farming in an ownership capacity within five years.

Senator NASH—What are the types of things that have been taken up under that further training?

Mr Dalton—To date there have only been a small number of grants—three, I think—that have been for training. I am sorry; I do not have the information on that.

Senator NASH—You said they were up to \$150,000.

Mr Dalton—Yes, that is the maximum.

Mr Thompson—The exit grant is \$150,000. The training grant is up to \$10,000.

Senator NASH—Sorry, that is what I was trying to clarify.

Mr Dalton—If a farmer was entitled to all of the components, it is \$170,000.

Senator NASH—If a farmer is exiting—I notice you said ‘up to \$150,000’—what are the criteria around accessing that grant?

Mr Dalton—There is a maximum asset cap of \$350,000, beyond which they would not receive the full amount. If, after the assessment of all of the assets and the liabilities of the farmer, they have \$350,000 of their own money, or their own assets, they can get a maximum of \$150,000. Then it tapers down to a two for three taper.

Senator NASH—Can you run me through the exact process of the decision to cut the program or assess—or whatever you termed it before—the lack of take-up. Can you tell me what funding was available and for which time period and the reasons for the reduction or cutting of that funding, whichever it may be.

Mr Dalton—The original funding that was allocated or identified in September of last year as part of the drought package was a total of \$150 million over two years. That has been reduced by reversals of \$26 million and \$72.8 million this year and next year.

Senator NASH—Just quickly do the maths for me. How much does that leave?

Mr Dalton—It is \$13.5 million this year and \$45.7 million next year.

Senator NASH—Is that the financial year?

Mr Dalton—Yes.

Senator NASH—So \$13.5 million this financial year. Previously, what was it for this financial year?

Mr Dalton—\$39.5 million.

Senator NASH—Then for the next financial year, which is now \$45 million?

Mr Dalton—\$118.5 million.

Senator NASH—When was the decision taken to reverse this?

Dr O’Connell—If we could just clarify, the program is a demand-driven one and the estimates were estimates of what the demand uptake would be. The changes to the estimates are changes as a result of the experience of actual uptake. There has been a much lower level of uptake than that initial estimate, so the new estimate is based on what would be the now expected demand-driven uptake. This is not a program that has been cut; it is simply that the demand has been lower than expected.

Senator NASH—So the forecast estimation has been changed?

Dr O’Connell—It has been changed. It is still available; the criteria have not changed; there is no cutting to the program.

Senator NASH—How long has the program been running?

Mr Dalton—Since September of last year.

Senator NASH—When did you do the first estimates?

Mr Dalton—These were done in the lead-up to the decisions of the drought package, which would have been early September of last year.

Senator NASH—When was the decision taken to change the forecast?

Mr Thompson—The final decision to change the forecast would have been taken early this calendar year. I do not have the exact date but it would have been in late January.

Senator NASH—Let us just go back to the figures. It was \$150 million over four years.

Mr Dalton—Two years.

Senator NASH—Sorry, over two years. And what is the figure now in total over two years?

Mr Dalton—\$59.2 million.

Senator NASH—So a little over a third. Are you seriously saying that, from an estimate in September of \$150 million, in three months to January you have reduced your forecast by two-thirds, on the events that occurred between September and January?

Mr Thompson—It is on two factors, Senator. One was that, in early September when the estimates were done, there were very bleak conditions, as you will recall, in Australian agriculture. Things have changed subsequent to then.

Senator NASH—Just stop on that: ‘Things have changed subsequent to then.’ Can you detail exactly which things have changed?

Mr Thompson—We have had a lot of rain in northern New South Wales and Queensland and some people in parts of those regions also received better wheat crops than they might have expected in September. It has not changed in the southern part of Australia but in parts of Northern Australia some people are far more optimistic than they were then. That is one factor. The other one is that estimating how and when people will leave farming is extremely difficult. The conditions on this grant were different to those that have prevailed on previous exit grants and the decision to leave farming is a difficult one for farmers. It is affected by a whole lot of factors. So, in many senses, I would suggest that the estimate that was made in September was probably an optimistic one on the basis of a pessimistic outlook and optimistic uptake. Subsequent to then, when you see the actual level of expressions of interest in leaving, there was an opportunity to reassess.

Senator NASH—At the risk of sounding like Senator Heffernan, what a load of rubbish! Do you seriously think that, after six or seven years of drought in some places, one fall of rain and one change potentially to some areas of the country in harvest, in the slight increase in expectation, can reduce what was previously an estimate of \$150 million to \$59.2 million?

Mr Thompson—Mr Dalton will have some numbers there, but one of the factors that was taken into account is that it is a demand-driven program, as Dr O’Connell said. It takes into account the money available, but the amount of expressions of interest and the time it takes to sell a property were also taken into account and we know how many people have expressed interest in that initial period.

Senator NASH—But you had only had three months to assess that demand.

Dr Samson—The original estimate for this component of the program was made by the previous government towards the end of last year. As Mr Thomson said, on experience of the expressions of interest in this component of the program and the actual take-up, the view has been taken that the original estimate was unrealistic.

Senator NASH—Why do you think that happened? Who made that original estimate?

Dr Samson—That was a decision of the previous government, Senator.

Senator NASH—So there was no advice from the department on the estimate? That was just a ministerial decision?

Dr Samson—It was part of a cabinet deliberation and we are not at liberty to disclose the details of those discussions.

Senator NASH—I accept that.

Dr Samson—There are people who may be able to tell you how that came about, but we cannot. A decision has been taken based on actual experience of expressions of interest and take-up that that original estimate was not realistic. As part of the process that I am sure you are aware of, of continuous revision of estimates of demand-driven programs, that estimate has been revised downwards to more closely reflect what would appear the likely take-up rate. As the secretary says, it remains a demand-driven program and no doubt the estimates will be revised in the future.

Senator NASH—Two things: for normal demand-driven programs, once they are put in place, what is the average time frame that is allowed to elapse before a review of those estimations is done?

Dr Samson—That would depend on the program. There is no particular period that I am aware of.

Senator NASH—How many demand-driven programs are there within the Rural Policy section?

Mr Thompson—The demand-driven programs are our Farm Help program, which also includes an exit package, drought exceptional circumstances income support and drought exceptional circumstances interest rate subsidies.

Senator NASH—I appreciate you might have to take this on notice, but would you mind having a look at those programs and coming back to the committee with the times elapsed between reviews of estimated forecasts for those programs which are also demand driven.

Dr Samson—What you will probably find, depending when the program started, is that the time that elapsed between the original announcement and a revision may vary. What would be consistent throughout all of it, I think, is that the revision would occur at the appropriate point in a budget cycle. So the revision that has just occurred in this program really reflects that we are moving into that part of a budget cycle.

Senator NASH—So that normally happens in January? Did you do the revision for this in January?

Mr Thompson—In January, yes. It would normally happen at any opportunity where a budget estimate is revised, so it would be for additional estimates in the budget process and a period midway through the year. We can come back on notice, but for many of the drought ones it is roughly every three months.

Senator NASH—In terms of the process, if you were applying for a re-establishment grant and you were putting your property up for sale, at which point could you apply for assistance? Do you have to have sold your farm or can you do it the minute you start?

Mr Dalton—No, there is a capacity for what is called a preassessment. If you have put your property on the market—so you have indicated more than just an idea that you wish to sell; you have put steps in place to sell the property—you can apply to Centrelink to do some initial information gathering about the claim and it will also allow you to undertake some training in advance of the sale. At the moment there are approximately 156 assessments which are at various stages of completion, so that is 156 people at February who have indicated that their property is for sale, and that property may be at various parts of the sale process—listing, exchange of contract—but the grant is not paid until settlement.

Senator NASH—What is the average length of time for going to an estate agent, listing a property, advertising, agreement for sale and exchange of contracts? Do you have any of that kind of information, just on a rolling average, of roughly how long it takes to sell a property?

Mr Thompson—We would not have an average for Australia. It is quite variable. Some properties sell quite quickly, but some do take an extended period of time. Some take 12 months.

Senator NASH—Yes, indeed. So within the three-month window that you had before you needed to reassess this program because there was not enough take-up, realistically for people, even if they had wanted to list their property the minute this program came into place, you would have had to have people racing the minute that they had heard this program existed for you to get any kind of reasonable bearing on being able to lower a forecast, surely.

Mr Thompson—It does take time to go through the process, as you have said. As Mr Dalton has said, there are over 150 people who have expressed interest now, and they express interest on a daily or a weekly basis, and that is tracked. Allowing time for the process to go through, our current estimates are that we have got sufficient funds until the next budget review, which would probably take place around the middle of the year, on a demand-driven program.

Senator NASH—So from that, the next review will be at budget time. Is that correct? Am I to read that from what you have just said?

Mr Thompson—All budgets for programs are reviewed in the budget context. So we would be looking at these again in the lead-up to the full budget in May, yes.

Senator NASH—Parliamentary Secretary, I know you have a very genuine interest in this area. Are you aware if there has been any discussion around whether or not this program will be continued?

Senator McLucas—I understand, from what I have heard this evening, that the program is ongoing for two years. As you have heard, it is a demand-driven program, and 156 applicants have expressed interest in proceeding in the program. I do not think you can describe this program as being cut, because it is demand driven. The key point you need to take home, Senator Nash, is that the original estimate was too generous.

Senator NASH—According to—

Senator McLucas—According to the evidence from Dr Samson.

Senator NASH—The evidence we got. Of course. His opinion.

Senator McLucas—You and I as politicians can make a judgment about why, in the lead-up to an election, a party might want to put a large figure in the public arena. It is the responsibility of government, as I am sure you are aware, to make sure that the figures that sit in the budget papers are in fact reflective of the need of the community.

Senator NASH—I am rather surprised that the target has been rural communities—and I take on board everything you say. But I am rather surprised that, given there is a normal budget process, as you have just talked about, why not wait until the middle of year and in the normal budget process reassess this program, given that it had only been running for three months, and given, sensibly and practically, nobody would have been out there in a cropping area thinking, ‘Gee, I will put my place on the market while I have got a crop in the ground. Gee, I might just wait till January to see how the crop goes before I even think about this.’

Senator McLucas—Senator Nash, you heard the officers say that this program will be reviewed every three months.

Senator NASH—No, I did not hear that. No, I did not hear that at all.

Senator McLucas—I will get that confirmed.

Senator NASH—I heard the officers say that it was reviewed in the normal budget cycle.

Senator McLucas—That other demand-driven programs are reviewed regularly because, as you and I know, coming from rural Australia, climate changes quickly, and we need to be responsive in these sorts of programs to what is happening on the land and what is happening in different parts of Australia.

Senator NASH—Exactly. I am just about done, but you have just raised a very important point: climate changes quickly; the effects of climate change on farmers do not. So I would hope that in the reassessment of this program, which hopefully will occur in the middle of the year, all the factors I have raised might be taken into account.

Senator McLucas—Can I take that point with you, Senator Nash: in my experience on the land, a lot of farmers take hope from water coming out of the sky, and a lot of farmers would have taken a lot of hope from the water that has fallen out of the sky in the last three months.

Senator NASH—Indeed. But for the ones that have been going through it for six or seven years, one rainfall is not going to do it for them.

Mr Thompson—Senator, if I could make one point of fact about this: you mentioned, ‘Why was this not reviewed in the normal budget context?’ This program was announced in September and, as part of the normal funding cycle, no funding was provided for this program until there was an opportunity in the budget process. It had to go into the supplementary additional estimates bill that was passed last week to provide the funds for it, so there was a process put in place, in addition to the normal budget process, for this program because of the timing of the announcement in response to demand in September.

Senator NASH—Thanks, Mr Thompson.

Dr O'Connell—Senator, this is the same with all these issues that came up post the budget and between the budget and now. That is what the additional estimates and supplementary additional estimates do.

Senator NASH—Thanks, Dr O'Connell.

CHAIR—Senator Milne has been waiting patiently.

Senator MILNE—I would like to pursue this issue but in a slightly different context. I would say in relation to the questioning that has gone on, I have spoken to people on the land and they say that the reason they have not taken this up is it is way too little; that by the time they sell their farm—maximum \$350,000—that gives them \$500,000. There is no way they can relocate to a larger urban centre with \$500,000. What I want to come to is—and this is under 'Rural policy and innovation'—in the rationale for this program, was the thinking that we need structural adjustment in rural Australia to help people who are on land that is no longer viable to move off that land and then have some other proposal for the land, or was this a poverty relief program? In that case I do not see it as innovative. It is a justice arrangement but it is not rural policy innovation. I would like to understand how this fits with this notion that some farmers are now on land that is not viable because of a change in climate. How did this fit with that, and how was the figure of \$150,000 come up with in the context of the reality of real estate prices and the capacity for people to move on—say, \$500,000 and \$20,000 for relocation and training?

Mr Thompson—The first point I would make is that this program, while it may provide assistance to people whose land has been affected by drought long term, is primarily aimed at assisting those business operators whose business is no longer financially viable and who have got themselves into such a position that their only choice is to leave the land. It makes no question about whether the land is viable or sustainable; it merely says, 'In the hands of the current operator a profit can no longer be made from it.' In some cases, I am sure, when the properties go on the market, they are purchased by a neighbour who amalgamates them with their property and that parcel of land becomes part of a viable enterprise.

The amount of money for exit packages is a judgment that was made by the previous government. It does bear some relationship, I suppose, if you had the \$500,000, to what a house may cost in another major rural centre or whatever, but it is not essentially determined on that basis. It was a judgment as to what is a reasonable amount of money for people who once were in farming and who are now going to go into an urban occupation.

Dr O'Connell—Senator, the quantum available was decided by the previous government, and agreed at that time, and has been held over and remains the amount.

Senator MILNE—Yes, I understand that, but what I am asking is: what was the rationale to name the \$150,000? I take your point that the thinking was about getting people off their land, but it is called a re-establishment grant. They have to go somewhere to re-establish. So what I am asking is: did the department have any input into what a reasonable relocation grant would actually be in the context of the real costs of relocation or re-establishment?

Dr Samson—A couple of issues come to mind. One is that, in various guises under various programs, there have for a number of years been exit components. Some of the sugar programs that we have discussed in this forum in the past have had an exit component. It has

been raised by various people at various times that the number on offer at any given time has not been enough to be of use to people who are interested in exiting. The number has, over the years, gone up by increments—and Mr Thompson will correct me—with a starting point of \$50,000 that turned into \$75,000 and went to \$100,000 at one point, as I recall the incremental increase. Each time the hope has been that that increase would provide enough to make a difference to people who have decided that, for whatever reason, they had to go.

Coming back to Senator Nash's questions, based on that experience, we know that whatever it has been increased to has not made that much difference. The last attempt to come up with a figure that might be more useful was the \$150,000. It really was more the next stage in an evolutionary incremental process that \$150,000 was arrived at by the previous government. I was aware of some discussions—I would not call it a detailed analysis—of various people's views of what it might cost to buy a house in a rural community. I would not want to portray the \$150,000 as the result of a detailed analysis; it is more a natural progression in trying to find a number.

Senator MILNE—Have you done any evaluation to look at why there has not been the uptake so that you can identify from the people affected why it is that they are not taking it up, rather than from the other perspective of giving them an incremental increase? It may be much better to offer more and tighten the criteria. You do not actually have to increase the amount but you might get a better result if you have very strict criteria and a larger grant. Has there been any kind of evaluation in that context?

Mr Thompson—There has not been an evaluation of this particular package yet but there have been evaluations of previous exit packages and, as Dr Samson says, changing the amount has an effect in terms of attractiveness but it is not the driving factor. Factors that have affected people's willingness to leave the land have been being able to be taken through a process of recognising that their farm is in difficulty and that the projections are that it will stay in difficulty; hence this one includes that provision for receiving professional advice and training. There are cultural issues to do with 'life outside of farming', so there is training and relocation assistance of that sort so that farmers can go through a skills assessment and see themselves as potential truck drivers or small business operators in other fields. Those elements have been seen from the research to be probably as effective as funding. This package also included increases in those areas, so a review of this program and surveys of the participants may help us in that regard.

Senator MILNE—You said before that one person in trouble does not necessarily mean the next person who farms that piece of ground is going to be in trouble. But have you done any tracking to see about viability, because it concerns me that we have exit grant after exit grant in so many industries and the minute that there is a bit of an upturn they all go back into it and they fail again—we have had so many rescue packages in the Tasmanian forest industry you would not believe. Do you track it to see whether this land returns to sustainable production in the long term? Is there any kind of sense of that?

Dr Samson—Mr Thompson would probably have a comment. It does vary, depending on what program or package we are talking about. I am aware of some where a condition of accessing the exit grant is an undertaking that you as an individual will not return to farming.

I think there are variations on the theme that put a covenant on the actual land itself—that it will not be returned to a particular form of production.

Mr Thompson—These programs do not have covenants that prescribe what the future land use will be but they do say that the individual must leave agriculture in the form of an owner for five years. We do not, in a specific sense, track what happens to the parcel of land but we do have longitudinal surveys of the clients of both the exit package and our other agricultural programs which track what happens to those people and we do track the performance of agriculture in general through the ABARE farm survey. In that population we also have some recipients of some of our farm welfare programs. We do track those. The general trend of all of that, in most regions and most industries, is towards larger aggregations of land which have high levels of capital and therefore become more profitable, intensification of the land, in some cases, or diversification, which makes the business using that land more viable. In some cases—and you only hear this by anecdote—when people leave the land, sometimes the parcel is bought by the place next door or up the road; in other cases, the parcel is bought by somebody who has substantial off-farm income and so is not dependent on that small parcel of land for all of their income, so it does not become an economic cost anymore.

Senator MILNE—That brings me to my next question, which is about the new industries development program identified as a saving. Why have we cut that program, effectively? My reason for saying that is that climate change and agriculture require a capacity for new and different and innovative ways of living on the land that may no longer be viable in the way it was previously. Why is that program cut?

Dr Samson—The short answer, which I will elaborate on, is that it was a decision of government, clearly. What we have is the announcement of a number of new programs and funding has been reallocated from previous programs to new programs.

Senator MILNE—So this funding has been reallocated to another program? If so, where is it now reallocated?

Dr Samson—Mr Thompson will want to talk about that. Largely, the government announced a new program, Australia's Farming Future, which has three components: one is the Climate Change and Productivity Research Program, which is worth \$15 million; the Climate Change and Adaptation Partnership Program, which is worth \$60 million, and the Climate Change Adjustment Program, which is worth \$55 million, \$10 million of which is to enhance the Rural Financial Counselling Program. That is, from memory, roughly \$130 million, which has come from other programs.

Senator MILNE—Effectively, what I was seeking it to do it can still do, rebadged under another program. In relation to the drought and exceptional circumstances, it has been of great concern to me that the assumption has been that the exceptional circumstances are based on the last 100 years. All the scientists are telling me that it is no longer appropriate to think about the climate in terms of the last 100 years. What action is being taken in a whole-of-government approach, together with the research agencies—the Bureau of Meteorology, the Bureau of Rural Sciences, CSIRO, the CRCs et cetera—to review this notion of exceptional circumstances and the one in 100 years and those sorts of criteria?

It seems to me we know there are going to be more extreme weather events because of climate change, and they are happening. We are seeing the insurance industry taking advantage of that, declaring that a flood is no longer a flood; it is an inundation. 'If you are covered for a flood, that is fine, but it was an inundation and you are not covered,' and so on and so forth. Is there any whole-of-government approach to review this notion of what constitutes drought and exceptional circumstances in a climate changing and carbon constrained world?

Mr Thompson—The current process for exceptional circumstances, as you have outlined, is based on the historical record of climate. The scientists tell us that the future is likely to be more variable.

Senator MILNE—That is right.

Mr Thompson—The minister has indicated that he would like to look at future drought policy and programs in the context of climate change, which would take into account what has happened both in the past and is projected to happen into the future. The details of that are being discussed right across government quite widely, but I cannot provide any more detail than that because it is a matter that is still under development.

Senator MILNE—Having said that, am I to assume this will come out of the climate change policy unit in Prime Minister and Cabinet, or is there at this stage no particular process to actually deal with this in any kind of time frame?

Mr Thompson—The climate change department is responsible for overall coordination of climate change policy in the Australian government, but this department is doing work on climate change and drought and how it would impact on programs affecting rural Australia. We are working in collaboration with our colleagues in a range of other departments on what the future of policies and programs should be, so we would be as involved as they would. It would not come from one place in government; it is a whole-of-government initiative.

Senator MILNE—Given that, should there not be some sort of time frame and some sort of awareness raising about rural Australia that this review is under way and that there are likely to be changed parameters in relation to this? We are getting more and more extreme weather events occurring in all kinds of areas and we need to draw a line under it somewhere, surely.

Dr Samson—The other area where a lot of work is being done is under the auspices of the primary industry ministerial council, which is a body of Australian government, state and territory primary industry ministers. For some time now there has been consideration of the relevance of existing exceptional circumstances policy in the context of the changing climate and exactly the issue that you raised, and that is now, as we move into the next round of ministerial and standing committee discussions, something that is very high on the agenda.

Senator MILNE—So you cannot give me any sense that there is a time frame in which we would expect to get that review formally out there in the community?

Dr Samson—Not at this point in time, no.

Senator McLucas—Senator Milne, it is early days. There is a lot of work happening across a number of portfolios in terms of climate change.

Senator MILNE—Yes.

Senator McLucas—There is a need, and you have identified it, that we have to be coordinated across portfolios, and I understand that the Minister for Climate Change and Water is undertaking that role. It is a matter of ‘watch this space’, but I do take your point about informing the community and I will ensure that the minister is aware of your views.

Senator MILNE—My final question goes to the issue of insurance, which I just raised a moment ago. It concerns me greatly that the insurance industry is way ahead of governments and the community in terms of protecting itself from claims by making these decisions already. Is there any kind of discussion out there, in this rural policy innovation sense, of actually talking to the insurance industry about it getting some agreed definitions? I see in insurance policies now in terms of coastal areas that if you have a flood policy it does not cover you for storm surge. Most people in the community would think, if they were insured against flooding and there was a storm surge because they lived on the coast, that they would be covered. Well, they are not. Equally, in relation to the recent floods, the industry has come out and say, ‘Yes, you are covered for flooding but you are not covered for inundation, and this downpour was declared an inundation, so sorry.’ Particularly for rural Australia, where people sit back and think they are insured, we are going to find massive dislocation. Governments are going to have to pick up the bill because the insurance industry has been allowed to get away with covering itself at the expense of the community, in my view.

CHAIR—That was more of a statement, Senator Milne.

Senator MILNE—I am just asking. This is a rural policy innovation unit. It would be innovative indeed if they were to have that kind of discussion to protect the constituency.

Mr Thompson—We do have discussions with the insurance industry from time to time about those risks that are insurable and do impact on the rural sector. We have not had a lot of discussions about flooding or inundation because those impacts are not part of this portfolio, and flood insurance has been something that farmers, except in very rare cases of high-value crops, have not been able to use. The discussions we have had with the insurance industry are more related to hail and fire and those sorts of things. So we have periodic discussions with them to try to keep up to date with where they are at.

Senator MILNE—Perhaps in this review of what constitutes an extreme weather event in terms of one in 100 years, can I ask you to take it on board at least that there should be some discussion with the insurance industry in that context.

Senator McLucas—I will pass your views on to the minister.

CHAIR—Yes. Well done, Senator Milne. Senator Nash?

Senator NASH—I apologise that I have to ask you to clarify this, Mr Thompson. A while ago you made some comments—I think it was when you were talking about further education—about moving farmers to be truck drivers. Did I hear you correctly?

Mr Thompson—When farmers leave the land, they take on a range of different occupations. A number have gone into trucking businesses; others have gone into small businesses; others have gone into employed occupations. It is just an example of the sort of thing they do.

Senator NASH—I was hoping you did realise that most farmers are already truck drivers and can drive trucks.

Mr Thompson—The point I was making was that many farmers have skills but they do not recognise they are skills that could be used off the farm. Another example I could have used is that a number of farmers in one state became caravan park operators because their skills in general—handyman, operating with lots of people and that sort of thing—suited them for that occupation. It is a process of taking them through, identifying what skills they have and saying how they can use them in alternative employment occupations.

Senator NASH—Exactly, realising of course that truck driving is a highly skilled occupation.

CHAIR—They tell me the way to make a small fortune out of transport is to start with a large fortune. Anyway, Senator Nash, thank you.

Senator NASH—Thank you for clarifying that for me, Chair.

Senator ADAMS—I was a little late coming, so I apologise for that. Having spent quite a lot of time up in the Morawa and the mid-west area of Western Australia, which has had three, four and five years of drought, I have some comments here from Chairman Warren Carslake of the Dry Season Focus Group. Their biggest problem was that, when they really had a very poor season or no crop last year, by the time they got together and tried to work out whether or not they could make the grade—a lot of them having problems because of the escalation of fertiliser and chemicals and not being able to obtain any seed grain—they were making decisions or trying to make decisions that perhaps they should try and take up the drought assistance grant and move away. But, because they were in the middle of harvest and trying to scratch out whatever they could, the deadline of 31 January was a huge problem. Why was that deadline set so early? That was the deadline for the drought assistance package, and they just did not have the time. By the time they sorted out their business plan as to whether they could or could not stay—what they could do—they felt it was absolutely unfair to force this upon them. 31 January is a very difficult time because, for any of them that wanted to have a break if they had the opportunity, that was it and the cut-off was 31 January. So why was that decision made?

Mr Thompson—Ms Cupit might have some more information on that. That area was given full exceptional circumstances assistance last year. It is an ongoing program and they can apply for income support from Centrelink on a regular basis. They can apply for an interest rate subsidy on two occasions per year. All I can think is that what they are talking about is that 31 January could well be the date for the first application set by the Western Australian department running the interest rate subsidy program over there for applying for the first interest rate subsidy. We would have to take that on notice and check the detail.

Dr Samson—If you could give us the—

Senator ADAMS—I could read the quote, yes. It is from the *Farm Weekly* of 14 February 2008.

CHAIR—Do you wish to table that?

Senator ADAMS—Yes, I will table it. It reports a comment from Mr Warren Carslake:

DRY Season Focus Chairman Warren Carslake said he was surprised the Government had made the decision to cut funding to drought assistance before farmers had even had the chance to apply.

“Last year they opened up qualifications for more farmers to come on board,” Mr Carslake said. “So all these applications would have barely even arrived yet with the deadline of 31 January.

“Yet the minister is saying the demand for the funding has dropped now the drought has broken.”

I can assure you that, being a farmer, no way was the drought breaking with the little amount of rain that this area has had. The drought has not broken, and these people are in dire straits. While I am speaking about this, a lot of them rely upon the FarmBis program to try to make decisions as to whether they are going to stay or go. With fertiliser going up the way it has, chemicals going up and no seed grain available, they are having a terrible time. They are very disappointed with what has happened.

Dr O’Connell—We would like to take that on notice, because that appears to be a misapprehension, as far as I am aware, of the state of play. If that is right, we are more than happy to get in touch with the person and explain the circumstances, but it is not the case that that is closed.

Senator ADAMS—That was in the *Farm Weekly*, which has a very large distribution across Western Australia.

Dr O’Connell—I do not see where the information would have lined up. It looks like there has been some confusion there, to be honest.

Mr Thompson—Jenny has the exact date here, but the exceptional circumstances assistance continues in that area until September 2008.

Ms Cupit—The majority of the areas in Western Australia go through until September 2008, so I am not quite sure of the date that you are referring to.

Senator ADAMS—I have not had time to check whether it definitely is 31 January. They were all of the opinion that the funding has gone—and they have gone as well, I think.

CHAIR—Ms Cupit, you could supply that information to Senator Adams through the committee, couldn’t you?

Ms Cupit—Yes.

Senator ADAMS—That would be great, thank you.

CHAIR—Are there any other questions for Mr Thompson? Senator Macdonald.

Senator IAN MACDONALD—Mr Thompson, how much does your department contribute to that marvellous youth education program Heywire?

Mr Thompson—This year we contributed \$50,000 for its normal operation plus an additional \$30,000 to enable some alumni from the program to attend its 10th anniversary this year and participate in the program as people who had been through it and could bring back some further life experience to it.

Senator IAN MACDONALD—That additional \$30,000 was really organised by the previous minister but confirmed by the current minister—is that correct?

Mr Thompson—It was announced by the previous minister just prior to the election and confirmed by the current government, yes.

Senator IAN MACDONALD—Thank you for that. Senator McLucas, my last question is to you. I spoke to the minister, and he seemed enthusiastic about that program, so I seek an assurance from you on behalf of the minister that funding will be continued for a long time into the future.

Senator McLucas—And you know I cannot give that assurance. I am sure the minister is aware of your thoughts about Heywire. I share them, as a rural Australian, as well. We will pass on your thoughts to the minister.

Senator IAN MACDONALD—I congratulate the officers for continuing to support—and, Senator McLucas, you have been there in past—what has been a really marvellous program.

[8.26 pm]

CHAIR—There being no further questions, we move to natural resource management. Mr Shaw, do you wish to make an opening statement?

Mr Shaw—No, Mr Chair, thank you very much.

CHAIR—Senator Abetz.

Senator ABETZ—Thank you, Mr Chairman. I hope to get some answers to questions which are actually recorded so I can quote them back to the department, but I am sure that will not be necessary. Can you tell us what has happened with the weeds of national significance program in general terms under this government. Is that continuing? I understand there has been a cut—was it \$300,000?—that I detected somewhere.

Senator MILNE—I thought you started that.

Senator ABETZ—What?

Senator MILNE—The CRC on weeds disappeared under you.

Senator ABETZ—No, that is a different portfolio, the CRC.

Senator MILNE—It's the same weeds!

Mr Shaw—Senator Abetz, I can answer that. In the PBS \$300,000 has been moved into 2008-09 and 2009-10. That is to fund a fireweed project which was announced as part of the election commitments. The reason that we have moved the funding over to those years is that there is currently a fireweed project which is under way, which is due to finish in June this year, and we thought it would be useful to see the outcome of that project to determine how best to utilise the \$300,000 on a further fireweed project. That is why there is a movement in the estimates.

Senator ABETZ—So the \$300,000 movement is, what, deferring it till the following year?

Mr Shaw—No, the following two years. But that is correct, yes.

Senator ABETZ—But that begs the question whether a different government may have made money available. So it has been taken out of this year?

Mr Shaw—It has, but, as I said, it was to await the outcome of the current work on fireweed and to ascertain how that might impact on the future work on fireweed.

Senator ABETZ—But you are not suggesting other work could not have been done with that \$300,000 in relation to the fireweed scourge in—where is it?—the Monaro district?

Mr Shaw—Down around Bega.

Senator ABETZ—What area is that? Eden?

Mr Shaw—Eden-Monaro, yes.

Senator ABETZ—I know it is the electorate of Eden-Monaro, but what is the area? Anyway, Bega. We know where it is. You are saying that there would not have been any use for that \$300,000. That could have been gainfully employed.

Mr Shaw—I do not know enough about the project to really comment, but I would have thought it would be useful, given the same people are doing the current work and have agreed to the funding coming through later, to see the outcomes of the current work. So it will be linked to the work they are doing.

Senator ABETZ—What do we know about the fireweed? Is it continuing to spread?

Mr Shaw—I do not know the answer to that. My understanding is that it is not widespread throughout Australia; that the Bega area is an area where it is concentrated, hence the work being there. My understanding is that it is not spreading further afield at this stage, no.

Senator ABETZ—What is our tactic? Eradication or management?

Mr Shaw—I do not know. I would have to take that on notice.

Senator ABETZ—If you could, please.

Mr M. Walsh—The best control for fireweed, according to advice from state governments, is incorporating integrated management strategies, including herbicides and mechanical methods, in addition to vigorous permanent pastures that can compete strongly with fireweed seedlings.

Senator ABETZ—Thank you for that, but what is our overall hope?

Mr Quinlivan—Fireweed is not the subject of an eradication program. The activity that is being described here is control and management, so it is going to become an ongoing issue.

Senator ABETZ—Thank you. Mr Shaw, you were about to tell me about weeds of national significance.

Mr Shaw—Under the current Defeating the Weed Menace program, there is some money there which is supporting the work on the weeds of national significance.

Senator ABETZ—Is that money being maintained?

Mr Shaw—The future of NRM programs is currently under consideration, and that will be looked at as part of that process.

Senator ABETZ—This may have been asked earlier on, but is the two per cent dividend for the department as a whole being visited upon your section?

Dr O'Connell—If I might clarify: we did have an extensive discussion of the dividend issue at the start. The dividend will be handled across the portfolio in an integrated way. It will not necessarily fall in any particular area. We will work that out across the portfolio.

Senator ABETZ—It will not necessarily, but of course it might. Can we be given a guarantee that the weed section will be quarantined from that?

Dr O'Connell—I would not give a guarantee that any section would be quarantined from that at this stage. We have not got to the stage of managing that dividend, so that will be something we will be able to report on after we have worked through that.

Senator ABETZ—That is all I have, thanks.

Senator MILNE—Can I follow on from there, Mr Chair, in relation to weeds in particular. We seem to have an awful lot of programs with a lot of bits of funding all over the place. I know Land and Water are contracted to manage the R&D component of the program, complementing other research. Then you have the national weeds management facilitator, who is supposed to be coordinating national action and so on. Do we have an evaluation out of all of this of how we are actually going on weeds in Australia?

Mr Shaw—We had an evaluation of the Defeating the Weed Menace program, which is an overarching program of \$44.4 million, finishing in June this year. That has not been finalised yet but it will be finalised shortly, and that is undertaking a review of the program and some of the elements underneath it. That was a national framework for looking at addressing weeds issues.

Senator MILNE—What I am asking is not whether it was administered properly and all that sort of stuff; I am asking about on-the-ground outcomes for ecosystems across Australia. Has all this money succeeded in any way in rolling back the weeds menace across the country? It seems to me the invasives are spreading everywhere you look. You have climate change now, having sleeper weeds turning into active invasives and so on. What is the analysis of this program about all this money? Has it worked? If so, where? If not, what are we going to do about it?

Mr Shaw—The program has only been going for about four years, which is a relatively short period of time in relation to addressing the sorts of issues that you have referred to. Yes, it is a major issue. Obviously, further ongoing work in a more strategic and coordinated way is required, and we would be looking to take a lead in that in the future.

Dr O'Connell—The review that Mr Shaw just mentioned would be a performance review of the program. It is not just, 'Has the money been spent properly?' It is a performance review, as I understand it.

Senator MILNE—The CRC for weeds was defunded and then there was an application in for invasive plants, and that did not get up. Land and Water has now got some R&D. What are we doing to replace that capacity and what is Land and Water doing?

Dr O'Connell—We might ask Michael.

Dr Robinson—Can I have you repeat the question, Senator Milne.

Senator MILNE—I am concerned that there are so many programs across Australia on weeds but there does not seem to be very much in the way of leadership and innovative R&D work. I am asking what is the role of Land and Water Australia in R&D on weeds and how is it coordinated across all these other weeds programs?

Dr Robinson—Land and Water Australia is contracted to manage the research and development component of the Defeating the Weed Menace program. That contract is to basically finish in the middle of the year. We are to deliver that R&D component, but part of that within Land and Water Australia, and as part of our commitments, is to think about what comes next. Those discussions are important to Land and Water Australia, and we are having those discussions at this time with the department as to where to next and how we can be involved in that leadership.

Senator MILNE—So basically in the middle of the year the research that you have been undertaking finishes and there is no indication of how that is going to be carried on at this point.

Mr Shaw—Senator, if I could come in at this stage, there was a \$15 million election commitment of the government to fund a new national weeds and research productivity program. We are obviously working with people like Land and Water Australia and the current CRC in looking at options for having this national research centre, which could start some time in the next financial year. We are looking at ways to ensure that there is a minimisation of time lapse between the CRC and what might come under this new proposed national weeds research and productivity program. We are consulting with all of the key players in relation to that in looking at what that might result in, and that would provide a national framework.

Senator MILNE—You are worrying me already with the ‘and productivity program’ aspect of it. Is this research just for agricultural productivity or are we actually looking at sustainability in natural ecosystems and things like invasive weeds in Kakadu, for example, the spread of buffel grass, elephant grass and so on through the Territory and elsewhere? Is it related to anything other than just productivity on farm?

Mr Shaw—Absolutely. Of course, weeds are not restricted just to farms. They are an issue for urban people as well and, more broadly, are—

Senator ABETZ—In both heritage areas and national parks.

Senator MILNE—We have just mentioned those.

Mr Shaw—I would see it as more wide ranging, but this would need to be developed as part of the consultation process.

Senator MILNE—What consultation process is there? How can both the civil society community as well as businesses engage with this consultation process? My concern here relates to the fact that the CRC was not funded because they could not demonstrate a dollar value in relation to their research. Yet every farmer you spoke to said it increased their productivity, so there was a dollar value but the way it was structured meant it did not get funded. How do we get the community consultation to make sure that the broader aspects of weeds and ecosystems are taken into account in this research program?

Dr O'Connell—The nature of the program is still under development and the government decision is still yet to be made on how that will be worked through.

Senator MILNE—Well, it is the perfect time, if it is still under development, to consider how the community might be engaged in talking about what it wants from government funded weeds programs. Minister, would you be prepared to convey to the minister that there is a real concern in the community about weeds in an ecosystem context, not just in an agricultural productivity context, and that the community be given some input into helping to frame those kinds of criteria for research?

Senator McLucas—I undertake to do that, Senator.

Senator MILNE—Thank you.

CHAIR—Are there any other questions?

Senator IAN MACDONALD—Dr Robinson, what is Land and Water's involvement with weeds? I just did not catch what you said before.

Dr Robinson—Land and Water Australia is contracted to the department to manage, on behalf of the department, the research and development component of the Defeating the Weed Menace program.

Senator IAN MACDONALD—How much was that for?

Mr Shaw—It is \$5 million over four years, finishing at the end of this financial year.

Senator IAN MACDONALD—Five million dollars, and it is being continued.

Mr Shaw—Well, there is an election commitment for a \$15 million national research program.

Senator IAN MACDONALD—Over three years.

Mr Shaw—Over three years, yes.

Senator IAN MACDONALD—So it is really a continuation of the existing program.

Mr Shaw—A similar level of funding, yes.

Senator IAN MACDONALD—What are the big projects that Land and Water Australia—not necessary with weeds, of course—have as their main focus at the moment?

Dr Robinson—We are managing a dozen different programs at Land and Water Australia, plus the development of a new national climate change research strategy for primary industries. Of that dozen programs, for example, we host the National Land and Water Resources Audit, we have a Knowledge for Regional NRM program, we manage soils, weeds, climate variability, environmental water allocation, native vegetation and the Tropical Rivers and Coastal Knowledge program. I think that covers most of them.

Senator IAN MACDONALD—Just remind me: you are really an R&D corporation by a different name, but you do not have private partners—is that correct?

Dr Robinson—That is right. We are the only one of the RDCs that does not have a commodity link. All of our appropriations are direct from government.

Senator IAN MACDONALD—What does your current research into climate change involve?

Dr Robinson—We have been running the Managing Climate Variability Program for some 12 or 13 years in various forms and under different names, which is a multipartner program focused on seasonal forecasting. So managing for climate variability, looking at the drivers of seasonal climate change, particularly for agricultural regions, and then developing seasonal forecasting tools. That has been a very successful partner program over that time. In the last eight or nine months we have been leading a joint initiative amongst all the RDCs, the Commonwealth and state governments, on developing a national research strategy for primary industries in response to climate change, which we hope to deliver in the next few weeks.

Senator IAN MACDONALD—Are you involved in what I might delicately put as cows' ill-mannered behaviour and their contribution to climate change?

Dr Robinson—Our Managing Climate Variability Program, no. The research strategy that we are developing is not yet investing in research; it is trying to develop up the plans to have substantial national collaboration in that space. So not yet.

Senator IAN MACDONALD—Are you in close contact with the farming organisations in relation to the research you are doing?

Dr Robinson—Yes. For example, the National Farmers Federation sit on our climate variability program steering committee. The Farmers Federation and other industry organisations are sitting on our reference group for the development of the national research strategy.

Senator IAN MACDONALD—Thanks for that.

Senator HEFFERNAN—Are you monitoring the prediction of between 3,500 and 11,000, given the variability of the sciences, in the removal of run-off in the Murray-Darling?

Dr Robinson—No, we are not making those predictions. We have funded some work in that area through the South Eastern Australian Climate Initiative, which is actually being managed through the Murray-Darling Basin Commission, but it is the CSIRO and Bureau of Meteorology doing that work. They are looking in the south-east Australian region of the Murray-Darling Basin, in particular, for some of the climate impacts and run-off effects.

Senator HEFFERNAN—The prediction is a decline in run-off in the southern Murray-Darling Basin and the weather moving tropically south and in an anticlockwise direction. Are you looking at that?

Dr Robinson—We are investing in some of that work through our climate variability program, yes. But most of that work is more generic climate modelling in nature rather than seasonal forecasting.

Senator HEFFERNAN—As part of that work do you have input into the NT and Western Australian government thinking on the development of weather patterns of the north? Can I give an instance so that you can touch and feel it. Macca, I do not know whether you were there. I had better not name the place. It was north of Kununurra. Did you fly out there with me?

Senator IAN MACDONALD—I have no idea. Next to it.

Senator HEFFERNAN—Do not worry. I noticed these tracks across about 100,000 acres of country that is being artificially flooded, and I said, ‘What are those tracks?’ I have forgotten what they told us, but they were actually spreading seed, and you may be aware that some well-intentioned seed that gets spread eventually turns into a problem. I just wondered whether Land and Water Australia would have—because it appears to me that the NT government has no resources of notable capacity—and I guess it is not much bigger than a decent local government area in terms of the number of people et cetera. It just scared me a bit. I wondered whether what they were spreading there was going to eventually turn into a problem. Do you have input into the likes of the NT government as to what they are up to, and do they seek advice from Land and Water Australia?

Dr Robinson—The main investments in the north that we have are through our Tropical Rivers and Coastal Knowledge program, which is primarily looking to understand the river and estuarine ecosystems to better inform decisions to be made in the future about development or otherwise.

Senator HEFFERNAN—This mob had built a dam across a valley—I am not too sure what all the licensing arrangements were—with 200,000 or 300,000 megs to artificially flood 100,000 acres out of season. You do not know about it?

Dr Robinson—I do not believe we are investing in that space, no.

Senator HEFFERNAN—It is a bit scary, I have got to say. I was a bit curious about it. They need help, by the way. The NT government needs help.

Senator NASH—One of the priorities under rural research and development is, ‘Improving competitiveness through a whole of industry approach.’ Can you just explain to the committee what that means and what is entailed in that? Would you like to take it on notice?

Dr Robinson—Can I refer that to a departmental—

Senator HEFFERNAN—That is bureaucratic jargon. Can anyone decipher it?

Senator NASH—I am sure it is a very good thing, but I just wondered exactly what it was. Would you mind taking it on notice and just coming back to the committee about what exactly that ‘improving competitiveness through a whole of industry approach’ might be. Thank you.

Dr Robinson—I will take it on notice, if I am the appropriate one.

Senator NASH—I am sure it is far too important for you to take a stab at. We would like a full and detailed briefing to the committee.

Senator MILNE—Can I just follow up with Dr Robinson on something. In relation to this research, one of the things that is emerging out of all these estimates is that several departments are now rushing to catch up on climate change in all sorts of different ways, and we now have a plethora of programs across government. But I am concerned about the lack of an overarching research strategy and then an allocation of research programs across government to make sure we are not having duplication of effort and so on. We have got the Bureau of Rural Sciences doing its thing with the NAMS site and so on; we have got the

CSIRO doing its thing; we have got Land and Water having input to the rural strategy on climate change, and the Bureau of Met as well—and that is just to name a few. Is all this being coordinated in any way? Do you know what people are doing and vice versa? How are we going to make sure that we have an overall strategy to maximise the benefits of all this research rather than everybody doing similar things and no-one quite sure of how it all comes together?

Mr Quinlivan—The department of climate change is getting itself organised and beginning to influence what is happening at the Commonwealth level. Climate change has become a significant standing item on the ministerial council agenda for natural resource management ministers. There are quite a number of activities under way there and the coordination of those is a priority. You said there is a lot of activity. That is true. You said there is a lot of research. I am less sure that that is true. There are certainly a lot of people wanting to do research and most of those have limited funds. We are certainly one of those, and we recognise that what we do needs to be well organised and part of a collective effort rather than done individually. I think you will see quite a lot of collaborative and coordinated work emerge over the next year or so. Emissions trading is obviously going to be a catalyst for a lot of that.

Senator MILNE—How do CSIRO, the Bureau of Rural Sciences, Land and Water and the Bureau of Met work together now?

Mr Quinlivan—I cannot really speak for them now, other than to say that there is a good deal of informal contact. Those who are commissioning work from all of those have a good idea about where their priorities are. The Commonwealth agencies will be organising work around the imperatives of emissions trading and the government's priorities for investment and adaptation. The funds that are available will be directed to the projects of highest priority. As I say, I expect you will see quite a lot of organised work emerging over the next year or so.

Dr O'Connell—We went through the relevant agency in our portfolio that you mentioned, Bureau of Rural Sciences, yesterday. We do not have them here today to discuss that.

Senator MILNE—I do not want to ask any additional questions of them. What I am saying is: how can the community be confident that there is an overarching body which determines research priorities and then makes it clear who is doing what and how the products that they bring out complement each other and how they are accessible to the community in whatever way that may be appropriate? It is the coordination and cooperation that I am talking about, not the actual programs.

Dr O'Connell—In terms of ensuring coordination and cooperation, that will be the function of the department of climate change. That is explicitly its objective. It will deal predominantly with the domestic and international policy agenda and set the framework under which the rest of the agencies and departments will operate and do their bit. But if you want details on how BRS feeds into that, which is our exercise, we can take that on notice and get Dr Grant of BRS to provide you with his view on how that is well coordinated.

Senator MILNE—The point I am making is that up until now there has been no coordination or overarching body. I am glad there is now a department that may oversee that.

Watch this space! I will be asking every time how it fits together and how I can easily access who is doing what.

Dr Robinson—For primary industries, as opposed to the broader community, this is why this national climate change research strategy for primary industries was commenced. It came out of the primary industries standing committee research and development subcommittee meeting in the middle of last year with the research and development corporations to look at a nationally coordinated strategy to address climate change issues specifically for primary industries. We are nearing the end of that process now and over the next matter of months we will need to work out in detail exactly how we will link across state governments, across RDCs, across the federal agencies and with those outside the primary industries sector. It has commenced, but there is a way to go yet with respect to a research strategy.

Senator MILNE—Do you have the same strategy in train for the natural environment, so that we get the same integrated climate approach to ecosystem services across the country?

Dr Robinson—I would say not at this point, but there is some intent there.

Senator MILNE—Some intent by whom?

Dr Robinson—By ourselves, but it is not something that I would say that the steering committee of the climate change research strategy has exclusively discussed.

Senator MILNE—Who is the minister responsible for that strategy or that steering committee?

Dr Robinson—I guess from a federal government point of view it is the minister for agriculture, but all the state governments and all the RDCs are funding this initiative, and CSIRO for that matter, so there are many interested in having a national strategy.

Senator MILNE—Thank you.

CHAIR—Senator Heffernan, I believe you have one last very quick question.

Senator HEFFERNAN—Mr Chairman, have we got a referee tonight?

CHAIR—We have: me.

Senator HEFFERNAN—Because I can see a bit of biff coming up here shortly between Senator Brown and Senator Abetz. I wondered would it be all right if I could be elected as the referee?

CHAIR—I am sure senators will be on their best behaviour after today's episode. The bar is not very high to get over.

Senator McLucas—Dr O'Connell has a response to a question that I understand was raised yesterday.

Dr O'Connell—Chair, the request yesterday was to table the contract with the Victorian Farmers Federation with regard to the Wheat Export Marketing Alliance. We have that now for tabling.

CHAIR—Thank you, Dr O'Connell.

Proceedings suspended from 8.58 pm to 9.12 pm

Fisheries and Forestry (including Australian Fisheries Management Authority)

CHAIR—Welcome. Mr Hurry, do you wish to make an opening statement?

Mr Hurry—No, thank you, Senator. We are happy to take questions.

Senator ABETZ—Mr Hurry, the most important question first: why is it that you have not been given the privilege of a printed name tag?

Mr Hurry—I had one, Senator. This is part of our cost-cutting exercise. We are trying to reduce the cost on industry.

Senator ABETZ—Part of the two per cent dividend, is it? Very good. I have a number of questions. Have we sold the *Taruman* yet?

Mr Hurry—We had an offer on the *Taruman*. We have not sold it. We are considering our options. We have another party looking at it on Thursday. They have a board meeting in Tasmania on that day and we will make a decision post that whether we allow them to take it or whether we consider them in part of a further tender.

Senator ABETZ—This is proof positive that when I was minister I did not involve myself in the tender process.

Senator IAN MACDONALD—It was caught when I was minister, I think.

Senator ABETZ—That is right. The tender process threw up somebody. Has that now defaulted?

Mr Hurry—Yes, it has. The party involved did not come forward with bonding arrangements that the Commonwealth expects on all illegal vessels.

Senator ABETZ—Did you reopen the tenders?

Mr Hurry—No. We have closed the tender off but, as we were about to consider retendering, we got a phone call from a party saying that they may be interested. We invited them to inspect the vessel, which they have subsequently done. They have brought their engineers across to have a look at it and, as I said, they have got a board meeting in Hobart on Thursday and they are prepared to come back, if they are interested at that point in time, and make an offer. Whether we accept the offer or not depends on our procurement and contracting arrangements, and we want to make sure that whatever we do is above board. If they come forward with an offer, we can consider it, but we may go back to tender and make sure that everybody who was in the original bid feels as though they have had an opportunity.

Senator ABETZ—That is what I am wondering about. There were others that had initially tendered and missed out. Have they been allowed back in the mix?

Mr Hurry—Not until I know what happens on Thursday, because the other tenders in that bid cost the government money for the destruction of the vessel. So it depends on what this party comes back with by way of a—

Senator ABETZ—Without saying too much, we can read between the lines that this offer would actually be paying some money?

Mr Hurry—We do not know yet but that would be our expectation, yes.

Senator ABETZ—If they do not pay money, you will be putting it to all the other tenderers as well?

Mr Hurry—We will probably have to, because I want to make sure that it is all above board.

Senator ABETZ—Given the effluxion of time, it might be appropriate that others may want to reconsider the original tender.

Mr Hurry—Yes; that is right.

Senator ABETZ—How much is it costing us to have her tied up at the Hobart wharf per month, per week? Do you know?

Mr Hurry—One thousand dollars a week.

Senator ABETZ—The delay with that first tender offer has been an expensive exercise.

Mr Hurry—Yes.

Senator ABETZ—Are you able to tell us about the illegal fishing operations in our northern waters and, in particular, sighting levels since I stopped getting them?

Mr Hurry—We certainly can. Mr Peter Venslovas, the manager of our Darwin office, is here and I will get him to run through all those figures for you.

Senator ABETZ—Thanks. It is good to see Mr Venslovas in a suit. He is usually in uniform, doing very good work in Darwin, and I commend him and his team.

Mr Venslovas—In terms of illegal foreign fishing activity in Australian northern waters, we have experienced a further decline in the numbers of sightings; in particular, between the years 2005-06 and 2006-07. There has been a reduction of about 58 per cent. For the first six months of 2007-08, there has been a reduction of close to 90 per cent in terms of the number of boats sighted compared to the previous year. In terms of apprehensions, there has also been a commensurate decline in the number of apprehensions, obviously because the number of apprehensions is directly related to the number of sightings.

Senator ABETZ—What about percentage of apprehensions in relation to sightings?

Mr Venslovas—They fluctuate on a month-to-month basis.

Senator ABETZ—Of course they do. Can you provide us, on notice if you do not have them, the number of sightings per month, the number of apprehensions per month—if you have them available, of course, I would be delighted to have them now—and the number of legislative forfeitures.

Mr Venslovas—I would have to take that on notice.

Senator ABETZ—All right. How are our friends in Papua New Guinea going with their banana boats?

Senator McLucas—Senator Abetz, over what period of time do you want that material?

Senator ABETZ—I thought we were talking about the last six months.

Senator McLucas—Okay, that is fine.

Senator ABETZ—But we could get, say, from 1 July 2007 through to 31 December 2007, plus the month of January 2008—and, by the time you get around to giving the answer, I am sure you will have the figures for February and March as well. Would that be a fair guess, or not? So please give us from 1 July 2007 up to date, as far as you can take us.

Senator McLucas—Thank you.

Senator ABETZ—Thanks for that clarification, Minister.

Mr A Grant—I can give you a bit more information. In the six months between 1 July 2007 and 31 December 2007, there were 81 apprehensions—

Senator ABETZ—That is good.

Mr A Grant—and 451 sightings. That was an 86 per cent decrease over the same six-month period in 2006-07. I do not have the monthly figures.

Senator ABETZ—Who is good at maths? How many apprehensions?

Mr A Grant—Eighty-one.

Senator ABETZ—Out of 400 and something. Is that about 20 per cent?

Mr A Grant—There were 451 sightings.

Senator ABETZ—So a bit less. That is apprehensions?

Mr A Grant—Yes.

Senator ABETZ—Any legislative forfeitures? I assume we do not have banana boats in those figures emanating from Papua New Guinea.

Mr Hurry—Those figures should include banana boat apprehensions.

Senator ABETZ—They will?

Mr Hurry—They should, yes.

Senator ABETZ—All right. How many banana boats? I understand there was a bit of increased activity coming out of Papua New Guinea into the Torres Strait islands area.

Mr Venslovas—In 2007-08 there were six legislative forfeitures. I will have to take on notice how many of those were actually banana boats, but I can recall at least two. More recently there has been some activity in the Torres Strait, in particular on Warrior Reef, with PNG boats—or banana boats—targeting trepang, and there have been three apprehensions of banana boats.

Senator ABETZ—What have we done with their vessels? We have apprehended them? We have kept them thus far?

Mr Venslovas—Under the provisions of the Torres Strait act, we have forfeited or seized the boats and, in keeping with the spirit of the Torres Strait treaty, the PNG nationals have been repatriated back to PNG for dealing under the PNG national laws.

Senator ABETZ—What is our advice in relation to how seriously our brothers in Papua New Guinea are taking these incursions into our waters when we repatriate them? Are they being prosecuted? Are they being dealt with? Do we have any follow-up?

Mr Hurry—I met with the director of prosecutions from PNG in Brisbane last week. They are concerned. The line we have been running with them is that we do not want this to become an issue with our islanders up there, because there is some sensitivity between the Yam Islanders and Warrior Reef because they are not fishing on it, and perhaps the Papua New Guineans are coming across and fishing there. But I do not have any evidence that there has been any prosecution activity taken against the Papuans that we have repatriated.

Mr Venslovas—From an operational level, we have gained cooperation from the PNG fisheries authorities. They have been very cooperative in meeting us at the 12-nautical-mile limit to take custody of the fishers that have been apprehended and returned to PNG. So certainly at that level we are enjoying a high level of cooperation.

Senator ABETZ—Thank you for that. Have there been any apprehensions in the MOU box? Are we still patrolling that area?

Mr Venslovas—That area is patrolled as part of the civil coastal surveillance program under the Border Protection Command. It is designated as a risk area for fisheries matters, in particular Ashmore Reef and so forth, in terms of vessels that are not operating under the framework of the MOU box treaty or arrangements or agreement. In terms of targeting trepang, especially in the Ashmore Reef National Nature Reserve, there have been instances where boats have been picked up. Last year there were 53 fishers who were targeting trepang picked up on Ashmore Reef in one operation.

Senator ABETZ—Was the *Triton* involved in that one?

Mr Venslovas—Yes.

Mr Hurry—To add to that, Senator, we have recently appointed Jim Prescott from the Torres Strait to Peter's office in Darwin as manager of the MOU box area to try and get some management arrangements in place with the Indonesians and begin to get some proper science and management over that area.

Senator ABETZ—I did not think Mr Prescott could leave AFMA.

Mr Hurry—No, and we are pleased to have him here. I think he will do an excellent job.

Senator ABETZ—That is good.

Mr Hurry—A good blend of science and management. We will be usefully building relationships with the Indonesians as well, so we are looking forward to a fairly positive outcome from that.

Senator ABETZ—All the best with that.

Mr A Grant—We are also working with the Indonesians on the policy side to develop arrangements for the MOU box. We have established a workshop, which will be held within the next month, I think, to work with the Indonesians about trying to get some better capacity, some better training and some better advice about how we might manage that sensitive issue more directly.

Senator ABETZ—How are we going on the international front with the body that Minister Numberi and I co-chaired? Has there been any further development on that front, getting our regional partners cooperating on the fight against illegal fishing?

Mr A Grant—The regional plan of action for responsible fisheries management?

Senator ABETZ—That is the one.

Mr A Grant—Yes. We have made some good progress on that. We had a meeting of the coordination committee in Malaysia about five or six months ago and we agreed on a series of workshops for parties to start building capacity, particularly in the monitoring controlled surveillance area. We held the first of those workshops in Bangkok about two months ago. It was quite successful. We involved AFMA to help us run those workshops, and we have targeted a series of further workshops over the next few months. There will be another formal meeting of the coordination committee—I think it is in the Philippines—in April.

Senator ABETZ—That all sounds good. How many countries were involved in those workshops?

Mr A Grant—I think there were 13 countries in all.

Senator ABETZ—That was the number we got to Bali at the time, wasn't it?

Mr Hurry—Twelve originally, I think.

Mr A Grant—We had them all involved.

Senator ABETZ—Who has come on board?

Mr A Grant—We have not had any more on board. We had all the countries involved who were part of the original signatories, so Mr Hurry is probably right with 12.

Senator ABETZ—So it is 12 rather than 13?

Mr A Grant—Yes.

Senator ABETZ—Then we also have illegal fishing issues with the Japanese with tuna. There were certain protocols that were to be developed under the CCSBT. Dr Kalish can let us know—and I do not need to know the details—whether things are progressing well and whether we are satisfied that the Japanese are taking the issue seriously.

Dr Kalish—Certainly it has been a very difficult negotiation with the Japanese and other members of the Commission for the Conservation of Southern Bluefin Tuna, but we are making significant progress in relation to one of our principal objectives, which is to establish a catch documentation scheme so that we can track the movement of individual fish as they are caught and moved into the marketplace.

We have had some agreement that there is a need for this catch documentation scheme, and there are a series of negotiations in the CCSBT and also through what is called the Kobe process, which is a process of all RFMOs—regional fisheries management organisations—involved with tuna, and they are in agreement that high-value tunas like bluefin, including Atlantic bluefin and southern bluefin, require catch documentation schemes. Both Japan and Australia will be trialling catch documentation schemes this year and we will report on the results of those trials at the upcoming meeting, looking towards implementation of a common system in the future, so there is progress.

Senator ABETZ—If you have trouble negotiating with the Japanese, I am sure Mr Glenn Hurry would be happy to use his expertise in that area. Can I put on record once again what a great job he did.

Now in the southern waters, can I ask about our Southern Ocean activities and the relationship with the French still on board. We have a treaty that we would cooperate with each other. Is there anything out of the ordinary? All I want is an update. If there is nothing to report that you think is worthy, I am willing to accept your word for that.

Mr Venslovas—The joint surveillance arrangements under that treaty are continuing.

Senator ABETZ—How are we going with South Africa? Whatever the preliminary signing was that I did, has that since developed into a full-blown treaty?

Dr Kalish—That is yet to be finalised.

Senator ABETZ—When do we anticipate that to be finalised?

Dr Kalish—We have been in communication with South Africa, but we have not received any detailed response recently.

Senator ABETZ—Can I go back to the northern waters. Take this on notice, please. Have the hours of the coastal surveillance flights been maintained? If you could give me the month-by-month figure for the actual hours flown, that would be very helpful. Is the Commonwealth giving any serious consideration to the offer made by the Western Australian Minister for Fisheries to take over management of the MOU box? I see some smiles.

Mr A Grant—We are not aware that a formal offer has been made, Minister.

Senator ABETZ—So it was just grandstanding in the media by Mr Jon Ford? That would not be surprising. Can you indicate to us that no letter has been forwarded by the Western Australian minister to the Commonwealth suggesting that Western Australia take over the management of the MOU box?

Mr A Grant—I am not aware of any such letter.

Senator ABETZ—Thank you for that. That is very helpful.

Mr A Grant—Can I clarify one answer that I gave you which was a little bit confusing, Senator. There were 10 countries that were involved in the regional plan of action, but there were three non-government organisations who we also involved, so 13 was the correct number of participants.

Senator ABETZ—That is fine. The fact that it is going ahead with so many countries, even if it is not all of them, I think is a great step forward.

Back into the southern oceans, we have the *Oceanic Viking*. To your knowledge, has every patrol that has been undertaken by the *Oceanic Viking* had AFMA officers on board?

Mr Hurry—That is correct.

Senator ABETZ—Has AFMA been involved in assisting, as a minimum, with where the patrols ought to go and what the patrol ought to be doing and undertaking?

Mr Venslovas—There is a committee in Canberra called the Operational Advisory Group which consists of members from the various portfolio agencies that have an interest in patrol

activity. Customs chair that committee. As part of that committee's business, agencies that have an interest in the operations of the *Oceanic Viking*, in particular fisheries or AFMA, have an input to the patrol activity, particularly on the deployment of officers on patrols that are predominantly targeted at fishing operations.

Senator ABETZ—To your knowledge, there has been no fishing patrol undertaken without an AFMA officer on board?

Mr Venslovas—Not on the *Oceanic Viking*.

Senator ABETZ—Did AFMA incur any costs in the diversion of the *Oceanic Viking* to the whale watch expedition?

Mr Hurry—Not that I am aware of. We had two officers ready to embark from Darwin, but we cancelled that, so I do not think there is any direct cost.

Senator ABETZ—How much notice were you given that the plans had changed for the *Oceanic Viking*?

Mr Venslovas—It would be about a week, from memory.

Senator ABETZ—Normally, how long is the *Oceanic Viking* tied up for revictualling, resupplying or whatever before she goes out on a patrol again?

Mr Venslovas—I am not aware of those figures. That is something that Customs would be more suitable to answer. In terms of the actual patrol activity, in terms of deployment of officers, those patrols are in the vicinity of 40 days.

Senator ABETZ—Where did the officers originate from who were going to be on the *Oceanic Viking* for the normal patrol?

Mr Venslovas—They would be based in Darwin.

Senator ABETZ—So you would have had the cost of flying them down to Perth?

Mr Venslovas—We were given notice before they embarked their flights.

Mr Hurry—They did not leave Darwin.

Senator ABETZ—So you did not have any costs at all?

Mr Venslovas—No.

Senator ABETZ—There were no AFMA officers on board the *Oceanic Viking*?

Mr Venslovas—No.

Senator ABETZ—And you are aware of all fishing patrols that the *Oceanic Viking* has undertaken?

Mr Venslovas—Yes.

Senator ABETZ—On all those patrols, you have had AFMA officers?

Mr Venslovas—That is correct.

Senator ABETZ—So, if it were suggested that the *Oceanic Viking* was in fact undertaking a fishing patrol as we speak, you would know nothing of it?

Mr Venslovas—In relation to the current patrol, there were arrangements in place that, if the vessel were to be redeployed on a fisheries patrol and it came across issues of a fisheries nature, then AFMA would be notified of any contacts of IUU vessels and so forth, so that we could feed into the system so that any action, if that were required, could be undertaken under the management of AFMA in terms of any apprehension activity and so forth, or inspection activity.

Senator ABETZ—Are you of the understanding that the *Oceanic Viking* is currently steaming back to port?

Mr Venslovas—That is our understanding, yes.

Senator ABETZ—That is, via a direct route from the whale watch exercise?

Mr Hurry—We are not sure of the route, but the last information we had was that it was returning to the port in Australia.

Senator ABETZ—By a relatively direct route? You do not know?

Mr Hurry—No, I do not know.

Senator ABETZ—When the *Oceanic Viking* is out on patrol in the southern waters, is the gun—for want of a better term—usually kept below deck or is it mounted in case you have contact?

Mr Venslovas—You would have to direct that question to Customs. AFMA officers are not involved in the operation of the weaponry. That is predominantly the purview of the Customs crew on board the boat. I do not have any information as to how they manage their weapons.

Senator ABETZ—All right, understood.

CHAIR—Senator Abetz, if I may—sorry to interrupt—I would like to personally thank the department for coming back tonight to give us this opportunity. We were looking at a spillover for 2½ hours on Friday but we have had a windfall because we now have the department for 3½ hours. I know there will be a host of questions. I am sure Senator Macdonald will have some on fisheries and I know Senator Brown will have some on forests, as you may well.

Senator ABETZ—As I may well do, yes.

CHAIR—If we could be mindful of time and split it if possible—45 minutes for fisheries and 45 minutes for forests—it would be advantageous. So if there are double-ups on questions or one more important than others, perhaps you could keep that in mind.

Senator ABETZ—All right.

CHAIR—Thank you, Senator Abetz.

Senator ABETZ—That is fine. Can we just deal with all fisheries matters together, Chair?

CHAIR—Go for it.

Senator ABETZ—I note that the recreational fishing grants is having \$1.5 million clawed back out. Is that correct?

Mr A Grant—No, that is not correct. I assume, Senator, you are referring to table 1.11?

Senator ABETZ—You are exactly right—on page 25.

Mr A Grant—The change between the budget estimate and the revised estimate is that we rephased \$1.5 million into 2008-09 to cater for payments of a progressive nature through the projects.

Senator ABETZ—So the total \$15 million will be spent?

Mr A Grant—Correct.

Senator ABETZ—That is reassuring. I hope you have similar good news in relation to the Securing our Fishing Future funding where, on page 11 in table 1.2, we are told, ‘Onshore assistance of fisheries adjustment package—saving’. That does not make me confident that it is just being spun out into another year; \$5.5 million.

Mr A Grant—The saving that is identified there comes about because of the government’s election commitment to fully fund the buyout of the Torres Strait fin fish fishery. In the election they identified that they would use savings from the Securing our Fishing Future program to make those payments to the Torres Strait fin fish fishery buyout. As it turned out, the amounts that were required to buy out the Torres Strait fin fishery were already sitting in the contingency reserve in the budget.

Senator ABETZ—Exactly. That is what I was going to ask.

Mr A Grant—So the full amount of the fin fish buyout was not required from the Securing our Fishing Future package, and the government therefore decided to use that unspent money as a saving.

Senator ABETZ—The government tried to announce this as an election commitment that had already been delivered just a few days or weeks after having been elected to office. Can you confirm to me that, before the change of government, over 90 per cent—I think there were only two fin fishing licences outstanding that had not signed up to the previous government’s offer of a buyout.

Mr A Grant—I do not have the exact timing of when the final negotiations were done with all fishers but certainly they were started in the time of the previous government and were completed in the time of the current government.

Senator ABETZ—Can I ask you to take on notice when the last fin fishing licence was signed up for the total buyout. Let us backtrack. Can you confirm that every fin fish licence in the Torres Strait has now signed up for the buyout?

Mr A Grant—Yes, I can confirm that, Senator.

Senator ABETZ—The overwhelming majority of those were signed up prior to the election being called?

Mr A Grant—Not technically.

Senator ABETZ—Sorry, not the election being called; the election being held.

Mr A Grant—Not technically, Senator, because the way that the buyout for that particular fishery was negotiated is that the fishers themselves asked the Queensland Seafood Industry Association to negotiate on their behalf.

Senator ABETZ—That is right.

Mr A Grant—The department and the QSIA negotiated an outcome, which we then put back to the individual fishers, and the individual fishers signed on to that agreement, probably in November and December, through the formal process of writing to the department saying they accepted the offer and would surrender their licences.

Senator ABETZ—Can you indicate, without identifying who, how many of those signed up on what particular dates in the months of November and December and what dates of those months? Are you with me on that?

Mr A Grant—I understand, but I will have to take that on notice.

Senator ABETZ—Because there are only, how many, 19 licences?

Mr A Grant—Yes, around 19 to 21 or so, something of that order.

Senator ABETZ—Yes, so it should not be an excessive burden to the department to do that, because the advice I have from a whole range of sources is that, prior to the official change of government after 24 November, the overwhelming majority had in fact signed up on terms of the previous government and with the money made available by the previous government. Therefore, this \$5.5 million was not needed for Labor's policy, was it, because the money was there?

Mr A Grant—Correct, Senator. The money was in the contingency reserve for that particular expenditure.

Senator ABETZ—So having found there was all the money that was necessary for the Torres Strait fin fish buyout, the government said: 'Well, we promised this \$5.5 mil for that purpose. We don't need it, so we will now claw that back into finance.' Is that right?

Mr A Grant—Can I clarify one thing: not all the money required for the buyout was in the contingency reserve, so that is why the savings are probably less.

Senator ABETZ—What money was missing?

Mr A Grant—There was not the full amount set aside to finalise the payments. There was a small shortfall.

Senator ABETZ—What was the shortfall?

Mr A Grant—About \$2 million or \$3 million.

Senator ABETZ—Did the Torres Strait Regional Authority make a contribution?

Mr A Grant—Yes, they did.

Senator ABETZ—How much was spent on the buyback?

Mr A Grant—For the Torres Strait fin fish?

Senator ABETZ—\$13.96 million?

Mr A Grant—\$10.6 million.

Senator ABETZ—That money was there.

Mr A Grant—Not all of that money was set aside in the contingency reserve.

Senator ABETZ—All right, but it was made available through another avenue, via the Prime Minister's office giving approval. That is right, isn't it?

Mr A Grant—Yes, there were commitments made.

Senator ABETZ—Yes. So at the time of the change of government, the full amount required for the buyback was already there and available.

Mr A Grant—Formally, not all of it was set aside in the contingency reserve, which is the money—

Senator ABETZ—I am not talking only about the contingency—you nearly tripped me up on that, Mr Grant, and well done—but you can get money other than from the contingency as well, and money had been set aside for it, hadn't it?

Mr A Grant—Yes. I think the point that the secretary just made is that—

Senator ABETZ—I did not hear it, I am sorry.

Mr A Grant—There was a letter provided by the then Prime Minister. The funds were not sitting in the department, so we did not have the actual funds available to make that commitment. So all of the money was not formally allocated to that purpose.

Senator ABETZ—But informally. We can play with words, but provision had been made for the full buyout at a cost of the \$10-plus million.

Mr A Grant—The previous government had decided that it would spend that amount of money on the buyout.

Senator ABETZ—Yes, and that was the amount of money required for the buyout to be successful.

Dr O'Connell—I think what Mr Grant is saying is that that money was not all in the contingency reserve.

Senator ABETZ—We know that. We have already got that well and truly established, but the money was made available. The total amount in the contingency and that which was allocated by the Prime Minister's Office allowed for the full buyout.

Dr O'Connell—We would have to take on notice what was the nature of the approval from the Prime Minister, but I think what Mr Grant is suggesting is that we did not have that money allocated within the department.

Senator ABETZ—Let us just be very careful here—

Dr O'Connell—That is exactly what I want to be, very careful.

Senator ABETZ—because the department was signing up people, were they not, to buy them out prior to the new government coming in, in the full expectation and knowledge that the full amount of money was there and available? It would have been terribly irresponsible of you to seek to be signing up people without having the assurance that the money was there.

Dr O'Connell—Yes.

Mr A Grant—Correct, Senator. We had full policy approval to negotiate the full amount.

Senator ABETZ—That is right. It was an absolute commitment that that money would be made available.

Dr O'Connell—But that is not the same as identifying the specific source of those funds, which is what I think you are talking to.

Senator ABETZ—The fin fishermen did not worry whether it was going to come from a contingency fund or something else. They had the assurance it was there. Under the fishing structural adjustment package onshore assistance, there is \$750,000 as well. That has just been clawed back?

Mr A Grant—That is the savings out of the Securing our Fishing Future program and it relates to negotiations with the eastern tuna and billfish fisheries about a potential resource sharing agreement. There were negotiations that were happening during the time of the previous government. The current government, when they assumed government, reviewed all the expenditures that were announced by the previous government but were not included in the formal budget process and, as part of that review, the current government decided that they would not proceed with that commitment and instead has made a savings provision.

Senator ABETZ—What has happened to the current government's—and if ever you had a port, this is it—promise of \$2.85 million to Gippsland Ports for the on-water development component of the Cunningham Arm key precinct? Is that going ahead?

Mr A Grant—I think that relates to the election commitment to provide \$5.75 million to the Gippsland—

Senator ABETZ—From the unallocated funds within the onshore component of the fishing adjustment structural package.

Mr A Grant—That was a commitment made in the election by the government.

Senator ABETZ—That is right.

Mr A Grant—We are proceeding with that funding.

Senator ABETZ—That funding is occurring?

Mr A Grant—It is.

Senator ABETZ—What about the \$1.6 million to East Gippsland Shire for the foreshore development component of the Cunningham Arm key precinct?

Mr A Grant—Yes, that funding is committed and is proceeding.

Senator ABETZ—And the \$1.3 million to Lakes Entrance Fishermen's Cooperative Ltd to fund the \$500,000 shortfall to replace the existing iceworks?

Mr A Grant—Again, that is continuing.

Senator ABETZ—And the \$800,000 shortfall to construct a heavy duty deep water jetty?

Mr A Grant—The same, continuing.

Senator ABETZ—That was going to come out of this \$5.5 million figure here on page 11?

Mr A Grant—The election commitment stipulated that the money required for that election commitment—I think it was \$5.75 million—was to come out of unspent moneys from the Securing our Fishing Future program, and that is how it will be funded.

Senator ABETZ—How much is left from the onshore assistance?

Mr A Grant—After the expenditure commitments made by the government in the election—

Senator ABETZ—No, before the commitments.

Mr A Grant—Before the election commitments were made?

Senator ABETZ—Yes.

Mr A Grant—Of the order of \$10 million to \$13 million, I recall, Senator.

Senator ABETZ—And we had another round.

Mr A Grant—There was another round of onshore business assistance. Is that correct?

Senator ABETZ—That is right, and how much money was spent on that?

Mr A Grant—Mr Murphy, may care to remind me, but I probably have it here.

Mr Murphy—Yes, we did conduct round 3 of the onshore business assistance program and 14 applications have been approved, with a total value of just under \$1.1 million. I cannot recall the exact number but it was under 1.1.

Senator ABETZ—Had a proposal for \$2.85 million to Gippsland Ports for the on-water development component of the Cunningham Arm key precinct previously come to the attention of the department?

Mr A Grant—Some were the subject of applications for funding in previous rounds of onshore business assistance.

Senator ABETZ—Applications which had been rejected.

Mr A Grant—The previous government declined to fund the full amounts of the applications.

Senator ABETZ—And they were declined on the basis of the panel making certain recommendations?

Mr A Grant—Yes, of course. The panel assessed the projects and made recommendations as to funding.

Senator ABETZ—So here we have a number of projects in Gippsland—the one that I read out and the others fall into that same category, don't they? In a desperate attempt to try to win the seat of Gippsland, projects that had been rejected by the transparent and proper approval process were being promised by the Australian Labor Party to certain people, having failed the approval process. Is that correct?

Senator MILNE—That is the Regional Partnerships program that—

Senator ABETZ—You do not have to try to run the defence for the Labor Party.

Senator MILNE—I am not. I am just pointing out that the hypocrisy here is breathtaking.

Senator ABETZ—The architect of this scheme is sitting in the room and he is quite appropriately sitting very silent.

Senator IAN MACDONALD—The hypocrisy comes from you and your mates in the Labor Party.

CHAIR—Senators, I call order please! Senators, I would call you to order. Senator Macdonald, do you want a private meeting?

Senator IAN MACDONALD—Sorry?

CHAIR—Do we want a private meeting? Are we going to go through this again? The department has been good enough to come back tonight to save us a spillover on Friday. I would like to inform you that we have until 11 o'clock and I am sure that there are other senators who would like to ask a question. Shouting across at each other is not going to help.

Senator IAN MACDONALD—There are others of us who want to ask questions.

CHAIR—Senator Macdonald, we had all day yesterday, of which probably three hours were wasted on frivolous argument.

Senator ABETZ—I want to confirm that these projects that are now being funded are being funded against the recommendation panel's assessment.

Dr O'Connell—The projects are funded as the result of an election commitment.

Senator ABETZ—Having been through a process where they were rejected.

Dr O'Connell—Under the previous government. I am trying to separate out the decisions here or else we will be putting the officer in a difficult position of trying to compare two processes.

Senator IAN MACDONALD—Dr O'Connell, could I just refer you to some answers that were given in the regional solutions area of the department today about these promises being made in election campaigns without having gone through the proper process of development. Could I urge you to have a look at the answers given by Minister Conroy in relation to that, because the hypocrisy that Senator Milne talks about is very obvious when it comes to the current government's approach to these sorts of things. It is simply a question to ask you to take note.

Senator ABETZ—It is interesting, because the current Prime Minister Mr Rudd told reporters in Perth that 'If it doesn't pass the departmental seal of approval, it does not proceed'. Asked if that meant ministers would no longer be able to overturn rulings and fund individual projects, he said, 'According to the three-stage process I've outlined, absolutely.' Was the department asked to advise whether or not these projects ought to be approved?

Mr A Grant—Not specifically, Senator.

Senator ABETZ—Not at all, I suggest to you, Mr A Grant.

Senator McLucas—Senator Abetz, as we have heard from a number of the witnesses here today, it was a specific government commitment in the election.

Senator ABETZ—It is funny: when we made them, they were rorts. When you do it, it is an election commitment.

Senator McLucas—Pardon me—as all political parties make commitments, including yours.

Senator ABETZ—Music to my ears!

Senator IAN MACDONALD—Please tell Senator Conroy this, Senator McLucas.

Senator ABETZ—And, more importantly, tell your own Prime Minister, that if it does not—

Senator McLucas—As you know, Senator Abetz, it is a different process.

Senator ABETZ—Very much a different process. I follow you. I think we are ad idem on that.

Senator McLucas—As the former minister in this area, you know this better than most, and to conflate your argument is misleading.

Senator ABETZ—The fishing sector was also promised \$5 million on a seafood promotion fund from the current government. Can you tell us about that?

Mr A Grant—Yes, I can, Senator. There was a commitment to provide, as you said, \$5 million to promote the seafood sector. That election commitment is being implemented by the department. Formal responsibility for that sits with our food and agriculture area, but the department is proceeding with it.

Senator ABETZ—Because the \$5 million is now going to be used, as I understand it, not only for the promotion of seafood but for a whole host of others, and will be shared throughout the agriculture portfolio. Is that correct?

Mr A Grant—I am not aware of the specific details. But we will be implementing the election commitment, as it was set out during the election.

Senator ABETZ—You see, everybody interpreted the promise as being \$5 million for the seafood sector. It now appears that it is \$5 million—

Dr O'Connell—Senator, Mr A Grant did not agree that the money is spread around. What he did say was that it is operated by a different part of the department that has already been through this Senate estimates. I am quite happy to take it on notice and provide you with the information.

Senator ABETZ—That would be very kind. Thank you.

Senator IAN MACDONALD—I will confine myself to about three minutes, very quickly. I do not have any questions for AFMA, except to say 'Well done' on the illegal fishing work.

Senator ABETZ—Hear, hear!

Senator IAN MACDONALD—It is nice to see that these things, which take a long time to put in place, eventually start to work. Well done. Senator Abetz touched on the recreational fishing grants program. That was a terminating program that the previous government was going to continue, or there had been a commitment made to it. Have you been doing any work on continuing that program under the current government?

Mr A Grant—On recreational fishing, Senator?

Senator IAN MACDONALD—Yes.

Mr A Grant—Yes. The program does terminate on June 2008 but, as I have just indicated, we will be making final payments to the grants program into 2008-09. The incoming government did make a commitment about recreational fishing and it was to review the 1994 national recreation fishing policy and to prepare a new recreational fishing industry development strategy. That will be the focus of our work on recreational fishing going forward.

Senator IAN MACDONALD—Is there a price tag on that?

Mr A Grant—There was \$2 million allocated to that.

Senator IAN MACDONALD—You are doing work on that now?

Mr A Grant—We are.

Senator IAN MACDONALD—At the present time there is no indication that there will be any grants program for recreational fishing?

Mr A Grant—No indication at this stage. It really depends on what the review suggests.

Senator IAN MACDONALD—Thank you for that. Mr Hurry, perhaps in a sentence, could tell me how the Western and Central Pacific Fisheries Commission is going. I ask you rather than Dr Kalish because you are the chairman of it.

Mr Hurry—We are progressing reasonably well. We have got all the tools in place that we need to manage this fishery properly, but we stumbled last meeting at getting a conservation measure in place for big-eye and yellowfin tuna. In an attempt to get around that for the next meeting, I have called a chair's workshop on 1 and 2 April, with all the heads of the world tuna pursein organisation and the leading owners of the world longliners, to meet here in Canberra with a selection of government representatives to try to get a resolution that works for both industry and government that we can then take back to the December meeting and perhaps get something that works more broadly across the fishery. So that is the only real problem we have got at the moment.

Senator IAN MACDONALD—Are you happy that all the relevant players are in the tent?

Mr Hurry—I guess this is a bit of a different approach. We did not get where we wanted to get at the last meeting. It was frustrated by people taking fairly strong positions and wanting exemptions from what would be a reasonable resolution on big-eye and yellowfin tuna, and it is an issue of just catching too many juveniles. The only approach that I can see that will work is to craft an arrangement that works for both industry and governments. Industry have often said to me, 'If you want this to work, we have to deliver it for you, so we might as well be with you negotiating it.' They do not often come to the table in a broader international meeting where government negotiators are doing most of the talking across the table, so we have brought them together in a workshop here to try to find a way of getting them to interact better and give us a resolution to move forward. So in that sense I am happy that they are in the tent, and I think we can get where we want to go. I guess I am always confident that we will get there.

Senator IAN MACDONALD—But are the Chinese and the Americans and the Japanese and all the other players—

Mr Hurry—They will be here at this meeting, Senator, and the indications I have are that they are prepared to be reasonably constructive in trying to find something to move forward.

Senator IAN MACDONALD—Is there anywhere I can read this that is publicly available?

Mr Hurry—Yes. I can give you the copies of the minutes from the last meeting. The last meeting is not up on the website yet, but it will be shortly. I can give you details of the website.

Senator IAN MACDONALD—That would be good. I will do that. Finally, Mr Chairman, to Dr Kalish: can you briefly tell me about the Indian Ocean Tuna Commission? When last I left it we were trying to get it out of the FAO, but you were saying before we started that that has not been possible. Again, bearing in mind that my time is just about up, could you give us a brief explanation of what is happening with the Indian Ocean Tuna Commission? First of all, what is the health of the Indian Ocean tuna fishery?

Dr Kalish—First, starting off with the health: the fishery is not in a particularly bad condition compared with other tuna fisheries globally. So the skipjack resource is not overfished and not subject to overfishing; similarly, with the big-eye tuna resource. The only resources that are really in question right now are the elephant tuna resource that is being subject to overfishing, and the swordfish resource which is subject to overfishing predominantly in the western Indian Ocean.

As far as the issue of removing the IOTC from under the umbrella of the United Nations Food and Agriculture Organisation, despite several years of effort, countries were unsuccessful in completing that task. Really the ultimate goal was to ensure that all the principal fishing nations or fishing entities involved in fishing in the Indian Ocean were within the Indian Ocean Tuna Commission. Our goal was to amend the convention to establish the Indian Ocean Tuna Commission so that we could include fishing entities, notably Taiwan. But due to a series of legal arguments produced by the FAO we were unable to amend the convention to allow for that to happen.

This was subsequently reviewed at the FAO by the committee on the constitution and legal matters of the FAO and by a meeting of plenipotentiaries, and they both agreed that it was a difficult process and that it was impossible to amend the convention for the Indian Ocean Tuna Commission under the circumstances. They thought it would set a new precedent in relation to the FAO and organisations affiliated with the FAO. They have suggested a process that might include fishing entities in the Indian Ocean Tuna Commission but most of us, including the principal entity involved, are not attracted to that option. So we are still battling with that one, and it is a difficult problem.

Senator IAN MACDONALD—You would choose your words more carefully than I, but there is illegal fishing still going on, and the principal culprit—this is where you would choose your words better than I—is Taiwan?

Dr Kalish—Well, we might say that it is unregulated fishing.

Senator IAN MACDONALD—Yes.

Dr Kalish—There is an effort to put their vessels on the vessel register and identify that those vessels are engaged in fishing activity in the Indian Ocean and that there is reporting of the catch by these vessels. The concern is that there is no legally binding mechanism to regulate their activities.

Senator IAN MACDONALD—So there is no quota in the Indian Ocean fishery.

Dr Kalish—No, no quotas have been established in that fishery. That is the circumstance for most tuna fisheries globally.

Senator IAN MACDONALD—But you were trying to get a country quota in the IOTC.

Dr Kalish—I would say that is a long-term goal at this time. We have not quite got to that stage yet. It is fairly ambitious at this moment.

Senator IAN MACDONALD—Is there information available on the IOT fishery somewhere publicly that I could see?

Dr Kalish—Yes. Certainly the website provides a good source of information.

Senator IAN MACDONALD—Of the commission?

Dr Kalish—Yes, and also the FAO, if you are interested in those meetings that took place in relation to separation from the FAO.

Senator IAN MACDONALD—I wonder, without imposing on you enormously, if you would not mind providing to the committee a two-page summary of the difficulties and where you are going, and Australia's position and where we want to head. Would that be asking too much?

Dr Kalish—In relation to the Indian Ocean Tuna Commission?

Senator IAN MACDONALD—Yes.

Dr Kalish—I think we can do that.

Senator IAN MACDONALD—Thank you.

CHAIR—Thank you, Senator Macdonald. And to Fisheries, thank you very much. If there are any questions that you wish to put on notice, senators, please do. I would call Forestries, please.

[10.09 pm]

Senator O'BRIEN—In relation to the document that Dr O'Connell provided for us, you told us yesterday this document was an agreement between the previous government and BFF on behalf of WEMA; that the first instalment had been paid but no other instalments.

Dr O'Connell—We do not have the relevant people here, but my recollection is that is right, that there was an initial payment made. If my memory serves me right, I think we said it was \$75,000.

Senator O'BRIEN—Plus GST, yes.

Dr O'Connell—Plus GST.

Senator O'BRIEN—And that was before the election.

Dr O'Connell—That would have been, I think, in October. As far as I am aware, that is all the payments that have been made.

Senator O'BRIEN—So the second milestone payment that was due also in October was not paid before the election.

Dr O'Connell—That is my understanding.

Senator O'BRIEN—And has not subsequently been paid.

Dr O'Connell—That is my understanding.

Senator O'BRIEN—And the government is not satisfied that any other progress has been made.

Dr O'Connell—I would have to take on notice precisely what the status is, but my understanding is the milestones have not been met. My understanding is that the further milestones have not been met, but I would take that on notice to clarify it.

Senator O'BRIEN—Thank you for that.

CHAIR—Thank you. Welcome. Mr A Grant, do you wish to make an opening statement?

Mr A Grant—No, thank you, Senator.

Senator MILNE—I would like to start by asking some questions about the Tasmanian Community Forest Agreement grants programs; in particular the Tasmanian Forest Industry Development Program, Tasmanian Country Sawmills Assistance Program, Tasmanian Softwood Industry Development Program. I would like to ask first: did the department inform the minister of his obligations under the financial management regulations in regard to the disbursement of these moneys.

Mr A Grant—I am not aware that the Forests area specifically advised the minister of those obligations, no.

Senator MILNE—Can I ask the secretary of the department?

Dr O'Connell—Sorry, I missed the question, Senator.

Senator MILNE—Did the department inform the minister of his obligations under the financial management regulations in relation to the disbursement of the grants moneys?

Dr O'Connell—I would have to take that on notice.

Senator MILNE—It is a pretty important question.

Dr O'Connell—It is, and because you want a specific answer, we will have to take it on notice.

Senator MILNE—I would like to know when the department informed the minister of his obligations in relation to that. Can I also hear from Mr A Grant: is it true that the purpose of the hardwood industry programs, native forest and plantation, was to assist the industry to adjust to changes in public timber resources arising from the Tasmanian Community Forest Agreement? Was that the reason for the grants?

Mr A Grant—That was one of the reasons, yes, Senator.

Senator MILNE—What else was a reason for it?

Mr A Grant—Well, I could go back to the guidelines. The objectives of the program were set out in the guidelines, but there were some objectives dealing with employment, there were some objectives dealing with economic development within the state of Tasmania, and objectives relating to adjustments to decisions that were made during the Tasmanian Community Forest Agreement on resource availability.

Senator MILNE—According to your report, up until June 2007, 40 grants totalling \$33.8 million were approved and 12 grant recipients were identified for research funding. Between June 2007 and 24 November 2007, how many grant applications were approved or recommended?

Mr A Grant—I would have to check the exact number, but my understanding is that 88 grants have been approved by ministers up till that period of time.

Senator ABETZ—Not an extra 88?

Mr A Grant—No, 88 in total.

Senator MILNE—So there were 40 between the commencement of the program in May 2005 to June 2007 and another 40 between June 2007—

Mr A Grant—Another 48. It may be 88 or 89, I am not quite sure, but it is around 48.

Senator MILNE—Would you be able to provide the committee with details of those grants—who got them, what sum and whether the department recommended that they be approved—please.

Mr A Grant—Yes, I can take that on notice.

Senator MILNE—Thank you.

Mr A Grant—Can I clarify that not all of those grants will have been paid in full. In fact, some of them may not have been paid at all, because once the approval process is made with these grants, negotiation has to take place with the successful applicant about the signing of a deed of funding and in some cases some of the applicants have taken a significant amount of time to sign and negotiate that deed of funding. So you should not assume that all of those grants have been paid.

Senator MILNE—I am interested in knowing which ones were recommended and/or approved between June and 24 November last year. Whether they eventually get paid is another question. I am also interested in knowing—

Senator ABETZ—Can I ask on that one, if I may, Chair, because it is directly relevant—

CHAIR—Senator Milne was asking a question. Let her finish it.

Senator MILNE—As at 1 October last year, how much of the grants money that had been put forward had actually been allocated? How much was left over at 1 October last year in those three programs?

Mr A Grant—I will have to take that on notice. I cannot tell you the exact number at 1 October.

Senator MILNE—Thank you. Can you indicate whether the minister sent a letter to anybody, or a number of people, in the forest industry asking them to apply for the grant money before the election?

Mr A Grant—The minister at that time?

Senator MILNE—Was Senator Abetz.

Mr A Grant—I would have to take that on notice. I am not aware that a letter was sent, but I will take that on notice.

Senator MILNE—Can I ask not only whether a letter was sent but that you table a copy of the letter and a list of the people to whom it was sent.

Mr A Grant—Presuming there was a letter.

Senator MILNE—If there was a letter.

Mr A Grant—Okay.

Senator MILNE—Thank you. I would like the list of the people to whom it was sent, and we will see if that correlates with the people who got the grants. In relation to the particular grants, considerable sums of money were paid to Buffalo Valley Logging and CK Forest Management. Can you tell me about those grants, please, and where Buffalo Logging has its operational headquarters.

Mr A Grant—I might defer to Mr Bartlett, who is a bit closer to the grants program than me. He may know that.

Mr Bartlett—Buffalo Valley Logging Co. has operations in Tasmania. They also have operations in Victoria. In relation to the grant that they applied for under this program, it was for machinery and operations that were based in north-eastern Tasmania. I would have to look up the application to give you the exact location. I do not have that detail with me.

Senator MILNE—What evidence do you have that the machinery is actually operational in Tasmania, since their base is in Myrtleford in Victoria?

Mr Bartlett—We know that they have a contract to supply wood in Tasmania, and we have evidence of purchase documents for machinery that was delivered to Tasmania.

Senator MILNE—What is the relationship between Buffalo Valley Logging and CK Forest Management?

Mr Bartlett—I will have to take that question on notice. That was an issue that we looked at at the time, because those two companies have some common shareholders, but I cannot recall the exact details.

Senator MILNE—A grant totalling \$125,960 was given to AW Harvesting in May 2006. It went into liquidation. Were the grants contingent upon a detailed business plan and investment analysis and, if so, how is it that before the grant was even expended that company went into liquidation?

Mr Bartlett—You have asked two questions. The first one was: was it subject to an analysis of a business case. The answer to that is yes. In terms of the second question, I do not think it is correct. The grant money was paid and then some time after that the company went

into liquidation. So the grant money was paid after we had evidence that they had purchased the machinery and then subsequent to that the company went into liquidation.

Senator MILNE—Would you provide the committee with the business case analysis that was the basis for that grant being paid.

Mr A Grant—It may be commercial-in-confidence. If we can provide that, we will, but we may not be able to. I will have to check that.

Senator MILNE—That may be the case, but it is also the case that this is public money and there is an expectation that there will be an adequate analysis of the business case behind the grant, and it seems extraordinary that they should have gone into liquidation so quickly. In fact, it would be good to know the date of the business case analysis, the date of going into liquidation and the date of the grant being paid. Can you explain to me how it is that there were grants made of \$6 million or thereabouts for natural gas conversions at Australian Paper and other places? What has that to do with adjustment in terms of availability of the resource for adjustment to the Tasmanian Community Forest Agreement?

Mr A Grant—As I said, Senator, there are a number of objectives in the program. Adjustment to the resource is one. The longer term development of the Tasmanian forest products industry was certainly another. Mr Bartlett can confirm that the grant to that applicant clearly met the objectives of the program as assessed by the committee and then approved by the minister.

Senator MILNE—What analysis was made, in looking at these grant applications, between adjustment to a changed resource and business as usual plant and equipment? For example, can you explain to me why money was made available to Britton Bros for a new forklift?

Mr Bartlett—I would have to check that. I do not believe we have provided any money to any applicant for forklifts. When those applications have come before the advisory committee that oversees this, that is one of the items that we have taken out. The information you have might be from the original application, not all of which might be funded. I can double-check, but I am not aware of any instance where we have paid money for a forklift.

Senator MILNE—Would you mind checking to see if that is the case.

Mr Bartlett—Certainly.

Senator MILNE—The question still stands: what was your analysis about normal use and maintenance of machinery and the Commonwealth subsidising that rather than actually using it for a readjustment package? I would like to know the criteria you used to make that determination on the grants. Another issue is that Rayonier applied for \$449,250 for two phosphate fertiliser applications in pine plantations. Is subsidising Rayonier for phosphate fertiliser an appropriate use of the money? Explain to me how that is an adjustment to a changed resource.

Mr Bartlett—I am happy to do that. That was under the softwood development program, and one of the key objectives of that program was to deal with an expected shortfall in log availability from the softwood plantations. Fertiliser application would help the trees to grow and therefore deal with log shortages—it is true, Senator, absolutely true.

Senator MILNE—It is absolutely true, but there are an awful lot of people farming softwoods who could have done with a couple of free fertiliser applications.

Mr Bartlett—Can I finish? At this point in time, no grant has been paid to Rayonier.

Senator MILNE—At all?

Mr Bartlett—At all.

Senator MILNE—Okay. These are grants that were paid or recommended. The figures were there and I would be interested to know if Minister Abetz actually recommended that Rayonier be paid for two fertiliser applications.

Mr Bartlett—I can answer that question. That one has not finished the assessment process through the advisory committee. No recommendation has ever gone to a minister on that grant.

Senator ABETZ—Bad luck; try again!

Senator MILNE—We have got lots of trying again; do not worry, Minister.

Senator ABETZ—I know—you have been at it for 14 years in the Senate.

Senator MILNE—I am very interested in these particular grant applications for a range of things that, in my view, do not constitute adjustment to the particular programs. In relation to the audits, how many of the people who have actually got the grants have provided audit reports and how many have provided them on time?

Mr A Grant—We will have to take that on notice, Senator, but it is fair to say that we have not received 100 per cent compliance with people providing audited statements throughout the process, and it is an area that we do need to follow up in improving the program.

Senator MILNE—I do not understand why you cannot tell me that, because it is on the public record that 17 should have provided audit reports by now and only three have done so on time. Seven have not provided any at all, four were due in 2006 and a further seven were late. That is what is on the public record, so I am asking you to tell me what you are doing about compliance with those audits.

Mr A Grant—We are proposing to write to applicants to remind them of their obligations under the funding deeds to provide audited statements.

Senator MILNE—When did you decide to write to them about that?

Mr A Grant—It has been in consideration for a little while now. I cannot remember the exact date that we made a decision to do that.

Senator MILNE—And the letter has not yet been written?

Mr A Grant—I do not think so. Mr Bartlett?

Mr Bartlett—We have got a letter that is about ready to go out. It is written.

Senator MILNE—Could you provide me at this time specifically the level of compliance with regard to these particular grants?

Mr A Grant—It is the compliance with the need to provide an audited statement?

Senator MILNE—Yes—the compliance with the need to provide an audit report on these particular grants. A copy of the letter would be useful as well. I will hand over to you, Senator Brown.

Senator BOB BROWN—Thank you. The office of the Prime Minister wrote to me last month to say that the minister for forests, or at least his department, had investigated the current logging in the Styx River Valley and found it in accordance with the regional forest agreement. Who undertook that investigation?

Mr A Grant—I am not aware of the letter that you are referring to, Senator, so I do not understand what the—

Senator BOB BROWN—Did you or people in your department investigate the current logging in the Styx River Valley with a view to seeing if it were in accordance with the regional forest agreement?

Mr A Grant—We did not particularly go to Tasmania to investigate that—no.

Senator BOB BROWN—Did anybody, that you know of, do that?

Mr A Grant—It may have been looked at by the environment department.

Senator BOB BROWN—No. It says here the department of the minister, the Hon. Tony Burke MP.

Mr A Grant—Senator, could you just read out the actual text in the letter.

Senator BOB BROWN—Yes, sure.

The minister with responsibility for regional forest agreements is the Minister for Agriculture, Fisheries and Forestry, the Hon. Tony Burke MP. I am advised—

that is, David Epstein, the chief of staff for the office of the Prime Minister, and this letter is dated 11 January this year—

that investigations by his department indicate that current logging in the Styx River Valley is in accordance with the regional forest agreement.

Who undertook that investigation?

Dr O'Connell—We will have to take that on notice, Senator. It is clear that we do not have that information, and I will take it on notice to be sure we get the right answer.

Senator BOB BROWN—But this is the Prime Minister's office advising me that you have undertaken an investigation, and you do not know about it?

Dr O'Connell—I am saying I will take it—

Senator McLucas—We will take that question on notice, Senator Brown.

Senator BOB BROWN—I just have to say, Minister, that the department ought to know about that if, in fact, such an investigation has taken place.

Dr O'Connell—I am not suggesting the department does not, Senator. I am suggesting that I will take it on notice and provide the answer to you.

Senator BOB BROWN—Justice Marshall in the Federal Court, in the judgement issued on 19 December 2006, found that logging in the Wielangta Forest in Tasmania endangered the

three species nationally listed as endangered—the Tasmanian wedge-tailed eagle, the swift parrot and the broad tooth stag beetle—and that logging therefore should stop. In a consequent full bench finding, his ruling about the ending of logging was overturned, but none of the evidence upon which he based his finding that these three species were endangered by logging was indeed countermanded.

Senator ABETZ—Can I raise a point, Chair. The point of order is that I think some, if not all, of the committee members would know that in that action the senator was the plaintiff in the matter, and I understand that it might be subject to further court action. I was wondering whether that might be clarified, because I think that might be vitally important, before we traverse the findings of Justice Marshall that were comprehensively overturned by the Full Court.

CHAIR—Senator Brown, do you wish to—

Senator BOB BROWN—Yes, I do. That is quite right. As everybody here knows, I took that action and Senator Abetz took the other point of view on behalf of the Commonwealth. But, no, the matter I am talking about is not—

Senator ABETZ—No—but is this matter subject to further appeal, Senator Brown? That is my point of order.

Senator BOB BROWN—Whether or not it is subject to further appeal, the matter I am talking about is on the record and is a legitimate matter for me to be asking here.

Senator ABETZ—Not if the subject of the court actions is going to be canvassed in the High Court.

Senator BOB BROWN—This matter that I am asking about has not been subject to question in the High Court, Senator.

Senator ABETZ—My point of order is, if I may just quickly follow on from that: I think we have, in a very roundabout way, an admission from Senator Brown that the court action decided by Justice Marshall, which was appealed in the Full Federal Court, is now in the High Court. If that is the case, then any question surrounding any one of the decisions on the way through surely should not be canvassed.

Senator IAN MACDONALD—Can I respond to that point of order, Mr Chairman? I do not know the results of the case, but if there is a question of costs either for or against the plaintiff and Senator Brown is the plaintiff—

Senator ABETZ—That is right.

Senator IAN MACDONALD—and I take Senator Abetz's word for that—it may be that Senator Brown has a very substantial conflict of interest if he is canvassing areas which impact upon the costs paid in these—

Senator ABETZ—He has even said he might become bankrupt if he loses the case and that that might have certain flow-on consequences.

CHAIR—Senator Abetz and Senator Macdonald, I take the point of order and I urge you, Senator Brown, to think very carefully through your questions. I am sure you did not come down in the last shower, Senator Brown, but if you want your colleagues to ask questions for

and on your behalf, I will give the call to Senator Milne, but otherwise continue, Senator Brown.

Senator BOB BROWN—Yes. My question is: in regard to the logging in the Styx Valley, the Upper Florentine, the Weld and the Great Western Tiers, and indeed other forests in Tasmania, are you satisfied, and how have you been satisfied, that in fact the requirement to protect rare and endangered species, including the Tasmanian wedge-tailed eagle, is being upheld?

Mr A Grant—Senator, the protection of endangered species and other biodiversity is the responsibility for the minister for the environment.

Senator MILNE—No, it is not. Under the RFA—

Mr A Grant—Let me finish. The responsibility for the regional forest agreement sits with our portfolio, but the particular aspects about managing species sits with the environment department. We have a responsibility to ensure that the provisions of the RFA are being implemented in accordance with what is set out in the RFA, or the Tasmanian Community Forest Agreement, and we receive regular reports from Forestry Tasmania and the Tasmanian government which indicate to us that the provisions that are set out in the RFA and the TCFA are being implemented.

Dr O'Connell—Mr Bartlett might also be able to assist.

Mr Bartlett—My understanding of the decision from the full bench is that the RFA is deemed to constitute protection for the endangered species. The comprehensive set of actions undertaken by the Tasmanian RFA, supplemented by the Tasmanian Community Forest Agreement, now are regarded, as the two governments agreed at the time, to be adequate protection for those species.

Senator BOB BROWN—Forestry Tasmania, in partnership with the University of Melbourne, assessed north-east Tasmania, the Bass District, as far as the giant Tasmanian wedge-tail is concerned and found that the likelihood of its extinction, which is about 64 or 65 per cent, goes to 99 per cent in that region if current logging targets of native forests were to be carried through to fruition. What assessment of that report have you done?

Mr A Grant—I have not done any assessment of that report, but Mr Bartlett may have.

Mr Bartlett—We believe that that is an issue for the environment department. Our department is not responsible for assessing the impact on endangered species.

Senator BOB BROWN—Let me ask this question then: Prime Minister Howard committed in 2004, amongst other things, to protecting 18,000-plus hectares of the Upper Florentine and Styx Valleys in Tasmania. Has that commitment been upheld?

Dr O'Connell—Senator, I am sure you would be aware that the Tasmanian Community Forest Agreement was the method by which the government of the day settled its commitments in the area.

Senator BOB BROWN—How much of the Upper Florentine and Styx Valleys was protected under that arrangement, Mr O'Connell?

Dr O'Connell—We would have to take that on notice. I do not have the numbers here.

Senator BOB BROWN—Was it 18,000 hectares?

Dr O'Connell—I said we would have to take that on notice.

Senator BOB BROWN—You do not know?

Dr O'Connell—I will take it on notice.

Senator BOB BROWN—In fact it was 4,000 hectares. I ask you: why was it that, between the time of that commitment and the Community Forest Agreement, 14,000 hectares of that forest were taken out of that commitment?

Dr O'Connell—That was a matter of a policy decision of the previous government. It is not something that I am able to provide you with any further information on.

Senator BOB BROWN—So you were not party to any decision making as far as that change?

Dr O'Connell—The decision making was by the previous government.

Senator BOB BROWN—Yes, I know it was, but you have no information about why the 18,000 hectares became 4,000 hectares?

Dr O'Connell—It was a decision of the previous government.

Senator BOB BROWN—Do you know how many jobs there are currently in the Upper Florentine and Styx Valley operations?

Dr O'Connell—Which operations?

Senator BOB BROWN—Logging operations.

Mr A Grant—I do not know the exact number.

Senator BOB BROWN—How many jobs are there in the logging industry in Australia at the moment?

Mr A Grant—I do not know the exact number of that either.

Senator BOB BROWN—Does anybody?

Mr Bartlett—It is around 87,000.

Senator BOB BROWN—Eighty seven thousand.

Mr Bartlett—That is correct.

Senator BOB BROWN—Have you got a breakdown of that figure, Mr Bartlett?

Mr Bartlett—I have not got it with me here, but we use the Bureau of Statistics data, and it breaks it down by those involved in the processing industries and those involved in the broader forestry industries.

Senator BOB BROWN—And how many are involved in the woodchip industry per se, Mr Bartlett?

Mr Bartlett—I do not think data that specific is available from ABS.

Senator BOB BROWN—But that is the majority of the export logging operations from Australia. You do not have figures on that?

Mr Bartlett—We do not collect them—no.

Senator BOB BROWN—Does anybody that you know of?

Mr Bartlett—No, not to my knowledge; not to that specific level of detail. As I said, the categories that ABS collect are processing industries and broader forest industry.

Senator BOB BROWN—How many of those jobs are in Tasmania?

Mr Bartlett—I would have to take that on notice, but that would be broken down state by state.

Senator BOB BROWN—How many of those are in the direct logging industry itself, including processing, within Australia?

Dr O'Connell—I might suggest, for the efficiency for the committee, that we clearly do not have a breakdown of these numbers here. It may be more productive if you are able to provide the questions to us—

Senator BOB BROWN—You have heard the questions so I will ask you to provide the answers, if you would, Mr O'Connell.

Dr O'Connell—That is fine.

Senator BOB BROWN—In the Arve Loop Road forest in Tasmania, seven hectares was illegally logged, and this was brought to public notice last year. This is a former Australian heritage listing and punitive World Heritage listing. What assessment of that illegal logging by Forestry Tasmania, and then consequent use of that timber by Gunns, has the department done?

Mr Bartlett—That is a matter for the Tasmanian government under the RFA. That is not our role.

Senator BOB BROWN—So an illegal logging under the Regional Forest Agreement does not draw your attention or any analysis by you?

Mr A Grant—Clearly, that is a concern if there is illegal harvesting under the RFA, and if the provisions of the RFA are not met, yes, we will be very concerned about that. But in that particular example, as Mr Bartlett said, it was investigated by Forestry Tasmania.

Senator BOB BROWN—What was the outcome of it by Forestry Tasmania?

Mr A Grant—Sorry, by the Tasmanian government.

Senator BOB BROWN—By the Tasmanian government?

Mr A Grant—That was Mr Bartlett's comment.

Mr Bartlett—It was investigated by the Forest Practices Authority of Tasmania.

Senator BOB BROWN—And?

Mr Bartlett—And they found that there was inappropriate logging—yes.

Senator BOB BROWN—It was illegal logging, wasn't it?

Mr Bartlett—I have not got the exact judgement here. I think the important point is that, under the regional forest agreement, the actual land management processes are delegated to the state governments.

Senator BOB BROWN—I have got just a couple more questions. Firstly, the minister visited Tasmania at the end of last year in his capacity as minister for forests. Who did he meet there and what was the purpose of that visit?

Mr Quinlivan—The purpose of the visit was to familiarise himself with the forest industry in Tasmania and he met with a range of people from the industry and the Tasmanian government—quite a number. As to the precise people, I think we would have to take that on notice.

Senator BOB BROWN—Would you, please.

Mr Quinlivan—And ask the minister about the full range of people that he met with.

Senator BOB BROWN—Did he meet with members of the tourism industry or the environment community who are very much involved with forestry in Tasmania?

Mr Quinlivan—I am not aware of that. We would have to check with him on that.

Senator BOB BROWN—Would you and let me know about that.

Mr Quinlivan—Yes.

Mr A Grant—He did go to Tasmania as the Minister for Agriculture, Fisheries and Forestry. So he did other than forestry activities during his visit to Tasmania as well.

Senator BOB BROWN—I would be interested to know about that.

CHAIR—Senator Brown, you did say you have got a couple of questions left and I am mindful of that. We only have just over 15 minutes left and the other senators would like to ask a couple of questions of the officers. Could you get straight to the point?

Senator BOB BROWN—What role, if any, has the federal government had in the drawing up and putting together of the wood supply agreement between Gunns and the Tasmanian government for the proposed pulp mill?

Mr A Grant—We have had no role in that.

Senator BOB BROWN—What is your department's role in assessing the greenhouse gas emissions coming from logging operations in Australia?

Mr A Grant—We have no role in that.

Senator BOB BROWN—Why not?

Mr A Grant—Because responsibility for climate change issues now rests with the Department of Climate Change.

Senator BOB BROWN—Yes, I am aware of that, but the assessment of it—you are looking after an industry that is a large producer of greenhouse gases. I wonder what your knowledge base is about that greenhouse gas emission table coming from forestry operations in Australia?

Mr Quinlivan—The Australian Greenhouse Office has to date been responsible for fulfilling Australia's international reporting obligations and they have established methodologies, accounting procedures and so on. That question really belongs to them.

Dr O'Connell—Just for clarification, the relevant part of the Australian Greenhouse Office is now part of the Department of Climate Change.

Senator BOB BROWN—Is anybody in the department an expert in this field?

Mr Quinlivan—We would have the odd individual, particularly in the Bureau of Rural Sciences, who is quite familiar with the greenhouse accounting procedures in the forestry area.

Senator BOB BROWN—Have they produced any work on this matter?

Mr Quinlivan—I am sure they would have been involved in work with the Greenhouse Office over time and our forest group and others would have consulted them, but they certainly would not be publishing in their own right in this area because the responsibility rests with the Greenhouse Office.

Senator BOB BROWN—Would you do an inventory of that and see if there have been any officers involved, and if there have been outputs from the department over the last 12 years, and report back to the committee on that.

Mr Quinlivan—Any output in the area of greenhouse gas accounting for forest operations?

Senator BOB BROWN—Yes.

Mr Quinlivan—That is your specific question?

Senator BOB BROWN—Yes.

Senator MILNE—And also for standing forests.

CHAIR—Senator Brown if you do have—

Mr A Grant—It is a bit—

CHAIR—We have 15 minutes, if you can come straight to the point.

Mr A Grant—No—I am not sure I understand what we are being asked to do.

Dr O'Connell—That sounds like an extremely large project and I would want to assess the resources that would be used for it, because over a 12-year period is a long time.

Senator IAN MACDONALD—This is the estimates for 2007-08. Just very quickly, because there is not much time left for me.

Senator McLucas—I would like to clarify this so we finish it off. Senator Brown, I wonder if you could rethink that request?

Senator BOB BROWN—Yes—I will put the question off or narrow it right down.

Senator McLucas—Because it is a very large piece of work.

Senator BOB BROWN—Could the department furnish the committee with any information about any output it has had at all in the assessment of greenhouse gas emissions from the logging industry in Australia?

CHAIR—Senator Brown, I think the department and the parliamentary secretary have guaranteed that they will come back to you and take it on notice.

Senator McLucas—I really do want to clarify what that question is, Senator Brown.

Dr O'Connell—Is there a time limit? That would be helpful.

Senator BOB BROWN—I said for the previous 12 months.

Senator McLucas—I am sorry. I thought you said 12 years.

Senator BOB BROWN—No, I did not. I changed it to 12 months.

CHAIR—Madam Parliamentary Secretary, are you comfortable with that?

Senator McLucas—Thank you, we are happy to take that question on notice.

CHAIR—Senator Brown, if you do have other questions, I urge you to put them on notice. Senator Macdonald.

Senator IAN MACDONALD—I am assuming you are aware of the Asia Pacific Forestry Skills and Capacity Building Program, which I think is a program of AusAID. I would like to ask anyone at the table if your department was involved in setting up that program.

Mr A Grant—Yes, Senator. The Asia Pacific Forestry Skills and Capacity Building Program was a program that was under our authority.

Senator IAN MACDONALD—Was it? Okay.

Mr A Grant—It was a DAFF related program. Obviously we had a strong interest in establishing it and setting it up.

Senator IAN MACDONALD—In a word, that is about helping Asia-Pacific nations stop deforestation?

Mr A Grant—It is. It is trying to build up the skills and the capacity of some of those countries, our near neighbours in South-East Asia, to better manage their forests, which will have some consequential beneficial impacts on greenhouse gas emissions.

Senator IAN MACDONALD—Absolutely. So it is a program that was very important with the climate change debate and matters towards that?

Mr A Grant—It was a program that was announced at APEC in the climate change context.

Senator IAN MACDONALD—If the illegal logging in Asia-Pacific is addressed by that, is there a hope or a strategic approach that that may assist the Australian industry to prosper more because it is not competing with illegally logged forests from overseas? Was that a side benefit to the program?

Mr A Grant—I think Australia has been on the record as promoting sustainable forest management both at home and internationally, so clearly that program is consistent with our broader objectives of managing forests sustainably. Clearly we also have a policy of wanting

to prevent illegal harvesting of illegal logging and we are looking at ways to restrict the importation of illegally harvested timber into Australia, so while that program is relatively modest and I am not sure that it will solve all the problems that you alluded to, it clearly is of benefit to all those objectives.

Senator IAN MACDONALD—And it is a program that anyone who has a real interest in the environment would support because it stops illegal logging, stops greenhouse gas emissions and builds the Australian forestry industry.

Senator McLucas—I think you are requesting the officer to provide you an opinion in that question.

Senator IAN MACDONALD—I think it is a matter of fact.

Senator McLucas—You do, but I think you are asking the officer to provide an opinion.

Senator IAN MACDONALD—It was a good program. I think it is one of those that has been cut by the current government, so that is a bit disappointing. Are you still doing any work on it?

Mr A Grant—Could I just clarify that. While the specific funding for that initiative has been—

Senator IAN MACDONALD—So it is still in your department? So it is your funding, so you will know if it has been cut and that is what you are going to tell me now.

Mr A Grant—While the specific funding for that initiative has been identified as a savings option, the government has decided that that initiative will proceed and it will be funded out of money that was allocated to the Department of Climate Change and to AusAID under what was previously known as the Global Initiative on Forests and Climate. So the initiative will proceed. It will be funded through a different avenue.

Senator IAN MACDONALD—I do not want to get into you on an argument about semantics, but there is no real saving at all because it is saved from your area but being spent by somewhere else?

Mr A Grant—There is a real saving because the amount that was specifically designated to that program has gone into a savings option and this initiative will be using money that would otherwise have been spent under the other programs. So there is a real saving.

Senator IAN MACDONALD—As I said, I do not want to get into an argument with you on what is a saving and what is not a saving, but clearly it is being saved here and being spent somewhere else. I think you have said that, so that is all I want to ask.

Mr A Grant—But there is a net saving.

Senator ABETZ—If I may, can I have the last few minutes? I will have very quick questions and hopefully you can provide very quick answers. The Australian Greenhouse Office reports on various industries' emissions and impact on greenhouse. Has the Australian Greenhouse Office provided any information in relation to forestry activities and has it determined that in fact forestry is carbon positive?

Mr A Grant—I suggest you talk to the Department of Climate Change with that question.

Senator ABETZ—You are not aware of those studies?

Mr A Grant—I would not like to try to answer on their behalf.

Senator ABETZ—Coming back to the conspiracy theory that Senator Milne started on, can you indicate whether or not those Tasmanian Community Forest Agreement grants go through an approval process that had people on it from both the Tasmania and Australian governments?

Mr A Grant—I might get Mr Bartlett to go through that. He is part of the process.

Senator ABETZ—Is that correct?

Mr Bartlett—That is correct.

Senator ABETZ—And the state Labor government has to sign off on the grants as well?

Mr Bartlett—That is correct.

Senator ABETZ—So any grants that may have been approved between June and the election had the approval of the state Labor government?

Mr Bartlett—That is correct.

Senator ABETZ—That is correct? Thank you very much. In relation to the natural gas conversion at Devonport, if I recall, are you able to say—if you do not know, take on notice—how much greenhouse gas emission—as I understand it, literally thousands of tonnes per annum—was being saved as a result of that conversion?

Mr Bartlett—I will have to take that on notice.

Senator ABETZ—Did that conversion also make that business more viable, being able to switch from—was it diesel or coal—to natural gas?

Mr Bartlett—It was to provide liquid natural gas to trucking operators, enabling them to convert from diesel operation to LNG.

Senator ABETZ—Are we talking about the paper mill?

Mr Bartlett—Sorry, I thought you were talking about those—

Senator ABETZ—Because there are two.

Mr Bartlett—Yes.

Senator ABETZ—One with a boiler, that Senator Milne has referred to.

Mr Bartlett—Okay.

Senator ABETZ—That is what I was talking about. That was a conversion that made the business more viable, but of course it had all the greenhouse benefits attached to it. I would have thought the Greens would celebrate. Moving on to the Community Forest Agreement and the amount of old growth forest put into reserves, are you able to—if you have the figures—remind us as to the exact number of hectares that were promised to be locked up as opposed to the actual number that were locked up? Is it not a factor that the actual number that were locked up was greater than the number promised?

Mr Bartlett—Certainly the answer to the last part of the question is: yes, it was greater. I did not bring the exact numbers with me, but I can provide them on notice.

Dr O'Connell—Can I just clarify? You used the term 'locked up'. We would prefer to use the term 'protected under the agreement', and that is because of the nature of the protections that are available.

Senator ABETZ—When I protect my house, I lock it up. So I am more than happy to use that term as well.

Senator McLucas—It is not a forest.

Senator ABETZ—Can we move on to the Tasmanian Community Forest Agreement. Did that also promise to protect jobs?

Mr Bartlett—Yes.

Senator ABETZ—So in coming to a solution, there had to be a balance between protection of rainforest and protection of jobs.

Mr A Grant—Protection of the environment and protection of jobs.

Senator ABETZ—Jobs—yes.

Mr A Grant—Enhancement of economic opportunity. There was a balance between economic, social and environmental aspects.

Senator ABETZ—Then the Greens, I think as a first, expressed some interest in how many jobs were in downstream processing or how many jobs were being exported. How many jobs do you know will be kept onshore as a result of the pulp mill being developed at Bell Bay? Are you able to give us a figure on that or not?

Mr A Grant—It depends on whether you are asking about how many jobs will be created through that establishment or how many jobs will be, in your words, 'kept on'. I am not quite sure of the context.

Senator ABETZ—All right, 'created'. Thank you for correcting me. Do you have that figure?

Mr A Grant—I do not have that figure.

Senator ABETZ—If you can try and take that on notice, that would be helpful. The former government gave a commitment to Timber Towns, run by Councillor Malcolm Hole. Is the current government going to provide funding to that organisation?

Mr A Grant—That matter is still under consideration by the government.

Senator ABETZ—Is the current government honouring the 30 per cent loading on the Tasmanian Community Forest Agreement grants?

Mr A Grant—The government has made a decision to provide an additional grant to successful applicants under the three Tasmanian forest industry programs in the TCFA.

Senator ABETZ—To what level? To what extent?

Mr A Grant—An additional 30 per cent funding on top of the original grant.

Senator ABETZ—Yes. So that which was announced by us prior to the election is being continued by the current government. Is that right?

Mr A Grant—The government has made a decision to provide that additional 30 per cent grant.

Senator ABETZ—All it is doing is recommitting to that which the former government had committed itself to.

Mr A Grant—I am just telling you what the decision of the current government is.

Senator ABETZ—Can you tell us about the Rainforest Action Network activities in Japan. Has the Australian government sent representatives to some of these activities?

Mr A Grant—We have had regular visits to Japan to talk to a combination of stakeholders in Japan—the paper and pulp companies and the end users such as the photocopier companies. We have had contact with the environmental groups in Japan to try and explain the nature of Australian forestry operations and, in particular, the nature of Tasmanian forestry operations and to explain the obligations and commitments made in the Regional Forest Agreement and the TCFA.

Senator ABETZ—How much in costs has this department incurred in defending Senator Brown's personal court action?

Mr A Grant—I would have to take that on notice.

Senator McLucas—I understand that it is not normal practice to enumerate costs in legal matters. I was in the legal and constitutional committee yesterday and we had that question, and that was the response from the department.

Senator ABETZ—Take it on notice, because I would imagine a fair degree of departmental resources may have been involved. Has the department incurred any cost in relation to that? Is the environment department or the Attorney-General's funding it? Do you know who?

Senator McLucas—We will take the question on notice.

Senator ABETZ—Thank you.

Senator McLucas—We will answer it in an appropriate way.

CHAIR—If the Senate will indulge me, I know that, Dr O'Connell, you want to make a brief statement. At the wish of the Senate, Senator Boswell has waited patiently for nearly two days, and he assures me that he would like to put two questions on notice, if he may read them, and he has promised me it will not take any longer than two minutes. Dr O'Connell.

Dr O'Connell—In terms of the funding deed with the Victorian Farmers Federation related to the WEMA, I have further information now which I can give. The initial milestone payment of \$82,500 was made on signing of the deed. There was a further milestone payment of \$122,500 which was payable on completion of a project work plan that was due on 8 October 2007. A proposed project work plan was received by the department on 16 January 2008, and the department was invoiced. The department has not paid that because, in our view, the activities in the proposed work plan differ from the original intent. That is the status in terms of those milestones.

CHAIR—Senator Boswell, in conclusion.

Senator BOSWELL—Senator Abetz may have asked these questions. I will ask the questions and you put them on notice. How many RAP payment cases are still awaiting finalisation through appeals? If Senator Abetz has asked that question, do not answer it. How are these appeals being processed? When will these appeals be finalised? What funding remains in the pool to finalise these appeals? How many Quick 50 applications have applied to be upgraded to full business restructure through the RAP process? What is the status of these applications? How long until they are resolved? Are the funds available and how much is there to assist these families? Senator Abetz put in \$130,000 to study the impact of recreational and commercial fishing on the Queensland government's proposed rezoning of Moreton Bay, and I would like to know what the study shows and how it impacts on recreational and commercial fishermen in Moreton Bay.

CHAIR—Senator Boswell, I have been informed by the department that the first page of questions was to the wrong committee. Your other questions have been taken on notice.

Dr O'Connell—The first page is the environment department. All of that is the environment department.

Senator BOSWELL—Yes—that is right, it is.

CHAIR—Senator Boswell, do you have one more question?

Senator BOSWELL—I do. My colleague Senator O'Brien and I were in Cairns, and the government was trying to work out a way that the 300 fishermen that infringed the system in the green zones and carried a criminal conviction—and the previous government had a way to get them out of that. Senator O'Brien said that he was sympathetic to the cause of getting those people out of a criminal conviction. Have you done anything about those 300 people?

Dr O'Connell—The environment department is also pursuing that.

Senator IAN MACDONALD—Senator Boswell, I think the environment department is speaking on Friday between eight and 10 on climate change. You could put them on notice there if you want to.

Senator BOSWELL—Can you have a look at the \$130,000 one, please?

Dr O'Connell—We will take that on notice.

CHAIR—I would like to thank the committee, the department officials and the parliamentary secretary. Thank you very much for your valued time. To the secretariat—I know you have had to put up with some interesting behaviour over the two days. Thank you very much for your support. I also thank Hansard.

Committee adjourned at 11.04 pm