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SENATE

STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS
AND TRANSPORT

ESTIMATES

(Budget Estimates)

WEDNESDAY, 28 MAY 2008

CANBERRA

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**SENATE STANDING COMMITTEE ON
RURAL AND REGIONAL AFFAIRS AND TRANSPORT
Wednesday, 28 May 2008**

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

Participating members: Senators Abetz, Adams, Allison, Barnett, Bernardi, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, George Campbell, Chapman, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Ellison, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Hogg, Humphries, Johnston, Joyce, Kemp, Kirk, Lightfoot, Lundy, Ian Macdonald, Sandy Macdonald, McEwen, McLucas, Marshall, Mason, Milne, Minchin, Moore, Murray, Nettle, Parry, Patterson, Payne, Polley, Ronaldson, Scullion, Stephens, Troeth, Trood, Watson, Webber and Wortley

Senators in attendance: Senators Abetz, Adams, Bernardi, George Campbell, Chapman, Jacinta Collins, Fielding, Fisher, Heffernan, Hogg, Humphries, Hurley, Hutchins, Ian Macdonald, Johnston, Kemp, McGauran, Nash, O'Brien, Polley, Scullion and Sterle

Committee met at 9.03 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**

Ms Susan Page, Acting Secretary

Mr Andrew Tongue, Deputy Secretary

Mr Andrew Wilson, Acting Deputy Secretary

Corporate Services

Mr David Banham, Chief Operating Officer

Mr Paul Wood, Chief Financial Officer

Inspector of Transport Security

Mr Mick Palmer, Inspector of Transport Security

Mr Peter Pearsall, Director

Office of Transport Security

Mr Paul Retter, Executive Director

Ms Nicole Spencer, Acting General Manager, Aviation Security Operations

Mr Stuart Sargent, General Manager, Aviation Security Policy and Legislation

Mr Andrew Byrne, General Manager, Analysis and Operational Support

Mr Stewart Dietrich, Acting General Manager, Governance and Operations

Ms Philippa Power, General Manager, Maritime and Surface Security

Ms Cheryl Johnson, General Manager, Supply Chain and Identity Security

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
Dr Jonathan Aleck, Head, Legal Services Group
Ms Betty Edwards, Chief Financial Officer
Mr Gary Harbor, Head, Human Resources
Mr Robert Wight, Acting Group General Manager, 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 Chris Farrelley, Chief Information Officer
Mr Mark Sinclair, Head, Airworthiness Engineering Branch
Mr Paul Trotman, Acting Manager, Corporate Relations
Dr Ian Hosegood, Principal Medical Officer
Mr Peter Cromarty, Head, Airways and Aerodromes Regulation
Mr Michael Hart, Industry Complaints Commissioner

Australian Transport Safety Bureau

Mr Peter Foley, Acting Executive Director
Mr Julian Walsh, Director, Aviation Safety Investigation
Ms Kerryn Macaulay, Director, Strategy and Capability

Airservices Australia

Mr Greg Russell, Chief Executive Officer
Mr Richard Dudley, General Manager Corporate Affairs
Ms Caroline Fleming, General Manager People and Change
Mr Peter Curran, Manager National Air Traffic Control Service Capability

Aviation and Airports

Mr Stephen Borthwick, Acting Executive Director
Mr Mike Ford, General Manager, Aviation Regulation
Ms Karen Gosling, General Manager, Airports
Mr Scott Stone, Acting General Manager, Aviation Markets
Mr Jim Wolfe, General Manager, Aviation Strategy
Ms Maureen Ellis, General Manager, Aviation Services

Bureau of Infrastructure, Transport and Regional Economics

Dr Gary Dolman, General Manager, Regional Research and Transport Statistics
Mr David Gargett, Acting General Manager, Infrastructure and Transport Research

Infrastructure Investment

Ms Carolyn McNally, Executive Director
Mr Robert Hogan, General Manager, NSW and Investment Coordination
Mr Darren Crombie, General Manager, Policy and QLD/NT
Ms Joan Armitage, General Manager, Infrastructure Australia Coordination
Mr Neil Williams, General Manager, Rail
Mr Ned Rokvic, Acting General Manager, VIC/TAS and Strategic Projects

Mr Jason Maher, General Manager, WA/SA and Local Roads

Ms Heather White, Director, QLD/NT Branch

Australian Rail Track Corporation

Mr David Marchant, Chief Executive Officer

National Transport Strategy

Ms Leslie Riggs, Executive Director, National Transport Strategy

Mr John Elliott, General Manager, National Transport Policy

Infrastructure and Surface Transport Policy

Mr Michael Sutton, Acting Executive Director

Mr Peter Robertson, General Manager, Vehicle Safety Standards

Mr Lloyd Binks, Acting General Manager, Maritime

Mr Stewart Jones, General Manager, Transport Integration and Reform

Mr John Goldsworthy, Acting General Manager, Road Safety Branch

Australian Maritime Safety Authority

Mr Graham Peachey, Chief Executive Officer

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

Mr John Young, Acting General Manager, Emergency Response Division

Local Government and Regional Development

Mr John Angley, Executive Director

Mr Tony Carmichael, General Manager, Better Regions Branch

Mr Marcus James, General Manager, Regional Engagement Branch

Mr Michael Pahlow, General Manager, Local Government and Office of Northern Australia Branch

Ms Judy Jenkins, Acting General Manager, Regional Policy Branch

CHAIR (Senator Sterle)—I declare open this public hearing of the Senate Standing Committee on Rural and Regional Affairs and Transport. On Tuesday, 13 May 2008, the Senate referred to the committee for examination the particulars of proposed expenditure for 2008-09 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 budget estimates hearings. The committee may also examine the annual reports of the departments and agencies appearing before it. As agreed, I propose to call on the estimates according to the format adopted in the printed program. The committee is due to report to the Senate on 24 June 2008 and has fixed Friday, 18 July 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 resolution in 1999, endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operation or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes 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. I welcome Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, representing the Minister for Infrastructure, Transport, Regional Development and Local Government; Ms Susan Page, Acting Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government, and officers of the department. Minister, do you or Ms Page wish to make an opening statement?

Ms Page—Thank you, Chair; I would like to make a statement. With the agreement of the chairman and senators, I would like to make some opening remarks in respect of the Department of Infrastructure, Transport, Regional Development and Local Government that will provide, I hope, some context for today's hearing, particularly in the light of our recently tabled portfolio budget statements, which reflect a number of government decisions that affect the department.

I would first like to extend an apology from our secretary, Mike Taylor, who is unable to be here today as he is representing the minister at the inaugural meeting of the International Transport Forum in Leipzig, Germany, accompanied by Mr Phil Potterton who heads the Bureau of Infrastructure, Transport and Regional Economics. Australia is a founding member of the International Transport Forum, which was established in 2007 from the European Conference of Ministers of Transport and includes the United States, Canada and Australia, as well as European nations. The ITF is part of the OECD family of organisations. The theme of the inaugural International Transport Forum is 'Transport and energy: the challenge of climate change'. The forum will involve government, industry and research leaders, and will include discussion between ministers. It provides an important opportunity for Australia to influence developing policies in relation to climate change. Australia will co-chair with the UK the 2009 forum on transport infrastructure, trade and globalisation.

On 13 May, the 2008-09 portfolio budget statements were tabled in parliament. Consistent with guidance from the Department of Finance and Deregulation, the PBS now contains a strategic directions statement, outcome strategies and improved performance indicators and accompanying narrative. The PBS also includes the portfolio's newly approved outcome and output structure, which includes minor modifications to the portfolio's previous two outputs, and the introduction of an additional outcome which reflects the department's expanded role in infrastructure—that is, assisting the government to provide, evaluate, plan and invest in infrastructure across industry sectors.

Since the last hearings, the department's organisation structure has undergone a number of changes. In March, Deputy Secretary Mike Mrdak transferred to the Department of the Prime Minister and Cabinet. A selection process is underway to fill this vacancy. Mr Andrew Wilson is currently acting in this position. Reflecting the new outcome-output structure, the secretary has taken the opportunity to broaden the experience of a number of SES officers by moving them within the organisation. This has involved the movement of the following staff: Carolyn McNally transferred to Executive Director, Infrastructure Investment Division; John Angley transferred to Executive Director, Local Government and Regional Development; Leslie Riggs transferred to Executive Director for National Transport Strategy; Karen Gosling transferred to General Manager, Aviation and Airports Division; Neil Williams transferred to General Manager, Rail, within the Infrastructure Investment Division; Joan Armitage transferred to General Manager, Infrastructure, Australia Coordination; Jim Wolfe transferred to General Manager, Aviation Strategy; Stuart Sargent transferred to Head of Aviation Security Policy and Legislation in the Office of Transport Security; and when Andrew Byrne returned from our office in Indonesia, he took up the role of Branch Head, Analysis and Operational Support in the Office of Transport Security.

In parallel, the department has undertaken a number of structural changes to better reflect the government's focus. This has included the establishment of the National Transport Strategy Division; the transfer of the road safety function from the ATSB to the Infrastructure Surface Transport Policy Division—this division was formerly Maritime and Land Transport Division; the expansion of the former AusLink Division to incorporate a broader infrastructure agenda, and a corresponding name change to Infrastructure Investment Division; the creation of a Local Government and Regional Development Division; and the establishment of Infrastructure Australia, which will be co-located with the proposed Major Cities Unit in Sydney. A copy of the department's organisation diagram as at 13 May is at page 16 of the PBS.

Budget decisions have a number of implications for the department. New measures are set out on pages 20 to 21 of the PBS. In the budget context, the government announced that the Regional Partnerships and Sustainable Regions programs would not accept new applications or finalise consideration of existing applications. However, the government has confirmed that all 452 already approved and contracted projects would continue consistent with their current terms and conditions. The department's decision to close four of its offices—in Brisbane, Perth, Adelaide and Melbourne—follows a government decision to reduce departmental funding by \$5 million in 2008-09 and \$7.5 million in 2009-10 and the out years.

The reduction in funding reflects the decisions relating to the future of the Regional Partnerships program and the Sustainable Regions Program, and the corresponding reduction in the costs of administration. In addition to closing the four offices, savings are being generated by reducing the number of Canberra staff involved in regional program administration and in supplier expenses. We are working closely with the staff of those four offices to identify redeployment opportunities across other areas of the department or in other APS agencies, in accordance with the department's collective agreement and advice provided by the Australian Public Service Commission.

Where possible, affected staff will be redeployed to the national office, other state and territory offices, and to other APS agencies in those locations. Consistent with the department's CA, staff who do not wish to be redeployed will be made an offer of voluntary redundancy. There will also be a reduction in staffing numbers in the local government and regional development division in national office in Canberra.

Regional officers in Darwin and Townsville will play a key role in implementing the Office Of Northern Australia. Staffing in national office and the remaining regional offices will be reviewed as they progressively take up their changing roles over the coming months. Consistent with the advice provided by the secretary on this issue at the February estimates, the department will streamline its operations in order to accommodate without impacting on staff numbers the 3.25 per cent efficiency dividend in 2008-09. This will involve close monitoring of supplier expenses.

Turning to the work of individual divisions, Infrastructure Investment, which is formerly AusLink Division: during the course of 2008, the department has assisted the establishment of Infrastructure Australia. The department managed the drafting of the legislation, which received Royal assent on 8 April. The minister has announced the Infrastructure Australia board members, and preparations are under way for their first meeting next week.

The government announced in the budget that it will allocate \$20 billion to the Building Australia Fund, money which in years to come will be used to build economic infrastructure such as road, rail, ports and broadband. Allocations from the fund will be guided by Infrastructure Australia's national audit and infrastructure priority list, the first of which will be presented to the March 2009 meeting of COAG.

Consistent with the minister's announcement in February that Infrastructure Australia would be located in Sydney, the department has located suitable accommodation in Phillip Street close to the Commonwealth Offices and to the financial sector. It is anticipated that Infrastructure Australia will be operational from this site by 1 July 2008 as anticipated by the government.

The government announced 45 early start road and rail projects worth \$560 million in the budget. Further detail on these projects is available both on the department's website and in the minister's budget package. These early start projects will help plan upgrades to interstate transport networks and critical freight corridors. The department is currently working with states and territories to implement these projects.

The tackling urban congestion measure, totalling \$75 million, announced in the budget, will allow the states to undertake a series of extensive studies into a number of projects aimed at examining transport flows in our cities and the productivity of our economy. The division is also responsible for administering the new heavy vehicles safety program. Under this program, the government will spend \$70 million over four years to fund trials of technologies to address speed and fatigue, construction of rest stops and parking areas on highways, and upgrades to freight routes. Funding will, however, be contingent upon implementation at the Commonwealth level of new road user charges agreed by all transport ministers in February this year.

On budget night, the government announced the introduction of a new regional and local community infrastructure program. The government will commence work on the development of this program for consideration in the 2009-10 budget context. The Office of Northern Australia will also be established within the Local Government and Regional Development Division.

The Australian Transport Safety Bureau will continue to conduct selective transport safety investigations into aviation, marine and rail occurrences with resources targeted towards those accidents and incidents from which safety lessons are most likely to be derived and international commitments. ATSB resourcing for 2008-09 is similar to the current year, after allowing for the transfer of ATSB's former road safety policy and research functions to the Infrastructure and Surface Transport Policy Division, reflecting the road safety priority of the Australian Transport Council. Its funding will reduce by \$162,000 over 2007-08 levels, reflecting the partial flow-on of the efficiency dividend.

Funding to the ATSB includes provision for ongoing support to the Indonesian transport safety assistance package with some \$1.9 million allocated to the ATSB for investigations, training and other assistance projects in 2008-09. Significant assistance has already been provided in 2007-08 including with the high profile Garuda and Adam Air accident investigations.

In relation to the Office of Transport Security, the department will continue its program of inspection and audits of transport industry participants, focusing on those areas of higher security risk, and will maintain its engagement with influential states and organisations to influence the preventative security agenda on a regional and international level. Government directed savings of \$7.122 million over four years will be delivered primarily through a reduction in overseas representation in both Washington and Singapore. The number of overseas posted officers will be reduced from nine to six. In addition, two Canberra based positions which support the overseas activities will cease. The department will continue to assess the effectiveness of aviation security arrangements at airports which have direct flights to Australia using staff from Canberra and from our posts in Jakarta and Manila, where appropriate.

Aviation and Airports: following the release by the government of an aviation discussion paper in April this year, the department will assist the development of the government's national aviation policy white paper as a comprehensive statement of aviation policy. Consultation on issues to be addressed in the paper have already commenced with a range of stakeholders following the launch. A national aviation policy green paper will be released in the latter half of 2008, with further consultation with stakeholders planned prior to the finalisation of a detailed national aviation policy statement in mid-2009.

Infrastructure and surface transport policy: the department will provide leadership and policy input to support a range of infrastructure and transport reform directions identified by the Council of Australian Governments and the Australian Transport Council in 2008-09. Key initiatives include the delivery of the road pricing reform agenda; the provision of a reformed national system for regulation, registration and licensing of heavy vehicles; and the development of a single national approach to maritime safety regulation under the banner of the national transport policy.

On other maritime matters, the department has provided a submission to the currently parliamentary inquiry into coastal shipping policy and regulation, and it has appeared before the House of Representatives committee conducting the inquiry. The inquiry is scheduled to complete its work in October 2008. The department is also implementing the government's decisions announced in the budget to increase subsidies under the Bass Strait Passenger Vehicle Equalisation Scheme, and to expand the Tasmanian Freight Equalisation Scheme to include goods carried between King Island, Flinders Island and the main island of Tasmania. At the same time, it is undertaking an extensive consultation process regarding implementation of administrative changes to the Tasmanian freight programs. The government is currently considering the timing of implementation of these reforms.

Finally, the government's 2008-09 budget has delivered \$17 million over five years to fund an important and innovative road safety strategy, Keys to Drive, which will provide more than 200,000 free driving lessons to learner drivers. The department will be responsible for administering funding to deliver this national program. Following the agreement of the Australian Transport Council on 29 February this year, the National Transport Strategy Division will assist the minister to develop a national transport policy to facilitate a single national transport marketplace through uniform regulatory approaches, better collaboration in planning and investing in infrastructure to serve freight supply chains and the movement of people particularly in major cities and embrace the need to achieve environmental outcomes in the context of the climate change agenda, and to improve road and rail safety.

This small division has been created through use of existing resources to support this work. The Bureau of Transport, Infrastructure Transport and Regional Economics' analysis research and statistics will underpin the department's work to deliver against the key portfolio priorities in 2008-09. As well as completing research underway, the bureau will develop and undertake new research projects aimed at informing the government's infrastructure, transport, and regional and cities agenda. A recently established climate change taskforce coordinates transport and infrastructure advice to inform development of the government's climate change policy agenda which is managed by the Department of Climate Change.

Finally, in relation to Corporate Services Division, following the appointment of David Banham as Chief Operating Officer and Head of Corporate Services Division in March this year, the division is currently undergoing a restructure to enhance the people in planning branch that combines both HR policy and strategy along with HR operations. The division continues to provide strong support across a range of functions including financial management, internal planning and reporting, legal, office services, communication, and ministerial and parliamentary support. I hope that these comments will assist the committee in terms of providing a context for the range and diversity of activities undertaken by the department. We look forward to addressing questions from the Senate committee. Thank you, Chair.

Senator NASH—Can I ask that Ms Page table her opening statement?

CHAIR—Yes, of course, absolutely.

Senator McGAURAN—Could we have copies as soon as possible?

CHAIR—Thank you, Ms Page.

Senator McGAURAN—Can I make a comment just on the statement, comprehensive as it was—more long than comprehensive—you touched on the area of local government and regional services and the reshaping of Regional Partnerships. Can you explain why the officers of that particular section have been unable to fulfil their commitment to come in tomorrow morning to address the committee?

Ms Page—There has been a change, as I understand it, in the agenda, but the officers will be available to answer questions.

Senator McGAURAN—Tomorrow morning?

Ms Page—They will be available, as I understand it, at item 13.

CHAIR—At item 13, Senator McGauran, and we will be having a private meeting, if you wish to discuss that further. I do not think you have to have that conversation now.

Senator McGAURAN—I think I am entitled to ask—

CHAIR—You know it is the topic of a private meeting, and Ms Page has answered your question. Are there any other questions of the department?

Senator McGAURAN—Further to that question—

CHAIR—Senator McGauran, we are going to have a private meeting at 10.30. Ms Page has answered your question.

Senator McGAURAN—I have another one on that matter, though.

CHAIR—Senator McGauran, ask the question, but if it is going to be a show of pretending that we are in a courtroom, and it is going to go on for hours and hours over the same question, I will move on to other questions.

Senator McGAURAN—If item 13 comes up tomorrow morning, your officers will be available?

Ms Page—Absolutely, Senator.

Senator McGAURAN—Thank you.

Senator ADAMS—I refer to Ms Page's opening statement on the Regional Partnership changes. With respect to the new announcement this morning, could you state the implications of that on your budget? I have just looked at what was going to be deleted from the Regional Partnerships program.

Ms Page—I think we would prefer to answer questions in relation to the Regional Partnerships program under that particular item.

Senator Conroy—I am happy to answer all the questions when it is listed.

Senator ADAMS—Yes, I know, but it was raised, and it was the new announcement; therefore, looking at the budget papers, I want to know how the budget will deal with—

Senator Conroy—The officers who handle that are here tomorrow.

Senator ADAMS—They will?

Senator Conroy—Yes. The officers that will be able to give you a detailed answer to that will be turning up tomorrow to give you those detailed answers.

Senator ADAMS—I am fully aware of that, but it was because it was raised here that I wanted the answer so I can work something out myself. Anyway, if that is the case, we will leave it at that.

CHAIR—We are actually in corporate services.

Senator McGAURAN—In your very long statement—

Senator Conroy—Did you struggle to keep up?

Senator McGAURAN—You failed to mention or apologise for Mr Taylor. Where is Mr Taylor?

Ms Page—Mr Taylor is at the conference of the International Transport Forum in Leipzig, Germany.

Senator Conroy—Was that the first line or the second line? That was the second line that was read out.

Senator McGAURAN—I apologise.

CHAIR—Senator McGauran, to assist you, the opening statement has been tabled, and Ms Page talked in depth as to where Mr Taylor is.

Senator Conroy—But, you nodded off in the first part, okay.

Senator McGAURAN—Thank you. But I do think, nevertheless, you misunderstood my initial question about the officers of local government and regional development.

CHAIR—Senator McGauran, we have moved on from that.

Senator McGAURAN—I do not know what agenda you are looking at, but they were down to be available tomorrow morning. It is not a matter of—

CHAIR—Senator McGauran, Ms Page has answered your question, and you have this fantastic knack of asking the same question six or seven times until you confuse yourself and the rest of us. Now, Ms Page has answered the question. Those officers will be here tomorrow and, if for some strange reason we scoot through and questions are directed to the officers where they are supposed to be and answers are given, and we find ourselves earlier in the agenda, Ms Page has already said to you: the officials will be here at agenda item 13.

Ms Page—That is correct, Senator.

CHAIR—Now, we are at corporate services, Senator McGauran.

Senator McGAURAN—Not at agenda item 13; just to be available tomorrow morning.

CHAIR—Senator McGauran, they were there listed at item 9, and as it has worked out, we are going to have a private meeting to discuss this at 10.30, which we discussed before proceedings commenced this morning.

Senator McGAURAN—Mr Chairman, you could not even tell us why they would not be available, so I am asking the acting secretary.

CHAIR—And you have had an answer, Senator McGauran, that they will be here at item 13, and we will be discussing that in a private meeting at 10.30. While we are on corporate services, are there any questions to the officials of the department?

Senator McGAURAN—Why aren't they available at 9 o'clock tomorrow?

CHAIR—Senator McGauran, Ms Page has answered that for you.

Senator McGAURAN—Not at item 13, 9 o'clock.

CHAIR—Senator Nash—and I welcome the refreshment from Senator Nash. I look forward to your questions.

Senator NASH—Ms Page, my colleague Senator Scullion raised earlier in the week the issue of process and appropriate answers to questions on notice. He did at the time indicate that DAFF, with whom we were speaking at the time, had done quite a reasonable job. I want to raise with you our disappointment—although that word is not quite strong enough,—with the questions on notice that have come back to this committee where the answers are merely referring this committee to a website. It has happened in a number of areas within the department and it is entirely inappropriate that the department should believe—and, Minister, I hope you are listening to this too—that to refer senators of this committee to a hyperlink to a website as an appropriate answer is an appropriate way of dealing with questions on notice. Can I have your comment on that?

Senator Conroy—I know there has been some issue—and I have had this experience in other committees—around particular requests for the department to supply lists of election promises—

Senator NASH—Could we leave that aside, because I do not know if you are aware that there is a whole range of issues—

Senator Conroy—If I can clear this one up, then we do not have to revisit it perhaps and then we can move on to the other issues. It has been a practice across the whole Senate estimates process for coalition opposition senators to ask for the department to provide lists of election promises. This is the answer provided by Senator Evans in response to that.

The Prime Minister, on behalf of all ministers, has provided the following answer to the honourable senator's question: the election commitments made by federal Labor, the great majority of which were accompanied by an estimate of costs, are on the public record. The administrative arrangements orders issued by the Governor General on 3 December 2007 and 25 January 2008 list the matters dealt with by each department of state.

That is the answer to the question asking each department to list election promises. They are on the public record, and that is where the matter rests. On questions around election promises, that is where the matter rests.

Senator NASH—Okay. What I would like to go onto—and I take your response; there is not much more we can do about that. As I was trying to say—and sorry I interrupted you—there are a number of portfolio related issues that have been answered in this manner. If I can just give you a bit of an example, in the infrastructure investment section, we have some questions here from Senator Birmingham that were asked last estimates:

What funds, if any, have been committed by the South Australian Government towards federally funded road projects, broken down by project?

—a fairly straightforward question, and the answer is:

Details of South Australian Government contributions to road projects are set out in full at www.auslink.gov.au.

Start and completion dates for each South Australian road project—same answer: full details, www.auslink.gov.au. Again:

At which intersections will grade separations occur?

Full details of at www.auslink.gov.au, and it goes on.

Now, we can easily go to a website before we even come in here and have a look at that. That is not the point. It is about asking officials questions and requiring an appropriate answer. I do not, and neither do my colleagues, think that it is anywhere near appropriate to refer us to a hyperlink. Can I also refer to a specific issue where the official undertook to actually provide the committee with a hard copy download, which was fine, because they had not actually produced the final copies, and yet we get another link. It is entirely inappropriate. Could I have your comment on that.

Senator Conroy—If I could respond to that: notwithstanding the point that I think some of my colleagues have made, that this actually did happen on a number of occasions to all of us—and I personally experienced it as well—I am more than happy to take up on your behalf this matter and have a chat with the minister. I suspect what has happened that, in an enthusiasm to get you the answers as fast as possible—

Senator NASH—You do not seriously believe that, Minister.

Senator Conroy—that they wanted to do it as quick as possible, but I am genuinely happy to take this up with the minister to assist in the process of the Senate estimates. I do have some sympathy, having had it happen to me on a number of occasions, but as I said, I am sure it was just an enthusiasm to provide information as fast as possible.

Senator NASH—Given the time some of them took to come back, I do not know that enthusiasm was the reason, but I appreciate your taking it to the minister. Thank you, Minister.

Senator HOGG—On that point, can I just find out, with the format of answers that have been provided by the department previously, can you tell me if this format has been used previously in answers to estimates, say from 2004 on?

Senator McGAURAN—I thought you were finishing the blame game?

Ms Page—A variety of formats has been used for answering questions.

Senator HURLEY—We are not blaming you.

Senator HOGG—No, I am not blaming you, Julian; I am just finding out what the process in the department has been previously.

Ms Page—The answers are provided to the committee by the minister, and ministers have used a variety of formats to answer questions of Senate committees, in my experience over time.

Senator NASH—Can I just move to the issue of the press clippings service that is provided to the office of the Minister for Infrastructure, Transport, Regional Development and

Local Government? Does the department provide such a service to the office of Minister Albanese?

Ms Page—I would refer you to David Banham, our chief operating officer, who can provide advice on that matter.

Mr Banham—Sorry, could you repeat the question please?

Senator NASH—I am talking about the press clippings service that goes to the department. Does that go to the minister?

Mr Banham—That is correct.

Senator NASH—How often is that service provided?

Mr Banham—It is basically every day, but it is more of a real time service.

Senator NASH—How many copies of the clippings are produced?

Mr Banham—I do not have the number of clippings; I can take that on notice.

Senator NASH—You do not have how many copies?

Mr Banham—A lot of the stuff is done online, where people can actually download the clippings of interest themselves.

Senator NASH—Do you have any way of tracking how many are downloaded?

Mr Banham—We could give you the number of people who use the system.

Senator NASH—If you could take that on notice, that would be great, thanks. Do you provide a press clipping service to other ministers?

Mr Banham—Just to parliamentary secretaries and their minister.

Senator NASH—Any government members of backbench committees?

Mr Banham—Not that I am aware of, Senator. I will check.

Senator NASH—Could you take that on notice and come back to me. Prior to the last federal election, did the department provide a press clippings service to shadow ministers or any other member or senator in opposition?

Mr Banham—I will take that one on notice.

Senator NASH—Could you provide also which minister, member or senator it went to. Are you aware that the department does not provide that service to the current shadow minister for infrastructure?

Mr Banham—I am not aware of that. I will check that.

Senator NASH—Does that mean you do not know whether—

Mr Banham—There is a possibility that that service is provided.

Senator NASH—There is a possibility—so you cannot tell me if it is or if it is not at the moment?

Mr Banham—No, not at this moment. I will find out over the next couple of hours.

Senator NASH—All right, that would be great. If you could come back during the course of the day, that would be—

Senator Conroy—Could I save the time, Senator Nash?

Senator NASH—Sure.

Senator Conroy—The previous government did not have a government policy of supplying shadow ministers with departmental clips. Some shadow ministers provided them to me in the past, and some did not. It is entirely at the discretion—

Senator NASH—Some did and some did not. My understanding is that the previous shadow in this—as we are talking about this portfolio—the previous shadow—

Senator Conroy—It is entirely at the discretion of the individual ministers.

Senator NASH—Absolutely. If I could just make the point—

Senator Conroy—And the practice was not consistently performed across the government. There were ministers in the previous government who refused to supply their shadows with the press clippings, and ministers who did provide.

Senator NASH—Thank you for that.

Senator Conroy—So there is no uniform position whatsoever. My understanding is that Minister Albanese was never the recipient of clippings when he was shadow minister. Just to demonstrate that it was not a consistent position, as I said, it happened to me. Some ministers provided them to me in some of my roles; others did not.

Senator NASH—I think you have made that general point very clear, thank you, Minister. But, as we are in this room with this particular portfolio, my understanding is that the previous shadow minister did receive it, so I am just interested to know—so if you could come back to me—

Senator Conroy—The previous shadow minister was one of the lucky ones.

Senator NASH—One of the lucky ones? Okay. Is it just a matter for the minister of the day to decide whether or not they will allow the shadow to have—

Senator Conroy—Yes; entirely at the discretion of the minister.

Senator NASH—Entirely at the discretion of the minister? Okay. Is there any move to change the current situation that you are aware of, Minister?

Senator Conroy—There is no government policy on this; my understanding is that it is at the discretion of individual ministers, as it was in the previous government.

Senator NASH—Yes, absolutely. As you are representing the minister, do you know if he has a reason why he has chosen not to provide those to the current shadow minister?

Senator Conroy—I have never to my recollection discussed it with him. I am sure he will note your—well, you haven't actually asked for them yet—but I am sure he will note your comments.

Senator NASH—If you would not mind taking to the minister this issue and providing me with a response from the minister—

Senator Conroy—I will certainly raise it with him on your behalf.

Senator NASH—Thank you very much. Chair, I have quite a number of questions around the separate funds—the Building Australia Fund, the education investment fund and the Health and Hospitals Fund. Is it appropriate to do that at another time?

Senator Conroy—Are those within—

Senator NASH—Hang on, Minister; that is exactly why I am asking. Can I have some direction on where I should ask those questions?

Senator Conroy—The actual funds are being administered by the Department of Finance and Deregulation.

Senator NASH—What about Infrastructure Australia?

Senator Conroy—Infrastructure Australia is definitely this portfolio, in the role of Infrastructure Australia.

Senator NASH—But those actual funds—

Senator Conroy—The funds are actually administered by the department of finance, and you need to put your questions—

Senator NASH—Okay, so there is no link or no appropriate place here to do that?

Ms Page—The role of Infrastructure Australia is as an advisory body, and it will make recommendations to government and to COAG about priorities for investment, but Infrastructure Australia does not manage funds or have an infrastructure budget itself. Those funds are managed within the Building Australia Fund, which the department of finance can provide advice on.

Senator ADAMS—Ms Page, did your department seek an exemption from the application of the one-off two per cent efficiency dividend?

Ms Page—No, it did not.

Senator ADAMS—What programs will the agency cut to accommodate the efficiency dividend?

Ms Page—The position is as I indicated in the opening statement, as Mr Taylor foreshadowed in the February estimates. We anticipated the increase in the efficiency dividend and we have been reviewing supplier expenses as a means of reducing our overall costs. We do not anticipate reducing staff numbers to cope with the effect of the efficiency dividend.

Senator ADAMS—You will be able to cope otherwise without having to do that?

Ms Page—We believe so, yes.

Senator McGAURAN—It is just solely on supplier expenses?

Ms Page—Because we anticipated this prior to the beginning of the next financial year, we have been monitoring the budgets of individual divisions, so we have been controlling expenditure more generally I think over the recent period, and, in addition to that, we are also now more closely monitoring supplier expenses, particularly things such as travel. We

anticipate that, through that process, we will be able to absorb the effects of the efficiency dividend.

Senator McGAURAN—Can you give us a little more detail? You have given us travel. That is travel of your officers, is it?

Ms Page—It is travel by departmental staff, reviewing the numbers of people travelling at any particular time, the requirements for travel and the expenses undertaken in travel. That is a particular area.

Senator McGAURAN—Just in that small section, for you to be able to meet the efficiency dividend, you must have a target in travel. You are not just going to make it up as you go along?

Ms Page—We are doing business planning at the moment. We have allocated budgets to the divisions that take the full effect of the efficiency dividend into account. We are also examining things such as consultancies, determining whether we can reduce the need for consultancies for particular activities and seeing whether or not we can develop in-house capacities that might reduce the cost. In relation to contracted services, we are looking for some scope to bring some services in house. We have done that recently—for example, we have found that it has been cheaper to do some of our IT services in house.

Senator McGAURAN—Then what is the efficiency dividend in dollar terms? That is a target in itself.

Mr Wood—The 2007-08 portfolio additional estimates statements disclosed on page 17 the dollar impact of the two per cent one-off efficiency dividend. The impact in 2008-09 is \$4.822 million. That has been represented in our budget statements, our additional estimates statements, as a reduction in supplier expenses. It is the additional estimates statements.

Senator McGAURAN—What is the 3.25 per cent efficiency dividend?

Mr Wood—The one-off two per cent efficiency dividend was disclosed in the—

Senator McGAURAN—Is it the \$4.8 million?

Mr Wood—\$4.822 million. The additional 0.25 was disclosed in the additional estimates statements as \$607,000; the remaining one per cent is just over \$1 million. That has been part of our ongoing base. It is \$1.7 million. That is the one that, as you are aware, we have had for several years.

Senator McGAURAN—Now that you have a target to work to—and you have broken it up into consultancies, travel, suppliers and across the whole range—haven't you set out targets for each one? As I say with travel, are you just going to look at it on a day-to-day basis? Don't you have it that the travel budget must now meet this target?

Ms Page—We do not have a departmental travel budget, but what happens is that we allocate a budget to each division, which is their budget for the forthcoming year, and that budget, which divisions have now been given, takes into account the cuts that they will need to achieve. It is a matter for those divisions, as it is in any year, to work within the constraints of the funding that they are provided. Some divisions might travel more than others; others might have more consultancies than others. It is a matter for their discretion to determine

where that balance should lie. We also have a very rigorous internal business planning framework within the department, and the executive and the secretary review divisions' budgets every three months. We also have a midyear review at the end of the year. We have a very good ability to track any movements—any divergence, if you like—from the target areas. We also have the ability to adjust, and we do adjust throughout the year as required.

Senator McGAURAN—You say you are not going to reduce staff. Are you going to increase staff?

Ms Page—We are not going to reduce staff as a result of the efficiency dividend. We also have some budget cuts in two specific areas that I outlined in relation to the Regional Services, Development and Local Government Division and in relation to the Office of Transport Security.

Senator McGAURAN—Where those cuts are coming from is in your statement within Regional Services, is it?

Ms Page—Yes. There are specific cuts in those two divisions.

Senator McGAURAN—Are those specific cuts in your statement?

Ms Page—Yes, they are.

Senator McGAURAN—Nevertheless, overall will there be a reduction in staff numbers within the department?

Ms Page—There will be an overall reduction, yes.

Senator McGAURAN—How much?

Ms Page—At this stage I think there are 32 staff in the four affected regional offices and five staff in the Office of Transport Security. There are likely to be further staff in the national office that deal with Regional Partnerships, and I think we have disclosed a number of 50 staff in our portfolio budget statement.

Senator McGAURAN—But what about the Better Services—

Ms Page—Better Cities?

Senator McGAURAN—Yes, the budget—

Ms Page—Better Regions, sorry.

Senator McGAURAN—Better Regions; that is it—whatever it was that was cobbled together before the election and given a name with no substance. Won't that require staffing numbers?

Ms Page—It will require some staff, yes.

Senator McGAURAN—Will these be redeployed to it?

Ms Page—Not to that program. They may well be redeployed in other government agencies, and we have had a lot of interest already from other government agencies in redeploying them, but they will not be used to meet the costs of administering regional programs, because the government has a view that the administrative costs of those programs was unacceptably high.

Senator McGAURAN—Is that because they will all be administered from the minister's office?

Ms Page—No, that is not correct. There will still be a sizeable division in Canberra, and we are also retaining officers in regional centres—in Darwin, Townsville, Newcastle, Orange, Wollongong, Bendigo and Hobart.

Senator McGAURAN—We might come back to that.

Senator ADAMS—What is the total number of permanent staff employed on a full-time basis?

Mr Banham—Our current number, as of 31 March, is 1,235 people—that is the head count.

Senator ADAMS—That is full time?

Mr Banham—No, the full-time equivalent is 1,206.

Senator ADAMS—Any part-time staff?

Mr Banham—I do not have the breakdown there; I can get that to you.

Senator ADAMS—You can get that on notice, then. What is the part-time equivalent basis? How many employees are employed on contract? What is the average length of their employment period?

Mr Banham—I will take that one on notice.

Senator ADAMS—What are the base and top level salaries of the officers at APS levels 1 to 6?

Mr Banham—I will give you the numbers as of 1 July 2007, just after the last increase. The range for APS1 is \$35,098 to \$38,661; for APS2, \$39,750 to \$43,885; for APS3, \$45,353 to \$48,969; for APS4, \$50,249 to \$54,602; for APS5, \$56,098 to \$59,484; and for APS6, \$60,824 to \$70,927.

Senator ADAMS—What are the base and top level salaries of your executive level officers?

Mr Banham—The range for EL1 is \$77,916 to \$92,734; for EL 2, \$89,507 to \$ 105,722.

Senator ADAMS—And your senior executive service officers?

Mr Banham—We do not have a range as such; we have a starting point. This is what we call the total package, which includes the provision for a vehicle. For the SES band 1, as of 1 August 2007, the starting point was \$135,200; for SES band 2, \$156,000; for band 3, \$187,200.

Senator ADAMS—What is the range for equivalent officers employed?

Mr Banham—Sorry, Senator?

Senator ADAMS—You have done your senior executive officers; do you have any other equivalent officers employed?

Mr Banham—No, there are a few variations when it comes to legal and specialist provisions, but they largely fall within those bands.

Senator ADAMS—So there is nothing outside that that is of a higher salary or higher salary package?

Mr Banham—Some of the specialist positions, particularly in the Transport Safety Bureau, can go as high as \$122,000.

Senator ADAMS—How many officers are employed at executive level and SES level?

Mr Banham—I can give you by division, as of 31 March 2008; I can run through each of the levels if that is convenient?

Senator ADAMS—Yes.

Mr Banham—We have 30 at graduate level; two APS level 1; two APS level 2; 30 APS level 3; 117 APS level 4; 192 APS level 5; 276 APS level 6; 329 executive level 1; 206 executive level 2; 31 SES band 1; 11 SES band 2; three SES band 3; and one secretary.

Senator ADAMS—How many permanent staff have been recruited since 26 November 2007?

Mr Banham—One hundred and fifty-three.

Senator ADAMS—What level are these staff?

Mr Banham—This is a combination of ongoing and non-ongoing: APS level 1, four; APS level 2, one; APS level 3, 10; APS level 4, 19; APS level 5, 20; APS level 6, 21; EL 1, 28—I will change that to 32 as there is a number of EL1 laws that fit within the same band, so that is EL1, 32; EL2, 13; SES band 1, two; and 30 graduates.

Senator ADAMS—How many temporary positions exist or have been created since 26 November 2007?

Mr Banham—Thirty-seven non-ongoing people have been recruited since 1 December.

Senator ADAMS—Since 26 November, how many employees have been employed on contract, and what is the average length of their employment period?

Mr Banham—When I refer to non-ongoing, they are contracts, but under APS conditions.

Senator ADAMS—How many DLOs have been allocated to each minister or parliamentary secretary?

Mr Banham—Two DLOs to Minister Albanese and one DLO to Parliamentary Secretary Gray.

Senator McGAURAN—What is the role of the two DLOs in Mr Albanese's office?

Mr Banham—Basically to liaise between the department and the minister's office.

Senator McGAURAN—Both of them will cover the whole portfolio; they have not divided the portfolio?

Mr Banham—They will probably specialise in areas.

Senator McGAURAN—Can you let me know about that, which specialises in which?

Ms Page—We will take that on notice, but my memory is that they break up their duties on a functional basis rather than on a subject matter basis.

Senator McGAURAN—And one for the parliamentary secretary?

Mr Banham—That is correct.

Senator ADAMS—Coming back to the travel, I have asked this question of the department as well: do your staff utilise frequent flyer points for official travel?

Ms Page—No, we do not. I do not even know whether we have access to them.

Mr Banham—We can ask our travel service provider to try to redeem our points for us at the individual officer level, but the department itself has no visibility of points accrued by the individual.

Senator ADAMS—Those points are actually owned by the individual despite the fact they have been earned—

Ms Page—But, they cannot be used by the individual for other than official travel.

Senator ADAMS—The department does not ask the staff to use those rather than using departmental funds?

Ms Page—The department is required to abide by the whole-of-government policy of using the best fare of the day, and certainly staff are required to do that.

Senator ADAMS—There is no record if somebody did decide to use their frequent flyer points for an official trip; is there any way of monitoring that? Obviously the department does not have to monitor it.

Mr Banham—We could probably ask our travel service provider to alert us if someone had used their points for official travel, but it is not a standard report we get from them.

Senator Conroy—Unless the contract of the individual specifies that the frequent flyer points earned belong to the individuals, there is no legal basis; it is quite clear and I think it has been expressed that the frequent flyer points are owned by the individual.

Senator ADAMS—Yes, I am fully aware of that. The reason I ask is that a recent memo that was sent to members and senators to utilise theirs and to report on their monthly management reports, so I am trying to check whether departments have the same rules. That is the reason I asked the question.

Senator Conroy—But the point I am making is I think the minister has indicated publicly that frequent flyer points are the property of the individual, they are not the property of the Commonwealth, unless a contractual relationship has been entered into.

Senator ADAMS—Right, thank you for your answer; it helps simplify the answer that I was given on Monday. With respect to ministerial travel, has the minister or parliamentary secretary travelled overseas on official business since appointment to your department?

Ms Page—The minister has to my memory had one overseas trip to Indonesia at the end of January.

Senator ADAMS—How long was that for?

Senator Conroy—I think he went for a day, didn't he?

Ms Page—He went for a day.

Senator Conroy—I represented him for a day. It was a cracker of a trip.

Senator ADAMS—How many ministerial staff or family accompanied the minister on the trip?

Ms Page—One.

Senator ADAMS—How many department officers went on that trip?

Ms Page—The secretary and I accompanied the minister. The purpose of the trip was signing a memorandum with the Indonesian minister for transport, which was formalising the Indonesian transport safety assistance package.

Senator ADAMS—Has the department received any advice on how to respond to FOI requests?

Mr Banham—Just the normal open and transparent manner.

Senator ADAMS—Nothing has changed then?

Mr Banham—Nothing has changed.

Senator ADAMS—How many FOI requests have you received since 26 November?

Mr Banham—I can give you the figures from 1 July 2007. We have received 25 requests. Twelve were either withdrawn or transferred to the more appropriate agency. We have completed 11 and we have two running at this moment.

Senator ADAMS—Did your minister travel to the community cabinet meetings that were held—one in Western Australia, one in Queensland and one in New South Wales?

Ms Page—I believe so, yes.

Senator ADAMS—How many departmental officers travelled with the minister for that cabinet meeting?

Ms Page—The secretary accompanied him to each of the three meetings.

Senator ADAMS—That is all I have.

Senator NASH—I want to ask some questions around Infrastructure Australia. Is this the appropriate place?

Ms Page—No. I would rather you did it during the Infrastructure Investment section when the relevant officers will be here.

Senator NASH—That is fine, no problem.

Senator McGAURAN—In answer to a question on notice from Senator Minchin, you mentioned there were 16 vacancies still to be filled by ministerial appointment. Is that still the figure? More specifically, there were some six area consultative committee chairs to be appointed; have they been appointed?

Ms Page—There are still 16 vacant positions in the portfolio.

Mr Wilson—In regards to the second component of your question: yes, the area consultative committees are still vacant.

Senator McGAURAN—You also answered a question on notice from Senator Minchin that related to grants approved by the minister. They referred to remote aerodrome safety grants and seat belts on regional school buses. Did each one of those receive departmental approval, given the government is so reliant upon it and will only rely on it?

Ms Page—The department provides recommendations into each funding decision that the minister makes.

Senator McGAURAN—Well, more than that: we are informed that the government would not approve of any grant unless the department, after a rigorous assessment, has approved it itself.

Ms Page—I think that statement was made in relation to the Regional Partnerships program specifically. I do not know that it extended—

Senator McGAURAN—Not specifically.

Senator Conroy—We discussed this at length last time, and I think I said ad nauseam—you may have been here for some of it; I certainly know that Senator Nash was here, and probably Senator Adams—that the government will be and is delivering on every single election commitment that we made. I know that is somewhat foreign to a government that believed in core and non-core promises, but we do not operate like that. We intend to deliver each and every one of our election commitments. We had a lengthy discussion about it last time; I am happy to have it again.

Senator McGAURAN—Well, good for you, but that is not the discussion. The discussion is with respect to all grants. You talk about an election commitment. This commitment was made prior to the election by your leader that all grants and programs must receive in every department, and in particular this department—

Senator Conroy—You are verballing the Prime Minister, which is not an unusual thing for you to do. You are taking the comment he made in response to a particular question—

Senator McGAURAN—What are you saying his comments were referring to?

Senator Conroy—I am saying his comments referred to the Regional Partnerships program. You are trying to extend it into everything. I repeat, and let me be clear—

Senator McGAURAN—But that is what it is. I have his quote here amongst my papers.

Senator Conroy—We can spend all day today and all day tomorrow on this, Senator McGauran, and you will get the same answer: we intend to deliver on the promises that we made to the Australian public. They voted for us on the basis that we would deliver on our promises, and we intend to. Each and every one of the projects will be delivered on.

Senator McGAURAN—All right, let me ask you this question: in relation to grants and programs, such as remote aerodrome safety and even seatbelts on regional school buses, that the minister has so far issued, if the department, after a process, does not approve of some of those applications, is the minister bound by that?

Senator Conroy—Each and every promise and election commitment made—

Senator McGAURAN—We are talking apples and pears.

Senator Conroy—No, you are talking apples and pears. We are saying there is only one apple, and that is the promise we made. They will be delivered because, unlike your government which made core and non-core promises, we made promises to the Australian public and we are keeping each and every one of them. You can ask the question in 20 different ways for the next 10 hours, and 10 hours tomorrow, and you will get the same answer.

Senator HEFFERNAN—No, please don't encourage him to do that!

Senator Conroy—I appreciate your forbearance on this, Senator Heffernan; I know the prospect of Julian talking all day would (a) be a miracle and (b) be unbearable.

CHAIR—Minister, I think you have answered that question quite succinctly.

Senator McGAURAN—Ms Page, nevertheless, are you able to inform the committee of the grants for this department thus far issued by the minister, which only relate to two programs? Did each one of them receive departmental approval?

Ms Page—Where the minister is the approver under the FMA Act, the department does not approve. The department's role is to provide advice to the minister, and the minister is responsible for approving the project.

Senator McGAURAN—Did you advise that each one of these grants met the criteria and the requirement?

Ms Page—Senator, I do not feel that I can disclose policy advice or advice in relation to matters that we raise with the minister, but I can tell you that the minister, under the FMA Act, is required under reg 9 to ensure that any grant represents an efficient and effective use of funds, and is consistent with Commonwealth policies, and on that basis is obliged to take into account the advice of the department.

Senator McGAURAN—Minister, can you advise me on this—

Senator Conroy—Each and every election commitment that we promised, we will deliver. It is fairly clear. I do not know how clearer I can be.

Senator McGAURAN—You are not listening, are you?

Senator Conroy—I do not know how clearer I can be.

Senator McGAURAN—You are not listening, because we are off that.

Senator Conroy—No, you are trying to come back at it from a different angle. You are a cunning man, and I am very awake to what you are up to. I know exactly what you are trying to do, and my answer remains the same no matter from which angle you want to try to come at this.

Senator McGAURAN—You misjudge me; I have no cunning plan. The man with the cunning plan is down there.

Senator O'BRIEN—I agree with Senator McGauran.

CHAIR—That is noted in *Hansard*; Senator McGauran.

Senator McGAURAN—It is pretty straightforward. So you are not going to answer that. I think the advice of the department is available under FOI.

Senator Conroy—Advice to ministers?

Senator McGAURAN—Yes, the advice the department gives to ministers is available.

Senator Conroy—I expect you are going to need to role the dice, put your dollars on the line and find out.

Senator McGAURAN—Why is not available through the estimates?

Senator Conroy—Advice to ministers of any government has never been available through the estimates.

Senator McGAURAN—But in regard to the open and transparent process of grants.

Senator Conroy—Advice to ministers has never been available, Senator McGauran, never.

Senator McGAURAN—No, that is incorrect.

CHAIR—I have to concur with the minister, Senator McGauran.

Senator Conroy—I spent 11½ years asking these sorts of questions, Senator McGauran, and I promise you that I never once got an answer—and I am persistent.

Senator HEFFERNAN—Don't run up the flag, Julian.

Senator McGAURAN—What happened to the now Prime Minister's commitment prior to the election that all grants, particularly from this department—

Senator Conroy—No, not particularly. Again, you are verballing the Prime Minister.

Senator McGAURAN—No. You tell me what the Prime Minister said, then?

CHAIR—Senator McGauran, just ask the questions of either the minister or the department.

Senator Conroy—I had a lengthy discussion about this last time, and I read out his quotes. I am sure I can get them very quickly.

Senator McGAURAN—Well, get them.

Senator Conroy—I did have a lengthy discussion about this last time. I think you are just wasting the time of your colleagues going over material that they went over previously.

Senator McGAURAN—They are encouraging me to ask these questions.

Senator Conroy—Senator McGauran, your nose is growing.

CHAIR—Senator McGauran, while you are looking, do you wish to pass on some time to your colleagues? I know that one of your colleagues has some questions to ask of the officials.

Senator McGAURAN—Yes.

Senator FISHER—Minister or Ms Page, but probably Minister: how much money was spent by this portfolio on air travel between Sydney and Canberra since February this year?

Ms Page—We will have to take that on notice and we will try to get back to you.

Senator FISHER—Thank you, that would be good. Can you inform the committee how much—both in dollar terms and percentage terms—of that travel between Sydney and Canberra would have been with Qantas and how much with Virgin?

Ms Page—Yes, we can do that.

Senator Conroy—I think the government introduced recently a policy about using both carriers for the departments.

Senator FISHER—I was going to ask you about that, Minister. Can you remind me: what is your policy?

Senator Conroy—I am happy to get you the information.

Ms Page—I am advised that we are currently at the nominated level of 25 per cent of Sydney-Canberra trips on Virgin.

Senator FISHER—When you say ‘at the nominated level’, from your perspective, is that the government’s election commitment?

Ms Page—There is a policy promulgated by the department of finance which requires a minimum of 25 per cent Sydney-Canberra government travel to be on Virgin.

Senator FISHER—Minister, can you advise me as to whether that is part of the government’s election commitment?

Senator Conroy—That falls within the finance portfolio. I am happy to seek information for you on that, but I think that is the policy that is across the Public Service now.

Ms Page—It is an administrative policy which accompanied the re-entry of Virgin Blue to the Canberra-Sydney route.

Senator FISHER—I would like to know whether it is government policy and whether it was also government policy heading into the election.

Senator Conroy—As I said, you are probably asking the wrong minister, in that it is a finance department edict. I am happy to take that on notice and check with the minister for finance rather than the minister for transport and infrastructure, but I am sure we can furnish you some information on that.

Senator FISHER—That would be good, Minister, thank you—particularly as to whether adhering to the 25 per cent target is your government’s election commitment—

Senator Conroy—Okay.

Senator FISHER—as opposed to purely a departmentally administrative policy.

Senator Conroy—It would have to be a policy promulgated with the imprimatur of at least the minister for finance, and I am assuming that—

Senator FISHER—Yes, one would have thought so, but—

Senator Conroy—He was part of the government last time I checked!

Senator FISHER—Yes, one would have thought so, but—

Senator Conroy—There are some that would say no, but I personally say yes.

Senator FISHER—You do not seem to be able to give me a clear answer on that at this stage.

Senator Conroy—No, as I said, you are actually asking about a policy that emanates from a different department, which I am not representing here, but I will happily try to get you some information on that.

Senator FISHER—Thank you. Does the department adhere to the ‘best fare of the day’ policy in terms of air fares?

Ms Page—We certainly require people to fly on the basis of the best fare of the day, unless they have a business reason otherwise to do so.

Senator FISHER—For how long have you had that policy activated?

Ms Page—That is a Commonwealth-wide policy, and we operate consistent with that policy, which is, again, a department of finance policy.

Senator FISHER—Are you able to indicate how much that policy has saved the taxpayer in terms of expenditure in this portfolio?

Ms Page—I do not know how you would determine that, because you would not know what the base rate is against which you are assessing the best fare.

Senator FISHER—Minister, I appreciate that you are getting back to me as to the extent to which the commitment to achieving a 25 per cent expenditure target for Canberra-Sydney air fares with Virgin is an election commitment, but as you have clearly enunciated—

Senator Conroy—We are doing things as well as our election commitment, and I would not want you to think we are confining ourselves to only our election commitments.

Senator FISHER—You are part of a government, now, Minister, so that is your job.

Senator Conroy—I am just saying that not everything that we have done since the election would have been an election commitment. We are doing everything we said we would do, and then we are doing the odd thing after that.

CHAIR—You were going to fix my phone.

Senator Conroy—No, that definitely was not an election commitment.

Senator FISHER—What I am interested in is your repeated reassurances that the government will deliver everything that it promised to do; that it ‘will deliver on each and every election commitment made to the Australian public’—those were my notes from when you were speaking, correctly or not.

Senator Conroy—Last time, this time, next time.

Senator FISHER—‘Because the Australian public voted for us on the basis of those promises.’ That is good and reassuring, but—my first point—in order to deliver on your promises, you need to know what they are, so you are coming back to me on that. The second point is that you need to have a method of evaluating and assessing your progress as against those policies.

Senator Conroy—Are you suggesting that we did or did not have an election commitment to fly 25 per cent Virgin?

Senator FISHER—I am suggesting that you did, but I look forward to your confirmation as to that, because you have said you do not know.

Senator Conroy—No, no, I said I am happy to come back to you on that.

Senator FISHER—Which I accept at this stage. To the extent that it is an administrative target, Ms Page, which you have said it is, or an administrative policy at the very least—

Senator Conroy—This department is delivering on it, as they have said. They are achieving the 25 per cent.

Senator FISHER—Okay. Ms Page, is that correct—you are achieving your 25 per cent?

Ms Page—We are currently achieving, as I understand it, 25 per cent of trips. The 25 per cent is a minimum, Senator; I think we would like to do better if we could.

Mr Banham—Can I just confirm that the 25 per cent is an average over the year. It will fluctuate on a week-to-week basis.

Senator FISHER—How do you report your delivery of that target?

Mr Banham—Our travel service provider has been instructed to provide us with that specific report every week on the number of people flying on the Sydney-Canberra leg using Virgin Blue.

Senator FISHER—Okay. Is that information made publicly available—for example, in your bi-quarterly reports or in your annual report?

Mr Banham—I believe it is shortly to be made available on the Department of Finance and Deregulation's website. I think all agencies have been asked to publish this information.

Senator FISHER—It is not published yet?

Mr Banham—I would have to confirm if it has actually cut in at this moment, but I am aware that we have had a request that it be made public.

Senator FISHER—By when will that information be made public on the department's website?

Mr Banham—I will have to confirm that.

Senator FISHER—I would appreciate that. I will take that as a second question on notice. Thank you, Chair; I do have further questions on notice relating to actual expenditure year-by-year, but I will provide them on notice.

CHAIR—Thank you, Senator Fisher. Now, Senator McGauran, you had more questions?

Senator McGAURAN—Well, I have the Prime Minister's quote, and I would like to read it out to Senator Conroy and ask him if he would confirm the Prime Minister's quote. The Prime Minister, in discussing the three stages of approval, and the third stage, said: 'It would need to pass the departmental seal of approval in order for it to proceed. Journalist: 'Ministers wouldn't be able to overturn the recommendations of the department—is that what you are saying?' Rudd: 'According to the three stage procedure—'

Senator Conroy—Do you have the whole thing?

Senator McGAURAN—Absolutely.

Senator Conroy—Would you be able to table the whole transcript, or are you just reading—

Senator McGAURAN—I will read the whole lot.

Senator Conroy—No, no, I am saying, would you be able to table the whole transcript?

Senator McGAURAN—No, I will ask the question.

Senator Conroy—No, I am asking if you would table it.

Senator McGAURAN—You table what—for the sake of brevity, I read the part—

Senator NASH—From memory, the whole thing was tabled last time.

Senator Conroy—I am just asking him to do it again.

Senator McGAURAN—What part do you think has been left out?

Senator Conroy—No, I am just asking if you could table it for everybody; or you could pass me a copy.

Senator McGAURAN—You do not have your own copy, Minister?

Senator Conroy—I do not have it handy.

Senator McGAURAN—You sit there pontificating about the Prime Minister's policy and you do not even—

Senator Conroy—No. Unfortunately, you must have zoned out in this part of the debate at the last estimates, when we had a lengthy discussion about this.

Senator McGAURAN—Yes, I know.

Senator Conroy—Perhaps you zoned out like you did at the beginning of Ms Page's speech.

Senator McGAURAN—No. If you look at the *Hansard*, you will note that I was part of that discussion.

Senator HEFFERNAN—It was a long speech, Minister.

Senator Conroy—It was; I would have thought you would make it through the first two paragraphs before nodding off though.

Senator HEFFERNAN—I only look at the pictures; I cannot read the words!

Senator McGAURAN—What is your problem? If you want me to read the whole thing, I will.

Senator Conroy—The point is that we canvassed this issue extensively last time. If you want to canvass it again extensively, we will. But we will be delivering on each and every one of our election promises, and that includes in this portfolio.

Senator NASH—What happens if the department does not recommend one of your election promises?

Senator Conroy—We are delivering on each and every one.

Senator NASH—That is actually a serious question, Minister. Going through all the things that you promised during the election if, when it comes to assessment time, the department recommends that they not be approved, what are you going to do, when the Prime Minister has clearly stated that they will not be overturning departmental advice?

Senator Conroy—Getting a lecture from the National Party—

Senator NASH—No, it is not a lecture.

Senator Conroy—the National ‘Rats’ Party—

Senator NASH—It is a process question.

Senator Conroy—even though you are merging together—

CHAIR—Senator, a question has been asked of the minister. At least hear the minister out.

Senator NASH—He could try to answer it rather than give us a tag.

CHAIR—With the greatest respect, I am sitting here and I am hearing the minister repeatedly say, without any doubt, that the government will honour its election commitments.

Senator NASH—I accept that.

CHAIR—You can ask the question a thousand times, but you are not going to get a different answer. We have heard it 900 times already.

Senator NASH—Chair, I am asking something different. I accept that the minister has said that.

CHAIR—And the minister was answering you and then in came interjections.

Senator NASH—No. He was being mean about the National Party, which I do not accept at all. My question goes to a matter of process following on from his statement.

Senator Conroy—It is like putting Dracula in charge of the blood bank, being lectured by a National Party senator about process.

Senator NASH—Minister, I understand that this is a little upsetting for you, but let me finish my simple question about process.

Senator Conroy—I am enjoying the bare-facedness of a National Party senator wanting to talk about regional programs and process.

Senator NASH—Are regional programs helping rural communities? I will never apologise for that.

Senator Conroy—No. The Auditor General stated, ‘A feature of the program’s administration was the frequency with which practices departed from the published program guidelines that documented internal procedures.’ Your government ripped up and ignored every process that was put in place by itself and its department. The Auditor-General has had a 1,200-page report detailing the deficiencies, the rorts and the problems in your program. For you to come to Senate estimates and start lecturing us about not delivering on our election promises is just breathtaking. That is one of the things I admire about you, Senator Nash.

Senator NASH—Excellent! You can hide behind those words as much as you want. I will just ask the question again. This is purely a matter of process. You have said that you are going to honour all your election commitments; fine, I accept that is what you say. But in the Prime Minister’s transcript last November he clearly states that ministers will not be overturning departmental advice. My question is this: if, out of the election promises, after

assessment, the department recommends that they not be approved, what are you going to do in terms of your election commitments—

Senator Conroy—You are—

Senator NASH—Let me finish the question—given that the Prime Minister has said ministers will not be overturning departmental advice?

Senator Conroy—You are now asking me to speculate on a hypothetical.

Senator NASH—It is a very simple matter of process.

Senator Conroy—You are asking me to speculate on a hypothetical.

Senator NASH—Departments give up projects to ministers that are approved or not approved. It is hardly a hypothetical.

Senator Conroy—As the Prime Minister has repeatedly stated on national television, in the parliament and anywhere else he has been asked, we will be delivering on all of our promises, end of story.

Senator NASH—We will watch very closely that all of those election promises come up approved from the department. We will be watching that very, very closely.

Senator Conroy—And we look forward to your admiring the blood bank.

Senator HEFFERNAN—Are you sure that fixing my phone was not an election promise?

Senator Conroy—I am sure that turning your phone off was an election promise, Senator Heffernan!

CHAIR—I really am enjoying the banter, but it is two minutes until the morning tea break.

Senator NASH—Following on from your previous statements, Minister—I am happy for you to take this on notice—could you provide to the committee the number of proponents that have put forward in the past a project to Regional Partnerships with whom you have had discussions?

Senator Conroy—I am happy to take that on notice.

Senator McGAURAN—I have a question on the same point. Given that the Prime Minister has laid down that policy criteria—and I am talking about post-election promises—eighteen months down the track, when you start giving out your grants for your other regional schemes, Better Regions, or whatever the name for a hollow scheme is, I presume it will be reliant upon departmental approval and, if it is rejected, the minister will not be able to overturn that that departmental approval. I am talking about a whole-of-government policy regarding post election promises.

Senator Conroy—The Prime Minister has outlined the processes to deal with this issue. We are administratively enforcing or working through how we deliver on that, unlike the previous government that engaged in one of the most notorious scandals, as highlighted by the Auditor General in his 1,200-page report—

Senator NASH—That is outrageous.

Senator Conroy—You should be embarrassed, Senator Nash.

Senator NASH—That is outrageous.

Senator Conroy—The fact you are not is another feature that many may admire.

Senator NASH—That is the reason I asked my question. I did not have a clue what Regional Partnerships actually did.

Senator Conroy—Your inability to be shamed by your own government's disgraceful behaviour in administering this program—I think Senator Heffernan has called for a smoko.

CHAIR—We will resume at 10:45 sharp.

Proceedings suspended from 10.30 am to 10.44 am

CHAIR—Before we kick off: I forgot to thank officers from Corporate Services. Senator McGauran will have one question directed to the minister and then I will call the Inspector of Transport Security.

Senator McGAURAN—As the minister's representative you probably can answer this: has the minister received his charter letter?

Senator Conroy—You mean my personal one, or Mr Albanese's?

Senator McGAURAN—Albanese's.

Senator Conroy—I will just double check that. I think the answer is no but if there is a change to that I will come back to you.

Mr Banham—I have two responses to earlier questions.

CHAIR—Yes, of course. Senator McGauran, I think the minister will come back to you if that is not the case.

Senator McGAURAN—Minister, you are not obligated to answer this question because you are only here as a representative of a minister, but is it true that those letters are now in draft form and log-jammed in the Prime Minister's office?

Senator Conroy—I have no idea whether or not they are drafted in the Prime Minister's office. I can confirm that the Prime Minister has indicated he has met with each of these ministers and had lengthy discussions. I know from my own portfolio perspective we had a very lengthy meeting, but whether or not they are drafted and, as you describe it, log-jammed, I am afraid I—

Senator McGAURAN—Just about everything else is log jammed.

Senator NASH—When did you have your meeting with the Prime Minister?

Senator Conroy—Could I just get my office to send me the details. It was some months ago; I just cannot remember the exact date. If anyone in my office is watching could they let me know when that was.

Senator McGAURAN—The Prime Minister is on record—I believe in February this year—as saying that each minister will be benchmarked according to their charter letter.

Senator Conroy—Could I congratulate Senator McGauran on discovering this. You are only 24 hours behind some of the other good senators who have already asked these questions.

Senator McGAURAN—Yes, I know.

Senator Conroy—In terms of questions about the process of the charter letter, they should probably be put to PM&C.

Senator HEFFERNAN—But he asked these questions 24 hours ago as well.

CHAIR—Not in this committee he didn't.

Senator McGAURAN—We are entitled to ask it per department are we not?

Senator Conroy—No, you have asked whether or not it has been received. You are now asking me about the process. I put it to you that the appropriate place to put these questions—other than having received one—is to Prime Minister and cabinet estimates. I do not think I am being unreasonable when I say that.

CHAIR—Thank you minister, now back to relevance. Mr Banham, you wish to correct the record?

Mr Banham—No, I just have just two answers to questions. One was from Senator Adams about part-time ratios. We have 74 permanent part-timers and 12 temporary part-timers, as of 30 April. The other one was a question from Senator McGauran on the split of responsibilities across the DLOs. One DLO is responsible for infrastructure, service transport and local government. The other DLO is responsible for aviation and airports, transport security, ATSB and legislation.

CHAIR—Thank you Mr Banham.

[10.48 am]

Inspector of Transport Security

CHAIR—I welcome officers from the Inspector of Transport Security. Mr Palmer, I believe you wish to make an opening statement?

Mr Palmer—Thank you, Mr Chairman. I have a short position report for the advice of the committee. We have continued to progress the ferries inquiry that was commenced last year, which is an inquiry into large intrastate passenger ferries operating within Australia. We have completed the visitations and site inspections and meetings with key government and private operator stakeholders in all of the participating states except Western Australia, which will be completed shortly. As part of the inquiry we have been to a number of relevant overseas locations, including particularly Indonesia and the Philippines. I would expect the inquiry to be completed before the end of July, probably by the middle of July, with a report going to the minister at that time.

CHAIR—Thank you Mr Palmer. We will now go to questions.

Senator HEFFERNAN—Mr Palmer, you are skinny, tall and fit. How do you stay fit and skinny like that?

Senator Conroy—I do not know that that is necessarily within the portfolio brief, Senator Heffernan!

Senator HEFFERNAN—I am just jealous, Minister.

Senator Conroy—This is perhaps a total verballing of Mr Palmer, but I am sure that he would be willing to have a cup of coffee and explain how he does it. I have probably seriously defamed Mr Palmer at this point!

Senator HEFFERNAN—There were no fat prisoners of war! Minister, in the last budget of the previous government, the government allocated money to regional airports. Is this a question that we can take up, security at regional airports?

Mr Tongue—That is more a question for the Office of Transport Security, rather than the Inspector. I think they are next on the agenda.

Senator HEFFERNAN—I suppose so. This may be a question for you. One of the things I am fascinated by at Sydney Airport is that you can actually still drive a truck onto the airport if you have a pass without any photographic finger printed evidence that you are the owner of the pass that opens the gate; can you still do that?

Mr Tongue—Again, that is more an Office of Transport Security question, but I am happy to handle it now if you would like.

Senator HEFFERNAN—Yes, have a crack at it.

Mr Tongue—In part as a result of the Wheeler review, we are continuing to institute what we call airside inspection arrangements. Those involve a range of measures to better manage the movement of people, vehicles and goods into the secure zones of the major airports. That includes vehicle inspection and a range of other processes to address the vulnerability that you are highlighting.

Senator HEFFERNAN—So is the answer that you could still do that?

Mr Tongue—Senator, I would have to check where we are up to at Sydney Airport. I am happy to come back to you. I will find that out. I have got staff watching and I will ask them to check where we are up to at Sydney Airport in terms of the implementation.

Senator HEFFERNAN—The general security pass, which is swiped, opens the gates. All you have to do is have the pass and it opens the gates.

Mr Tongue—At major access points there is also a faced pass check.

Senator HEFFERNAN—But there are places where you do not get the face.

Mr Tongue—Senator, I think we have tightened that one up, but I will ask for some advice.

Senator HEFFERNAN—To clarify in my mind where I should be going with this, Mr Palmer, can you tell me what you actually do?

Mr Palmer—What I do or what I am doing?

Senator HEFFERNAN—Both.

Senator Conroy—Answering questions at estimates.

Mr Palmer—I respond to directions of the minister in terms of what inquiries I conduct and, at the moment, that inquiry is one into large intrastate passenger ferry security, which is recognised internationally as an area of potential vulnerability and in need of ongoing

assessment and review. Otherwise, I have no own-motion capacity; I simply do work as directed by the minister.

Senator HEFFERNAN—You have been coming patiently to these estimates and often, I suppose, going away wondering why you came. In recent years, what sort of contribution have you and your office made to better security? What are some of the things that would stand out in your mind?

Mr Palmer—In terms of the contribution we have made it is probably better for other people to judge that. But the reports we have submitted include a comprehensive report into surface transport security, with a particular focus on rail and bus transport security, a report as a result of that inquiry going to both federal and state transport ministers in February 2007, with a series of recommendations as to how to further improve the quality of security right across that framework. We also conducted a reactive review into a security breach that occurred at the Sydney Airport.

Senator HEFFERNAN—It was not me was it?

Mr Palmer—Not to my knowledge, Senator, no.

Senator HEFFERNAN—If that is the case—

Senator O'BRIEN—We are willing to hear a confession.

Senator HEFFERNAN—No, I am in enough trouble now. Regarding some of the international train incidents such as in London, in your responsibility of trains and because of the work you have done, how are we any less vulnerable than we were five years ago to someone carrying a bomb onto the train from Chatswood to Wynyard?

Mr Palmer—The answer is a little complex in that it depends on the state of progress that has been made in the individual states. The states have responsibility for their response to the recommendations we made. Most states have responded very positively in terms of an ongoing improvement to security arrangements, which are a combination of education and training of key employees, of CCTV surveillance and its continued sophistication, of the links between technology surveillance and personal physical security and a multilayered approach to further improving the quality of insurance.

Senator HEFFERNAN—What do they do in London now as a consequence of their work? Do they have any screening or can anyone just walk onto a train with a suitcase bomb now in London?

Mr Palmer—I could not tell you that position at the moment. Mr Tongue may be in a position to do so in terms of trains. When I was there it was variable, is the short answer.

Mr Tongue—Senator, we have been monitoring what our British colleagues are up to. They have conducted a trial of passenger screening which in the rail context is just too hard because there are too many people.

Senator HEFFERNAN—Yes, it is a big problem.

Mr Tongue—They are getting a lot of good results through the British transport police through what they call behavioural analysis where they are using behavioural markers. They are also using some powers that I think are a bit unique to the British police force in which

they are effectively doing behavioural analysis and stopping and questioning people. The last time I checked back in January—

Senator HEFFERNAN—Shooting the odd one.

Mr Tongue—I think they have only done that once. I think they have interviewed 45,000 people across their rail networks. From memory I think they detected 160 people of interest, mostly at the end of criminality. One of the things we have learned in part through the Inspector's work is that if we do a better job around criminality that contributes to addressing the vulnerabilities of concern.

Senator HEFFERNAN—It should be of some comfort to the travelling public in Australia that Mr Palmer and his group are out there every day figuring out patterns of behaviour and instructions to state governments on train travel?

Mr Tongue—The thing we have found with the Inspector's role, Senator, is that having somebody who is, if you like, in the system but not of it means that the Inspector is able to step back. The work of benchmarking what we do against what comparable economies do is important to us. We are able to look at those benchmarks and say, 'In relative terms are we doing enough or should be doing more?' Particularly in surface transport we learned a lot from Mick's report. It involved a briefing of state transport ministers, individually and collectively. It came into the Transport Security Working Group that I chair with the states and it also went to the National Counter-Terrorism Committee. As a role it is a nice piece of architecture.

Senator IAN MACDONALD—You are looking, did you say, into safety on interstate ferries?

Mr Palmer—Security focus, Senator, on intrastate ferries, ferries that are operating within the state.

Senator IAN MACDONALD—That is effectively Sydney Harbour, is it?

Mr Palmer—Queensland is a big player of course with the tourism trade through the Whitsunday Passage and out of Cairns, Townsville, Mackay and other places.

Senator IAN MACDONALD—And the river—

Mr Palmer—South Australia, the Sorrento ferry in Victoria, Kangaroo Island; most of the states have participated. They were all a bit concerned about the current state of play and are looking to learn lessons in terms of what sensibly can be done to further improve their preventative effectiveness.

Senator HEFFERNAN—Are there places on the planet where, for ferry services and train travel, there is some interceptive security where passengers have to go through a protocol?

Mr Palmer—Yes. There are peaks of best practice. They are probably where you would expect them to be such as the Staten Island ferry, for example, which is an iconic ferry service with ferries that go to Staten Island, to the Statue of Liberty and Ellis Island. They have almost airline security, aviation-style security, in place. It is variable, and even within the United States you can have neighbouring ferry services with security at a lower level.

Senator HEFFERNAN—If you wanted to pinch a car and you were in the business of pinching cars, you would not bother with the one that has got the alarm, the wheel lock and all the business on, you would go for one that has not. If you were in the business of making mischief, the most productive mischief would be made at football stadiums and other places where there were a lot of people such as on trains and ferries. The message to Australian citizens is that the government, through your office, is looking at what the softer entry points would be. If I was going to cause mischief, I would not take the airports on. You can be reasonably confident that there is a fair chance you would get sprung if you went to an airport. Although I never take my boots off these days, it just means I do not have steel caps any more. Would it not be, Mr Palmer, that you and the planners of the anti-mischief provisions for government would see some of the places as soft entry points?

Mr Palmer—I think there is a recognition of the vulnerability, if you like, of ferry services, simply because of their nature. Repetitive services and the open style of passenger transport, whether it be tourism or commuter traffic, create an attractiveness in a target sense for an otherwise perhaps lower level target. That is recognised around the world and is one of the reasons why I think we have been tasked to have a look at the current state of play within Australia. Part of that process is to see what is happening overseas, as Mr Tongue said, to see what sensible lessons we can learn. There is no failsafe mechanism if you are going to continue viability of these services but there are sensible things that can be done. I think it is a continuous learning process right across from aviation, maritime through to other forms of transport.

Senator HEFFERNAN—Bear in mind, I do not know how you manage the train from Chatswood to Circular Quay, because the state government at times cannot get the train to run let alone get people on it. In terms of being on there, you would be influencing say for instance, in that case, the New South Wales state government for its security officers to take more notice of behaviour of passengers?

Mr Palmer—Certainly we made recommendations about the importance of education and awareness training for rail staff right across surface transport. Areas that would help would be training in security and behavioural analysis, as Mr Tongue talked about. There are sensible things that can be done in these areas and in which even fairly low level staff can be trained, for example the triggers they should look for, making sure they understand what they should do if they see behaviour that does not fit—

Senator HEFFERNAN—You had better not tell us what they are.

Mr Palmer—No.

Senator HEFFERNAN—I am amazed that they do not pull me up because I look a bit suspicious. I think for community comfort it is good to know that you are working on those sorts of areas to reduce the risk somewhat. That is all I have, thank you.

Senator FISHER—Like Senator Heffernan, I am struggling a bit to work out exactly what you do in the delineation between your office's role and the Office of Transport Security. I looked for a website and I could not find one. Do you have one? I presume not, because you are not actually accessible by the public.

Mr Palmer—That is correct. That is exactly right.

Senator FISHER—Nonetheless I am still struggling to work out your role. When the previous government set up your office in 2004, the then minister in his second reading speech talked about what is now your job, Mr Palmer, as being inquiring into major transport security incidents and patterns or series of incidents that point to a systemic failure or possible weakness or vulnerability. He then went on to say that you will not be responsible for regulating transport security in the country and that the Office of Transport Security in the department has the responsibility for day to day regulation of transport security in the aviation and maritime sectors.

Mr Palmer—That is correct.

Senator FISHER—Is that how your office and the office within the department operate?

Mr Palmer—Yes it is, with one addition to what you read. Our job is simply quality assurance there is no blame assessment role.

CHAIR—As per the legislation?

Mr Palmer—The legislation initially, or that second reading speech, referred to our post-incident reactive role. As we started to establish the office it became clear that the view of all the stakeholders was that we could play an even more important role in a proactive sense in terms of conducting quality assurance reviews in the absence of an incident in areas where there were concerns about our possible or potential vulnerability or the attractiveness of a target. As a result of not having too many incidents to respond to, we are now playing the same role as initially envisaged but in a proactive pre-incident sense. The primary role is to give the government an impartial voice that does not own any of the patches. As Mr Tongue said, if we were to have a serious incident we could come in and give the government a quality assurance piece of advice that says, ‘This is what seems to have happened. Here’s what we think are the primal causes and here are the things we think we could sensibly do to ensure it couldn’t happen again in that way.’ That is the nature of the role.

Senator FISHER—Correct me if I am wrong, but I understand you are inquiring into the systemic indicators rather than that person A took actions B, C and D and therefore person A ought to be blamed?

Mr Palmer—Yes.

Senator FISHER—The legislation says you do not do that. Even if you are investigating a specific incident, are you investigating and reporting to the minister on the systemic indicators that come out of that, as opposed to the individual?

Mr Palmer—Yes, it is about learning lessons in terms of what occurred, how can we ensure that does not happen again and what are the lessons we can learn in terms of the weaknesses that must have existed to allow it to occur, rather than apportioning blame to an individual. This is exactly what we did in the airport security review.

Senator FISHER—The budget portfolio statements on page 44 say that the office within the department delivers transport security policy programs and regulation and your office undertakes inquiries into major transport security incidents as directed by the minister. Do you conduct those inquiries on a systemic basis?

Mr Palmer—It may not always be on a systemic basis. The proactive inquiries will be likely to be conducted, as with the present inquiry into ferry security, not so much—

Senator FISHER—When you say proactive, you do not have the power to do anything of your own motion?

Mr Palmer—No.

Senator FISHER—It is still in response to a directive from the minister, is it not?

Mr Palmer—Yes, it is pre-incident, not post-incident.

Senator FISHER—Okay.

Mr Palmer—It may be in the absence of any evidence or indicators of systemic problems but simply because there is a concern about the nature of that area of transport security, of which ferries is a good example. We would look at what is the state of play and are we comfortable with it.

Senator FISHER—If in the process of investigating a particular incident there arises a concern that an individual or a group of individuals may have breached a law, what do you do with that?

Mr Palmer—If that was the starting point almost certainly the matter would have been referred to the AFP or the appropriate law enforcement body.

Senator FISHER—By whom?

Mr Palmer—By the person who uncovered the incident and was aware of that suspicion. Quite separately from that, the minister may say, ‘I would also like the Inspector of Transport Security to have a look at that issue to see what lessons we can learn.’ My brief would be different but I may find myself walking side by side, as I would post-incident. If we had a serious incident there would be an obvious response to it but we would be likely to be tasked to go in side by side with police and other emergency management responders to make that quality analysis of what lessons can be learned from this.

Senator FISHER—I think I am starting to get the picture. It would not fall to the Office of Transport Security to investigate any allegations; does that fall to other agencies?

Mr Palmer—It may; Mr Tongue could answer that.

Mr Tongue—Because the Office of Transport Security is the regulator, if there is an incident it is obliged to go and find out what caused the incident. If there are breaches of the regulations to do with aviation, maritime, offshore oil and gas security, then as a regulator, the Office of Transport Security is obliged to address that in some way. If there is a breach of other law or a suspicion of breach of other law then the Australian Federal Police are called in. The Inspector’s role is akin to the role played by the Australian Transport Safety Bureau in safety investigation. The systemic, stand back, no blame, what is going on here model is used to try and create the Inspector’s role.

Mr Pearsall—The legislation allows the Inspector to gather information during the inquiry to safeguard and exclude it from admissibility in civil and criminal courts. It is excluded from FOI. That is one provision of our act. Our act also contains provisions that allows the Inspector, if he has information of an impending criminal nature, to go before a Supreme

Court justice and seek an order to release that information to the appropriate authorities be it the AFP, ASIO, OTS or whatever.

Senator FISHER—Have you ever done that, Mr Palmer?

Mr Palmer—No, not to date.

Senator FISHER—Has the government committed to retaining your office?

Mr Palmer—As far as I know there is complete commitment to it, yes.

Senator FISHER—Have you had any discussions with the minister about that?

Mr Palmer—I have. I meet with the minister about every four to six weeks. I have had two meetings with him so far and one is to be scheduled for July towards the end of this report. We have already had discussions about the future tasks that he would like to consider for the Inspector's role. All the indicators to me are clearly of a continuing commitment to the importance of the audit style and quality assurance role of the office.

Senator FISHER—Are you able to indicate, in general terms, what issues you might be progressing in accordance with directions, actual or anticipated, from the minister?

Mr Palmer—I think it would be inappropriate to go into any detail. I have no idea what the minister's thinking is on any suggestions I may have made. It covers the mandate, the complete framework of aviation, mainline maritime and surface transport security. There are a whole range of areas there that it could be argued, at some time, would be worthy of a review or assessment of the current state of play.

Senator FISHER—Would an inquiry into surface incidents involve state governments and state agencies?

Mr Palmer—Yes.

Senator FISHER—More so than air and sea?

Mr Palmer—Exactly. Rail, bus and ferry are at the unregulated end of the maritime or surface to sea transport industries and are a matter for the states. This current inquiry is conducted only with the full agreement of the participating states. The previous surface transport security review was conducted in conjunction with the states and their agreement. State people formed part of the team that carried out the inquiry.

Senator FISHER—When you say only with the agreement of state governments and agencies, if one were not to agree, what would happen, with surface inquiries?

Mr Palmer—We would carry out the inquiry in participation with the states which did agree. The federal government in its own right cannot go parading into that arena.

Senator FISHER—Thus far, since 2004, have you had a situation where a state government or instrumentality has refused to be involved in an inquiry where you thought it was fit that they be so involved?

Mr Palmer—New South Wales have not yet engaged in the ferries inquiry. There is no indication that they will not do so before the inquiry is completed. They had a number of ferry inquiries going on, you might remember, as a result of safety based issues that occurred in New South Wales. Because of that activity it was thought an inappropriate time to throw them

into that mix. There was too much going on and too many interviews that could muddy the waters.

Senator FISHER—When did you start that inquiry?

Mr Palmer—We started the inquiry about the middle of last year but pending the election, towards the end of last year, the inquiry was put on hold until it was over. The majority of the work has been conducted this year.

Senator FISHER—When last year did you start the inquiry?

Mr Palmer—I was given the formal direction in October 2007, I do not have the exact date, Senator, but Mark Vaile was then the minister. That came from a meeting from the state transport ministers who agreed collectively. From memory, and Mr Tongue would correct me if I am wrong, I think at that stage all the states agreed to participate. Having agreed in principal, there has been a phased implementation; they did not all come on line at the same time.

Senator FISHER—All states agreed in principal to be involved in the ferry inquiry?

Mr Palmer—That is right.

Senator FISHER—In October 2007?

Mr Palmer—In October 2007.

Senator FISHER—What are you now saying about New South Wales?

Mr Palmer—At the moment they have not engaged but they have not indicated they will not do so before the end of the inquiry. They wanted time to complete the reviews that were occurring before they made a commitment. This particular inquiry is restricted to large intrastate privately operated passenger ferries; in other words, the unregulated end of the industry that carries large numbers of tourists and in some areas quite large numbers of commuters.

Senator McGAURAN—You mentioned the Whitsundays; do you call the luxury yacht business up there a ferry?

Mr Palmer—It is anything that falls under the International Ship and Port Facility Security Code, below the ISPS cruise ship level essentially. It includes ferries and small cruise ships that carry four or five hundred people.

Senator McGAURAN—It is as wide-ranging as that?

Mr Palmer—Wide-ranging.

Senator McGAURAN—You say ferry from A to B, but it could be a seven-day cruise?

Mr Palmer—It could be, yes.

Senator FISHER—Back to your answer, Mr Palmer, that New South Wales has not yet engaged. They committed in October 2007 in principal to participating in your inquiry but they have not yet engaged?

Mr Palmer—That is right.

Senator FISHER—What is your latest formal advice from the New South Wales government? Who are you dealing with in New South Wales?

Mr Palmer—At a minister level we deal with the minister of transport who was part of the initial negotiations in 2007. During the setting up of the inquiry process we dealt with the New South Wales nominated representative on the Transport Security Working Group.

Senator FISHER—Where is that nominated person from? Who are they?

Mr Palmer—He is from the department of transport.

Senator FISHER—New South Wales?

Mr Palmer—I have dealt with the head of the department of transport.

Senator FISHER—What is your latest formal advice from that official in that department about the involvement of New South Wales in your inquiry?

Mr Palmer—It would be fair to say that the current advice is that they are considering their position. I have undertaken to discuss our initial draft findings when we reach a little bit further down the inquiry track. I think it is then likely they will make a final decision about a more formal engagement.

Senator FISHER—What do you understand to be the reason that they have thus far not engaged, and on what basis do you reach that understanding?

Mr Palmer—It is only my assessment of it, rather than any detailed information provided to me. They had a number of ferry safety style reviews going on as a result of a couple of serious accidents that occurred on the harbour.

Senator FISHER—Yes, publicised incidents.

Mr Palmer—As a result of those they had a lot of their stakeholders both private and government involved in assisting those inquiries and they thought for me to start parading through that environment at that time would have been inappropriate and would have been difficult.

Senator FISHER—You would hardly be parading, Mr Palmer.

Mr Palmer—I would have to be talking to a lot of the same people and inquiring or assessing and site inspecting a number of the same ferry operations. They considered that it would be better for that to occur later.

Senator FISHER—You do so essentially on a confidential basis. The legislation says you are a no-blamer?

Mr Palmer—Yes.

Senator FISHER—How can there have been concern from a state perspective about your doing anything other than assisting in a generic way?

Mr Palmer—I am not able to speak for New South Wales. Their logic to me, and Mr Tongue may have a view, made sense at the time. I was comfortable with the fact that they would reserve their position. We had enough work to do at that time. Towards the end I will obviously be engaging with them again to talk about what my views were about how important I think it is for them to engage.

Senator FISHER—You might reach your views without them?

Mr Palmer—We may. There is no doubt in my mind I could come to a pretty solid conclusion about the state of play in Australia in terms of ferry security, with or without one jurisdiction—a reasonably major jurisdiction.

Senator McGAURAN—But it is the largest jurisdiction. You could hardly complete a report without the co-operation of the New South Wales government?

Senator FISHER—One that has been experiencing incidents. Have any other states experienced incidents of that nature that are the subject of your inquiry?

Mr Palmer—Not in recent times. They were safety incidents of course, not security incidents—but there is relevance, I appreciate that completely. It would be a more comprehensive review. My ideal position is to have an Australian review that includes all jurisdictions.

Senator McGAURAN—It would be a funny old review that left out the Sydney Harbour ferries.

Mr Palmer—Of course it does not include the commuter ferries that run from Circular Quay because this is focused on privately operated ferries and they are government operated ferries. It is not picking up the commuter links, although obviously lessons that we learn will be applicable to government owned ferries.

Senator FISHER—Mr Palmer, what is the overall budget for your office?

Mr Palmer—For this particular financial year?

Senator FISHER—That would be good.

Mr Palmer—We have a standing budget of \$400,000 a year. It has just recently been increased to \$600,000 per annum.

Senator FISHER—When you say recently?

Mr Palmer—This financial year, and this calendar year, if you like.

Senator McGAURAN—Under the previous government I take that?

Senator FISHER—Yes, exactly. Under the previous government my colleague just indicated, which would be right.

Mr Palmer—That is right, exactly. That takes into account that if we are activated to conduct an inquiry as we are now, it almost certainly will mean expenditure quite significantly beyond the basic budget. The basic budget is to allow us to operate administratively and to keep ourselves up to speed in terms of developments and to participate in exercises and attend relevant conferences. Extensive inquiries, such as the surface transport inquiry and the present ferries inquiry will require supplementation, and that is clearly envisaged in the financial arrangements that we have in place.

Mr Tongue—The department supplements the Inspector's budget to address whatever happens to be on the Inspector's agenda at any given time. It may involve sourcing international experts; it may involve sourcing domestic experts and obtaining technical analysis. It is very hard to set a budget for a work program that is driven by external factors.

Senator FISHER—How many staff do you have in your office, Mr Palmer?

Mr Palmer—Mr Pearsall might be best placed to answer that.

Mr Pearsall—The full-time staff of the office is two permanent and one part-time, plus the Inspector is part-time. I bring on staff, as Mr Tongue indicated, on demand depending on what task the Inspector has. At the moment our staff number has increased to assist with the ferry review; we have staff from the Office of Transport Security on secondment to us. We have other maritime experts we call upon, on an as needs basis, as the inquiry proceeds.

Senator McGAURAN—On that secondment, who is paying their salaries?

Mr Pearsall—It will depend, Senator, on whether we get them from the state or other commonwealth government agencies or whether they are private contractors as to whether I have to pay the salaries. Obviously with contractors I do. Other departments second people to us on a no-cost basis. I work under that presumption at the time.

Senator McGAURAN—How many secondments did you say, two?

Mr Palmer—We have two people attached to us at the moment for this inquiry from the Office of Transport Security.

Senator McGAURAN—What is the answer to that question of who is paying for their services?

Mr Pearsall—I am paying for one, the Office of Transport Security pays for the other, plus the AFP has lent us a person for the overseas component of our inquiry as well, which they fully fund.

Senator FISHER—What is the total cost of your office, in terms of staffing and accommodation?

Mr Palmer—Accommodation for this financial year would be in the order of about \$600,000.

Senator FISHER—Does that include your remuneration, Mr Palmer?

Mr Palmer—That includes my remuneration. It does not include domestic and international travel but it includes all the office operating costs and employee expenses.

Senator FISHER—You are part-time; how many days are you working and are you reimbursed daily?

Mr Palmer—I claim from time to time. Up until today I have worked about 65 days.

Senator FISHER—Are you going from 1 July 2007? How many days?

Mr Palmer—I have not done an absolute count but it would be very close to 65 to 66 days until today. Last financial year I worked 91.3 days for the year, which is indicative of the workload of about 90 days per year. I am unsure about the 0.3.

Senator McGAURAN—Mr Palmer, just before you go, are you at liberty to give us some information regarding what you found in the inquiry to this point?

Mr Palmer—I think the answer is no, Senator. The report is a report to the minister. As part of the state-federal arrangements, I have undertaken to, when I reach the draft report

stage, go back to each of the ministers from the states that are participating and given them an in-confidence briefing about what I consider to be the most important issues for their state. This is before we reach a final report, which then would be considered by the ministers collectively. I am still formulating my opinions, frankly. I think it would be premature for me to make any assessment at the moment.

Senator McGAURAN—Are you generally able just to tell us the perceived weaknesses of the private ferries?

Mr Palmer—Again, I think the only comment I should make is that we suffer the same challenges. Australia is doing as well as anyone. There is a real comparability between the initiatives you see being put in place in some of the most likely benchmark countries and what we have in place here. For everybody there is a continuous improvement process.

Senator McGAURAN—Thank you Mr Palmer.

CHAIR—Are there any other questions of the Inspector? If not, Mr Palmer and Mr Pearsall, thank you for your attendance.

Mr Palmer—Thank you, Mr Chairman.

CHAIR—I now call officers from the Office of Transport Security.

[11.25 am]

Office of Transport Security

CHAIR—I welcome officers from the Office of Transport Security. Are there any questions?

Senator HEFFERNAN—In the previous government we had the allocation for the upgraded security for regional airports, and the allocated money was for at least 26 regional airports, is that right?

Mr Tongue—Senator, there were two allocations under the previous government. One was for general security upgrades at approximately 140 airports. There was a second allocation of funding more recently which was for 26 airports for checked bag screening.

Senator HEFFERNAN—What is the trigger basis; how do you select the 26?

Mr Tongue—The airports that received funding were those airports that had jet services at the time the measure was announced.

Senator HEFFERNAN—What is peculiar about a jet versus a different plane?

Mr Tongue—Where we have jets in Australia, the passenger screening regime kicks in, such as walk through metal detectors and so on.

Senator HEFFERNAN—What defines the difference in the security risk between someone getting on a prop at Broken Hill, Wagga, Dubbo or somewhere, and a place where a jet goes?

Mr Tongue—It is related, Senator, to the nature of the threats that we face. We base the regulatory regime around an assessment of threat that is provided to us by ASIO. To date the judgement has been that jet aircraft present, if you like, more of an attractive target than some

of the smaller turbo prop aircraft. That is why the bulk of the aviation security regime is centred on those airports with jets.

Senator HEFFERNAN—Thanks very much. That means the message to any mischief makers is, ‘Get yourself on a prop?’

Mr Tongue—No, Senator, there have been measures introduced. Because we have a layered aviation security system, we have also introduced a range of measures for prop aircraft such as upgrading security at smaller regional airports and hardened cockpit doors on aircraft of greater than 30 seats. The reason for that is structurally we cannot fit hardened cockpit doors below 30 seats, but where we can, we do. The federal government funded the fitment of those doors. There are also a range of other measures associated with regional airports. We have, if you like, stratified the security measures.

Senator HEFFERNAN—Albury and Port Macquarie are amongst these airports?

Mr Tongue—No, Senator, they have recently acquired jet services. I might refer to Mr Retter on that issue.

Mr Retter—The two airports to which you refer made a decision after the government announced the security measures related to checked bag screening. As such, because they are introducing jet RPT, or regular passenger travel, services to their airport they are required to introduce a range of security measures in accordance with the act and regulations.

Senator HEFFERNAN—Who goes to Albury, is it Virgin?

Mr Tongue—Virgin have started.

Senator HEFFERNAN—In terms of the contribution of the Commonwealth versus the contribution of Virgin to airport security, are they being treated differently at Albury than they would be at one of the 26 designated airports? Have they got to pay more for the privilege?

Mr Retter—Senator, in terms of the provision of security measures at each of the airports, whether it is the 26 or the additional airports that you mentioned, they are required to provide a range of security measures, the same set of measures, if they have jet services being provided. In the case of the 26 that were required to introduce checked bag screening at the time the government made that call, the government made provision for those 26 to receive a certain allocation of funds. However, for any subsequent airport that has introduced jet services—they have done so, I might add, acknowledging because the department has told them—there would be no such additional funding being provided.

Senator HEFFERNAN—Is that a little bit anti-discriminatory to Albury and Port Macquarie? If it is good enough for the goose should it not be good enough for the gander?

Mr Tongue—Senator, those airports that are now introducing jet services where they previously have not had them have done so in the knowledge that the funding is not available because we have made clear the funding is not available. If they make the judgement to introduce jet services then they do so in the knowledge of all the safety and security requirements that flow with jets. The commercial relationship between the airport owner and the airlines is not something that we get into.

Senator HEFFERNAN—What would the difference be for the operator, say in this case Virgin, in set-up costs to run a jet out of Port Macquarie, Albury and one of the 26? What additional expense would there be?

Mr Retter—Senator, based upon our analysis of passenger screening requirements and checked bag screening requirements, and this is a generic estimate, the equipment outlay would be in the order of somewhere between \$300,000 and \$600,000 for checked bag screening equipment, and in the order of another \$300,000 to \$500,000 for walk-through metal detectors, x-ray machines and the like for passenger screening. In addition to that there are, for all airports, the associated infrastructure change costs which vary from airport to airport, and the annual operating costs that each airport needs to manage. I might add that it is not the airline that generally carries these costs, it is the airport.

Senator HEFFERNAN—Wagga Wagga City Council are just redoing their airport. Can you inform the committee of how the money allocated in last year's budget was and is planned to be allocated between the 26 airports? How do you divvy it up?

Mr Retter—Minister, the decision in terms of how much money the government allocated to each of the airports was made on the basis of the throughput of the airport. The smaller airports received a greater amount of money than those airports with a passenger throughput close to our top end airports because it was decided that it would be inappropriate for the government to provide a subsidy to meet the minimum security standard.

Senator HEFFERNAN—My information is that so far really there has not been an explanation to the operators as to how last year's budget was going to be allocated. Is that the explanation?

Mr Retter—I believe that for a range of commercial and privacy reasons we did not disclose to each individual airport what other airports were getting; however, each airport clearly understands how much money they were receiving. Unless I am mistaken, all airports received monies for the explosives trace detection equipment. However, in the case of the checked bag screening x-ray equipment it was a sliding scale where some airports received more monies than the others and, again, I stress that was on the basis of throughput of passengers and therefore capacity to pay.

Senator HEFFERNAN—Would it be fair to say that after the 26, any additional airports that go to jet travel will not get the benefit of Commonwealth assistance?

Mr Retter—That is correct, Senator.

Senator HEFFERNAN—Would it be fair to say then that those costs will just be passed onto the passengers, would form part of the fee?

Mr Retter—Not necessarily, Senator; that depends on the commercial relationship between the airport and the airline.

Senator HEFFERNAN—They will be passed onto the ratepayers, not the passengers?

Mr Tongue—It depends how the owner of the airport seeks to do it.

Senator HEFFERNAN—It will go backwards anyhow, to someone.

Mr Tongue—Well, it has to be paid—

Senator HEFFERNAN—We farmers are used to that. Given the trigger for checked bag screening seems to be the introduction of the jets, is the same trigger also being used to introduce passenger screening?

Mr Tongue—Yes, Senator. Indeed, prior to the previous government's decisions to introduce checked bag screening at the 26 airports, there was an anomaly in the sense that at the major 11 airports we were doing passenger screening and checked baggage screening but not checked bag screening at the 26.

Senator HEFFERNAN—When you got to the other end they screened it there I guess, or in the case of Wagga we simply bypass the secure areas and get on our way.

Mr Tongue—We do what you call reverse screening, Senator. If you fly in on a small non-jet aircraft, say to Sydney and transit to a jet aircraft you are re-screened into the system because you are getting on a jet aircraft.

Senator HEFFERNAN—In terms of the re-screening, have there been any incidents?

Mr Tongue—How do you mean, Senator?

Senator HEFFERNAN—Have you copped anyone with a .45?

Mr Tongue—I do not know, Senator. I would have to go and look at our incidents; nothing as dramatic as that certainly.

Senator HEFFERNAN—I used to have a .38 Police Positive Colt Special. I always had the view that if you have a gun you might as well have it with you, and if you have got it with you, you might as well have it loaded—pretty wild west sort of stuff. Going back a few years to the eighties before all this security, I can remember the first time I went into Mascot after they introduced the opening of briefcases and I said to the lady, 'There's a gun in this briefcase,' before she opened it. She said, 'Yeah and I'm Father Christmas.'

Mr Tongue—Please do not do it again, Senator.

Senator HEFFERNAN—She opened it and jumped back like it was a big black snake. Anyhow, times have changed. It was licensed by the way and it was an open licence. Why is the trigger for passenger screening based on whether the aircraft is powered by propeller or jet, given that the new Virgin jet carries the same as the large version Dash 8? You sort of half answered that earlier.

Mr Tongue—It has in the past been because jets have been clearly bigger and faster than comparable turbo prop aircraft. However, one of the issues that has been brought to our attention by the aviation industry is that what we call regional jets, the new Virgin jets, are starting to, I use the term, cross over with some of the prop jets. One of the issues that will be considered in the aviation green paper/white paper process that Minister Albanese has announced is whether we retain a system solely based on jets or whether we would move to some other basis for determining passenger screening.

Senator HEFFERNAN—The answer to 'does the government intend to review what some people see as an anomaly' is?

Mr Tongue—It is part of that green paper/white paper process, yes.

Senator HEFFERNAN—Obviously some people see this as an anticompetitive measure for a certain section of the industry.

Mr Tongue—It is certainly an issue that has been put to us by parts of the aviation industry.

Senator HEFFERNAN—I am instructed that Virgin Blue see it as a disadvantage for a 78-seat jet compared to a 78-seat Dash 8.

Mr Tongue—They do.

Senator HEFFERNAN—People can get sick, there is nothing peculiar about that. We had a minister here yesterday who I thought should have gone home. He was very sick and I felt a bit sorry for Dr O'Connell because it was a pretty bad day for Senator Sherry with his bronchitis. I am instructed that one Friday afternoon, which is a busy afternoon at Sydney I would say, air services significantly reduced the number of movements into and out of Sydney airport due to Sydney staff calling in sick. What was the background of that?

Mr Tongue—Senator, are you talking as a result of an air traffic control issue or an aviation security issue? I think you could be referring to an Airservices issue.

Senator HEFFERNAN—It is Airservices?

Mr Tongue—Yes, and it is dealt with later.

Senator HEFFERNAN—It is obvious to me that if you wanted to create a mischief these days you would not try a plane anyhow, you would try some other method. I do not want to give them any encouragement so I will shut up. Thank you.

Senator ADAMS—My questions firstly is just on the government directed savings of \$7.122 million over four years and on the staff reduction issues. Reading from Ms Page's opening statement: 'two Canberra-based positions which support the overseas activities will cease.' How many staff have you got left in Canberra that would take up those issues?

Mr Retter—With the reduction in those two, my intention is for next financial year to have a total of ten staff performing the international relations function across a range of areas.

Senator ADAMS—Okay, thank you. As far as Washington and Singapore are concerned, what were the reasons for actually reducing the representation of the staff there?

Mr Retter—Minister, as part of a review of where the Office of Transport Security was operating across Australia and the region, it was decided that there were other methods or ways in which we could deliver the same transport security outcome. As a result of that, the government decided to make the savings as described by Ms Page this morning.

Senator ADAMS—Last estimates I was asking about the laser attacks. You gave me a very comprehensive answer last time and I was just wondering if we have had a decrease with the legislation coming into effect.

Mr Retter—Senator, the data that I have takes us up to April of this year. I can give you some broad figures just to bring you up to speed. The total number of incidents from January 2007 through to April 2008 is 563. Of that, 479 have come from reports from our major airports and about 84 have come from airports in regional areas. I would have to say that, looking at the data, there seems to have been an increasing trend to reporting. I am not sure if

it is because of the media attention that was generated earlier this year and late last year over the laser light incidents, but there is anecdotal evidence that would suggest the more you report about these things in the media, the more these things self-generate. I can report that there have been a number of people charged for the use of laser lights; five individuals and three of those are before the courts.

Senator ADAMS—How have you been able to actually catch them, have they been in close proximity?

Mr Retter—Senator, I am not aware of the details. The law enforcement agencies, be they jurisdictional agencies, or the AFP, have been involved in those matters. They have obviously then passed the matter to the DPP for a decision on prosecution, using the Civil Aviation Act 1988, to my understanding.

Senator ADAMS—Last time you reported 324 and now we have got 563 just in that short time, that was overall was it?

Mr Retter—That is overall Senator, since January 2007 through to April 2008.

Senator ADAMS—But it is still not what we want.

Senator FISHER—Senator Adams, can I ask a particular question relating to South Australia, being a senator for South Australia. Mr Retter, before we get to that, just a point of clarification: you said five people had been charged and three were before the courts; are they three of the five?

Mr Retter—That is correct, Senator.

Senator FISHER—In what states were the alleged offences committed or in what states are they before the courts?

Mr Retter—My understanding is all of five of those incidents occurred in Western Australia.

Senator FISHER—Senator Adams!

Senator ADAMS—Yes, I know.

Senator FISHER—When you were last before this committee, there was reference to an incident that happened in South Australia and I do not think you were able to assist in terms of whether or not someone had been apprehended in relation to the alleged offence in South Australia. Are you able to update us with information?

Mr Retter—Senator, I understand that there was an individual arrested in South Australia as a result of a laser light incident where the aircraft that was targeted was in fact a South Australian police helicopter. The individual was charged with a range of offences including firearms possessions and a number of other matters. I believe that individual was sentenced to a period of imprisonment, I am not sure for how long. That is all the information I have. We would need to go to I suspect to the South Australian police to get that information.

Senator McGAURAN—Can I just raise an administrative matter with the Acting Secretary, Ms Page. In your opening statement you mentioned the regional partnerships program. You mentioned the 452 that have now been approved; could we have that list available for tomorrow? Also now 86 of 116 have to be resubmitted from non-profit charity

organisations; could we have the list of that 116? I give you this warning more than 24-hours beforehand, so you have plenty of time to compile both lists. To be sure 452 have been approved, 116 have been disallowed and 86 of that 116 are now being requested to resubmit. I would like not just the 86, but the 116 if that is possible?

Ms Page—I will take that on notice.

Senator McGAURAN—You will take what part on notice?

Ms Page—I will take the requests that you have just made on notice.

Senator McGAURAN—Is it possible?

Ms Page—I will take it on notice.

Senator McGAURAN—Why would you take something on notice? Can it be made available? That is a non-answer.

CHAIR—Senator McGauran, you have asked a request.

Senator McGAURAN—I am entitled to pursue a non-answer.

CHAIR—You have asked a request and the answer was taken on notice.

Senator Conroy—Officials are entitled to take answers on notice. It is not a hangable offence in Australia yet to take questions on notice, Senator McGauran.

Senator McGAURAN—What is the problem?

Senator SCULLION—I think the standards, particularly from this department in terms of the questions on notice—

Senator Conroy —We have had a discussion about that; we have had discussion about that.

Senator SCULLION—Indeed, I followed that, Minister.

CHAIR—Is this a point of order is it?

Senator SCULLION—In regard to the use of that question on notice issue, it appears that a question on notice could be quite reasonably interpreted by this department to be to not give you an answer at all.

CHAIR—That is not what Ms Page said.

Senator SCULLION—I think the conversation earlier would reasonably say that because of that answer the Senator should be allowed to pursue as much information as he possibly can, given the information that was put to you this morning.

CHAIR—Senator Scullion, Ms Page has taken that on notice, as she is entitled to do.

Senator McGAURAN—A point of clarification Ms Page. What point are you taking on notice; the point is the list available or the point whether you will submit the list?

Ms Page—Clearly the information is available, Senator, and I will take your request on notice.

Senator McGAURAN—I take it the point is, the list is available, you have the list, you are taking on notice whether you will or will not submit the list?

Ms Page—No, I am taking on notice your request for the information, Senator.

Senator McGAURAN—I have never heard such an answer in 20 years.

Senator Conroy —You just have not gone out enough, Senator McGauran.

CHAIR—I think it is quite simple Senator McGauran, it is normal procedure. Ms Page has answered that.

Senator SCULLION—I would like to direct my questions to Mr Retter. I understand on 19 February of this year, Mr Retter, we had a discussion where you certainly provided some answers to me in regard to the regional maritime security capacity building program. I understand that the Rudd government has in fact cut \$7.8 million over forward estimates, and that was intended to support the capacity building program. The funding I understand was actually committed by the Howard government to assist Indonesia, specifically, in improving its maritime security. We were to spend that money, specifically, to assist them meet their requirements of the international ship and port facility security regulations. Is that correct?

Mr Retter—Senator, I think I answered that question at the last hearing. However, my understanding was that the Howard government had allocated \$7.8 million for that particular function. Subsequently, that money was not made available. It did not affect any capacity building projects per se that were ongoing because no money had been committed, no contracts had been signed and no commitments had been made to the Indonesian government.

Senator SCULLION—That budget decision still stands?

Mr Retter—Correct.

Senator SCULLION—I also recall, as part of our conversation, that this decision to cut back on maritime security funding in Indonesia actually occurred reasonably soon after the United States Coast Guard had advised that Indonesia's maritime security was unacceptable. In fact it changed a number of aspects of triaging vessels that came into the water space for which the United States was responsible. In fact, as I recall, such was the severity of the matter of their assessment that the United States Coast Guard gave Indonesia 90 days in which to comply to a number of security issues. Is that correct, Mr Retter?

Mr Retter—I believe, Senator, that on the public record there have been announcements made by both US Coast Guard and the Indonesian government concerning a number of ports that have been subject to US Coast Guard attention. Subsequent to that, there have been a series of ongoing negotiations between the US government and the Indonesian government concerning the status of those ports. I do not believe that information is publicly available. It would be inappropriate for me to comment on it.

Senator SCULLION—Indeed, but what is on the public record, Mr Retter, is that the United States Coast Guard gave Indonesia 90 days to lift their game. I think that is on the public record, is that correct?

Mr Retter—Yes that is correct.

Senator SCULLION—Thank you Mr Retter. Really, we have still cut the money so obviously Australia disagrees with the security assessment given by the United States Coast Guard. What information do you have that would support that position?

Mr Retter—Could you clarify your question, Senator?

Senator SCULLION—The United States Coast Guard have publicly given Indonesia 90 days to comply. Quite clearly, the reason they have given Indonesia 90 days to comply was that their security standards did not meet the standards of the US Coast Guard. We have a program that in our region was to provide \$7.8 million to ensure that the Indonesian government would be able to meet the requirements of the international ship and port facility security regulations. We have decided in this budget that we would not commit to regional maritime security in this particular regard. I am asking the question, what information has Australia got that would somehow make us have a different approach than the US Coast Guard?

Mr Retter—Senator, there are a number of ways that we engage with countries in the region concerning capacity building and enhancing of transport security. Since earlier this year, in conjunction with the Indonesian government, we have decided to run a range of capacity building seminars, one of which will include maritime security. We are aware of the US government's position concerning port security, and continue, as we have always done, to work closely with our neighbours where appropriate to enhance the security. In terms of the Office of Transport Security and our approach to capacity building, with the resources that we are given we will continue to work with governments in the region to improve transport security where it is in Australia's interest to do so.

Senator SCULLION—When is that seminar to take place, Mr Retter?

Mr Retter—My understanding is it will take place in the month of June.

Senator SCULLION—What human resources will Australia be sending to that seminar?

Mr Retter—In addition to officers that I have posted to the embassy in Jakarta, there will be at least one, if not two experts to go up to assist in that task.

Senator SCULLION—That is one or two officers who will assist. I am sorry, if you could remind me Mr Retter, how many officers are on the ground in Indonesia that will be also attending on behalf of Australia?

Mr Retter—We have a total of three Australian staff who work in the Office of Transport Security at the embassy and at least one, if not two, of those officers would be involved in that work.

Senator SCULLION—So what sort of cost would be involved in this conference?

Mr Retter—I do not have the detail in front of me at present but my view would be that there would be administrative costs associated with the venue, depending on where we run it in Indonesia, and there will be, obviously, the associated administrative costs of getting the appropriate officer or officers from Australia up to that seminar.

Senator SCULLION—Thank you. It does seem that there will be some considerable savings. Is it just Indonesia that will be providing the other aspects of that conference, or will there be people from other nations providing input?

Mr Retter—My understanding is that the conference will be for Indonesian officials, with the instruction coming from my staff that it is not involving other agencies at this stage. I will need to check on that information for you.

Senator SCULLION—Let us assume it is a one-for-one. Effectively we will be meeting, say, 20 people. We have the cost of the venue, some sandwiches—these are important costs that you will have to anticipate—and perhaps a few taxi fares. I imagine there is a fair bit of saving out of that investment against \$7.8 million. I am not asking you to respond to that; that is just an observation. When we did last discuss this—in fact, it was Senator Conroy that advised me—and I quote, ‘the security outlook and the resourcing match. Perhaps the senator representing the minister or Mr Retter can respond as to what that statement actually means. Does that mean that the security environment has improved so much that the funding is in fact unnecessary? That, to me, would seem to be the only answer. Perhaps you can share with us how the security has improved, given that this fundamental meeting to improve the security of Indonesia has not happened.

Mr Retter—Senator, the same answer that I gave the last time we discussed this matter applies. Australia’s national interest is in ensuring that ships coming to Australia or transiting through Indonesia en route to or from Australia have adequate security. There are a range of measures that we take today for all ships entering Australia. Nothing in the US advice at the time changes our approach. We are comfortable that those ships, subject to transit through Indonesia, are adequately secure and are subject to risk assessments prior to arrival in Australia. In terms of our approach to capacity building, we match our approach with the available resources.

Senator SCULLION—Mr Retter, you talk about adequate security. I do not want to pick you up on vernacular, but ‘adequate’ is generally not a word that I would embrace. Is that absolutely the best you can do? How do you establish the fact that the security is in fact right up there as adequate?

Mr Retter—Senator, each ship that enters Australian waters is subject to a risk assessment. That risk assessment is conducted by a range of Commonwealth agencies. I do not think it would be appropriate in this forum to go through that for security reasons. But suffice it to say there are a range of issues that are looked at and assessments are made by those agencies as to the risk attendant with that vessel arriving in Australia. We have appropriate measures or a range of measures in place under the legislation to deal with ships where we have any concern regarding the status of that ship from a security perspective.

Senator SCULLION—Mr Retter, I am sure it would not be a breach of any particular confidences or security about our processes to acknowledge that one of the fundamentals we would be looking at in that assessment is in fact whether or not they meet the requirement of the international ship and port facility security regulations. At the moment, as you would well know, Mr Retter, it was the assessment of the United States Coast Guard that they have not met the requirements of that international agreement. Would you acknowledge that that would be a fundamental building block of our assessment for this adequate security as these ships come into Australian waters?

Mr Retter—Senator, if a ship transiting through Indonesia visited a port which was a particular port of concern for the United States and if we shared our agreement or assessment that that was a security concern and if we felt that that concern needed to be factored into our risk assessment, then it would be so.

Senator SCULLION—I will try to get this in context. In response to the terms of the cut of the \$7.8 million last February, Mr Retter, you said:

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.

What were the opportunities to which you referred, Mr Retter, and that we are now unable to pursue as a result of the cut?

Mr Retter—Clearly, Senator, the intention, if I had additional resources, was to do a more comprehensive and substantive capacity building project across a range of ports within Indonesia. Because of other priorities, we no longer have those resources. As such, we will tailor our capacity building to the resources we do have available.

Senator SCULLION—Mr Retter, I sympathise with your position; I genuinely do. I know you have made a fair dinkum attempt at answering the question and defending this government's position to cut input into helping our neighbours. I can understand the United States having an issue with Indonesia. But you would think about the issue in terms of Australia. Of course it is far more important, I believe, in a regional sense to Australia. I actually live in south Asia—I live in the Northern Territory—so this is very much on our doorstep. I have to say I am very disappointed that we cannot seem to point anywhere. We have made the cut but we cannot seem to be able to put our finger on the fact that somehow the security position has actually improved. Perhaps it is not a question for yourself, Mr Retter. I put this more fairly to the minister representing the minister. Would this decision mean that the Rudd government is ignoring its own party platform which it actually took to the election? People continue to say, 'Oh, we are going to stick to our promises.' I refer to chapter 14 of your policy, Minister, entitled 'Strengthening Australia's place in the world':

... that security and stability and peace in the region is the number one priority challenge.

Minister, I understand the No. 1 priority challenge. We are sharing a bit of space with the number one priority. I understand you have a number of number one priorities. But is it the case that, Minister, genuinely you could now say with some degree of accuracy that the Rudd government is all talk and no action? Can you inform the committee how the maritime security environment has actually improved to justify this cut?

Senator Conroy—Thanks for that question. Your assertions and commentary are based on a number of false assumptions.

Senator SCULLION—The US Coast Guard made it very clear, Minister. They are a very respected organisation around the world.

Senator Conroy—A number of false assumptions by yourself and assertions.

Senator SCULLION—It is your party platform, Minister.

Senator Conroy—I am glad that you have finally read a policy document. I encourage you to keep reading good policy documents that we produce. But your assertion and assumptions that underpin the assertions are wrong so your question has no validity.

Senator SCULLION—Perhaps you did not understand it, Minister. I did go to you from Mr Retter. You may not have been paying full attention. Perhaps I will just take you back again to the facts. The United States Coast Guard provided a security audit internationally about a risk assessment for vessels entering their own ports. That assessment determined that Indonesia did not meet the requirements of the international ship and port facility security regulations. They then moved to place Indonesia on notice of 90 days. That is one of the most significant steps to be taken diplomatically. That would indicate that not meeting those regulations was a serious matter. At that time, the previous government said we would invest \$7.8 million to assist Indonesia in meeting these requirements. The fact that the Rudd government has now cut that money means the only reason can you justify that is if there has been a change in the security environment, Minister. And it is okay to say that I am somehow being mischievous or I am somehow twisting the facts, but they are just clear facts. The only reason that you can validate your action in this matter is to say that the security environment has improved. And I am giving you the opportunity, Minister, here to demonstrate to us how that has improved. If it is a security matter, we are more than happy to take evidence from you in camera.

Senator Conroy—Well, I think it is a security matter and you are asking me to comment on the situation. That is a matter about which you should be putting questions to the departments of foreign affairs and defence. You are actually asking me to comment on security levels. Those are rightly matters for another department, Senator.

Senator SCULLION—This is actually a matter concerned with the regional maritime security capacity building program, which fits well and truly within this outcome. I can tell you that if I appeared before another committee, they would send me back here, Minister.

Senator Conroy—You are making a number of assertions about the security levels at the moment.

Senator SCULLION—That is not correct.

Senator Conroy—They are not things I can comment on. They properly should be put—

Senator SCULLION—I understand the nature and the sensitivities of dealing with security matters, Minister, and I acknowledge that. But the matter I am discussing is a matter on the public record. And the public record shows quite clearly that a security assessment of Indonesian ports by an internationally renowned authority—that is, the US Coast Guard—has found them to be substandard. In fact, they have taken action on them. We are now in a situation where we had committed funds to be able to ameliorate that situation. Those funds have been removed and I am saying you either acknowledge, Minister, that you simply are tearing up your own platform and you do not give a fig about security and maritime security or you have some information. If you are happy to tell me you have information that is a dark secret, I can examine that. But to somehow say you cannot possibly answer it and it lies in a different output I think somewhat pathetic, Minister.

Senator Conroy—The Rudd government takes national security very seriously.

Senator SCULLION—Where?

Senator Conroy—Very seriously. And for you to come here and start casting aspersions in the way that you have, based on false premises, is unworthy of you, Senator Scullion.

Senator SCULLION—It is not under false premises.

Senator Conroy—I invite you, if you want to debate what the level of security assessments and alerts are at the moment, to go to the foreign affairs and defence estimates and put the propositions that you are putting because your entire assumptions are based on propositions around security levels.

Senator SCULLION—Well, they are. Indeed, they are.

Senator Conroy—You are asking me to give commentary on them. You are asking me to tell you whether they have changed. They are actually matters which I know you understand are rightly another portfolio's jurisdiction. I am not briefed on those things. I am not on a national security committee.

Senator SCULLION—I understand that, Minister.

Senator Conroy—Minister Albanese is not on a national security committee.

Senator SCULLION—I understand that, Minister, and I accept that. Minister, the security situation has already been established. We do not really need a question, unless you are saying that the authority of the US Coast Guard is insufficient.

Senator Conroy—That is very clever, Senator Scullion. You can try and manoeuvre your way around it when you say the security matter is established. You are asking for the minister's assessment of the national security situation based on a report from another jurisdiction. You are asking for a comparison and action based on it. That really is an argument that you should be putting to another committee. It is outside the scope of this committee to comment on the security settings.

Senator SCULLION—It was yourself, Minister. On 19 February this year, you offered this committee the advice—

Senator Conroy—But you have now asked me a couple of times whether it has changed. On that I have to refer you to another committee. You then make an assumption and an assertion based on your previous question and ask me to agree or disagree with you.

Senator SCULLION—Minister, you were able to make a comment on the security outlook on 19 February. It is sad that you appear unlikely to be able to do that again today.

Senator Conroy—You have asked me to comment on what you are arguing is a changed situation.

Senator SCULLION—I am trying not to be argumentative. I am trying to be as helpful as I can here, Minister.

Senator Conroy—And I am trying to help you by saying I think these questions should be asked of the department of foreign affairs about whether there has been a change.

Senator SCULLION—Minister, this is not a matter where we need any advice on security. I accept the advice of the US Coast Guard in this matter. What I am seeking to understand is

in clear advice—unless somebody is happy to provide us with some alternative advice—that the Indonesian government currently are not meeting the requirements of the international ship and port facility security regulations. Whilst that is happening, you have made a cut that would have ameliorated that, which puts at risk our maritime security arrangements. I think you should be able to give some comfort to Australians who will be listening to this that that in fact is not the case. I am giving you that opportunity because all the facts before me lead me to believe that this is in fact diminishing our capacity in terms of maritime security.

Senator Conroy—Your question is based on—

Senator SCULLION—I am giving you an opportunity to answer that.

Senator Conroy—Your question is based on an assertion about a changed security position.

Senator SCULLION—That is the only defence you have.

Senator Conroy—No. You should be putting to the department of foreign affairs whether that is the case or not. You are actually making an assertion that there should be an increase following on from the US Coast Guard's. You are making that argument based on the US Coast Guard.

Senator SCULLION—Minister, I am simply making the argument that you have cut \$7.8 million from an essential program in the face of hard evidence that there is a heightened security risk. The US Coast Guard have demanded of the Indonesian government that they change their practices. Minister, obviously I am not going to get anywhere with you in terms of a change of assessment. I have to say that I am very disappointed that the organisation that comes here will represent regional maritime security capacity building programs. I am not asking for an assessment on security. They would not be able to come to this committee and give answers on this fundamental challenge given that we had already discussed it on 19 February. Minister, I will ask those questions, as you advise, of foreign affairs.

Senator Conroy—I think you should. But you have intimately tied the answer to a security assessment issue and you are making a claim there is a change based on evidence. They are questions that you should rightfully put—

Senator SCULLION—To put it on the record, I was simply offering an alternative answer. I have assumed that the only thing that could possibly be a reasonable answer to Australians is that you had made a reassessment of this matter and it was on the basis of that assessment that you have now cut the funding. I do not need any detail about super snoops and security. All I want to know is that they have cut the funding because the security assessment has changed. Minister, again, on 19 February you said that the security outlook and resourcing matched. I did not get an answer then. But I will be putting the questions to foreign affairs. I put on the record that I am disappointed that people would come here with this responsibility to this committee and not be in a position to answer questions that they should at Senate estimates.

Senator McGAURAN—I just have one question. The previous government undertook a trial program for the CCTV systems on four regional airline sites. This government, in their releases, are claiming that that trial is ongoing. Have we no results to date?

Mr Tongue—Once we had commenced that trial, we then had the Wheeler review into aviation security, which made a series of recommendations, some of which touched on CCTV. Whole-of-government leadership of the CCTV issue was passed to the Australian Customs Service, who have been tasked with the integration of CCTV between government agencies and airports. The learnings from that trial at the smaller airports have been picked up in that wider whole-of-government process. It in part was also informed by the lessons of the London bombings, where CCTV made a significant contribution in investigating those events. So the outcome of the trial at the four airports has been, if you like, swept up in that wider whole-of-government process.

Senator McGAURAN—So it is not in your department any more?

Mr Tongue—We retain an interest in CCTV because CCTV is a layer of security. But the wider question of future development of CCTV at airports and key leadership as a result of Sir John Wheeler's recommendations rests with the Australian Customs Service.

Senator McGAURAN—And that includes regional airports?

Mr Tongue—It encompasses regional airports, but we still retain a key role in relation to regional airports.

Senator McGAURAN—I believe you have allocated \$3.3 million over two years to continue the trial at regional airports. Which airports are we talking about?

Mr Tongue—I am not quite sure what funding amount you are referring to, Senator.

Senator McGAURAN—I am just reading from the website that the department so often refers us to. The budget allocation of \$3.3 million.

Mr Retter—My memory, Senator, is that the allocation of funding for the CCTV trial you spoke of at the regional airports was in financial years 2005-06 and 2006-07 and that, as Mr Tongue has alluded to, that trial has ended. The broader issues of how CCTV is carried forward in the aviation environment is now sitting with the Australian Customs Service.

Senator McGAURAN—There is no budget allocation?

Mr Retter—We will have to check for you, but my understanding is that out of the range of funding that was provided in the aviation security environment, the specific amounts that you speak about were for earlier financial years.

Senator McGAURAN—Ms Page, you have freely recommended or answered questions by referring to your website. Your website is seriously out of date. You are running the old government's budgets.

Ms Page—We will check that, Senator.

Senator McGAURAN—It seems so.

Ms Page—If that is the case.

Senator McGAURAN—It is really quite insulting that you would refer us to your website in answer to many questions when it turns out you have not worked on your own website. Nevertheless, do I take it that the CCTV program for regional airports is not only out of your control but basically has no funding and is finished?

Mr Retter—I reiterate, Senator, that the funding that was allocated for the CCTV trial at the four airports was for previous financial years. It has concluded. At present, there is no initiative to trial CCTV at regional airports. There are a range of matters being conducted under the auspices of the Australian Customs Service which follows from Sir John Wheeler's report, and those matters continue.

Senator Conroy—I will add to that answer. So what you are telling the committee is that the previous government did not provide ongoing funding of this program?

Senator McGAURAN—Well, they did. They had a successful trial.

Senator Conroy—You said the funding ran out.

Mr Retter—The funding ran out.

Senator Conroy—So the previous government did not allocate any money into the future for this?

Senator McGAURAN—You know, it is a funny thing. I was looking at the website. Before I started asking my questions, I asked my colleague to check. This funding did look strangely peculiar and did not cross-check with the budget papers. I said, 'Just let me know from your own independent analysis whether this website is up to date or not.' I could not believe the department would be so slack, particularly as they refer us and ask us to rely on their website so often.

Senator Conroy—Are you sure you have not accessed the archives?

Senator McGAURAN—No.

Senator Conroy—One of the senators tried this trick yesterday with my department. The officer had to embarrassingly explain to them that they had actually gone into the archive. Make sure you are not in archives.

Senator McGAURAN—Well, in the spirit of—

Senator Conroy—Just to help you out there. It may not be.

Senator McGAURAN—In the spirit of your helpfulness, we will check that. But what we have—

Senator Conroy—You do not look pretty when you blush.

Senator McGAURAN—What I do understand is that the CCTV program or trial, as successful as it was, is no more. We cannot expect any allocations to regional airports of this successful program.

Senator Conroy—You allocated—

Senator McGAURAN—So it is a diminishment of security at regional airports.

Senator Conroy—Your former government allocated no money for this.

Senator McGAURAN—To a trial which has been proven successful.

Senator Conroy—You allocated no money, Senator McGauran. You cannot sit here and throw up your hands and say, 'What have you done?'—

Senator McGAURAN—Well, you are in government now.

Senator Conroy—when your government committed no money. All it had to do was save X amount of dollars in the out years for this program, but you did not. You cannot actually try and pretend that you did. You did not allocate any money for this program.

Senator McGAURAN—When are you going to take responsibility for the reins of government? I know you have not got your charter letter. Are you waiting for the charter letter until you actually take responsibility for the reins?

Senator Conroy—When are you actually going to take responsibility for the fact that you cannot not fund programs in your own budget and then accuse us of not funding programs?

Senator McGAURAN—You are misrepresenting, Minister.

Senator Conroy—No, I am not. It is called the out years, Senator McGauran, and in budget papers you put money into the out years if you are funding a program in an ongoing way, and you did not. So do not come and cry wolf in here when you could have solved this by putting some funding in the out years and you did not.

Senator McGAURAN—It is a serious diminishment of regional security.

Senator Conroy—And you are responsible for it, if that is what you believe.

Senator McGAURAN—I suppose you can say anything under privilege. Ms Page, in relation to your opening statement and my request you are taking on notice, we will get a reply hopefully after lunchtime on that, will we? It will not be tomorrow late, will it?

Senator Conroy—She took it on notice and will get back to you.

Senator NASH—I want to clarify something. I am sorry to have to raise this again. Can we just ensure that in that list there is the 116 projects that were approved but had not reached signed contract stage, the 452 projects that you referred to this morning that had been approved and contracted and the 494 projects that were in the pipeline that had not yet reached decision stage.

Ms Page—Yes.

CHAIR—Any other questions to the Office of Transport Security? If not, I thank officers from transport security and I now call CASA.

[12.26 pm]

Civil Aviation Safety Authority

CHAIR—I welcome officers from the Civil Aviation Safety Authority. Mr Byron, do you wish to make a quick opening statement?

Mr Byron—Thank you very much. I would like to make a statement, please. I would like to provide the committee with an update on the work CASA has been undertaking since the February 2008 budget estimates hearing and to provide a brief overview of some aspects of the reform program at CASA that have been undertaken since I joined the organisation over four years ago.

Earlier this month, CASA released a report on future aviation trends and emerging risks as part of our obligations to review the system of civil aviation safety, an activity that will see us progressively looking at sectors of the industry as well as relevant organisations from the

point of safety effectiveness. I have a firm view that it is not acceptable in our role to purely rely on historical data, to look only at what has happened in the past—accident and incident information. We have to progressively and increasingly try and predict what future risks are. If you like, we have to be proactive. We must start to look over the horizon more.

Some issues that were raised in the report that relate to this sort of work now directly influence the work that we are conducting. We have started that process. I will give you some examples. These include an increased scrutiny of training systems, particularly in air transport organisations and particularly in relation to pilots and engineers; an increased scrutiny of fatigue management by organisations in areas directly affected by the well publicised skills shortage, notably, pilots and engineers; increasing assessment of airspace at regional centres serviced by an increasing number of larger air transport aircraft to those locations; and an assessment of the safety risk posed by increasing development at airports. So they are some of the things that this study has highlighted that we have already started to provide an increased focus on.

However, a number of the issues will require a broader approach—an industry wide approach. To ensure this happens, we are establishing five joint CASA industry working groups that will look for detailed solutions to some of the issues identified in this report. The work completed by those groups will feed into the aviation policy white paper announced by Minister Albanese last month. One of the biggest changes to our organisation in the last four years has been the movement of the majority of our operational people to locations closer to industry—the front line, if you like—and the establishment of our operational headquarters in Brisbane. This has been part of an overall strategy to base our people close to where aviation activity is primarily located and tasking them to more closely monitor industry operations.

Part of the move to making CASA's actions more transparent and accountable has been the establishment of the Office of Industry Complaints Commissioner in 2006. The commissioner reports directly to me and offers the public and people in the industry an easily accessible, timely and independent means of having CASA's actions reviewed. I am pleased to note in this report that there has been a downward trend in the number of complaints being received through this process about CASA. Early in my time with CASA I made it clear that our focus must be on passenger safety, as fare paying passengers in both airline and charter operations make up the vast majority—about 97 per cent—of people in the sky in Australia on any given day. In refining this policy, CASA undertook a risk based approach to determining the priorities to which we must allocate our resources to undertake industry surveillance and other tasks. CASA's role is to maintain and improve aviation safety. We have systematically looked at all parts of our organisation testing for safety effectiveness. A large part of what we do involves positively influencing the safety outcomes that somebody else—the industry—delivers. CASA takes a strong risk based approach to safety, recognising that while we must continue to work hard to influence outcomes and provide robust education, the aviation industry must take responsibility for their day-to-day safety risks.

CASA's range of tasks include the provision of support and tools, in some cases through regulation, that the industry needs to help manage these risks. In some cases, we must apply an enforcement approach to achieve necessary behaviours. As part of industry education on this topic, I released a booklet addressing safety management and the CEO, making it clear

that leaders in all industry organisations are quite clear that they have ultimate responsibility for the safety of their operations. This initiative has evolved and been incorporated into a comprehensive safety management toolkit designed to help operators across all sectors of the industry identify and manage their risks.

The committee will be aware that at the last estimates hearing the outcomes of the Miller review into the relationship between CASA and the Australian Transport Safety Bureau had not yet been released. The minister released the report in March this year, with Mr Miller's 19 recommendations broadly grouped into three main areas—information sharing, administration and governance. Governance recommendations primarily related to the ATSB's structure. The minister has asked for responses from the industry to the Miller review. That closed on 30 April.

CASA is currently working to ensure that the administrative recommendations made by the Miller review relating to CASA are implemented. This includes negotiating a new memorandum of understanding with the ATSB, establishing clear protocols for active cooperation with the ATSB, holding regular senior level meetings with ATSB managers and encouraging greater contact between staff in both organisations. In addition, prior to the release of the report, CASA established an internal review process to review material released by the ATSB and harness CASA's aviation expertise to provide commentary on draft reports to assist the ATSB in their work.

The aviation industry worldwide continues to evolve and change rapidly. The Australian aviation industry, particularly the air transport sector, is undergoing significant change and growth. The changes and reforms that I have outlined will keep Australia's safety regulator in line with international practice and in step with the industry that we regulate. Thank you.

CHAIR—Thank you, Mr Byron. Before we go to questions from committee members, the committee is aware that there are some time constraints upon your appearance today. Would you like to tell us exactly what your movements will be.

Mr Byron—I am booked to fly out of Canberra this afternoon around three o'clock, so I am really available up until about two o'clock. So assuming you break for lunch at the usual time, I am available until the lunch break.

CHAIR—So you are available until one o'clock?

Mr Byron—Correct.

CHAIR—Mr Byron, you are out of the country?

Mr Byron—I am.

CHAIR—You will be. And when do you return?

Mr Byron—I return on the night of 26 June.

CHAIR—That does not leave a lot of time for the committee to ask questions, so I will go to Senator Johnston.

Senator JOHNSTON—Mr Byron, I would like to talk to you about Mr Thomas, the Australian pilot flying from Thailand to Singapore. Are you familiar with that case?

Mr Byron—Yes, I am.

Senator JOHNSTON—Are you concerned about that case?

Mr Byron—I do not have significant concerns about it, Senator. I understand that there were some issues related to communication from our officers that I might ask Mr Carmody to explain in more detail in a moment. But at the end of the day, my understanding is that on the day of the incident the aircraft departed a Thai location, planned originally to land back into Thailand but, due to aircraft unserviceability, elected to go into Singapore airspace without approvals from the Singapore authorities.

Senator JOHNSTON—With respect, that is not the entire story, is it?

Mr Byron—There is more detail to it. I might ask Mr Carmody to pick up the more detailed threads, if I may.

Senator JOHNSTON—I would like to hear from Mr Carmody, firstly, about the application by the pilot, Mr Thomas, for a special flight permit on 7 January. He was subsequently advised by Mr Stallard, one of your officers. He was advised that he did not require a certificate of airworthiness for his intended flight from Thailand to Broome in Western Australia. He was subsequently detained for about 15 weeks in Singapore because he did not have that document.

Mr Carmody—I am happy to answer the questions and work my way through the issues if I can. A special flight permit application to ferry a Cessna 208 aircraft from Ko Samui in Thailand to Broome was received by our CASA Perth office from Kimberly Seaplanes on 4 January 2008. The Perth office advised Kimberly Seaplanes that the certificate of registration holder for the aircraft would have to advise every country that the aircraft would fly over that it was operating under a special flight permit. On 7 January 2008, a CASA airworthiness inspector advised Kimberly Seaplanes that they should obtain an export certificate of airworthiness. The airworthiness inspector advised that they should find out what the overseas regulatory requirements were. The airworthiness inspector also incorrectly advised that he could not issue a special flight permit for operations outside Australian territory. He did follow this point up with the correct advice that they would have to get permission to over-fly every country that they crossed. Kimberly Seaplanes responded that they did not wish to obtain an export certificate of airworthiness. Kimberly Seaplanes then instructed CASA to hold off on processing their application. We are an organisation that bases our activities on cost recovery. No payment or advice to continue the application was received so no further processing of the application was undertaken.

Senator JOHNSTON—That is odd, is it not, that they would not persist, given the advice you have given.

Mr Carmody—That they would not persist. Senator, it is odd because my understanding is that they had ferried aircraft before. So my understanding is they had a pretty good understanding of what the rules might be.

Senator JOHNSTON—That is a form 725, is it not?

Mr Carmody—I do not know. Somebody can probably provide me some advice on that and I will find out for you. On 22 January 2008, the airworthiness inspector concerned telephoned Kimberly Seaplanes and left a message that his earlier advice was in fact incorrect

and that he could issue a special flight permit for an aircraft overseas, reiterating the provision that permission must be obtained from any country the aircraft flies over. This was on the morning the aircraft departed Thailand.

Senator JOHNSTON—When you say ‘permission’, permission can be obtained via the radio, can it not? Permission to land at a particular airport?

Mr Carmody—You need a special flight permit is my understanding.

Senator JOHNSTON—You mean a special flight permit that he was told he did not need and now he has been corrected by Mr Stallard to say that he does need?

Mr Carmody—That is correct.

Senator JOHNSTON—Yes.

Mr Carmody—There are two things. What he was advised correctly was that permission must always be sought from the country concerned, from the operator concerned.

Senator JOHNSTON—Bear in mind special flight permit and certificate of airworthiness—

Senator Conroy—I want to clarify something. The mistake was that he could not issue something. That was the mistaken advice he gave. I want to clarify that.

Mr Carmody—That is right. We said that we could not issue a special flight permit for an aircraft overseas.

Senator Conroy—But you actually could.

Mr Carmody—Which we could. But we still reiterated the point that they needed to obtain permission from the country the aircraft would fly over.

Mr Byron—I might interrupt. You mentioned by radio. I ferried a number of aircraft through that part of the world some years ago. When you do that sort of work, when you read through the facilitation documents, it is quite clear as an operator, a pilot, that you must obtain clearance from every sovereign state to fly through their airspace. That approval would rarely be provided by radio.

Senator JOHNSTON—Do you know that this pilot had the approval? When he took off on 22 January, he had the approval to fly over Thailand, Malaysia and into Singapore. But it was a test flight wherein the landing gear failed, it was an emergency and he elected to fly to Singapore where the hospital services and other rescue and emergency services were much better. But the phone call that he received from Mr Stallard arrived on his mobile phone after he had landed at Singapore and was arrested. It told him that he actually did need the form. That is our story. Can you correct it from your side? I think this man is still up there.

Mr Carmody—I do not know whether he is still up there.

Senator JOHNSTON—He is facing trial.

Mr Carmody—I think the case was resolved. That is my understanding.

Senator JOHNSTON—It might have been. But I want to know what CASA’s view of this is.

Mr Carmody—In terms of the special flight permit, the permission to enter a country's airspace is normally requested in advance.

Senator JOHNSTON—Yes. And he did.

Mr Carmody—It is normally requested in advance and it can also be requested by radio prior to entering that country's airspace.

Senator JOHNSTON—Correct.

Mr Carmody—If the Singaporeans did not have that permission or did not have any record of that permission, they would have reacted. I presume they did. I do not know whether he had applied to the Singaporeans. That would be a matter for the Singaporeans and it would be a matter for the courts in Singapore. If he had a permit to land in Singapore—

Senator JOHNSTON—But can you concede, Mr Carmody, that his state of mind was materially and adversely affected by the mistake of one of your officers?

Mr Carmody—There are different points of view on this. As I have said before, my understanding is that this organisation has ferried aircraft internationally in the past. My understanding, therefore, is that that organisation is well aware that you cannot fly without any permissions. We gave them incorrect advice, which we subsequently corrected. I think that is very true and that is on the record. We have made that point.

Senator JOHNSTON—After some 15 or 16 days.

Mr Carmody—I am not sure what you are alluding to in terms of the time.

Senator JOHNSTON—You talked about early January.

Mr Carmody—On the 22nd, correct. Before the flight took place. I would make the point, though, that we did not hear from the operator. We did not progress any application.

Senator JOHNSTON—Why would you, because he was told that you could not give him any application?

Mr Carmody—Correct. And he told us to stall any application that he had made for an export certificate of airworthiness. Then the officer working for CASA, realising his mistake, made the telephone call. He made the telephone call first thing in the morning Darwin time. I do not know what time. Therefore, I do not know how that time relates to—

Senator JOHNSTON—Probably two and a half hours, I would have thought, Phuket time, or whatever time he was on.

Senator HEFFERNAN—What time did he discover his mistake as opposed to what time he made the phone call?

Mr Carmody—I presume he discovered the mistake that day. But I know the call was made that day. I can check.

Senator HEFFERNAN—Would it not be pertinent to this argument to find out when he actually discovered the mistake and what was the delay between the mistake and the phone call?

Mr Carmody—It would.

Senator HEFFERNAN—Can we find that out?

Mr Carmody—Yes. We could. It would be pertinent. But I make the point that, at the end of the day, the operator decided to fly, arguably with knowledge that he had no permissions.

Senator JOHNSTON—You are presuming that. He is up in Thailand. He says he has permissions.

Mr Carmody—Correct. We have no record of his permissions. Whether he had permission to enter the Singaporean airspace, with respect, is a matter for the Singaporean courts.

Senator JOHNSTON—And a matter for radio records and all manner of things.

Mr Carmody—Absolutely. Arguably, if he had permission to enter Singapore airspace and he had applied for that permission and he had it from the Singaporeans, that would come out in the legal proceedings in Singapore.

Senator JOHNSTON—What brought Mr Stallard to resign on the very day that he rang to tell the Western Australian pilot, Mr Thomas, that he had made a mistake? What is that all about?

Mr Carmody—I do not believe that there is any connection whatsoever. I can find out about his departure date and the facts underpinning his departure. But my very clear understanding is that that is a coincidence. There was no—

Senator JOHNSTON—It is a pretty big coincidence. The man who makes the mistake rings up to say, 'Sorry, you do need a form', and then resigns that day.

Mr Carmody—True. But arguably he could well have been cleaning up his affairs. I think we knew he was leaving. I think he probably was cleaning up his affairs and realised that there was an error and fixed it. The fact that he made the effort to fix the error—

Senator JOHNSTON—You are lucky he was not flying a jetliner. That is all I can say. Peter Gibson is your man, is he not?

Mr Carmody—He is a member of the organisation, Senator, yes.

Senator JOHNSTON—He says special flight permits for Singapore are issued by the civil aviation authority of Singapore for Australian registered aircraft. Are you sure of that?

Mr Carmody—I can check that fact. I will.

Senator JOHNSTON—I am very concerned when you want to check these things. I expect you gentlemen, if I can be so bold, to know the law regarding these things. Is it a matter for CASA to provide a special flight permit for an Australian registered aircraft, or is it a matter for Singapore? It is a simple question, Mr Carmody. I know you love simple questions.

Mr Carmody—I love simple questions. I understand that we can issue a special flight permit for an aircraft overseas.

Senator JOHNSTON—Yes. An Australian registered aircraft overseas. So Singapore cannot actually do that, can they? They can issue an entrance permission to the airport but not a special flight permit.

Mr Byron—It might help this from the legal point of view if we have our head of legal services, Dr Aleck, give a few words on this. He has made a few comments.

Senator JOHNSTON—Firstly, Mr Byron, is the head of your legal services across this case fully?

Mr Byron—He is certainly across the legalities of what the permits allow. Could I ask him to give some evidence to you on that?

Senator JOHNSTON—Just before you call him, I want to know that he is fully briefed on this matter. I do not want to be talking to him in a vacuum given that I have 12 minutes of your time.

Mr Byron—He certainly is aware of the incident. He is certainly aware of that.

Senator JOHNSTON—Okay. Let us have him.

Dr Aleck—I am reasonably familiar with the case. I was aware of it when it initially arose.

Senator JOHNSTON—We will pause there. How did you become aware of it?

Dr Aleck—Initially, quite frankly, before I had heard about any of the events arising in Australia, I got a telephone call from my colleague at the Civil Aviation Authority in Singapore asking specifically for advice about what our regulations provided. It was not connected with any case.

Senator JOHNSTON—What date was that?

Dr Aleck—I do not have a date. I can get that to you.

Senator JOHNSTON—Did you make a note of the phone call?

Dr Aleck—I most certainly did.

Senator JOHNSTON—Can you take on notice what date you received an inquiry from your colleague in Singapore as to our regulations?

Dr Aleck—Absolutely. If I may—

Senator JOHNSTON—Can we surmise that the pilot concerned had said, ‘I have been given advice by CASA’ and that the person who rang you was in fact seeking to confirm that advice?

Dr Aleck—Actually, no. The query did not revolve around that kind of scenario. The query revolved around what Australia provides in our regulations about the issuance of special flight permits. What we were able to clarify, and I might add—

Senator JOHNSTON—Do you know why he asked you that question?

Dr Aleck—I have had ongoing exchanges with her on many issues. As a nation close to Australia, we communicate on a variety of issues. This was just an exchange of—

Senator JOHNSTON—So that was a question out of the blue, unrelated to it?

Dr Aleck—It was not until I found out about the matter. I must be quite frank that it was only toward the end of the conversation that she mentioned there was this Australian pilot who had come into Singapore. It was at the end of that conversation that it came up. I was not asked any questions that involved the disposition of a particular matter. I was simply asked a

question about what our law states. If I know it, I am not uncomfortable providing that information.

Senator JOHNSTON—It is pretty important, Dr Aleck, when we now know that this man was imprisoned, put under house arrest and was facing quite serious charges.

Dr Aleck—Look, at the time, yes, that would have been serious. But the information I conveyed would not have changed in any way, shape or form regardless of how that matter would have been dealt with.

Senator JOHNSTON—And what precisely was she inquiring about?

Dr Aleck—I would have to refer to my notes to tell you precisely.

Senator JOHNSTON—Do you have them with you?

Dr Aleck—I do not, but I am familiar with the issues and I primarily wanted to simply clarify what I think is a misunderstanding generally. Any aircraft must have a certificate of airworthiness issued by the state of registry to operate lawfully within that state and anywhere else in the world. If it holds a certificate of airworthiness, that will actually be recognised by the terms of the Chicago convention by another state.

Senator JOHNSTON—Correct.

Dr Aleck—When for one reason or another an aircraft does not have a certificate of airworthiness, it can be issued by the state of registry with what is called a special flight permit, which generally has some conditions on it that take into account the fact that its airworthiness does not entitle it to a full certificate of airworthiness. No state may issue a special flight permit that is valid beyond the territory of that state. So an Australian special flight permit may be issued for an Australian registered aircraft anywhere in the world, but its validity is automatically recognised only in Australia.

Senator JOHNSTON—Or subject to the Chicago convention.

Dr Aleck—Well, yes, because it is not a document that is automatically recognised. Now what most states will do, including Singapore, is that if a foreign registered aircraft wishes to enter their airspace, setting aside permissions for entering airspace as a general matter, one of the questions that they will need to have answered is: do you have a certificate of airworthiness? And it can be an ordinary certificate or it can be an export certificate. If the answer is no, they will say, 'Hang on, before you come in'—

Senator JOHNSTON—When you say a certificate, it can be contained within a special flight permit, can it?

Dr Aleck—I am coming to that. A special flight permit is not automatically recognised by any other state. Australia would not and Singapore would not. However, if Australia had issued a special flight permit to an Australian aircraft overseas, that might be something that the Singaporean authorities would consider as, 'Well, maybe we'll let you in. Tell us a little bit about those circumstances.' But what happens is—and I have often times seen this confusion arise, and it has arisen in other circumstances—is that someone will say, 'I would like a special flight permit to operate my aircraft. I am an Australian registered aircraft.' They say, 'If you qualify, you will be issued with one.' If they are going overseas, the point that has

to be made—and I believe this was made in the exchanges—is this will be good for the aircraft and it will be a valid Australian instrument but it is not for us to say whether it will be recognised anywhere else. I would add, too, that the particular regulation—

Senator Conroy—I am particularly noting Senator Johnston's concern about the time. Mr Byron has indicated that even though he does have to depart at the lunch break, CASA itself can keep going afterwards.

CHAIR—Just on that, Minister, on behalf of the committee, there will be a host of questions that will want to be asked of Mr Byron. We are going to have a private meeting during the deliberations of the estimates hearings. We will write to you, Mr Byron, and keep you informed of when we can possibly get back together with you.

Mr Byron—Understood, Senator.

Dr Aleck—The only other point I was going to make was the query about what the Australian legislation provides in relation to the operation of an Australian registered aircraft overseas in the absence of required documentation. We have an explicit regulation—I cannot cite the number offhand—that provides that it is the obligation of a pilot in command to be aware of and comply with the regulatory requirements of any country in which they operate.

Senator HEFFERNAN—I just have to ask this question. Would the public liability insurance and property insurance of the owners of the plane be extinguished because they did not have the airworthiness or the right to pass? On 7 January this bloke was advised he did not need something which on 22 January he was advised he did need. Would that have extinguished their insurance because, like an unregistered car, he was flying illegally?

Dr Aleck—Actually, there are no regulatory requirements under our legislation that govern insurance for aircraft in those kinds of operations. Whether or not it would have had an effect on this particular owner's insurance would be a matter between them and their insurer. I do not know what it was.

Senator HEFFERNAN—So that opens up a whole new legal issue?

Dr Aleck—Conceivably. But I would not be able to speak about what is in their insurance policy.

Senator JOHNSTON—So when Mr Peter Gibson of CASA says that special flight permits for Singapore are issued by the Civil Aviation Authority of Singapore, it would be impossible for Singapore to issue a special flight permit?

Dr Aleck—No.

Senator JOHNSTON—Per se as to what we understand them to mean because it is an Australian registered aircraft?

Dr Aleck—Well, the Singaporeans are able to issue an equivalent document that would permit an Australian registered aircraft that held only an Australian special flight permit or no flight permit, for that matter; it is their prerogative. They could issue appropriate documentation based on their satisfaction that the aircraft is not unsafe in an airworthy sense to enable it to operate lawfully in Singapore.

Senator JOHNSTON—Have you had a look at the document that the pilot applied for? Have you had a look at the form that I mentioned before?

Dr Aleck—No. I have not seen that application form. In respect of this particular case, or have I ever seen the form?

Senator JOHNSTON—The form with respect to this case. What has unfolded, given the advice that he says he received from Mr Stallard, is that he spent a significant period of time in jail and under house arrest. The form is 725, a special flight permit. Have you seen that document?

Dr Aleck—I have seen that form, but I have not seen the form that was applied for in this particular case, if there was one issued. I have not seen it, no.

Senator JOHNSTON—So given all of the circumstances that you explain, and you are the legal adviser, I take it, for the authority—

Dr Aleck—I am the head of the office that provides that advice, yes.

Senator JOHNSTON—you see nothing out of the ordinary with respect to the advice that has been given to this pilot?

Dr Aleck—What I have not seen, Senator, is an explicit reproduction of the advice that was actually provided. I have heard some exchange. Quite frankly—and I do not mean for this to sound cold—this was a matter between Mr Thomas and the Singaporean authorities. If he had been provided advice by CASA on which he had relied that was incorrect and that resulted in the matters that occurred, that would be something that I certainly would have commented on.

Senator JOHNSTON—That is precisely what he is saying.

Dr Aleck—Well, that is not quite what our understanding of the situation was.

Senator JOHNSTON—Do you want to hear what his understanding is? Mr Thomas wanted to ferry a plane, a C208 amphibious caravan, purchased in Thailand through Malaysia and Singapore. He applied to CASA in writing for a special flight permit on 7 January 2008. He was advised by the airworthiness inspector from CASA that he did not require either that or a certificate of airworthiness for his intended ferry flight from Thailand to Broome in Western Australia. Prior to departing on his planned flight to Australia, Mr Thomas carried out a flight test et cetera. In the interests of ensuring safety, he had an undercarriage malfunction and he had a passenger on board. He elected not to re-land in Thailand, given the seriousness of the malfunction of the undercarriage, but to divert to Seletar airport in Singapore as the medical emergency and emergency facilities there are far superior to Ko Samui, which I think we might all agree on. And because of the nature of the problem, there was a significant chance that damage to both the aircraft and the passengers could occur. Taking into consideration the aircraft was full of fuel which needed to be burnt off and that Mr Thomas was confident that he had achieved a safer outcome at Seletar than Ko Samui, I think you might agree this was a reasonable decision in the circumstances.

Mr Byron—So did he declare an emergency?

Senator JOHNSTON—I think that he might have. I do not know the answer to that. At the time of diverting to Singapore, Mr Thomas was confident that he had the necessary

documents on board—this is 22 January—his aircraft as advised by CASA. Why would he not be confident? He has applied and been given advice by Mr Stallard.

Dr Aleck—With respect, that is a version of the facts and I would want to test those facts against any other versions that may exist before I would say that that is so. I assume that is a version of the facts provided by Mr Thomas.

Senator JOHNSTON—Mr Thomas departed Thailand lawfully, having submitted his flight details for the diversion by radio and asking for and receiving all the necessary clearances from air traffic control from Thailand through Malaysia into Singapore. He flew in accordance with those clearances and did not deviate and, upon landing, was arrested.

Dr Aleck—If that is so, then that is a matter between Mr Thomas and the Singaporean authorities for renegeing on what would appear to have been a permission. I am not suggesting that that is so. All I am saying is that the facts as they have been conveyed to me in various forms—and I have not been asked to test them against information for any legal purposes because no legal matters have arisen in Australia—

Senator JOHNSTON—But he has been in jail. That is why.

Dr Aleck—Let me say this. The legislation under which Mr Thomas was prosecuted in Singapore is not dissimilar in substance to the legislation we have in Australia. The manner in which this case was dealt with, I think, was considerably different than our experience would be in dealing with similar matters.

CHAIR—I am sorry to interrupt. It is actually one o'clock and CASA will be coming back. I will call a one-hour break for lunch. Senator Johnston will be in continuation. We will see everyone back at two o'clock on the dot. Thank you.

Proceedings suspended from 1.00 pm to 1.59 pm

CHAIR—I welcome back officers from the Civil Aviation Safety Authority. Senator Johnston?

Senator JOHNSTON—Dr Aleck, you had a discussion with someone from Singapore Aviation?

Dr Aleck—The Civil Aviation Authority.

Senator JOHNSTON—Was it a woman?

Dr Aleck—Yes, the head of their legal services.

Senator JOHNSTON—Have you met her over the years at various conferences and what have you?

Dr Aleck—Yes, but we also from time to time on various matters exchange information.

Senator JOHNSTON—As you would. Do you recall when that discussion was?

Dr Aleck—I could not say, but I will take that on notice.

Senator JOHNSTON—If you could take it on notice I would be obliged.

Dr Aleck—Yes. I will get back to you on that.

Senator JOHNSTON—Just take us through the conversation, because I am keen to know precisely what was happening at the Singapore end. I have no doubt you were probably kept in the dark to some extent, but please tell us. She rang and said? Take it from there.

Dr Aleck—She initially asked some very innocuous questions about the legislation. It was not so much keeping me in the dark. She said, ‘It would be very awkward for me to say more but, as you may know’, something along those lines, ‘there is this Australian pilot who is coming to Australia.’ As I recall, I do not think I did know about it at that time. But that would not have affected the information I gave. I also would not have discussed any details I would have had, had I had any, at the time, if I had known anything about the matter, and I think I made that clear to her. I said, ‘Thank you for telling me that. Obviously if it were something about which I had more information I wouldn’t be discussing it with you.’ We, very professionally, if I may say, limited our discussion to objective issues about what the regulations and the legislation provided. I also might add that we had a subsequent telephone conversation in which I asked her for copies of the Singaporean legislation in relation to which they had concerns with this pilot, which she faxed off to me.

Senator JOHNSTON—Did you form an opinion as to their synergy with ours?

Dr Aleck—I did to the extent that their regulation required that a person must not operate an aircraft, and it does not designate its registry, because it applies to any aircraft, in Singapore without an airworthiness certificate or a special flight permit issued by the Singaporean authorities.

Senator JOHNSTON—An airworthiness certificate cannot be issued for an Australian registered plane by Singaporean authorities, can it?

Dr Aleck—No.

Senator JOHNSTON—The airworthiness certificate would have to come from Australia?

Dr Aleck—Yes, if it was an Australian registered aircraft.

Senator JOHNSTON—And there is an alternative to that?

Dr Aleck—There is. It is an alternative in the sense that within Australia you can operate an aircraft on a special flight permit, which by its very nature indicates that there is something about that aircraft that makes it less than fully eligible for an airworthiness certificate.

Senator JOHNSTON—An experimental flight, a flight that has some sort of issue with it or whatever?

Dr Aleck—Exactly, and it is invariably coupled with a number of conditions that take account of that. An Australian issued special flight permit in force for an Australian registered aircraft will have no force or effect in another country. They may take into account the fact that we have issued them with such a permit in deciding—and it is entirely their choice—whether or not to issue one of their own.

Senator JOHNSTON—The inference of a special permit is that the aircraft is airworthy?

Dr Aleck—It is not fully airworthy, but it is safe to operate subject to the conditions contained in the permit.

Senator JOHNSTON—To that extent it is an airworthiness certificate, but to that extent only?

Dr Aleck—To that extent, yes.

Senator JOHNSTON—Thank you very much.

Dr Aleck—Of course, the significant difference legally between an airworthiness certificate is that by law any contracting state to the Chicago Convention must recognise an airworthiness certificate issued by another country. Had they held one there would have been no question at least as far as the airworthiness aspect of things.

Senator HEFFERNAN—Where does that leave you when it comes to your insurance?

Senator JOHNSTON—I do not know. I think that is a contractual relationship between—

Senator HEFFERNAN—It is a serious issue.

Senator JOHNSTON—From what the doctor has said, it seems that, if you are authorised to fly, given the constraints of the airworthiness certificate, that would be sufficient. But they are not going to allow you to fly if they think there is a danger to the pilot, the crew or anybody else.

Dr Aleck—By that do you mean the insurance company?

Senator JOHNSTON—No, the authority.

Dr Aleck—No, we would not issue the permit if we felt it was unsafe to do so.

Senator JOHNSTON—Are you aware that this aircraft was apprehended over Singapore and escorted some 50 nautical miles out into the ocean—the Gulf of Thailand, I suspect it might have been—by two missile armed F16 aircraft?

Dr Aleck—It would be inappropriate for me to say, yes, I am aware of that. What I would like to do, with your indulgence, is take this on notice and provide with as full a chronology of events and facts and circumstances as we are able to provide, which I think will address most of your questions. Also, in the meantime, we will confer with the Singaporean authorities and get some of the details that we do not have.

Senator JOHNSTON—Are you aware of your authority, being in touch with DFAT, with respect to this Australian pilot from Broome in Western Australia?

Dr Aleck—I personally have no knowledge of such exchanges.

Senator JOHNSTON—Mr Carmody, do we have any relationship with DFAT over the problems this man was facing?

Mr Carmody—I am not aware. I would have to take that on notice.

Senator JOHNSTON—Chair, what is the date that Mr Carmody has to come back to me by?

CHAIR—18 June. I will check that just to make sure. I am sorry, 18 July.

Senator JOHNSTON—That is a little disappointing, but I look forward to 18 July. If you could look at that and just tell me what interaction you might have had and when with respect

to these events I would be very much obliged. Have you been able to ascertain any further information as to why Mr Stallard resigned?

Mr Carmody—Certainly, I have. If I may, Mr Stallard—

Senator JOHNSTON—We should just say he resigned on the day that he made the mistake.

Mr Carmody—That is not correct. Mr Stallard submitted the letter of resignation on 2 January 2008, well before this event was even thought of or raised with us. He asked for a resignation date of 31 January in that letter and, furthermore, he asked to be on leave with effect from 23 January, making 22 January his last day at work.

Senator JOHNSTON—Whilst he was advising this pilot he was effectively doing his last lap, if you like; he was going to resign?

Mr Carmody—That is correct in that sense, but let me say that once Kimberley Seaplanes had told us that they did not wish to progress, he was not really providing any additional advice to them at all.

Senator JOHNSTON—Where was Mr Stallard based?

Mr Carmody—In Darwin.

Senator JOHNSTON—In Darwin?

Mr Carmody—Yes.

Senator JOHNSTON—Is he the only airworthiness inspector in Darwin?

Mr Carmody—He is not. I do not know how many we have, but he is not the only AWI.

Senator JOHNSTON—On or about the first two weeks of January this year you had a couple of other officers that can grant airworthiness certificates?

Mr Carmody—We have other officers. I am presuming that they were at work. I am not sure of the leave arrangements in the office at the time.

Senator JOHNSTON—Was he the most senior at the time?

Mr Carmody—I believe he was the team leader of airworthiness.

Senator JOHNSTON—So, he was the boss?

Mr Carmody—I think so, and we could confirm that.

Senator JOHNSTON—And he made the mistake?

Mr Carmody—Yes, if that is in fact true, and I can confirm whether he was the team leader. I think he was the team leader, but he may not have been. I will look back through my brief and I can find out for you. But, yes, he made the mistake. If I may say, just while we are covering this, during the advice that was provided we offered and told Kimberley Seaplanes that they should apply for an export certificate of airworthiness. That was the best way. They decided not to do so.

Senator JOHNSTON—How did you tell them that?

Mr Carmody—I told them that in advice to—let me see—

Senator JOHNSTON—Did you say you told them that?

Mr Carmody—No. He was told this on 7 January, I believe.

Senator JOHNSTON—He was told in what form? Orally?

Mr Carmody—AWI Stallard contacted Mr Johnson on 7 January. The discussion included why they, Kimberley Seaplanes, were required to obtain an export certificate of airworthiness; because they did not wish to do so.

Senator JOHNSTON—Is it Mr Johnson or Mr Thomas?

Mr Carmody—It was Mr Darren Johnson.

Senator JOHNSTON—Mr Darren Johnson. He was the passenger.

Mr Carmody—He was one of the people who had been dealing with the office on the matter.

Senator JOHNSTON—Just tell me that again. How was he told?

Mr Carmody—By telephone.

Senator JOHNSTON—By telephone. So, we have no paper trail as such as to the advice passing between the authority and one of its pilots?

Mr Carmody—In that sense, no.

Senator JOHNSTON—It is their word against CASA's?

Mr Carmody—That is correct. There are some file notes to that effect that I am aware of.

Senator JOHNSTON—You know that there is always going to argy-bargy in these things, isn't there?

Mr Carmody—There is, but what is on the record is what they applied for they did not proceed with because they did not pay.

Senator JOHNSTON—Do you think that there is some sort of procedural anomaly here. I know that it is difficult for the authority to keep records of everything that comes and goes between the parties, but as the authority people do look to it for reliable advice as to what they should or should not do, and accordingly is it not appropriate that we put whatever commentary we give or take or make, no matter how informal, in some sort of self-serving written form? Is that unreasonable?

Mr Carmody—That is not unreasonable. As I said, I am under the impression that there are some file notes of this, but the point I was making is that of these discussions between Kimberley Seaplanes and the Darwin office a number were verbal. They were not all exchanges of correspondence per se.

Senator JOHNSTON—It is unsatisfactory to that extent because it is 'he said', 'I said', 'they said', 'we said', all that sort of stuff.

Mr Carmody—It is to an extent, but we have 800 air operator certificates that we are running in that general aviation area alone, and the correspondence and dealings are constant. I do not think that it would be feasible and practical to have all of our dealings on paper.

Senator JOHNSTON—Lastly, Dr Aleck, in the circumstances that I described to you before lunch wherein we have landing gear malfunction to the extent where the pilot does declare an emergency and acts in the interest of safety, do you know if a special flight permit is required in Singapore in those circumstances?

Dr Aleck—I would not want to speculate on what the Singaporeans would or would not require.

Senator JOHNSTON—We will talk about Australia then.

Dr Aleck—Technically, yes, but our law also provides that where an intervening event of an emergency nature that was not foreseen or reasonably foreseeable occurs in such a way as to effectively compel someone to commit an offence that they had no intention to commit, the Criminal Code Act makes it clear that there is no offence. But I would add, too, that even if there were not such a provision the enforcement policy and practice of CASA is that, where such circumstances arise and they are innocent, for want of a better term, we would not pursue enforcement action. But that is at one a policy decision of the authority, at another level Commonwealth criminal law. I cannot speak for what the Singaporeans would or would not do and why.

Senator JOHNSTON—As to the perspectives we have discussed today with respect to the advice Mr Stallard gave, the erroneous advice, did we ever provide a full account of that to the Singaporean authorities in assistance to Mr Thomas?

Dr Aleck—Are you addressing that question to me?

Senator JOHNSTON—Anybody.

Dr Aleck—The short answer is, to the best of my knowledge, no. But I would also have to say that, firstly, at no time were we asked to provide that information; secondly, even to this day I am not entirely confident what actually did occur, what was said to whom at what time. The reason for that, perhaps in my own defence, is that there was no issue on foot involving our office in relation to Mr Thomas. We certainly have no involvement in a prosecution in Singapore. The Singaporeans sought nothing from us in terms of pursuing that prosecution.

Senator JOHNSTON—Mr Thomas says that on 22 January he sought the assistance of the Australian embassy with respect to his situation and they declined to interfere with a Singaporean authority administered matter. Was CASA ever aware of any of that?

Mr Carmody—As I have indicated, I am not formally aware of discussions we would have had, if we did have any, with the Department of Foreign Affairs and Trade, and I will take that on notice. That would cover that point off.

Senator O'BRIEN—Mr Carmody, have you had the opportunity or reason to review, consider or reconsider evidence you gave to the estimates in February last?

Mr Carmody—Yes, I have reviewed my evidence that I provided to the committee in February last year.

Senator O'BRIEN—Was there any special reason you reviewed it?

Mr Carmody—The reason I reviewed it is that one of my professional colleagues wrote to me and suggested that I may have misled the Senate.

Senator O'BRIEN—Can you tell me what your view is about that suggestion?

Mr Carmody—I certainly can. I was extremely distressed and disappointed that such an allegation would be made, because I would not in any way attempt to mislead the Senate. My first response was one of disappointment. My second response was to review the evidence that I had provided and to ensure that the evidence was in fact accurate. After reviewing that evidence I responded to the officer who raised the issue with me and said that, as far as I was concerned, I had not misled the Senate, and that was the end of the matter. I do not think that I concluded with 'that was the end of the matter', but I left it with the officer with my view that I had not misled the Senate, and that if the officer wishes to do something about it he may.

Senator O'BRIEN—How long did this process take?

Mr Carmody—If you can allow me to grab something out of my briefcase I can tell you.

Senator O'BRIEN—Certainly.

Mr Carmody—He wrote to me on 26 February. I responded on 3 March.

Senator O'BRIEN—Did you receive the letter on the same day it was written?

Mr Carmody—I think I did. My recollection is that I probably received an emailed copy of it as well as a hard copy, but I am not 100 per cent certain. That is probably the case.

Senator O'BRIEN—Did you review all of the allegations in this piece of correspondence you referred us to?

Mr Carmody—I did. As well as reviewing it myself I asked our head of legal services group to review my evidence as well, and to provide me with impartial advice on whether or not that evidence was in fact misleading. That advice was provided and that informed my view when I responded to the allegations raised.

Senator O'BRIEN—Did you receive written advice from that person?

Mr Carmody—I did. In addition to that written advice and subsequent to that response I sought external legal advice from one of the lawyers on our external panel, subsequent to my response, to confirm the original advice that I had been provided with internally. That advice also confirmed that I did not in any way mislead the Senate. As I have said, the allegation being raised by a professional colleague is to say the least disappointing.

Senator O'BRIEN—Are you prepared to share those advices external and internal with the committee?

Mr Carmody—As far as I am aware, I cannot provide legal advice. I am not allowed to table legal advice.

Senator O'BRIEN—I do not know that you are not allowed to, but the government does not table legal advice.

Mr Carmody—The government normally does not table it.

Senator O'BRIEN—You have sought advice in relation to the question of whether you misled the senate. That is what you have just told us.

Mr Carmody—That is correct, and I could seek advice on that matter. Personally the advice, as far as I am concerned, is unambiguous, but it really depends on whether the advice falls in under that direction.

Senator O'BRIEN—It is not advice to government, is it?

Mr Carmody—It is not necessarily my interpretation to make. That is why I would like to take the question on notice.

Senator O'BRIEN—It was advice that you sought for your purposes?

Mr Carmody—It was advice that was sought but it was sought for the organisation. It was sought on the advice of the organisation's legal panel so it is government legal advice.

Senator O'BRIEN—It was sought for CASA, was it?

Mr Carmody—Yes, it was. It was sought through our legal panel. When I am providing my testimony I am representing the organisation so I suppose that is correct.

Senator O'BRIEN—Yes. I suppose in part you are. You are also representing yourself. In terms of the suggestion that you misled the Senate it would be you who would be called to answer for that rather than the organisation, would it not?

Mr Carmody—Correct. But as I have indicated, I am not aware of whether or not I am able to provide this advice. I can check that matter. As far as I am concerned the allegations are closed.

Senator O'BRIEN—Who paid for the advice?

Mr Carmody—It would have been paid for by CASA's legal panel, or by our legal services group.

Senator O'BRIEN—That is the external advice. You would not have been billed for the internal advice?

Mr Carmody—Correct.

Senator O'BRIEN—Who provided the external advice?

Mr Carmody—It was provided by Mallesons, I believe.

Senator O'BRIEN—As to the evidence that you provided back on 19 February, I think I drew your attention to some comments from the coroner. I said, 'You no doubt have seen the coroner's findings on page 9 of his decision which stated'—and I quoted—'CASA had senior expert legal representation who I am sure would not have made such a sustained attack on the integrity of the ATSB investigation report without explicit instructions.' I went on and asked, 'Have you seen that and, if so, did you give or authorise such instructions?' You then answered:

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.

Is your answer to my question a fair reflection of the coroner's view as to whether you had attacked the integrity of the ATSB or, indeed, the tenor of your dealing with the ATSB document, that is, CASA's, in those proceedings?

Mr Carmody—As I have indicated the allegation was made that I misled the Senate in my testimony. My view is—

Senator O'BRIEN—I am asking a different question at the moment. I understand you have—

Mr Carmody—I have answered that.

Senator O'BRIEN—You have said something in relation to that letter. I am asking in relation to that particular comment that you made in *Hansard* then if that, in your view, is a fair reflection of the coroner's finding in relation to CASA's conduct in those proceedings?

Mr Carmody—I would just have to find and review that comment but I do not resile from any of the comments I made in my previous testimony.

Senator O'BRIEN—You do not think that that in any way misrepresents the position the coroner took?

Mr Carmody—No.

Senator O'BRIEN—There were a number of passages in the coronial finding that I have had a look at since that hearing. On page 7, the first full paragraph on the page says:

A number of other aspects of the ATSB's methodology also concerned CASA. The first was that the report did not disclose that this was the first investigation that had been managed under the new model which was untested.

The coroner then says:

This seems of little substance: the investigation processes and the reports findings are open for scrutiny and CASA has actively participated in that in various fora. If the methodology is flawed, whether on its first application or its fiftieth, that should be exposed and this inquest should be part of that scrutiny.

It is a rather scathing criticism of that submission, is it not?

Mr Carmody—I think it is a criticism.

Senator O'BRIEN—Sorry?

Mr Carmody—It is a criticism. It is very difficult, I must say, and I said it in my testimony before to quote items from the coroner's report selectively and then ask me to comment back on the relevance of those particular items.

Senator O'BRIEN—Sorry.

Mr Carmody—The report is as a whole.

Senator O'BRIEN—Was I quoting in some way improperly when I drew your attention to that passage, was I? That is the implication of your response there.

Mr Carmody—No. The point I am making is that in a coronial if the organisation, as it did in this case, raises the point that this is the first time that methodology has been used and wishes to raise that point and raises it in the coronial we are quite entitled to, as the coroner is quite entitled to say that it is not relevant. But we are entitled to raise it and we did.

Senator O'BRIEN—I am certain you are entitled to raise matters that you see fit. I think the fact that the coroner reflected on that submission as of little substance is a matter which would concern me if I was on the receiving end of that criticism. But he then went on to say:

Of more concern is CASA's suggestion that in its efforts to look beyond the immediate physical cause of an incident, the ATSB has created a framework that is biased towards a conclusion that organisational factors contributed to the crash.

Then there are what I take to be comments which are much more supportive of the ATSB approach, but I will not quote the whole passage. After the finding that your submission was of little substance, the coroner then says, 'Not only was that of little substance but I am more concerned that you are looking to talk about the ATSB using some biased framework in its approach.' I take you back to the original question that the coroner found on page 9 that CASA had, through legal representation, made a sustained attack on the integrity of the ATSB investigation report. Do you disagree with that?

Mr Carmody—As I said in my testimony, we were not attacking the integrity of the ATSB. We certainly attacked the report. I will go on with that paragraph that you were quoting where we made the statement, I think, that, 'ATSB has created a framework that is biased towards a conclusion that organisational factors contributed to the crash.' Towards the end of that paragraph the lead investigator, Mr Madden, acknowledges that, 'the model assumed that there will never be an incident that can be adequately explained by either the occurrence event and some individual actions'. He did go on to say that 'CASA's submission that there will always be organisational influences' he did not agree with. But he did actually agree with the fact that the model assumed that there will never be an incident that is adequately explained by either the event itself and some individual actions. I actually think that he has justified the point that we were making.

Senator O'BRIEN—He does not believe that, clearly. He goes on to say on the same page:

This misconstruing of the investigation model is in my view significant. It leads CASA to assert that the systemic bias creates an unwitting focus on organisations such as CASA and encourage speculative attempts to link it to the cause of the accident. This tendency can be said to be counter-productive in terms of aviation safety ...

And there are a number of reasons. Then he says:

In my view, this attack—

he uses the word 'attack'—

on the methodology used by the ATSB is without substance.

You are entitled to take issue with it, but why would the coroner categorise the way that CASA pursued this matter as an 'attack'?

Mr Carmody—It was an attack on the methodology. We questioned the methodology. If he wishes to use the word 'attack' that is his choice. But we questioned the methodology and we had reason to question the methodology. The methodology came to a particular conclusion that, at the end of the day, as I have indicated, the coroner actually swayed more towards our view of what had occurred so, therefore, in my view the criticism of the methodology was sustainable.

Senator O'BRIEN—So I should view that in isolation from the next passage which says:

CASA contends that the ATSB had a conflict of interest that should have led to its actions being identified as one of the organisational influences that may have contributed to the crash. Further, CASA asserted that the ATSB should have refrained from investigating the incident on account of it having such a conflict.

Was that a serious submission?

Mr Carmody—The two issues are running in parallel in the report but they are not quite related—

Senator O'BRIEN—They are not the same issue. I do not think you need to argue that point. I am not saying that. What I am saying is that the coroner has led from one point of criticism to another and this one is a very substantial one. Because what he is saying is not only were you going to take issue with their methodology but you were saying they were biased and they should not have been investigating the report at all.

Mr Carmody—The point we raised in the coronial was the fact that confidential reporting had been passed to the ATSB prior to the accident which had never been passed to the regulator. Therefore, the point we raised was that concerns had been raised about the operator and passed to the ATSB that had not been passed to us. That was a reasonable point of view to put forward in the coronial. If the coroner did not agree with it, that is his choice.

Senator O'BRIEN—Is the coroner inaccurately recording your submission?

Mr Carmody—No. You read it to me. I have not actually got the page.

Senator O'BRIEN—It is on page 8.

Mr Carmody—Yes, which paragraph?

Senator O'BRIEN—It is the top of the page.

Mr Carmody—'CASA contends that the ATSB had a conflict of interest.' We were entitled to contend that, so we did.

Senator O'BRIEN—Do you not contest that that is a recording of fact?

Mr Carmody—That was a point that was raised during the cut and thrust of the coronial.

Senator O'BRIEN—Later on the page the coroner says:

CASA submits that the ATSB had a conflict of interest as a result of the earlier contacts and that the agency failed to adequately manage it. I do not accept that to be the case.

Mr Carmody—Absolutely. But, once again, CASA submitted this was the case. The coroner did not accept it. The coroner is able not to accept what we submit.

Senator O'BRIEN—I go back to the original proposition, the matter that I raised back on 19 February, and that was that the nature of the submission that CASA put to the coronial inquiry which caused those comments to be made and your response to it. You are seriously saying that you have reviewed the evidence, you have reviewed the finding of the coroner, you have taken advice and you completely stand by the evidence you gave then?

Mr Carmody—I do.

Senator O'BRIEN—‘The coroner found some aspects of our view on the report to be sustained.’ That was the concluding passage in the answer to that question. That was the best answer you could give to that?

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.

That is the nature of CASA’s response to the suggestion by the coroner that your organisation, perhaps you, instructed a sustained attack on the integrity of the ATSB investigation report.

Mr Carmody—As I have indicated more than once, we had difficulties with the report. We made that plain when the report was being developed during our interactions with the ATSB. We made it plain subsequent to the development. We made it plain during the coronial.

Senator O'BRIEN—This suggestion of a conflict of interest and a suggestion of bias against CASA clearly was by implication a suggestion that ATSB had skewed the evidence in considering the matter.

Mr Carmody—I have not got all the evidence in front of me but let me try and respond to that. What we suggested was that the model was flawed. I was not suggesting, as you have suggested, that there was some bias towards CASA. What I am suggesting here is that the model was flawed. That is what we said, I think.

Senator O'BRIEN—Then the coroner is wrong when he says that, ‘CASA submitted that ATSB had a conflict of interest as a result of earlier contacts and that the agency failed to adequately manage it’?

Mr Carmody—That was not the question I was answering. I was answering the question about the model. We did two things. Your question had two aspects to it. The first was the bias towards CASA and what I suggested is that we suggested that the model was flawed. The second one was the conflict of interest which was one of the many things that was raised during the coronial as a point of discussion during the coronial.

Senator O'BRIEN—Are you saying that you never suggested that ATSB was responsible for skewing the evidence in its inquiry?

Mr Carmody—Not that I recall. I am pretty certain that I would not have suggested that but I do not recall.

Senator O'BRIEN—Your counsel probably did the speaking rather than yourself.

Mr Carmody—Correct.

Senator O'BRIEN—But presumably you have reviewed what your counsel said to be able to give the sort of answers that you have given to Estimates and to review them?

Mr Carmody—In the context of the way counsel in the coronial may have characterised the view that we thought the model was flawed, you would have to actually go beneath the coroner’s final report and into the transcript of evidence by day to see how that was characterised. My point was that we made the point at the time that we thought the model was flawed.

Senator O'BRIEN—Have you not gone behind the coroner's report, understanding the seriousness of what the coroner said and the criticism of CASA, to have a look at what counsel actually said just to make sure that there was not some problem?

Mr Carmody—What we have done is we have reviewed the coroner's report. I have not read every day of testimony during the coronial. From my point of view, the coroner's report is what stands. We have reviewed that report. We have implemented the recommendations. It is not for me to go back and look at the cut and thrust of what happened in the report.

Senator O'BRIEN—Presumably, your legal advisers have. You have asked them for advice internally and externally so they were advising you on the accuracy of your evidence. They have done that, have they?

Mr Carmody—Exactly on the accuracy of my evidence, the questions that were asked and the responses that I provided.

Senator O'BRIEN—You have reviewed your evidence to see whether it passes the test of whether you could be seen to have deliberately misled, have you?

Mr Carmody—Yes.

Senator O'BRIEN—But you have not reviewed your evidence to see if it is an accurate reflection of the facts in the context of the questions put?

Mr Carmody—These distasteful allegations were raised that I had misled the Senate. I looked at those allegations. I investigated the matter and I responded. In terms of my organisation's focus on Lockhart River, our focus is on implementing the recommendations of the report and all of the subsequent recommendations. It is not looking backwards; it is looking forward. I have not looked back at the testimony and I would not think that I would.

Senator O'BRIEN—When you read the coroner's report, what did you think when he said this, on page 8:

While I might not necessarily agree with each and every conclusion drawn by the ATSB, I see no reason to conclude that there has been any deliberate skewing of the evidence ...

That is on page 8, which is dealing with the substance, at least in part, of CASA's contention that ATSB had a conflict of interest and, by implication, some grudge against CASA.

Mr Carmody—I am not in the business of dealing in implications of some grudge and I think I have made my position pretty plain. The—

Senator O'BRIEN—You did not review that passage?

Mr Carmody—I did not go back and re-read all of that evidence. I read the report in detail and as I said—this report—at the start—

Senator O'BRIEN—That is the report I am just referring to.

Mr Carmody—The coroner's report.

Senator O'BRIEN—The coroner's report.

Mr Carmody—Yes, I have read the report in detail.

Senator O'BRIEN—On page 8.

Mr Carmody—Yes.

Senator O'BRIEN—You read that passage about skewing the evidence and you thought nothing of it?

Mr Carmody—The coroner is entitled to his view.

Senator O'BRIEN—And you reject it?

Mr Carmody—What I said is that our view was at the time and is now that the model was flawed. We have said so. We have said it publicly. We said it in the coronial. I think that is the end of the matter.

Senator O'BRIEN—Well, maybe in your view and it may not be in mine. The point is I am trying to understand your evidence about those comments which are made on page 8 as to a conflict of interest, a contention by CASA against ATSB, and the suggestion of deliberately skewing evidence as referred to by the coroner. You do not agree with the coroner's views in that regard?

Mr Carmody—I do not believe that. As I have said repeatedly, I think the model is flawed. We raised the issue—

Senator O'BRIEN—I know you have said that but this is about conflict of interest.

Mr Carmody—We raised the issue of the conflict of interest. The coroner, as is his right, said that he did not think that that issue was relevant or words—

Senator O'BRIEN—No, he said, 'I do not accept that to be the case.' He did not deal with relevance. He rejected it.

Mr Carmody—But he is entitled to reject it.

Senator O'BRIEN—Of course he is. That is his job.

Mr Carmody—And I am entitled to put it forward.

Senator O'BRIEN—So you do not accept that finding?

Mr Carmody—What finding?

Senator O'BRIEN—That there was not a conflict of interest.

Mr Carmody—I accept that the coroner—we raised the point that there was a conflict of interest. The coroner has come back and said it was not. As far as I am concerned that is the coroner's view, it was not.

Senator O'BRIEN—But you do not accept it?

Mr Carmody—It really does not matter whether I accept it or not. I am not continuing to push the line that there was a conflict of interest. We raised a point—

Senator O'BRIEN—Where would you push that line if you were continuing to push it?

Mr Carmody—I do not know. I have no idea. You are the one that is asking the questions on that.

Senator O'BRIEN—I am. I am asking questions in relation to a coronial inquiry and raising several disturbing passages within the coroner's report which deal with the nature of

CASA's submissions against another organisation which happens to appear before this committee and what the coroner described as a sustained attack on the integrity of the ATSB investigation report. Not only does the coroner find no reason to conclude there has been any deliberate skewing of the evidence, on page 9 he says:

... of necessity, not all information gathered in such an investigation can be included in the final report and reasonable minds may differ on what should be excluded without either being biased. Nor do I consider that the investigation model or framework led to any unconscious bias.

In prosecuting these allegations over ten pages of its submissions, CASA reminds one of the oft quoted observations made by Hamlet's mother, Queen Gertrude, when viewing the travelling players. CASA's submission seeks to down-play the allegation of bias by concluding with what seems to me a disingenuous assurance that they are not alleging that it was intentional but rather the result of structural problems with the ATSB's new investigation system. That disclaimer is not consistent with the earlier attacks on the impartiality of the report which I have only briefly summarised here.

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. In my view, these protestations are symptomatic of serious, ongoing animosity between the two organisations that needs redressing. I shall return to the issue in the recommendation section of these findings.

So, it can't be any clearer than that. That is very strong criticism of the CASA submission and a very clear view that the nature of the attack had to be the subject of explicit instructions, which was the subject of my question back in February. I am inviting you to give us some more information in relation to those comments. Were there indeed explicit instructions to attack the integrity of the ATSB's investigation report?

Mr Carmody—We were certainly not comfortable with their report. I do not recall giving explicit instructions to attack the integrity of the report. But implicitly, if I do not agree with the subject in the report and we are disputing the report in the coronial, then I must be in some way instructing counsel to attack the report. We have said in our document that we believe the methodology in the report is flawed. That is an attack on the report. So to that extent, certainly. But I must say that I can quote things out of this coronial as well at liberty and I can quote things that support CASA's view. I do not see that it is helpful.

Senator O'BRIEN—Support CASA's view of the reason for the accident?

Mr Carmody—No support CASA's role and function organisationally, statements like 'CASA is not to blame for the accident'. The coroner—

Senator O'BRIEN—I have read the report. I know what is said there. I know there are other passages that talk about certain other deficiencies.

Mr Carmody—Correctly, I mean, I think we could possibly agree to disagree on this matter.

Senator O'BRIEN—You disagree with the coroner on this matter?

Mr Carmody—My point is that there are passages we could continue to read. The coroner for the first time in a coronial that I have read, has said, at least twice if not three times, that CASA is not to blame. He has obviously felt the need to emphasise that in his report. I do not know why he felt the need to do so. But that was very clear at the end of the report as well.

Senator O'BRIEN—I think he actually says in part why, given the families of the deceased and the view they had and the potential for them to be seeking a finger to be pointed at an organisation that could be held to account. I think that clearly was a reason that he was at pains to say: 'No, CASA did not cause the crash,' but he also says in other parts that CASA could have done more, and who knows what the outcome would have been if CASA had done more.

Mr Carmody—I do not know whether he says the 'who knows' bit.

Senator O'BRIEN—No, he does not say who knows. I am saying: who knows what the outcome would have been if CASA had done some of the things that the coroner found could have and perhaps should have been done. We can never say, and that is why the coroner said that because he did not know what the impact of those things would have been he could not make a finding as to CASA having a specific liability or culpability in relation to the accident.

Mr Carmody—If I may make just two brief points. The first one is that the two fundamental areas where we disagreed with the ATSB on the report were the characterisation of contributory safety factors to CASA and that was in relation to the methodology. The second one was the scenario, the end scenario, which occurred in the accident. Our view was, and remains, that if the pilot made a deliberate decision to depart from the published approach, in other words he broke the rules, then that was the principal cause of the accident and that any allegation that a contributory safety factor, which is the way it was characterised in the methodology for CASA, that could have changed that pilot's behaviour on the day is an incorrect characterisation. That is the point we made repeatedly in the coronial and that is the point we still make. But I make the final point which is that we have implemented all of the recommendations of the coroner. We have implemented the recommendations that ATSB made in the report, whether or not we agree with them, and we are moving forward.

Senator O'BRIEN—I would hope that you are doing all of that and I would hope that there has been a learning experience from this. I must say that recalling your answers at estimates, and reviewing, because I did not have it in front of me at the time, the coroner's findings, I found it difficult to reconcile the approach of CASA to this matter in that context. I mean, the passages in the coronial finding such as this really did cause me to reflect on all of the discussions, and we have had many about this incident over a number of estimates. Quoting from page 44:

Steps were then taken in early 2000 to address those concerns by requiring Transair to appoint a maintenance controller, safety manager and re-organise the structure of Transair's organisation.

He is talking about CASA taking steps. It continues:

I have highlighted earlier the considerable delay that occurred before these organisational deficiencies were addressed and the suboptimal manner in which some key positions were filled. CASA sought to "*keep the pressure on*" so to speak, by refusing to at first accept the nominee for deputy chief pilot. It was not so assiduous with the equally important role of safety manager.

So, what reflection has CASA made about that?

Mr Carmody—As I said, I could keep on going through this in detail. The coroner has made a number of comments. We focused particularly on the recommendations made by the

coroner, not the remarks throughout the text although I have read them all, and we have implemented the recommendations. I think that is probably sufficient.

Senator O'BRIEN—Just dismiss it like that. This is another quote:

The extent of CASA's assessment of Transair is well documented and highlights a number of inconsistencies between CASA's oversight of Transair and its regulatory policies and surveillance guidelines. It seems CASA's surveillance did not detect that some of the line and base checks had been undertaken by pilots not approved to do this, and that training stipulated in Transair's operations manual had not been delivered.

I guess the coroner was saying that while your staff were assessing Transair, they were not following regulatory policies and surveillance guidelines. What is the nature of the response to that suggestion? How will we improve upon that sort of behaviour?

Mr Carmody—I think Mr Byron has said repeatedly that he was not happy with the surveillance, an oversight that CASA has undertaken over the years, and he has worked assiduously to improve that and we all are doing so. I reiterate the point that trawling over this is not helpful and I have to say that the coronial report was written on the basis of very extensive evidence that was provided to and from counsel for various sides during the coronial. As to particular technical debates about what documents were signed and what approvals were undertaken, I'm not in a position to comment on those; I think they have been dealt with in the coronial.

Senator O'BRIEN—Well, I guess my problem with that is it seems like CASA thinks, or you think, that's where the matter ends.

Mr Carmody—Absolutely not. We have worked very hard through the organisation to improve our surveillance and our oversight of aviation organisations generally on a risk-based oversight model and we are working extremely hard to do it. We have learned every lesson that we can learn from this event. We have learned every lesson and taken every recommendation on board and are trying to move forward on them. To imply that we are not is inaccurate because we have taken very serious note of everything that we can from this report. But that does not say that we agreed with every aspect of the report.

Senator O'BRIEN—No. Clearly, you do not agree with every aspect of the report, particularly given the coroner's report. In some respects I would say the coroner is critical of the way that CASA approached his proceedings at least in relation to ATSB. When we talk about deficiencies, in fairness I highlighted a problem that might have been said to have been a down-the-line problem. On page 45 the coroner says:

I find that senior CASA management failed to provide sufficient guidance to its staff to enable them to fully and effectively evaluate risk management issues associated with Transair's application to add Lockhart River to its air operator's certificate as an interim port on the Cairns-Bamaga route. That guidance may have been as straight forward as requiring Transair to engage an independent specialist to conduct an assessment of, and provide a report on, all safety issues that were pertinent to the operation proposed.

Did that finding cause any review of how CASA management would assess those sorts of applications? Are there new processes in place?

Mr Carmody—Our surveillance and oversight project has been running for a period of time now, about 12 months, and is looking at how we manage entry control into the industry, which is for those entering the industry or for organisations putting new destinations and new ports onto their air operator's certificate. I don't recall the precise details of the debates surrounding Bamaga, but I have a recollection that the operator had already flown and was already flying charter operations in and around that area anyway, so had flown in and out of Bamaga, but I am not completely certain of that point. What I am getting to is that these things were addressed in some detail in the coronial and we have taken all of those facts on board and we are working where we can to improve our oversight and surveillance model.

Senator O'BRIEN—The other passage on that same page I would appreciate some comment on—

Mr Carmody—Sorry, which page again?

Senator O'BRIEN—On page 45?

Mr Carmody—Yes.

Senator O'BRIEN—The coroner goes on:

It is also strange that two sources of relevant information were apparently not accessed by the regulator. I refer to the newspaper articles indicating that an operator who did not have an appropriate AOC was about to commence an RPT passenger service into Bamaga and later, Lockhart River. I would have thought an agency as large and well funded as CASA would subscribe to a clipping service that would bring such information to its attention for routine checking. Similarly, it is of concern if CASA did not access the inquest findings and transcript in relation to the death of the pilot Mr Short. Had it done so I would have expected that the evidence given in those proceedings by Mr Hotchin—

he was the pilot—

might have caused it to raise a query with Transair about aspects of his flying.

Is there some light you can shed on that for us?

Mr Carmody—Only to the extent that we are not quite as large and well funded as the coroner would imply.

Senator O'BRIEN—Come on. You get a lot of money and I think you do get the ministerial clips as well, do you not?

Mr Carmody—We do.

Senator O'BRIEN—Yes.

Mr Carmody—We get our own clips. We have clippings but it is relative—

Senator O'BRIEN—How well funded do you want to be?

Mr Carmody—I will leave that alone.

Senator O'BRIEN—I think we will leave that one.

Mr Carmody—On the issue of clippings, to be fair, a two-year investigation that paws over every aspect of this operator and in doing so finds an advertisements in newspaper in Cairns that we have missed, it is nice to be able to look backward and, may I say, have the luxury of looking backwards. Certainly, if someone had seen the article we might have asked

the question. They did not see the article. As for the issue of Mr Hotchin's coronial, why would we have access to that file and that information? I understand that the first time that information came to light was in inquiries being undertaken by the investigator?

Senator O'BRIEN—By ATSB, you mean?

Mr Carmody—By ATSB. I'm not sure that we would have found that information prior to that.

Senator O'BRIEN—I do not know the relevance of this but I am presuming that there was a relevance in that it was an aviation related matter.

Mr Carmody—Certainly. But I am not convinced, and I can ask if I may seek advice from my legal colleague—

Senator O'BRIEN—By all means.

Mr Carmody—but I am not certain that we would routinely have ever seen that bit of information.

Senator O'BRIEN—Well, routinely, probably no one sees a coroner's report unless you look for it, unless there is some reason to look for it.

Mr Carmody—It depends on where this information on that pilot and his testimony in a coronial in New Zealand was obtained from. I do not think it was obtained from our records.

Dr Aleck—This is not something that CASA knew and, in fairness, without going into the details now—and I could not without going back to the notes I have—I do think it was something we could have been expected to know about necessarily. As to the reference to the newspaper article indicating that the operator was going to be conducting operations into Bamaga and did not hold an operator's certificate to do so, again I will take that on notice but my recollection is that particular flight was actually conducted by Aerotropics. It was conducted by an AOC holder who had RPT.

Senator O'BRIEN—They are connected, are they not?

Dr Aleck—As I recall. I will take that that on notice.

Senator O'BRIEN—Aerotropics is connected, is it not?

Dr Aleck—Sorry.

Senator O'BRIEN—Is there not a connection?

Dr Aleck—No. Oftentimes, when an operator does not have an authorisation to conduct a particular operation they will utilise the services of another operator who does. But I might say in this particular case, to the credit of the operators involved, they actually said as much in their advice. They said that this particular flight is operated by Aerotropic, as I recall. So, it would not be surprising if a journalist would assume, without reading the fine print so to speak, that an operation conducted by an operator who would appear not to have that authorisation is going ahead without recognising that in fact it was being conducted by someone who did.

Senator O'BRIEN—Do you think the coronial finding in that regard was unfair?

Dr Aleck—As Mr Carmody said, I think there were many things in the coroner's findings with which CASA would disagree. That is inevitable. I cannot imagine that there would ever be a coronial proceeding involving CASA in which everything that was said would be something we would embrace wholly in terms of being so. We made a number of submissions and a number of those submissions revolved around the fact that we had great difficulty with the approach and some of the findings and conclusions in the ATSB report, and the coronial was preceded on the basis of the ATSB report. That was certainly within the prerogatives of the coroner but you can understand our concern that here is a report with which we had some substantive and methodological concerns and then we have coronial proceedings saying, 'What we are going to do is we are going to begin by taking as a given everything that is in this report.'

So, CASA was really left with little option but to challenge that report because that was the basis on which the coronial inquest proceeded. I do not want to go over old ground here but there are many lessons to be learned from it and we have taken a great deal from that. Recognising that there are areas in which our activities could be improved is not a concession that the conclusions of the coroner, or the conclusions of the ATSB for that matter, were necessarily entirely correct in every respect. I think that is the position that Mr Carmody—I do not want to speak for Mr Carmody—has been consistently maintaining. I might also say that the gravamen of the coroner's findings was that there is this terrible relationship between CASA and the ATSB, and I must say that, in the time since that report was issued, we have covered a considerable amount of ground.

I think there is some more ground yet to be covered, but I would say that relations between the ATSB and CASA are markedly improved on a number of bases and the concerns we had about the methodology, I think, are understood by the ATSB. I say that because—this is really a matter for the ATSB—not so long ago the ATSB released a fairly comprehensive report on causality and these issues in the context of accident investigations, and they actually canvassed the notion that, where organisational deficiency models are used, there is the possibility, or at least the perception, that there is an inclination to look for organisational faults to the extent of not examining individual responsibility. And, in fact, they refer to some literature produced by James Reason who was the fellow responsible for this model who recognised the 'look what they have done to my song', so to speak.

Sometimes these things are carried too far. I am not suggesting for a moment that the ATSB said, 'Oh, yes. Everything CASA said is true. We do seek to find organisational faults.' But, I think the recognition is that, in a complex world of human beings acting as individuals and as parts of organisations, you will find things that can be sheeted home, noting that the ATSB does not sheet home blame or liability, individual factors and organisational factors. And CASA felt, I think fairly—I do not know that the term 'skewing the evidence' was ever used. I have seen the transcripts. I cannot recall seeing that expression. But, what happened was CASA presented a case to the coroner. The coroner then made some findings and conclusions based on CASA's submissions and it is open to the coroner to say, 'I take into account everything that CASA's counsel said and it seemed to me that what they were saying is that the ATSB was skewing the evidence.' Whether or not that was said, I do not think we would agree with that conclusion. What we were trying to suggest all along was that—

Senator O'BRIEN—If I can interrupt your rather long answer.

Dr Aleck—Sorry.

Senator O'BRIEN—I want to interrupt because what you have just been saying goes to the very nub of the original question that I asked, the answer that I was given and my concerns about it. What you are now saying is not only is ATSB capable of criticising themselves in a report, but to my estimation, they are a fairly objective organisation. That is not to say they do not make mistakes, but they are fairly objective organisation. The coroner categorises your dealing with their report as one of casting aspersions as to their integrity, and when I asked for a response about that I get, 'We do not basically think so and we do not necessarily agree with the coroner's report,' as if that has been brushed aside. I am sure that other officers of various organisations within the transport portfolio, had they looked at that, would have taken the same view.

Dr Aleck—If they had looked at the coroner's findings?

Senator O'BRIEN—If they had looked at *Hansard* of the last estimates round.

Dr Aleck—The point that was consistently made in response to that particular question about whether CASA was attacking the integrity of the ATSB was that what we were doing was challenging—and maybe attacking is a word that was sometimes used—the credibility or the integrity of the report. An organisation with a high degree of integrity can produce a report about which serious questions can be raised.

Senator O'BRIEN—What you are saying to me is the coroner was not competent enough to write a report which said, 'CASA did not take issue with the way ATSB were doing their job. They just thought they had it wrong.' The coroner's report is very specific and spent some time in drawing our attention to the fact that there was a pretty blistering attack on ATSB, their integrity, whether there was a conflict of interest, the methodology, whether there was bias, and potentially whether they were skewing evidence. That was the lead in to the whole question and we get a brush-off at estimates, hence my revisiting it, having had a look at the *Hansard*. I am keen to explore this issue if it is appropriate at the appropriate time of how the organisations got into that position and the nature of the culture that drove it. Also, I am disappointed that Mr Byron cannot be here for this discussion, but we may have other remedies for that. Do you want to continue your long answer?

Dr Aleck—I am sorry for the extended response, but I would not suggest for a moment that I was challenging the competency of the coroner, except that we will not always agree with the findings that coroners make.

Senator O'BRIEN—How long have you been with the organisation now?

Dr Aleck—With the exception of five years that I remained an employee of the organisation but was overseas, it has been about 13 years, I believe.

Senator O'BRIEN—CASA has been mentioned in dispatches, for want of a better term, in a number of coronial inquiries.

Dr Aleck—A number of times.

Senator O'BRIEN—Can you, on notice, give us the details of over the last five years how many times there have been specific references to the findings that reflect on CASA's performance from coroners?

Dr Aleck—As a matter of fact I can do that. We have them. We can do it on notice. We can go back 10 years, in fact, if you like.

Senator O'BRIEN—That would be good. It may be a perception thing on my part and it may be the way the media reports things, and it may be the fact that good stuff does not get drawn to our attention as much as bad stuff, but every report I have heard of has been somewhat critical and perhaps that is the role of coroners.

Dr Aleck—It is a little bit of all those things.

Senator O'BRIEN—Presumably, those reports are the sort of things that are colouring the way CASA looks at its ongoing performance, its roles and its functions. We do not get a nod on the *Hansard*, so is that a yes?

Dr Aleck—I am just saying presumably it is and I think presumably you are correct.

Mr Carmody—I was going to say that we do look seriously at all coronial reports and all ATSB reports, implement the recommendations where we think they are appropriate. We publish those on our website and we endeavour within the responsibilities that we have under section 9 of the act to do just that.

Senator O'BRIEN—How long has the new approach to safety been going since Mr Byron came on to the scene?

Mr Carmody—Mr Byron has been very vocal in his risk-based approach to safety. He has made the point many times. I would say during the 4½ years of his tenure he has been focused on seeing what methodologies we have and where we can improve, where we can take a risk-based approach, where we cannot treat all operators the same and where we can find ways to identify the risks in the aviation industry and focus more on those risks than on areas where we think, in judgment, there is less risk. This requires a fair bit of change within the organisation, and it requires some education and some change, and we have been managing those programs pretty assiduously for the last few years.

Senator O'BRIEN—There has been a changed program at least for the last few years in CASA?

Mr Carmody—Yes, there has been. For example, I would say that in the last 12 months we have about 650 staff. We recruited 240 staff in the last 12 months. The organisation is changing and is turning over. We are changing, recruiting more people, people are moving out. We have moved our operational focus from Canberra to Brisbane. We have done a lot of things and we are continuing to do more in that area.

Senator O'BRIEN—That will be a subject for further exploration, but I have taken enough of the opposition parties' time on these issues. If there are other questions I am happy to concede the call.

CHAIR—Thank you, Senator O'Brien. Senator Adams.

Senator ADAMS—Mr Carmody, during the last estimates hearings in February, I asked you a few questions on the drug and alcohol testing program, which at that stage was in the final stages of completion. My first question is, have the regulations now been finalised and has the program commenced operation?

Mr Carmody—I regret to advise that the regulations have not been finalised. There has been a delay. The regulations are quite complex, so there have been delays in formulating the final offences in the regulations and getting them through the Office of Legislative Drafting and Publishing. We expect the regulations to be resolved shortly. Part of it is a matter of when they can produce the regulations. It is a matter of priorities.

Senator ADAMS—Do you have any idea when that might be?

Mr Carmody—I was pushing for them to be done this financial year. I am hoping for June or July. I am hoping for the regulations to be made very soon. I keep on being told they are on the cusp, but other priorities are in the way. I would expect them to have been made and implemented by the time we appear at the next estimates session.

Senator ADAMS—As far as any problems with drug and alcohol issues, have you been made aware of any as far as the department goes?

Mr Carmody—Are you asking in terms of drug and alcohol events?

Senator ADAMS—That is correct.

Mr Carmody—No, we have not or not that come readily to mind. But, again, the regime itself, the regulations and all of the offences, the requirements for drug and alcohol management plans through organisations, are not yet in place, so until they are fully in place we will not necessarily have a lot of evidence of those.

Senator NASH—Can I just ask what the processes are?

Mr Carmody—In 2006 the former government decided to introduce a drug and alcohol testing program. We were given funding, I believe, in last year's budget to develop a drug and alcohol-testing regime. We have done a lot of work in terms of extensive industry consultation, because it is very new in the aviation industry, and in developing the regulations and the framework under which this will operate. It has been running since the government decision in 2006, but really in earnest in the last 12 months.

Senator NASH—It does seem an awfully long time for something that is really very important when you look at our roads and how much work we spend keeping people off our roads and from behind wheels for indulging in exactly this kind of behaviour. It is unfortunate it is taking so long.

Mr Carmody—I agree. We have been exploring new ground in trying to get drug and alcohol testing. We have had to explore the issues of how it will apply across the entire aviation industry of 120,000 people and whether there will be random testing, for example, what type of testing we will use and how it will be worked. Whether you use oral fluids and what you use. It has been a very complex process. It is more complex than we thought it was in the beginning. It is moderately straightforward if you can set up a roadside testing arrangement and have a van next to the road, then you can take people out, put them in and

test them. The preservation of evidence and other things is a lot more complex than we thought. But, we are almost there. I am very confident that we are going to be there very soon.

Senator NASH—Is there a leaning towards the type of testing? Are you talking about random testing? If it was random testing, is that going to be a percentage type thing or would it be better just to make sure there was some sort of mandatory test of everyone?

Mr Carmody—What we are putting in place is the drug and alcohol management plans within organisations that have air operator certificates, so they will have to have a drug and alcohol management plan in the organisation, and it will vary depending on whether it is a one-aircraft operation or Qantas. Some of them already have these plans in place. Whether it is everything from pre-employment testing to what happens if someone tests positive, how you manage them, how you get them back to work, full return to work programs and all of those things. That is the management plan, and then in addition to that we have proposed a percentage-based random test—and the percentage is really based on the funding that we have—with an outsourced provider and that provider will go unannounced to a location that we have set up, for example, Broome Airport, go to a particular location, and test all of the safety sensitive personnel within a defined area. Some of that will be risk based in the sense that you might have a tip-off. Some of it will be part of an auditing regime. As I said, it is a little bit more complex than I first thought and what it first seemed and when we looked at how we would actually manage that, how do we fly in and test a remote aerodrome when everybody knows who we are when we fly in? How do you actually make all of these things happen? That has been the complexity, along with the regulations and what offences will be provided.

Senator ADAMS—Mr Carmody, as far as the three-year funding for this drug and alcohol program, will that remain in place under the recent budget? I could not find anything there about it.

Mr Carmody—My understanding is that it does remain in place. The only difference is that it is subject to the efficiency dividend.

Senator ADAMS—It is subject to the efficiency dividend.

Mr Carmody—I think it is subject to the 2 per cent or 2 per cent plus 0.25 per cent efficiency dividend.

Senator ADAMS—How do you think you are going to manage that?

Mr Carmody—At the end of the day, it depends on the price we negotiate with the providers for random testing. It could potentially result in a little bit less random testing, but we are still in the process of tendering to see how much the random testing module is going to cost and how much the education is going to cost. My feeling is that we will manage within it. We are only doing a small amount of random testing and we always indicated to government that, if the program was successful or depending on government's wish, we would come back and ask for more money to continue the program, because we only have, of course, the three years in the normal arrangement. My answer is that it is disappointing but we will cope with it.

Senator ADAMS—After the three years what would you expect would happen, that it gets dropped off?

Mr Carmody—After the three years, I am hopeful that we will be asking for it to be rolled in as a continuing appropriation. That is not the set-up costs, but the ongoing costs for the staff that we have hired and the testing that we are undertaking, and depending on the results statistically of how effective the testing is, how many people are caught or how big the problem is in the industry, there will be a continuing of funding, I would expect, and maybe a bit more. That is what I would hope for, but until the program is in place I do not know the answer.

Senator ADAMS—I wanted to ask a question now on air traffic controllers. Is this the area to ask?

Mr Carmody—It is probably more for Air Services.

Senator ADAMS—All right. I will leave it until then.

CHAIR—Are there any other questions of CASA? If not, I have some that I would like to put to you, Mr Carmody. Firstly, I would like to talk about one of your orders. You might want to bring someone to the table that may assist with civil aviation order 48, general exemption.

Mr Carmody—Could you hold on for a second?

CHAIR—By all means.

Mr Carmody—It is regarding flight and duty times, I presume.

CHAIR—Do you have it in front of you?

Mr Carmody—I am not really sure.

CHAIR—You do not have the order in front of you. You can pull me up then and correct me if I am wrong then. Civil aviation order 48, general exemption, refers to flight deck duty time and, in particular, it talks about the actual time the pilots spend in the cockpit; is that correct?

Mr Wight—That is correct.

CHAIR—I am led to believe the exemption order addresses the actual time from the time they clock on to the time they actually leave the cockpit; is that correct?

Mr Wight—You are talking about the actual order itself?

CHAIR—Yes, sorry, the actual order.

Mr Wight—The order reflects two parts. It reflects the duty time so, as you correctly said, from the time they essentially start duty to when they finish duty and then it talks about flight time limitations as well. That is the actual flight time, so essentially sort of from pushback to the flight stopping.

CHAIR—Off the top of your head what would be the difference in hours, would you know?

Mr Wight—It would depend on the flight pattern that was given to the crew. The crew could conceivably do an eight-hour duty and only do three or four flight hours. That is possible.

CHAIR—It is possible that pilots can spend up to another five hours performing other duties, preparation for departure and what not?

Mr Wight—Or time in between flights where they actually may not be performing any duties.

CHAIR—Does that affect any particular sector? Is it domestic or international or both?

Mr Wight—The exemption that 48 covers is wide-ranging; it is not limited to international or domestic. CASA has also had some standard exemptions in place that covers various sectors of the industry.

CHAIR—Is CASA aware that operators are using alternative flight-deck duty time definitions to that required by the civil aviation order 48 general exemption?

Mr Wight—I am not specifically aware of that. CASA operators either work to the CA48 or they work to the exemption that has been issued by the authority.

CHAIR—I am talking about the exemption now.

Mr Wight—Okay.

CHAIR—You are not aware?

Mr Wight—I am not specifically aware of the event which you are referring to.

CHAIR—Are you aware then that Australian and International Pilots Association has repeatedly raised this matter with CASA over a period of some three years?

Mr Carmody—Yes, I am aware that it has been the subject of a lot of discussion by the Australian and International Pilots Association and others in the Standards Consultative Committee of which AIPA is a member. Many other organisations are members as well. That is the organisation, the group, that we have in place to consult on our regulations.

CHAIR—Who is on that?

Mr Carmody—It is chaired by an external chair and has a wide range of industry representatives from AIPA to representative organisations like the international pilots association and the Flight Attendants Association. It has the major airlines. It has the Regional Airlines Association. It has the maintenance organisations. There are routinely about 60 people at the Standards Consultative Committee meeting. The point I am making is that my understanding is that the Standards Consultative Committee has discussed this at some length and has agreed that there are some issues with CAO 48 but that it is going to be managed under the fatigue risk management system that is being discussed and being brought into place at present. I understand that there is a proposed change to civil aviation order 48 which will offer fatigue risk management as an option for managing duty times. It is anticipated that a notice of proposed rulemaking for this CAO change will be released in September this year. It has been a very long and complex process and I understand that the Australian and International Pilots Association is very keen to have it resolved, but I also understand that the

committee has discussed it on a number of occasions and this is the course that they have agreed to follow.

CHAIR—What were they discussing?

Mr Carmody—That there are some inadequacies with CAO 48 and that newer approaches to looking at fatigue and fatigue risk should be in place and we should be offering alternatives.

CHAIR—You might be able to help me out here, when you say, ‘some inadequacies’, did it not suit some of the airline operators?

Mr Carmody—I do not know in detail. All I know is that discussions have centred on CAO 48. My presumption is that some operators are having difficulties, or some individuals are having difficulties, and that is why it has been discussed at length.

CHAIR—I do not have a history in fatigue management in the aviation industry but, for the record, I have a hell of a lot of experience of fatigue management in road transport. When we start talking about these representative bodies who are well and truly representing over 60 individuals; just about every stakeholder in the industry I would say would be represented on that AIPA; is that right?

Mr Carmody—No, the Standards Consultative Committee.

CHAIR—The Standards Consultative Committee. And if I am hearing correctly they are having some issues around a fatigue management issue. The issues must be that obviously they are not happy with it in terms of it being too tight for the operators, or is it too long for the pilots?

Mr Carmody—I would presume it depends on where you sit. Without trying to be flippant, I would suggest that that is the case. I do not have all of the details but I do know that it is not new to us. It has been the subject of a lot of discussion and a lot of work.

CHAIR—That civil aviation order was not pulled out of a Weeties packet, was it?

Mr Carmody—CAO 48?

CHAIR—The exemption.

Mr Carmody—And the exemption?

CHAIR—They just did not fall out of the sky, did they? They were negotiated; is that right? They were legislated?

Mr Carmody—I do not know what year civil aviation order 48 was created. I would suspect that any exemptions to that order would have been on the basis of a request from someone and I presume, using our latest terminology, some sort of a safety case for evaluation of that.

CHAIR—And it would be CASA’s role to enforce that exemption; is that correct?

Mr Carmody—Yes, I would expect so.

CHAIR—If we have got a host of people sitting around a table under the guise of a Standards Consultative Committee having some extended issues with a law, it tells me that

something is not working. I am asking you, Mr Carmody or Mr Wight, have you been vigilant in enforcing that exemption or that law?

Mr Wight—Through our normal surveillance process that would be something that we would routinely check, the exceeding of limitations of how they have been recorded within organisations.

CHAIR—Do you have to hand your hit record, or score record, or those that are behaving and those that might be working outside it?

Mr Wight—I do not on me, no.

CHAIR—You may want to take that on notice, if you can, and provide that information to the committee. But I want to come back to it now. We have got some issues and obviously there is a representation of the pilots. And I would have thought that if anyone wants to work to safe flying times the pilots would have a large input into that standard. Would that be a fair assumption?

Mr Wight—I think probably some explanation about 48 is that it is a prescriptive framework that does not necessarily best manage the risks and the fatigue associated with work and duties associated with work and so the move to the FRMS, the fatigue risk management system, allows operators to better manage their risks and for them to provide education to their crews about management fatigue as well in a less prescriptive environment.

CHAIR—If we have got a law now that states certain guidelines. Let us say the drink driving laws and suddenly we raise it from .05 to .07 but we are still talking about it so it is still all right to drive at .07. Are you trying to tell me that you have set some standards that you are handed to enforce to make sure the pilots are completely and safely rested in between shifts, that it is not being adhered to and it is creating dramas, but it is all right to break that law?

Mr Wight—I would say that even under the current CAO 48 the operator is still responsible for ensuring that crews are not put on line that are fatigued.

CHAIR—What if they are not?

Mr Wight—Sorry, could you—

CHAIR—What if they are not enforcing that law? Who does it then?

Mr Wight—If the crews who are going onto line are fatigued?

CHAIR—If the crews are working greater hours than what is prescribed under the legislation, do we turn a blind eye?

Mr Wight—We do not turn a blind eye, no. If we are aware of the issue then we certainly would not be turning a blind eye.

CHAIR—I would say that if we had been talking—I should not say ‘we’—if the Standards Consultative Committee has been talking about these issues of fatigue management for the last three years, then I am forming an opinion here that you are well aware of it; it is not being adhered to—and correct me if I am wrong—but it is not being policed?

Mr Wight—I might say that there is an issue with the 48—

CHAIR—It sounds like there is an issue.

Mr Wight—The question that you are asking is that: are the crews fatigued within the limitations of 48 or are they actually exceeding the flight time or duty time limitations—

CHAIR—I think I said very clearly ‘exceeding the times’.

Mr Wight—That was an issue if we became aware of that.

CHAIR—You are aware of it now and you have been aware of it. Mr Carmody said there have been some issues around this for the last three years.

Mr Carmody—I did not say that. I said there were some issues around this. To be fair, there are some issues around CAO 48. I did not quite say that there were some issues where we knew that people were exceeding the requirements of CAO 48. My point is that the committee which has all these representatives on it is actually trying to resolve this matter and a number of parties are very interested in it. We are trying to work on it and resolve it as well.

CHAIR—In that case, are you aware that CASA Complaints Commissioner, Mr Hart, has also asked CASA for an explanation of why they, meaning CASA, have not acted? Are you aware of that?

Mr Carmody—Yes, I am aware of that, but I am also aware of the view that all the representatives of the Standards Consultative Committee on which the complainants are represented agreed that this was the way through this NPRM process that this fatigue risk management work would be done.

CHAIR—Can I ask you then can you categorically commit to this committee that you are enforcing this exemption to the letter of the law?

Mr Carmody—I would like to review the evidence that the ICC has in front of them before I make that commitment.

CHAIR—Isn't it true that Commissioner Hart recommended:

... that the wording and hence the meaning [of CAO48E's) definitions with respect to ...flight deck duty are clear and unambiguous ...

and that it is subsequently:

... not within the lawful prerogative of any operator to place or invent any other interpretation with respect to the meaning of those words.

Mr Carmody—I understand that to be the case. I do also understand that in responding to the question that was raised with the industry's complaints commissioner I do not think he was aware at the time of the deliberations of the Standards Consultative Committee and that those who had raised the complaints with him were also aware of the deliberations of the committee.

CHAIR—Carry on.

Mr Carmody—I think had he been aware of the deliberations of the Standards Consultative Committee he may well have responded differently but I cannot confirm that.

CHAIR—So that I am very clear on that has Mr Hart been misled, has he, or is he confused?

Mr Carmody—Neither. My point was that he received a request and responded to a request as far as I know within the terms of that request. What I am not sure he was fully aware of was that this was afoot, this had been debated and that the Standards Consultative Committee itself had worked out a way through this mechanism and was working assiduously to get itself there.

CHAIR—The Standards Consultative Committee are working around something more flexible; is that what you are trying to say?

Mr Carmody—That is right. A CAO 48 arrangement, if I understand it correctly, that includes modern fatigue risk management principles rather than being very prescriptive, trying to move away from a prescriptive nature to a more outcomes focused result, as we are with all of our regulations.

CHAIR—I have no problem with moving forward with the times. If that is the wish of both sides of industry it is very hard to argue against, but if we have a recommendation—or, sorry, a law now, not a recommendation—how can you justify not enforcing it until a new one is in place?

Mr Carmody—I do not think I said that we were not enforcing it. I said I would like to see what the details are.

CHAIR—Commissioner Hart has raised his concerns. Would I be right in assuming that you have not implemented his recommendations?

Mr Carmody—I have not got his recommendations in front of me but I would say that we are considering his recommendations in the context of the Standards Consultative Committee deliberations. That is my understanding.

CHAIR—You are saying that the breach has been committed because the FMRS rules are being developed?

Mr Carmody—Without having the full details of the response, I am not saying that a breach has been committed. I would be happy to take the matter on notice and look at what the ICC's response has been. And I will look at the FMRS as well.

CHAIR—I will help you out. And the pilots association who represent the pilots are making it very clear that for three years they have been bringing to your attention many breaches. Sorry, I will rephrase that. There is not enforcement of that order.

Mr Carmody—Hmm.

CHAIR—Mr Carmody, we can sit there and 'hmm', but if we are talking about fatigue management obviously there are laws around it for a very good reason and I want to get to the bottom of it. Perhaps this law is not being enforced. I am not talking about my colleagues on the committee here who happen to spend too much time on airplanes now but for the whole general public. We like to think that our pilots are safely rested and ready for duties. But if we have major operators who are getting away with not enforcing the law because they cannot do it themselves and the major enforcement body, CASA, is not policing it, it sends a very worrying message when the pilots are out there saying, 'Hey, how many more times do we have to scream out: "Enforce the law."?' If a new one is negotiated and a new one is enforced, good luck to all. Would that be a fair assumption? It is now 3.30 pm and there is a long way to

go. You have taken on notice and you are going to come back to the committee with the records that you have for whatever breaches there have been to this exemption; is that right?

Mr Wight—We can if—

CHAIR—I am actually asking you to take it on notice if you can and come back to us.

Mr Wight—I will take that on notice.

CHAIR—If it is possible to come back before we adjourn by tomorrow night that would be appreciated. Does CASA believe it has discretion enforcing compliance with the regulations under its authority?

Mr Carmody—I do not believe we have discretion.

Mr Wight—Not within the current CAO 48.

CHAIR—Why are you permitting airlines to not comply with the law?

Mr Carmody—If I may respond, as I have said before, I am not sure that we are. I would like to review that information.

CHAIR—Okay. You did say that. That is fair and I will wait with bated breath for you to come back with that information. Is it correct to say that if CASA were to enforce the CAO 48E definition then the operators would need additional crew to operate some of their currently scheduled sectors and hence incur additional costs? Would that be a fair statement?

Mr Carmody—I would have to couple that with my previous response. I do not know the answer to that.

CHAIR—Were such commercial considerations a factor in CASA withdrawing its initial acknowledgement in 2005 to AIPA that the CAO 48E duty time definitions were being breached?

Mr Carmody—I do not know the answer to that, either.

CHAIR—Take that on notice, thank you. Are there any other questions of CASA? If not, I thank you Mr Carmody and Mr Wight and we will now call Australian Transport Safety Bureau.

[3.39 pm]

Australian Transport Safety Bureau

CHAIR—I welcome officers from the Australian Transport Safety Bureau. Mr Foley, do you wish to make a brief opening statement?

Mr Foley—The only thing I would like to say is that I would like to apologise on behalf of Mr Bills, who is currently attending a meeting in St Petersburg. It is a meeting of the International Transport Safety Association.

CHAIR—Thank you. Senator Adams?

Senator ADAMS—On the subject of the efficiency dividend issues, I note from the opening statement that we were given earlier on that your department's funding will reduce by \$0.162 million over 2007-08, reflecting the partial flow-on of the efficiency dividend. Could you tell me how you are going to deal with that deficit?

Mr Foley—Yes, that is correct. It is \$0.162 million. It is a fairly modest reduction and we have already made some efficiencies in anticipation of the efficiency dividend. There are a number of things that we will do to save \$162,000, including look at our discretionary expenditure, things like travel, for example. It has a fairly minimal impact on the way we intend to do the business next year but we will of course look for efficiencies to save that money.

Senator ADAMS—So you do not have any other than travel. That is the only area that you will cut?

Mr Foley—Pretty much. In terms of our normal operating budget, I think that it is pretty much the same as it was last year. We have slightly more funding for our Indonesian Transport Safety Assistance package. That offsets to some degree, I guess, the efficiency dividend, although we will need to deliver on that project. There are also areas in which we can save. We have some efficiencies as far as the personnel are concerned, too, and we have already managed some normal staff attrition in such a way that that will also yield some savings over the next financial year to us as well.

Senator ADAMS—Okay.

Senator NASH—Can I just ask about the Road Safety Research Grants program. Can you just run me through how that works?

Mr Foley—Well, we do not have it any more.

Senator NASH—Do you not?

Mr Foley—No, it has been moved. It was a function that we had up until the machinery of government changes, or departmental changes, in terms of functions and it was moved to the Infrastructure and Service Transport policy area. There it complements their vehicle safety area. Indeed, we have had a shift of funding and those personnel have effectively gone with that function. Now we have, if you will, one portfolio budget outcome which is safety investigations and that is the majority of our business.

Senator NASH—Do you know if the research grants program will operate as it has done?

Mr Foley—I do not have that detail. I guess I can—

Ms Fleming—To my knowledge, I do not believe there is any change in that program but I would encourage you to raise it again with the Infrastructure and Surface Transport Division.

Senator NASH—Yes, I certainly will do. You might want to remove that from your website.

Mr Foley—Yes, we are working on that. We have identified that some of the road safety stuff is still there and we have negotiated with the policy people to take it over.

Senator McGAURAN—Minister, while that matter has just been raised about the website, you tried to deflect the tension on this matter in regard to the slackness—there is no other word but ‘slackness’—by the department to not upgrade their website. It has come to fruition. We were not searching archives; good try. We have returned to the website and found it very out of date. That was one example. An example that I gave in regard to CCTVs also shows that it has not changed from the previous government funding. You might want to claim some

of our programs and some of our funding; you want the public to think that while you are carrying out all your cuts. The truth of the matter is the website is old, has not been changed and, contrary to what you tried to cover—

Senator Conroy—No, I suggested that you check because one of your colleagues tried to pull the same stunt in my—

Senator McGAURAN—There is no stunt.

Senator Conroy—portfolio and unfortunately ended up with egg all over their face because they were accessing the archives.

Senator McGAURAN—You have egg on your face.

Senator Conroy—No, I just suggested—

Senator McGAURAN—So you are the one blushing.

Senator Conroy—No, I am not blushing.

Senator McGAURAN—To the acting secretary, no doubt you will attend to that?

Ms Page—We are attending to it at the moment.

Senator NASH—Would you like to report back to the committee when you are confident that everything has been updated to the necessary level right across the department? If you could notify the committee at the point at which you feel that has been reached, that would be great. Can I just discuss, too, one of your publications which I am assuming is still with you? Is the publication *Fatal Heavy Vehicle Crashes Australia* still with you?

Mr Foley—It is probably still on our website, but it was something that was done by the Road Safety Research area, I presume.

Senator NASH—Okay. So is that—

Ms Page—That should go to the Infrastructure and Surface Transport Division.

Senator NASH—Okay. Well, I will leave both of those until later.

Senator McGAURAN—I have a couple of questions. Just while we have the acting secretary here, although she is here most of the time, have you heard back in regards to the request of the Regional Partnerships list?

Ms Page—There are some responses being prepared.

Senator McGAURAN—From the minister's office?

Ms Page—The response is being prepared and the minister will consider the responses.

Senator O'BRIEN—Is this an Airservices question?

Senator NASH—I hope not. We are at ATSB.

Senator O'BRIEN—Is this an ATSB question, I should say.

Senator McGAURAN—ATSB. The Keys to Drive program—

Ms Page—Again, that is a road safety matter.

Senator McGAURAN—Just remind me of the funding figure of the Keys to Drive program?

Mr Foley—I do not have that information.

Senator McGAURAN—The funding figure for the program?

Ms Page—It is \$17 million, but I would prefer that we address that in the context of Infrastructure and Surface Transport Division, which can provide more detail on it. It is set out in the measures list in our PBS on pages AS-20, 21, something like that.

Senator McGAURAN—Yes, I think it was about that, 17. You are not administering it then?

Mr Foley—No, we are not.

Senator Conroy—Are you blushing?

Senator McGAURAN—That is quite normal. That is what we are here for, to find that out.

Senator Conroy—You are the same colour as your tie.

Senator McGAURAN—I thought it was in this section. I do not know why it would be in any other section than the Transport Safety Bureau. So I guess the minister has prompted me to ask a leading question. That begs the question, why aren't you?

Ms Page—I think Mr Foley has answered that, the reason for shifting the road safety function. I think the issues were twofold. The first is that there is a fairly close synergy between the work of the Infrastructure and Surface Transport Division because it looks after road transport reform. It looks after issues such as heavy vehicle reform agenda and it also looks after vehicle standards. It also supports the work of the Australian Transport Council, the national body of transport ministers who have made road safety a priority, so there are some synergies in keeping all of that work in the one division.

Senator McGAURAN—Does that mean also the Indigenous Road Safety Working Group has moved across?

Ms Page—That is correct. That moved with that group.

Senator McGAURAN—Novice driver education?

Ms Page—Yes.

Senator McGAURAN—Moved across?

Ms Page—Yes.

Senator McGAURAN—Would you like to outline what you do?

Mr Foley—Well, as I indicated primarily—

Senator Conroy—You are now redder than your tie.

Mr Foley—we investigate transport accidents in aviation, marine and rail. This is really outlined, if I can refer you to the Portfolio Budget Statement, at page 41.

Senator McGAURAN—Yes, I know that that is the other part of your job, and a very important part. I have no more questions.

CHAIR—Are there any other questions, Senator O'Brien, Senator Hurley? If not, I thank the officers from the Australian Transport Safety Bureau and we have ten minutes and we may as well call Airservices Australia. Thank you.

[3.50 pm]

Airservices Australia

CHAIR—I welcome officers from Airservices Australia. Mr Russell, I believe you have a brief opening statement you wish to make.

Mr Russell—Thank you. In recent months, as this committee knows, we have been experiencing some service interruptions due to staff shortages and other workforce related issues such as long-term sick leave. When we have been unable to provide services, the affected airspace is reverted to internationally accepted aircraft-to-aircraft procedures. These procedures are introduced as a last resort and do not compromise safety. On the issue of staffing numbers and taking into account normal workforce issues such as retirement, sick leave, long service leave and holidays, currently we are about 21 controllers below our current staffing requirement. In the current economic climate attracting people is challenging. The aviation industry is experiencing an unprecedented shortage of people right across the board at the same time as it is undergoing very significant growth and growth which is occurring here in Australia. We have a vigorous recruitment campaign underway that is starting to bear fruit. I am confident that we are on track to close the immediate staffing issues during the next couple of months, and then during the next year to begin to see the benefits of a renewed recruitment training and workforce transition program, which is now well underway. Chairman, I am happy to take the committee's questions.

CHAIR—Thank you. Senator O'Brien.

Senator O'BRIEN—There was a reported incident at Launceston Airport recently where there was some disruption of services because of unavailability of air traffic controllers. There were none on shift at the time that the service was required because of the time of late arrival of an aircraft. Can you give us some more detail about that incident, please?

Mr Russell—As you know, I think, we have had a few staffing issues at Launceston tower. The normal hours of operation of that tower are from six in the morning to just before 10 at night. That is built around the type of schedule that we have seen from the passenger aircraft that operate into Launceston. We have had five staff based in Launceston, one manager and four line controllers. We have had someone on long-term sick leave and also some issues related to short-term sick leave. We have appointed an additional controller, and the long-term sick leave individual is due to return next month. It will bring the numbers up to six, which we think is adequate if the circumstances. The incident that occurred earlier this month involved two RPT aircraft, passenger aircraft. They arrived over Launceston after the closing time of the tower on a relatively foggy night. There was separation between them and the pilots were talking to each other, but the tower had closed because primarily the aircraft were late and well off schedule. I have asked for a review of the hours of Launceston, as indeed we do from time to time of many of these towers, just to make sure that we are in fact meeting

the requirements of the industry. I believe this issue is the subject of a further inquiry by the ATSB.

Senator O'BRIEN—You are investigating whether you need to extend the span of hours?

Mr Russell—Yes we are.

Senator O'BRIEN—What did you say the current span is?

Mr Russell—Six in the morning until about 10 at night. Normally that covers the traffic that occurs.

Senator O'BRIEN—Is that about an hour after the last scheduled flight?

Mr Russell—Yes, these are—

Senator O'BRIEN—What happens when you know the last flights are not in?

Mr Russell—That is the subject of the further investigation that I have asked for as well.

Senator O'BRIEN—For a variety of reasons and particularly on a Friday, I can say from personal experience flights are often late travelling into Launceston, if for no other reason than they often have nowhere else to go after that so they wait for passengers from other aircraft that might be late in the system. So there is a regular late arrival pattern which I suspect would have been known.

Mr Russell—We have not seen evidence of aircraft arriving well past the 10 o'clock time of the existing hours. But we monitor these sorts of things fairly closely and, accordingly, I asked that we review the tower openings.

Senator O'BRIEN—So that issue would have been dealt with if there had been an extra hour on the span?

Mr Russell—Could have been, yes.

Senator O'BRIEN—What are the standard operating procedures where weather conditions may be difficult and flights have not arrived? Is there some procedural instruction about that?

Mr Russell—In those circumstances, where the tower is closed the airspace would normally defer to what is called G class airspace where air crews self-separate by talking to each other to ensure that aircraft are separated, and that is a procedure that occurs generally where aircraft arrive after towers or in non-towered aerodromes, and we have some of them in Australia.

Senator O'BRIEN—How many incidents like this have occurred in recent times at any of the airports where—

Mr Russell—I would have to take that on notice. I watch our daily operations on a day-to-day basis and I have to say that they are rare. They do occur from time to time, particularly when aircraft are off schedule. It is something I am more than happy to come back to you on.

Senator O'BRIEN—I would appreciate it if you could. The general problem I think you were referring to in your opening statement about the workforce and the need to rebuild it,

when can we expect that the workforce will be at sufficient level given the programs in place to train and recruit?

Mr Russell—Well, I think there are a couple of issues here. We are 21 down on a requirement of 897 air traffic controllers at the moment, or about 2.3 per cent. I think it arises from a lack of effective workforce planning in Airservices. The first workforce plan was conducted in early 2006. I think there has been an overreliance on overtime, institutionalised overtime, in this operation. I think the way we deliver air services has not changed. Although the technology has changed, the way we deliver it has not changed for the better part of 50 years. What I mean by that is Australia is sectorised and we have air traffic controllers with endorsements to particular sectors which makes it difficult at short notice to call on a larger pool of people to cover short-term illness. We are working to rectify that. On top of that, there are the issues of sick leave and absenteeism. It is part of a broad program we have to improve the way we work. As I said at the beginning, around the middle of the year, July, I am hopeful we will get our numbers, that 21 deficit, up to the required level that we need to operate. But as I mentioned at the beginning as well, we need to go beyond that. There are training requirements; we need to cover sick leave. We need to be able to offer our air traffic control workforce a better career structure and in order to do that you have to have more people than the 897. That is what we are working on.

Senator O'BRIEN—I have one more question, Mr Chairman, before I close this off. I just want to ask about that career structure and the state of the labour market, given ATCs have normally been seen as reasonably well paid. Is that pay level becoming a barrier?

Mr Russell—I do not see it as a barrier. Maybe you expect me to say that. I mean, I do not see it as a barrier. This is a very competitive market worldwide and it is a very mobile market. We are very mindful of that and I am about, as you know, a long-term program of reform in this organisation that hopefully will improve the working environment for a third of our workforce, which are air traffic controllers. I want to make it a better place to work.

Senator O'BRIEN—We have a vested interest too at this side of the table in you making it work.

Mr Russell—Thank you.

Senator ADAMS—I asked some questions on this last time. You did state that you had a shorter recruitment time and hopefully a shorter training time, so I was just wondering if you had been able to achieve that through your review.

Mr Russell—We are working through the whole cycle, if you like, of recruitment, how we go about training and retaining air traffic controllers, in our academy in Melbourne. We have made it a major priority for the organisation. That was what I was referring to when I said I think we will see those benefits come out in the next 12 months. I am confident that will occur.

CHAIR—Thank you, Mr Russell. Thank you, Senator Adams. It is afternoon tea break and we will resume at 4.15 on the dot. Thank you.

Proceedings suspended from 4.02 pm to 4.15 pm

CHAIR—Welcome back. Senator McGauran.

Senator McGAURAN—Tell me if I need to ask this of the airports division, but your responsibilities include noise monitoring and enforcing the Sydney Airport curfew. Do you do evaluations in relation to the insulation within the surrounding houses?

Mr Russell—I believe that is a responsibility of the Department of Transport. We do the monitoring, but we are not responsible for the insulation program or who gets insulation.

Senator McGAURAN—Which division within the Department of Transport is responsible for that?

Mr Russell—I am told it is the airports division within the department. That is something you might refer to it.

Senator McGAURAN—I believe it is next. Over the years you have been assisting neighbouring states to meet their aviation safety obligations. Can you outline what you have planned for the year?

Mr Russell—We have taken a view that the capability of organisations similar to ours in countries such as Indonesia and Papua New Guinea, over which two-thirds of the international aircraft flying to and from this country pass, is something that we can provide some assistance with. We are helping them from a technical viewpoint, from a training viewpoint, and we are involved in the wider Indonesian Transport Safety Action Program. We have had extensive involvement in those countries over the years.

Senator McGAURAN—Has that been just with Indonesia?

Mr Russell—Indonesia and Papua New Guinea—principally those two.

Senator McGAURAN—What is your budget for that?

Mr Russell—We fund it from our own resources and/or we fund it from participation in the Indonesian Transport Safety Action Program, which I referred to, for the principal parts of it, for instance, training and those sorts of issues.

Senator McGAURAN—You mentioned the efficiency dividend. Will that face a cutback this year through the efficiency dividend?

Mr Russell—The Indonesia program is administered again by the department. As I understand it, there is an application of some \$24 million for that program. I am not sure of the status of that in terms of the budget cuts. I regret to say that it might again be a question for the department. We will raise that.

Senator McGAURAN—Do you have more detail about the Indonesian side particularly?

Mr Russell—Yes

Senator McGAURAN—Do you have an evaluation or report from, say—

Mr Russell—I am happy to provide you with a more fulsome explanation of what we are doing there.

Senator McGAURAN—I am happy to hear it verbally, too.

Mr Russell—Generally it goes to the question of dealing with our counterpart organisation in Indonesia. At the moment the responsibility for safety, airport operations and air traffic management is all within the one organisation in Indonesia, reporting to a director-general.

The Indonesians are interested in learning how the Australian model has worked, where the separation of the airports, regulator and service provider has been established. We are helping them with English language training. We are helping them with radar training. We are helping them because we have a similar air traffic platform to the one that is in place in one half of their flight information region, based in Makasar. We are helping to train them in the use of that system. It is a system called EUROCAT, which is very similar to the one we use in Australia. That is an example of the sorts of things we are doing.

Senator McGAURAN—That is extremely valuable. You are very stretched for resources, manpower at least; is that right?

Mr Russell—At the moment I am stretched for air traffic controllers in particular, yes.

Senator McGAURAN—Do they go over?

Mr Russell—No, operational air traffic controllers do not, not in any sorts of large numbers. We have brought members of our Indonesian counterpart to Australia for training in our centres in Brisbane and in Melbourne.

Senator McGAURAN—So you bring them here?

Mr Russell—That does not detract from the air traffic requirements that I have here in Australia.

Senator NASH—Is there any particular reason that it is Brisbane and Melbourne?

Mr Russell—It is a historic reason more than anything else. Some years ago, when all of the flight information regions in Australia were brought together, it was decided there would be two, one based in Brisbane and one based in Melbourne. I have a colleague who has been in this organisation much longer than I have, Mr Dudley, who may want to add to that if that is helpful to you.

Mr Dudley—The two systems are basically identical and they provide a level of redundancy. If there were to be a catastrophic failure at one of our centres, the other centre is designed to be able to take up the workload of the two centres.

Senator NASH—That is very interesting.

Mr Dudley—In time, of course; it would not happen overnight. We manage 11 per cent of the world's surface. In consolidating into one centre at the time that we constructed these and brought the new systems online in 2000, it was felt that, if we did not have that redundancy through the second system, it was too risky.

Mr Russell—Our systems—just to add to it, since you have kindly asked us—has very high reliability. It is terribly important that we have over 99 per cent reliability and redundancy in our system so that the failure risk is really very small.

Senator NASH—As to the air traffic controllers themselves—excuse my ignorance of this—what ongoing process do they go through psychologically? I can only imagine how incredibly stressful a job it must be. Is there some kind of ongoing assessment of their ability to handle things?

Mr Russell—Can I defer to my colleague Peter Curran, who is a former air traffic controller—though he doesn't look quite as stressed perhaps.

Mr Curran—In terms of ongoing psychological evaluation, there is not a specific process where annually somebody is subjected to psychological evaluation. There are annual performance evaluations, obviously, of the operational/technical skills, which are conducted at certain times throughout the year. There is also an ongoing evaluation by supervisors. The structure we now have in place has an ATC line manager. There is a ratio of about one to 15 managers to staff. Part of the intent of that process is to ensure that the psychological aspects and welfare of staff that are dealing with any number of issues that you would have with a work force in excess of 1,000 people are dealt with in an appropriate way. There are a lot of mechanisms and peer group support measures.

Senator NASH—That is interesting. Thank you. Sorry, Senator.

Senator McGAURAN—You are most welcome; you are asking kindly questions and that makes a change. My approach was kindly, too.

Senator NASH—I should ask some kindly ones of the minister, shouldn't I?

Senator McGAURAN—That won't work. In relation to cost recovery and pricing—sustainable pricing—can you outline the prices and charges and whether they will be increased in the 2008-09 year?

Mr Russell—We are completely funded off budget. All of our revenue comes from largely—nearly all of it—our airline customers.

Senator McGAURAN—Landing fees?

Mr Russell—Air traffic charges and landing fees at airports. Air traffic charges in the sky. We pay a dividend to government.

Senator McGAURAN—That is what I was getting to.

Mr Russell—We are expected to earn a profit. Last year our pre-tax result was \$106 million, 60 per cent of which we paid as dividends to government. We are a giver, not a taker, in that sense.

Senator McGAURAN—What does the government do with the dividend? Does it go into general revenue?

Mr Russell—Yes, it does.

Senator McGAURAN—And not back into safer airspace?

Mr Russell—We make that payment to consolidated revenue. Each five years now we have a long-term pricing agreement with our airlines. That needs to be agreed and then reviewed by the Australian Competition and Consumer Commission. We are in the process of finalising over the next 18 months the first of our five-year plans. We are preparing ourselves now for the next round. They are very robust discussions with our airlines, you can imagine, in an environment like this.

Senator McGAURAN—What discussions do you have with the minister in coming to your position on pricing?

Mr Russell—We would keep the minister closely briefed on our pricing position. Normally we draw up a five-year budget—an operating budget and a capital budget. Capital

and investment in this business at moment is running in the order of about \$120 million a year. It is a very capital intense industry. We normally keep him informed of the process, and then we engage with our airline customers.

Senator McGAURAN—Does the minister make suggestions? The government is getting 60 per cent of your net profit. We know how hungry they are when it comes to ripping dividends out of the Reserve Bank and anyone else they can get their hands on. You look like a nice soft target, too. When you say you keep them informed, wouldn't the minister sit there and say, 'Up the price'?

Mr Russell—I have been in this organisation three years, so perhaps not long enough. But it has never happened in my experience.

Senator McGAURAN—Get ready for it. Of course it has not happened in three years.

Mr Russell—Our airline customers are not backward in making their position very clear on charges.

Senator McGAURAN—The obvious consequence is a cascading effect down to the ticket price. It will go all the way down the line. Of course you must have reasonable charges to meet your own stresses and requirements. But it should not become another milking cow. That is the form of the Labor governments, be they state or federal.

Mr Russell—As part of this long-term agreement there is a ratchet-down clause in our costs at the end of this time by five per cent.

Senator McGAURAN—What does that mean?

Mr Russell—We are expected at the end of this five-year agreement to be operating this organisation more efficiently than we are.

Senator McGAURAN—Is that like an efficiency dividend imposed from the government?

Mr Russell—No, to the airlines. They are expecting to pay us less to operate.

Senator McGAURAN—And therefore charge less?

Mr Russell—Yes, they are.

Senator McGAURAN—That is a great clause. That is very encouraging. In fact, your prices are going down, not up?

Mr Russell—That is effectively what will occur. As part of the reform program in this organisation fundamentally we have been about efficiencies and driving costs down in the organisation.

Senator McGAURAN—Nevertheless, your revenue is increasing simply because of turnover?

Mr Russell—Yes, it is. There has been a significant growth in activity in Australian aviation in the last few years.

Senator McGAURAN—That is very interesting. Laced through your discussion with Senator O'Brien was reference to a shortage of air traffic controllers, which is a big problem. You outlined how you were going to meet that challenge, including that you are bringing in international operators; is that right?

Mr Russell—Bringing some into Australia?

Senator McGAURAN—Yes.

Mr Russell—Yes, we have. In 2006 the organisation did its first work force plan and identified some of these shortages at that stage. We implemented a program in the first instance to attract some air traffic controllers from overseas. We have attracted 25. Some of them have needed retraining in that period. Most of them are now in our work force.

Senator McGAURAN—That is great.

Mr Russell—That is not enough.

Senator McGAURAN—Will you have more in 2008?

Mr Russell—No, we are not seeking to attract them from overseas. We are looking to ramp up our training in our own facility in Melbourne. This year, for instance, our aim is to train 80 air traffic controllers. It takes over a year to do it.

Senator McGAURAN—Australians?

Mr Russell—Yes. And next year 100. We are really ramping up our operation.

Senator McGAURAN—Where are we getting them from? Out of school?

Mr Russell—Largely, yes. It is a competitive marketplace. It is important to tell you that we are having a look at how we have gone about recruiting as well.

Senator McGAURAN—With respect to the 25 from overseas, do you have a plan for 2008-09 to recruit more from overseas?

Mr Russell—No, we are concentrating our activities in Australia.

Senator McGAURAN—That is good. Where did the 25 come from?

Mr Russell—Some were from Canada, some from the United Kingdom, and a couple from South Africa. They bring experience, for instance, operating in radar airspace around Heathrow, which a couple of them have done. They bring real experience to us.

Senator McGAURAN—Are they on 457s or permanent residency? Do you know?

Ms Fleming—Yes, they are on 457 visas at the moment.

Senator McGAURAN—What is the turnover time for those?

Ms Fleming—My understanding is that it is around 18 months.

Senator McGAURAN—That is one way. Your college is another.

Mr Russell—Yes.

Senator McGAURAN—Also, I could not help hear laced through all your discussions that there is a real problem with sick leave. If you could address that, it strikes me that that would be equivalent to 25 air traffic controllers or thereabouts. I plucked that figure from the air.

Mr Russell—The issue of absenteeism is something that we are addressing with a concerted program. Our air traffic group has unlimited sick leave as part of its certified agreement. We think that it is possible by just about every benchmark we see to improve the numbers of, for instance, days taken, particularly single days taken, in sick leave through that

group, and we are working on a careful program to bring about some significant cultural change in that area.

Senator McGAURAN—This highlights—and you can confirm this or not—what a problem the great Aussie sickie is in the towers. You mentioned that they have unlimited sick leave. I think that is your problem. On 4 April I am told that half the air —

Senator HEFFERNAN—I would like to congratulate Airservices Australia. Well done.

Senator McGAURAN—I have no qualms about that.

Mr Russell—I was not responsible.

Senator McGAURAN—I do not know of any other sector that would have unlimited sick leave.

Senator NASH—Do you have the average utilisation of the unlimited sick leave? While it might be unlimited, do you have figures on what the average sick leave is?

Mr Russell—We are budgeting in our air traffic group for between 10 and 11 days a year sick leave. In some parts of that group that number is higher. It is part of the management challenge in that part of the organisation to bring that to more realistic levels.

Senator McGAURAN—What is your relationship with the union? You are going to have to get down and dirty with them and say, ‘We can’t have this rorting going on and unlimited sick leave.’ They are taking advantage of it. We have a case. On 4 April in Sydney half the air traffic controllers rang in sick.

Mr Russell—Perhaps I could take that up. There were six air traffic controllers on what we call Sydney approach. It was a Friday afternoon.

Senator McGAURAN—Friday no less.

CHAIR—Senator McGauran, give Mr Russell a chance. Carry on, Mr Russell.

Senator McGAURAN—It is the busiest time for Sydney airport traffic; is that correct?

Mr Russell—Yes, Friday is a very busy day.

Senator McGAURAN—The busiest.

Mr Russell—Three of them called in sick that afternoon. We were able to bring someone in from leave to fill one of the slots. Unfortunately it created some delays into Sydney that afternoon, yes.

Senator McGAURAN—My two colleagues over here are former unionists. Let us just tell it as it is, call a spade a spade. There is nothing wrong with the entitlement of sick leave. But when it is being rorted, why don’t you call a spade a spade.

CHAIR—Are you directing the question to me, Senator McGauran?

Senator McGAURAN—You are the one who is interjecting on me.

CHAIR—No, we are not.

Senator McGAURAN—And snarling in the background. You will not face the facts. Genuine sick leave is fine, but let us face it, we have uncovered here the air traffic controllers taking to new heights—sky heights—the great Aussie sick leave entitlement. I think most

Aussies would be amazed that they have unlimited sick leave. When was that negotiated with the union? They have done you over, Mr Russell.

Mr Russell—When I ask that question I can never get a definitive answer. It was long before my time. Let me just say that we recognise that this is an area of the organisation that requires careful management and that is what it is getting.

Senator McGAURAN—It is going to require more than careful management. This was once done during the Reagan years. Sooner or later you are going to have to confront this problem. This is the root of your problem. This is the problem, when half—

Senator Conroy—Did you not notice this? For 11½ years you did not actually notice this?

Senator McGAURAN—On 4 April this year half the air traffic controllers rang in in Sydney, on a Friday, sick.

Senator HUTCHINS—I can make a contribution on this.

Senator Conroy—What did you do about it?

Senator HEFFERNAN—Is this on the air traffic controllers going on unlimited sick leave? For your benefit or anyone else who wants to listen to this, I can give a little homily on what has happened in the past. In New South Wales, prior to 1988, the sick leave arrangements on New South Wales government railways was 12 weeks a year, which fully accumulated and was fully paid out so that after 15 years' service you had a year's accumulated sick leave. That was paid out whether you were sick or not. They negotiated that away, because there were dodgy medical certificates. People would say to the family doctor, 'Mate, I need a couple of days off.' 'Oh, well, you've been coming to see me for 20 years. Yeah, mate, here is a medical certificate.' It became the greatest rort of all time. They got to the point where they couldn't find train drivers. They were all bloody off sick. Now you will not have any air traffic controllers if it becomes part of the culture. The medical profession are lent upon. You might be a father of five kids. If you have five kids going to the same doctor, you form a relationship with your doctor and it puts him under pressure even though you are not intending to put him under pressure. It would be a bloody disaster. There are people who require sick leave. Sick leave is a very compassionate clause in any award.

CHAIR—May I add some commentary there. I am listening, but I think for the purposes of getting back to—

Senator HEFFERNAN—Am I going too far?

CHAIR—I hear the rumours that the insurance companies lean on doctors to knock back workers compensation claims. But that is not for this committee.

Senator HEFFERNAN—No, but it would be a fairly—

CHAIR—I think you are casting aspersions upon perhaps the senior management that negotiated this clause.

Senator HEFFERNAN—No, I am not.

CHAIR—Does it really matter for this committee?

Senator HEFFERNAN—He has got five kids; he is a hero.

Senator McGAURAN—This is the problem. Sooner or later they are going to have to knuckle down. I think they are up to it. I really think this mob is up to it.

Senator HEFFERNAN—It is inviting people to have a crack at it.

Senator HUTCHINS—I must be a superhero; I have six.

Senator HEFFERNAN—They have changed the rostering in policing, which has made managing the police impossible. They have all taken second jobs because they have so many days off and then a long time off.

CHAIR—Mr Russell, you may wish to answer or you can take on notice or you can—

Senator HEFFERNAN—All I am saying is that it took the New South Wales government 20 years to get back to a reasonably compassionate controlled sick leave arrangement. After 14 years if you were there under the old scheme, you got a year's sick leave paid to you for when you retired whether you were sick or not. Sick leave is designed to assist people who are sick.

CHAIR—Thank you for that.

Mr Russell—We do not see evidence of roting, but we do think it can be better managed. That is what we have got in front of us.

CHAIR—Mr Russell, you and your senior management team will no doubt sit down with your employees or however you may do it, with their representatives, and you are more than capable of having those negotiations. I do not think you need to have Senator McGauran holding your hand.

Senator Conroy—Senator McGauran is available if you need help.

CHAIR—Senator McGauran, do you have any more questions to the officers?

Senator McGAURAN—Yes. Still on the Friday, 4 April, peak hour in Sydney with only half the air traffic controllers. You would think they would have had the decency not to call in sick on a Friday, but anyway. That was their call.

Senator Conroy—You do not even turn up.

Senator McGAURAN—How much notice did they give, by the way?

Mr Russell—I can check the details, but it was fairly short notice.

Senator McGAURAN—Of course it was short notice. It is a culture. I have absolutely no doubt about that from the feedback I get. It is placing traffic in danger in Sydney, without question. I mean, three air traffic controllers—and you are scrambling around to try and replace them and you only replaced one—on a Friday afternoon in Sydney. That is a contemptible attitude. I think there is a problem with your relationship. I agree with the chairman on this in that you really are up to it, but sooner or later you are going to have to get down and dirty and have a fight. You watch them; they will all walk out because they do not want to lose this lurk. But you are going to have to face it sooner or later. If the government has any backbone, they will support—

Senator Conroy—Did you not notice this in government at all? For eleven and a half years you did not actually notice this?

Senator McGAURAN—All I know is on 4 April in Sydney, which was in the term of your government, air traffic controllers took a liberty—

CHAIR—Senator McGauran—

Senator McGAURAN—that placed traffic in a shemozzle.

CHAIR—The officers have answered that question. Mr Russell has put forward his views. I think the question has been answered. You continue to harp on the same question. Senator McGauran—

Senator Conroy—Are you actually going to ask a question?

CHAIR—If you have more questions of the officers, please move forward.

Senator McGAURAN—Is there a difference between absenteeism, which you mentioned before, and the sick leave? They are not one and the same in my view.

Mr Russell—Absenteeism covers long-term sick leave, those sorts of issues. Our program is about absenteeism generally, because we think we can improve in a number of these areas.

Senator McGAURAN—But absenteeism might be when they just do not turn up; not that they are sick, just that they do not turn up.

Mr Russell—That is part of the management challenge, to make sure that we improve the situation.

Senator McGAURAN—What are the reasons for high absenteeism as distinct from sick leave?

Ms Fleming—Generally absenteeism refers to short-term sick leave. It is generally used in that form, single day absences, et cetera, whereas sick leave can be longer term when people have illnesses, operations, that sort of thing. Generally people refer to absenteeism as short-term single day-type absences.

Senator McGAURAN—Although on 4 April that disgraceful event occurred where half the air traffic controllers called in sick, apparently the greatest incidence of sick leave is in Melbourne. Is that true?

Ms Fleming—For single day absences?

Senator McGAURAN—Sick leave, calling in for sick leave.

Ms Fleming—I could not tell you. I am sorry. We would have to come back with that.

Senator McGAURAN—Can you?

Mr Russell—I cannot. But we are happy to take that and any other questions on notice, if you like.

Senator McGAURAN—Can you provide the total figure, and an airport figure, of the sick leave taken from Melbourne, Sydney, Brisbane Perth, Adelaide and Darwin?

Mr Russell—We do not provide air traffic control for the airport in Darwin; it is a military airport. For the ones that we operate, yes, I can provide that information.

Senator McGAURAN—That is sick leave? Official sick leave? And you can then distinguish it from absenteeism? Or can you not?

Ms Fleming—You cannot really because once you say ‘absenteeism’ you are making a judgment that people are not sick and they have just decided to take the day off. We do not make that judgment. If people say they are sick, then they are sick. When people have one day off we do not ask them for a medical certificate. They have to provide one if they are off longer than a day. It is a judgment call if you say that everybody who takes a day off is absent.

Senator McGAURAN—As to the days off, if you do not have to supply a medical certificate I bet most people take one day off.

CHAIR—Senator McGauran, you asked a question and the officers said they would do that. Next you will want senators to walk in here and clock on and stay in the room all day.

Senator McGAURAN—Could you break it up according to the days taken off?

Ms Fleming—We can certainly break it up by single day absences compared with absences that are longer, two or three weeks even. We class long-term sick leave, which is another whole area which requires case management, et cetera, at three weeks and above. We do break it down into the short-term, single days and then the long term. We can do that.

Senator McGAURAN—As an average per worker?

Ms Fleming—Yes, we could do that.

Senator McGAURAN—As a percentage of working days lost; percentage to working days?

Ms Fleming—Yes, we normally record it by day. The air traffic controllers are all shift workers.

Senator McGAURAN—So that we see how many days are lost in sick leave, a ratio?

Ms Fleming—Yes.

Senator McGAURAN—An average per employee? We have established that it is an unlimited entitlement. I would like the total number and the total according to each airport so that we can establish the days lost. This is a union problem as far as I can tell.

CHAIR—It is a what problem?

Senator McGAURAN—This is a union problem. It is part of the certified agreement.

Senator Conroy—Are they even affiliated to the ACTU?

Senator McGAURAN—Are they? Mr Russell, are they? It is irrelevant whether they are or are not.

Mr Russell—I am not aware. I do not know.

Senator McGAURAN—‘No’ you do not know?

Mr Russell—I am sorry, I do not know.

Senator McGAURAN—The minister asked the question so I am interested to know whether they are. Can you please take that on notice?

Mr Russell—Yes, we will.

Senator McGAURAN—It is not relevant, but the minister thought it was. Because if they were you can bet that the support for them would double. It would double if they were affiliated. Nevertheless, I believe this is a union problem. It just cannot go on. When you have half the air traffic controllers walk out on a Friday at Sydney Airport, that is a problem. One day you will not be able to fix that. It is way too serious for the passengers. They do not know half the time. I am not saying that they should. But as it has come to light, it is a problem in your court. You have told us you will address it. But I point out to you—and would you agree?—there is only one way to address this, and that is with the union. When is the next time the certified agreement is being negotiated?

Mr Russell—We are to commence or have commenced just recently the negotiations for the certified agreement with our air traffic controllers, which is due to expire in December this year. These are the sorts of issues that we will be discussing in that context.

Senator McGAURAN—On this issue what are you discussing?

Mr Russell—The general issue of absenteeism is one issue.

Senator McGAURAN—They will talk you under the table, Mr Russell. Do not worry about that. But what are you going to conclude with the union; that there will be a cap on sick leave?

Mr Russell—We are formulating—

Senator McGAURAN—Talking will not get you anywhere.

Mr Russell—We are formulating our views on a range of issues, some of which require some fixes that have been needed in this organisation for a long time. For instance, training and those sorts of commitments that we want to make, and—

Senator McGAURAN—We are heading towards the bad old days. It is very hard for you, Mr Russell—

CHAIR—Senator McGauran, you have asked Mr Russell a question. At least hear the answer, please.

Mr Russell—Our aim is to take our proposals to a board meeting that is coming up in the next couple of weeks and from there engage with the unions in some detail on some of these issues.

Senator McGAURAN—Is one of those details a cap on—

Mr Russell—Improving the issue of absenteeism is certainly one of the issues on the agenda, yes.

Senator McGAURAN—Given that it now has reached the crucial point, because you are in negotiations—

Mr Russell—We are not into the detail of the actual issues so far. There is a lot of preliminary work to be done.

Senator McGAURAN—Mr Russell, like your organisation and others, particularly with a Labor government, you cannot do it on your own. You have to have government support on

this. They have to back you. In our early days we had a seminal point not dissimilar to this on the waterfront. And without government support—certainly moral support—

Senator Conroy—I can just see it now.

Senator McGAURAN—The waterfront would not be the efficient operation it is today. Because the unions—

Senator Conroy—Can I have some of what you are smoking?

Senator McGAURAN—I object to that, Mr Chair.

Senator Conroy—I want some of what you are on.

CHAIR—Some of the committee would like to have the ability to ask questions rather than hear you preaching your views on organised labour and whatnot. Senator McGauran, if you have some more questions?

Senator McGAURAN—Isn't that amazing? We just had three hours on CASA with Kerry O'Brien unhindered and now you are trying to—

Senator Conroy—No, he was asking questions.

CHAIR—There is a bit of a difference, Senator McGauran. He was asking questions and giving officers the chance to answer them. So, I will go back to it, Senator McGauran: if you have some questions, please put them to the officers.

Senator McGAURAN—I do have questions. You are misreading estimates, both of you, deliberately I dare say. This is not just a straight question and answer. Estimates has always been a back and forth process. It is not a regimented—

Senator Conroy—Senator McGauran, you are doing all the back and forth.

CHAIR—Would you like to ask some questions, Senator McGauran, rather than preach to us—

Senator Conroy—You are answering your own questions.

CHAIR—about your views on industrial relations?

Senator McGAURAN—Mr Russell, will you approach the minister for support in this matter? As I said, this is a seminal moment for your organisation, the air traffic controllers and the safety of the airspace. As I said, you cannot do it without government support, just as we had to support the reforms on the waterfront. This is not dissimilar. You cannot do it without government support. You must approach the minister for that support to take on the union. We were a Liberal government fighting a Labor movement. Now we have a Labor government, will they tackle a union of this strength? We know their strength and their capacity to walk out. That would shut down the airports.

Senator Conroy—And you did not deal with them. Why did you not deal with them? Why did you wait until you were out of government to decide to—

Senator McGAURAN—You would be interested to know that the level of strikes under the previous government was at record lows. We did not have that sort of trouble. The unions would not pull that sort of threat on. However, let us get the figures, to accommodate the minister, in regard to absenteeism over the last three years, if that is not too much. I really

only need them over the last two or three. But I do not want to put you to too much work, just so we get a trend, anyway, and can see if it is a cultural—

Mr Russell—Perhaps I could answer the senator's question: will I be in discussion with the minister about this issue? Yes, of course I will. I have already had a preliminary discussion with him and sought his views and we have a good working relationship with him. I expect that he will be closely informed as we go through this process.

CHAIR—You have been around long enough, as we all have. Without question the union will threaten strike action. Of course, we know that would be devastating. That would shut the airports. It would be back to the old days; it would bring business and travel to a halt. That is the weapon they have, and they will do it. I have no doubt. It is not a bluff; they will do it. Has the minister indicated to you or will you directly ask him whether, when it reaches that point, he will support you?

Mr Russell—I will keep him closely informed. I am of the view that, although these are difficult issues, we have a relationship with our unions where I am confident we can find ways through these issues.

Senator McGAURAN—You are dreaming. Unless you show a bit of muscle, Mr Russell—

CHAIR—Senator, McGauran, if you are going to hypotheticals, you are starting to stretch the bow a little bit now.

Senator Conroy—This is way beyond hypothetical.

Senator McGAURAN—No, it is not hypothetical, because the form is on the board.

CHAIR—Just direct questions and accept the answers. Whether you like them or not, the answers will be the answers.

Senator McGAURAN—Mr Russell, would you agree that there is a culture of absenteeism in the towers?

Mr Russell—I think there has been a need for better management in this organisation for some time. This is one aspect of it. We are hoping to bring that management to bear on a number of these issues. We are in the process of doing so. I mentioned earlier there is a wide-ranging program of reform in this organisation. We have kept our employees and the unions informed. That will not change going through this certified agreement negotiation.

CHAIR—And you mentioned that a lot earlier. Thank you, Mr Russell. Senator Fisher, who has been waiting very patiently.

Senator Conroy—Patiently beyond belief. You are a patient man to put up with that.

CHAIR—On this subject?

Senator FISHER—No, but perhaps we can go with this subject.

Senator Conroy—Stop sucking up to them, Nash. You ratted on them.

Senator FISHER—In terms of complying with your organisation's legislative obligation to protect the environment from operational effects of the use of aircraft, can you explain how

you see that unfolding in practical terms? What do you do to discharge that legislative obligation?

Mr Russell—Thank you for the question. This is an issue that is very much top of mind in the international aviation industry at the moment, particularly with the price of fuel where it is. Fuel burning and emissions are absolutely connected. Airservices has had a long history of bringing about efficiency improvements in our air traffic system and there are, as you may know, a number of techniques that we use on a daily basis to shorten track miles of the aircraft flying, for instance, from the Gulf States, Singapore and Bangkok where they pick up the trade winds that blow across from west to east and that reduces not just the flying time but the fuel burn. Some of those examples are quite dramatic. On average on a flight from Dubai to Sydney, Emirates, for instance, on that long-haul flight is saving about 4½ tonnes of fuel simply by us giving them flexible air routes to fly the route. Similar, although not quite as dramatic, savings are occurring on flights from Asia. We have done work for many years across the Pacific with Qantas and United and others, and recently we have signed an agreement with the American Federal Aviation Administration and Airways New Zealand to work to reduce emissions of aircraft flying across the Pacific. So, we are going to work even closer on these issues.

Senator FISHER—Thank you. That is in respect of emissions, which as you say, are very topical and very important. What about in respect of noise?

Mr Russell—This organisation has had a long involvement in the issue, and our noise monitoring at the major airports and some of the RAAF facilities in Australia is part of our daily operations. We report regularly and publicly on those issues in terms of complaints and complainants.

Senator FISHER—Do you do ongoing monitoring of major airports in terms of noise?

Mr Russell—Yes, we do, and in fact this is an area of our organisation we are in the process of upgrading with some better technology.

Senator FISHER—There has been press about the expansion of Canberra Airport—for some, long awaited—and, in particular, comments about the projected increased aeroplane movements and the likely increase in noise. What assessment, particularly of the potential noise impact, of the expansion of Canberra Airport has Airservices done?

Mr Russell—This has been a long running issue, as you would probably be aware. Our job is to review and endorse the ANEF that is prepared by the airport.

Senator FISHER—The ANEF is?

Mr Russell—The Australian Noise Exposure Forecast.

Senator Conroy—When you say ‘endorse’, either endorse or not endorse.

Senator FISHER—I am sorry I did not hear any of that other—

Mr Russell—Technically endorse or not endorse it, as the case may be.

Senator FISHER—I am sorry. It is the Australian Noise Exposure?

Mr Russell—Forecast.

Senator FISHER—Who does that?

Mr Russell—We are charged with a review of the noise forecast that has been prepared by the proponent, in this case the airport, and we either then endorse that ANEF or we do not endorse it. That is technically what our job is to do.

Senator FISHER—Where are you at in that process in terms of the proposed expansion of Canberra Airport? I presume Canberra Airport has produced a forecast, an ANEF in your language, and have they asked you to endorse it?

Mr Russell—Let me, if I may, refer that matter to Mr Dudley who has been following this issue for some years.

Senator FISHER—As have the press.

Mr Dudley—Thank you. At the moment, where we are at is we are still in the process of assessing that ANEF for Canberra Airport, to assess whether we will technically endorse or not that Australian Noise Exposure Forecast. The reason for the delay in coming to the finalisation of that is due to several Federal Court matters that were brought before the Federal Court. We had to wait for the outcome of those Federal Court proceedings, which occurred earlier this month, and we are moving through the technical assessment process as we speak.

Senator FISHER—Who mounted those Federal Court proceedings?

Mr Dudley—The proceedings were brought against Airservices Australia by the Village Building Company.

Senator FISHER—Correctly or not, Village Building Company has been the subject of press reports, of course, of which I am sure you are aware, not the least of which a story in Sydney's *Daily Telegraph* during February this year suggesting that the Village Building Company was a significant donor to the New South Wales Labor Party and suggesting that Village Building Company has been a significant donor to Wollongong city councillors.

Senator Conroy—Is Mr Snow a significant donor to the Liberal Party, the man who owns and runs Canberra Airport?

Senator FISHER—Minister, I think this is—

Mr Dudley—Senator, I am not in a position to—

Senator Conroy—I am sure he is. I am sure they refused to even run an ALP ad on their billboard at the airport at one stage.

Senator FISHER—It is for members of the committee to ask questions. Minister, I think you are there to answer questions, rather than ask them.

Senator Conroy—I just wanted to clarify. I was confused.

CHAIR—Senator Fisher has the call.

Senator FISHER—Thank you, chair.

Senator Conroy—They actually refused.

Senator McGAURAN—This is misrepresentation.

CHAIR—Senator Fisher has the call.

Senator FISHER—I will take Mr Dudley back to the answer. These proceedings were mounted, if I understand it correctly, by Village Building Company against Airservices in respect of the prospect or not of Airservices endorsing an ANEF produced by Canberra Airport. Is that correct in layperson's language?

Mr Dudley—Specifically, Village Building Company challenged Airservices Australia's endorsement process for the Australian Noise Exposure Forecast as prepared.

Senator FISHER—Has the Federal Court delivered a verdict in that challenge.

Senator Conroy—Snow is a huge donor to the Liberal Party, isn't he? I am sure he is.

CHAIR—Ignore the interjection, Senator Fisher.

Senator FISHER—Happily.

Mr Dudley—The Federal Court has handed down its decision, Senator.

Senator FISHER—And what was the decision?

Mr Dudley—The decision, more or less, without having the full judgment, the decision found in favour of Airservices Australia.

Senator FISHER—Does that leave it open, consistent with what Mr Russell indicated before, to Airservices to endorse or not the ANEF? Is that right?

Mr Dudley—That is correct.

Senator FISHER—When was the Federal Court decision handed down?

Mr Dudley—The original decision was handed down on 29 October 2007. That matter was appealed and the final decision was handed down on 10 April 2008.

Senator Conroy—And the major beneficiary is Mr Snow; a serious donor to the Liberal Party.

Senator FISHER—10 April 2008.

Senator Conroy—And it is the best shopping centre any airport in the country could have.

Senator FISHER—Six to eight weeks ago. I have not asked you about the ANEF. What did that forecast?

Mr Dudley—Without going into specifics, what has happened since the Federal Court handed down its decision is we examined the decision and it raised a number of matters.

Senator FISHER—I am sorry, no. What did the ANEF forecast in respect of noise levels?

Mr Dudley—I would have to take that on notice. I do not have the exact figures in front of me.

Senator FISHER—Is it good, bad or indifferent?

Mr Dudley—That is not what we assess. The technical endorsement process that Airservices undertakes is to see if it is technically feasible for the number of aircraft and the type of aircraft proposed by the proponent to use the runway configuration as outlined in the master development plan; if that is technically feasible or not. That is what we make a

decision on and we examine how they have arrived at that technical feasibility and whether it is technically feasible to land that number and that type of aircraft on the given runway configuration or not.

Mr Russell—If it is helpful, we do not comment on how the number has been arrived at. That is the technical difference here.

Senator Conroy—Do you think you could fit any more shops on that site? That is if I get around to running an airport eventually.

Senator FISHER—It depends how many houses are built, perhaps.

CHAIR—Carry on, Senator Fisher.

Senator FISHER—The Federal Court made a decision some seven to eight weeks ago. It is now open, as I understand it, to—and correct me if I am wrong—Airservices Australia to endorse or not the ANEF. Is that correct?

Mr Dudley—That is correct.

Senator FISHER—Where are you at in that process, given that the Federal Court decision was delivered on 10 April this year?

Senator Conroy—Are you that desperate to help out one of your donors?

Mr Dudley—In the interceding period after 10 April, we analysed the Federal Court's decision. It was a decision that required some analysis by us to see if there were any issues that needed to be drawn to our attention. We did that piece of work and it raised a couple of questions, which we have been working through with the proponent, Canberra International Airport.

Senator FISHER—What sort of issues were raised as a result?

Mr Dudley—Some of the issues that were raised included clarification from the Department of Infrastructure, Transport, Regional Development and Local Government regarding whether or not the Canberra Airport's runway capacity study meets the requirements of the approved manner.

Senator FISHER—Meets the requirements of the approved manner?

Mr Dudley—The approved manner for endorsement. There is an approved manner for the technical endorsement of the ANEF.

Senator FISHER—Manner or matter?

Mr Dudley—Manner.

Senator FISHER—That must be industry verbiage. Thank you. And what else?

Mr Dudley—Also there were two issues that we wanted clarity on in regard to the proponent's, Canberra International Airport's, ANEF process and we have received one clarification back from Canberra International Airport and we are seeking just clarification on one outstanding issue.

Senator FISHER—What are those two aspects on which you sought clarification from Canberra Airport?

Mr Dudley—I would have to take those on notice.

Senator FISHER—You do not know?

Mr Dudley—The first one I cannot remember the exact content. The second one is a matter, which relates to the consultant's process for undertaking the runway capacity study, which was part of the Australian Noise Exposure Forecast.

Senator FISHER—You have given me a flavour of the second matter. As to the first matter—

Mr Dudley—It was of a similar vein, cross-checking the information that had been provided, but cross-checking it in relation to the decision that had been handed down by the Federal Court.

Senator FISHER—Does the ANEF show that the airport surrounds will be impacted upon by increased noise if the Canberra Airport expansion proceeds?

Senator Conroy—Goodness, no.

Mr Dudley—The actual ANEF contour plan is about the capacity of the existing runway configuration to take the projected number and type of aircraft that the proponent in this case, Canberra International Airport, is proposing will utilise that runway configuration into the future.

Senator FISHER—That is consistent with what you said earlier. If that is the case then in what way is Airservices going to carry out what I see as the other aspect of its legislative obligation to ensure that, as far as practicable, the environment is protected from the effects of operation and use of aircraft? Noise is an effect of the operation of use of aircraft, so if noise, consistent with what you have said, is not a factor in the ANEF then how can Airservices reassure the neighbours of Canberra Airport that Airservices is carrying out or has carried out its legislative obligation to ensure that, as much as possible, the environment is protected from the noise effects of the Canberra development?

Mr Dudley—The Australian Noise Exposure Forecast is exactly that. It is a forecast of the noise exposure that will result from the projection of aircraft and type of aircraft on the runway configuration, so the ultimate issue here will be the amount of noise that may or may not be generated, indicated by contours on a map, and the baseline of that information is determined by the number and type of aircraft that will use the runway configuration that the proponent has outlined. The actual instrument itself, which we are technically endorsing or not, is the actual instrument to determine the forecast of noise associated with those projected events.

Senator FISHER—Let us presume that you were to endorse it as correct, would you then make an assessment of the noise impact resulting from that ANEF as against today? You must do something with it because otherwise how are you going to, as I see it, ensure protection of the environment from the operational noise resulting from aircraft? If all you do is endorse a report saying noise will be X, without any evaluative assessment of X, whether it is more, the same or less, for example, than the current operating environment, then explain to me how you are carrying out your legislative obligation.

Mr Dudley—Essentially the Australian Noise Exposure Forecast will highlight through the contour mapping that is the ANEF the highest concentrations of noise in close proximity to the end of the runway thresholds at any particular airport and in decreasing amounts of projected noise as you get further away from the airport. There are other legislation accountabilities and other requirements which detail and provide guidance to planning authorities, which are outside the domain of Airservices Australia's accountabilities for what should and should not be allowed to proceed in terms of residential or other types of development within those contours as defined by the ANEF. Airservices has no accountability in terms of land use or land planning to that extent. We merely technically endorse the Australian Noise Exposure Forecast. It is up to other jurisdictions to make determinations on the level of effect that might occur to residential, industrial or other land uses if they choose to consider a development within those specific contours as outlined by the ANEF.

Senator FISHER—As I understand it in this particular case, in earlier times an independent authority advised the New South Wales planning minister that the effects of noise would be deleterious and therefore he should not approve the development. Indeed, Martin Ferguson, when shadow transport spokesman for the now government wrote to Minister Sartor expressing his view that the development should not go ahead. If reported correctly in the *Daily Telegraph*, Mr Ferguson says, 'The last thing we need in Canberra is the ongoing controversy which plagued Sydney Airport and that is just as much your responsibility,' he writes to Mr Sartor, 'as it is the Australian government's,' urging him not to grant the release. We have a Federal Court decision handed down on 10 April, so when do you expect that Airservices will make its final deliberations to the extent that you make them in respect of the ANEF?

Mr Dudley—I expect the decision is imminent very soon.

Senator FISHER—How imminent is imminent?

Mr Dudley—Within the next few weeks.

Senator FISHER—Do you publicise your decisions as a matter of course?

Mr Dudley—We will formally advise the proponent, in this instance Canberra International Airport, of our decision and then it is up to the proponent to forward their master development plan through the appropriate approval channels from that point on, which incidentally includes scrutiny by the minister at that point in time.

Senator FISHER—You will inform the proponent?

Mr Dudley—Yes.

Senator FISHER—You will also effectively inform the minister.

Mr Dudley—Yes.

Senator FISHER—Is there any degree of public access to that information?

Mr Dudley—There is access to Airservices Australia's decision in that process.

Senator FISHER—By whom and how?

Mr Dudley—Most of this process is already in the public domain, in any case, as a result of the Federal Court proceedings, but if there is any inquiry by members of the public then our decision-making process is open and transparent.

Senator FISHER—If a member of the public or a senator were to call Airservices and ask about your final deliberation, we would be entitled to be told the results by you, Mr Dudley?

Mr Dudley—Or one of my officers, most certainly.

Senator FISHER—Thank you.

CHAIR—Thank you, Senator Fisher. Are there any other questions from members of the committee? Senator Nash?

Senator NASH—Thank you. I would like to ask about the E-Change Program. Can you run through what that is, what it does and how it works?

Mr Dudley—Yes, I can. Thank you for the question. As Mr Russell pointed out earlier, Airservices' commitment to the environment is threefold. We have what we call our Aerogreen Program and our Aerogreen Program is some of the initiatives that we are undertaking to reduce our airline customers' in-flight fuel burn and therefore the emissions generated by that fuel burn. A second part of the program is E-Change and that is where Airservices Australia is looking at its own carbon footprint. At the moment Airservices Australia contributes 58,782 tonnes of CO₂ and we are looking at initiatives within the organisation to how we might be able to reduce that footprint as a responsible component of our environment work, and by looking at energy and water usage, looking at our facilities of which we have hundreds around the country, both large and individual, whether we can move towards solar power on some instances, whether we can reduce our footprint through a range of initiatives. Those matters are being investigated as we speak, with the view to the executive considering some options about how we may move forward on those initiatives in the not too distant future, and of course that would be taken to our board for consideration.

Senator NASH—An E-Change program has an independent audit. Has that happened or is that something that is planned for the future? What is the status with the audit?

Mr Dudley—If I understand the question correctly, the audit is a consultancy piece of work, where we are auditing—and part of the reason I can quote the 58,782 tonne footprint is we have audited to date what our exact carbon footprint is and what is generated from that carbon footprint.

Senator NASH—Is that an in-house thing or is that publicly available?

Mr Dudley—It was an in-house thing for our in-house consultancy that was undertaken for us to establish it.

Mr Russell—We could provide it.

Senator NASH—If you can provide it that would be great.

Senator McGAURAN—Is it true that absentees have increased in the Melbourne centre—absenteeism, as distinct from sick leave—and it has conveniently coincided with the Airservices decision to change the night shift staffing procedures in low volume sectors controlled from Melbourne?

Mr Russell—Ms Fleming, would you take that or would you like to take it on notice?

Ms Fleming—I could take that on notice. I do not have the figures in front of me, but we can bring them back to you.

Senator McGAURAN—Is it true that those changes introduced in the low volume sectors controlled from Melbourne have not been welcomed by the union and, in fact, they have instructed their air traffic controllers to ignore them?

Mr Russell—There has been an ongoing issue with respect to this matter, which is still under some discussion with the union at the moment. It goes to the question of double manning overnight shifts on this particular part of airspace, and at the moment we still do not have a resolution of it. We are still in discussion.

Senator McGAURAN—Is it affecting the procedure?

Mr Russell—No, it is not. The matter is still under some discussion with the union.

Senator McGAURAN—Is it true that Airservices management is of a view that it is a violation of the existing certified agreement not to adhere to these procedures?

Mr Russell—We had a system in Brisbane that operated on a single man doggo, as we call it, and in Melbourne a double, and the two systems were operating. We sought to bring them into line and make what we considered to be more effective use of the staff involved in those overnight sectors, but the issue is still under consideration and discussion with the union.

Senator McGAURAN—Is it your view that this is a breach of the certified agreement?

Mr Russell—I do not believe so because there was one system operating in Brisbane and another in Melbourne, so no, I do not see it that way.

Senator McGAURAN—Because there is a certified agreement, you may not get the upfront publicity, public strikes, certainly not before the last election.

Senator Conroy—If I could just add some information, which is relevant to both this question and a number of questions and statements that you have made over the course of the afternoon. The fall in industrial disputes after 1993 enterprise bargaining reforms by Labor was 51 per cent. After your reforms in 1996 it was only 32 per cent. So, this claim that you keep trying to make that your reforms led to the greatest ever reduction in industrial disputes does not actually stand up in facts. I thought you might want to factor some facts into your stream of consciousness.

Senator McGAURAN—I was not born yesterday. Those percentage figures are not a reflection of the facts and the truth when you are talking about percentage drops. We can debate that one, but let us—

Senator Conroy—You have been debating it all afternoon.

Senator McGAURAN—Do you want to discuss that point? I would not like to take up the time of the committee. I am being very cooperative as it is.

CHAIR—I think enough time has been wasted in this committee in the last three days.

Senator McGAURAN—A percentage drop by the previous government—it was at one of its highest levels—so of course the percentage drop is going to be greater. I would leave it at that.

Senator Conroy—Airservices Australia is an organisation that was run, controlled and appointed by your government for 11½ years.

Senator McGAURAN—I am talking about the previous figure.

Senator Conroy—All of a sudden you have decided you want to take up industrial relations with it.

Senator McGAURAN—Because there is a certified agreement in place and it is under discussion now and because of the publicity that is attached to it, particularly before the last election, we may not get the strike factor, but what we have got here is a strike under cover by absentees and sick leaves. This is what they are pulling on you. It is as obvious as the nose on the minister's face. Of course he does not want to accept it, but the problem is there. It is strike under cover. They just walk out on you. Absentees lifted in Melbourne when they did not agree—and they have been instructed by the union—with the new changes to the night shift. It is so obvious. I have seen Mr Dudley jotting something down, so I am happy to hear from him.

CHAIR—Hopefully it is not his resignation. Do not panic, Mr Dudley, it will be over by tonight eventually.

Senator McGAURAN—Would you agree that this is a method by the union?

Mr Russell—If I can say this, whether Mr Dudley is writing it down or not, I feel the same way, and that is that we see no evidence of some sort of concerted campaign here. What I have said to you earlier is that this area of the organisation, in terms of absenteeism and attendance, is an area that we frankly needed to improve and that is what we are working on.

CHAIR—You have said that on a number of occasions and we have acknowledge that. It is just sad you have to keep repeating that.

Senator McGAURAN—Well, in a letter from yourself, I suspect to your clients, you concede there is a cultural problem.

Mr Russell—There is a cultural problem.

Senator McGAURAN—Of absenteeism and sick leave.

Mr Russell—But there is no concerted campaign. That is the point I am making. I am about changing the culture of the organisation. These are hard yards. This is an integral part of our reform process.

Senator McGAURAN—You see no link in the almost immediate increase in absenteeism in the Melbourne centre to the changing of the night shift procedures?

Mr Russell—No, I did not say that. I said that I can see no evidence of a concerted campaign and we will come back to you on the question of the absenteeism numbers post that change.

CHAIR—Senator, do you want to clear up just one point?

Senator Conroy—Save us.

Senator ADAMS—It is all right. I just wanted to ask some questions about Jandakot Airport and Perth Airport but I think it is in the next section, would that be correct? Also passenger movements.

Mr Russell—It may well be a question for the department but then again it may be something for us. Do you want to try it on us first?

Senator ADAMS—This was a question that I asked at the last estimates. I am interested in the fourth runway at Jandakot. Is it going ahead or isn't it?

Mr Russell—I think it is a question for the department.

Senator ADAMS—I think it is, too. I am sure I asked you.

Mr Russell—I remember you asking that last time, actually, yes. If I could defer to my colleagues in the department, I am sure they will take it on notice or answer it.

CHAIR—If there are no further questions?

Senator ADAMS—I wanted a progress report on the improvement works at Perth domestic and international airports, and I am sure I asked this in Airports last time.

Mr Russell—Again, that will be a question for the department. We are very much aware of the amount of traffic that has been increasing in Perth in the last 12 months. We have seen a 25 per cent increase in aircraft movements.

Senator ADAMS—I know, because when I have to catch a charter I have to be there at six in the morning now to ensure a 7 am departure.

Mr Russell—Yes, it is having an impact on infrastructure but I think it is a question that the department could well answer for you.

CHAIR—Thank you. If there are no further questions of Airservices Australia, I thank the officers and I now call Aviation and Airports.

[5.31 pm]

Aviation and Airports

Senator McGAURAN—Have you heard anything from the minister's office in regard to the Regional Partnerships listed? It is 5.30 pm. I asked the question early this morning.

CHAIR—For goodness sake.

Senator Conroy—I thought it had been agreed by the committee that those issues will be discussed from 4 pm onwards tomorrow, which means—

Senator McGAURAN—A list of Regional Partnerships—approved and not approved Regional Partnerships—would be at the table tomorrow—

Senator Conroy—No, I did not say that. I said it was agreed this will be discussed at 4 pm tomorrow, or did you zone out on that part too?

CHAIR—I now welcome officers from Aviation and Airports. Senator Adams?

Senator ADAMS—I would like to ask some questions on the increase in passenger movement charge. Who would I be addressing there?

Mr Borthwick—That is a matter for another portfolio.

Senator ADAMS—Okay. Which one?

Mr Borthwick—I will check, but from memory I think it is Customs.

Senator ADAMS—Okay, if that is the case I will get rid of that one. This is one on noise and insulation of a high school in Sydney's inner west. Is that this particular division?

Ms Page—Yes.

Senator ADAMS—I refer to the Rudd government's decision to provide \$14.5 million to noise insulate Fort Street High School in Sydney's inner west in the Minister for Infrastructure, Transport, Regional Development and Local Government's seat of Grayndler. Why was this school not insulated under the Sydney Airport Noise Insulation Scheme?

Mr Borthwick—Under the Sydney Noise Amelioration Scheme the school in question was not eligible.

Senator ADAMS—Why was it not eligible?

Mr Borthwick—It did not fit the eligibility criteria for funding under the program.

Senator McGAURAN—Was that reviewed?

Mr Borthwick—Sorry?

Senator McGAURAN—Was it reviewed or examined?

Mr Borthwick—I am not sure. I would have to defer to my colleagues.

Senator Conroy—Are these criteria the same as they were before the last election?

Mr Borthwick—Yes, these were the existing criteria.

Senator McGAURAN—You say it did not meet the criteria, but was it examined? It would have to have been. Therefore, I am seeking the report on the school.

Mr Borthwick—I will defer to my colleagues but, under the guidelines for the Sydney Noise Amelioration Scheme, there would have been an assessment undertaken of what buildings were eligible for funding under the scheme, and they would have subsequently been funded through the scheme. As part of that, my understanding is that this particular building was judged not to meet the criteria.

Senator McGAURAN—Its evaluation would be in a report?

Mr Borthwick—I am not familiar with evaluation, I would have to—

Ms Ellis—If I may, in relation to the noise insulation program, the criteria involved ANEFs which were then converted to ANEIs, which are the noise indicators based on factual information from previous years' statistics. For residences, eligible residences were identified within the 30 ANEI, and for public buildings, the 25 ANEI. My understanding of the program when it was commenced in 1995 was that all eligible buildings and residences were identified and then the owners were approached. Fort Street High School was not within the required ANEI so it would not have been approached.

Senator ADAMS—That means that the noise level was too low for it to be involved?

Ms Ellis—Fort Street is outside the 25 ANEI that was the criteria for public buildings.

Senator McGAURAN—That is the noise level?

Ms Ellis—Yes.

Senator McGAURAN—How is that noise level monitored?

Ms Ellis—An ANEI is calculated by the department on an annual basis. It is based on historic data from the previous year and that ANEI is then created. It is in the form of a contour very similar to the ANEF. The ANEF is actually a forecast. The ANEI is based on historical data.

Senator McGAURAN—What I am trying to establish is that I want to see where the school has been rejected, the reports. Are they out in the field monitoring the noise levels?

Ms Page—I do not think it is correct to characterise the school as having been rejected. I think as Ms Ellis has indicated there was a geographic definition under a particular program which has now ceased, and Fort Street High School fell outside that particular limitation for that particular program. I do not think there is an issue of rejection as such.

Senator Conroy—Let me be clear, Fort Street was an election promise, and we will be delivering as we have consistently said in this committee and everywhere else, and as the Prime Minister has stressed. I repeat, I know it is something that coalition members struggle with, but we will deliver on each and every one of our promises.

Senator McGAURAN—You cannot have it both ways: an election promise and a rort.

Senator Conroy—We have made an absolutely cast-iron guarantee to deliver this election commitment.

Senator McGAURAN—That is not a let-out clause for being able to do anything you like.

CHAIR—Sorry, minister. Senator McGauran, while you are directing traffic over there and jumping in and then yanking chains, the minister was through an answer; you made a comment; it is Senator Adams's call. Minister, if you are finished; I think you have.

Senator ADAMS—I certainly got the message from the minister that that will be done despite the fact that I wonder why it needs to be done if the school is below the level that is necessary to insulate. What would be the cost of noise insulating all public buildings within this particular contour? Does anyone have any idea about that?

Ms Ellis—I can speak generally in relation to the Sydney program as far as associated costs go. But as far as a breakdown for the public buildings, per se, I would have to take that on notice. Under the Sydney program, 4,083 residences and 99 public buildings were insulated. The expenditure to date is around \$419 million, the levy actually collected. The collection of the levy, which ceased on 30 June 2006, was \$421.2 million.

Senator ADAMS—What are the corresponding figures for Adelaide?

Ms Ellis—To date, 648 residences and four public buildings have been insulated under the program. The total expenditure at 30 April 2008 was \$50.2 million. The levy collected to date is around \$43 million.

Senator ADAMS—Are there any schools in that vicinity that would be affected?

Ms Ellis—I would have to take it on notice. My understanding is that they were nursing homes and a church but I will take it on notice as far as whether there were any schools affected in Adelaide.

Senator ADAMS—Thank you.

Senator McGAURAN—This school has been described as one of the most prestigious in Sydney. I would not know but it has been described as that. Are you able to comment on that?

Ms Page—I do not believe we can comment on that. I think the minister has indicated that this is an election commitment and we cannot comment further on policy considerations.

Senator McGAURAN—But you do not know what questions I am going to ask.

Ms Page—You asked me to express an opinion and I considered I was unable to do that.

Senator McGAURAN—On that point, yes, I understand. Anyway, I am led to believe it is. Therefore, will they be meeting any of the cost with regard to insulation?

Ms Page—My understanding is that the government has agreed in its commitment to meet the costs of insulation in full.

Senator Conroy—This is at Fort Street?

Ms Page—Fort Street, yes.

Senator Conroy—As per the election commitment.

Senator McGAURAN—But the school can heartily support some of that cost of taxpayers' money.

Senator Conroy—It was an election commitment. Which part of that don't you get?

Senator McGAURAN—If you want to umbrella everything as an election commitment that cannot be questioned—

Senator Conroy—Everything that was an election commitment is an election commitment.

Senator McGAURAN—A lot of the commitments are just outright rorts but—

Senator Conroy—I am prepared to umbrella—

Senator McGAURAN—This is Mr Albanese's electorate.

Senator Conroy—election commitments as election commitments.

Senator McGAURAN—It is outside the geographic footprint, it is in Mr Albanese's electorate, it is one of the most prestigious and expensive schools in Sydney, and it is not willing to contribute a dollar—a dollar—to relieve the taxpayers' money—

Senator Conroy—You have made a whole string of allegations based on your political prejudices, none of which have any factual substance. This was an election commitment; no ifs, no buts; definitely in the umbrella of an election commitment. You are right—

Senator McGAURAN—You do not think it is open to question because it is—

Senator Conroy—You have exposed one of our election commitments. We plead guilty. We will fund this.

Senator McGAURAN—You do not think your election commitments can be questioned at estimates committees?

Senator Conroy—No, you can question them but you just cannot make allegations that they are rorts.

Senator McGAURAN—Then I would like to question them without interruption.

Senator Conroy—You have asked a string of questions. We are funding it. It was an election commitment.

Senator McGAURAN—Okay, have you got that off your chest?

Senator Conroy—I have.

Senator McGAURAN—This very wealthy school—

Senator Conroy—This is an allegation from you. It is not a fact.

Senator McGAURAN—It is a very reputable school. I see where—

Senator Conroy—I have even played volleyball at it. It used to be Australia's top volleyball team.

Senator McGAURAN—I see mad Doc Evatt attended it, John Kerr, Michael Kirby, Neville Wran, Edmund Barton—was he a Labor man?

Senator Conroy—He was our first Prime Minister. Do you remember the wicketkeeper?

Senator McGAURAN—Abe Saffron attended the school—a good Labor man.

Senator Conroy—What school did you go to?

Senator McGAURAN—We did not have that gallery of rogues at my school, I assure you. John Singleton. John Singleton attended—a good Labor man. He ran many Labor campaigns. I can see the jigsaw puzzle coming together here.

Senator Conroy—The jigsaw puzzle! Edmund Barton went there; we have to fund it.

Senator McGAURAN—Amongst other Labor luminaries. It is quite obvious it is an election promise on the run by Mr Albanese in a Labor electorate—

Senator Conroy—So we are pork barrelling Labor electorates.

Senator McGAURAN—The \$14.5 million, how has that been costed? How do we know that is the final costing?

Ms Page—I think a detailed costing has been undertaken.

Ms Ellis—Yes, a detailed costing was undertaken and we understand that the cost will be in the vicinity of \$14.5 million.

Senator McGAURAN—How was that detailed costing undertaken?

Ms Ellis—The department used a company which has been involved in costing past insulation programs.

Senator McGAURAN—Are we able to see that evaluation?

Ms Ellis—I would have to take that on notice but I am happy to and, if it is available, we will provide it.

Senator Conroy—The plot thickens.

Senator McGAURAN—It is a plot all right. This is Albanese at his worst and he is the minister of the department, no less. You must know that. Just making an election promise on the run like that. Talk about padding your electorate. So often you accused the previous government of the same. Here is an obvious example of—

Senator Conroy—Are you accusing us of pork barrelling a safe Labor seat?

Senator McGAURAN—The man is always seeking to ingratiate himself, not only in his electorate, but whenever and wherever he can. This is a perfect example of it. What irks me is that this school can meet some of the cost—

Senator Conroy—Is this a question?

Senator McGAURAN—Yes, my question is—

Senator Conroy—Or a stream of consciousness again?

Senator McGAURAN—My question is: this is quite a high profile private school. It can meet at least—

Senator Conroy—It is not a private school.

Senator McGAURAN—It is a government school, is it?

Senator Conroy—Yes.

Senator McGAURAN—It is still a high profile school that could meet some of its costs; if not the state government. What of the state government?

Senator Conroy—Fort Street has been an election promise at every election—

Senator McGAURAN—He has taken his eyes off his computer. He has sat there for eight hours just staring into—

Senator Conroy—Fort Street has been an election promise at every election since 1998.

Senator McGAURAN—Will the state government be contributing anything?

Senator Conroy—Let me run you through some facts, okay? On 19 November 2007, Minister Albanese visited Fort Street High School with the then shadow minister for transport, the member for Batman. During that visit the member for Batman announced Labor's commitment to insulate Fort Street High School from aircraft noise, so it was actually an announcement made by the member for Batman because—it may have escaped your attention—but Mr Albanese was actually the shadow minister for the environment. This is the same commitment Labor gave in the 2004, 2001 and 1998 federal elections—

Senator McGAURAN—That does not legitimise it, minister.

Senator Conroy—This is a long-term commitment and a real solution to a longstanding problem. As anyone who knows the area near Fort Street school would tell you, the school is on top of Taverner's Hill and, because it is on a hill and the physics of the way noise travels,

means that it is severely noise affected. We are proud that we are committing \$14.5 million to insulate Fort Street School and improve the learning of thousand of kids. Fort Street, as you have noted yourself, is one of the oldest schools in Sydney and, accordingly, has strong heritage and community value. The situation adds to the cost of insulation and helps me form the decision to insulate rather than demolish and rebuild. I note that other schools, including Newington College that were affected by aircraft noise, have been insulated over the last 12 years using Commonwealth funds; \$15.5 million was spent over 1995 to 1997 to insulate Newington College. That is almost \$20 million in today's terms. Newington College is certainly a private school. It is actually a private school as opposed to Fort Street, which is not

Senator McGAURAN—But is the college just mentioned by the minister within the geographical definition?

Senator Conroy—It is affected by aircraft noise.

Ms Ellis—Newington College was eligible under the criteria for the program.

Senator McGAURAN—That is the difference. No amount of longstanding commitment by Mr Albanese legitimises it.

Senator Conroy—It is on a hill.

Senator McGAURAN—How many planes fly over during school hours, does anyone know?

Ms Ellis—I would have to take that on notice to give you an accurate number.

Ms Page—The noise is not necessarily calculated in relation to the numbers of aircraft. It is a more complex calculation than that. It relates to aircraft type as well.

Senator Conroy—My understanding is that Fort Street does not charge fees.

Senator McGAURAN—Then the state government ought to be asked to contribute. It has been reported that the teachers say they have to pause for up to 15 minutes for a plane going overhead. Is that possible?

Senator Conroy—At Fort Street?

Senator McGAURAN—It was reported in the *Australian* on 17 May.

Ms Page—I think it is very difficult for us to comment on press reports and anecdotes.

Senator Conroy—Why don't you go and visit it?

Senator McGAURAN—You are quite right not to comment on the press report. But I would ask you is it possible that the noise could be sustained for 15 minutes.

Ms Ellis—It may be for 15 minutes in an hour, not 15 minutes for one event, but without the statistics in relation to Fort Street specifically to how many planes an hour, I am afraid I cannot give you any further detail.

Senator Conroy—Have you worked out whether Edmund Barton was a Labor Prime Minister yet?

Senator McGAURAN—There was no grand old party formed in Edmund Barton's time. That is the Liberal Party.

Senator Conroy—It took you a while to work that out. When did we first form government? It wasn't in 1901, was it?

CHAIR—Are there any other questions?

Ms Page—I would like to add something. I would like to clarify a matter which was raised in relation to Air Services. A question was asked whether or not the efficiency dividend which applies to the department would be passed through the Indonesian Transport Safety Assistance program. It will not. Those funds will be quarantined from the effects of the efficiency dividend.

Senator ADAMS—May I ask about the Jandakot Airport? What I want to know is whether the fourth runway at Jandakot Airport is going ahead?

Ms Page—I will ask Ms Gosling to comment on the status of developments at Jandakot.

Ms Gosling—There was a major development plan that Jandakot Airport submitted that included a proposal for a fourth runway but that development—

CHAIR—Excuse me, I am sorry, I cannot hear your answer.

Ms Gosling—That development plan was actually withdrawn by Jandakot Airport on 28 April 2008 after they had received some advice from the minister for environment raising some concerns with that proposal. Jandakot is now working closely with the department of environment in terms of looking at possibly reviewing their whole master plan for the airport site.

Senator ADAMS—I had read about the problem but I just wondered if it was actually going to go ahead because of the traffic movement at Jandakot, of course, at the moment, like the rest of Perth.

Ms Gosling—It is not a current proposal at this stage.

Senator ADAMS—As far as the progress report on the improvement works at Perth domestic and Perth international airports are concerned, could you update me on that?

Ms Gosling—There have been works commenced by Qantas who actually manage Terminal 2 under the terms of a long lease arrangement. They have commenced some works for improving the efficiency of the safety and security screening area, and those works are underway. There have also been some works undertaken by the West Australian airports company itself in terms of car parking facilities. During the course of 2007, some 2,000 additional car parks have been introduced. They have also introduced a shuttle bus service between the car parks and the terminals. They have also, more recently, announced a major \$1 billion proposal for a major upgrade of the airport.

Senator ADAMS—What is happening with the international airport in the long term?

Ms Gosling—I have some information that covers both the domestic and international terminals in the long term. There will be a new facility dedicated to internal Western Australian flights and some interstate services. There will be more aircraft parking areas to accommodate A380s and 787 Dreamliners. There will be new international and domestic terminal facilities designed to improve customer experience. There will be multideck car

parking. The proposal that has been released includes the possibility of a hotel and improved public transport connections into the new terminal area.

Senator ADAMS—What about a parallel runway? Is that going to go ahead, or not, on the other side of the international airport?

Ms Gosling—There is not a current proposal at this stage. It is something that would have to be looked at in reviewing their master plan for the whole airport site. It is not part of the billion dollar proposal.

CHAIR—Are there any other questions to officials from Aviations and Airports?

Senator McGAURAN—Is the government is looking at the buildings close and adjoining to the school and other public buildings?

Senator Conroy—Someone must know whether Edmund Barton, the first Prime Minister of Australia, was a Labor bloke. Can someone help Senator McGauran out? Someone has to know. Senator Chapman, you would know.

Senator CHAPMAN—Don't you know?

Senator Conroy—Senator McGauran was asking, he was not sure. He was a wicket keeper, remember?

Senator McGAURAN—I was not asking that at all.

Senator O'BRIEN—I can assure you he was not a Labor Prime Minister.

Senator Conroy—That was my understanding but Senator McGauran believes this was part of the conspiracy to fund the Fort Street School but thank you for your—

CHAIR—Thank you, minister. You got the answer you have been looking for the last half an hour. Senator McGauran, do you have any other questions of Aviation and Airports?

Senator McGAURAN—Are there any other plans to carry out insulation in that area of the Fort Street School of public buildings? Have there been any applications since?

Senator Conroy—We will take that on notice.

Mr Borthwick—If I could just confirm my advice to Senator Adams, the passenger movement charge does belong to the Customs portfolio.

Senator ADAMS—Thank you very much.

CHAIR—I thank officials from Airports and Aviation. I have just been advised that on our agenda the next witness cannot be here till 8.45 so I will move forward and call the Bureau of Infrastructure, Transport and Regional Economics.

Senator Conroy—I was not going to mention Geelong's performance on Friday night, but now that you have got my hopes up and dashed them—

CHAIR—After that you know that I am going to have to start to chastise your interjections, Minister.

Senator Conroy—He could be a Geelong supporter. You might want to check that with him.

CHAIR—Only through and through to the core.

[5.56 pm]

Bureau of Infrastructure, Transport and Regional Economics

CHAIR—I now welcome officials from the Bureau of Infrastructure, Transport and Regional Economics. Senator Nash.

Senator NASH—Firstly, can I just reiterate that BITRE was one of the serial offenders with providing questions on notice to the Senate committee links to websites. Particularly as we are in this section I wanted to advise that, out of all the questions on notice, BITRE provided only one was not suggesting we go to the website. I just wanted to raise it again. I know the minister has said that he will take it to the minister responsible and I am happy he is going to do that. How much funding has been allocated for the research program for 2008-09?

Dr Dolman—Our budget is roughly the same as it was previously, which will be for the forthcoming year around about \$6.4 million.

Senator NASH—Is ‘roughly’ a little bit more or a little bit less?

Dr Dolman—It is a little bit less than last year. As all other divisions, there will be an efficiency dividend and we are looking at measures to cover that small drop off in funding.

Mr Wilson—I would like to just clarify that. From the budget numbers that I have, which have been prepared by our corporate area and I believe are probably a little more accurate, the number for 2008-09 is \$6.602 million. The budget for 2007-08 was \$6.88 million. That is a reduction of \$178,000.

Ms Page—Can we come back to you on that because I have a slightly different figure.

Senator NASH—That will be fine. Either way you are right, Dr Dolman, it is a little bit. It is still significant though. Where do you see those cuts affecting?

Dr Dolman—Essentially like other divisions, we are looking at how we can run more efficiently. We are looking at our supplier expenses.

Senator NASH—What are supplier expenses?

Dr Dolman—Essentially non-employee costs to the bureau; things like travel, and in particular we are looking at our printing costs and revenue options, whether or not we should be charging for some of the reports.

Senator NASH—Do people in your department use frequent flyer points?

Dr Dolman—I am sorry. I did not hear that.

Senator NASH—You just mentioned travel. I was just wondering about the uptake of use of frequent flyer points in your part of the department.

Dr Dolman—That is one of the things that we are looking at, whether or not we can make greater use of frequent flyer points.

Senator NASH—When you say ‘greater use’, is that something that your part of the department has done before or would that be a new initiative?

Dr Dolman—We have where it has been possible, but as was answered earlier in the day, the department is looking at whether or not we can make better use through the travel agent that provides our travel services of those frequent flyer points.

Senator NASH—I know we discussed last time the list of projects that you had on the go that were due to be completed by June 2009. In the interim, can you just run me through those again, and are there any new research projects that have been added to that?

Mr Wilson—The officers in the February estimates would have run you through their 2007-08 program, which is still current. The bureau is currently going through a development process through their business planning process for 2008-09.

Senator NASH—There might be some members of the committee here that were not present at the February estimates and I wondered if you could just list the projects that are currently on the go.

Mr Wilson—List all the projects that the bureau is currently undertaking?

Senator NASH—I thought there was only a handful on the go. We must have been talking about a specific area. Mr Dolman, do you remember?

Dr Dolman—Last time we took you through just the regional ones and we could do that again.

Senator NASH—I do apologise, just the regional projects.

Dr Dolman—I will give you the reference number in our research plan, which is available on the website.

Senator NASH—We are not going there. We have made that very clear.

Dr Dolman—Starting at project 36, being the first of the regional projects, which is part of our focus on regions series, which is looking at income support payments. That is one that we do hope to finish in the December quarter of this year. The second one, 37, is looking at household wealth, looking at spatial variations of wealth across regions. We expect to complete that one in about September this year. We are very close to completing the next one. Sorry, it is the one after that we are almost completing. Thirty-eight is looking at industry trends. That is one that we have not yet commenced and we are reviewing that as part of our research program for next year, as Mr Wilson just said. The next one, 39, is looking at taxable income. We did release an update of that in March this year and will be looking to release a further update based on taxation office figures that were released earlier this year towards the end of this calendar year.

About Australia's Regions is a small booklet of key statistics on regions. We are hoping to launch that in June. Cost of remoteness is a large project that has been underway for a while. We are looking to possibly release that in four parts. The first part will be towards September this year, where we will be looking at grocery and petrol prices and how they vary across regions. And then subsequent parts will be released later, looking at health, education and housing costs.

Senator NASH—They are all the ones that were in for 2007-08 for regional.

Dr Dolman—These are all the ones on the current program.

Senator NASH—Are there any new programs that have been added to that for 2008-09?

Dr Dolman—There are not.

Senator NASH—I should say projects.

Dr Dolman—We are in the process of considering the projects that will be added and discussing those with a number of stakeholders, in particular with the rest of the department to see what their needs are for the coming year.

Senator NASH—How many staff would it take to complete all those projects?

Dr Dolman—For the regional projects we have a small section of seven people.

Senator NASH—I do not know if this is your area or not, but do you do any work on the impact on regional communities of the lack of public transport facilities? Is that in your area at all, or would it be? Is it something you could consider?

Mr Wilson—It would be something that the bureau could examine, but it is not currently on the bureau's work agenda.

Senator NASH—Do you know if any other departments have done any work on that? Given the current situation with high fuel prices and the tyranny of distance, if you like, in regional areas, I would think it would be quite important to ascertain the impact of the lack of any kind of public transport system in regional areas and what impact that does have on the communities.

Mr Wilson—Dr Dolman has just advised me that the bureau did undertake some work a few years ago and released a report. From the Commonwealth point of view, we have done some work. It is an area that I would assume, but do not know, that the state jurisdictions will have undertaken in regards to their rural urban and transport planning.

Senator NASH—Is that information that you could collate for us from the various state departments if they have actually done those studies?

Mr Wilson—We can take the question on notice in terms of examining whether or not that research has been done and give you some advice.

Senator NASH—I certainly did not expect you to answer it now. If you could take that on notice and certainly come back to the committee and let us know if the states have undertaken that type of research.

Mr Wilson—It may not be a holistic listing of all of the research undertaken by the states, but we will certainly contact the major departments in the state jurisdictions to ascertain what research they have undertaken.

Senator NASH—That would be good. And you also just mentioned that a few years ago you had done some kind of study in this particular area.

Dr Dolman—That is correct. I have not got the details in front of me but there is a report on our website. I think it is two or three years old or something like that.

Senator NASH—Would there be hard copies of that report anywhere?

Mr Wilson—What we will do is attempt to ascertain just the title of the report and provide a hard copy tomorrow if we can.

Senator NASH—That would be good if you could do that for the committee. Thanks, Chair.

CHAIR—Thank you, Senator Nash. Are there any other questions to Bureau of Infrastructure, Transport and Regional Economics?

Ms Page—I have got some budget details to confirm.

CHAIR—Yes. I am sorry, before you do Ms Page, did you have questions, Senator Adams?

Senator ADAMS—Yes.

CHAIR—Can we go to the questions first, Ms Page?

Ms Page—Certainly.

CHAIR—Senator Adams.

Senator ADAMS—It was just about remoteness. I am looking at some lists here for surveying supermarkets. Are you doing any work in conjunction with the Northern Territory intervention at all?

Dr Dolman—No. We have completed survey work on grocery prices across regional Australia which involved surveying prices in 132 remote communities and which did include some Indigenous communities. We have provided input into the ACCC inquiry into grocery prices which highlights that some of the highest prices and lowest availability actually occur in those Indigenous communities. We are not doing anything directly related to the Northern Territory intervention.

Senator NASH—I would like to ask a question on that. In respect to the supermarkets in regional areas, what did your report find as to variations in retail prices in those centres where the two major supermarkets, Coles and Woolworths, are competing with independent retailers?

Dr Dolman—That was one of the major findings that we have so far out of that study. First of all, grocery prices do vary enormously across locations. However, in centres which are large enough to have one of the major chains, Woolworths, Coles or often one of the independent supermarkets which has a similar sort of high turnover format, those locations all have generally lower and very consistent prices across the whole of Australia.

Senator NASH—Thank you.

CHAIR—Senator Adams.

Senator ADAMS—No.

CHAIR—In that case we have no other further questions.

Ms Page—Can I just table the budget?

CHAIR—You most certainly can. I apologise, Ms Page.

Ms Page—That is quite all right. The internal budget allocated to the bureau in 2007-08 was \$6.880 million. The budget allocated for the forthcoming financial year, 2008-09, is \$6.353 million. There is a range of ons and offs in there and the major differences are that

\$335,000 has been transferred to the National Transport Plan Division because the personnel working on urban congestion have been transferred to that unit. There is additional funding of \$70,000 to meet a series of membership fees which the bureau pays to belong to various international organisations. The effect of the efficiency dividend as it has been applied to the bureau is a reduction in funding of \$249,000.

CHAIR—Thank you, Ms Page. I thank the officials. I now call Infrastructure Investment.

[6.11 pm]

Infrastructure Investment

CHAIR—I welcome officials from Infrastructure Investment. Questions from Senator Nash.

Senator NASH—As I raised this morning, I did have a number of questions around the Building Australia Fund, but I understand obviously that this department has been instructed not to answer questions on the fund. I know you said it was under the Finance—

CHAIR—You have the wrong portfolio.

Senator NASH—Wrong portfolio, I am sorry.

Senator Conroy—That is administered by Finance.

Senator NASH—Finance and Public Administration. The committee is charged here, obviously, with providing oversight of your department. The point I am raising is that the Building Australia Fund, which your minister has been very happy to trumpet to the world, if you like, as his initiative, while I understand your point that it belongs to Finance and Public Administration, it just seems very odd that the overarching body of Infrastructure Australia, which is you and has closely related links, being the overarching body for the fund, yet you are unable to answer any questions on that.

Ms Page—They are two different roles. The management of the fund is a financial management task. The funds have been allocated to a fund which will have a professional fund manager and that is within the Finance portfolio, which already manages funds of this nature.

Senator NASH—I do understand that and I understand the financial nature of it, but it is an activity with your department and within those funds themselves I am sure it would not be appropriate to whiz off to Finance and talk about bridges and roads and all that kind of stuff. There will be very practical implications within those funds, not just the monetary aspects. I just wanted to highlight, if you like, the fact that it does seem rather odd that there is a complete placing in the bucket, if you like, into Finance of those funds when there are going to be those very practical outcomes from the spending of that money.

Ms Page—I do not see that it is terribly different from the situation where funds might be held, if you like, in Consolidated Revenue. It is a way in which the funding source is being managed and decisions on priorities will be made and the funds will be drawn down at particular times.

Senator Conroy—Perhaps you may be drawn to a thought from the discussion we had this morning. What we are saying is if you want to ask about the administration of the money,

what it is earning and anything to do with how it is spent in a financial sense, that is where you would go. If you want to talk about the overarching policies around which the money is committed to, then they are policies that are determined in this section. Does that help?

Senator NASH—I will answer that in a second.

Senator CHAPMAN—Who will be overseeing the projects in the technical sense; I mean not the financial side of it, but the actual infrastructure side of it, the actual engineering or whatever?

Ms Page—It will depend on the nature of the projects, and that has not been determined. The fund is funding projects across a variety of infrastructure areas, including in relation to broadband.

Senator Conroy—The Building Australia Fund has nothing to do with the selection process of the national broadband network being run completely separately.

Senator NASH—That was one of my questions, Minister.

Senator Conroy—I know Mr Billson has got himself into a bit of a lather. He is the only person who has misunderstood it. As for the national broadband network, the money is inside the Building Australia Fund, but the administration of the build of it is by my department.

Senator NASH—Perhaps we were at cross-purposes this morning. I am sure I very clearly asked that I had questions on those three funds.

Senator Conroy—I think you have drawn too wide a definition from what we said.

Senator NASH—I have only drawn a wide bow because, having raised that around those three funds, you said no, that was a matter for finance. So, perhaps it was—

Senator Conroy—No, the administration of that, I think.

Senator NASH—That is an unfortunate direction this morning, because there are a number of areas that I could have gone into. Anyway, let us come back to the present. I understand one of the functions of Infrastructure Australia is to conduct a national audit of nationally significant infrastructure by the end of 2008.

Ms Page—That is correct.

Senator NASH—Are you aware that the Council of Australian Governments in June 2005 agreed that each state and territory should complete an infrastructure report every five years?

Ms Page—Yes.

Senator NASH—Are you aware that those reports are complete?

Ms Page—There was an initial report, which was complete, and indeed that is being drawn to the notice of Infrastructure Australia as a possible input into their considerations.

Senator NASH—I assume the minister—not this one—has seen that report?

Ms Page—I cannot speak for whether the minister has personally seen it, but knowledge of that report is fairly widespread.

Senator NASH—How will the audit that is going to be conducted by Infrastructure Australia be different from that conducted by COAG?

Ms Page—That is a matter for the board of Infrastructure Australia. That is their responsibility. They have to determine how to interpret their statutory responsibility.

Senator NASH—If all of this work has previously been done, has there not been some directive given to Infrastructure Australia that this is the work that has been done by the Labor states previously, do not reinvent the wheel, whatever you do, it has got to be something new and practicable?

Ms Page—That is a judgement that the board will have to make.

Ms McNally—One of the pieces of work—

Senator NASH—Congratulations on your new role.

Ms McNally—Thank you. One of the things that has happened through the establishment of the infrastructure working group, which is a working group of the Council of Australian Governments, is that states and territories and the Australian government have been meeting and one of the things they have been talking about is the audit and how jurisdictions can contribute to that audit. All of the states and territories who have also been providing the reports have gone away to prepare information to provide for Infrastructure Australia and we are doing that against an agreed template, which takes things to a different sort of category of information.

Senator NASH—If the states have been doing all these infrastructure audits anyway, state by state and have a report, is it not saying really that they are inadequate if you have to now come up with another whole new entity entirely?

Ms McNally—One of the things that we have been doing is referring them to things that are already existing and trying to add additional information and look at things from different viewpoints. The audit wants to look at things from how the market operates, what some of the regulatory issues are and some of the strategic issues that surround infrastructure.

Senator NASH—Will the states continue to do their five-yearly infrastructure reports?

Ms Page—That is a matter that is still to be determined.

Senator NASH—They have not determined whether they will or will not?

Ms Page—We will need to determine how the COAG processes work jointly. Also, this particular audit is in a particular context and Infrastructure Australia, having completed the audit, then has to use that to develop a priority list, if you like.

Senator NASH—We will get to that.

Ms Page—The initial COAG infrastructure audit did not have that same focus, so Infrastructure Australia has to determine as a body how it will do an audit with that end point in mind.

Senator NASH—Is it right that Infrastructure Australia can only evaluate infrastructure proposals on the advice from the minister?

Ms McNally—No. In fact Infrastructure Australia has now been contacted by a huge number of interested parties to contribute information and we are currently compiling that list

of people. They will be able to look at their information and we expect them to consult widely as well.

Senator NASH—Is Infrastructure Australia able to undertake reviews of its own volition? Can it make a decision about what it wants to review and what it wants to look at without any directive at all from the minister?

Ms McNally—There are matters outlined in the legislation of the sorts of things Infrastructure Australia can do.

Senator NASH—My understanding is one part of the legislation actually forbids Infrastructure Australia from undertaking reviews of its own volition. Is that incorrect? Correct me if I am wrong, but my understanding is that the body is not able to act independently and undertake reviews of its own volition.

Ms McNally—It says that Infrastructure Australia is able to perform a function under subsection 1, which lists out the range of things, if it thinks fit or at the request of the minister.

Senator NASH—So that we are absolutely clear of this, can you take that on notice and come back with a very clear answer to the very specific question: is Infrastructure Australia able to undertake those reviews of its own volition or must it act on the direction of the minister?

Ms McNally—I am happy to take that on notice.

Senator NASH—I would like to go to the issue of the government infrastructure promises. Can IA evaluate independently those infrastructure promises that the government has made?

Ms Page—In relation to individual business cases, they are to be referred from memory by the minister.

Senator NASH—Do you know what the value is of those election promises that will come under consideration by Infrastructure Australia?

Ms Page—Infrastructure Australia will be providing forward looking advice. It will do an audit and then it will provide a priority list for future investment.

Senator NASH—Am I correct in saying that the infrastructure promises that were made by the Labor government do come under consideration of the banner of Infrastructure Australia?

Ms Page—I am sorry, which commitments are you referring to?

Senator NASH—Any of the infrastructure type commitments, road funding and commitments of that nature.

Ms Page—Not routinely.

Senator Conroy—You are looking at it the wrong way round.

Ms Page—As I indicated, the role of Infrastructure Australia is to provide forward advice to inform future investment decisions. However, there is scope if the minister wishes to refer particular projects to Infrastructure Australia for advice, for instance in relation to financing mechanisms where there might be scope for a PPP.

Senator Conroy—You have made a reference to election promises. Let me be clear, election promises are election promises. They will be delivered.

Senator NASH—Would there be any point in sending an election promise to Infrastructure Australia, because if they came back and said that it was a bad idea you would do it anyway?

Senator Conroy—It is an election promise.

Senator NASH—Does that make sense?

Senator Conroy—It is an election promise. What make senses, as I have said a couple of times today—

Senator NASH—I know what you are saying, Minister. You have said it 100,000 times and we understand your words clearly, that you are going to stick to all your election promises.

Senator Conroy—Obviously you have not got it yet.

Senator NASH—This is interesting. I was not going to go here but this is quite interesting. So, in essence, there is no point in the government asking for any of their infrastructure election promises to be considered in the context of Infrastructure Australia because you are going to do them anyway. We will just assume that you are not going to do that.

Ms Page—It depends on what advice you are seeking from Infrastructure Australia. Infrastructure Australia is an advisory body. It is not an assessment body or a regulatory body.

Senator Conroy—For instance, they can be asked what the best financing method might be.

Ms McNally—One of the other things they could look at is a number of the commitments went to planning, so when the plan comes through they could look at the results of that plan.

Senator NASH—What if the plan was really bad? What would Infrastructure Australia do then?

Senator Conroy—Now you are asking people to speculate on hypothetical questions.

Senator NASH—People often ask hypothetical questions, and you know that.

Ms Page—These are likely to be referrals where the government is seeking particular advice from Infrastructure Australia on how best to deliver a particular project.

Senator McGAURAN—If I wanted to know the process and deadline of a particular election commitment to a particular road funding, are you the people to ask?

Ms Page—It is not a matter for Infrastructure Australia. We manage the road and rail program of the federal government.

Senator Conroy—The department does. It is not Infrastructure Australia.

Ms McNally—We are the people.

Senator Conroy—Maybe I can help. To give you an example, the Bruce Highway is a goat track and has been for years and there is no argument or further analysis needed as to whether or not we do it. You can ask anyone. It is urgent. We are going to do it. Does that help?

Senator McGAURAN—It does, because that opens up the whole AusLink question and questions we have to Infrastructure Investment. So, this is AusLink.

Senator NASH—Yes, it is.

Senator Conroy—And Edmund Barton was a conservative Prime Minister.

Senator NASH—I will go back to the corridor studies conducted under AusLink. You are obviously well aware of those, I would imagine. Are they finished?

Ms Page—They have been completed. I am not sure that they have been published in full. Certainly they are another input that we have indicated that we would propose to pass to Infrastructure Australia as a good source of planning and forecasting advice.

Senator NASH—Have they made an assessment on whether or not the conclusions that were reached through those corridor studies are adequate?

Ms Page—The purpose of the corridor studies was essentially to provide future advice. They are a forecasting document; they are not an assessment document. They look at the next 20 year scenario, if you like, in a particular corridor and they look at things such as projected freight flows, projected traffic growth, the condition of the road, transport alternatives and the potential for rail to be used as an alternative, and as a result they come up with a series of short-term and long-term priorities which can be addressed in each corridor.

Senator NASH—How will the audit by Infrastructure Australia be better than the analysis of the corridor studies?

Ms Page—They only relate essentially to road and rail projects, and the task that Infrastructure Australia has is much broader than that. It covers four major sectors.

Senator NASH—In terms of those road and rail areas, will you use those corridor studies? Will you throw them out the window and start all over again? What will you do?

Ms Page—We are proposing to pass them for a start to Infrastructure Australia as an additional source of useful information on work done to date and we will certainly use them within the Commonwealth as a further source of information to inform Commonwealth investment.

Senator NASH—It really seems like such a doubling up of information and revisiting the wheel. I take the point that you are going to have a broader view of all of this, but there does seem to be an awful lot of extremely good work that is being done by your department that we are now potentially just going to double up on. Is Infrastructure Australia going to advise Commonwealth, state and local government investors and owners of infrastructure on matters relating to infrastructure?

Ms Page—It has the potential to do that. The formal process for it doing so is largely through COAG.

Senator NASH—What does that actually mean? I am starting to get a sense that there is this Infrastructure Australia body here that we have not quite figured out what it is going to do yet, and all of this will come under this banner. We have done this work over here, which will shoot over there and they will give a bit of advice to somebody else. It is sounding a little less than extremely well planned.

Ms Page—That is not quite the case.

Senator Conroy—You are telling the story.

Senator NASH—I am just asking the question. That is what we are getting back, Minister.

Ms Page—In order to get national coordination in relation to priorities for infrastructure investment across the four key areas, COAG has decided that Infrastructure Australia's priorities will be considered by COAG. So, Infrastructure Australia will complete its audit by the end of the year and then it will complete its priority list, which will be tabled at the March 2009 COAG meeting. That is a way in which all governments will be able to consider the broad priorities recommended by Infrastructure Australia and they can consider then how best to take those forward.

Senator Conroy—It is clear there are not criteria for which is the most appropriate National Party seat to pork-barrel. We appreciate that is catching you by surprise and it is not there for you.

Senator NASH—Minister, you are being very immature. Can I just come back to the issue?

Senator Conroy—We have a straightforward plan, which has been explained to you a couple of times now and you are sitting there trying to describe this as a vague no idea.

Senator NASH—I am genuinely trying to understand how it is going to operate.

Senator Conroy—And we are trying to help.

Senator NASH—I know, which is why I am still rather confused.

CHAIR—Senator Nash.

Senator NASH—Do you want us to go to dinner?

CHAIR—I am sorry, Senator Nash, if I may interrupt.

Senator NASH—I will hold that thought.

CHAIR—I am sure there will be some questions when we get back at 7.30 on the dot. We will adjourn for an hour. Thank you.

Proceedings suspended from 6.30 pm to 7.29 pm

CHAIR—I welcome back all officers from Infrastructure Investment, and in continuation with questions, Senator Nash.

Senator NASH—Thank you. An issue I raised earlier—and it was something I asked you to take on notice—was around the responsibility and whether or not Infrastructure Australia could act independently. Sorry, you said you had something to say.

Ms McNally—The answer is that on a number of matters they can act independently but on the matters under section 2 on the matter (c) which is, 'to review and provide advice on proposals to facilitate the harmonisation of policies and laws relating to development of an investment infrastructure', they can do so on that. That is by request by the minister. 'To evaluate proposals for investment in, or enhancements to, nationally significant infrastructure.' It is the same as that. 'To provide advice on infrastructure policy issues arising from climate change', which is point (g). They cannot act independently on that. And point (h), 'to review Commonwealth infrastructure funding programs to ensure they align with any infrastructure priority lists', are the four.

Senator NASH—Great, thank you. I am just going to go through that in a little more detail because this is actually extremely important to the operation of Infrastructure Australia. I must say, I was very surprised that nobody in the department could give me a straight answer as to what responsibility or ability to act independently this body had. One would have thought that would be an absolute priority for Infrastructure Australia to know what their charge is. Just for the benefit of the committee I will run through what the legislation actually is because this is very important to the structure of Infrastructure Australia and I think it is important the committee understands it. There are obviously two components whereby infrastructure can operate, as it thinks fit obviously, or on request by the minister. The sections you quite rightly pointed out are the functions that can only be performed on request by the minister. If we have even a brief look at the functions that Infrastructure Australia can undertake as it thinks fit, they are things like conducting audits, developing lists, identifying any impediments to investment, internationally significant infrastructure, to promote investment; all very worthy obviously to undertake or commission research on. But when you look at the things that can only be done on request by the minister we see that we have things like, ‘to review and provide advice on proposals to facilitate the harmonisation of policies and laws relating to development of and investment in infrastructure’. They cannot provide advice on proposals. Next, ‘to evaluate proposals for investment in, or enhancements to, nationally significant infrastructure’. Without the minister’s direction, Infrastructure Australia cannot evaluate any proposals for investment unless it is under the direction of the minister. Infrastructure Australia cannot, unless it is by request of the minister, provide advice on infrastructure policy issues arising from climate change. And it cannot review Commonwealth infrastructure funding programs to ensure they align with any infrastructure priority lists unless it is under direction from the minister. My point with all of this is I am absolutely flabbergasted that nobody in the department could tell me whether or not Infrastructure Australia was able to act independently. Would you like to comment on that?

Ms Page—For a start, this is the legislation which the parliament passed. Secondly, we were aware that some functions could be undertaken independently and some that could not. We did not speculate on those. We wanted to go back over dinner and identify them.

Senator Conroy—Could I just clarify one point?

Senator NASH—You can.

Senator Conroy—You actually voted for this.

Senator NASH—And the point is?

Senator Conroy—If you have so many problems with this legislation, why did you vote for it?

Senator NASH—Oppositions often support things, for reasons, and you know that. You are just trying to distract from the issue.

Senator Conroy—I am not distracting you, I am just making the point that, firstly, you successfully read the legislation out and it is clear it is the first time you have read it. You voted for it.

Senator NASH—Minister, just stop being so immature. Can we just go back to these sections? I take your point, Ms Page, that you wanted to be absolutely clear. There are 11 components. There are only 11 and you had to go and clarify which ones that you had independent ability to perform those functions, or not. I would have thought that was a high priority for the department to be able to at least understand in principle in the legislation how Infrastructure Australia is going to work because from the reading—

Senator Conroy—Are you going to ask a question or are you going to keep—

Senator NASH—I am going to ask a question if you will just be quiet, please.

Senator Conroy—If you are going to make a commentary, I will help.

Senator NASH—Here is my question: am I right to understand that out of all of that Infrastructure Australia really only has the ability to act independently on issues of audit and advice?

Ms Page—It has the ability to act independently in relation to sections 2(a), 2(b), 2(e), 2(f), 2(i), 2(j) and 2(k).

Senator NASH—But when you look at all of those they are issues of audit and advice. Can I just talk about the make-up, if you like, of Infrastructure Australia? Can you briefly run through the make-up of the board of Infrastructure Australia? There are 10 members?

Ms Page—Ms McNally can provide that.

Senator McGAURAN—And their qualifications?

Ms McNally—The Infrastructure Australia board is made up of a chair and 11 other members. The members are appointed for a three-year period up until April 2011. Those members include appointments from the Commonwealth perspective and the state perspective as well as a number of private individuals. Do you want me to read out the names?

Senator NASH—Not all the detail, basically, just their name and their associations; their business; their connection; their function.

Ms McNally—Sir Rod Eddington, Non-Executive Chairman, (Australia and New Zealand) of JP Morgan; Mr Terry Moran, Secretary of the Department of Prime Minister and Cabinet; Mr Ken Henry, Secretary to the Treasury; Dr Kerry Schott, Managing Director and CEO of Sydney Water; Mr Jim Hallion, Chief Executive of the Department for Transport, Energy and Infrastructure; Mr Anthony Kannis, Executive Director of Western Australian Treasury; Professor Peter Newman, Professor of Sustainability at Sustainability Policy Institute of Curtin University. He is a local government person. Mr Phil Hennessy is Queensland Chairman of KPMG; Ms Heather Ridout, Chief Executive of the Australian Industry Group; Mr Ross Rolfe, Senior Executive, Infrastructure, Babcock & Brown; Mr Garry Weaven, Chair of Industry Funds Management; the Hon. Mark Birrell, Chairman of Infrastructure Partnerships Australia.

Senator NASH—Obviously from that a lot of them have significant commercial experience in the sector which I guess is understandable; that is correct, to make that assertion? My concern is that there will be some members of that advisory council that are going to direct billions of dollars in investment into infrastructure proposals. Obviously, some

of them have quite significant commercial enterprises that they are associated with in terms of infrastructure. How are you going to assure Australian people that there is no conflict of interest with what those people put forward as members of that advisory council, given their links and their background? How can you assure the people of Australia that that will not happen?

Ms McNally—One of the aspects that the legislation is a disclosure of interest to the minister under clause 13 on page 8 of the legislation: ‘A member must give written notice to the minister of all interests, pecuniary or otherwise, that the member has or acquires and that conflict or could conflict with the performance of the member’s functions.’

Senator NASH—Would you not think though that some people are going to think—I am not by any stretch of the imagination suggesting that it would happen—but when you look at members of the advisory council, say Babcock & Brown, JP Morgan, KPMG, how is the government to assure itself—I completely take your point that they will advise the minister of their associations—but how can you be absolutely sure that they are not going to have a conflict of interest?

Ms Page—Infrastructure Australia is not unique as a Commonwealth body in having members with private sector expertise.

Senator NASH—I understand that but I am asking about this particular body, Infrastructure Australia. I understand that happens. I am asking you about this particular body, how, given the billions of dollars that are going to be spent and the decisions are going to be made by a handful of people, how can we be sure there will be no conflict of interest?

Ms Page—They do not make decisions to fund things. They make recommendations to government and to COAG on priorities and it is then a matter for those governments to determine—

Senator NASH—I understand that but they would have to sift through a lot of options before they come to their recommendations.

Senator Conroy—I appreciate the way that the National Party is used to running infrastructure projects is to go: ‘Who’s got a National Party ticket and what electorate are you in?’

Senator NASH—You are getting very boring. We are really trying to ask some sensible questions—

Senator Conroy—Unfortunately—

CHAIR—Order!

Senator NASH—You are on very shaky ground.

Senator Conroy—The Auditor-General has at some length gone through your programs and has been extraordinarily critical—

Senator NASH—Aren’t we talking about Infrastructure Australia? I am sorry, aren’t we talking about Infrastructure Australia?

Senator Conroy—and has been extraordinarily critical of your pork-barrelling, so do not come in here and try to lecture us about process. There are suitable conflict of interest

provisions that can be adopted and I am sure these will be issues that can be considered by the board. But let us be clear about this. You voted for it. You did not raise these issues then. You did not suggest amendments. You are just coming along now—

Senator NASH—It is Senate estimates. Of course these things will be raised.

Senator Conroy—You had a chance to discuss and debate and put these issues forward when the bill was passed. That is called the parliament. That is the actual role of when you are debating a bill.

Senator NASH—Goodness me!

Senator Conroy—You voted for it. You did not raise these concerns.

CHAIR—If I may, it is not helpful to have senators shouting across the table at each other. Have you finished your answer?

Senator Conroy—I have, thank you.

CHAIR—Senator Nash, you have the call.

Senator NASH—Thank you very much. I will move on to what types of infrastructure will Infrastructure Australia be considering when developing its priority list?

Ms Page—Infrastructure Australia has the primary function of considering providing advice in relation to what is defined as nationally significant infrastructure and that is defined under the act as including transport infrastructure, energy infrastructure, communications infrastructure and water infrastructure in which investment or further investment will materially improve national productivity.

Senator NASH—It is a big job for a dozen people. Are they going to have any help?

Ms McNally—One of the processes we talked about earlier is that they will be working closely with the infrastructure working group under COAG and that the states and territories and various agencies in the Commonwealth will be providing information to assist them in that task.

Senator NASH—What is the time requirement that has been put in place for the members of the advisory council? How much time, days, weeks per year have they been asked to be able to commit before they have been appointed?

Ms McNally—Their first meeting is next week. Part of that meeting is to set the requirements. That will be part of the first discussion. They are looking at having meetings at least monthly to start off with through to December. And they are also talking about mechanisms to be involved in consultation and working with a wide range of stakeholders.

Senator NASH—You said they are going to meet at least monthly; is that right?

Ms McNally—That is correct.

Senator NASH—Just as an ongoing—

Ms McNally—They are required to meet at least four times per year and they will be meeting more often than that over the next six months.

Senator NASH—Am I right in that they were coming back in March 2009?

Ms McNally—That is correct.

Senator NASH—Can you just refresh my memory, what exactly were they coming back with in March 2009?

Ms McNally—A priority list of nationally significant infrastructure.

Senator NASH—That is only about nine months, isn't it?

Ms McNally—That is correct.

Senator NASH—About nine meetings?

Ms McNally—That is correct.

Senator NASH—Are they going to come back with every single priority? What were those components again that we were looking at? We are looking infrastructure, we are looking at energy? What else are we looking at?

Ms Page—Transport, energy, communications and water.

Senator NASH—Transport, energy, communications and water—they will be coming back to the government with a brilliant plan for the future with nine meetings? I find that extraordinary.

Ms Page—It is a matter for Infrastructure Australia to work out how they interpret the task they have been given as well. They are a body with an ongoing future and they can choose to structure their advice to COAG and the way in which they construct their priority list. They have a degree of discretion in the way in which they want to interpret that task. As Ms McNally said—

Senator NASH—Do you want to say that in English? That does not mean they can delegate to other people, or what do you mean?

Ms Page—No. There is no definition or there is no prescription in the legislation in terms of what the audit must contain or how it should be conducted or what the priority list should look like. However, as Ms McNally has said, they are getting significant assistance from the Commonwealth and from state jurisdictions and from work already done to date, as you have already indicated, in the preparation of that task. They are not starting from scratch.

Senator NASH—Okay. I find that quite extraordinary. We should find a shorter name for it, shouldn't we? Will Infrastructure Australia be considering public-private partnerships?

Ms McNally—Yes, they will.

Ms Page—They have a task to provide advice or to provide nationally significant guidelines on public-private partnerships by October this year.

Senator NASH—Will there be an approach to risk for Infrastructure Australia when they are determining the type of recommendations they are going to make on these projects?

Ms Page—Again, I think that is a matter for Infrastructure Australia to determine.

Senator NASH—Sorry to go back over the same ground, but am I right in assuming that until the first meeting we do not really know how this advisory council is exactly going to

operate. From what you said before, I am getting the sense that they will have their first meeting and they will toss a few ideas around and see where—

Ms McNally—The advisory council will be operating by having meetings. There will be a team of people that will be supporting them. They have a budget so they can also buy external expertise if they see fit.

Senator NASH—What is their budget?

Ms Page—The budget is \$20 million over four years.

Senator NASH—That is specifically for the external advice?

Ms McNally—That is for all the activities of Infrastructure Australia.

Senator NASH—Is there a minimum size of infrastructure? Is there any cut-off point for the type of infrastructure projects that may—

Ms McNally—That may be something they need to develop as they determine what nationally significant infrastructure means.

Senator NASH—There is an awful lot of developing and things still yet to happen, is there not?

Senator Conroy—I just find it extraordinary, as do many in the business community, that after 12 years you have done nothing in this area. Your definition of infrastructure was dredging Tumby Creek.

Senator ABETZ—We only built the railway line between Alice Springs and Darwin, that is right.

Senator Conroy—You really do not want to go there.

Senator ABETZ—Of course we do.

Senator NASH—What is interesting is having been elected on a vision for the future you are spending an awful lot of time talking about the past.

Senator Conroy—You had 12 years and you did nothing.

Senator NASH—That is entirely untrue, entirely untrue.

Senator Conroy—The business community cried out. The Reserve Bank cried out and your definition of nation building was to dredge Tumby Creek.

Senator NASH—I am happy to discuss regional partnerships with you tomorrow as long as you would like.

CHAIR—The minister has made his point.

Senator Conroy—Just keep dredging Tumby Creek for your ideas.

CHAIR—Your point is made, minister.

Ms Page—Could I just clarify something? In relation to the audit there is some prescription. They are required to determine the adequacy, capacity and condition of nationally significant infrastructure, taking into account forecast growth, but exactly how they do that is a matter for Infrastructure Australia to determine.

Senator NASH—After this first meeting will they be coming back to government with a clear strategy, because obviously, and quite genuinely, there are a number of things that are yet to be determined until the group get to that first meeting? Have they been tasked after that meeting to specifically come back to the minister—I assume that they have; I am just putting this on the record—with the determinations they have made of exactly the type of things you have been saying today that will be—

Senator Conroy—I appreciate your eagerness and keenness to find out what they are going to do after they have met. If there is any information that they would like to make public after they have met I am sure the minister will provide it.

Senator NASH—No, no, you have missed my point entirely. I am not talking about public information. I am assuming that they have been tasked after the first meeting to come back to the minister to provide a very clear road map, if you like—apart from a few sets of roads that are there at the moment—but a very clear strategy having discussed all the thing you have raised so far today that are a matter for that first meeting. I am assuming they will then come back to the minister with an answer to those kinds of questions.

Senator Conroy—I am sure that would fall into the category of advice to the minister and there has never been any minister sitting at this table in the 12 years I have been here who has ever confirmed what advice will be coming to the minister. You are asking for what hypothetical advice there will be and I would say to you, firstly, it is hypothetical but, secondly, even if it were not, it is not in the purview of departmental officials to give you a running commentary on what advice will be coming back to the minister.

Senator NASH—You have missed my point again. I am not asking about what advice is going to go back. I am asking post that first meeting will there be advice. I am not asking what it is going to be. I am not asking what it is going to be. I am asking has a process been put in place so the issues we have been talking about thus far that are a matter for determination at that meeting, the advisory council will provide the minister with what the determinations were. I am not asking what. I am just asking if that is a process that will take place.

Ms Page—Infrastructure Australia has a piece of legislation and it is a matter for Infrastructure Australia to determine that. They may choose to report to the minister. They may choose to report to the infrastructure working group of COAG. They may seek additional guidance. They have broad flexibility to interpret their task in that way.

Senator Conroy—You are actually asking for an opinion of whether they think something will happen. You are not actually asking a question that they can actually answer.

Senator NASH—Sorry, could you just say that again?

Senator Conroy—You are asking for an opinion on what might happen. That is what you have actually asked.

Senator NASH—No, but I—

Senator Conroy—It is not in the province of officials to speculate for you about what might happen in the future.

Senator NASH—I completely understand that, but given the nature of some of the issues we have been discussing today that are a matter for determination at the first meeting, quite rightly, the officials cannot give that information here to us, as the committee, today because it is yet to be determined. I am merely asking if there is a process in place that, once they have determined what those outcomes are, will that be provided to the minister? If that is too hard, we just will not worry.

Ms McNally—One of the aspects of the first meeting is to determine a number of processes and until the meeting has taken place and they make their decisions and consider those things.

Ms Page—Some of this may well be an iterative process and IA may consider that they require a number of meetings to work through those issues.

Senator ABETZ—I have had a nice dinner so I will be very polite—

Senator Conroy—That is good.

Senator ABETZ—but can I try and say as firmly as I possibly can that the answers that we got back in relation to road projects and road funding were far from satisfactory. When I asked questions such as, ‘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?’, I am told, we can take that on notice. I say, ‘Thank you.’ Answer, I am told to look up the Labor Party website. Quite clearly, a lot of the road projects did not have timetables attached to them and therefore it was non-responsive and I would just like to think it was a first rush of blood to the head by a minister who was answering these thinking it would be smart. I do not know what it was. But can I just say it was singularly unhelpful and singularly unresponsive. Even when I was promised answers in detail at one stage, I still get the same nonsense of, ‘Look up the Labor Party website.’ I will just make that statement. I understand Senator Scullion made general comments about that at the beginning of these—

Senator Conroy—I think it was Senator Nash.

Senator ABETZ—Senator Nash. I do not want to labour the point any further other than to register as firmly and strongly as I possibly can my disquiet at the trend in this particular area, especially when there were some road projects where all of a sudden we did get answers saying that they would be built in such and such a time with such and such a budget and answers were forthcoming. It seems to have depended on the project as to whether or not we were going to be referred to the Labor Party website or whether the Labor Party minister was actually proud of what was going to be delivered and was therefore going to tell us the whole story. But those where he had concerns, he did not.

Senator Conroy—Could I respond to a couple of those points?

Senator ABETZ—Yes, of course.

Senator Conroy—Some of those issues were raised by both Senator Nash and Senator Scullion. I undertook to speak to the minister’s office about a number of these issues.

Senator ABETZ—Thank you.

Senator Conroy—But can I draw your attention to an answer that Senator Chris Evans gave to questions around ALP election commitments at the last estimates? I am quoting Senator Chris Evans directly from *Hansard*, in answer to a question on notice from Senator Minchin:

Senator Chris Evans (Western Australia—Minister for Immigration and Citizenship)—The Prime Minister, on behalf of all ministers, has provided the following answer to the honourable senator's questions:

The election commitments made by Federal Labor, the great majority of which were accompanied by an estimate of costs, are on the public record. The Administrative Arrangements Orders issued by the Governor-General on 3 December 2007 and 25 January 2008 list the matters dealt with by each Department of State.

When it comes to your argument around election commitments, the Prime Minister has responded directly for all ministers.

Senator ABETZ—Only saying that they are on the public record, if I may intervene, is singularly unhelpful when you know there is some information missing from the Labor website that a local Labor candidate—which is quite appropriate—was given permission to make an announcement about a particular project. They announce it in their electorate. You cut it out of the local newspaper. That is an election promise, one would assume, but it has not found its way onto the Labor website. I am not critical of that. I dare say it happens to all parties. That is why I would have thought going through all of government, gathering up all of them and providing us with a list and then also telling us which department is relevant. For example, the aquatics centre in Launceston, in my home state, in the electorate of Bass. I looked for that in the wrong area and said it was not in the budget papers. And sure enough I was wrong. It was in the budget papers but in another area.

If we could have had a list provided saying that the aquatics centre was going to be funded by a sports portfolio as opposed to the regional portfolio, people would know. Can I tell you the administrative orders did not tell us whether or not the aquatics centre would be funded by the sports department or the regional department? I know you have to defend your Prime Minister, but that answer is in no way responsive to the request. When we came to government, we provided a list of all our promises and said which department would administer them. Anyway, I have made my point. You have made yours.

Senator Conroy—If I can just say, the Prime Minister has given what we believe is a satisfactory answer on the issue of election commitments. As to the other issues you raise around some answers not having as much information as you would have liked, I think I said this morning to Senator Nash, perhaps in the enthusiasm to answer your questions, the answers were prepared and perhaps some information was not readily available at the time, but I have undertaken to take it up with the minister to ensure that we are able to meet the requests of senators.

Senator ABETZ—Thank you for that. I cannot help but make one further small comment and that is this, I know Senator Faulkner prided himself on how many questions on notice had been answered—the huge percentage in comparison to the past government. I did make the point that Prime Minister in Cabinet, yes, it is very easy when you just say; 'Refer Labor website' and you do not do the hard yards. As long as it is not suggested that you guys have

got some greater degree of transparency because you answer more questions on notice. It is the quality of the answer that we are looking for.

Senator Conroy—You have seen how transparent we are this very day.

Senator ABETZ—I understand this is the appropriate area to go into some road projects?

Ms Page—That is correct.

Senator ABETZ—Thank you very much. Where do I start in that great state of Tasmania? Can I start, first of all, with the Bridgewater Bridge.

Senator Conroy—You are not being parochial, are you?

Senator ABETZ—No, as Deputy Leader of the Opposition in the Senate I am looking at the key hotspots for national infrastructure, and somebody has drawn my attention to some issues in Tasmania.

Senator Conroy—You seem very Tasmanian-centric for the deputy leader of your entire party.

Senator ABETZ—You have to look after all the people in your party. There are some Tasmanian senators interested in this and they have asked me to raise the issue on their behalf.

Senator Conroy—And you are taking it up on their behalf.

Senator ABETZ—You are exactly right. In fact, on behalf of the Tasmanian Liberal Senate team, of which I am a proud member. Who can help me with a specific road project?

Senator ABETZ—I will not be provocative, but hopefully we do have some information, unlike last time.

Ms Page—We provided some advice or the minister provided some advice I think in response to a question on notice and we can probably provide further information.

Senator ABETZ—As to Bridgewater Bridge, there was an allocation in the last four budgets. Is there an allocation for the construction of a replacement Bridgewater Bridge in this budget and the forward estimates?

Ms McNally—The government has committed a further \$5 million for planning for a new Bridgewater Bridge and the Pontville-Baghdad bypass.

Senator ABETZ—How far do these forward estimates go now, four or five years?

Ms McNally—\$1.5 million in 2008-09 and \$3.45 million in 2009-10.

Senator ABETZ—So we have allocated money for drawings but none for the first wheelbarrow load of concrete?

Ms McNally—Once the government has considered the planning we will be able to consider what is actually required so that proper cost estimations and time frames and costs can actually be considered.

Senator ABETZ—I think all of those were around, albeit not exact, previously. But if all the plans, et cetera, come to be and a budget is drawn up, that would then be able to be drawn from the Infrastructure Fund? Or where would the money come from? Would there need to be a separate budgetary allocation?

Ms Page—That will be a matter for the government at the time.

Senator ABETZ—Minister, can you tell us—chances are, take on notice—what the forward planning is for the government after these first two years?

Senator Conroy—I appreciate the point you made that rough estimates may have been around. But as you would be aware, in any major construction like this costs do tend to grow each year.

Senator ABETZ—Absolutely.

Senator Conroy—What the government has put in place is a very sensible approach, which is to complete all of the, as you I think perhaps unkindly called it, drawing phase. I am sure there is a little bit more to it than that. But I think it is the responsible thing to do at that point to work out what the actual costs will be, not some estimated cost from three years before, and then you can actually proceed with the project based on the current costs or the currently forward calculated costs, not an old figure from three or four years ago.

Senator ABETZ—In the past there was an agreement between the Commonwealth and the state that, if the state wanted to, the Commonwealth would fund \$100 million or 80 per cent of the bridge if the state were to fund 20 per cent of it. Is that offer still on the table from the new government?

Senator Conroy—I would have to take that on notice.

Senator ABETZ—You are taking that on notice. That is fine. Is there information available on that?

Mr Hogan—There was a commitment under the previous government to provide \$100 million—

Senator ABETZ—Just help me, I am interested, ‘New South Wales’ and?

Mr Hogan—Investment Coordination.

Senator ABETZ—I am just interested in your state specific title. I thought it was New South Wales Investment Coordinator. Undoubtedly you have investment coordination responsibility for all of Australia.

Mr Hogan—And I also previously had state responsibility for Tasmania at the time you are talking about.

Senator ABETZ—Why were you demoted?

Mr Hogan—That is a very good question. Under the previous government there was a commitment of \$100 million to the Bridgewater Bridge, or 80 per cent of the cost. In the AusLink bilateral agreement there was also provision for the Tasmanian government—

Senator ABETZ—With respect, I do know that history. I just want to know whether the new government is going to be potentially adopting that. I understand Senator Conroy is taking that on notice. I do not want to interrupt if you are going to tell me something else, but if you are just taking us through the history, I do not need it.

Mr Hogan—I think there is one—

Senator ABETZ—Sorry, I do not want to cut you off.

Mr Hogan—Under the terms of the bilateral agreement there was provision for Tasmania to bring forward a proposal for an alternative project, the northern approaches project. The current government has committed \$131 million to the Brighton bypass, which is in effect that northern approaches project.

Senator ABETZ—That is an alternative to the Bridgewater Bridge; is that correct?

Mr Hogan—It is at this stage and as well—

Senator ABETZ—This is helpful information and I am kicking myself that I nearly stopped you from telling us about it. If it is an alternative proposal, I understand that it is either one or the other.

Mr Hogan—No, I do not think that is the case.

Senator ABETZ—Tell me what the word ‘alternative’ means to you.

Mr Hogan—In this case—

Senator ABETZ—I am usually given a choice and I am told an alternative; you either take the black one or the white one.

Senator Conroy—We are a more generous operation.

Senator ABETZ—This time you are saying, ‘You have an alternative. You can have both.’ That sounds good. Tell me about it. You are economically responsible; you cannot afford to be generous.

Senator Conroy—More generous by nature than perhaps you were.

CHAIR—Mr Hogan, you were halfway through your answer. Do you wish to continue?

Mr Hogan—I do not think it is as clear-cut as that. I think you have a \$131 million commitment to the Brighton bypass and you have a \$5 million commitment to planning activity on the Bridgewater Bridge.

Senator ABETZ—And no forward funding.

Mr Hogan—Not at this stage.

Senator ABETZ—Can I take you to the Midland Highway and Lyell Highway intersection. Can somebody be so kind as to point out to me where on the Australian Labor Party website—

Senator Conroy—I think the suggestion was that you might want to go to the website, not that the officers would.

Senator ABETZ—Is there any reference to this particular project? I might have overlooked it and I concede that.

Senator Conroy—I will return you to what the Prime Minister said, which was that the election commitments made by federal Labor, the great majority of which were accompanied by an estimate of costs, are on the public record. He was not suggesting they were only on the ALP website. The Prime Minister has indicated that they are on the public record.

Senator ABETZ—Unfortunately, last time around when I asked about this project I was referred to the Labor Party website. I looked at the Labor Party website. I am no whiz with these things. I accept that. I may have overlooked it.

Senator Conroy—The good news is that I think we have some more information for you.

Senator ABETZ—Thank you.

Ms McNally—This project was announced as an election commitment, the project was part of the budget—

Senator ABETZ—Sorry?

Senator Conroy—It was in the budget.

Ms McNally—This project was in the budget.

Senator ABETZ—Yes, I am aware of that.

Ms McNally—Full information on this project can be found on the AusLink website under a list of projects called Early Start Projects.

Senator ABETZ—Yes, but are you telling me it was also on the Labor Party website. Can somebody check that for me, please? I will not be asking about too many of these.

Senator Conroy—I am not sure that it is appropriate for you to ask the department to check the ALP website.

Senator ABETZ—The department told us to.

Senator Conroy—No, it told you to go and check the website.

Senator ABETZ—Yes.

Senator Conroy—What I am saying is that I do not think it is appropriate for you to ask them to go and check the ALP website.

Senator ABETZ—The problem is we asked the department and they continually refer me to a document. In the event that I misread that document—

Senator Conroy—I do not know how this department works, but I sign the answers to questions that you and others ask me. They are not the department's, they are mine. Minister Albanese may have suggested you visit the ALP website.

Senator ABETZ—With a surplus of ministerial staff—and it is funny that you should laugh; there was one man who cut all the ministerial staff, and that was your Prime Minister, the one you always fawned to. Your laughter could be seen as somewhat non-supportive of your Prime Minister's actions in that regard. I would—

Senator Conroy—I always enjoy a good joke with you, Senator Abetz. I find your sense of humour very amusing and you crack me up regularly.

Senator ABETZ—While you are in a jovial mood, would you check for me—or get one of your staff to check—as to whether this particular project was on the Labor Party website. I could not find it.

Senator Conroy—I will take that on notice and see whether there is any further information that Minister Albanese can provide you.

Senator ABETZ—Thank you for that. With this project, money has been allocated in the budget.

Ms Page—We can provide information on the budget announcement if you like.

Senator Conroy—It is on the AusLink website.

Senator ABETZ—Will that be fully funded?

Ms McNally—The estimated project cost is \$14 million. The Australian government contribution is \$10.75 million.

Senator ABETZ—Wait a minute. I do not think we are necessarily talking about the same thing. This is the Lyell Highway, Midland Highway intersection at Granton.

Ms McNally—That is correct.

Senator ABETZ—I was told before the election—and we indeed made an election commitment on this—that it would be about \$500,000. So the figure of \$14 million—

Senator Conroy—It is a seriously good road.

Ms McNally—It is a combined project.

Senator ABETZ—It is a combined project. With what else?

Ms McNally—It includes Bridgewater Bridge refurbishment.

Senator ABETZ—That is what I was thinking. If at this stage we could commit ourselves only to the intersection, how much do you think that will cost? Do we have that broken up as yet?

Mr Rokvic—We would have to take that on notice. We do not have that information.

Senator O'BRIEN—The media release of 2 November, 'Federal Labor invests \$143 million in better transport'—

Senator Conroy—We know you could not have found that on the ALP website.

Senator O'BRIEN—One of the items is \$4.5 million towards a \$5.6 million upgrade.

Senator ABETZ—This particular project that Senator O'Brien is trying to run interference on once again is talking about \$5 million. According to the local council and other people, it is a project that could in fact be undertaken for about 10 per cent of that cost, about half a million dollars. What costings do you have?

Senator Conroy—They said they would take it on notice.

Senator ABETZ—But of course they should not have to if what Senator O'Brien is saying is correct, that it is all there for everybody to see. This is part of the confusion.

Senator O'BRIEN—I am trying to help you.

Ms McNally—The project involves two components. It involves both repairs to the Bridgewater Bridge and improvements to the Lyell Highway. Repairs to the Bridgewater Bridge are to the steel superstructure and concrete substructure and will be undertaken to enable the bridge to reopen to river traffic. The project in respect of the Lyell Highway junction is to works on the southern side of the Bridgewater Bridge.

Senator ABETZ—How much is devoted to that, to the southern side?

Ms McNally—In the information I have with me there is not a specific break-up of the components.

Senator ABETZ—That was put into the budget in the recent statement, was it not?

Ms McNally—That is correct.

Senator ABETZ—There was no actual Labor promise in relation to that in the section but, as I understand it, it is now being combined into the one project. It is interesting that it was not separately costed. Because, once again, if it had been separately costed, it would have been on the Labor Party website. Can I ask in relation to the existing Bridgewater Bridge about the lifting mechanism. A contract has been let. When will it be operational again? Importantly, the town of New Norfolk is celebrating its bicentenary. It was built because of the river traffic. The lifting span of the bridge is immovable. No substantial water traffic is able to go to New Norfolk to celebrate its nautical history in this its bicentennial year. They are anxious that it be repaired before the end of this year, and we have been told possibly October.

Ms McNally—We have been advised by the Tasmanian government that it is expecting to commence preliminary scoping works in mid-2008, more detailed investigations from late 2008, and construction work is expected to commence in early 2009.

Senator ABETZ—Is this on the Bridgewater Bridge repairs?

Ms McNally—That is correct.

Senator ABETZ—In other words, the lifting span will not be fixed by the end of this year?

Ms McNally—This is information we have been advised by the Tasmanian government.

Senator ABETZ—Can you please take on notice for me whether it is anticipated that the lifting span will be fixed by the end of 2008 and, if so, what the anticipated completion date is? And can I also ask you to take on notice the Lyell Highway-Midland Highway intersection, Granton intersection, and its costs and anticipated completion date. You are telling me that in relation to that particular specific project you do not have any information?

Ms McNally—Not any more detail than what I provided you tonight.

Senator ABETZ—Moving further south, to the Kingston bypass, last time around I do not think we had even had discussions with the state Labor government at that stage. But I understand that there have now been some discussions. Can you bring us up to date on the Kingston bypass?

Ms McNally—\$1.1 million has been made available to advance the detailed design of Hobart's Kingston bypass as part of the government's \$15 million contribution to the project. That \$1.1 million will be made available in 2008-09.

Senator ABETZ—And the future funding forward estimate for the Kingston bypass? Have any moneys been made available?

Ms McNally—There is a commitment of \$15 million.

Senator ABETZ—Yes, I know it is a commitment. But has it been budgeted for in the forward estimates?

Ms Page—It is contained within the forward estimates.

Ms McNally—Yes, it has.

Senator ABETZ—Thank you.

Senator Conroy—I think you are being a little bit unkind about the ALP website. I am looking at it now as well. I would have to say most of these are detailed fairly simply and directly. You said you could not find them.

Senator ABETZ—No, not them. One, the specific grant for an intersection; that is the only one I have asked be referred. Can we continue with the Kingston bypass?

Senator Conroy—I think you are being a little bit unkind.

Senator ABETZ—What is the actual promise here—\$15 million or 50 per cent of the cost?

Mr Rokvic—The Australian government contribution is \$15 million. It is towards the Kingston bypass.

Senator ABETZ—So it is a cap of \$15 million?

Mr Rokvic—That is correct.

Senator ABETZ—Can I ask you about the Brooker Highway and the eastern outlet. There was talk about—and somebody will correct me if I am wrong—putting that onto AusLink, onto the national grid. What is the terminology these days?

Mr Rokvic—The government has committed to extend the national network to include the Brooker Highway.

Senator ABETZ—Thank you. As to the national network, have any costings been undertaken as to what that promise might cost?

Mr Rokvic—There is no funding associated with the extension at the present moment.

Senator ABETZ—So no money has been budgeted for the extension of the network?

Mr Rokvic—That is correct. There may be some implications for the maintenance funding. But—

Senator ABETZ—That is what I was getting at. Let us not get ahead of ourselves. When is the takeover going to occur?

Ms Page—The government has yet to finalise the extension of the network. A number of network extensions were committed to as part of the election.

Senator ABETZ—When can we expect the government to tell us when, or what year, they intend to place the Brooker Highway and eastern outlet into the national network?

Ms Page—I would imagine that it would be done in the near future, but I cannot be specific about the date.

Senator Conroy—We will take that on notice.

Senator ABETZ—You will take that on notice as well. Undoubtedly, when it becomes part of the national network will determine when you need to put money aside for its upkeep, upgrade or whatever—

Senator Conroy—Thanks for the budgeting advice.

Senator ABETZ—Thank you for confirming that for me—and the fact that there is no money set aside for this project in the forward estimates we could assume means that it is not in the government's thinking to do it in the next few years.

Ms Page—I do not know that you can necessarily draw that conclusion.

Senator ABETZ—Not necessarily. They could have a rush of blood and say, 'We're going to do it tomorrow.'

Senator Conroy—I do not think you can draw that assessment at all. Our election commitment is in black and white and, as Senator Nash and Senator McGauran will tell you, we will deliver each and every one of our election commitments. It reads:

We will also extend Tasmania's national network to include the Brooker Highway from Granton to the Port of Hobart and the Tasman Highway from Hobart to Hobart Airport.

We have made it absolutely clear.

Senator ABETZ—We are going to do it but we are not told when. That is what I am trying to nail down.

Senator Conroy—Yes. We said we will take that on notice and get back to you. But you cannot then make the assertion that it is not in our thinking. It is an election commitment and it will be delivered.

Senator ABETZ—Yes, but without a time span or a time framework. That is why, with great respect, when we do get answers to questions such as 'tell us about the timetable', we refer to these websites and there is in fact no timetable attached to it.

Senator Conroy—They are election commitments and we will deliver them. We are delivering each and every one. This is not a non-core promise.

Senator ABETZ—Yes, but we do not know when.

Senator Conroy—This is not a non-core promise a la the Howard government

Senator ABETZ—Be very careful. Mr Mrdak at PM&C started talking about key promises, suggesting there might be non-key promises. So be very, very careful. That is the problem when you are a minister; you are ensconced in the one Senate estimates. Some of us have the benefit of cruising around and we pick up information such as whether or not you have your charter letter yet.

Senator Conroy—The Prime Minister has made it clear that we will deliver on all of our promises. And no-one can contradict that.

Senator O'BRIEN—I know you're disappointed, Julian, but you'll just have to live with it!

Senator McGAURAN—There must be more for Tasmania, surely!

Senator Conroy—It is a small state in size but it is big in stature.

Senator O'BRIEN—Five out of five are Labor seats.

Senator Conroy—Five out of five Labor seats—have we got every federal seat?

Senator O'BRIEN—That is right.

Senator Conroy—Again? Who is the most senior Tasmanian in the parliament?

Senator O'BRIEN—Tasmanian what?

Senator Conroy—From the opposition?

Senator O'BRIEN—John Watson.

Senator Conroy—No, on seniority, not on age. It would have to be Senator Abetz. He is usually the campaign director in Tasmania, isn't he? I am just helping out here, Senator Abetz.

Senator ABETZ—I was wondering where the chair was and how much he was going to allow.

Senator Conroy—I am just waiting for you to ask your next question. I am filling in the space while you are looking for your next question.

Senator ABETZ—In 11½ years of government we never developed this sort of arrogance and hubris. Was the government or the department ever approached for federal funding to help with the costs of the bridge lifting mechanism at the Bridgewater Bridge? Let me withdraw that question. The funding for the Bridgewater Bridge mechanism that has been referred to previously: how much was that for again?

Ms Page—Refurbishment of the bridge?

Senator ABETZ—Yes.

Ms Page—\$11 million, I think.

Senator Conroy—This is for the mechanism?

Senator ABETZ—That was via a request from the state government; is that correct?

Ms Page—It is a government election commitment.

Senator ABETZ—Was a state government request ever made to the minister or the department for this upgrade work?

Ms Page—I would have to take that on notice.

Senator ABETZ—If you could, please.

Ms Page—This is an election commitment. The government is committed to doing it.

Senator ABETZ—That is fully understood. I am just wondering whether, separate to that election commitment, the state government wrote to either—you will have to remind me: Mr Albanese or Mr Truss, wouldn't it have been?

Ms Page—Mr Vaile.

Senator ABETZ—Thank you, Mr Vaile—in relation to funding for this lifting mechanism?

Ms Page—We will take that on notice.

Senator ABETZ—If you could take that on notice I would be much obliged. That is all.

Senator HEFFERNAN—Can I look to the future rather than the present. Is this the right group of people to address the future infrastructure spend for Australia?

Senator Conroy—It is.

Senator HEFFERNAN—As you would be aware, as the former chairman of the northern task force, I am a very keen advocate of making sure that Australia and Mother Nature runs the capacity of southern Australia down, which according to the science is going to happen, and it builds the capacity of the northern parts of Australia in the sense of joint, complementary infrastructure that will build downstream industry on some of the natural resources of the north, including the gas industry. I fail to see why we would want as a nation have a long-term plan that says we will sell liquid natural gas for a few cents a litre for 30 years to China and not have a fertiliser industry downstream, as Trinidad does. One of the largest suppliers of liquid natural gas to—

Senator Conroy—Are you coming to a question?

Senator HEFFERNAN—I am. I am just trying to build your enthusiasm. We need complementary infrastructure that will build the capacity of secondary downstream industry to our primary mining industries up there. We need the same infrastructure that will build the development of tourism in the north, which is just a pimple on the tourism landscape. We need to look at the same infrastructure that will build primary agricultural food capacity in the north. Minister, it is my very strong view that if it is good enough for governments in all their political crassness to allocate tens of millions of dollars to a football stadium at Gosford or bloody Newcastle or Melbourne or somewhere else, then it ought to be good enough in the national interest, to the long-term benefit of the family of Australia and in the protection of our sovereignty, to put infrastructure into the north.

Senator Conroy—My anticipation is building rapidly; we are getting to the question.

Senator HEFFERNAN—Given that the northern task force is going to come to these estimates tomorrow, as I understand it, and given that not a lot has happened in the term of this government—and that is not a criticism—is there any planning and thinking in the policy that has been developed by the federal government about future infrastructure spending to developing frontier-type infrastructure in the north? There is no question that the scientists, the 2,500 eminent scientists of the Intergovernmental Panel on Climate Change, are telling Australians and telling the globe that in 50 years time—

Senator Conroy—I appreciate the point you are making. I am just hoping you are going to get to a question soon.

Senator HEFFERNAN—I am. I am just building my case.

CHAIR—Minister, I am very conscious of the fact that Senator Heffernan is just about there. Carry on.

Senator HEFFERNAN—and 50 per cent of the world's population will be water poor, a billion people unable to feed themselves, 30 per cent of the productive land of Asia will have two-thirds of the world's population living on it. If we build the population of the planet from 6.2 billion to nine billion—don't yawn!—with a third of the productive capacity of the land

disappearing and the food task doubling, 1.6 billion people could possibly be displaced, Minister. And then refer yourself to the same international panel on what is going to happen in Australia, where in the Murray-Darling Basin somewhere between 25 and 50 per cent of the run-off is going to disappear over the next 50 years and where there is 23,000 gigalitres at the present time. In the three main catchments of the north, in the Timor catchment there is 78,000 gigalitres; in the gulf catchment, 98,000 gigalitres; in the north-east catchment, 85,000 gigalitres, which is not intercepted to any consequence. If we remove that sort of capacity from the south and we have a frontier which is largely undeveloped in the north, then to develop it, as the chairman has just commented to me, how do we get people to live there if we do not have infrastructure? At the present time some of it is pretty much frontier. I would like to think that in the thinking of your department there is some planning as to the possibility of infrastructure in the north. Is there?

Ms Page—I think that is probably best addressed by, again, referring to the role of Infrastructure Australia. Infrastructure Australia—

Senator HEFFERNAN—You mean I have asked the question in the wrong place.

Ms Page—No. We can answer questions on that. As I explained earlier, Infrastructure Australia is required to provide advice on what is called nationally significant infrastructure to COAG and to our minister, and that includes water infrastructure and energy infrastructure. There is no geographic limitation in terms of the areas in which they are required to consider infrastructure needs in Australia, and they are required to consider forecast growth in undertaking their audit of current and future infrastructure. There is certainly scope for Infrastructure Australia to consider Australia's infrastructure—

Senator HEFFERNAN—Are they here tonight.

Ms Page—No, they are not here because they are an advisory body to the Commonwealth. They have not had their first meeting yet. They meet next week for the first time.

Senator HEFFERNAN—Do you think you could get me invited to the meeting?

Senator Conroy—We will take that on notice.

Senator HEFFERNAN—Thank you. One of the problems with the development of the north is that it has not been on the national agenda, especially agriculture. That is not so much the case with mining, obviously. There is a view that is accepted in the more mature farming areas that, like the classified ads in the *Sydney Morning Herald*, which is a mature investment, agriculture in the south is a mature investment and we tend to be resting on our laurels and retiring to the coast rather than thinking about the future. If I could just give an instance, Minister, with your indulgence and the Chair's, it is the Gilbert River, which runs into the gulf. That was pegged out for irrigation in 1957 and it has never been developed. If you go to Georgetown and you go out to the area that is pegged out, which is drawn out of the Flinders, I think it is, which is a sandbed river, there is actually a new farm out there growing mango and bananas. The greatest problem that the people that work there have is that, as you would be aware, I presume, in the north there are lots of roads which are main roads and which have an eight- or 10-foot strip of tar. So when a road train comes along the locals know you do not muck around, you get off the road and pull up while the road train goes past. If you are a grey

nomad with a caravan and a four-wheel-drive you learn to do that very quickly because the road trains do not give way.

CHAIR—Some do not; it is amazing.

Senator HEFFERNAN—Yes, and that is very tragic. So you go out there to one of these communities where there are frontier people with the great Australian spirit and they will talk to you. The task force met them in a shed out there. I asked them: ‘What is the greatest need you have here at the moment? It is not enthusiasm.’ The lady, the manager of the place, stepped forward and said, ‘We need a school bus.’ The difficulty with the school bus is, because it is 40 or 50 miles back into Georgetown, there is danger to the kids in the school bus because of the little narrow strip of tar. She also said, ‘We will not be able to stay here when the kids get older because we need to be parents with our children, so we either have to remove the kids somewhere or move ourselves.’

That is a very simple example. If you go from Darwin to Wadeye, which was, and still is in parts, a very dysfunctional Indigenous community, there is an average of 17 Indigenous people living in each home. There are between 4,000 and 7,000 children in the Northern Territory who have no access to high school. It should be a lesson to all Australians to hang their heads in shame at the treatment some of these people have had to put up with. If you went to Wadeye 18 months ago and went to the social security office you would think it was a line-up for the toilets at football at half-time at the Melbourne Cricket Ground. That is what I thought it was. There was this line of Indigenous women just lined up along the street. I said to the local blokes, ‘What is that?’ They said, ‘That is the local social security office,’ but it is not an office at all. It was a phone in a black hole in the wall. There are thousands of kids up there that have no access.

Ms Page—Would it help if I provided advice on roads that the government proposes to fund in the Northern Territory?

Senator HEFFERNAN—Can I just complete that? What that community needs is one bridge over a particular river there to give them all-season access to the outside world.

Ms Page—The government have committed \$52 million over the next four years towards what they have described as community beef and mining roads in the Northern Territory. The projects include: improving flood immunity on the Port Keats—in other words, the Wadeye—Road in partnership with the Northern Territory government, including a high-level bridge over the Daly River—

Senator HEFFERNAN—That is the one.

Ms Page—and bridges over the Moyle and Tommy Turners crossings on the Moyle River flood plain, strengthening and widening the Plenty Highway, sealing the Buntine Highway in conjunction with the planned strengthening and widening by the Northern Territory government, pavement strengthening and widening and crossings on the Central Arnhem Road, pavement strengthening and widening and crossings on the Tanami Road in partnership with the Northern Territory government and the mining industry, creating a high level bridge over the Macarthur River at Borroloola in partnership with the Northern Territory government and mining industry, and upgrading the Maryvale Road and the Hughes Stock Route to

Titjikala and other communities south of Alice Springs, in partnership with the Northern Territory government.

Senator HEFFERNAN—Thank you very much for that. It is very informative and I congratulate you. Australia needs to strike out and let the greater community, the power of the people, develop northern Australia. It is going to cost many hundreds of millions of dollars in infrastructure to do this in a way that keeps us as great wealth creators with a high standard of living and not, because of climate changes into the future, go into decline like somewhere like the Argentine or Zimbabwe. Mick Keelty said last year that the greatest threat to Australia's sovereignty is climate change.

I will speak about Kununurra now. I met with Clare Martin, who has now departed the scene. She said: 'Bill, we have no priority. The Ord stage 1 scheme at the present time is 14,000 hectares, and the document for Ord 2 has been withdrawn.' That expression of interest document was withdrawn because it was a flawed, lazy document which left the sovereign issues to be sorted by the proponent rather than the government. That is in the task force terms of reference. As the Chief Minister, Clare Martin said to me: 'Bill, we have no priority to develop a third of the Ord's 100,000 hectare development potential which is in the Northern Territory. We have no priority at all to develop the Ord. We have a priority for the Douglas-Daly.' That, by the way, is now turning into just a giant MIS for African mahogany, which I do not think the world or Australia can afford to put up with. In the Ord it cost the Western Australian government about \$50 million to sort out the Indigenous title issues. It would cost about the same across the border. It is a seamless bit of agricultural land. That needs to be sorted out, along with the main infrastructure for the development of the Ord by Infrastructure Australia, in my view. Those sorts of issues surely, if you plead them in a non-political national interest sense, should ring the bell. I hear all the pleadings about all the bloody roads where at the present time people can still walk to the corner of the street and a bus will come along and you can turn a tap on and water will come out. There are many hundreds of thousands of hectares of opportunity in the north which we are going to have to commit to because of climate change.

At the present time there is no plan to provide infrastructure because Kununurra is of no consequence politically to anyone getting themselves re-elected in any government. There are 5,000 people who live in Kununurra. Kununurra last year produced \$65 million worth of income with 335 gegalitres of water—and, as you know, the sugar industry has collapsed there now—whereas Carnarvon produced the same income with one-fortieth of the water with better technology. With the indulgence of the chair and the minister, I am just letting you know that there is a lot of passion out here in the bush, because Australia's farming future and next generation needs to have a better opportunity than a declining run-off in the south. I said five years ago—and Kerry O'Brien would remember this; it was one of many times when I nearly got my head blown off—when I said that any 50-year plan for the Murray-Darling Basin would exclude furrow cotton and paddy rice and Sharman Stone and Kay Hull and people rang up and thought I had gone mad. Well, it is true.

If we are going to give the farmers that are going to be disadvantaged by that some light at the end of tunnel, we have to get money into infrastructure and develop the north. GM is another problem for the Western Australian government, which they say they might

overcome. Clare Martin—hopefully the new government will have a different view—thought farming should be banned. They do not know where the food comes from, but that was their position. If we are going to have a 40- or 50-year plan for the north, we need to urgently address another deep-sea water port. Wyndham is a barge port, for God's sake. There is a whole lot of infrastructure that should be built up there, because Australia has one of the last undeveloped civilised agricultural frontiers on the planet, and we can do that in a way which is in harmony and sympathy with Mother Nature. We can have development of agriculture downstream industry to our natural resources in the mining industry and the tourism industry that is pristine if the government, and people that are passionate about this stuff, put their minds together, put the politics aside and think of the future. So my pleading is to whoever it is that is in Infrastructure Australia: for God's sake let us get to it and cut out all the bullshit in politics and develop Australia. So can you send that message somewhere for me?

Ms Page—I certainly will.

CHAIR—Senator Heffernan, any more questions?

Senator HEFFERNAN—Obviously, Ms Page, the questions are specific. I am very grateful for that bridge on the Daly River there is going to make a hell of a difference. It is just one lousy bridge. A bloody football stadium in Gosford or Newcastle really does not matter as much, even though politically it might have a lot more meaning. There are a few roads that run from Katherine across to the gulf that need to be all weather. There are millions of hectares there that could be developed, not in a way that would interfere. It is a fragile environment. There are a lot of fragile soils. But interspersed in all that, with GM technology, for instance, you can have a viable cotton area, for a gin, with 7,000 hectares. So I just would like to sow a seed. I do not know whether this is the bloody right place or not, but for God's sake let us get on with it. The science in southern Australia is somewhere between 3,500 and 11,000 less gigalitres of run-off over the next 40 to 50 years, due to climate change and ground water interception, et cetera. There is only 23,000 gigalitres that runs off anyway. I mean, we really have to put our minds to this. So, Minister, I am waiting for the call.

CHAIR—Which official would like to answer that?

Senator HEFFERNAN—No, you do not have to answer it. I mean, this is national interest stuff. This is the future. The Argentine was No. 3 in the world 50 years ago for standard of living and they just took it all for granted and nature took care of them. They got to the stage where they did not, then, in 50 years' time have a pension system. Mother Nature is sending all Australians a signal: get off your backsides and think about the future.

CHAIR—Thank you, Senator Heffernan.

Senator HEFFERNAN—Sorry about that.

CHAIR—That is quite all right.

Senator HUTCHINS—I am not sure whether this should be directed to the minister or Ms Page, but Senator Heffernan just made a number of interesting statements, clearly statements from the heart. We have heard some drivel from some of the coalition senators over the last few days that we have not kept our election commitments, and I suppose that was directed to you, Minister. In relation to infrastructure funding and, in particular, my own state, New

South Wales: as I understand it, in the budget—and correct me if I am wrong—we have made a commitment of up to about \$160 million as a start to a commitment to infrastructure projects. Is that correct?

Senator Conroy—I believe that is correct. I am sure Ms McNally can—

Ms McNally—\$157.3 million.

Senator HUTCHINS—A number of those projects I have seen are studies, but there are some hard ones, like this one, the Ballina bypass. We have just heard Senator Heffernan passionately pour out to us that we need to get up and running about some of the difficulties—particularly in, say, logistics that the country is facing. Can you just tell us the impact of what the Ballina bypass might mean to, say, the freight corridor between Brisbane and Sydney?

Ms McNally—The Ballina bypass is \$100 million to start construction of the bypass on the Pacific Highway. The project will provide a 12.4 kilometre bypass of Ballina from the Bruxner Highway and rejoin the current highway at Tintenbar, north of Ross Lane. That will shorten the current 19 kilometre route by 6.6 kilometres and offer a travel time saving up to 12 minutes. It will avoid the current five roundabouts, traffic lights and 60 kilometre speed zone and take the highway traffic out of the urban area of Ballina. To the south, this project will connect near the Bruxner Highway junction with the Woodburn to Ballina project. To the north it will connect to the Tintenbar to Ewingsdale project, the preferred routes for those two projects.

Senator HUTCHINS—Just for the Pacific Highway, you have the Ballina bypass and you have the Bulahdelah bypass—is that correct? What is the impact of the decisions the government has made to fast-track that operation?

Ms McNally—The Bulahdelah bypass on the Pacific Highway is \$15 million in 2008-09. The Australian government contribution to that project will be \$33.8 million. The project will provide a full bypass at Bulahdelah, including a new crossing over the Myall River. It will connect to the Karuah to Bulahdelah section 3 with Coolongolook. The project will follow a new route to the town, skirting the lower slopes of Bulahdelah Mountain. The project will provide a dual carriageway on the Pacific Highway from Sydney to Port Macquarie. There will be a series of impact statements that have informed the project scope. There will be dual carriage highway interchanges to the north and south of Bulahdelah, twin bridges over the Myall River and two local road overpasses and extensive environmental mitigation works.

Senator HUTCHINS—And the third part of the Pacific Highway is the Alstonville bypass, correct?

Ms McNally—That is correct.

Senator HUTCHINS—And what will be the impact of that on that corridor?

Ms McNally—That one is on the Bruxner highway.

Senator HUTCHINS—Yes. I do not think it is the Bruxner Highway. I think it is the Pacific Highway at Alstonville.

Mr Hogan—Alstonville is the hub of a network of arterial roads that connect the seaside towns of Ballina, Byron Bay and several hinterland villages with the service and

administrative centre of Lismore in the northern rivers region of New South Wales. The 6.6 kilometre bypass will start at Sneaths Road west of Wollongbar and rejoin the highway at the Tropical Fruit Research Station at Perrys Hill, east of Alstonville. The purpose of the bypass is to separate through-traffic and local traffic. The number of entry and exit points has been designed to accommodate existing and future land use and travel patterns. The benefits of the project are that the Alstonville bypass will provide significant benefits, including faster travel times for local and highway traffic and better traffic flow along the existing highway. In addition there will be shorter waiting times at intersections, reduced vehicle operating costs and lower emissions. The project will also facilitate better pedestrian access and improved safety and amenity. There is an initial contribution of \$13.6 million in 2008, with a total funding contribution of \$90 million.

Senator HUTCHINS—So along the Pacific Highway this budget has committed to completing those works to fix those three pains in the butt, those bottlenecks?

Mr Hogan—It is committed to commencing work.

Senator HUTCHINS—Yes.

Ms Page—I think with the completion of the Bulahdelah project and current work underway, that will result I think in the duplication of all roads between Sydney and the Port Macquarie turnoff.

Senator HUTCHINS—Which is a major arterial distributor corridor for northern New South Wales.

Ms Page—Well, it will mean that that lower third of the Pacific Highway is now fully duplicated.

Senator HUTCHINS—Do you have any ideas when those projects may be completed by? Two years, one year?

Mr Hogan—The Alstonville bypass is expected to be open to traffic in 2011. Just bear with me. The Bulahdelah bypass is expected to be open to traffic in 2012 and the Ballina bypass is also expected to be open to traffic in 2012.

Senator HUTCHINS—So that will be significant infrastructure tick for New South Wales travellers whether for passengers or for freight by that period, 2012?

Mr Hogan—That is right.

Senator HUTCHINS—Can I ask in relation to another commitment by the government in the election, and again it may be the minister who may wish to contribute. \$3 million has been put aside for the grain rail taskforce to develop long-term solutions to grain transport. I wonder if you, Minister, or Ms Page could develop what we have in mind there. A number of us were on the Wheat Export Bill inquiry and we know about the threats by train operators not to cart grain to the ports and all the rest of it. I wonder if you could highlight to the committee what we have in mind there, what that commitment entails.

Ms Page—I might turn to Mr Williams who can tell you about the terms of reference for that working group.

Senator HUTCHINS—Thank you. Mr Williams?

Mr Williams—In the 2008-09 budget the government has committed \$3 million to set up a high level taskforce, including representatives from industry and state and federal governments.

Senator HUTCHINS—Sorry to interpret you, but who is a member of this taskforce? Do you have a list there?

Mr Williams—The minister is still considering the nature and membership of the taskforce and also the exact terms of reference. Essentially the taskforce is going to be looking at the long-term solutions for transport by rail of the grain industry in New South Wales. I note recently that Pacific National and Grain Corp in New South Wales have recently struck a deal for the provision of—

Senator HUTCHINS—Is it eight trains?

Mr Williams—rail transport of grain for the next five years.

Senator HUTCHINS—This is a long-term solution?

Mr Williams—Yes.

Senator HUTCHINS—We saw in the Wheat Export Bill inquiry how concerned particularly New South Wales farmers were that they would not have the ability to get their grain to the port. You said that the New South Wales government undoubtedly would be a member of this taskforce?

Mr Williams—As I said, the exact membership has not been decided, but I would expect so.

Senator HUTCHINS—Do you have in mind yourself what are the long-term solutions for the rail freighting of grain?

Mr Williams—I do not think I could speculate on that. I think that would be a job for the taskforce.

Senator HEFFERNAN—I could—

Senator HUTCHINS—I am sure you could, Bill, but I am asking Mr Williams. When do you expect the minister to announce the membership and the terms of references? Is that pending?

Mr Williams—I think it is pending. He is still considering it at the moment.

Senator HUTCHINS—On a more parochial thing—

Senator NASH—Do you mind, is it okay? It is specifically on the taskforce, exactly that.

CHAIR—We have five minutes until the evening tea break.

Senator NASH—Would you prefer—

Senator HUTCHINS—No, I was going to ask a parochial question about the Blue Mountains.

Senator NASH—What program is the taskforce going to be funded from? It is \$3 million, I think you said, was it not, for the taskforce?

Mr Williams—Yes, I understand that it is from the AusLink investment program, national program.

Ms Page—Yes, it is.

Senator NASH—I think you just said that the people to be on that committee will be announced shortly. Is that a week, three months, six months? We had imminently the other day for the Chile FTA and minister announced it the next morning, when they said it would be ‘shortly’.

Ms Page—I think it is fair to say that it is obviously imminent because the government has committed the money in the budget, and Mr Williams cannot speculate beyond that.

Senator NASH—All right.

Senator Conroy—We will let the minister make announcements, not the officials.

Senator NASH—That would be good. I am very generally asking if you could expedite this. This is an incredibly serious issue. Is the minister going to appoint to the taskforce? Is it the minister, the Prime Minister, or who is going to actually make the appointments to the taskforce?

Mr Williams—It is my understanding that that would be the minister’s decision.

Senator NASH—Even though the appointments have not been made yet, do we have any sort of notional start date?

Mr Williams—Funding has been provided for the next financial year.

Senator NASH—So it will start some time?

Mr Williams—I would expect early in the financial year.

Senator NASH—It will start some time in the financial year. That is as close as we have?

Mr Williams—I would say that it would certainly be in the first half or quarter of the next financial year.

Senator NASH—Is there any expectation how long the report will take to complete?

Ms Page—I think that will be a matter for the terms of reference which the minister will announce shortly.

Senator NASH—I am assuming it will be tabled?

Ms Page—I do not know the mechanism that the minister will use to make a public announcement.

Senator NASH—Will the conclusions from that go to Infrastructure Australia?

Ms Page—It is difficult to say. The minister may wish to consider them himself. He always has the option to, if he wishes, refer matters to Infrastructure Australia for advice.

Senator NASH—It would seem that would be, given all the discussions we had earlier, quite a practical piece of eventual information to go to Infrastructure Australia. I think there are around 6,000 kilometres of grain-carrying rail lines in New South Wales. Is the federal Labor government giving any consideration to assuming responsibility for the upkeep of this rail line?

Ms Page—I think any speculation in relation to future ownership arrangements or operating arrangements for the line is really premature. That is a matter for the review.

Senator NASH—That is for later. I am assuming a matter for later would be the model of management and maintenance for that rail line; that will be something to be considered?

Ms Page—Clearly the sustainability of grain lines more generally is an issue that the review will need to consider.

Senator NASH—Has the government looked at any kind of mechanisms in the grain lines in other states for assessment purposes?

Ms Page—The previous government committed funds to assist the upgrade of grain lines in South Australia. That was a much smaller exercise than the grain lines issue in New South Wales.

Senator NASH—That funding is still in place?

Ms Page—I think that funding has probably been completed.

Senator NASH—Completed.

Ms Page—That was a program some years ago.

Senator ADAMS—I would like to get Western Australia into that equation. Why was the funding announced for only the New South Wales grain rail taskforce in the budget when Labor during last year's election campaign promised to undertake reviews of grain transport in New South Wales and Western Australia?

Ms Page—I think the minister is still consulting with his Western Australian counterparts on the nature of the way in which a review will be conducted in Western Australia.

CHAIR—Senator Adams, I am saying if you want to ask one more quick one otherwise you can continue after the break.

Senator ADAMS—Yes, probably.

Proceedings suspended from 8.59 pm to 9.14 pm

CHAIR—Welcome back, everyone.

Senator NASH—I have a couple of quick questions on the grain lines to finish. Are the arrangements for the running of the rolling stock in New South Wales something that your department is across? I ask in terms of Pacific National and the fact that, after some considerable argy-bargy, they have now made arrangements to keep going. Is that correct? I am just wondering if you are aware—if you are not, that is perfectly fine—of the arrangements in place between Pacific National and the New South Wales department?

Ms Page—The operation of the grain lines in New South Wales is a New South Wales responsibility. We are in broad terms of the issues, and obviously that is why the Commonwealth government has become involved in the grain rail review. But the day-to-day delivery of the services on the grain lines is a matter for the New South Wales government.

Senator NASH—Is there consideration of the length of time those type of arrangements will be in place? Is the taskforce going to take into account the actual operations that will be in place and the delivery mechanisms and the timeframe?

Ms Page—It is difficult to speculate—

Senator NASH—It is too early?

Ms Page—until the terms of reference are determined. Clearly, the sustainability of grain lines is an issue that the Commonwealth government has flagged and would have an interest in pursuing, I think, through that group.

Senator NASH—I think it is more than just the grain lines. That is one issue. It is the issue of the rolling stock. That is really where we have had the difficulty this year. I guess I would ask you to ask the minister when the taskforce is going to very seriously consider the ongoing arrangements for the rolling stock and what can be put in place to ensure that there is some kind of security for growers that not only the grain line is going to be maintained but there will be some arrangement in place.

Ms Page—We will pass that information on.

Senator NASH—Thank you.

CHAIR—Senator Hutchins was asking questions. I know Senator O'Brien has a few questions too. Senator Adams. Senator Nash, you butted in on your colleague again.

Senator ADAMS—I would like to come back to Western Australia with a few of our projects. The first one I would like to speak about is the Perth-Bunbury—

Senator HUTCHINS—I thought you were talking about grain.

Senator ADAMS—Sorry. Okay.

Senator HUTCHINS—I had not finished my exposition.

CHAIR—Senator Hutchins is hot to trot.

Senator HUTCHINS—While we are still on rail, I note in the budget statement there is a considerable amount of money committed for tackling urban congestion and planning. Again, I go to New South Wales. I do not know if it is Mr Williams in relation to that area. There is a commitment, as I understand, from the government of \$20 million for a feasibility study on a green line between Parramatta and the CBD. Is that under your area of responsibility?

Ms Page—We have been appropriated the funds to undertake, or for passing those funds on to the state governments to undertake, those studies, yes.

Senator HUTCHINS—So that study goes to the New South Wales government. Is that correct?

Ms Page—The government is investing \$20 million in 2007-08 in a feasibility study into the proposed western metro green line between Parramatta and the CBD. The total cost of the study is \$30 million.

Senator HUTCHINS—What input does the Commonwealth have into that study, or is that handed over?

Ms Page—I think those details are still being determined.

Ms McNally—The Australian government contribution to the \$30 million is \$20 million. They are expecting that the feasibility study will be conducted over an 18-month period. The

arrangements for that are currently being worked through with the New South Wales government.

Senator HUTCHINS—So will we be advised by the minister—I am assuming we will be—when the details of that study are completed?

Ms Page—I think it is premature at this very early stage to determine exactly how the results of those studies will be applied and how they will be made public.

Senator HUTCHINS—This is not like the grain rail taskforce? This is purely a sort of an internal—

Ms Page—The grain rail taskforce the Commonwealth is funding. It is funding the taskforce completely, although it is doing it with a variety of members from probably the industry and state government. In this case, this is a joint funding proposal, or a joint study with a Commonwealth contribution and a state government contribution.

Senator HUTCHINS—So who would be involved in that study? Would it be officers of your department, Ms Page, as well as officers—

Ms Page—I think it is too early to tell, I am afraid, Senator. Those details just have not been fully determined yet.

Senator HUTCHINS—But the money is committed?

Ms Page—The money is committed, yes.

Senator HUTCHINS—I want to ask about the M5 corridor from Port Botany. I see that the total study is \$15 million. Is that similar to what you just outlined in relation to this green line feasibility?

Ms Page—The government is also investing \$5 million in 2007-08 in a feasibility study to examine potential improvements to the M5 transport corridor from Port Botany, Sydney airport to south-west Sydney. Improvements to the corridor have the potential to support strong growth in freight, passenger and population in Sydney's south-west. The total cost of the study is \$15 million.

Senator HUTCHINS—Again, that is to be finalised, the details of the membership of the study?

Ms Page—And the manner of its conduct, yes.

Senator HUTCHINS—In relation to a parochial issue, I live up in the Blue Mountains. I see that \$20.2 million has been allocated to the upgrade from the M4 at Penrith to Katoomba and a further upgrade from Katoomba to Lithgow. Have you got details of where this upgrade is to be done so that I know where not to drive on the Great Western Highway?

Mr Hogan—Senator, there is a total commitment of \$100 million to the Great Western Highway M4 to Katoomba. The project description is that the Australian government, in partnership with the New South Wales government, is committed to improving the Great Western Highway east of Katoomba as part of a package of works to upgrade the existing highway. This project will progress works between Katoomba and the M4 at Penrith. That is indicating that the exact package of works is yet to be determined. The project will improve road safety and conditions for all road users and alleviate peak congestion. As you indicated,

\$20 million has been provided in 2008-09 to accelerate the work. There is also a \$2.4 million contribution to commence planning on the Great Western Highway from Katoomba to Lithgow. Funding is being provided towards planning activities for future upgrades of the highway between Katoomba and Lithgow. Planning activities to realign the road between Mount Victoria and Lithgow will facilitate route selection and future construction. The new route will reduce travel time for motorists, improve local access and provide a safer road environment.

Senator HUTCHINS—In that part there, is the emphasis on Mount Victoria, when you hit the top and go down—

Mr Hogan—That is right.

Senator HUTCHINS—and wind down. That is the project, is it, essentially?

Mr Hogan—Yes. And the government has made a total commitment of \$200 million to upgrade that section of road.

Senator HUTCHINS—That section of road from Mount Victoria to Lithgow?

Mr Hogan—Yes. The section from Katoomba to Lithgow, yes.

Senator HUTCHINS—The commitment is \$200 million?

Mr Hogan—Yes.

Senator HUTCHINS—It can do with it. Again in relation to the Great Western Highway, there are questions about the detail of the upgrade. Mr Hogan, you talked about the various parts of it. Do you include pedestrian bridges in the road upgrade for pedestrian safety? You may be aware there are one or two bridges across the Great Western. Even though it is 80 kilometres, it is still—

Mr Hogan—The exact nature of the project is yet to be determined.

Senator HUTCHINS—And will that be determined with the New South Wales government as well?

Mr Hogan—Yes.

Senator HUTCHINS—Is there a completion date on that? I am sorry. You may have outlined that when you were giving your answer. What is the proposed completion date?

Mr Hogan—Yes. It is 2011 for the M4 to Katoomba section. There is not a completion date for the construction part of the Katoomba to Lithgow section because at this stage we are talking about planning funds.

Senator HUTCHINS—There is a group out there that want another road completed, as you are probably aware. Mr Chairman, I do not want to hog things.

CHAIR—I ask indulgence from the committee members. Bear with me. You have me on the hop. Mr Marchant from the Australian Rail Track Corporation is in the room and has been for a little while. I believe he has some travel commitments. With the indulgence of the committee, could we just take a break from Infrastructure Investment and call on the Australian Rail Track Corporation and then come back to Infrastructure Investment. Thank you very much.

[9.25 pm]

Australian Rail Track Corporation

CHAIR—Welcome, Mr Marchant. Do you wish to make a brief opening statement?

Mr Marchant—I had not planned to.

CHAIR—You do not have to. I will invite questions from the committee.

Senator HUTCHINS—Mr Marchant, welcome.

Mr Marchant—Thanks.

Senator HUTCHINS—I have a few questions, which I think will be pretty straightforward. Can you update us on the status of the feasibility study being conducted into the inland Melbourne-Brisbane freight line, please.

Mr Marchant—Yes. The Australian government announced a study of \$15 million into an inland route option, the route option being the option that was most preferred out of the former corridor study—the western route. ARTC is taking on that study with a framework to try to report back to the Australian government by August next year. The study is going to evaluate not only the preferred engineering route but also the options around the optimum design, the most optimum and efficient capital that would go into that and then assessing each of the environmental factors that may have an impact upon the route. It is trying to look at mitigation factors around those issues and is working with the Queensland government and the New South Wales government with regard to the land issues that would be identified from that. It is obviously identifying the most preferred corridor, especially from Toowoomba into Brisbane, which is a most critical area to get the connections into Brisbane. It obviously requires a lot of liaison and work with the Queensland government around the most preferred option for that route.

It is then doing detailed design around that to get to a plus or minus 20 per cent factor to give the Australian government and the industry some confidence that the engineering is meticulously able to be worked through in the market. From that, it is assessing the financial implications with regard to how much the market would be prepared to take that project up; how much the private market would be prepared to invest in it; what pricing would actually make that attractive against the costs of the development and the optimisation of the route; and effectively what that would do with market share with regard to the likely capture of market on that route. So effectively that is the general overall thrust of it.

We have advertised for both engineering and detailed infrastructure consultants to assist the study group. Effectively, a second set of ads has gone out with regard to an economic and financial analysis. The project will be reporting in three phases. The preliminary phase, which will be on the website for public consultation, will give the overall picture of the most preferred route and the linear configuration of that and any issues arising. The second stage will go into the detailed engineering and financing plus or minus 20 per cent. The third stage will deal with the financing capability of that in the marketplace against the market. Confidential advice will then be given to the government on the mix between private and public investment that would be required to get it up. So the project is underway. The project management and steering committee has been operating. There is already consultation taking

place with the Queensland government and with the New South Wales government with regard to the route options. It is about getting their assistance and support with regard to the analysis of both the planning and environmental and land issues.

Senator HUTCHINS—When are you due to report to the government?

Mr Marchant—The end of August 2009.

Senator HUTCHINS—Are you finding any bottlenecks at all, Mr Marchant?

Mr Marchant—No. In fact, there is significant assistance from the state governments. There is a huge amount of community interest in the projects. A range of different groups have different options that they would like to see assessed coming through. So at this point in time there are certainly no bottlenecks. In fact, it is the opposite. There is a lot of enthusiasm from both governments and elsewhere to actually get a proper evaluation. There is a desire, I think, from every part of the community to see an evaluation which is objective and gives a reasonable, fair analysis of both the engineering and the economics of the project.

Senator HUTCHINS—There has been some speculation about the possibility of the Adelaide to Darwin rail line being put up for sale. Last week the ARTC was on the record saying they had not considered purchasing it. Has any consideration been given to that idea since then?

Mr Marchant—The announcement of the sale by FreightLink or Asia-Pacific Partners was two weeks ago. ARTC has received a preregistration format from the bankers and advisers to that. We will register to have a look at the numbers and do the due diligence. Effectively, depending on what the numbers look like, we will give consideration to whether we should be an active participant in that or whether in fact we will see what the rest of the market does. We will do the due diligence and we will have a look at the things on the block. The debt level in the marketplace from the media reports is \$590 million-odd or so, so just to cover the debt framework is a significant investment. The board will look at that. The officers of the company will do a due diligence. We will come to some assessment about whether we should move forward on that after we have seen the papers.

Senator HUTCHINS—Mr Marchant, the 2007-08 statement of corporate intent named a few of the developments in the Hunter Valley. Can you update us on progress since then, please.

Mr Marchant—The Hunter Valley is probably one of the most challenging infrastructure areas for ARTC. ARTC took up the Hunter Valley as part of the New South Wales lease framework for a 60-year lease from 5 September 2004. The Hunter Valley is moving through a significant increase in proposed volumes. It was only four years ago that the Hunter Valley was lucky to get through 75 million tonnes per annum of coal exports. This year, it is 95 million tonnes, with the coal industry now predicting the change of forecast for export coal from 165 million tonnes in 2011. The last lot of predictions from the coal companies in the last month is to go to 205 million tonnes. That is from a present base of 95 million tonnes. That is an extraordinary increase in five to six years. The infrastructure requirements are massive. ARTC's investment program, already published with the coal industry just to get to the 165 million tonnes, is \$1 billion over the next five years. So there are some great challenges to meet the 205 million tonnes forecast. The big issue in the Hunter Valley is that

the port capacity to export coal at the moment through the existing terminal loader framework is about 95 million tonnes. There is a package of proposals being developed by a consortium called NCIG which has been both publicly announced and financed to commercial closure in the last month to build a third coal loader. It starts at 30 million tonnes per annum capability in 2010 but has a capacity to move to another 30 million tonnes in a second stage in 2011-12.

In addition to that, Port Waratah Coal Services, which run the other two major coal loaders in the Hunter Valley, is presently operating at 95 and has an expansion capacity to 112. It has now announced that they may go to a port expansion of 140 million tonnes total by 2011-12. What that will mean for rail infrastructure, as I indicated, is more than \$1 billion worth of investment moving forward as the coal basin moves from the central Hunter Valley out to Gunnedah and Ulan. It therefore require a very significant capital injection and investment program there. The essence of that will depend on the regulatory framework with the Hunter Valley. The Hunter Valley will be fully funded by the coal producers. There will not be any call upon moneys either from the Australian government or from government generally. Our funding of the Hunter Valley is fundamentally based on the coal producers underwriting the capital and their access charges. But the program already is moving through. At this point we have spent \$300 million in the last three years alone. The rail capacity at the port has moved from less than 90 million tonnes to over 188 million tonnes at the bottom end of the port area with rail investment. So the overall rail investment in the Hunter Valley is going to be quite extraordinary.

The investment for the coal terminals, and they are coming through on line, has to be linked with above rail investments. So one of the great challenges will also be getting above rail investment through both from PN and QR and any other provider who wishes to get into the market. When you talk about export coal, the Hunter Valley is the largest export coal port in the world. It is already the largest and is going to move to 205 million tonnes by 2011. It is going to be a great challenge in resourcing the capital program, the environmental planning approvals, the land acquisitions and streaming the investment to deliver that amount of infrastructure in five to six years. So there is a big challenge for the Australian infrastructure market to deliver those programs in quite a limited time.

Senator HUTCHINS—Your implementation program was for four or five years, was it not? No doubt that has had to be brought forward a bit, I imagine.

Mr Marchant—We publish annually a detailed Hunter Valley strategy that goes through. We publish it because we want to consult in detail with the coal producers. We are totally reliant on the coal producers underwriting that.

Senator HUTCHINS—Mr Marchant, would you mind tabling that for us?

Mr Marchant—Yes. It is available on our website. It goes to the industry annually. We have every year published a strategic outline of what we see as the forecast from each of the mines and where we see the likely demands upon infrastructure investment. We go through a very extensive consultation program with the coal producers. There are 21 major coal producers in the Hunter Valley stream. Every part of the investment is then approved at each stage by a rail infrastructure group, which is made up of coal producers and operators. That investment program, which I have just outlined is on our website, was 2007 to 2012. We only

published it in November at a forecast of 165 million tonnes. During the course of the Greiner review of the Hunter Valley processes et cetera, the coal producers have in the last month indicated 205 million tonnes. So it is a big change in a matter of months. We will now have to restructure that strategy. We are now writing to each of the coal companies to actually get an outline of which mines and which mine loading points that 205 million tonnes is going to come from, because at the present time the coal producers have not outlined to us the mine sites. They are prepared to provide that to ARTC on a confidential basis, but they are not at this point of time prepared to share it amongst all the other coal producers and the port facilities. So we are in the process of writing to each of the coal producers on a confidential basis to actually get a load point by load point analysis. That will take a serious review of all the elements of the infrastructure. But it is a major program.

Senator HUTCHINS—Thank you. The southern Sydney freight line website reports that construction is due to begin on the southern Sydney freight line during June-July 2008 with a total completion date of June 2009. Is this still the case? If not, can you advise us of the current anticipated timetable and any major problems that the project is experiencing?

Mr Marchant—The southern Sydney freight line is probably the most strategic inner modal investment that could be made for intermodal rail in Australia. It is probably the highest intermodal priority. The reason for that is that there are curfews to get in and out of Sydney to enable passenger priority for two and a half hours in the morning and two and a half hours in the afternoon. So you actually have five hours blocked out from any freight moving in and out of northern or southern Sydney. The southern Sydney freight line project is a project that we are constructing on the existing rail corridor which belongs to the state government through RailCorp. We are in that case not leasing that land. We have that land under licence from RailCorp so we do not actually take an equitable interest in the land. The development proposal around that requires for 36 kilometres now at an estimate of some \$288 million. So our forecast for that project has moved up from \$249 million to \$288 million.

We have in the last 12 months gone to the market—certainly in the last few months—for the construction and all the elements of the construction. We have just about concluded the evaluation of the tenders for the civil works and most of the bridgeworks and elements around that. We are presently going through a re-tendering process with regard to the earthworks on four different major sites in that area. We will conclude the earthworks assessment over the course of the next six weeks. From that we should be able to go to the board with a preliminary package in June and a final package to the board of directors in July, with preparations then to execute contracts for the commencement of construction. That process also involves a number of reporting backs under planning and environmental approvals from the New South Wales government. There are some 140 environmental conditions on the project. There is a range of reporting back with regard to amenity issues et cetera around the project.

The project is slightly delayed as we actually finish off the detailed design. Because we are under licence on New South Wales RailCorp's track, the final detailed designs have to be approved by RailCorp because it is an asset on their land. Effectively, we are working through with RailCorp the final sign-off to the detailed designs. But, in doing that, I point out that the project is going to be critical to actually open up access to freight from southern New South

Wales and from Victoria through to not only Chullora but to the port. A side project of actually finishing the southern Sydney freight line off, which will take through to August next year, is ARTC will take up the metropolitan freight lines in Sydney and totally separate freight movements from Port Botany in the south of Sydney from the urban passenger system in total. So there will not be any conflict between freight movements and urban passenger movements in Sydney. Effectively, that will actually liberate the issue of freight congestion and containment because of the limitations of moving through the urban passenger system.

Senator HUTCHINS—Mr Marchant, the line will come from Port Botany to Enfield?

Mr Marchant—The southern Sydney freight construction line goes from Chullora to Macarthur. There is an existing freight line, which is part of the urban passenger system, from Chullora to Botany. What we will do is take up the Chullora to Botany line and separate it from RailCorp and make it part of the non-urban system. We will manage and control it and the train control out of Junee. Effectively that will come under a separate management structure, totally separate from the urban passenger system. So the project itself is going to take slightly longer—through to August next year. I expect that we will conclude both the planning and the other approvals during July and August. I expect preliminary work will start to commence in August in the sense of preliminary earthworks. It will then take us through to August next year to get to completion. Having said that, the project itself is going to obviously require a range of disciplines around the passenger systems in Sydney. We will be building disability lifts on every part of the passenger system which we effect on the freight line. So there will be disability lifts going to a range of stations in Sydney that do not exist now. In addition to that, there will be a range of amenity works done with regard to containing the atmosphere in and around the track. But the southern Sydney freight line is probably the most critical piece of intermodal rail to take place on the eastern seaboard over the next 12 months.

Senator HUTCHINS—So the containers that go into Macarthur can be put on rail to Port Botany and vice versa?

Mr Marchant—What it will do is open up the framework. Containers will be able to be moved much more freely in and out of the port and much more freely from Melbourne to Sydney and vice versa. They will not be held up by interacting with the urban passenger system. There is also another big benefit. It actually liberates about 100 urban passenger paths because they conflict with freight trains in the non-peak hours. So there is another benefit for the urban passenger system by separating the freight out.

Senator HUTCHINS—Mr Marchant, they said you had a time constraint on a plane. I have a handful more questions.

Mr Marchant—My time constraint is for tomorrow morning's plane now.

CHAIR—You have blown it for Mr Marchant. You may as well carry on, Senator Hutchins.

Senator HUTCHINS—The 2006-07 annual report identifies several projects which would assist with improving freight capacity between Sydney and Newcastle. Has there been any further progression on the proposed grade separator junction at North Strathfield or the track amplifications works between North Strathfield and Hornsby?

Mr Marchant—Those projects have actually moved into a different phase. We have been working very closely with the New South Wales government with regard to longer term strategies for urban freight rail from North Strathfield through to Newcastle. As you would be aware, in the last election campaign, the new Australian government promised a commitment of \$840 million to develop a first stage towards a northern Sydney dedicated freight line. That was part of the election commitments made by the new government. Those election commitments incorporate picking up some of those projects and working with the state and ourselves on developing an incremental process towards a dedicated freight line in northern Sydney. Those processes are now part of a consultation with New South Wales officials. Those projects have been rolled into that framework to actually optimise the benefits of separation between North Strathfield and Newcastle. The criticality of that is that it is required to do with the medium term freight frameworks through Sydney. We at least need to contract and get in place between now and 2010 three to four freight train paths per hour from North Strathfield through to Newcastle. That will let us take on the freight developments coming from our \$2.1 billion investment program between Melbourne and Brisbane. So the northern Sydney issue becomes quite a critical bottleneck. We are looking forward to working with the new Australian government and the state to further develop projects around that program in northern Sydney.

Senator HUTCHINS—Thank you. Mr Marchant, I understand that the main line between Casino in northern New South Wales and Acacia Ridge in Queensland has been historically controlled by a staff and ticket system. It is a system that requires the driver to stop at every section, dismount from the train, get a metal ticket to go into the next section and, at the conclusion of that section, stop, deposit the metal staff and collect a new one for the next section. This is on the main line connecting Sydney to Brisbane. Can you outline to us what is being done to overcome this antiquated system?

Mr Marchant—On the main thoroughfare between Melbourne and Sydney and Sydney and Brisbane, Casino and Acacia Ridge are the northern end of that. Casino is in northern New South Wales. Acacia Ridge is the major freight terminal that exists for rail and road in Brisbane, or just south of Brisbane. The system that does apply there is what is called a staff and ticket system. I am not sure you know what a staff and ticket system is. Essentially in a machine inside a building there are a range of metal slots, each with an individual number. You need a special key to undo the slots and take out this special numbered key. You take that to the next section, which may be 10 or 15 kilometres of railway line. You get out and go into another room. You unlock that and there is a slot machine there which takes the one you have. It has to be in sequence order so you have to check the numbers. You then pick up another one in the sequence order for the next section. It was developed by the British in 1845 to make sure there was a safety system where no two trains could be on the one section of track. It was based on the safety framework that only one person could ever have the baton with this number on it. It was a very sophisticated system in 1850.

Effectively, the reason for that was to make sure, obviously, two people could not have the baton. It was just like a relay race. Effectively, no two trains could ever therefore enter the section without a baton. It was actually quite a brilliant safety mechanism for 1850. I am pleased to inform you that it is a safety mechanism that still works in northern New South

Wales in 2008. It is a system which actually requires the drivers to get off the train every 15 to 20 kilometres. It takes about 15 minutes to get in, unlock the doors, recheck the thing, sign the baton off, take the baton, go up to the next 15 kilometres, put the baton back in, sign for the one you have just put back in and then pick up the next one.

As you could imagine, for the main line connecting the major capital cities of Australia, that is probably a little out of date. Effectively, after taking up the lease in New South Wales in September 2004, one of our first principal objectives was to see if we could actually modernise some of this technology. Effectively over the last seven months we have been slowly building a modern centralised train control system which has automatic signal controls back to our Newcastle train control centre, where at the press of a button a train controller can move the signals in either direction. The driver never has to get off the train. That is actually good for occupational health and safety as well as efficiency. I am pleased to tell you that that project will be concluded and fully operational by next month. Effectively that will produce for an investment of some \$19 million a 45-minute time saving for freight trains from Sydney to Brisbane. That is 45 minutes for \$19 million worth of investment.

The other pleasing thing is that many of the railway historical societies have expressed interest in picking up elements of this system to use in their heritage frameworks because there are very few of them operational left in the world. Effectively, they will be a large heritage item. There is actually quite a large value in those things worldwide. So we are going to voluntarily give them to the heritage groups. But if we auctioned them on the market, I understand the British and others would be very pleased to bid for them. There are very few operational systems like that alive.

So it is reflective of the real need for why we are investing so much money between Melbourne and Sydney and Sydney and Brisbane. Effectively, you cannot have a modern rail freight system actively assisting the road industry and the rest, including logistics transport, when you have drivers of trains worth \$40 million in train operations where they waste 45 minutes of fuel sitting there picking up and dropping off batons. For \$19 million, we will be announcing next month the full conclusion and operation of that. It will be fully CTC through to Acacia Ridge, which will take some 45 minutes off the journey between Sydney and Brisbane.

Senator HUTCHINS—I imagine you will be auctioning those staffs?

Mr Marchant—Staff and ticket. The ticket is the element you put in and you get a framework.

Senator HUTCHINS—When you finish it, you should give one to Mr Albanese. You can give it to him.

Mr Marchant—We will see if he would like one in his office.

Senator HUTCHINS—I am sure he would.

Mr Marchant—He can compete with the heritage groups for it.

Senator HUTCHINS—As I understand it, the main line between Melbourne and the Queensland border has timber sleepers. I understand there is a program to replace them with concrete sleepers. Can you update us on where that might be up to?

Mr Marchant—Again, the main lines between Melbourne and Sydney and Sydney and Brisbane are the connections to the major logistic centres of the country. The largest logistic centre in this country is between Melbourne and Sydney. The second is between Sydney and Brisbane. For a logistics centre of that size, rail has performed extraordinarily badly. In the period since the 1960s through to the early 2000s, rail lost market share. It dropped from about 50 per cent of the intermodal market to a situation where rail's share of intermodal traffic between Melbourne and Sydney is now running at nine per cent of land transport. Between Melbourne and Brisbane it is 19 per cent. Between Sydney and Brisbane it is just under 19 per cent. That is from around 50 per cent in the 1960s. So there is a desperate need to actually improve rail product and, by doing that, improve the transit time, the reliability, the capacity and the yield of the businesses.

Part of the take-up of the lease in New South Wales was so we could focus our investment on how we could turn around and make rail a positive contributor to the national transport system. The good part of that is that from one of the grants the Commonwealth made we will be able to match that grant of \$200 million-odd with \$200 million from the company to produce a \$400 million investment to replace the timber sleepers that exist between Melbourne and Sydney and Sydney and the Queensland border. That is for a \$400 million investment. Why do we want to replace the timber sleepers? Effectively, the timber sleepers have a life of less than 20 years, so we have to cut down a lot more trees to put more timber sleepers in every 20 years. Secondly, timber is actually getting a lot more expensive for both environmental and shortage reasons. Thirdly, timber produces a weight framework for rail which actually creates movement. So a heavier concrete base will enable heavier rail traffic without movement on it. Fourthly, timber also unfortunately suffers from heat restrictions. What happens is the rail expands and timber expands with it. So when it gets very hot in southern and northern New South Wales, we have to put massive speed restrictions on freight trains. The steel or the rail expands and, because timber expands with it, it means the rail expands and you are always worried that a train will fall off because the rails will expand and distance themselves. Concrete will hold the rail expansion together and enable you to maintain higher actual loads and speeds, even during the hot weather months. So the end result of that is the \$400 million program is (a) more environmentally friendly, (b) it saves a hell of a replenishment of trees over a longer period of time and (c) much more correctly enables the freight industry and rail to actually perform at its best on reasonable axle loads and speeds. That is a \$400 million program.

One of the other problems was that concrete tended to be more expensive. So we went to the market and bid for what are effectively 2.9 billion sleepers. We effectively created three new developers of concrete sleepers—one in Grafton, one near Wagga and one in Geelong. All are factories dedicated to developing these sleepers up. Therefore, the price for concrete sleepers with jewellery fell from \$120 to \$130 per sleeper delivered to \$88 per sleeper. That made it much more efficient as well, because that is actually cheaper than all the alternatives. So we have been able to get for \$400 million a very, very good program which will enable us to lay concrete sleepers effectively all the way from Melbourne through to Sydney and from Newcastle through to the Queensland border.

That program was aimed to be completed by June 2009. I am pleased to be able to tell you the concrete sleeper program on the north coast of New South Wales will be completed by August this year and effectively will be operating all through that track by August this year. The concrete sleeper program on the main south from Sydney to Melbourne will be completed to the New South Wales border by August-September this year. Other announcements will be made by the Victorian government about options around Victoria which will be rolled out later this year. Effectively, we will be able to finish all those programs ahead of time and actually get the benefits to the market well ahead of time. That will provide better reliability, fewer speed restrictions for heat and a better maintenance regime. Effectively, that program is rolling. We made the millionth sleeper a matter of three weeks ago and the next million will be laid in less than six months. So effectively the program is going extraordinarily well. The real benefit to rail is it actually brings the axle loads and average speeds up to something which is reliable at a much lower cost. The maintenance cost is one-third of the maintenance cost we would have had with timber. The reliability is much higher and for a small investment it is actually going to really replenish that line and make it a lot safer for drivers of trains as well as freight on trains.

Senator HUTCHINS—You are to be congratulated on those issues about the staff and ticket and the concrete sleepers. I have two more questions and then I will leave it to my colleagues. Again, these are sort of operational questions. I understand that train operators need nine different radio systems to move from Brisbane through to Perth. Has anything been done to resolve this?

Mr Marchant—A part of the unique nature of creating a national rail freight network is we have actually taken up the benefits of having each state-centric network brought together. Not only have we resolved the problem of break of gauge in railways—that is, for historical reasons, various states decided to develop their own gauge; the last of that was only resolved in the 1990s with the connection of a standard gauge between Melbourne and Adelaide—to have one line from Brisbane to Sydney to Melbourne to Adelaide to Perth as standard gauge, we still had a few other issues. One of the other issues was that each of them had technology which was state-centric. So, effectively, if you were operating a train from Brisbane through to Perth, you needed nine separate radio systems to actually get through that one national corridor. Effectively, each radio system was slightly state-centric or slightly city-centric. On a major freight train you might have three tonnes of radio equipment in your locomotive, which is actually very good for the radio industry but a very expensive asset.

What we have done, with the Australian government's support, is effectively commenced a rollout of a new digital system with Telstra, a Next G system, which will be common from Brisbane through to Perth. Effectively, for an investment of \$69 million we are getting a single digital system with back-up satellite systems. We are moving from radios, which is only voice, to a large data system. We are moving rail into the digital age where we can get data from our train control centre into the cabin and data fed back, not just voice. It is data which we can start to look at. It concerns what the average speed of the train is, what the fuel efficiency is and what the wind resistance is. You can start to get control systems to optimise the efficiency and effectiveness as well as the safety of the system.

We have started rolling that out with Telstra. In fact, we are more than halfway through that program in less than 12 months. The investment will be finished during the next financial year. From that, it will then be connected over. More than 800 locomotives have to be connected over and different operations and ownership will be connected over. So by the second half of next financial year, effectively some of those locos will move from three tonnes of radio equipment to a new radio system with twice the power, no bigger than that and backed up by a satellite system. It will have data richness that enables it to mainstream data through to the locomotive and back to the train control centre. To a degree, if you are passenger next year across the Nullarbor on the *Indian Pacific*, a great tourist train, you will be able to download from your computer live videos from the Next Gen network and watch them going across the Nullarbor as well as you could if you were sitting in the centre of Sydney.

Senator HUTCHINS—Very good.

Mr Marchant—So it has a very rich data streaming to it and it is going to have a huge benefit to enable not only a single radio system, but a system which is nine times more reliable, provides greater data richness, and produces the basis for us to move to a much better informed, safer system, which actually has data information giving better control systems. For \$69 million, the network from Perth through to Brisbane will be not only smarter, faster and safer, but will provide much better management information to improve the business.

Senator McGAURAN—What is the total cost?

Mr Marchant—\$69 million.

Senator HUTCHINS—Is it correct that this is due to be completed by July next year?

Mr Marchant—The financial framework with the Australian government will be concluded by July next year, then there is another six months of rolling it out. That is locos slowly moving from one system across to the other. We are going to run dual systems for a while, and that provides a total backbone. It is a situation which very few other countries as big as Australia can match. The American railway system to this very day cannot get a single radio system from one side of America to the other, so in a digital sense we are going to be much further ahead. That could not have happened without the Next G digital system. It is the only system we could do from one side of the country to the other on a reliable basis with a satellite backup. Effectively, we are having a closed system for our purposes, so although the streaming will be available to the public—such as passengers on the *Indian Pacific*—our part of it, for safety reasons, will be a closed segment that people cannot penetrate so we can get rail safety signals and messages in and out of it, but in a public system. For a very cheap price we are able to move the Australian rail system into a much more digitised age and provide a new basis and platform to move forward.

Senator HUTCHINS—That is great news you are delivering to us, particularly on nation building. We have heard some jeremiahs here over the last few days thinking that the Australian government, whatever colour or hue it is, have been doing nothing to fix long-term difficulties. I congratulate you and your officers for what appears to be a magnificent feat in nation building. I have one final question. At present it takes a superfreighter train 14 hours

from Melbourne to Sydney and nearly 16 hours from Sydney to Brisbane. What is the ARTC doing to improve that?

Mr Marchant—I mentioned earlier that we were fortunate to negotiate with the New South Wales government a take-up of its network in September 2004. A couple of years before that, we negotiated with the Victorian government to take up its standard gauge network connecting the South Australian border through to the port of Melbourne and up to Albury. Effectively the reason to do that is not to build an empire. The reason to do that is to build an efficient national rail network, which is concentrated on the markets and not on the state centricities. Freight does not know the difference between a state on one side of a border and the other. Effectively, moving freight by rail, Melbourne to Sydney, is a market. Freight does not distinguish the difference.

The problem, as I mentioned, is that the rail market share between Melbourne and Sydney and Sydney and Brisbane had deteriorated since the 1960s from 50-odd per cent to a situation where, as I mentioned, in 2004 rail's market share of the intermodal market of Melbourne-Sydney, the biggest logistic market in the country, was down to nine per cent. We had these large sunken investments in railways but they were not running very well. The market share from Melbourne to Brisbane, which is a long-haul market, should be attractive to rail because it is well over 1,000 kilometres in framework, but the market had got down to 19 per cent. And the market from Sydney to Brisbane was down at 19 per cent. Something really dramatic needed to be done. The reality is that it needed to be focused around those things which would get rail to start to turn around its market share—transit time, reliability, capacity and, lastly, yield. That is, they had to stop losing money and start to gain some benefit out of it.

Effectively, we developed a strategy which was aimed, in a major analysis with the freight forwarders and logistics market, at what rail needed to do to actually break through its impoverished position. Firstly, we had to attack transit time. It is an insane situation to expect someone to use rail to enter in the market at Melbourne at the end of the day and not arrive in Sydney until 15 hours later when you can do it by truck in much less time. For large commodity goods, that is unreliable and the logistics meant that we cannot work on that basis. The Melbourne-Brisbane transit time had gone out to 36 hours on a framework. So rail was not actually giving transit time to enable a close of business one day and a delivery within 24 hours or two days to Brisbane.

Secondly, its reliability had fallen to 45 per cent. That is, 4½ trains out of 10 arrived plus or minus 15 minutes to be on time. Forty-five per cent is not a figure that is going to make logistics providers happy. You have a whole lot of semitrailers and trucks ready to go there, paying the wages for the guys, and the train does not turn up, so you cannot unload and therefore the costs just get greater and greater. Therefore, with 60 per cent unreliability you have lost the plot.

Thirdly, its cost base was uncompetitive in the long-haul framework. The underlying cost base was too high. Our experience on the Melbourne-Perth market, which we attacked in 1998-99, was that it was then at 54 per cent market share land transport and now is at 81 per cent—a land transport market of 81 per cent is the highest intermodal rail market in the world on a corridor that high. Deutsche Bank did a review of railways a year ago across the world on intermodal market share, not bulk—this is intermodal, container stuff—and at 81 to 82 per

cent it is the most competitive intermodal corridor in the world. Effectively, we learnt from that that we had to concentrate on transit time, we had to concentrate on reliability and we had to concentrate on getting a situation where the logistics market had confidence that the trucks and the rest of the distribution system were not sitting their idle, wasting a lot of money.

We attacked transit time, reliability and capacity. To do that we had to overcome somewhere near a \$400 million deficit, because the maintenance deficit in New South Wales had reached a situation where the New South Wales Auditor-General, prior to our take-up, had indicated that the deficit and the condition of the asset was about \$450 million. So we had to move from a maintenance deficit of \$450 million and a transit time which, on the best superfreighter train—which on the Melbourne-Sydney corridor could only be 1,500 metres in length—was 13.5 hours in 2004. The average was 14½ hours from Melbourne to Sydney. We struck a target that we needed to get the market share and the transit time between Melbourne and Sydney to 10½ hours for a 1.5-kilometre supertrain.

Senator HUTCHINS—How much tonnage would be on that?

Mr Marchant—Four thousand tonnes. We had to at least get to 10½ hours, we had to get the reliability plus or minus 15 minutes to 75 per cent and the rest to within 30 minutes, and we had to get the availability from less than 40 per cent to the available capacity being 75 per cent. If we attacked those issues, the logistics market would start to have confidence in using rail from Melbourne to Sydney.

The second corridor was Sydney to Brisbane. Between Sydney and Brisbane in 2004, only a few superfreighters could be 1,500 metres long, because there were not enough loops to have two 1,500-metre trains pass each other. They were only able to have three 1,500-metre trains a day, because they were too big and the loops were not big enough to take any more. The transit time for them was 19.4 hours between Sydney and Brisbane. Lastly, the transit time between Melbourne and Brisbane, which should be an attractive corridor, had reached 33 hours for the best and 35 hours for the average, with a reliability of 45 per cent.

Effectively, on that sort of framework, rail was not doing well, because it was not delivering a product that anybody would want to use. The attack was then to relook at what we needed to do to make rail attractive—not shiny engineering, but what we needed to do to get the market responses. We spent a lot of time re-evaluating with the logistics market what the transit time issues were and then we went into the engineering to look at the best value for dollar we could get for that transit time. We did not need shiny rails; we wanted busy rails. We did not want to have the best technology; we wanted the technology that could get us the market, because, effectively, the company will not be able to get its economic return unless we can build the volume up. The world is aware that Australia's freight volumes are going to double over the next 20 years. There is no way that the road industry can sustain moving all that freight. Rail has to lift its game if it is going to have any value, and we can do that in partnership with the various elements of the road industry. This is not an overall competition. We can both grow.

Senator NASH—Can I ask a question on that?

Mr Marchant—Yes.

Senator NASH—Has any consideration been given to the use of rail combined with trucks—so, for instance, to run a flat-bed train and actually take entire trucks on rail from city to city?

Mr Marchant—We have been doing from Melbourne to Perth for the last seven years.

Senator NASH—Really!

Mr Marchant—Yes.

Senator NASH—Is it effective?

Mr Marchant—No. The reason is you do not optimise the tonnage. Your railcar can carry four or five times more tonnes per car. You are better to move the container fully laden across.

Senator NASH—Than to take the chassis and everything as well?

Mr Marchant—Yes. One of the good things out of the Melbourne and Perth competition is that we started with one government railway and we now have three good competitors with four others. What that has produced is a range of different products where before it was just one railway thing that fitted them. Now we have providers that do warehouse to warehouse, they do container trains packed to the gunnels, which is the most efficient outcome you can get, and they deliver warehouse to warehouse. Another group do container trains, et cetera. You have a massive diversity of product. And there is a small group that are doing above railroaders as an express service that goes much faster with a light axle load, but you pay a premium. There has been a lot of work done on it.

Senator NASH—With the cost of diesel going up so enormously, has there been any closing of the gap?

Mr Marchant—I will give you these figures. We survey every year and in our last survey of the Melbourne-Perth corridor for the market road-rail, road-sea, air-sea and ourselves is that rail is 40 per cent cheaper per tonne door-to-door than road. On our last survey of Melbourne to Brisbane, which is just out now, for the first time rail is 27 per cent cheaper door-to-door than road.

Senator NASH—That is huge.

CHAIR—Where was that?

Mr Marchant—Melbourne-Brisbane. The last one, which is the one that surprised us, is that Melbourne-Sydney, which has been our hardest corridor to get through, rail has now moved to a situation where it is about 7 per cent cheaper door-to-door.

CHAIR—I am sorry, Senator Nash. How old are these figures?

Mr Marchant—They are the survey from all of last financial year concluded in December 2007.

CHAIR—I hasten to say with the way fuel is going through the roof that you would probably be a lot more efficient.

Mr Marchant—Yes, it moves around. Melbourne-Sydney at 7 per cent is not good enough. I will explain why. We have to get a bigger gap because effectively rail is not as available. I mean you can hop on a truck and move tomorrow.

Senator McGAURAN—What is the route from Melbourne to Brisbane?

Mr Marchant—The coastal route is Melbourne-Albury, Albury-Macarthur, Macarthur-Newcastle, and Newcastle up there.

Senator McGAURAN—That brings us to the inland rail discussion, perhaps with another section.

Mr Marchant—In answer to your question, we actually did a fundamental review of what was needed in the product to try to build a value-adding rail industry, rather than a liability. Just so you are aware of this, when we took up the New South Wales lease, the New South Wales government was subsidising that network at \$300 million a year. As you are probably aware, ARTC receives no government subsidies for its operations. So, we had a \$300 million cost basis to get rid of and a \$400 million maintenance deficit. The bottom line is we moved to an investment program of \$2.1 billion, to which the Australian government has contributed \$880 million.

CHAIR—Eight hundred and eighty?

Mr Marchant—\$880 million to that investment program. We concentrated on five things. Firstly, the transit time. We have got to get the average speed up to get the transit time. We have got to do that on the north coast by actually getting loops consistent distances from each other. That is, having a loop 40 minutes and the next loop 50 minutes meant that effectively it was 50 minutes, because you have got trains running in opposite directions and whatever the longest gap is dictates the play. So, we have done the unique thing and actually have the loops now equidistant apart, 20 minutes in travel time, which will enable us to double the capacity of that line, but will also enable for the first time that any train can run at 1,500 metres and not just three trains a day. Secondly, it has produced a situation where we are actually tilting the curves to get average speed on curves up by putting tilt on the curves and getting a frequency that they can be driven safely and operators can feel safe.

Senator McGAURAN—Is there government funding towards that?

Mr Marchant—I am sorry?

Senator McGAURAN—Was there government support towards those costs?

Mr Marchant—It contributed \$880 million to the \$2.1 billion. We are now developing 17 loops on the north coast, equidistant apart in travel time of 19 to 20 minutes and variations around that, so you can actually get a pattern of trains with that frequency and getting passenger trains through it. Lastly, we got rid of things such as the staff and ticket. That is 45 minutes for \$19 million, which with the CTC you have taken 45 minutes out of the transit time just by getting better technology. We moved from manual signal boxes to all signal boxes being automated straight back to a network controller and the network controller deals directly with the driver. There are no signalmen in between. You get rid of the safety issues. You get a clear communication between the driver and the person controlling that network.

We then moved to concrete sleeping, so we got rid of speed restrictions that were brought about by heat and, with regard to large maintenance costs, because large maintenance costs meant we had to be on the line more frequently, more frequently meant that we took up capacity at the expense of trains. So, effectively, all those elements put together was what we

attacked on the north coast. The outcome of that is that transit time on the north coast will, when we complete the program—and I think I mentioned the program on the north coast was aimed to be completed by June next year, the program on the north coast will be completed in August/September this year—that program will move the hours down on the north coast from 19.4 hours to less than 15 hours for 1,500 metre trains. It will get the reliability up to at least 75 per cent, plus or minus 15 minutes, which by the way is slightly better than the airlines, and it will get the availability up 60 per cent.

Senator HUTCHINS—And probably more reliable.

Mr Marchant—It is harder for us to cancel. On the north coast line nearly all the elements of that will be finished in August, including the loops, et cetera. That has required us working at 390 sites continuously, working on a whole range of local government and other frameworks loop by loop. There are 17 new loops and there are 15 other loops that have been extended to 1,500 metres, and to get a consistent distance from framework. We have worked with the Queensland officials and we have put some of our money in to Queensland, even though the Queensland track does not belong to us. It still belongs to the Queensland government. On the Melbourne-Sydney section we have concentrated on similar exercises, including the concrete sleepers with the maintenance framework around it, the curvature framework.

We have also moved to an innovative framework on the Melbourne-Sydney network that has not been trialled in rail, either in Australia or elsewhere. Normally rail works on passing loops. That is, a train goes into a loop and it stops. The loop is about 1,500 or 1,800 metres long and it stops. So, one train stops with its engine running waiting for the other train 20 minutes later to come through. We have moved to a process of passing lanes seven to eight kilometres long where a train can move in and keep on moving, keeping its average speed lower, but keeping fuel efficiency, while another train moves through on the other side, so you literally have passing trains at different speeds. It keeps the average speed up, it keeps the fuel efficiency up and gets your transit time through. So, rather than trains having to stop, we have developed some seven major passing loops of seven kilometres long and we are dual tracking a whole range of elements.

In addition to that, we have got rid of things such as the Wagga Bridge. The Wagga Bridge is a bridge in New South Wales on a beautiful river, which had a temporary speed restriction on it when it was under New South Wales control of 20 kilometres for 20 years. That seemed pretty temporary. We replaced that bridge with a brand new construction in a period of four days at \$19 million. That is, we literally built the piers while the bridge was operating because we could not afford to close down as we need the revenue, and we literally did a contract with an alliance builder from Newcastle, Arenco, and literally in a period of four days, three days in reality, we took down the old bridge and reconstructed the new one on the piers to have it operating three days later. There is a timed video used. I notice that Telstra has used it as one of the 10 interesting innovations they have seen in Australia at a US innovation conference last year as how you can keep your business operating and still make major capital changes. So, we got rid of a range of temporary speed restrictions, put in new passing loops, put in the new control systems, got rid of manned signal boxes, which took up huge time, and

automated them, to the point that, subject to some arrangements in Victoria which will be concluded over the course of the next few weeks, we should conclude that program.

Senator NASH—When you were doing that bridge was there any sort of risk factor or was it all just absolutely known that there was going to be no risk doing it all while everything was still operating?

Mr Marchant—The element of doing things like that is you have got to get your planning done and managed.

Senator NASH—Your timing has got to be right.

Mr Marchant—Yes. Your planning has to be done immaculately. It is best to spend 50 per cent more time on your planning to get your execution exactly right. We worked closely with Wagga council and the local community. In fact, I will tell you when it was done. It was done on New Year's Eve. It was done over the New Year's break and in fact we had to build public galleries in Wagga, because effectively we were inundated with people watching the Meccano set being put together over three days. There were thousands of people going through it. So, the message from that is there is not much that goes on at New Year's Eve in Wagga. We were inundated. We had to build public galleries in the end for safety reasons for people to watch.

Senator HUTCHINS—Bill Heffernan was not there, was he?

Mr Marchant—I did not see him, no. It actually was a big event in Wagga and it was innovative and creative. We have actually concentrated heavily on trying to get the fundamentals right to get rail back into the game to be competitive.

Senator FIELDING—What were you saying about Victoria?

Mr Marchant—We are trying to conclude arrangements about leasing issues in Victoria to enable us to further invest in the Victorian line. We are hoping to conclude those over the next few weeks.

Senator FIELDING—And what are they?

Mr Marchant—We have a lease in Victoria that is 15 years. To invest \$300 million to \$500 million you need a bit longer than 14 years. We have only got eight years to go. I could not get \$500 million back in eight years, so to do that we need a longer term lease basis and we need a framework to work around that.

Senator FIELDING—Are you expecting some positive announcement there?

Mr Marchant—We have been working closely with the Victorian government. There is no problem there. We have been working very closely with the Victorian government, but we are getting closer and closer to some resolution, which hopefully we will announce soon.

Senator McGAURAN—What are your revenue sources?

Mr Marchant—Our customers. We started with our total revenue in our first year operation of \$90 million. We are now at \$580 million. The reality is that our revenue is solely from our customers.

Senator McGAURAN—And government?

Mr Marchant—The Australian government every now and then makes a capital contribution, either in AusLink, not to our revenue base, a capital contribution to upgrade those things that are not financial for us to underwrite. We received \$880 million from the government as a contribution to our \$2.1 billion program.

Senator McGAURAN—When did you receive that?

Mr Marchant—In 2004, 2005 and 2006. I am not sure of the exact dates. And then the AusLink program this financial year and next financial year we have got various programs and we have got the Telstra frameworks, which are this budget and next year's budget, to wrap up the \$76-odd million for the Telstra framework.

Senator McGAURAN—With all those improvements that you are talking about, including the loops and all of that, is that prep work for potentially an inland rail network?

Mr Marchant—No. That is prep work to try to make the existing railway efficient.

Senator McGAURAN—Can it be of advantage?

Mr Marchant—Part of it can.

Senator McGAURAN—What is the prep work for the inland rail that was being done and funded?

Mr Marchant—There were three lots of prep work. A lot of our work between Melbourne and Junee-Cootamundra is in fact on the same corridor that possibly the inland rail will do. It depends on the study. There is some work between Cootamundra and Parkes, which we will be doing in 2009-10.

Senator McGAURAN—Such as?

Mr Marchant—Concrete sleepering, bedding down the track and getting a couple of loops in there. It is a very heavily timber sleepered track.

Senator NASH—Did you take \$65 million off that line, minister, very recently?

Mr Marchant—Our investment for Cootamundra-Parkes is programmed for 2009-10.

Senator McGAURAN—I would read the budget papers if I was you.

Senator NASH—Go on, Mr Marchant.

CHAIR—Do not spoil a good presentation, Senator McGauran and Senator Nash. It has been very interesting. I wish we had brought Mr Marchant on earlier so we could have a lot more time with him. Senator Adams has a question.

Senator ADAMS—I would like to ask about Western Australia. Have you looked at Western Australia, apart from the national line?

Mr Marchant—Yes. We looked at the standard gauge line. We have not looked at anything else. We work closely both with the Western Australian government and with WestRail. We have been actively supporting some of their AusLink funds for additional loops and concrete sleepering. We work very closely on timetabling and programming. We share technology with them because we want to make sure that, in the end, we have got a customer base of Melbourne-Perth, and effectively we have got to work with WestRail and the rest to make sure that that customer base is optimised. So, the National Telecommunications

Program, which is funded under this year and next year's budget—the budget just going and the next budget—part of that telecommunications is going into WestRail's area, so we can use the one system all the way through to Perth and they will get the benefit of using it. We do work very closely with WestRail. We work very strenuously to make sure there is no disconnection between our own network as a whole. You probably should be aware we have a wholesale agreement giving us 50 per cent of the capacity of the standard gauge between Kalgoorlie and Perth, which was part of the sale process with the West Australian government when they sold the lease on the line, so we do have a wholesale arrangement with them as well.

Senator ADAMS—It is just that we are having a lot of trouble with our rail and road systems.

Senator O'BRIEN—I was going to ask if there was some perspective that ARTC could give us about the nation's problem with its transportation of seasonal crops such as wheat?

Mr Marchant—There is probably a perspective I could give but I am not sure I would like to. As you are probably aware, with the grain lines of New South Wales, we have a management agreement with the New South Wales government. We manage the branch lines of New South Wales on their behalf. They determine the investments. They determine the capital that goes in. They also determine the prices. We do not have any of the ARTC's money at risk or involved in those networks. We are actually doing it as a servant of them. And effectively that prejudices my ability to comment too much on what I think with regard to the New South Wales lines because we are a servant of them and they make the policy decisions around it.

Senator O'BRIEN—I am not asking you to talk about particular lines.

Mr Marchant—Good. However, one of the catch 22 problems for us as a nation is that most of our grain lines and our branch lines were developed in the early part of last century. They were developed before the technology in our trucking industry, which is probably the most competitive trucking industry in the world. The technology and the trucking framework were not in existence. People needed to move grain only 50 or 60 kilometres at the most because they were worried about the horse and cart movement, and therefore you had grain silos spread all over the place with a lot of sunken assets. The reality is there needs to be quite a lot of thinking about getting into box silos in more key locations, recognising the truck transportation of those silos and then to deal with rail on a more optimised efficiency basis, and there has to be a hard look across the nation at getting a more efficient logistics framework which recognises the technology available today and the efficiency of that technology. That means that you then need to look at the configuration from a more cleaner slate than just perpetuating what was developed in 1910 and 1915 and then you will get a much more rational result.

What is happening effectively is, in the absence of a rational result, assets are being bandaidded and are becoming more costly to deal with and become inefficient. Therefore, the cost to the grain producers and everybody gets out of hand because they are using a suboptimal investment—very bad rolling stock, grain lines can only go at 20 kilometres an hour, and it is not optimised with regard to the trucking business and getting bulk into good

silo frameworks. Effectively, the Australian government at the last election announced that there would be a grain task force looking at some parts of that and I think we are going to participate in that from the announcements. There does need to be a nice clean slate looked at—looking at how to optimise the efficiency for everybody in the business. Bandaiding the old stuff will be a waste of everybody's money and, in fact, will not give a product good for the grain industry or anybody else. It really does need a bit more objective analysis of the logistics network as a whole and not just throwing money at whatever exists.

That is going to be hard because it needs some rationalisation. But, let's face it, the grain industry has already determined it as many of them are not using rail because it does not suit them. It is a loss-loss. And, with the CSO framework, it is unlikely that many of those lines will run on a fully commercial basis. There has to be a rational trade-off between what is a community obligation to move that without making our roads totally congested, against what is an economic contribution the industry should make. At the present time those issues have not been confronted because we are bandaiding all the past. We look at the market. We look at the logistics chain and remodel what is around and invest in what is going to be worthwhile and move on in those areas where it is not worthwhile. That really does mean that everybody has to take a bit of a balcony view and have another look. You will get a better result, but you have to take the balcony view first. I hope that answers your question. It does not help the budget much.

Senator O'BRIEN—I think it is an answer that is important to be out there for people to debate it.

CHAIR—Are there any other questions of Mr Marchant?

Senator NASH—Not a question. Could I just make a comment?

CHAIR—Yes. You can make a comment.

Senator NASH—I am sure I am speaking for all senators: we are terribly apologetic that you missed your plane but we are very glad you did. That was a very informative and interesting three-quarters of an hour.

CHAIR—I might have misled the committee. The plane is flying out tomorrow morning.

Senator NASH—I know, but he might have been getting one tonight. Thank you.

Senator HUTCHINS—Thank you from me, Mr Marchant, as we have known each other a long time. It would have been good, and I will restate it, for some of the Jeremiahs to see exactly what governments of whatever party have been contributing to nation building over the last few years. That really is impressive and I hope we get a run on that in tomorrow's press.

Senator McGAURAN—I would like to thank Senator Hutchins for those bipartisan comments and I hope the minister at the table heard them.

CHAIR—Mr Marchant, before you do run away, very quickly—and I always leave myself to last when possible—but there are a couple of senators on this committee, namely the good Senator Hutchins, myself, the minister and certainly Senator O'Brien, who have been banging on about the freight task doubling by 2020 for a number of years, but I just wanted to alert

you that you said the freight task is going to double in 20 years. Sorry, old mate, but there is only 11½ to go now.

Mr Marchant—That is right.

CHAIR—That is how long we have all been around. Mr Marchant, thank you very much for that. I now call back Infrastructure Investment.

[10.30 pm]

Infrastructure Investment

CHAIR—I welcome back officers from Infrastructure Investment. You have a hard act to follow now. You have got to be as interesting as Mr Marchant, so we will have to make the questions as interesting as well. I do believe Senator Adams was waiting patiently on some grain issues. Is that correct?

Senator ADAMS—Yes, I was. I go back to my question about the New South Wales grain rail task force in the budget and undertaking reviews of grain transport in New South Wales and Western Australia. My next question from that was: what does the government intend to do to meet its election commitment to the grain growers and communities in Western Australia?

Ms Page—Again, I think that is premature until the grain rail task force in Western Australia meets and provides advice to the government on what its options are.

Senator ADAMS—We will leave that one. I will start with the Perth-Bunbury Highway. This is in regard to a bonus if this project is finished early. Motorists are supposed to be on that highway by December 2009. My question is: will those contractors that are constructing the Perth-Bunbury Highway be paid a bonus if it is finished early?

Ms Page—I will ask Mr Maher to address your question on the Bunbury Highway.

Mr Maher—I would have to take that on notice. I am not familiar with that.

Ms Page—That will probably refer to the particular contracting arrangements that the West Australian government has entered into on that road, which we are not party to.

Mr Maher—Correct.

Senator ADAMS—The reason I was asking the question is the fact that the project has blown out so much and the federal government has put in an additional \$160 million from the 2008-09 budget. My question is: will any of that be directed towards meeting any bonus?

Ms Page—We will have to take that on notice.

Senator ADAMS—Thank you. The next one is the Pinjarra bypass. This was one of the Howard government's election promises. The commitment from West Australian planning and infrastructure minister, the Hon. Alannah MacTiernan, was that the state government would find a way to match funding should the federal government make a commitment. Will the department and the government consider honouring a funding commitment for the construction of this bypass? Is anyone aware of the bypass?

Ms Page—I do not believe that the government has a commitment to that project.

Senator ADAMS—There is no commitment. Would the government confirm that, out of the \$22.7 billion AusLink program, Roads to Recovery will be funded at the announced rates of \$350 million per annum and that the strategic regional component will be funded at the announced rates of \$2 times \$150 million?

Mr Maher—I can answer the R to R.

Ms Page—We can confirm the Roads to Recovery one. We are just trying to get a handle on the strategic region.

Ms McNally—The second one is correct as well.

Senator ADAMS—Sorry?

Ms McNally—The question regarding strategic regional funding of \$150 million.

Senator ADAMS—Do you want me to repeat it?

Ms McNally—No. The answer is that the money is in the forward estimates.

Senator ADAMS—I could not hear you. With the Roads to Recovery, will that be funded at the announced rates of \$350 million?

Mr Maher—Correct.

Senator ADAMS—Thank you. Why is the establishment of the community infrastructure fund delayed until 2009-10, when redressing the infrastructure backlog is long overdue and compounding?

Ms Page—That is a question probably best directed to Local Government and Regional Development. However, I can answer that to some degree. The government has made election commitments in relation to the Better Regions program, which will be rolled out over the coming months and it has announced a consultation process to assist it to develop the community infrastructure program for consideration in the following budget.

Senator ADAMS—Minister Albanese announced budget funding for planning of three major road projects in Western Australia. In relation to these projects, which was a planning announcement to start with, can you please advise the expected start and completion dates for, first, the Bunbury port access road stage 1?

Mr Maher—Can I answer them one at a time?

Senator ADAMS—Yes.

Mr Maher—Bunbury port access planning is expected to be completed in 2008-09.

Senator ADAMS—2008-09, and after that?

Mr Maher—We do not have any information about construction beyond that.

Senator ADAMS—Until the planning is finished, that is it?

Mr Maher—Correct.

Senator ADAMS—And the upgrading of the Kooyong Road to the Tonkin Highway section of the Great Eastern Highway? That is around the airport area in Perth.

Ms McNally—The planning works for that project are expected to be completed in 2009.

Senator ADAMS—Thank you. The upgrading of the Tonkin Highway between Leach and Roe highways?

Ms McNally—Again, that is expected to be completed in 2009.

Senator ADAMS—What are the expected start and completion dates for the \$160 million upgrade of the Great Northern Highway between Port Hedland and South Hedland as announced as an election commitment on 30 October 2007? This project does not appear on the AusLink website.

Mr Maher—We do not have dates for that at this stage.

Senator ADAMS—What are the expected start and completion dates for the delivery of the \$180 million upgrade to road and rail networks in Esperance to improve access to the port as announced as an election commitment on 15 November 2007? Once again, this information does not appear on the AusLink website.

Mr Maher—Likewise, funding is not set to commence for that project until 2009-10.

Senator ADAMS—That is 2009-10. And do we know about the Port Hedland one?

Mr Maher—It is the same.

Senator ADAMS—It is 2009-10?

Mr Maher—Correct.

Ms McNally—Those projects are still to be agreed with the Western Australian government regarding start and finish times.

Senator ADAMS—When will the promised national infrastructure audit into nationally significant infrastructure, most particularly into transport, commence?

Ms Page—That is really about to commence now, as we have answered in relation to previous questions. The first meeting of Infrastructure Australia is next week. Commonwealth and state officials are already compiling information to assist IA in that task for completion of the audit by the end of this calendar year.

Senator ADAMS—Which specific transport facilities in Western Australia will this national audit address?

Ms Page—That is a matter entirely for Infrastructure Australia to determine which projects or which priorities it wishes to address in the audit.

Senator ADAMS—What specific improvements are planned for the Port Hedland port facility?

Ms Page—At this stage there is an announcement of the government commitment to a road project in the Port Hedland region which you have mentioned. Beyond that there are no other government commitments that I am aware of in relation to the port of Port Hedland. Clearly issues such as port infrastructure are matters that Infrastructure Australia could be expected to comment upon.

CHAIR—You are doing a great job for Western Australia.

Senator FIELDING—I am wondering whether I could just turn to the Black Spot Program. Is that something we can just get to? Could you just outline what is happening there nationally and how that is coordinated and then tell us how do we get down to Victoria?

Ms Page—I will refer you to Mr Maher, who will provide an outline of how the program operates.

Mr Maher—Similar to the Roads to Recovery program, this program was allocated \$50.5 million to continue funding at its present level until June 2009.

Senator FIELDING—What happens after that?

Mr Maher—This is all on the PBS at page 30. Beyond that it will be \$59.5 million from 2009-10 onwards.

Senator FIELDING—How are the black spots determined? I know there is input from each state but—

Mr Maher—How are projects selected?

Senator FIELDING—Has that changed at all?

Ms Page—There is no change to the current method of selection. There are black spot committees in each state who make recommendations to the minister for funding.

Senator FIELDING—How is the allocation done between the states though?

Mr Maher—It is a matter for the states. They select projects and recommend those projects to the minister. And it is up to them to prioritise the projects according to the criteria within the program.

Senator FIELDING—Do you keep a list from each of the states at all that they have recommended?

Mr Maher—They do provide the list to the department, yes.

Senator FIELDING—Could you table those lists? I do not know where I have seen them. I asked for some of these last time, I think.

Ms Page—The state shares are based on population data and accident figures. They are to be updated in 2009-10 with the increase in funding for the program.

Senator FIELDING—On that question about tabling, you must have the lists somewhere in there from each state?

Ms McNally—There are over 4,000 black spot projects. Those that are approved are listed on our website by state.

Senator FIELDING—Who is the chair of the black spots committee in Victoria?

Ms Page—I think new chairs have recently been appointed to the committees. I do not know whether Mr Maher has—

Mr Maher—Correct. I do not have that with me but I can—

Senator FIELDING—Could you provide that?

Ms Page—Yes.

Senator FIELDING—How many of those black spots are considered on local roads? Can someone give me an idea?

Mr Maher—There is a notional condition that 50 per cent of the funding is spent on regional roads.

Senator FIELDING—So that is about—

Mr Maher—Local roads.

Senator FIELDING—Could you just go through, therefore, what 50 per cent of the number you gave me before would be? I am sorry; you have the better numbers on the dollars for the next financial year?

Mr Maher—That is roughly half of \$59.5 million.

Senator FIELDING—I will just come back to that in a second. As far as infrastructure investment is concerned, how much is spent on local roads? You have got quite a few other bits and pieces. You have local roads; you have Victoria, South Australia—

Ms Page—There are a couple of major ways in which local roads are funded and then some subsidiary ways, I suppose. The federal government provides funding under its financial assistance grants to local government in two forms. Councils get what is called a general assistance grant and they also get a grant which is available for use but is not tied to local road funding. That is based on historical formulas of, I think it is, population and road length. In addition to that there is the Roads to Recovery program, which provides a fixed allocation to each council across Australia for exclusive use on local roads, and that is allocated in accordance with the same formula that is used for the FAGS local road component. But it is tied funding. It must be used for local roads. Finally, there is expenditure via the Black Spot program and occasionally through the strategic regional program as well.

Senator FIELDING—I have just got to say the local councils really do appreciate the Roads to Recovery program. You know that anyway. You would be able to do it faster than I could, so is there some way that you could estimate—I do not mean down to the last dollar—how much you have spent on local roads in any year or other time frame?

Ms Page—We can indicate how much is allocated to local roads. The difficulty is that no records are kept in relation to the FAGS local road component about how much councils actually spend of that on roads. We can certainly tell you how much is allocated under that formula which is available for local roads, but it may not be spent on local roads in every instance. Then there is the R to R money and then what other money is allocated through other programs.

Senator FIELDING—Would you then be able to break it up on what was allocated? I understand it may well not be spent.

Ms Page—We could provide you with advice on what allocations are made potentially for local road use, yes.

Senator FIELDING—Would you be able to do that going out for the next budget period plus the next couple of years or whatever is known? We certainly want one year's worth and a couple of years would be good.

Ms Page—We can do it where there is money allocated in the forward estimates that does not relate to discretionary expenditure, if you like.

Senator FIELDING—I do not mind a few assumptions. I am not going to hold you to the last dollar value. The issue I wanted to lead into is infrastructure investment. There is a sizeable portion of money at the federal level spent on local roads—and for very good reasons. What about local public transport?

Ms Page—There is no formal program at the Commonwealth level at this stage to provide funding for local public transport, certainly out of our portfolio. It is possible that some other Commonwealth portfolios may provide community transport and some forms of assistance of that nature.

Senator FIELDING—Let me come at it a different way. The infrastructure investment in your area is zero, zilch, on public transport for local areas?

Ms Page—At this stage we have no programs which are funding public transport.

Senator FIELDING—Is that something that has been on the table to be considered in the last five years, knowing that—

Ms Page—This government has indicated that it wishes to consider scope for future investment in cities, including public transport options, yes.

Senator FIELDING—There is obviously a twinkle in someone's eye to consider that. Who is going to be doing that?

Ms Page—We mentioned earlier there have been questions in relation to the feasibility studies for some major projects to which the government has committed money. It has committed money to the feasibility studies and some of those relate to rather large public transport projects. There has not been a decision yet on funding for those projects, but the government is certainly contributing to large feasibility studies with the states to examine scope for future investment in those projects.

Senator FIELDING—I am right to say that there is nothing in the forward budgets, though, for—

Ms Page—There is nothing in the forward estimates at this stage for public transport projects, no, beyond the feasibility studies.

Senator FIELDING—What is the next step then? You are saying feasibility studies. Can you just give me an idea of what are the next steps then? Are you waiting for something or waiting for someone?

Ms Page—The money has only just been allocated and there is a task underway, as I think we described earlier in the evening, of working with the state governments on the governance arrangements for those studies in the first instance. We are really at the beginnings of that process.

Senator FIELDING—Are you saying that money has been allocated for that feasibility scope work?

Ms Page—For several feasibility studies, yes.

Senator FIELDING—I may have missed that. Where would I find that?

Ms Page—The minister issued a media release on this, a media statement dated 13 May, ‘Tackling urban congestion and planning’. It sets out the overall level of investment and then it describes the particular projects in New South Wales, Victoria, South Australia, Western Australia and Queensland for which these studies will be undertaken.

Senator FIELDING—Victoria was there as well, was it?

Ms Page—Victoria is there. The government is investing \$12 million for a study to assess projects identified in the investing in transport East West Link Needs Assessment. That is the work that Sir Rod Eddington did. The report which was prepared for the Victorian government by Sir Rod Eddington identified a number of projects that would improve east-west connections across Melbourne. The total cost of that study is \$30 million. The government is also investing \$9 million into planning, traffic modelling, scoping works and pre-construction works for the western ring road. The western ring road is a current road, as you know. It is highly congested. There have been proposals for some time to widen that road and that is what those funds will go towards. The total cost of that study is \$12 million and we are funding \$9 million.

Senator FIELDING—Some people would argue that that whole road is a black spot, but we will not go there. Is there any scope for something like a black spot public transport program, because there are some really bad black spots from the point of view of being gaping, great big holes—

Ms Page—Do you mean there is a gap in services rather than a risk to safety?

Senator FIELDING—A gap in services, yes.

Ms Page—Not at this stage. However, I think it is fair to say that some of those feasibility studies are designed to address particular public transport pressures in capital cities.

Senator FIELDING—I think it is a good move. I think the government is on the right track—sorry about that—to really start to think about public transport funding from the federal level rather than just continually saying it is just a state responsibility knowing that, at the federal level, I think we invest fairly heavily in local roads funding. I think we need to balance that out and place even a higher priority on it. The government, I think, has started in that direction. Even though I may not think it is far enough, I want to encourage the government to go further. I will certainly be asking more questions next time on this whole area of public transport funding at the federal level, because I think there are a lot of gaping, big black spots that the states need a hand with. They need to be able to partner with the federal government especially because, given the greenhouse gas issues and the climate change issues, public transport is going to be a critical function in the local areas, not just between cities. I may leave it at that for the moment, thank you. But I would be interested in some of the stuff I have asked for. Have you got anything else you wanted to say on the public transport issue?

Ms Page—Not at this stage.

Senator FIELDING—I will come back next time, I think.

CHAIR—Are there any other questions on infrastructure investment?

Senator O'BRIEN—I would like to ask some further questions. It has been a while since others were asked on this subject but, on the infrastructure investment in Tasmania, the exchange with Senator Abetz left me a little unclear as to the full nature of the program that is to be embarked on. Ms McNally, I think you were talking about \$10.75 million towards upgrading the Bridgewater Bridge to fix structural deficiencies and repair the lifting function. How much is the state government contributing to that?

Mr Rokvic—The total project cost is \$14 million, of which the Australian government is committing \$10.75 million. The balance of \$3.25 million will be met by the state government.

Senator O'BRIEN—That is all to be expended in the coming financial year?

Mr Rokvic—That is correct.

Senator O'BRIEN—And that will complete that project?

Mr Rokvic—Correct.

Senator O'BRIEN—There is \$4.5 million to upgrade safety on the Midland Highway, including improvements on Constitution Hill and generally all of the line edging along the road between Hobart and Launceston. Perhaps you will need to do it on notice, but could you detail the points where there will be actual safety upgrades on the Midland Highway? I know Constitution Hill has been specified, but are there any other points you can either now or later draw our attention to where the money will be spent?

Ms McNally—The project includes the provision of a 1.6-metre wide painted median and wire rope safety fence over 2.5 kilometres of the Midland Highway between the northern town boundary of Bagdad and Dysart; widening of the existing Midland Highway road pavement to accommodate the 1.6-metre median plus provision of three travelling lanes and wider sealed shoulders; modification and upgrading of a number of Midland Highway intersections to provide for safer traffic movements, including at the start to the end of the median barrier; left-hand deceleration tapers; and repair and resurface the whole of the sealed pavement for the length of the project.

Senator O'BRIEN—There is a \$1.6 million commitment to plan the Pontville-Bagdad bypass and the new Bridgewater Bridge. Who is going to do that work?

Mr Rokvic—My understanding is that it will be undertaken by the state government.

Senator O'BRIEN—Also, the \$1.1 million for detailed design of the Kingston bypass?

Mr Rokvic—Similarly.

Senator O'BRIEN—Again, the Tasmanian government.

Mr Rokvic—Yes.

Senator O'BRIEN—Is that \$1.1 million part of the \$15 million contribution the Commonwealth government has promised to that project?

Mr Rokvic—Correct.

Senator O'BRIEN—There is \$1 million committed to the Tebrakunna Bridge construction works as part of a north-east freight roads package. How much would the total cost of that

project be? In other words, how much is the Commonwealth contributing and to what proportion of the work?

Mr Rokvic—You are talking about the north-east freight roads upgrade?

Senator O'BRIEN—Yes.

Mr Rokvic—The total estimated project cost is \$42.5 million, of which the Australian government contribution is \$34 million.

Senator O'BRIEN—Over what period will that money be expended?

Mr Rokvic—Over 2010 to 2012, and the planning is expected to commence in 2008.

Senator O'BRIEN—I understand in this coming financial year there is actually some money committed for the Tebrakunna Bridge construction work. I presume that is coming out of that total amount?

Ms McNally—Could you repeat that? Was it Tebrakunna Bridge?

Senator O'BRIEN—Yes.

Ms McNally—That is correct. That is correct, it is coming out of that amount.

Senator O'BRIEN—Is that the total cost of the bridge work or is the state government making a contribution as well?

Ms McNally—The state government is making a contribution.

CHAIR—It is now 11 pm. The committee will stand adjourned. Thank you, Minister. Thank you, officers from the department, fellow committee members and, more importantly, secretariat and Hansard.

Committee adjourned at 11.01 pm