



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

WEDNESDAY, 27 MAY 2009

CANBERRA

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SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT

LEGISLATION COMMITTEE

Wednesday, 27 May 2009

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

Participating members: Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Humphries, Hurley, Johnston, Joyce, Kroger, Ludlam, Lundy, Ian Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Moore, Nash, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Stephens, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Abetz, Adams, Back, Bushby, Colbeck, Jacinta Collins, Farrell, Fisher, Heffernan, Hutchins, Ludlam, Macdonald, Marshall, McGauran, Milne, Nash, O'Brien, Parry, Polley, Sterle and Williams

Committee met at 9.04 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 Executive

Mr Andrew Tongue, Acting Secretary

Ms Stephanie Foster, Deputy Secretary

Corporate Services

Mr David Banham, Chief Operating Officer

Mr Paul Wood, Chief Financial Officer

Infrastructure Australia

Mr Michael Deegan, Infrastructure Coordinator

Australian Rail Track Corporation Ltd

Mr David Marchant, Chief Executive Officer

Nation Building—Infrastructure Investment

Ms Carolyn McNally, Executive Director

Mr Neil Williams, General Manager, Rail and Intermodal

Mr Alex Foulds, General Manager, South East Roads

Ms Felicity McNeill, General Manager, North West Roads

Mr Richard Farmer, General Manager, Policy Planning and Development

Mr Jason Maher, General Manager, Regional Roads

Mr Tony Carmichael, General Manager, Nation Building Coordination

Infrastructure and Surface Transport Policy

Mr Peter Robertson, Acting Executive Director

Mr Robert Hogan, General Manager, Vehicle Safety Standards

Mr Michael Sutton, General Manager, Maritime

Mr Stewart Jones, General Manager, Transport Integration and Reform

Mr Joe Motha, General Manager, Road Safety

National Transport Strategy

Ms Leslie Riggs, Executive Director

Ms Joan Armitage, General Manager, National Transport Policy

Australian Maritime Safety Authority

Mr Graham Peachey, Chief Executive Officer

Mr Mick Kinley, Deputy Chief Executive Officer, Maritime Operations Division

Mr Paul Nelson, Acting Deputy Chief Executive Officer, Maritime Standards Division

Mr Yew Weng Ho, General Manager, Corporate Services Division

Mr John Young, General Manager, Emergency Response Division

Bureau of Infrastructure, Transport and Regional Economics

Dr Gary Dolman, General Manager, Regional Research and Transport Statistics

Mr Robert Stewart, General Manager, Infrastructure and Transport Research

Inspector of Transport Security

Mr Mick Palmer, Inspector of Transport Security

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

Office of Transport Security

Mr Paul Retter, Executive Director

Ms Rachael Mitchell, Acting General Manager, Aviation Security Operations and Policy

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

Mr Chris Appleton, General Manager, Analysis and Operational Support

Mr George Brennan, General Manager, Governance and Operations

Ms Philippa Power, General Manager, Maritime and Surface Security

Aviation and Airports

Mr Mike Ford, General Manager, Aviation Safety

Ms Maureen Ellis, General Manager, Aviation Environment

Ms Karen Gosling, General Manager, Airports

Mr Stephen Borthwick, General Manager, Aviation Industry Policy

Mr Scott Stone, Acting General Manager, National Aviation Policy

Mr Jim Wolfe, General Manager, Air Traffic Policy

Airservices Australia

Mr Greg Russell, Chief Executive Officer

Mr Jason Harfield, General Manager, Air Traffic Control

Ms Caroline Fleming, General Manager, People and Change

Mr Richard Dudley, General Manager, Corporate Affairs

Civil Aviation Safety Authority

Mr Peter Cromarty, General Manager Airspace and Aerodrome Regulation Group, CASA

Mr John McCormick, Chief Executive Officer

Mr Shane Carmody, Deputy Chief Executive Officer, Strategy and Support
Mr Mick Quinn, Deputy Chief Executive Officer, Operations
Dr Jonathan Aleck, Chief Legal Officer
Ms Betty Edwards, Chief Financial Officer
Mr Simon Denby, Group General Manager, Aviation Licensing Group

Australian Transport Safety Bureau

Ms Kerryn Macaulay, Acting Executive Director
Mr Peter Foley, Director, Surface Safety Investigation
Mr Ian Sangston, Acting Director, Aviation Safety Investigation
Mr Neville McMartin, Acting Director, Strategy and Capability

Local Government and Regional Development

Mr Michael Pahlow, Acting Executive Director
Mr Brendan McRandle, General Manager, Local Government Policy and Finance
Mr Richard Wood, General Manager, Regional Development Programs
Mr Marcus James, General Manager, Regional Development Policy
Mr Gordon McCormick, General Manager, Local Government Programs

Office of Northern Australia

Mr John Angley, Executive Director
Mr Stuart James, General Manager, Office of Northern Australia

CHAIR (Senator Sterle)—I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2009-10 and related documents for the Infrastructure, Transport, Regional Development and Local Government portfolio. The committee is due to report to the Senate on 23 June 2009 and has fixed Wednesday, 22 July 2009 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business next Friday, 5 June 2009.

Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has a copy of rulings. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised and which I now incorporate in *Hansard*.

The document read as follows—

Order of the Senate—Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall

provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

CHAIR—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; Mr Andrew Tongue, Acting Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government; and officers of the department. Minister, do you or Mr Tongue wish to make an opening statement?

Mr Tongue—Chair, if I could, please.

CHAIR—Thank you, Mr Tongue.

Mr Tongue—I would like to make a few opening remarks with regard to the significance of the budget for the department and hopefully provide some context for today's hearings. Before doing so, I would just like to note that, since the last hearing, Mr Michael Taylor retired as secretary of the department on 24 April. On 14 May this year the Prime Minister announced the appointment of Mike Mrdak as secretary of the department. Mr Mrdak will commence in his role on 29 June.

Following the budget, the government's commitment to improving and expanding the nation's road, rail and port infrastructure has risen to \$36 billion over six years. A number of new measures were disclosed in the portfolio budget statements. The most significant are those announced under the Nation Building for the Future plan. This provides new funding to road and rail projects in addition to the nationally significant priority projects recognised by Infrastructure Australia. These include the Pacific Highway bypass at Kempsey, the Ipswich Motorway, the Gawler rail line in South Australia and Regional Rail Express in Victoria.

Funding will also be provided for a range of other initiatives, including the creation of the National Road Safety Council, funding for upgrades of remote airstrips and the establishment of a new board for the Civil Aviation Safety Authority. The budget statements also outline payments mainly for the Nation Building Program that the Treasury appropriated under the federal financial framework. The department retains policy and implementation responsibility for these programs while Treasury recognises the appropriation and expenses.

In terms of staffing implications, the budget papers note a reduction in employee numbers. This reflects simply the transfer out of the department of the Australian Transport Safety Bureau. The bureau becomes a statutory agency and no longer part of the department on 1 July. Taking this into account, the department's staffing levels will remain static over the forthcoming year.

Turning to the work of individual divisions, in the recent budget the government announced a \$22 billion initiative, Nation Building for the Future. Our component of this funding is an \$8.5 billion investment in road, rail and port projects. This is in addition to around \$26 billion provided to the department to 2014 for its land transport infrastructure program, which includes road and rail components of the Nation Building—Economic Stimulus Plan. The department is working closely with states, territories and the Australian Rail Track Corporation administering this funding. The department has set in train a handover process with Infrastructure Australia for the \$8.5 billion worth of projects announced in the budget.

We have been tracking well in the administration of our land transport infrastructure projects. To date we have achieved approval of 34 early-start road projects announced in last year's budget, with construction already commenced on seven of these. In April we made our first equity payment of \$423 million to Australian Rail Track Corporation for the implementation of 17 rail projects. Most of the remaining funding will be paid in 2019.

Funding for black spot projects increased in 2008-09 from around \$54 million to \$145 million. This resulted in funding for an additional 456 projects this year. The additional funding in 2009-10 will result in an additional 151 projects. In total there has been an increase of 607 projects as a direct result of the economic stimulus plan, with 1,172 projects now having been approved for funding.

The department has received and assessed submissions for \$30 million of the \$70 million Heavy Vehicle Productivity and Safety Program for 2008-09 and 2009-10. Projects have now been approved in all states and territories. The government expects to call for submissions for the remaining \$40 million later this year.

The current Roads to Recovery Program is being finalised by the department and arrangements for the new program are being established. The new program will run from 1 July 2009 to 30 June 2014. Funding for this program has increased from \$308 million to \$350 million a year for the five-year period 2009-10 to 2013-14.

Since last estimates, work has continued on developing the regulatory impact statements on national systems for rail safety regulation investigation, maritime safety regulation and heavy vehicle regulation, including registration and licensing. The Australian Transport Council considered the final regulatory impact statement at its meeting on 22 May. The council agreed

to endorse each of the three final statements for transmission to the Australian Council of Local Government. The recommended option in each statement is for a single national regulator.

There are many issues both the principle and detail of which are to be worked out to deliver these consolidated national regulatory approaches. The Australian Transport Council is proposing to resolve certain key matters first and report to COAG in each case no later than the middle of 2010.

The department has a key role in the final report phase of a three-phase COAG road reform plan. The report was accepted by the Australian Transport Council at its meeting in May and will now be submitted to COAG. The Australian Transport Council also considered at that meeting the final report of the COAG fuel efficiency working group which follows release of a public consultation paper in September 2008.

In addition, the department is working with other government agencies and industry stakeholders on issues arising from the House of Representative standing committee report into coastal shipping with a view to assisting the government in framing its response during 2009. In line with legislation establishing the National Transport Commission, the Australian Transport Council has endorsed a process for review of the commission. The review is to report to council ministers by August 2009.

Turning to aviation and airports, since the release of the aviation green paper on 2 December 2008 the department has been conducting an extensive consultation process with industry and other stakeholders. The department has received and analysed 230 submissions towards the aviation white paper and has followed this up with extensive face-to-face consultation in key areas.

The green paper proposes a number of significant initiatives across the industry. The department is carefully considering all aspects of these reforms to inform the government's white paper. These initiatives include safety and security, the competitive position of Australia's international and domestic aviation markets, consumer protection, infrastructure and the environment. The aviation white paper is scheduled to be released in the second half of 2009.

In transport security, a range of preventative security policy issues continue to be examined and developed as part of the preparation for the white paper. The Office of Transport Security has continued to engage with our international partners and bodies such as the International Civil Aviation Organisation and the International Maritime Organisation to improve transport security frameworks. Work is also being undertaken in respect of last port of call airport security assessments.

In the maritime sector we continue to work closely with industry to develop an appropriate passenger regime for cruise ships operating in Australian waters. Our work with the oil and gas sector has involved the office, other Commonwealth and state and territory departments and key industry members to continue to develop a comprehensive security strategy for the sector. The office has also continued to work as lead Commonwealth agency for national provision of best practice transport security risk and mitigation advice under the federal government's critical infrastructure protection program.

The Australian Transport Safety Bureau will continue to focus a significant proportion of its resources on investigations that are likely to deliver the greatest safety benefit and to ensure that any critical safety issues are identified to encourage prompt safety action. The bureau has several major investigations currently underway. The bureau is also involved in the Indonesian Transport Safety Assistance Package and continues to contribute to investigation capacity building in Indonesia providing advice, training and other assistance.

Following the release of the green paper, the bureau is working with the department on a transition strategy to become a separate statutory agency by 1 July 2009.

Turning to local government and regional development, since the last hearing the Community Infrastructure Program has approved funding for more than 3,300 projects and as at 12 May has paid over \$248 million for local community projects. Under the \$250 million Community Infrastructure Program, as at 12 May, 565 councils and the ACT have approved funding, with a total of \$250 million being provided. Under the \$550 million Community Infrastructure Program—Strategic Projects, 484 applications were received and 137 strategic projects were approved. The division has continued to process projects under the Better Regions Program.

The second meeting of the Australian Council of Local Government will be held in June. The theme for this year's meeting is 'Building resilience in local communities'. Discussions will include the challenges posed by the global financial crisis in the context of the broader financial sustainability of local government and the impact of recent natural disasters, which will be considered in the context of climate change. Applications closed on 22 April for the \$8 million Centre of Excellence for Local Government at a major Australian university. The evaluation of applications has commenced.

The department continues to support the minister and parliamentary secretary in establishing Regional Development Australia and in the transition of area consultative committees. Significant progress has been made with a memorandum of understanding signed with New South Wales on 23 February. Arrangements with other states and territories are close to finalisation.

On the Office of Northern Australia, on 12 December, as part of a nation building initiative, the Prime Minister announced an Australian government contribution of up to \$195 million towards an East Kimberley Development Package. The Commonwealth's contribution is conditional on a joint assessment by the Commonwealth and the Western Australian government for the most effective infrastructure developments to meet the social and economic development needs of the region.

The Office of Northern Australia supported the parliamentary secretary, who led the government's participation in the joint assessment. The joint assessment was presented to both the Prime Minister and the Premier of Western Australia on 31 March.

Senator IAN MACDONALD—Who is paying for this?

Mr Tongue—The joint assessment was provided to the Prime Minister and the Premier of Western Australia on 31 March.

Senator IAN MACDONALD—On 31 March?

Mr Tongue—Both governments are presently finalising the details of the package. The Bureau of Infrastructure, Transport and Regional Economics will undertake work to underpin the department's delivery against the government's key priorities for the portfolio. The bureau's research program is aimed at assisting policy development for infrastructure in cities, transport reform, local government and regional development, and informing the wider public. I hope these comments will assist the committee in framing questions over the next days and I look forward to addressing questions. Thank you.

CHAIR—Thank you, Mr Tongue. Questions? Senator Abetz.

Senator ABETZ—Thank you very much. I have a few opening questions relating to the corporate section of these hearings. I understand the government has renamed the Auslink program the Nation Building Program; is that right?

Mr Tongue—Yes.

Senator ABETZ—So Auslink was established, as I understand it—and just confirm this for me, please—by the coalition in 2005; is that correct? Let us do this step by step.

Mr Tongue—If you want to track down Auslink, it might be better to handle that under Infrastructure Investment, where—

Senator ABETZ—You do not know whether Auslink was established by the coalition in—

Mr Tongue—Certainly it was an initiative of the previous government, but if you would like to take—

Senator ABETZ—Are you able to tell us what year?

Mr Tongue—I think it was 2005, Senator, but I am happy to look at that.

Senator ABETZ—It would be agreed, would it not, that it was Australia's first national transport framework to provide long-term planning and funding for that national transport network.

Mr Tongue—Certainly a national transport framework, yes.

Senator ABETZ—Auslink 1 ran from 2004-05 to 2008-09; that is correct?

Mr Tongue—Yes.

Senator ABETZ—And Auslink 2 was scheduled to commence from 2009-2010 through to 2013-14.

Mr Tongue—I think, yes.

Senator ABETZ—That is also correct?

Mr Tongue—Yes.

Senator ABETZ—Can you tell me how much money was provided under Auslink 2 from 2009-10 to 2013-14?

Mr Tongue—I might refer to my colleague Mr Wood.

Senator ABETZ—Yes, of course.

Mr P Wood—Senator, I do not have that information. We would need to go through the prior year portfolio budget statements. I can certainly talk about information that is in the 2009-10 portfolio budget statements.

Senator ABETZ—If you would take that on notice as to what was actually provided under Auslink 2 from 2009-2010 through to 2013-14, because now I would like to know how much money is provided under the so-called Nation Building Program 2009-10 to 2013-14 so we can do an actual compare and contrast between the funding the coalition made available for that period and what this Nation Building Program is making available.

Mr P Wood—The 2009-10 portfolio budget statements contain funding for road and rail transport infrastructure for the 2008-09 financial year of \$5.8 billion; for 2009-10, \$6 billion—

Senator ABETZ—What page would I find that on again?

Mr P Wood—That will be a combination of pages. As you are aware, under the new arrangements for the delivery of programs to the states and the delivery of funding to the states under the new federal financial framework, there is a large proportion of funding that is paid directly to the state treasuries from the Commonwealth Treasury. In these circumstances, the Commonwealth Treasury appropriated directly and then paid that money directly to the state treasuries. We have in our PBS a table that shows that proportion and those programs for which the Commonwealth Treasury are appropriated directly.

Senator ABETZ—And the pages for that?

Mr P Wood—The pages for that—if you turn to page 24 of the PBS, under the heading ‘Payments for which Treasury are appropriated under federal financial framework’, you will see there several programs relating to infrastructure investment but also to other programs, such as the Fort Street High School, for which the Commonwealth Treasury are appropriated directly and payments are made directly to state treasuries.

You will see there several programs under the Nation Building Program banner—Nation Building Program investment: black spots, boom gates, heavy vehicle safety, Roads to Recovery and strategic regional. In addition to that, you would need to turn to page 34, which relates to programs for which the department continues to be appropriated. These primarily relate to funding which is paid to local government. It also includes funding under the Nation Building Plan for the Future—Building Australia Fund. Again, these are payments that go through this department, through this portfolio.

Senator ABETZ—Just, for example, Nation Building—Roads to Recovery, Roads to Recovery just seems to have a certain ring about it. Is that a continuation of something that existed before?

Mr Tongue—Certainly the Roads to Recovery program has been a longstanding program. I would have to check whether—

Senator ABETZ—A longstanding program initiated by the coalition?

Mr Tongue—By the previous government.

Senator ABETZ—By the previous government, yes.

Mr Tongue—As I noted in my opening statement, funding for the program has been increased.

Senator ABETZ—Yes, and I understand that under Auslink 2 and other coalition initiatives—and this is why I asked that earlier question and I will be looking forward to receiving the answer on notice as to what the coalition had by way of funding under Auslink 2 from 2009-10 to 2013-14 so we can actually do a genuine compare and contrast in relation to those figures—it looks as though we are busily rebadging everything from Auslink to Nation Building. Can you tell us what the costs are associated with that name change?

Mr Tongue—I think I will have to take that one on notice.

Senator ABETZ—So no consideration was given to the cost? New letterheads, undoubtedly, new road signs on the side of the road, re-education classes for all the officials so that they say ‘Nation Building’—surely there must have been some costings done on that.

Mr Tongue—Senator, that nomenclature is relatively recent.

Senator ABETZ—Yes, it is very recent. I would agree with you on that.

Mr Tongue—I would have to take on notice road signs. I am not aware that we have put up any new road signs or done any of that.

Senator ABETZ—But will it require new road signs?

Senator Conroy—Could you assist the government by putting Senator Abetz’s face all over the road signs?

Senator NASH—It would brighten up everybody’s day, Minister.

Senator Conroy—It would brighten up everybody’s day; you are right, Senator Nash. Sorry, Senator Abetz.

Senator ABETZ—That is the first good policy initiative. I have to congratulate him.

Senator Conroy—Bipartisan support.

Senator ABETZ—It is the most unexpected—

CHAIR—Senator Abetz, ignore the interjections.

Senator ABETZ—No. At the most unexpected times, Senator Conroy shines. I think we have to make the most of this moment. Mr Tongue, seriously, could I be told about the costs associated with a name change? Will that require the changing of road signs, for example, where projects are ongoing and if we have projects that might go for a number of years?

Mr Tongue—Certainly, Senator. We are still working through that process. I am happy to take it on notice and provide what detail I can.

Senator ABETZ—Right. So when you say ‘certainly’, you are agreeing with me that some signs will need to be changed?

Mr Tongue—The government will have to work through a whole range of badging issues, because we will have existing projects and new projects as part of the economic stimulus package. So I will have to take it on notice and disentangle old and new, and the various decisions—

Senator ABETZ—But what is the policy for ongoing projects? Will a sign be taken down or a painter sent out to paint out ‘Auslink’ and paint on ‘Nation Building’?

Mr Tongue—Those judgments are still being made, Senator.

Senator ABETZ—And by whom will those judgments be made? By the government?

Mr Tongue—It is usually the case in these sorts of things that governments make judgments about how they would like the projects to be badged. The former government made judgments; I imagine this government will make judgments.

Senator ABETZ—You see, what we are dealing with here—and I think you agreed with me earlier that Auslink was the first—now, what is the term?—‘national transport network’. So when we are dealing with national transport networks, we do not have any precedents other than, of course, Auslink. That was not a change; that was an initiative. Now what we are seeing is a rebadging of the first-ever national transport network.

Senator Conroy—Could I just clarify your question which I know you are coming to in that contribution, Senator Abetz. Auslink 1 ends on 30 June. You mentioned something about Auslink 2, I thought.

Senator ABETZ—That is right.

Senator Conroy—Could you explain what Auslink 2 was?

Senator ABETZ—Yes, I did that before and the officials agreed with me that Auslink 2 was scheduled to commence from 2009-10 through to 2013-14. So what that shows is that the previous government, despite all the propaganda—and it seems that the minister at the table did not even know—had an ongoing, rolling program of infrastructure work and road networks et cetera.

Senator Conroy—Does that mean there was a year’s gap? No?

Senator ABETZ—No.

Senator Conroy—They were contiguous?

Senator ABETZ—All ongoing, yes. Auslink 1 went to 2008-09 and then Auslink 2 started in 2009-10. I am no great economist, but I do not think there is a gap in the funding in that. In relation to the ongoing projects that are going to be rebadged—well, sorry. In relation to the projects that were initially funded under Auslink and that will continue to be funded under Nation Building, will the signs need to be changed? You are saying that that decision still needs to be made?

Mr Tongue—Certainly, Senator.

Senator ABETZ—Then by whom?

Mr Tongue—The government is still making judgments about—

Senator ABETZ—That will be the minister making that decision?

Mr Tongue—I would anticipate that the government will have a look at how it wants to badge these things and then makes some judgments. It involves, certainly, working with the states and territories, who are doing a lot of the work.

Senator ABETZ—But see, if you imagine this—can I ask you to nail this down? Has the bureaucracy got the power just to rebadge the signs and rebadge all this, or is it by directive from the government and from the minister? Methinks it would be the latter.

Mr Tongue—With any of these badging issues, they are not things that public servants dream up. They are usually things that, in my experience, governments have strong views on.

Senator ABETZ—You would not want to take credit for them, would you?

Senator Conroy—Please, Senator Abetz. I will insist your face appears on all literature shortly.

Senator ABETZ—Things like Auslink and Nation Building are not things that I am necessarily sure many people would find as being very imaginative by way of their names, but nevertheless—and that goes for both sides of politics. That is why I am saying—

Senator Conroy—That is an admission from you. That is two highlights for the day.

Senator ABETZ—It would not want to be associated with either side. But I understand the term ‘Auslink’ is thought of and then little logos and mottos et cetera are developed. Is any money being spent on ‘Nation Building’—how that ought to be written and stylised? Will it have a squiggle underneath or on top of it—

Mr Tongue—I would have to take that on notice.

Senator ABETZ—or a stylised map of Australia? What sort of money is being spent on that?

Mr Tongue—We would have to go away and I would have to dig that out.

Senator ABETZ—Have we got a consultant? What sorts of colours are going to be used?

Senator Conroy—I am sure Mr Tongue could not possibly have that information at his fingertips.

Senator ABETZ—No, but is it occurring?

Senator Conroy—We will happily take that on notice and get back to you.

Senator ABETZ—Is it occurring? Has somebody been tasked to come up with logos, paint colours et cetera or not?

Senator Conroy—I am happy to take that on notice and make sure we get you an entirely appropriate—

Senator ABETZ—Surely somebody must know. I am not asking for the exact detail.

Senator Conroy—You did ask what colour a moment ago.

Senator ABETZ—What I want to know is whether such work is underway.

Senator IAN MACDONALD—Mr Tongue must know who has been tasked to look at that.

Mr Tongue—As departments do, we are working with the government on a range of issues associated with—

Senator IAN MACDONALD—No, that is not the question. Has someone in your department been tasked to do what Senator Abetz was asking?

Senator Conroy—Just for clarity, because the reason I suggested we take it on notice is Senator Abetz drilled down to the detail of asking what colour, I am happy if Senator Abetz can clarify the question, just so we understand.

Senator ABETZ—Senator Macdonald is doing a great job.

Senator IAN MACDONALD—Then he asked whether anyone in your department was tasked with looking at those range of things—not what colour they were looking at but whether there was someone in your department tasked with that.

Mr Tongue—As I was saying, we are working with the government across the rollout of the Nation Building programs, which includes everything from contracting them to how they are badged.

Senator IAN MACDONALD—Mr Tongue, there is no great secret in this.

Senator Conroy—You said ‘how they are badged’.

Senator IAN MACDONALD—So someone is working on it?

Mr Tongue—We are working with the government on all of those issues.

Senator IAN MACDONALD—Which branch?

Mr Tongue—The Infrastructure Investment Division has responsibility for the rollout of the program.

Senator IAN MACDONALD—Which part of that division?

Mr Tongue—I would have to ask the division head, who is on later.

Senator ABETZ—So on today’s agenda, whereabouts should we be asking the detailed questions, then?

Mr Tongue—If you go down to Nation Building, Infrastructure Investment, item 4, after the Australian Rail Track Corporation.

Senator ABETZ—I must be looking at something—the good senator is assisting me. Thank you. So we can find out about logos and costs et cetera, hopefully the officials are listening in so they will be ready and well-armed and can even provide us with an opening statement and tell us about the colours and whereabouts my photo will be on the sign. All right.

Mr Tongue—Senator, I have been given some information.

Senator ABETZ—Thank you, Senator Macdonald.

Mr Tongue—At this stage, old signs—so that is Auslink signs—will not be removed and Nation Building signs will only apply to new projects. We can take that further this afternoon.

Senator ABETZ—That is at this stage?

Mr Tongue—That is the information I have just been provided.

Senator IAN MACDONALD—Could I interrupt just to clarify one part. Did you say earlier—did the government seek from your department advice on the cost of rebadging? I am not asking what you told them or what they asked for, but did they seek advice of your department on the cost of rebadging?

Senator Conroy—The answer that Mr Tongue gives must, by definition, go to advice to government which is outside the purview of the Senate estimates.

Senator IAN MACDONALD—No, I am not asking what advice he gave them. I am asking, did the government seek advice?

Senator Conroy—You have asked him to identify what advice he provided to government.

Senator IAN MACDONALD—No, I am not. I am asking him if he provided advice, not what he provided.

Senator Conroy—No, but you have asked him if he provided a certain advice.

Senator IAN MACDONALD—In fact, I am not asking what he did at all. I am asking: did the government ask him for advice on the question of rebadging? I am not asking what he told them.

Senator Conroy—We will take that one on notice, because I am not sure that your definition is one that I agree with. I will happily take that on notice and if there is information that we can provide—

Senator IAN MACDONALD—Mr Tongue does not need notice to work out whether someone in the government asked him for advice.

Senator Conroy—I think your question crosses the line. So just to ensure that we comply with the standing orders, we will take that on notice and we will get you whatever information is available.

Senator IAN MACDONALD—Minister, you cannot get out of things that simply. I repeat: I am not asking what advice he gave. I am asking if he was asked for advice and the answer is, yes, he was or, no, he was not.

Senator Conroy—As I said, we will take it on notice, Senator Macdonald, and we will get you the answer.

Senator IAN MACDONALD—This is a travesty of the procedure, Mr Chairman, if you were listening.

Senator O'BRIEN—Pretty consistent with the last 10 years.

Senator Conroy—It is exactly the rules set out by Harry Evans, the Clerk.

Senator IAN MACDONALD—I am not asking for what advice they gave. I am simply asking whether the department's advice was sought.

Senator Conroy—The standing orders allow a minister to take a question on notice.

Senator IAN MACDONALD—Someone must know whether someone asked him for it or if they did not. He is a very intelligent man.

Senator Conroy—I am not sure, Senator Macdonald. We can argue about it for another five minutes or 10 minutes. We have taken it on notice.

CHAIR—Can I just come in there. Senator Macdonald, sorry, I was talking to madam secretary and I did hear your request, but the minister has taken it on notice. They are quite rightfully entitled, as are the officers, to take it on notice and come back.

Senator IAN MACDONALD—Why does he bother coming here if every question can simply be taken on notice?

CHAIR—Senator Macdonald, I have sat through the last 28½ hours and a lot of questions have been answered. You know yourself—you are a long-serving senator and you know quite well, more than I do and a lot of others in the Senate—that this goes on every round of estimates in that thousands of questions are asked and there are a number that are taken on notice.

Senator IAN MACDONALD—Mr Chairman, that is when you need to do some research into very technical things or very complicated things. This is a very simple thing. Was the department asked for advice? They either were or they were not.

CHAIR—And I suppose, Senator Macdonald, that I am not one to say what is technical and what is not technical. The officers and the minister have agreed to take it on notice and come back.

Senator IAN MACDONALD—The officer has not; the minister has directed.

Senator Conroy—Would you like to ask another question, Senator Macdonald?

CHAIR—Minister, before we go any further, I think that the *Hansard* will prove that I really encourage senators to ask questions. I have no problem with the process. I encourage the process. Yesterday we got into a situation where it was very embarrassing for our committee, and I believe this committee has been a very effective and hardworking committee for the years that I have been on it. But one thing I would urge from the minister and senators is that if a question is asked can we extend the courtesy from both sides of the table to hear the answer. Yesterday there were senators screaming over the minister and it got very embarrassing. I will never pull up anyone for asking questions, but if it gets out of hand I will call for order.

Senator ABETZ—Can I just note I was not here yesterday.

CHAIR—Senator Abetz, I actually was not even looking at you or accusing you. You certainly were not. Senator Macdonald, I think Senator Abetz had the call even though you were asking questions.

Senator IAN MACDONALD—He has.

Senator ABETZ—Chair, I am very relaxed about us bouncing around between each other, so if Senator Macdonald has a few more questions.

Senator IAN MACDONALD—No, it was simply following that question of yours.

Senator ABETZ—And I did appreciate that, Senator Macdonald. Mr Tongue, when we get to agenda item 4, I would ask you to see what information can be provided in relation to rebadging, name changes, the costs associated, how quickly that will be undertaken and also

the rationale and cost-benefit analysis of rebadging of these things. Just for what it is worth, last night I was at an awards dinner for the Cooperative Research Centres—a great initiative of the Hawke government. Cooperative Research Centres have maintained their name throughout the Hawke-Keating era, throughout the Howard era and now again through what will hopefully be a short Rudd era. But once the name ‘Cooperative Research Centre’ takes off, people then know what you are talking about. For a number of years people got used to Auslink and now it is going to be chopped and it is going to be Nation Building. For local governments and elsewhere, all of these name changes do cause unnecessary confusion. I think what motivates these name changes is that things like Auslink are seen as being a coalition initiative and therefore to try to obliterate the heritage and good work of the previous government the incoming government is now trying to rebadge everything, at great cost to the Australian taxpayer but without any material benefit other than for some, what I would consider to be—

Senator Conroy—Are you coming to a question, Senator?

Senator ABETZ—potentially a very partisan party political benefit. So that is what is motivating my concerns.

Senator Conroy—Are you coming to a question?

Senator ABETZ—I am providing some guidance to Mr Tongue and his officials for later on in the day as to the sorts of questions they might anticipate so they do not have to take too many of them on notice.

Senator Conroy—We always appreciate your guidance, Senator Abetz. Perhaps you might want to move on to a question.

Senator ABETZ—I have been asking questions. Last time I looked—but I must say I think the switch would be a good one—you were not the chairman; Senator Sterle was. But if you and Senator Sterle want to switch, I think that would be a good move in fact.

Senator Conroy—I am simply inviting you to ask a question of the officers.

Senator ABETZ—Senator Sterle would be a lot better as a minister than you are, but let us—

CHAIR—You are being devious, Senator Abetz.

Senator ABETZ—Yes. I am trying to flatter you to keep you onside.

CHAIR—Now I'm really worried!

Senator ABETZ—Let us move on. I know you are still a bit sore after your weekend tipping effort against Collingwood, Senator Conroy, but I think that is divulging private information.

Senator Conroy—You are unkind.

Senator ABETZ—Yes. Now, I know it is a dangerous precedent at estimates to refer to budget papers, but page 132 of Budget Paper No. 2—

Senator Conroy—One could only congratulate you on perhaps being the first opposition senator to mention the budget papers so far this week.

Senator ABETZ—And I think it might be the first time that I have in these three days as well.

Senator BACK—Probably the first time in 20 years!

Senator ABETZ—Under the heading ‘Cross-Portfolio’ we have Nation Building and Jobs Plan implementation costs and then the third item down is department of infrastructure et cetera. That is nearly worse than Senator Carr’s title—Innovation, Industry, Science and Research. I think this one is even longer. Anyway, we have \$3.7 million, \$8.8 million and then \$2.3 million in the out-years and the question is: are we able to be provided with a breakdown of those costs?

Mr Tongue—I might ask Mr Wood to answer.

Mr P Wood—Yes, Senator. Those costs relate to the department’s departmental funding for the implementation of the Infrastructure Employment Projects Program and the bike paths program. That funding will provide money for supplier expenses and for employees.

Senator ABETZ—With regard to supplier expenses, what is that—new letterheads and new colour paint?

Mr Tongue—More lawyers and consultants if they are required and overheads associated with managing the department.

Senator ABETZ—So are you able to provide us with a break-up as to how much is going to go to lawyers and what other consultants?

Mr Tongue—We can certainly break it down between staffing costs and suppliers’ costs, which is how we do our internal budget.

Senator ABETZ—Yes, people costs and suppliers’ costs. You have given us one—legal advice—but I would imagine that there would be others.

Mr Tongue—There are a vast range of costs, and we would not be able to break it down to X dollars for computers or Y dollars et cetera. They are small amounts of money.

Senator ABETZ—I accept that, but we have a figure here of \$3.7 million. Was that figure obtained a bit like the broadband network figure of ‘just pluck a figure out of the air, it sounds big, it sounds good and we’ll run with it’ with no business case and no underpinning of that figure? Surely there is some underpinning here of \$3.7 million.

Mr Tongue—All our costs are scrutinised by the department of finance, Senator. I am happy to take it on notice and we will do our best to break it down.

Senator ABETZ—If you could. Basically, what I do not want is one element ‘staff’ and the other element ‘outside’, but if you can break them up somewhat. I do not mean to the last dollar and cent. I would imagine there would be at least 10 or a dozen areas into which you could break that figure up.

Mr Tongue—We will see if we can do some grouping.

Senator ABETZ—Thank you. Is the reason that 2009-10 has the huge lump of money in it because that is when you anticipate it will be operational?

Mr P Wood—Certainly, in relation to the Infrastructure Employment Projects and the bike path projects, they commence on 1 July 2009.

Senator ABETZ—Yes, thank you for that. That is my obligatory excursion into the budget papers. I will return to them, I can assure you. Can I get on to media monitoring and ask: how much has the department spent on media monitoring in the financial year to date?

Senator Conroy—I will take a guess and say about the same as you did.

Mr Tongue—I will ask Mr Banham to handle that one.

Mr Banham—Up until 1 May, we had spent \$792,785 on media monitoring services.

Senator Conroy—Can I just add to that. My understanding is that is and continues to be the same existing contract set up by the previous minister.

Senator ABETZ—Don't be so defensive. I make no allegation. All I wanted to know is the figure. I have been given the figure and we can now move on.

Senator Conroy—I am just making sure it is on the record.

Senator ABETZ—It is this sort of testiness, Minister—

Senator Conroy—I am not testy at all. I just want to make sure—

Senator ABETZ—It makes us think there might be something else that I should be asking for and that that is why you are trying to rush us on.

Senator Conroy—No, I am not trying to rush you. I am just wanting to make sure for the record. If perhaps you were considering criticising it you would actually be criticising the contract that your previous government established.

Senator ABETZ—And your anxiety to get me to ask questions seems to be somewhat misplaced, I would imagine, given your commentary just then. Given the sensitivity, can I ask you: does the media monitoring these days also include monitoring of blogs?

Mr Banham—It can, Senator.

Senator ABETZ—There we go; it can.

Senator Conroy—I would certainly say that I hope so. In the new media world, I would hope that it is monitoring all relevant media.

Senator ABETZ—I am not critical; I am just asking. Once again, thanks for your intervention, Minister. Can you tell us which blogs?

Mr Banham—I would not have that information. I can get that. I am not actually aware that we are monitoring blogs, but the media monitoring service can monitor blogs.

Senator ABETZ—On notice, then, if you monitor any blogs, can you let us know which ones, in general terms?

Senator Conroy—It may be looking at Whirlpool. And for your information that is not a washing machine.

Senator ABETZ—One thing you do engage in very well is Twitter. Can I ask whether this portfolio shares the media monitoring with the shadow minister's office?

Mr Banham—No, we do not.

Senator Conroy—That is a decision for the minister, Senator Abetz. My understanding is that across the previous government and this one that is a decision taken by each individual minister.

Senator ABETZ—That is right.

Senator Conroy—When I was a shadow, in some cases I was forwarded by my minister copies of the material and in some cases I was not. So it is down to the individual discretion of the minister.

Senator ABETZ—That is right. Thank you very much for that. That is all information that was well known to all of us. Why has the minister exercised his discretion not to share the media monitoring with the shadow minister?

Senator Conroy—I am happy to take that on notice, and if the minister has got anything he would like to pass on to the committee—

Senator ABETZ—No, not if the minister would like to; he is obliged to provide an answer and he is obliged to provide an explanation or rationale for his decision, and that would be very interesting. If even somebody like Senator Carr can share his media monitoring with me—

Senator Conroy—I think there is an unfortunate inflection in what you suggested when you went through that. When you said ‘even’ someone like Senator Carr, it was a little bit unkind.

Senator ABETZ—It took Senator Carr about 12 months to come around, after getting sick and tired of being asked at estimates and coming up with excuses that did not stack up and did not match the actual evidence. He finally gave in. That was good of him and I congratulate him for it. I am inviting this minister to do the same.

Senator Conroy—The minister is extending the same courtesy as he was extended in opposition.

Senator ABETZ—That is a very mature attitude, isn’t it—‘somebody did something to me so I retaliated’? This is the Rudd government approach, is it? Very mature.

CHAIR—I would remind senators that we are in budget estimates and I would encourage senators to ask questions directly to the department.

Senator ABETZ—I can say that in the portfolios I was responsible for we were happy to share the media monitoring because I see it as good governance, and governments and oppositions should be provided with this information.

Senator Conroy—There is no consistent rule across the previous government or this government. You have sought and received an answer.

Senator ABETZ—Inconsistency is a hallmark of this government and I would agree with you on that, Senator Conroy.

Senator Conroy—You have sought and received an answer, Senator Abetz.

Senator ABETZ—If the minister could provide some rationale. First of all—

Senator Conroy—You have sought and received an answer.

Senator ABETZ—I was provided with advice in relation to my portfolio responsibilities as to the contract and as to the cost. Then when we dealt with it at further estimates, all those arguments fell to the side and could not be sustained and finally the white flag went up. I must say, I am very appreciative of being given the media monitoring. I would encourage your colleague, Senator Conroy—and it is hard to believe that I would be saying this—to follow the Carr precedent. Can I make another excursion into budget documents and this time the PBS on page 19. Senator Farrell might be interested in this.

CHAIR—Maybe you two might like to go out the back and have a chat and coffee and someone else can ask some questions.

Senator Conroy—We are all enjoying your self-congratulatory commentary of your own questions, Senator Abetz.

Senator ABETZ—I am about to ask about the Murray River bridges, Echuca bridge.

Senator McGAURAN—Echuca is not in South Australia, though.

Senator ABETZ—Where is Echuca?

Senator McGAURAN—Victoria.

Senator ABETZ—There you go. I understand this account has been closed, and I assume Murray River—

Senator BACK—That is in South Australia.

CHAIR—I am sure there is a question coming, Senator Abetz.

Senator ABETZ—Yes. About halfway down the page it says, ‘Murray River Bridges Federation Fund project—delayed pending confirmation of route’. Has that account been closed?

Mr Tongue—We can handle this in more detail if you like under Infrastructure Investment. But just by way of background, funding was initially committed for that program under the Federation Fund more than a decade ago. A large part of the delay is associated with an inability to find a route. So rather than have money allocated going nowhere, the government has basically decided to reverse that out and put the money to work. I am happy to take more detail on the project under Infrastructure Investment when I have got the relevant officers here.

Senator ABETZ—All right. It would just seem to me that if you withdraw the funding then the pursuit of an alternative or acceptable route is basically obviated. Why would you bother to check out a route if there is not going to be money available for it? But you are suggesting that these questions should be coming under—

Mr Tongue—Infrastructure Investment, at agenda item 4.

Senator ABETZ—Under item 4 again. Also, have we got the area consultative committees on page 19 or not? There was a saving of \$4 million—

Senator IAN MACDONALD—On the bottom of 19 it says, ‘Establishment of Regional Development Australia’, which is what is taking over from the ACC.

Senator ABETZ—Thank you, Senator Macdonald. I was looking everywhere but the last item. Would it be more convenient for me to ask this question now or under outcome 4?

Mr Tongue—Under outcome 1.5, Local Government and Regional Development.

Senator ABETZ—Now, wait a minute.

Mr P Wood—That is tonight.

Senator ABETZ—I was going to say—

CHAIR—This is a rather Boswellesque effort here.

Senator ABETZ—Was this an election promise about transitioning the ACCs into Regional Development Australia? It was. I have a number of questions following on from that.

Mr Tongue—Can we leave it until officers from Local Government and Regional Development are here and deal with it as a package?

Senator ABETZ—Yes, will do. Where would you like me to ask questions about the Jobs and Training Compact and the Jobs Fund?

Mr Tongue—Under outcome 1.5 again.

Senator ABETZ—On page 30 we have a ‘Special Account’. Is there is a special area on the agenda where I should be asking about that?

Mr Tongue—I think Mr Wood in the first instance.

Senator ABETZ—Mr Wood, on page 30 under ‘Outcome 1: totals by appropriation type’, there is about an 80 or 70 per cent reduction in the ‘Special Account’. What is that about?

Mr P Wood—The ‘Special Account’ refers to the Building Australia Fund special account. The department has its own special account called the Infrastructure Special Account. The funding that goes through that is funding that comes from the Building Australia Fund special account, which is held by the Department of Finance and Deregulation. Those funding flows relate to measures that are contained in Budget Paper No. 2 under the heading of ‘Nation Building Plan for the Future—Building Australia Fund’.

Senator ABETZ—What page is that in Budget Paper No. 2?

Mr P Wood—Pages 348 and 349.

Senator ABETZ—I am now on page 348.

Mr P Wood—At the top of page 348 it shows Department of Infrastructure, Transport, Regional Development and Local Government funding in 2008-09 of \$263 million. On page 349 it shows funding in 2008-09 of \$742 million. That relates to funding that is transferred to the department through the Building Australia Fund and is paid to the states. There are descriptions further down the page identifying which projects that funding relates to. The movement in that account relates to funding that flows through the Building Australia Fund special account.

Senator ABETZ—Can you explain to me why there is this reduction?

Mr P Wood—It relates to the profiles of funding for those projects. You can see in terms of the description that some funding is provided in 2008-09 immediately.

Senator ABETZ—Yes. The figure for 2009-10 is considerably less. Thank you.

Senator IAN MACDONALD—Can I refer you to the portfolio budget statement pages 19, 20 and 24? On page 19 there are some headings. The first heading is ‘Nation Building Plan for the Future—Bruce Highway duplication’, the second heading is ‘Nation Building Plan for the Future—Building Australia Fund—investing in metro rail’ and the third heading is ‘Nation Building Plan for the Future—Building Australia Fund—investing in Network 1’. Then on page 20 there is a heading at the bottom of the page of ‘Capital measures’ and under that there is the heading ‘Nation Building Plan for the Future—Building Australia Fund’. Then on page 24 under ‘National Partnership payments to the States’—I assume that means also to local government; federal financial relations—there is a heading ‘Infrastructure Investment’ and under that there is a heading ‘Nation Building Program’ with other subheadings. Would those particular figures incorporate the total spend under the nation building plan?

Mr P Wood—The total spend for the nation building plan incorporates several amounts. It includes amounts, as you indicated, for new measures. Those new measures are contained in Budget Paper No. 2. Budget Paper No. 2 splits and identifies funding to the department and funding directly to the Treasury. Page 24, as you indicated, also identifies funding which is appropriated directly to the Treasury. As I mentioned previously, page 34 also provides funding profiles under the Nation Building Program. The Nation Building Program would be a combination of those amounts.

Senator IAN MACDONALD—So if I added up the figures on pages 19, 20, 24 and 34, you would say I would have the total amount?

Mr P Wood—The figures on pages 19 and 20 are new measures. Those amounts should be incorporated into the totals on pages 24 and 34. That relates to the Nation Building Program.

Senator IAN MACDONALD—Are you telling me that if I add pages 24 and 34 together I would get the total?

Mr P Wood—That would be the total for the Nation Building Program. There is also funding for roads that is included within financial assistance grants. There is also funding for roads infrastructure that is in the form of equity injections through the Nation Building Plan for the Future.

Senator IAN MACDONALD—Where will I find those?

Mr P Wood—The equity injection is shown in Budget Paper No. 2.

Senator IAN MACDONALD—You go to a lot of trouble to provide this committee with a portfolio budget statement to make it easy for senators to understand what these programs administered by your department are all about. So could you confine yourself to this document and indicate to me where in that I will find the total figures?

Mr P Wood—The two key pages are pages 24 and 34.

Senator IAN MACDONALD—We seem to be going around in circles. What I asked before was that, if I add the figures on page 24 to those on page 34, I will get the figure that you seemed to have a lot of trouble in telling Senator Abetz earlier was the total funding for the Nation Building Program. It does not seem terribly difficult to me. If I had a calculator, I could give Senator Abetz the answer myself.

Mr P Wood—That would be the total for the Nation Building Program. In addition, there is other funding for road and rail infrastructure which is not part of the Nation Building Program.

Senator IAN MACDONALD—So there are some aspects of expenditure on roads and railways that are not part of the government's much vaunted Nation Building Program.

Mr P Wood—It would have different headings. As you see on page 20, we have the 'Nation Building Plan for the Future—Building Australia Fund'.

Senator IAN MACDONALD—I referred you to page 20. That comes back to my first question. If I add the figures on pages 19, 20 and 24, and you have now said page 34, together, that will give me the total funding on the nation building plan that you seemed to have some difficulty in telling Senator Abetz about before.

Mr P Wood—That would be the total for the Nation Building Program and the Nation Building Plan for the Future.

Senator IAN MACDONALD—Sorry. I am only simple. Can you tell me the difference?

Mr P Wood—The Nation Building Program relates to those programs that we have listed there on page 34—investment, black spot projects, boom gates for rail crossings, heavy vehicle safety, Roads to Recovery—

Senator IAN MACDONALD—Yes, I can see page 34. Yes, and?

Mr P Wood—The Nation Building Plan for the Future are those new measures that are contained in Budget Paper No. 2 and that are listed on pages 19 and 20 of our portfolio budget statement essentially relating to funding—

Senator IAN MACDONALD—We are going around in circles, are we not? Am I wrong in saying that if I add together the figures on pages 19, 20, 24 and 34 I will get the total expenditure to the year 2012-13 on what is referred to as the Nation Building plan?

Mr P Wood—It would be the Nation Building plan and Nation Building Program.

Senator IAN MACDONALD—I will get that. Does that help you answer Senator Abetz's earlier question on what the total funding was?

Senator Conroy—Perhaps you could take Senator Abetz to it later and save everyone the time.

Senator IAN MACDONALD—This is very important, Minister. The department is here to serve the parliament and to provide information to the parliament. There seems to be some difficulty in providing that figure. I am no accounting whiz—far from it—but it does not seem difficult for me to add those. If someone can get me a calculator I will do it myself. Why could the department not tell Senator Abetz that?

Mr P Wood—In addition to those programs there is also road funding provided to local governments and untied local roads grants. That figure—

Senator IAN MACDONALD—That is not part of the Nation Building? That is a continuation of a program that has been going since at least 1979 that I have been aware of. That is not part of the Nation Building Program.

Mr Tongue—Could I refer you perhaps to page 21, which is headed ‘Transition from outcomes and outputs to outcomes and programs’? If you look at the left-hand side you can see 2008-09 and then on the right-hand side the 2009-10 budget year. You can see those items under the Nation Building Program that are listed and then the Nation Building Plan for the Future separately listed on the right-hand side. I think what Mr Wood is trying to say is that that attribution between the Nation Building Program and the Nation Building Plan for the Future is what he is trying to capture in his answer.

Senator IAN MACDONALD—You were asked a pretty simple question from Senator Abetz earlier. What was spent on Auslink between certain years—which you have taken on notice—and what is proposed to be spent on the Nation Building Program?

Mr Tongue—Yes.

Senator IAN MACDONALD—I am saying can we hasten the process by simply adding up the figures that I have alerted you to? If that is not right, please tell me so we will not be misled and mislead others. Is that right?

Mr P Wood—That would be correct, Senator.

Senator IAN MACDONALD—Your department has a calculator; I do not. Can you get someone to add those up so that within half an hour someone can come and give us the answer to Senator Abetz’s question of just what is being proposed?

Mr Tongue—Certainly we will be able to handle that in detail in agenda item 4, Infrastructure Investment.

Senator IAN MACDONALD—That is excellent. Has your opening statement been tabled?

CHAIR—It hasn’t, but we will request that if we could, Mr Tongue.

Mr Tongue—I will arrange for it to be tabled, Senator.

Senator IAN MACDONALD—That was helpful. I will not misdirect myself. I was very interested in your comment, that you whispered and I had to listen to, that the report on the Ord River was tabled on 31 March. That has not been made public yet.

Mr Tongue—Not that I am aware, no.

Senator IAN MACDONALD—I will deal with that tomorrow night at midnight.

Mr Tongue—Under Office of Northern Australia?

Senator IAN MACDONALD—Yes.

Senator Conroy—You will be here by yourself. You can get all the answers you want. Senator Abetz may be with him.

Senator IAN MACDONALD—At 10.30, then, to be more precise. I was simply using a broader issue. When did you say Mr Mrdak comes on board?

Mr Tongue—The end of June—29 June.

Senator IAN MACDONALD—Thank you for providing the committee with details of the regular things that we ask for, but, in the broad, can you tell me staffing levels of the department? You go from financial year to financial year with staffing statistics, do you?

Mr Tongue—Yes, we do.

Senator IAN MACDONALD—In the last financial year, what was your broad one—

Mr Tongue—I will ask Mr Banham to handle that, Senator.

Senator IAN MACDONALD—And then what is proposed for this year, for comparison?

Mr Banham—As at 31 March we had 1,242 full-time equivalent staff. That is probably around 36 up from where we were projecting, but we still expect to finish the year on our projections of around 1,200. We are projecting for next year similar numbers, except that we will lose about 108 staff who will transition across to ATSB when they become a commission on 1 July. The net change across years in staff numbers will be about the same for the department.

Senator IAN MACDONALD—With this massive Nation Building Program that we hear about every day on the news, there are no extra staff for the department that is going to be bearing the brunt of what we assume is additional work?

Mr Banham—No new staff as far as numbers are concerned, but we will be doing a significant amount of redeployment within the organisation.

Senator IAN MACDONALD—Where will people come from? Which area of the department is going to be worse off as a result of moving them into the Nation Building area?

Mr Banham—No-one will be worse off. We have a number of lapsing programs, particularly in the Office of Transport Security. The staff will largely be redeployed, where possible, into both the regional area and infrastructure investment.

Senator IAN MACDONALD—Again, the cutback in the Office of Transport Security is something we will deal with at the appropriate time.

Mr Tongue—Could I just note there that it is not a formal cut; it is just lapsing programs. It is just programs that were associated with particular measures that have not continued forward.

Senator IAN MACDONALD—In relation to the Office of Transport Security, they are programs that were done for a four-year period that, as a member of the travelling public, I would have hoped would be extended as a matter of course. They have not been?

Mr Tongue—It was a particular initiative associated with what is known as liquids, aerosols and gels.

Senator IAN MACDONALD—I am sorry?

Mr Tongue—Liquids, aerosols and gels—what is known as LAGs. It was a measure that the former government appropriated money for for two years only and that initiative has

lapsed. That is what will result in some movement of staff from the Office of Transport Security to other parts of the department.

Senator IAN MACDONALD—How many people were involved in looking at liquids and gels?

Mr Tongue—It was an initiative, from memory, of about \$4 million last financial year and about \$10 million this year. It was a combination of both people and activity associated, for example, with looking at new technologies and—

Senator IAN MACDONALD—How many people were involved in it?

Mr Tongue—I would have to take that on notice to get you an accurate—

Senator IAN MACDONALD—It does not seem to me there would be a hell of a lot.

Mr Tongue—I would not want to speculate. To give you an accurate answer I would need to take it on notice. I try not to—

Senator IAN MACDONALD—I am not terribly interested in how many there were. What I am interested in is how many of those people looking at liquids and gels are now going to move over and look at bulldozers and railway rolling stock?

Mr Tongue—In staffing, when we approach the task around limited funding, for example—that two-year block of funding—we usually use a combination of what we call ongoing staff—permanent public servants—and non-ongoing staff and sometimes consultants.

Senator IAN MACDONALD—As your projected staffing levels for this year are the same as for last year, perhaps I should have asked what you anticipate the increase in consultants will be for this year. What have you budgeted for as a result of the Nation Building Program?

Mr Tongue—We are still settling our internal budgets. At this stage we are not anticipating a heavy use of consultants. Those programs build on existing processes between us and the states and territories and us and local government. In the local government area there is a continuation of measures. So we certainly would not be anticipating lots of consultants, but we may anticipate what we could call the use of non-ongoing staff who are not permanent public servants and therefore—

Senator IAN MACDONALD—What do you anticipate the increase in non-ongoing staff for?

Mr Tongue—Senator, we are still settling our divisional budgets, and I am happy to take it on notice.

Senator IAN MACDONALD—Your department has been handed what we read in the papers is the biggest nation-building program in Australia's history and, you know, obviously a lot of extra work. Surely the department must have been asked about, or you, as the acting secretary, must have had some thoughts about the staff you will need to manage this huge program.

Senator Conroy—I am sure Mr Tongue did have some thoughts, but if you would like to ask him a question we might be able to move on.

Senator IAN MACDONALD—You have told me that your staffing numbers are going to be about the same. That doesn't gel with me, unless it is the fact, of course, that this huge nation-building program, the biggest in history, is nothing more than a rebadging of what your department has already been doing for the last 10 years.

Senator Conroy—I hardly think that that is a question relevant to estimates. I think that is an opinion and you are welcome to it. I think the budget amply demonstrates that the Rudd government is committed to the largest nation-building infrastructure program in the country's history.

Senator IAN MACDONALD—But you are doing it with the same staff. Which is what the question is about, Minister.

Senator Conroy—If we are able to, with the department, work smarter than the previous government then we should be congratulated.

Senator IAN MACDONALD—If the Public Service is able to do all this additional work with the same staff they are to be congratulated.

Senator Conroy—Absolutely.

Senator IAN MACDONALD—Although one might say what were they doing in the past if they were that sloppy.

Senator Conroy—I can only invite you to address that question to some of your former colleagues.

Senator IAN MACDONALD—Minister, in case you don't know, ministers and political staff do not get involved with the internal staffing of departments. Perhaps you should learn that.

Senator ABETZ—Kevin Rudd does, as we have found out.

Senator IAN MACDONALD—Well, he shouldn't. That is totally inappropriate in the Westminster system of government, and I am sure Mr Tongue would not take any notice of any direction from the minister on how he should direct his internal staff. What he would want to do, and what I am asking him about, is what he would be asking for or anticipating would be his increase in staff to handle this massive all-time record infrastructure spending.

Senator Conroy—If we are able to work smarter and do more with the same resources than the previous government then, as I said and as you correctly said, the department and ourselves deserve congratulations.

Senator IAN MACDONALD—With respect, I was actually talking to people who might know what they are talking about in the area of staffing, because it is their decision, not yours, as I have pointed out, or your colleague did, and you represent. So, Mr Tongue, I do not want to embarrass you in front of the minister, but perhaps you might then take on notice the question of how you are going to deal with all this additional work, if it is additional work, with the same staff. Perhaps you could, on notice, give me some indication of where you will be moving people from to this new program and at the same time also indicating how those areas losing staff will cope. One answer will be terminating programs. So perhaps if you could do that for me, that would be of assistance.

Mr Tongue—Certainly, Senator.

Senator IAN MACDONALD—Could I just ask finally on the corporate area, can you just explain to me the division of responsibilities between the minister and the parliamentary secretary and how the process works within the department? I am not sure if that is a question for you or for the minister. I think it would be for you, Mr Tongue.

Senator Conroy—I can seek some information. What would happen is it is either agreed between the ministers, or the Prime Minister will sometimes set out individual areas. I will seek some information from the minister and we will provide whatever is available.

Senator IAN MACDONALD—I think this would be, and what we used to have—what were they?—letters from the Prime Minister.

Senator Conroy—That is what I am saying, I will seek whatever information is available and provide it to the committee.

Senator IAN MACDONALD—I know that the department gets those letters, too. I would be interested in that. Thank you, Minister, for your offer, which I accept. I am just wondering, just so I can understand as we go through this: I mean, on things like regional development, for which the parliamentary secretary appears to have the running, are final decisions made by the parliamentary secretary or by the minister where there is a requirement? What do they call them? What were those letters?

Senator ABETZ—It seems like a long time ago, doesn't it, Senator Macdonald?

Senator IAN MACDONALD—Commissioning letters or something. You would have copies of those. There is no great secret in this. I am just curious—well, not curious; it is relevant to know who I should be lobbying for various things.

Mr Tongue—Broadly speaking, Parliamentary Secretary Gray is involved with matters regional and northern Australia. As far as internal project approvals, that started to go through the process of ministers' offices and parliamentary secretary offices that frankly I am not privy to, but broadly speaking Parliamentary Secretary Gray looks after matters regional, Regional Development Australia and so on, the Office of Northern Australia, and the minister, of course, like your ministers, has a purview across the department and the portfolio.

Senator IAN MACDONALD—Let me be more specific. If there is a decision on Regional Development Australia, the brief from the department would go only to the parliamentary secretary, who would sign off or make comments and send it back and the department would then act; is that correct? Or do you send two briefs, one to the parliamentary secretary and one to the minister?

Mr Tongue—I might ask Ms Foster to handle that because that is her area of expertise.

Ms Foster—We send all briefs that go to the parliamentary secretary to the minister for information. That is a protocol that the department uses. The decision maker on those briefs is the parliamentary secretary.

Senator IAN MACDONALD—Fine. Can you, perhaps on notice if you do not have it, indicate to me which areas of the department the parliamentary secretary would sign off on?

Clearly it is Northern Australia and Regional Development. Is there anything else he signs off on as opposed to has an influence in?

Ms Foster—Also, for example, the Better Regions Program.

Senator IAN MACDONALD—The Better Regions Program. Are there any others that you can think of off the top of your head?

Ms Foster—Any residual decision making on the Regional Partnerships Program goes to the parliamentary secretary.

Senator IAN MACDONALD—Can you just tell me the number of DLOs in both the minister's office and the parliamentary secretary's office?

Mr Tongue—I might ask Mr Banham to handle that one, Senator.

Mr Banham—Two DLOs in the minister's office and one in the parliamentary secretary's office.

Senator IAN MACDONALD—And no other support to the ministers' offices apart from DLOs?

Mr Banham—We will rotate a graduate during the year through the minister's office.

Senator IAN MACDONALD—One graduate?

Mr Banham—Usually just the one graduate.

Senator IAN MACDONALD—And through the minister's office only?

Mr Banham—Only for the minister, yes.

Senator IAN MACDONALD—Are you taking on any graduate assistants this year?

Mr Banham—For the next intake we are planning for 30, which is similar to previous years.

Senator IAN MACDONALD—The agricultural department is planning on none, we found out the other day to our dismay. It is good to hear you are renewing and regenerating within the department. Mr Chairman, I think that is all I have.

Senator ABETZ—Can I just quickly ask a question that interested me in relation to the split of portfolios and responsibilities and briefs going into particular offices et cetera. I understand that in PM&C there is an infrastructure section. Are the briefs copied and go to PM&C as well?

Mr Tongue—Senator, normal Public Service practice is that briefs are simply a communication between a department and a minister and are not shared outside that unless a minister agrees that that occurs.

Senator ABETZ—My question was: did it happen? With that answer, with great respect, you do not tell me whether any abnormal practices have occurred. I am not interested in whether it is normal or abnormal.

Senator IAN MACDONALD—The minister requested the briefs go to the Prime Minister's office.

Senator ABETZ—Or indeed has the Prime Minister's office requested that briefs emanating in his particular area go to them?

Mr Tongue—No.

Senator IAN MACDONALD—I think that only happens in Communications, Senator Abetz.

Senator ABETZ—Right.

CHAIR—If there are no further questions on that, we will go to morning tea.

Proceedings suspended from 10.26 am to 10.40 am

Infrastructure Australia

CHAIR—I welcome everybody back. Mr Deegan, do you wish to make a brief opening statement before we go to questions?

Mr Deegan—No, Senator. I am happy to take questions.

CHAIR—Thank you and welcome. Questions? Senator Abetz.

Senator ABETZ—If I may, I will bounce the ball and welcome Mr Deegan. Can you outline the process for the selection of projects announced in the budget?

Mr Deegan—Yes, Senator. On 24 September 2008 we published on our website—it was made publicly available—the outline of Infrastructure Australia's privatisation methodology. This is a consequence of a series of discussions with industry and others about the sorts of processes that we might take forward in the assessment of the submissions that were put to Infrastructure Australia. As you would be aware, there were some 1,000 projects that were put to us in that detail. That document, which goes to 21 pages, is quite a detailed—

Senator ABETZ—It is.

Mr Deegan—economic process of the sorts of things that we were looking for, including an outline of the purpose of Infrastructure Australia, its connection with legislation and other detail. So we were tasked immediately to undertake an audit—

Senator ABETZ—If I may interrupt, so that 21- page document was the guideline which was to be followed and that document provided the—what?—matters for consideration in determining whether a project was to be approved?

Senator Conroy—Perhaps if Mr Deegan could finish his opening statement?

Senator ABETZ—Well, the problem is, and with no disrespect—

Senator Conroy—I have every confidence in your memory.

Senator ABETZ—I don't see us going through 21 pages of a public document and going through each item, and that is why I sought to interrupt. I wanted to have clarified if that 21- page document that is publicly available is the beginning and end of the considerations, or is there another document or other considerations that you would draw our attention to?

Mr Deegan—Sure. This is the structure of our prioritisation process, so it is publicly available and players can see it. After the first round of submissions, when we started the detailed prioritisation work, there were a number of submissions that warranted further

attention but did not have the minimum information required to properly assess that particular project or projects. We then published, again on the website, detailed minimum information requirements to assist these players to make sure they had the right information together so that it would fit into the prioritisation package. So two series of works took place.

Senator ABETZ—Did you pick and choose which ones you considered to be in that category as not having enough—well, can I put it to you bluntly? Were there some that you would have liked to get up but the submission was not quite in order so you hinted to them that further information was required? Did you pick and choose those or did you say that in relation to every single application, that these are the minimum requirements?

Mr Deegan—In relation to every single application.

Senator ABETZ—Every one?

Mr Deegan—Yes, that is right.

Senator ABETZ—All right, thank you.

Mr Deegan—Some had substantially completed the minimum information requirement but not to the extent we required to fit into our September document for the prioritisation assessment. Take for example Holdfast Bay in South Australia. The local council had done a very good submission about the King Street Bridge. We went back to, as part of the minimum information requirement, does that satisfy the national significance test? They understood that that was an issue they needed to deal with but had done a very professional piece of work. Other projects that we looked at did not have nearly as much detail as a project like that and had issues to deal with. So we circulated a minimum information requirement for all of the proponents as we considered them.

Senator ABETZ—Were there any projects which departed from that process and which were approved?

Mr Deegan—Departed from that process?

Senator ABETZ—The process that you have just outlined—the 21-page document and then being given, if I can describe it thus, a second chance in relation to the minimum requirements that you would require.

Mr Deegan—All the projects and proponents were considered in the same fashion. Clearly, there were those that had a substantial amount of information and we were able to seek to do the prioritisation process. In some cases there was further information we required. For example, on a road project it could have been, ‘We do not have an up-to-date estimate of your traffic account. Could you provide that?’ So it was an iterative process but done on the same basis for all the projects that came to us.

Senator ABETZ—All right. What was the role of the minister or his office in making the final decision?

Mr Deegan—It would be fair to say that the minister provided us the space to make sure that the projects and proponents were considered equally. Indeed, there were members of parliament, state governments, local governments, community groups and others, and he

would insist, in correspondence that he might have received, that it be referred to Infrastructure Australia for the independent assessment.

Senator Conroy—Somebody could suggest that that was undue influence being exercised, but I am sure you would not actually agree.

Senator ABETZ—Did Infrastructure Australia, then, in relation to these particular projects, for example in its assessments, receive with the assessments the letters of support from local members of parliament or from state premiers or—

Mr Deegan—There were letters of support for a number of projects from a host of community representatives.

Senator ABETZ—Including members of parliament?

Mr Deegan—Including members of parliament.

Senator ABETZ—Any from the Prime Minister or the minister?

Mr Deegan—Not from the Prime Minister or the minister. There were, as I recall, from the opposition benches some 10 or 11 letters of support for particular projects and there were from state members of parliament from all sides of politics a number of support letters: ‘We think this is a project worthy of further consideration.’

Senator ABETZ—None from government members?

Mr Deegan—There were a couple from government members as well, usually to do with their local electorate.

Senator ABETZ—Any from the parliamentary secretary?

Mr Deegan—Nothing from the parliamentary secretary.

Senator ABETZ—And in this ministry—just assist me—we have a minister and a parliamentary secretary; is that all?

Mr Deegan—That is correct.

Senator ABETZ—Yes, that is all. So neither of those wrote in in favour of any projects?

Mr Deegan—No, because they understood that this was to be an independent assessment process.

Senator ABETZ—Yes.

Mr Deegan—The bulk of submissions were also published on the website, except to the extent where a proponent had sought an in-confidence arrangement.

Senator ABETZ—Now, state premiers wrote in favour of certain projects?

Mr Deegan—Certainly state premiers who were putting forward projects for their states were involved in the projects that they, as proponent, were advancing.

Senator ABETZ—I would not expect them to be writing in support of projects in other states, Mr Deegan.

Mr Deegan—That did occur on one occasion.

Senator ABETZ—Really?

Mr Deegan—We had a joint effort from South Australia and Victoria about the Green Triangle.

Senator ABETZ—A joint effort, right.

Mr Deegan—A joint effort.

Senator ABETZ—But that was cross boundaries?

Mr Deegan—Cross boundaries and was a terrific model for cooperation.

Senator ABETZ—Any letters from the Tasmanian Premier?

Mr Deegan—I do not recall a direct letter from the Tasmanian Premier. Certainly there were letters from the Tasmanian government as part of the various projects that they were submitting.

Senator ABETZ—Did you put forward the O-Bahn project in Adelaide?

Mr Deegan—I am partly guilty, Senator. As the projects were submitted to Infrastructure Australia—

Senator ABETZ—This has to be one of the briefest cross-examinations I have ever had to do before somebody has pleaded guilty.

Mr Deegan—I take great credit in this. As part of the review of the projects that were put from South Australia—a series of projects to do with rail, a series of road projects, discussions about ports, interstate freight networks both of road and rail, the Green Triangle project to which I referred earlier— and in my face-to-face meetings and site tours in South Australia, I did ask about the O-Bahn. As you may be aware, the O-Bahn travels quite a distance towards the city and the last two kilometres or so is back into mixed traffic, so the public transport benefit of the O-Bahn is not what it might have been. They asked would that be suitable for an Infrastructure Australia project and I said, ‘No, I think you would need to look at other sources, but that would be a project worthy of consideration at some stage.’ I was not involved further in that consideration. There were discussions, as I understand, between the South Australian government and the federal government about that. The funding decision is not something to which I am privy.

Senator ABETZ—Right. This was a project that was funded in the budget?

Mr Deegan—That is my understanding.

Senator ABETZ—Yes, and where is the money for this project coming from?

Mr Tongue—Simply being funded out of consolidated revenue.

Senator ABETZ—So not out of the money set aside for Infrastructure Australia.

Mr Deegan—Not through the Building Australia Fund, no.

Senator ABETZ—So this is where the integrity comes in; I see. The Prime Minister and minister do not involve themselves in your recommendations and when you do not recommend it under Infrastructure Australia, the minister says, ‘Yes, I agree, it won’t be funded under Infrastructure Australia, we will just fund it out of something else—out of consolidated revenue.’ So is that what happened, Minister?

Mr Deegan—Senator, there are a range of funding options, including the previously described Auslink, that provide support for road and rail projects across the country. The government does have alternative funding options.

Senator ABETZ—That makes a mockery of the whole system, does it not?

Mr Deegan—I do not think so.

Senator ABETZ—If you put in an application, it is determined to have failed a competitive system—determined to have failed, not funded—

Senator Conroy—I am not sure that Mr Deegan characterised it as having failed.

Mr Deegan—Nor had they put in a submission to our process. It was my pointing out to them. I thought that was a project they should consider in a broader sense. It was not a submission to Infrastructure Australia. So they did not fail our process.

Senator ABETZ—What were you doing advising them unless they had every intention of putting in a submission under Infrastructure Australia?

Senator Conroy—Mr Deegan is someone who is well qualified in this area and if he recognises a worthy project—

Senator ABETZ—If he is well qualified, he can answer for himself.

Senator Conroy—Then the government are entitled to pursue a range of measures through a range of initiatives and it is entirely consistent with his responsibilities.

Senator ABETZ—How is that in any way relevant to the question I asked? Mr Deegan, would you like to answer?

Mr Deegan—No, I agree with the minister.

Senator ABETZ—So how does that answer my question: what were you doing talking with the proponents of O-Bahn if they did not have a project for submission under Infrastructure Australia, you being the infrastructure coordinator for Infrastructure Australia?

Mr Deegan—We were engaged in discussions with every state and jurisdiction about a host of their infrastructure needs. Some fell within the direct capacity of the organisation that I run to provide advice to the government on funding; some did not. There were a lot of discussions with jurisdictions and others—private sector proponents—a host of requests on various projects that may or may not meet infrastructure guidelines. For example, there was—I thought—a very good proposal for wave energy in north-west Australia that, on my advice to the proponent, did not meet our guidelines and there were other options that they might consider.

Senator Conroy—No, if I can just add for further information—and I think Mr Deegan is indicating this—it was not actually formally submitted. I think—

Senator ABETZ—We have already established that.

Senator Conroy—I think Mr Deegan has explained that process. However, the government considers it is a significant major cities project. It is the most highly patronised public transport corridor in the Adelaide metropolitan area.

Senator ABETZ—Yes, we know all that.

Senator Conroy—The South Australian government sought funding from the Commonwealth to enable this initiative to commence at the beginning of the 2009-10 financial year. It was a funding decision made by the government. It is a good project. It fits the government's objectives. Public transport investment makes sense and if you want to disagree with the government's decision, that is fine, but I challenge you to find anyone who disagrees with this project other than a few narrow-minded individuals in the opposition.

Senator ABETZ—Have you finished?

Senator Conroy—I have now.

Senator ABETZ—Right. Nobody is criticising the project. What we are trying to determine is the fairness of these funding allocations where projects that clearly do not fit into Infrastructure Australia, and clearly were sniffing around to see if they might, are then told, 'No, it doesn't fit Infrastructure Australia guidelines'—and that has now been established; it did not fit those guidelines—then they are told, 'Go elsewhere and the government will fund it out of,' I think Mr Tongue told us, 'consolidated revenue.' Which allows you to pick and choose as a government as to what projects you want, and it does not suggest—

Senator Conroy—This was not a project, as has been explained, that was either formally submitted or met the guidelines.

Senator ABETZ—Yes. It did not meet the guidelines yet it was funded, but simply out of another bucket of money.

Senator Conroy—No, it was not funded out of this program, because we have well-established criteria, which Mr Deegan is taking you through. He is very familiar with them. The criteria were not met. So Mr Deegan discharged his responsibilities. If you want to have an argument with the government about the project in question, feel free, but Mr Deegan has discharged his responsibilities.

Senator ABETZ—You are very sensitive, and I am starting to understand why. All I was asking Mr Deegan was the process, and your interventions show that there is some twitchiness in relation to how this matter was funded.

Senator Conroy—I think you interpret my somewhat flu-ridden state as something more than it is.

Senator ABETZ—Did Infrastructure Australia consider all of the projects that were announced in the budget?

Mr Deegan—For the Building Australia Fund?

Senator Conroy—Can I get you to narrow that question a little bit? The whole budget is a little bit of a large document. So if you could just narrow the question a little.

Senator ABETZ—You were just telling us that Infrastructure Australia dealt only with Infrastructure Australia funding and guidelines and this is what we are dealing with. Clearly, I am not asking about matters in the agriculture portfolio here or elsewhere.

Senator Conroy—I am just seeking to assist you gather the information so that the committee can gain the information.

Senator ABETZ—Your attempts at assistance have been singularly unsuccessful this morning.

Senator Conroy—I am here to help.

Senator ABETZ—So can I ask: did Infrastructure Australia consider all of the projects that were announced in the budget in your area?

Mr Deegan—In the Infrastructure Australia reports of December, which I am sure you have seen, and the subsequent report released in the budget in late 2009 were projects that we had considered and are in the detail of that document that we have released in September of last year.

Senator ABETZ—And they were all approved on merit and on a competitive selection process?

Mr Deegan—Yes.

Senator ABETZ—So which one was the top of the pops of this competitive selection process?

Mr Deegan—Those that met the criteria were supported and recommended by the Infrastructure Australia Council.

Senator ABETZ—Yes, but if it is a competitive process it stands to reason that, given the bucket of money available, one must have come out on top and one, the last one, must have just snuck in—and good luck to them. I just want to know what the league chart, or the league table—

Senator McGAURAN—We can talk about it, Mr Deegan. No. 1—

Mr Deegan—The projects on page 10 and 11 of the document, to which Senator McGauran refers, are outlined in the second column under ‘Priority projects, actions ready to proceed’. Each of those projects was recommended by the Infrastructure Australia Council for funding.

Senator ABETZ—Yes, we accept that, but as they appear—that is in order of their what? The benefit to be obtained from each project?

Mr Deegan—The hurdles that were set by Infrastructure Australia were met by those projects.

Senator ABETZ—Yes, we know that, but did some get over the hurdles earlier than other projects?

Mr Deegan—Our advice to government was that these met the hurdles that had been considered by Infrastructure Australia.

Senator ABETZ—All right. So you did not order them in any way.

Mr Deegan—We suggested those that made the finishing line, that had the material ready in the proper process and met the prioritisation methodology, which we published in September, were projects worthy of consideration.

Senator ABETZ—But did you not mark them and set them against those guidelines? Clearly, some would have gained more marks than others.

Mr Deegan—We assessed them equally. We did not favour any projects.

Senator ABETZ—No, I am not saying that you favoured—

Mr Deegan—We simply tested—

Senator ABETZ—It is like students in a class: all the ones that pass have passed, but some might get better marks than others. That does not mean that one of them is the pet of the teacher; it just means that one did better than another student. I am not accusing you of favouritism or anything like that. But in your assessment you must have made marks and allocations against the various criteria and it would be less than human, I would have thought, if you would not have said, ‘This project stands out above all the others because of the way it was submitted, the benefits that are going to flow to the community et cetera. Clearly, this one is over the line and is top of the pops.’

Mr Deegan—An alternative view for those of you who follow football of whatever code is that we selected the team that would best do it.

Senator Conroy—Four points is four points in your up margin.

Mr Deegan—These projects met the hurdles.

Senator ABETZ—And do you know what? They even play as a replay ‘goal of the week’, don’t they?

Mr Deegan—In some codes, Senator.

Senator ABETZ—Because they say that some goals were kicked exceptionally well whereas others were lucky to have bounced in after the 10th bounce.

Senator Conroy—It is like golf, Senator Abetz.

Senator ABETZ—I am astounded that you are saying that they were all seen as being equal, all passed over as a job lot and said, ‘This is it.’ I would have thought that any assessment against all the criteria would mean that some of them would have done better than others, albeit all the ones that have been announced passed.

Senator Conroy—It is like golf, Senator Abetz. You get a score on the card; you do not draw a map of how you got there. The number goes on the scorecard and they do not draw a picture.

Senator ABETZ—Senator Conroy, you have made my point exceptionally well. Some people get the ball in the hole after six shots and some after only two shots. That is what I am trying to figure out. How quickly did they get into the hole, to use your analogy?

Senator Conroy—After you have duck hooked onto a tree and it has bounced into the hole, no-one cares whether your two are better than my two.

Senator ABETZ—Now you are in a desperate scramble to undo your own analogy.

Senator Conroy—Now I am trying to explain to you a golfing analogy.

Senator ABETZ—Surely there must be an assessment. Was each project considered against each criterion? And were marks allocated or assessments made as to whether they were good, bad, fair, indifferent in relation to each of those criteria?

Mr Deegan—Yes. May I add, considerable detail of that prioritisation methodology is publicly available on the website. If you go to page 10 of that 21-page report you find the rating and justification against the criteria. There is a scoring assessment which is provided on page 8. They are determined to be either highly beneficial or highly detrimental and a range within those. All of that detail of our process is publicly available.

Senator ABETZ—Minister, that is a bit embarrassing, is it not, given your intervention? Now the department has finally agreed and accepted that which I thought had happened—that is, that these projects were in fact categorised as highly beneficial or beneficial or not so beneficial.

Mr Deegan—Let me explain so there is no confusion. There is a matrix of those scores to determine whether these projects meet the hurdles that were set.

Senator ABETZ—That is right.

Mr Deegan—Once they have met the hurdles then we would recommend them for support funding.

Senator ABETZ—Of course.

Mr Deegan—There is a range. Some may get ‘highly beneficial’ on a couple of criteria and some may get less but the total saw them through.

Senator ABETZ—Thank you. That is exactly what I was trying to get at. And then you add up those scores or whatever to determine whether they get over the hurdle?

Mr Deegan—Over the hurdle.

Senator ABETZ—So it is quite possible that one project is seen as highly beneficial in one area of the criteria and only slightly beneficial in another area of the criteria but when you add them together it still passes the hurdle.

Mr Deegan—That is what happened with those projects we recommended.

Senator ABETZ—Excellent. Adding up all those marks or assessments—whatever we want to call them—is there a league table as to how each one came out in order?

Mr Deegan—No, Senator.

Senator ABETZ—Why not, and can it be provided?

Mr Deegan—No, it cannot be provided because it was not done in that format. It was done on the basis that they met the hurdles.

Senator ABETZ—I know that it was not done, but the raw information must be there, given the information that you have provided. I am now asking whether or not the information on the assessment of each project could be provided to us. The raw information and raw data is clearly available, because otherwise you would not have been able to get them across the hurdle. The question now is: did some land just over the hurdle or did some in fact land 10 metres beyond the hurdle because they were that good and flew across?

Senator Conroy—I have given you a lot of latitude on your probing, as you are entitled to do, Senator Abetz, but I think the information you are now seeking goes very much to the heart of advice to government.

Senator ABETZ—No, it does not.

Senator Conroy—Yes, it does.

Senator ABETZ—That is absolute nonsense. The advice to government was that all of these met the hurdle and should therefore be approved. There is no secret in that.

Senator Conroy—There is not because it has been published.

Senator ABETZ—That is right.

Senator Conroy—But now you are asking for an interpretation and the detail of the advice to the government. I would say to you that I think right now you are a little further across the line than the officer needs to answer. If you want to perhaps reword or rework your question—

Senator ABETZ—No, thanks. We now understand that the various criteria were marked off and judged by a methodology. On the basis of that methodology there must be the possibility of establishing a league table in relation to which projects—

Senator Conroy—Mr Deegan has indicated that there was not a league table prepared so he cannot answer questions or supply you with information that was not prepared.

Senator ABETZ—Just because it was not prepared, Minister, does not mean that the department cannot go back, work out the raw numbers and provide us with a league table. The information is clearly there. If the government, as a policy decision, refuses to allow that, it will allow us to beg the question as to why the government refuses to do that. I would have thought if the information is there then it can be worked through and provided for us.

Senator Conroy—As I said, I believe the question you are asking goes to the formulation of policy advice. There is a longstanding tradition where officers do not have to answer about formulation and content of policy advice.

Senator ABETZ—Of course they do. What you have said is, quite frankly, gobbledegook and is not in any way in line with Senate committee practice at estimates.

Senator Conroy—If that is how you feel, Senator Abetz, I will happily take it on notice and see whether there is any further information that the minister would like to provide.

Senator ABETZ—No, not ‘would like to provide’; needs to provide. This is not discretionary. I know this is how Labor treats us. It will provide us with answers if it would like to. We are actually entitled to information in this process. The raw information is there. Just tell us what it is: ‘One project got 99 out of 100 and another got 51 out of 100 but they still passed the hurdle. Good luck; they are going to get the money.’ I think we are entitled to know which projects were better than others. I will pass over to my colleagues, but do not think that I have given up on this issue.

Senator Conroy—One of your more endearing characteristics, Senator Abetz, is your persistence.

Senator IAN MACDONALD—Mr Deegan, what were your riding instructions on recommendations across the length and breadth of Australia? Were you required to pay some recognition to state representation or sector representation—some for the country, some for city, that sort of thing?

Mr Deegan—Under the Infrastructure Australia Act, Infrastructure Australia has the primary function of providing advice to governments, investors and owners of infrastructure on the following: current and future needs and priorities relating to nationally significant infrastructure: policy, pricing and regulatory issues that may impact on the utilisation of that infrastructure; impediments to the efficient utilisation of those infrastructure networks on a national basis; options and reforms, including regulatory reforms, to make the utilisation of national infrastructure networks more efficient; the needs of users of infrastructure; and mechanisms for financing investment in infrastructure. They were our riding instructions under the legislation.

Senator IAN MACDONALD—So you were not required by the act—and I was involved in voting for or against the act—and it was never suggested to you that you should ensure some equality so that not everything went to Sydney and the rest of Australia missed out?

Mr Deegan—The set of riding instructions are in the legislation. That is what we followed. There weren't any other instructions.

Senator IAN MACDONALD—Were there any projects recommended north of Brisbane?

Mr Deegan—I think if you go to pages 10 and 11 of this report—

Senator IAN MACDONALD—Which, regrettably, I do not have.

Mr Deegan—I am happy to walk through it. There are three columns—

Senator IAN MACDONALD—If you can just answer my question: were there any north of Brisbane?

Mr Deegan—I do need to explain part of this. In the second theme about the creation of a true national energy market, it goes to energy strategy and actions for a true national energy grid. They are issues that will impact on Northern Queensland and indeed the rest of the country, with a particular focus on Mount Isa and the Pilbara as well as a whole host of other areas. Part of the difficulty in the interpretation of these reports is there is a focus on, quite properly I understand, which projects have been funded, but there is a broader view of Infrastructure Australia, as required under the legislation, and that energy strategy should have potentially a bigger impact on places like Mount Isa and the connections.

Also, in the fourth column—a national freight network—the priority infrastructure pipeline projects with real potential identified, for example, the Mount Isa-Townsville rail corridor as a project that is worthy of further consideration. We had also recommended as a priority infrastructure pipeline project with real potential the Bruce Highway corridor. So a host of those big picture infrastructure needs were identified. You will also see in the third theme about competitive international gateways there is a national port strategy. As an island nation, we do not have a national port strategy. We recommended that that should be something that the government takes up which would impact on all parts of the nation.

Senator IAN MACDONALD—And you are looking at the Darwin port?

Mr Deegan—The Darwin port—

Senator IAN MACDONALD—And Abbot Point?

Mr Deegan—And Abbot Point of course, yes.

Senator IAN MACDONALD—With the Bruce Highway part, Cooroy-Curra is certainly north of Brisbane but not far north of Brisbane. So there are these ones: the Mount Isa-Townsville project, the Darwin port and Abbot Point, and the electricity supply. Can you briefly run through those four? I am shamelessly parochial for the north.

Senator Conroy—Can I just clarify that the Cooroy to Curra part of the highway was funded, but it is a project that failed to attract funding for 12 years of your previous government. I think that is correct, Senator Macdonald.

Senator IAN MACDONALD—Thanks for that information, Minister. It is certainly much needed now that the Traveston Crossing Dam is going to inundate a substantial part of the existing highway, so naturally that stupid decision by the Queensland government does require money—

Senator Conroy—Didn't we just have an election in Queensland and the government won?

Senator IAN MACDONALD—You had an election which your party won on the back of preferences from the Greens political party, which promised to stop the Traveston Crossing Dam and then supported your government, which is committed to building the Traveston Crossing Dam.

Senator Conroy—So by a process of elimination if we won that means your party lost that election.

Senator IAN MACDONALD—Your intelligence just absolutely—

Senator Conroy—I am sharp, aren't I? I just wanted to make sure I understood.

Senator IAN MACDONALD—You would be well aware that Cooroy-Curra was part of the Auslink 2 program—

Senator Conroy—It just had not been funded for 12 years.

Senator IAN MACDONALD—It was to be funded in the Auslink 2.

Senator Conroy—Oh.

Senator IAN MACDONALD—Which I hope your government will continue. Mind you, the work desperately needed on the Bruce Highway up in the north just pales into insignificance. There was a lot of money spent by the previous government, Minister—before you get going—that can never actually be actioned by the Queensland government, whose political persuasion I will not mention.

Senator Conroy—That is the one that got re-elected.

Senator IAN MACDONALD—I do not mention. It got re-elected because of the Greens' duplicity, and more about that later.

CHAIR—I will just say to senators and the minister that there is a bit of shouting over each other starting and I do not want to get into the same situation as yesterday. Could the minister and the senators give each other the courtesy of hearing each other out.

Senator Conroy—I accept your involvement.

Senator IAN MACDONALD—I would like the minister to give me the courtesy of allowing Mr Deegan to answer my questions without political interference. Mr Deegan, could you respond to the question I asked before the minister so rudely interrupted?

Mr Deegan—I might ask you to repeat the question.

Senator IAN MACDONALD—What is the status of the recommendations in relation to the projects I specifically mentioned: Mount Isa-Townsville, the Darwin port and the electricity grid?

Mr Deegan—The recommendation from Infrastructure Australia to government on the energy strategy was to look for actions to provide a true national energy grid and that would consider a host of issues, including issues that have been drawn to our attention about Mount Isa and potential corridors for hooking up to the national electricity market, and there is a similar issue in the Pilbara.

Senator IAN MACDONALD—I did mean to say the Pilbara. Just in relation to those two, were they funded in the budget or is this perhaps a question to Mr Tongue?

Mr Deegan—The work on the national energy strategy is work to be undertaken by Infrastructure Australia, subject to government decision, in the next 12 months.

Senator IAN MACDONALD—Where do you get the funds for that?

Mr Deegan—That is within our existing budget.

Senator IAN MACDONALD—So there is nothing, apart from your further investigation in relation to those two projects?

Mr Deegan—Part of the Infrastructure Australia Act provides for us to do that work, so we are funded to do that work.

Senator IAN MACDONALD—In relation to the Mount Isa-Townsville freight corridor?

Mr Deegan—Again, there are two parts to that. There is a particular corridor that is listed as a pipeline project with real potential.

Senator IAN MACDONALD—What do you mean by ‘pipeline’, sorry?

Mr Deegan—In the diagram you might have before you, the second column is where we considered the action was ready to proceed and others that either required further work or some other decisions. The Mount Isa-Townsville rail corridor is clearly a project with real potential but we need to do more work with the proponent, which we will be undertaking in the next little while.

Senator IAN MACDONALD—Who is the proponent?

Mr Deegan—I would need to check for you the exact proponent. I think it is the Mount Isa economic development people, but I can check that for you.

Senator IAN MACDONALD—MITEZ, the Mount Isa to Townsville Economic Development Zone—

Mr Deegan—I think that is right.

Senator IAN MACDONALD—It was not the Queensland government?

Mr Deegan—No, it was not the Queensland government.

Senator IAN MACDONALD—That is odd.

Mr Deegan—It may have been as part of the broad freight strategy for the Queensland government, but I can check that for you. There were a range of proponents, including the government or local government or other groups which worked together on how that might go forward.

Senator IAN MACDONALD—Can you quickly tell me about the Darwin port?

Mr Deegan—The Darwin port is a project considered to have real potential. Clearly, because of the freight needs going in and out of the port, new mines being developed and other reasons, that is a project that the government has provided funds for, contingent on further work between the proponent and Infrastructure Australia.

Senator BACK—Before you go off the Darwin port, can I ask a further question in regard to that. Mr Deegan, Infrastructure Australia's report indicates a port expansion of about \$325 million, of which there is a commitment from the federal government of \$50 million. Who is providing the balance of those funds?

Mr Deegan—I am afraid I cannot help you with funding issues. Our advice to government with regard to the national infrastructure is which projects are worthy of support. Government then takes that advice and determines which projects they will fund. So the department of finance may be able to assist you on the funding allocation.

Senator IAN MACDONALD—Or Mr Tongue may be able to assist.

Mr Deegan—He may well do.

Mr Tongue—As I understand the question, it was the total Darwin port project in terms of the \$375 million.

Senator BACK—\$325 million, I understand.

Mr Tongue—What the government has agreed to fund is an equity injection and the government's contribution will be set aside for further work in consideration of the proposal by Infrastructure Australia. Given the nature of an equity injection, I think subject to IA's further work there might be other contributions both from the Territory government or from the private sector, but I am starting to get into speculation until that further work is done.

Senator BACK—Sure. There is no timeframe that you are aware of? Obviously the project is critically important.

Mr Deegan—I may be able to help there. We have worked with the Northern Territory government to have a dedicated team work on the next steps and we are hoping to meet with them in the next week or two. Then the Infrastructure Australia council is in Darwin shortly to take further discussions on that. So it is a fairly intensive piece of work in the next few months.

Senator IAN MACDONALD—Can I just finish with the Abbot Point proposals, both the cargo facility and the state development area bypass. I understand that \$1.75 billion and \$400 million are required for those projects.

Mr Deegan—Yes. Again, in the potential list, there is still more work we are doing with the Queensland government on the requirements and timing of funding for the sorts of issues that are associated with some of the mining and other interests in that area. So again, there is continuing work going on with the various players in that process.

Senator IAN MACDONALD—With all of those, are there any timelines or is it just as soon as you can get around to it?

Mr Deegan—In this space everything is yesterday. So we are working actively with them to see what other things are needed to provide advice to government about possible funding.

Senator IAN MACDONALD—Again, I appreciate that you cannot be specific, but would you be hopeful to have advice so that they could be considered in the next budget?

Mr Deegan—In all of these cases that would be our position, at the latest.

Senator IAN MACDONALD—I am not sure if this is for you or Mr Tongue, but I refer to the Gold Coast light rail project. Could you update me on that? It was mentioned in Budget Paper No. 2, as I understand.

Mr Tongue—Senator, could we handle that one under agenda item 4, Infrastructure Investment, where I will have the relevant officers present?

Senator IAN MACDONALD—Okay. With regard to questions which my colleagues will no doubt want to ask about the West Werribee issue, is that best left to item 4 as well?

Mr Tongue—Yes, Senator.

Senator IAN MACDONALD—Okay. That is all I have.

Senator NASH—Chair, I just have a quick one before I pass to Senator McGauran. Perhaps I will ask it to the minister as well as to Mr Deegan. I refer to table 2 on page 10, 'Priority Projects/Actions ready to proceed', 'National Broadband Network'. Under that, should it have 'to be developed' as the ports strategy does?

Senator Conroy—Oh, Senator Nash!

Senator NASH—That is a very genuine question, Minister.

Senator Conroy—I am deeply hurt.

Senator NASH—No, it is quite a genuine question. Why is it not 'to be developed' as the ports strategies are?

Senator Conroy—The broadband plan is an election commitment and Senator Minchin yesterday continually—he did draw me up—kept pointing out that in actual fact we were exceeding our election commitment. So let us be clear: we will deliver our election commitment to 100 per cent of Australians.

Senator NASH—I understand all that, but it is not ready to proceed as yet, is it, as would be indicated by this particular column?

Senator Conroy—If you are really lucky, I will invite you down to Tasmania in a couple of weeks when we have to start digging. I know it is going to be sort of denial stage for many—

Senator NASH—You will just show me the bits that are already done, Minister, by somebody else. I will pass to my colleague.

Senator McGAURAN—I have just a couple of questions. I was in Portland recently and they presented me with a submission they had given to Infrastructure Australia with regard to the Green Triangle region, which is a Victorian and South Australian government joint project, as well as the local area. They were of the understanding that they missed the priority projects list but they were in the pipeline list. But looking at pages 10 and 11 of your May 2009 document, I cannot see them in the pipeline list. What is their status?

Mr Deegan—The status is that the Green Triangle proposal provided by Victoria and South Australia needs considerably more work before it would be recommended by my office to Infrastructure Australia to be at that higher level of consideration.

Senator Conroy—I just want to make sure I understood your question. It is actually listed.

Senator McGAURAN—Where?

Senator Conroy—Under No. 4 relating to a national freight network. In the column ‘Priority Infrastructure Pipeline’, it is the fourth one down the list, Senator McGauran.

Senator McGAURAN—I was confused. Thank you.

Senator Conroy—It says ‘Green Triangle Road and Rail Upgrades (SA/VIC)’.

Senator McGAURAN—Not the port.

Mr Deegan—Sorry, I took your question the wrong way. My mistake. So it is still in the pipeline.

Senator McGAURAN—In relation to the port, that is the road and rail upgrades?

Mr Deegan—Yes.

Senator McGAURAN—That is good. So it is in the pipeline, but it has more work to do in relation to what?

Mr Deegan—In relation to a number of the projects in the pipeline, there is still further work to be done on the economic assessment—the sorts of criteria that we stepped through with Senator Abetz earlier. There is not sufficient information or the case yet made to move it into the priority project list. So we will be working and indeed meeting with Victoria tomorrow—we met with South Australia last week—to outline the sorts of issues that would need further attention paid to. For example, as you would know, in Portland they are issues to do with the upgrade and the potential use of higher performance road vehicles as a better option possibly, some issues about the track layout at Portland port itself and issues to do with the grain load. I think ARTC have had a look at some of the rail connections in and out of Portland. There are a host of those issues where we are seeking further clarity. That is a very constructive dialogue and the process around the Green Triangle has been particularly positive because we have two governments working very closely together with the Commonwealth.

Senator McGAURAN—If they were to meet your queries and criteria, would they automatically then move into the priority projects region?

Mr Deegan—If they meet the hurdle, yes.

Senator McGAURAN—So you move these projects around—rightly or wrongly; probably rightly—with no consideration with regard to the cost or the government funding allocation? You just act on priorities and pipelines; you do not align it with any money that has been allotted?

Mr Deegan—The funding decisions are made by government. Our role is to say that these projects are or are not ready to be considered as priority projects. So we move them, as you say, once the detail is there and the economic case is made for their further development.

Senator McGAURAN—There are seven priority projects; that is right, isn't it?

Mr Deegan—Perhaps as I made one mistake, I will just walk through those with you as we go.

Senator Conroy—I actually think the mistake was Senator McGauran's.

Mr Deegan—No. To be fair, it was my mistake.

Senator NASH—Do not assume, Minister.

Senator Conroy—He could not find it.

Senator NASH—That is a dreadful assumption.

Mr Deegan—No, my mistake. To which projects are you referring?

Senator McGAURAN—I was talking about the port of Portland. There are seven projects. Let us take it from No. 7, 'Adaptable and secure water supplies', 'to be developed'. What is to be developed? There is nothing tangible there. You still have plans, paper shuffling to do.

Mr Deegan—I would hope that it is a little more than that. The council has spent some considerable time dealing with the regulatory reform items to do with water and energy and transport in particular. In the December 2008 report, which was some 83 pages, most people paid attention to the six pages that set out the project funding proposed. That report goes to a host of what we consider important regulatory reform issues to deal with water. You will notice in the text of our May 2009 report some documentation about the sorts of things that we believe need to happen within the water strategy. On page 31 of our report we talk about the need to 'ensure more adaptable and resilient water systems to cope with growing demand and climate change'. The last paragraph on page 31 states:

More consistent implementation of pricing and regulatory reforms will provide incentives for efficient use and investment in urban water sector assets. There is also a need to develop a plan to address regional towns' water quality.

Again, that is across a host of areas. Our recommendation to the government in our report of May 2009 is that this work warrants further attention and should be undertaken in the next 12 months or so.

Senator McGAURAN—So, when you say 'to be developed', you have just pulled together separate submissions from Melbourne, Adelaide, Sydney—all the state governments—and developed it into a national project. Is that right?

Mr Deegan—They are the sorts of things, as well as contributions from industry. We have met with most of the industry players in the water strategy. We have met with local

governments and dealt with state governments. This is identified by the Infrastructure Australia council as a priority project.

Senator McGAURAN—So there is no single proponent.

Mr Deegan—Part of our role is to take—

Senator Conroy—I know it is a strange concept for the opposition, Senator McGauran, but the government asked IA to look at national significance, not assess on political, state or electoral boundaries. I know that is a fundamentally new concept, particularly for ex-Nationals. I know you are struggling to come to terms with that one, but that is actually the brief we have given them.

Senator ABETZ—That was singularly unhelpful.

Senator Conroy—I did not even realise you were back, Senator Abetz.

Senator McGAURAN—And what is more he had to read that.

Senator ABETZ—Somebody had to email it to him: ‘Say this now.’

Senator Conroy—I cannot read out what my emails say.

Senator ABETZ—We have always suspected that, Senator Conroy, and it is nice now to have that on record.

Senator McGAURAN—I am going back to a letter written to the minister on 5 December by your chairman, who is disappointed, quite frankly, in the submissions he received. He said that they were all so parochial and—to sum up using my words—lacked vision in the end. So now we have a national water program. It strikes me that rightly or wrongly, probably rightly, you have pulled everyone’s state parochial submissions together to develop a national water program. Would I be right in thinking that?

Mr Deegan—That is part of it. I think, as you would hope from any group of senior public servants, they not only take what is before them but look to take the next step in advising a group like the Infrastructure Australia council as to the heart of the future—where this might go in a national sense to the benefit of our community and the economic issues associated with it. Fundamentally underlying this issue is the fact that, when you do look at the contributions of the states, local governments and others about water, you do go to questions about regulation and pricing. So, for example, in Sydney there is an independent pricing regime for water. You then ask: is that a model that might be applied elsewhere? Are they the sorts of things that might provide a better investment grade of material or assets for other groups? They ask those broader questions about what is in the best interests of the country. It is a combination of what is before us but also, to be fair to my senior staff and indeed the council members who have a passion for this, asking what else we can contribute in the national interest.

Senator McGAURAN—The point is—and you need not answer this, but I give this as background to my next comment—that you have to now do further research and produce documentation before we see anything tangible come out of this. So the next priority, No. 6, is: ‘Providing essential Indigenous infrastructure’. Can you explain there what is to be developed? In short, is it another study?

Mr Deegan—No, it is not. This is a very simple one. Again, we had submissions from governments collectively. We had submissions from the Aboriginal social justice commissioner. We had submissions from local community groups, local Aboriginal community groups, remote groups and others. Those submissions were simply outlining the importance of having, particularly for remote area communities, a reasonably well-developed infrastructure plan so that if there were requirements for further housing, road access, water or water quality issues they were assessed. We wrote to the federal minister with advice in that very short form that this would be something worth considering. I understand the government has or is about to appoint an infrastructure coordinator for Indigenous matters. That would be advice that we would provide to them to take further. So it is a simple plan, as any infrastructure player would do and as any project manager would do in short.

Senator McGAURAN—So you have the hard projects down already, do you? What projects—

Mr Deegan—We have suggested that that is a project—pulling together some existing data in some of the states and just having a clear map of what is required.

Senator McGAURAN—I am getting to the point that there are seven priorities and five of them are ‘to be developed’.

Mr Deegan—For an organisation that has been up and running less than 12 months, staffed for about seven months, we focused on the host of big national infrastructure requirements, including those seven themes that you have identified, as well as the projects that we have been undertaking. So these are the things that industry, industry associations and others are working very closely with us on. For example, one of those is a national ports strategy. How does the nation determine where things are moved in and out of our nation to have the best economic impact? Do we provide road and rail to every port or do we make some rational decisions about how those things might take place? One of the things we have identified in this process is that the country does not have a ports strategy. We have recommended to the government that we think that is worthy of taking the next step forward.

Senator WILLIAMS—Exactly. You go to Newcastle and there is just a line-up everywhere.

Mr Deegan—And it is those sorts of issues that you see right around the country. So we are working very closely with Ports Australia, the National Transport Commission and the Commonwealth department. This is an area where we think a piece of work can be completed in a fairly reasonable time to give a national basis for the decisions we make about our ports.

Senator McGAURAN—I will leave it at this: I would have thought you were set up to approve hard, tangible infrastructure projects, but with at least five of these projects all you are doing is setting up strategies. There is a lot more paperwork and investigation going on that will go well beyond 12 months, I would suggest, particularly if you have to develop a national ports strategy. You have not approved a hard infrastructure project.

Mr Deegan—I think you will find that under the legislation—and I referred to it earlier—our primary function is to provide advice to governments, investors and owners of infrastructure on six items. I can read them out again if you like. We are dealing with not just pouring concrete projects but major regulatory reform and planning issues that will, with the

right approach, transform our nation. The fundamental issue for the Infrastructure Australia council is to provide for proper benefits for the national productivity of the nation, and we use the OECD index as one of our benchmarks. Where do we sit today? Where were we a number of years ago? What can we do to improve the prosperity of our nation? All of this work is designed around that primary focus.

Senator McGAURAN—I have seen this before. The government is making you become very, very bureaucratic. We are going to get a pile of reports about a national ports strategy, a national electricity grid strategy, a water strategy—you will be doing all this investigating for several years to come and no concrete will be poured. It is not real. You have been set up as a bureaucracy to produce paper.

Senator Conroy—The concept of the national interest is perhaps foreign to Senator McGauran, but having a proper process that meets—

Senator McGAURAN—It is all process.

Senator IAN MACDONALD—It might be the broadband process! What a joke.

Senator ABETZ—Perhaps not your strong point, Senator Conroy.

Senator Conroy—No, I am very comfortable.

Senator IAN MACDONALD—There is \$20 million for a strategy that they have ignored.

Senator Conroy—I am very comfortable and if you are very lucky I will invite you to the first rollout in Tasmania as well shortly, Senator Macdonald, but only if you behave.

Senator WILLIAMS—Only because there is a defunct fibre—

Senator NASH—I have raised that.

Senator Conroy—Senator Abetz, I do not think I could keep you away from that when we launch it. I will be looking for you in the crowd.

CHAIR—Minister, may I just make a note? It may be common practice in the coalition party room to all scream at once to the person at the front, but in Senate estimates I would ask one at a time to speak. We are a little bit more organised in Senate estimates, I would like to think. After all that—

Senator Conroy—If I could just—

CHAIR—there should not be any more questions. They have all asked them.

Senator Conroy—If I could just add to Senator McGauran's last statement—

Senator NASH—Senator McGauran has just a couple more on—

Senator Conroy—I am just waiting for the call.

Senator McGAURAN—I thought you were waiting from the call from the other side, from the minister's office.

Senator Conroy—Has the battery gone flat on your computer this week, Senator McGauran? IA has made a number of recommendations of hard infrastructure projects. For Senator McGauran's enlightenment, these projects are outlined on page 10 and 11 of the report released in May 2009.

Senator McGAURAN—I am reading from them.

Senator Conroy—Page 10 and 11—hard projects.

Senator McGAURAN—Hard projects?

Senator Conroy—You could not even find one that was listed on there, Senator McGauran. That is why I am giving you the page number.

CHAIR—Just in case there is a false impression, there are a number of projects—

Senator Conroy—There is \$8.5 billion worth of hard projects.

Senator McGAURAN—Hard-hat projects.

Senator ABETZ—A ream of paper is pretty hard.

Mr Deegan—There are a number of hard projects in there. If we are to develop, as Senator Macdonald asked earlier, the energy grid issues associated with major mining developments in Northern Queensland, parts of Western Australia and others, under the legislation it is incumbent upon our organisation to look at those issues and see what is the best way of planning an investment framework for the future. That may well be all private sector investment. What can we do from our organisation to assist in that development and investment? They are the sorts of things that we are being asked to do. But none of this will take longer—subject to where the government wants it to go—than 12 months from our point of view.

Senator McGAURAN—Is there any reason why a chair of your organisation does not come to estimates committees?

Mr Deegan—I am the statutory officer. Sir Rod Eddington is there in a voluntary capacity. He is an unpaid person. He does not take pay for his role. He does what he believes is in the nation's interest and he does that in his own time.

Senator ABETZ—But as a volunteer he has not volunteered to come to Senate estimates.

Mr Deegan—No, it is a proper role for a—

Senator Conroy—Statutory officer.

Mr Deegan—a statutory officer to take the joy of this opportunity.

Senator McGAURAN—As he is the chair and the public front man, I would have thought he would not mind coming to estimates.

Senator Conroy—Senator Abetz, the statutory officer is here.

Senator ABETZ—That might be McGauran.

Senator Conroy—My apologies, Senator Abetz. I have seriously defamed you in that exchange!

Senator McGAURAN—We know from his letter to the minister on 5 December that he is very disappointed in what has come forward. Maybe he holds that disappointment to date. The point is that we as a committee deserve better. No disrespect to you, but even you deserve better. Some of the members ought to be here. I believe it is a \$7 million organisation. Is that \$7 million a year to run?

Mr Deegan—I think it is \$7.5 million including the Major Cities Unit.

Senator McGAURAN—Per year?

Mr Deegan—Per annum is the budget allocation.

Senator McGAURAN—What is the breakup of that \$7.5 million?

Mr Deegan—I can give that to you. The total budget is \$7.5 million—\$6.5 million to Infrastructure Australia and \$1 million for the Major Cities Unit, which is co-located with us. We currently have 16 permanent staff, including me, for both these units. We work with a host of other service providers where necessary to provide the advice both to government and to the parliament.

Senator McGAURAN—That is a significant sum of money, yet we only get one person along to take the brunt of the questioning.

Senator Conroy—Brunt!

Mr Deegan—We are a small organisation, and meeting the deadlines that both the government and the parliament expect of us requires a huge effort. My staff are flat out working on the projects that you considering—

Senator McGAURAN—Not so much the staff, but the members of the board seem to be shirking their responsibility.

Senator Conroy—I reject that utterly on Mr Deegan's behalf, Senator McGauran. That is an unkind and unwise thing to say. IA has assessed 1,000 projects, it has recommended a priority list and the government has funded some. They have a very heavy workload for a small number of people. To suggest that Mr Deegan is not the appropriate person to be here—

Senator McGAURAN—No, I am not.

Senator Conroy—is, frankly, to display an ignorance of the process in which you were involved for nearly 20 years one way or the other, Senator McGauran.

Senator McGAURAN—You are verballing me there, Minister. I am not saying Mr Deegan is not. I am suggesting he deserves support and I am suggesting that at some point this committee deserves the chairman coming to support Mr Deegan. As the public figure of this organisation, the chairman ought to come.

Senator Conroy—Let us be clear here—

Senator McGAURAN—I know it is only voluntary, but we ask him to come.

Senator Conroy—This is an opinion; it is not a question, Senator McGauran.

Senator McGAURAN—It is an opinion, yes.

Senator Conroy—If you have another question, please ask Mr Deegan.

Senator ABETZ—Senator Conroy, could we pass on to the chair that if he were to volunteer his presence at Senate estimates the coalition, for its part, would welcome his presence.

Senator McGAURAN—The reason is that—do not take me the wrong way; there is no underlying tone about this—as I say, he is the public figure. The chairman wrote a most

significant letter to the minister on 5 December 2008, and there are questions about that that we would like to ask: has his disappointment changed in that time with regard to the types of projects that were coming forward and, for that matter, even the government support he is receiving?—all those sorts of questions. There is no underlying tone to it. He might want to come—

Senator Conroy—Thank you for your opinion.

Senator McGAURAN—and espouse the greatness of infrastructure.

Senator Conroy—Thank you for your opinion, Senator McGauran. Do you have any further questions for Mr Deegan?

Senator McGAURAN—Not at this point.

Senator BACK—I was most interested in the comment regarding the prioritising of the projects. Thank you for that. You indicated in May this year 12 priorities, which have been listed. Can you give me some idea which, if any of those, is contingent on support from state governments and which might be proposed to be funded exclusively by the federal government?

Mr Deegan—The funding decisions are taken by the government in its budget process. Our role is not to provide advice on the funding mechanisms but to simply report those projects that are worthy of consideration by the government. To try to be more helpful, though, my understanding is that, if we take the second column, the national broadband network is being dealt with by the minister and the chair. We would be undertaking the energy strategy work in consultation with a range of others—similarly the national port strategy and the freight network strategy.

The Commonwealth has not supported their next project in funding terms at this stage. The F3 to Branxton I understand will be a combined Commonwealth-state contribution. The Majura Parkway, which was a recommendation of Infrastructure Australia, was not supported in the budget. The Pacific Highway corridor, I understand, is a combination of funding between the Commonwealth and the state—and, similarly, Ipswich. The extent of those will perhaps be dealt with by Mr Tongue under item 4 of your agenda. The officers there will have that detail. Similarly with the Gawler and east-west rail, there is a combination of Commonwealth and state funding. In relation to the Gold Coast rapid transit there is a combination of the Gold Coast City Council, the Queensland government, the Commonwealth government and the private sector.

Senator BACK—So Abbot Point, the multicargo facility, Bell Bay—we can get further advice on each of those?

Mr Deegan—A range of those projects have not received funding at this stage. Some have. Those that have received funding—

Senator ABETZ—Which ones, Senator O'Brien?

Senator O'BRIEN—I do not answer questions here; I ask them.

Mr Deegan—For those that have received funding there is a mixture of the funding sources that I think the officers at item 4 will be able to deal with.

Senator BACK—They may be able to further elucidate. Thank you. We were discussing a few minutes earlier the coastal shipping inquiry. I wonder if you could give us an understanding firstly as to what is the current status of the development of that National Ports Strategy. Where are we with it, following the earlier questions?

Mr Deegan—It was advice given by Infrastructure Australia to the government in the budget round. It was in our report of May 2009. I understand that last week the Prime Minister indicated this was a piece of work that he believed warranted further attention. So we have a project plan being developed with the department and the National Transport Commission this week to take that work forward over the next six months or so.

Senator BACK—Could you give us some indication as to the sorts of parties who are likely to be consulted in the development of that strategy?

Mr Deegan—Certainly Ports Australia and its members—each of the ports is represented on Ports Australia; local and state governments, where they are involved, and there is a mixture of those; the major industry players, those who are at stevedore or operational level in and around the ports; major customers—earlier this week I had meetings with people like Woolworths and others about the sorts of issues that they have; car companies; all the people who use ports. It will be quite a wide-ranging inquiry including development of strategy and including local community groups with the host of issues that are associated with some of these ports—the livestock industry, people who use containers for bulk goods, whether it is iron ore, coal et cetera.

Senator BACK—All going well, you would expect that we might see something in the public arena in the first quarter of 2010?

Mr Deegan—All going well, subject to how the government takes that strategic development, yes, Senator.

Senator BACK—If I can then just ask some questions about specific projects including firstly, if I may, the Northbridge rail link in Perth. I understand there has been a tick on that. I think the commitment is \$236 million. Is this the correct time to be asking questions about this particular project?

Mr Deegan—That is partly for me and then partly for the department under item 4. I will do what I can here, Senator.

Senator BACK—My first question is: given the fact that it is actually an urban development project—in the sense that once the railway line has been sunk underground there therefore becomes land available—can you assist me by advising if the Commonwealth's contribution of \$236 million is being directed purely towards the undergrounding of the rail or is there also some of the urban land development on top of what would then become the land available part of the project?

Mr Deegan—I might need to take that on notice to get you an accurate answer. Certainly there has been a lot of discussion with the West Australian government about the detail, a combination of the urban rail sinking and issues to do with the bus zone. I think there is an old bus station there that was a temporary station 25 years ago.

Senator BACK—There is.

Mr Deegan—There are a host of those public issues associated with the development of the Northbridge development site. The West Australian government has had a series of meetings internally about how it wants this project to proceed, and we think, in terms of one of our themes being transforming our cities, Northbridge is worthy of support. The details of the funding might come through in the discussions in item 4.

Senator BACK—I wonder, when you do provide us with that answer, if you could also give us an indication of what the Western Australian government's contribution to that project would be.

Mr Deegan—Sure. It may be that officers appearing later will have the detail, but we will certainly take that and get you an answer one way or another.

Senator BACK—The second relates to the Oakajee port project north of Geraldton, where I understand the federal government is committing about \$339 million. Could you give us some advice as to whether this project would only go ahead in the event that the Western Australian government was also financially committed?

Mr Deegan—Again, my understanding is that both the Western Australian and Commonwealth governments are determined that this project proceed. There are discussions going on about the funding break-up. What Infrastructure Australia has been asked to do is work with the Western Australian government, and we are in the process of convening a working party to take this complete project forward. Again, we can provide detail, as that comes to hand, of the funding agreements that are established. There may be a range of things that need to be determined including the industrial estate, the common user berths, what is happening with the proponent OPR for the Oakajee port and rail effort—just having clarity about who is funding which parts. But that is a well-advanced discussion. I am happy to take that and provide further detail.

Senator BACK—We can be confident that that is a project that has a high priority in terms of going forward from the Commonwealth's point of view?

CHAIR—They have thrown enough money at it, for crying out loud. A lot of promises were made by the state that were not delivered. I think it is pretty obvious. Sorry, I was thinking aloud.

Senator BACK—Thank you, Chair. I did not know if you were helping the minister answer the question. I thought I might get two lots of answers, thank you very much.

Senator Conroy—Just to update you, Senator Back, Western Australia is providing 50 per cent of the funding for Northbridge.

Senator BACK—For Northbridge, 50 per cent?

Senator Conroy—Yes.

Senator BACK—Perhaps we could get an answer on Oakajee also.

Senator Conroy—We will see if that information can be made available to you very quickly.

Senator BACK—Thank you. Just while I stay with ports, I was in the port of Bunbury last week or the week before, and there really is an urgent need if that port in the south-west is to

realise its potential in terms of export opportunities. I know there are some indications of expenditure for access roads and possibly rail. Can you tell me where we are? I do not think it was actually funded, but can you tell me where we are in relation to commitments for that particular project for the south-west port?

Mr Deegan—There is an ongoing dialogue with the Bunbury City Council and the Western Australian government about Bunbury, and the mayor of Bunbury has invited me to visit that area in the next month or two.

Senator BACK—Excellent.

Mr Deegan—Similarly, I am undertaking a visit with Senator Williams to his area, where we are looking at a host of issues to do with Bunbury and some issues to do with their submission that we will be talking to them about as well. I think there have been three or four direct letters between me and the mayor about some of the issues associated with that, including his interest in the prioritisation methodology, in terms not just of Bunbury versus other parts of the country but of some of the internal processes that he has sought to use, which is a model that we would like to see developed across the country.

Senator BACK—Be prepared for containerisation, Mr Deegan. The new CEO of the port has just come out of Hong Kong, where he was dealing with containerisation on a huge level. But it certainly is of concern that bauxite and potentially coal exports are really at the stage now of being held up into the future for that region.

Mr Deegan—I think, Senator, they are issues both for Bunbury and for a number of other major ports that warrant a level of Commonwealth interest in terms of the national productivity agenda, and that is very much part of the background to the creation of Infrastructure Australia.

Senator Conroy—Could I just add some information. This is a transcript of what the Western Australian Premier said recently in a press conference, I think with the Prime Minister, about the Oakajee announcement. He said:

So this is a big step forward in terms of more sophisticated, more value-adding to the economy.

The other aspect about Oakajee is that this is a great example of collaboration. An infrastructure provider and developer in Oakajee port and rail; the state Government and the Commonwealth coming together to fund the \$680 million worth of the major breakwater, the turning channels, the dredge channels, to ensure that it's a common user, everyone on an equal basis, port.

... ..

And it is the start of I think of a new generation of Australia's commercial relationship in that part of the world. So in every box I think this just stands out as just a great project and I thank you Prime Minister for the Commonwealth support for this project.

To Chris and Oakajee port and rail, you now have the job in front of you, but you have the Commonwealth Government and the State Government backing for an important national project.

That was the Premier of Western Australia.

Senator BACK—Thank you, Minister, and perhaps it might also be recorded in *Hansard* how lucky the nation and the state of Western Australia was that Colin Barnett came into government at the time he did—the reason being, of course, that that whole development was

in danger, from an operational point of view, of being put into the hands of one of the countries that we trade with and it would certainly have been to the exclusion of the other. The point that Premier Barnett made recently, of course, was that it is going to represent probably the first instance in recent history when a project, having both Commonwealth and state government involvement, would also have in port operations the involvement of both the Chinese and the Japanese. If we think of the recent history of those two countries we can see how important it is to the Indian Pacific region that, in fact, that project has gone ahead under the coalition government and, certainly, with funding from the federal government.

Senator Conroy—I can only agree with you. It must be a great disappointment that it took so long for the Commonwealth government to come to the party on this. It has been 11½ years and nothing from the previous government. You are right—

Senator BACK—Certainly your disappointment to—

Senator ABETZ—You wanted to sell it to the Chinese.

Senator BACK—Mr Deegan and Mr Tongue, if I can just indicate that I am not entirely parochial. Can I ask you a question about—

Senator Conroy—You are from Western Australia; come on.

Senator BACK—Minister, it is the fact—

Senator Conroy—Misleading the Senate is an offence, Senator Back.

Senator BACK—Western Australia is leading the economy nationally, so I thank you for the advertisement you just gave us a moment ago. I will just go to Adelaide's South Road. Can I refer you to the commitment leading up to the election, the Labor Party's commitment to spend \$500 million to fix Adelaide's South Road and improve the north-south corridor.

Senator Conroy—Could I just clarify: did you vote against the nation-building fund legislation that actually ultimately led to the funding of this project?

Senator ABETZ—Chair, point of order.

Senator Conroy—That is a fair question.

CHAIR—What is your point of order?

Senator Conroy—Senator Back may know it, but certainly Senator Williams and Senator Abetz—

CHAIR—You have no point of order.

Senator WILLIAMS—He has asked a question.

CHAIR—There is no point of order.

Senator Conroy—I was seeking to clarify an issue.

Senator WILLIAMS—You are being very naughty.

Senator ABETZ—And we have time constraints.

CHAIR—Senator Back, do you have any questions for the Minister, Mr Deegan or Mr Tongue?

Senator WILLIAMS—He just asked it.

Senator BACK—I am just in the middle of asking it.

CHAIR—I am going to take that. I am sorry, Senator Back. I will take that comment, Senator Williams, because there was an interjection from your colleague Senator Abetz.

Senator ABETZ—What? It was the minister's involvement with a non-answer making a silly point.

Senator WILLIAMS—Senator Abetz, Chair—

CHAIR—Senator Abetz made a comment, so Senator Back has the call. In all fairness, if Senator Back asks questions I would expect the minister to answer as he did.

Senator WILLIAMS—Exactly.

Senator BACK—Thank you, Chair. I am referring to a media release by the minister in May 2008 committing initially \$12.6 million for planning of the South Road upgrade. Can you just give us an understanding as to what the status of that particular project is in terms of planning and execution?

Mr Tongue—Could we handle that one under agenda item 4, Infrastructure Investment, when the relevant officers will be here with the detail?

Senator BACK—I have no difficulty with that at all. Can I then move, if I may, back to what is an incredibly embarrassing situation—that is, the Perth Airport road links. Anybody who has had the misfortune to travel particularly into the domestic airport in Perth recently would have every reason to think they were in a Third World country. Infrastructure Australia did identify the Perth Airport multimodal link as a pressing and significant requirement of infrastructure in WA, and also the nation. Unfortunately, it was not given priority in the eventual determination. I wonder, could you give us an understanding as to where that particular project is in your prioritising and planning, Mr Deegan?

Mr Deegan—Sure. Thank you, Senator. Can I just go back to Oakajee for a moment. One of the outstanding parts of the submission from Oakajee port and rail's government structure is that they planned for whatever might develop in and around that port.

Senator BACK—Yes.

Mr Deegan—That is a model that our port strategy will be wanting to take forward to review against other existing and future ports.

Senator BACK—Excellent.

Mr Deegan—I think that was a really important part of their submission more generally about issues bigger than just Oakajee, to the extent that that might be of value.

Senator BACK—If that can be used partially as a model, I think it would certainly be wise, thank you.

Mr Deegan—They are the sorts of things that we learn from all sorts of proponents with particular issues, and we value that advice. In terms of the particular question about Perth Airport multimodal links, it is listed as a priority infrastructure pipeline project with real potential. With the change of government in Western Australia, there are some timing issues

about where they are going with Perth Airport. You will be acutely aware of decisions taken about the location of the domestic and international airport and those issues. Again, with all of the projects on the pipeline, we are working with proponents to take that work forward into a state where we can advise the Commonwealth about possible funding options in future.

CHAIR—Senator Back, would you mind if I just made a comment—

Senator BACK—Please do, Chair.

CHAIR—Because as a Western Australian, I use the Perth Airport as much as Senator Back does. I think it is a little bit unfortunate that the Third World comment was made about the Perth Airport. I have been to a Third World airport and I can assure you that the entrance in and out of Perth Airport is not Third World. I know there is a lot of criticism about Perth Airport, as there has been a campaign run in the Western Australian media. Quite rightfully there is a lot of work to be done, but there was some false reporting. I am not here for Perth Airport. I am looking forward to the redevelopment. But there was—

Senator ABETZ—So this is—

CHAIR—Sorry, Senator Abetz. I have not finished. You will get your turn when I am finished. I just think that there is some misreporting of the situation in Perth Airport because it is very busy and it is very integral to our great state.

Senator ABETZ—Chair, can I thank you for what I assume was a statement.

CHAIR—Yes, you can thank me for that statement. It is a statement of clarification. Senator Back. Sorry; you have the call.

Senator BACK—I will, if I may, Chair, just comment on your observation. I have spent most of the last 10 years in and out of Third World airports, and the one thing I am able to report to you is that in most instances they have actually improved progressively over time. Our airport, I think, has gone backwards. Mr Deegan, would you be aware of the 2009 Perth Airport draft master plan that the WA airports corporation has recently released? Has that been made available to you?

Mr Deegan—Yes, Senator, and my office is involved in providing advice on the master plan to the federal government.

Senator BACK—What was of most concern to me was that the plan identified that the congestion currently is costing the Western Australian economy \$21 million annually; that is their estimate. What shocked me more than anything else was that that was expected to rise from \$20 million to \$200 million by 2011-12. My concern relates to what action can be taken in the event that that figure, or somewhere near it, is real. Then, really, despite the comments that have been made, we are not yet at a stage where we can address that potential loss. I just ask: what can be done to progress it?

Mr Deegan—Again, our process, which Senator Abetz asked about, is a process to determine how these projects might best be placed in some sort of priority, how that fits. We are working with the Western Australian government to further develop both the work around the multimodal routes in and out of Perth and also providing advice, with the department, to the minister about the master plan. So there is work continuing in those areas.

CHAIR—Sorry, Senator and Mr Deegan. I have an interest there, as I said. Would that Perth Airport master plan be better addressed in Aviation and airports tomorrow, Mr Tongue?

Mr Deegan—Indeed, they will be providing formal advice on that. We are just involved as a small part of that.

CHAIR—Sorry, Senator Back.

Senator BACK—Thank you for that. My only other question relates to Roe Highway and Leach Highway. Is there a more appropriate time?

Mr Tongue—Yes, under Infrastructure investment, Senator, shortly.

Senator BACK—Sure. That is fine. Thank you very much, Chair.

Senator WILLIAMS—On to the ports. I refer to Newcastle Port. Mr Deegan, you are obviously doing some work looking at upgrading the port because when you fly over it you see 40, 45 or 50 ships lined up and ready to load.

Mr Deegan—It is a complex issue, Senator, as you know. As part of the discussions, there is a series of things that the New South Wales government has undertaken. You would be aware of the report done by the Hon. Nick Greiner which provides advice on a range of issues associated with that port. The interconnection between the coal loader, the railway and the coalmines is clearly critical as part of that—the development of what is now the third coal loader being developed by the Newcastle Coal Infrastructure Group, the timing and scheduling of those arrangements. The Australian Competition and Consumer Commission is involved in that. What we are seeking to do at a broader level is understand how those ports more generally operate, compare the different operating patterns and see whether there is some advice we can give to the Commonwealth about what further improvements could take place. Certainly the operation in Newcastle is largely dependent on the coal players and where they take it, and the coordination issues associated with that.

Senator WILLIAMS—I realise it was the previous government that upgraded the rail from Singleton to Newcastle, and that is certainly freighting a lot more and is far more efficient. Unfortunately, for 14 years—and Senator Conroy is not listening to me—the New South Wales government has neglected the Port of Newcastle, like many other things. Hopefully that is addressed for our export situation in the near future.

Mr Deegan—I think the allocation of a \$1.2 billion into rail systems in the last six months or so to the Australian Rail Track Corporation is an indication of the Commonwealth's interest in the development of that port. But, to be fair to New South Wales, they are doing a lot of work on that.

The new third coal loader is something that is being coordinated and worked through with the New South Wales government, BHP and the other players. The release of the BHP land to the New South Wales government is clearly a strong pointer to the sorts of involvement they have. I am also aware that the New South Wales government is involved in the redeveloped master plan for Newcastle city as well. So there is a host of things that the Commonwealth, the New South Wales government and the private sector are involved in in the Hunter Valley.

Senator WILLIAMS—Thank you, Mr Deegan, but I will have to disagree with you about being fair to the New South Wales government. I do not think there is anything fair about

them at all. We will move on to another issue. Chairman Sir Rod Eddington says Infrastructure Australia is 'generally very happy' with the budget and that there is about \$8.5 billion in new spending for rail, road and port projects. Are you generally happy with the budget and that money that was set aside for Infrastructure Australia?

Senator Conroy—I know that Mr Deegan is more than capable of answering that question, but I think you are asking an opinion of an officer at the table.

Senator WILLIAMS—Okay.

Senator Conroy—I am not sure that that is an appropriate question.

Senator WILLIAMS—Mr Deegan, what projects that did not get a guernsey in the budget do you think should be high on the priority list as far as infrastructure goes?

Senator Conroy—Again, I think you are asking for an opinion, Senator Williams. You are entitled to ask a wide-ranging set of questions, but to ask an officer an opinion like that I am sure you understand is outside the bounds of this particular Senate estimates process.

Senator WILLIAMS—Okay.

Mr Deegan—Let me say that our role is to provide advice; governments decide. We understand that that is our role and we are very comfortable with that.

Senator WILLIAMS—The Brisbane to Melbourne train line project—there were rumours about it. Little of the budget was a surprise on the night, because they had managed to leak most of it. Some of the leaking was in reference to the construction of the Brisbane to Melbourne train line. Is it high on your agenda?

Mr Deegan—Again, on page 10 of our report, where we identify priority infrastructure pipeline projects with real potential, we indicate that there is further work going on in the north-south rail freight corridors, including the northern Sydney freight line and various rail deviation projects. It is worded deliberately, because that does include the proposed inland rail project. You would be aware that the first round of feasibility work has been completed. The second round is well underway. We meet regularly with the ATEC group associated with the inland rail. There is a host of issues from our point of view on advice to government about both the coastal route and the potential inland route and it does need to come to a landing on those issues. I met with Mr Balassis last week or the week before—as we try to take forward that dialogue. The Australian Rail Track Corporation are formally doing the feasibility work, but, from a broader national perspective about rail freight and where that might operate, we have a clear interest in providing advice to the Commonwealth.

Senator WILLIAMS—Highway 1 is the responsibility of the federal government.

Mr Tongue—We certainly invest in it, yes.

Senator WILLIAMS—The section of the New England Highway—and, Mr Deegan, I would be keen to show it to you when you head up our way on 7 July, which are we are very pleased about—

Mr Deegan—I look forward to that.

Senator WILLIAMS—Yes, it will be good. It will be a good trip around—not when you get there, though.

Senator Conroy—Aren't you inviting more than one person? I am hurt.

Senator WILLIAMS—There is a section of the New England Highway known as Bolivia Hill between Deepwater and Tenterfield. It is a very, very dangerous section. We had one young lad killed there a matter of months ago. I have written to Minister Albanese, and the reply was that they had put hundreds of millions of dollars into the New England Highway and that it was up to the New South Wales government to decide how they allocated that money.

Senator Conroy—Blame game.

Senator WILLIAMS—Yes, blame games. Is it the normal thing that the federal government gives the money to the state to decide where they spend it on the New England Highway?

Mr Tongue—It depends a little bit on what program the funds are coming from and it depends also on what part of the network we are talking about. Where the federal government allocates money for a specific project—some of the things that Infrastructure Australia has identified—we normally work under what I call a head arrangement with the state government around how that particular project will be allocated. There are other elements of funding black spots, for example, where there are state based arrangements and a lot of the priority setting is state and locally based. So it depends to some extent on the nature of the funding source out of the various allocations that we are responsible for.

Senator WILLIAMS—I must say a lot of the New England Highway is in good condition—I drive it regularly—especially new projects being completed, such as Black Mountain and the bridge down at Tenterfield, which are much safer thanks to the previous government of 11½ years. But that section of Bolivia Hill is really dangerous, and I would be keen to show Mr Deegan that section if he is up there. It is a terrible black spot. Perhaps Infrastructure Australia could look at that at some later time. That is it from me.

Senator LUDLAM—I am going to ask a couple of general questions. I might throw to Senator Milne some of the climate related stuff, if that is all right. The last couple of times we have had you here at estimates hearings I have asked about your future oil price assumptions and the cost-benefit analysis modelling that you have done. You said on both occasions—in October and February—that you were not able to disclose that because it was still under development. Presumably, that is well in the bag by now. Firstly, can you tell us the form of cost-benefit analysis that you use to prioritise the economics of the projects?

Mr Deegan—I have indicated earlier in the course of the discussion that the work we have done in the prioritisation is publicly available on our website with the detail of the cost-benefit analysis structure of how that is undertaken. I had also indicated in our last discussion about carbon price assumptions and oil price assumptions that the Treasury climate change modelling unit had made it clear that the futures market for the carbon market is not mature, and there is a host of other material I provided at the last Senate estimates discussion.

Senator LUDLAM—Is it possible to separate out for the moment the future carbon price, which is a very different conversation to future oil prices on world markets?

Mr Deegan—Those things are being developed.

Senator LUDLAM—Still being developed?

Mr Deegan—That is right. These things are not easy. We had a forum just last week, chaired by Professor Peter Newman, from the Infrastructure Australia council, about agglomeration economics—trying to deal with a host of those issues with a host of technical experts. Clearly, there are people still grappling with how to best model that. That is not part of our work to date.

Senator LUDLAM—But in the meantime we have billions of dollars worth of funding commitments based on, obviously, very partial modelling. Is that giving you concern? We have billions of dollars worth of actual funding commitments to pouring concrete. I think, in contradiction to Senator McGauran, there are some fairly substantial actual investments in projects announced in the budget. But you are saying that you are still not in a position to have a strong opinion about future oil prices?

Mr Deegan—That is correct, based on the advice provided at previous Senate estimates. I could add, though, that of course there are significant decisions taken by the Commonwealth about funding public transport rail as well as consideration of freight rail issues.

Senator LUDLAM—Certainly, but I am suggesting that, in terms of the balance, the balance is still overwhelmingly in favour of road funding. I realise those budget decisions are taken by the government, but this is on the basis of advice provided by you. You have not been able to provide the government with any kind of opinions or expert advice on future oil prices.

Mr Deegan—Again, if you like I can read out the answer that I provided the last time about carbon oil price assumptions and the model.

Senator LUDLAM—I was here, but that was also before funding commitments were made.

Mr Deegan—That is right. That is where we sit.

Senator LUDLAM—Has your office referred to the *World energy outlook 2008*—the report published in November 2008? It looks at—

Mr Deegan—I will take that on notice.

Senator LUDLAM—If you would. The reason I raise that one in particular is that obviously the International Energy Agency are a pretty credible authority on these sorts of matters. They have pointed out fairly severe shortfalls opening up in the order of four per cent per annum in oil supplies in the near term. I am looking for whether that sort of thinking is being incorporated into your model, or is that still down the track somewhere?

Mr Deegan—I will take it on notice. It is probably still down the track as part of our consideration.

Senator LUDLAM—Did you want to provide us with an estimate of when you would have some sort of concrete analysis of oil prices in your model?

Mr Deegan—Again, I think that would be part of our discussion with the Treasury and other officials. So I will take that on notice.

Senator LUDLAM—Sometime this year? Maybe next year?

Mr Deegan—I will take this on notice, Senator.

Senator LUDLAM—I missed Professor Newman's presentation the other night. Obviously, in public transport work, unless you get land use planning right there is not much use putting urban rail projects in. How is land use planning, which is traditionally a local government and state government responsibility, being incorporated into the projects that you fund?

Mr Deegan—In the process of working with proponents on these projects, when you go to the cost-benefit analysis—these are expensive projects—you look at what benefits might accrue. With very positive discussions with each of the jurisdictions about land use matters, transport oriented developments and the sorts of opportunities that we might undertake to improve both the operation and the transformation of our cities, we also deal with the economics of these cases.

If you go across the nation, Perth has spent a lot of money on public transport rail and is continuing to consider further opportunities for transport oriented development. In discussions with the South Australian government about the rail projects it is dealing with, we heard that it is looking at a vast range of transport oriented developments as part of the land use pattern to encourage people to use public transport and live near both public transport access and other facilities and services. In South Australia I think there is a very compelling case about transforming the city for a whole host of economic and other outcomes.

Victoria had well developed its east-west rail proposal. It is looking at a range of transport oriented developments, different land use patterns et cetera to deal with both the express rail proposal and subsequently the east-west tunnel. Sydney is spending a lot of time working on land use patterns associated with the various metro proposals. They are projects with which we are very actively engaged.

If you go across the nation, Perth has already done a lot, Adelaide is completing a considerable amount of work, Melbourne is well advanced in its work and Sydney is the next major rail project to come on stream. We are working with Brisbane with the funds allocated for the inner-city Brisbane rail study to look at not just the concrete sleepers and steel but the land use pattern development around that project, as was done with, for example, the Gold Coast Rapid Transit project. In the first round there was clearly more work needed on land use. The proponent there had undertaken considerably more work on possible land use development that supported their project. There is quite an active discussion with each of the jurisdictions and the local governments involved about those matters.

Senator LUDLAM—I am just wondering whether you can tell us the degree to which that will be formalised. I notice that on page 26 of your priorities short list you talk about a 'national framework for public transport network planning', 'Action, to be developed'. Obviously there is a name for it. Can you tell us a bit about what that initiative is?

Mr Deegan—There are a number of initiatives outlined in the document—freight strategies, ports strategies and others. This is one of those that we are working with. You may have seen the announcement by the federal minister arising out of the local government planning ministers conference where he outlined that the Major Cities Unit, which reports through me, is responsible for development of a national urban policy. Part of that will be the

public transport framework as well. That is work that we have been charged with. You may have also seen comments by the Prime Minister in the same vein.

Senator LUDLAM—Maybe we will stay there for the moment because the committee requested the presence of the Major Cities Unit and I think we were rebuffed and told that you would be able to ably represent them.

Mr Deegan—No, Senator, you were not rebuffed at all. The Major Cities Unit report through me. They have three staff. If I cannot answer the question I will take it on notice. We have very limited staff, but we understand the importance of servicing this committee. That is why, as the senior person involved, I am here.

Senator LUDLAM—We certainly appreciate your presence. I am just wondering whether there is a bit of a pattern developing. They did not want to appear in front of the Senate committee looking at public transport, either.

Senator Conroy—Mr Deegan is the responsible statutory officer. He is here and is available to answer questions you have.

Senator IAN MACDONALD—He is now asking why they did not appear before the Senate committee.

Senator LUDLAM—I am not questioning your ability to represent that agency, but it is sometimes very helpful to speak to the agency directly.

Mr Deegan—Sure, and I am the agency directly.

Senator Conroy—He is in charge of the agency.

Senator LUDLAM—Can you tell us what the staffing, the budgeting and the priorities are of that agency at this time?

Mr Deegan—Sure. We have four staff in the Major Cities Unit. The fourth staff member starts next Friday. I met with her yesterday. It is a small unit focused on the national urban policy. I will give you an update on where we are at. It commenced in November 2008. The four streams of work—and I think I have outlined this before—are governance and policy; engagement and consultation, with a whole host of players; research, benchmarking and best practice; and then possible project funding programs should the Commonwealth decide to go into that space. Given the announcements by the Prime Minister and the minister coming out of the local government and planning ministers conference, the national urban policy will be the primary focus of the Major Cities Unit with those four streams of work over the next 12 months.

Senator LUDLAM—It is a very small unit with a very large mandate. There is not even one person for each of the country's major cities. There are four people looking after the nation's major cities, and it sounds like it does have a very large remit.

Mr Deegan—They are highly skilled, terrific people. The way we are operating, both with the Major Cities Unit and Infrastructure Australia, is that we are not pretending that we should have a large bureaucracy with all of the answers but rather we work with the host of players already involved in these issues, from academics to the capital city lord mayors. There is a

whole host of resources already willing and able to work on this project of national significance. We are tapping into those.

Senator LUDLAM—Thanks for that. I believe that if I want to discuss some of the specific projects that you may or may not have short-listed we are going to deal with that down the track in outcome 4; is that correct?

Mr Deegan—In terms of major cities, if—

Senator LUDLAM—Moving on to some of the other projects.

Mr Deegan—Depending on which projects they might be.

Senator LUDLAM—I go back to some of the issues Senator Back raised before about the port of Oakajee. It was not in your first priority list. What was in your priority actions was a strategy before building a port, and yet the port is what the government has funded. Have you had to rearrange your priorities or your work plan around that port?

Mr Deegan—No, the government has decided that that is a project that it believes is of national significance. We are working with all of the proponents of the projects identified on pages 10 and 11 as part of our work stream.

Senator LUDLAM—So it was not a concern to you that a project seems to have been grabbed off the second list and put into the first?

Mr Deegan—We are always delighted to see the Commonwealth take a greater interest in the projects.

Mr Tongue—That funding has been set aside subject to further work with Infrastructure Australia. So the government set it aside but it is still subject to work that Infrastructure Australia needs to do.

Senator LUDLAM—Will it be contingent on the development and finalisation of the National Ports Strategy, or is that able to go ahead?

Mr Deegan—Those things will happen in parallel.

Senator LUDLAM—So we will be developing the strategy as we build the port?

Mr Deegan—We will be developing the strategy for the national approach. We cannot just hold up these major port developments while that port development strategy is taking place. It includes all the ports that we are dealing with. They will act in an interactive fashion.

Senator LUDLAM—I want to ask you briefly about the creation of a true national energy market—the energy strategy. I believe the national energy grid talks about an interconnector between the NEM and the south-west system and also the Pilbara grid. At what stage is that thinking? Has anybody looked at the actual cost of putting transmission lines across the Nullarbor and what the point or the benefit of that would be?

Mr Deegan—What we have been asked by to do by the Infrastructure Australia council is prepare some advice about the issues associated with a national energy grid. That is issues to do with the Pilbara. We raised earlier with Senator Macdonald issues to do with Mount Isa and the development of the minerals and mining industry there. There are a host of issues to do with access to the national grid potentially for renewable energy. There are already some

examples of that. We need to have a broad national view of what the grid looks like, what issues there are to further develop it and indeed the issues about the cost and benefit of the further development of the grid. I have had one of my people working on that for some two to three months. It is not quite complete to take it to the council yet, but there will be continuing work on that. Again, we are working with the Commonwealth department of energy, some of the state bodies, the industry associations, community groups, environmental groups and others on that work.

Senator LUDLAM—One of the options on the table, though, would be a 1,000- or 2,000-kilometre interconnector between east and west?

Mr Deegan—It is too early to give you that advice yet.

Senator LUDLAM—I thought you might say that. I might come back to some of the specific questions later in outcome 4, but I know Senator Milne has some direct questions on climate change.

Mr Deegan—If they are outcome 4, I may not be here. If there are any particular ones on this list that you want, I would be happy to help.

Senator LUDLAM—I am going to go into the nitty-gritty behind some of the specific projects, but I guess that can wait.

Mr Tongue—I would be cautious, Senator, because Mr Deegan is based in Sydney. If you want to start, we could give you a guide.

Senator LUDLAM—Can you just draw the distinction for us of what we will be able to talk about under infrastructure investment? What expertise will be at the table at that stage?

Mr Deegan—Sure. Perhaps, if you outline the nature of the questions, we could give you a quick—

Senator LUDLAM—I have about half an hour's worth, which means I will have misled the chair somewhat.

Mr Deegan—Could we take that list at the lunch break and work through with you what we can help you with—

Senator LUDLAM—That might be a good idea.

Mr Deegan—if that is acceptable, Chair? Senator Ludlam may have a series of questions requiring my attention, so we might work through the lunch break and see what we can help him with.

CHAIR—Absolutely.

Senator IAN MACDONALD—I was told that the light rail on the Gold Coast, the West Metro project in Sydney and the Melbourne project are all item 4, not your area.

Mr Deegan—The advice we have given to the government is that they are projects worthy of investment. The advice has now been taken by the government. They have taken a decision to invest in those projects. The further development of the projects is the responsibility of the department.

Senator IAN MACDONALD—I want to raise some issues about Sir Rod Eddington and the regional express project. Is that now or in item 4?

Mr Deegan—Please ask.

Senator MILNE—Sorry—

Senator IAN MACDONALD—Senator Milne has quite rightly said that she was listed, but I stopped asking questions because I assumed they were related to item 4. I will now wait until after Senator Milne. It is clear that we are going to go after one o'clock with you, Mr Deegan. That is the good news for you for today. I will concede to Senator Milne.

Senator MILNE—Mr Deegan, you will recall that when the legislation for Infrastructure Australia went through the parliament there was some debate about whether Infrastructure Australia would report on the greenhouse gas emissions or the assessment of the projects which it would be assessing, and the parliament was assured that that would be the case. Can you tell me whether there has been a greenhouse gas emission assessment of all of the projects that you have recommended or not recommended? Could you provide those assessments to the committee?

Mr Deegan—We had a reasonably long and productive discussion with Senator Abetz earlier about the prioritisation framework, and the outline of Infrastructure Australia's prioritisation methodology is available on the Infrastructure Australia website and has been since September of last year. One of the criteria that we seek to deal with—and there is some detail there—is a rating against whether or not the particular project and proponent would reduce greenhouse emissions. That assessment is undertaken, and that document is at page 10 of the prioritisation methodology. At page 8 of the document, there is detail of the assessment criteria that are used against that particular outcome on reducing greenhouse emissions, as to whether the project in that particular category is of high benefit or high detriment and a range in between all of those.

Senator MILNE—So is that assessment available for each project?

Mr Deegan—That is a matter for government.

Senator ABETZ—No, whether you have done such an assessment is something that you can tell us—

Mr Deegan—Yes, I have just indicated that we have done that assessment.

Senator MILNE—So, for all of the projects that you have reported to government about, there is a greenhouse gas assessment on that high to low rating but it is not to be made public. Is that what you are saying?

Mr Deegan—That is a matter for government.

Senator MILNE—Minister, will the government now make available the rating that Infrastructure Australia has made for each of the projects the government has recommended in its infrastructure spend?

Senator Conroy—Thanks, Senator Milne. I will happily take that on notice and seek further information from the minister.

Senator MILNE—Minister, I find that extraordinary because if you go back to the Senate debate you will recall the very long engagement you and I had, and you gave the Senate an undertaking that these things would be assessed. There was a clear understanding that the public would be able to make a judgment about that, and now we are being told that there is no requirement to make that public.

Senator Conroy—There are two points there. Firstly, I think Mr Deegan has indicated that we kept that commitment we had in that long dialogue, so I do not think you were suggesting we had not kept our commitment on that.

Senator MILNE—No.

Senator Conroy—You are now seeking information about whether or not we were going to release it, and what I have said is that I do not know the answer to that. I will happily take it on notice and seek further information from the minister and make it available as soon as possible.

Senator MILNE—What I am asking on notice is that you provide the greenhouse gas rating for all of the projects that you have recommended. Is that fully understood?

Senator Conroy—That is understood.

Senator MILNE—Thank you, Chair.

Senator LUDLAM—Can I follow up?

CHAIR—Yes, go for it. There is plenty of time.

Senator LUDLAM—It is along the lines of the issue that Senator Milne raised. I am wondering about the very first question that I asked, Mr Deegan, about sensitivity to oil prices. Can you tell us—and not project by project—whether you have at least outlined in your prioritisation list for government whether particular projects are sensitive to world oil prices to a greater or lesser degree? I am not going to the model.

Mr Deegan—It has not gone into the detailed modelling. It is an assessment against the proponent's project and their evaluation of the impact on greenhouse gas. We then independently provide an assessment with some expert advice as to whether it is in that range of beneficial or detrimental on a common-sense basis. It does not have the detailed modelling that you seek.

Senator LUDLAM—Oil prices were not a prescribed criterion that you were required to assess, in the same way that greenhouse gas considerations were?

Mr Deegan—There were a range of criteria, but it was limited to the greenhouse impact in that particular respect.

Senator LUDLAM—But, off your own bat, there is nothing stopping you taking oil prices as an important variable?

Mr Deegan—As a development? Absolutely.

Senator LUDLAM—I guess my question is: did you rate projects at all in terms of their sensitivity to future oil prices?

Mr Deegan—We had one environmental criterion, which was the greenhouse gas and which we have done. Clearly, the project and the sorts of issues you are raising are things that we continue to work through. We do not have an answer to that yet.

Senator LUDLAM—This is an economic rather than an environmental criterion.

Senator Conroy—But the modelling and analysis used is best practice as it stands today. It is better than any model ever used before, and best practice by definition evolves. So we can only work with the best models we have available. I am sure Mr Deegan is indicating that they can consider a range of issues, but we are working with the best practice models at the moment.

Senator LUDLAM—That is great. Does the best model include sensitivity to future oil prices? That is not the same as guessing what they might be down the track; it is a separate question.

Mr Deegan—That is something we continue to work on. We have not developed that. It is still an issue that we hear from you and we have taken on. As we review our own processes, we look at what we have missed, what we could improve on and what other people are doing around the country and indeed internationally. They are all things that we continue to work on.

Senator LUDLAM—The point I am making—not to labour it, and I will finish here—is that the demand for a freeway, an airport expansion or even a port, but in particular a freeway, would be very heavily dependent on projections of future traffic, which are in turn dependent on what the future oil price is.

Mr Deegan—Indeed, and we have started to work on induced traffic at a broad level and the induced traffic associated with lane use development, so there is particularly a road project in Victoria looking at the induced traffic. It is an uncertain science, and to add into that the impact of oil price is an area we continue to need to look at. I do not have the answer as yet. We would like to get there.

Senator LUDLAM—I think it would be essential.

Senator ABETZ—I will try to return to where I left off at about 11 o'clock. Were any last-minute changes made to the list of projects that were funded in the budget? Are you able to advise us on that?

Mr Deegan—We provided our advice through a proper process in good faith that was—

Senator ABETZ—And it was all accepted in full?

Mr Deegan—The advice was considered. Whether it was accepted by government is a matter for them.

Senator ABETZ—All right, Minister. Was it accepted in full?

Mr Deegan—We provided this advice as a document. The government decided not to fund some projects. That is a matter for government.

Senator ABETZ—And did you decide not to fund some projects, Minister?

Senator Conroy—I am sure that we have indicated which ones we have funded. I think Mr Deegan has indicated there were some projects we did not fund.

Senator ABETZ—Which ones were they?

Mr Deegan—For example, Senator, stage 2 of the Majura Parkway in the ACT.

Senator ABETZ—How did the government then determine its prioritisation in relation to which projects were funded and which ones were not?

Mr Deegan—Just walking through the list of the priority projects and actions ready to proceed, the Commonwealth government did not support the funding of the Adelaide rail freight junctions and level crossings at Goodwood and Torrens or the Majura Parkway. I think the other projects were all agreed. You would be aware that the Australian Rail Track Corporation had an equity injection of \$1.2 billion prior to the budget. The extent to which that may or may not cover the rail freight junctions at Goodwood and Torrens in South Australia may be for others to determine, including the Australian Rail Track Corporation. The basis for the decision not to support Majura Parkway as the road freight project here in the ACT is clearly a matter the government has taken into consideration in its broader budget consideration.

Senator ABETZ—Which I understand, but like—

Senator Conroy—If I can just add to the collection please, Senator Abetz.

Senator ABETZ—Yes, of course.

Senator Conroy—We have taken full account of Infrastructure Australia's advice and made sound infrastructure investment decisions in a tough economic environment. The government has selected projects that it believes will deliver the greatest benefits to the economy over the longer term.

Senator ABETZ—Right. So this—

Senator Conroy—Sorry, I had not actually finished.

Senator ABETZ—Sorry.

Senator Conroy—I was just drawing breath.

Senator ABETZ—I thought it was a pregnant—

Senator Conroy—No.

Senator ABETZ—I thought you had finished.

Senator Conroy—It is more me gasping for air through my somewhat congested sinuses at the moment, Senator.

Senator ABETZ—Sorry. I jumped the gun.

Senator Conroy—With regard to the Majura Parkway in the ACT, the government has committed to the intersection of Fairbairn Avenue and the alignment of the Majura Parkway and Federal Highway as part of the Canberra Airport precinct upgrade. Safety improvements to the Barton Highway have also been funded. There is \$7.8 million to address the black spots and \$28 million through the Roads to Recovery program. With regard to the Goodwood and

Torrens freight junctions in Adelaide, the government has already made extensive investments in rail freight in Australia. A number of projects funded as part of the government's \$1.2 billion injection to the ARTC announcement in December will assist in the movement of rail freight. South Australia has also benefited to the tune of \$380 million in rail and road infrastructure in this budget alone.

Senator ABETZ—Thank you. This is—

Senator Conroy—I am just anticipating—

Senator ABETZ—No, you are reading a lot of gobbledegook—

Senator Conroy—No, I am anticipating some of your follow-up questions. I am just trying to provide as much information to the committee as I can—

Senator ABETZ—No, you are trying to wind down the clock with information that is irrelevant.

Senator Conroy—Wind down the clock? We have two days to go.

Senator ABETZ—And it is going to be two days, I can assure you.

Senator Conroy—It is a brave minister who tries to wind down the clock on the first morning of a two-day project, Senator. If I can just finish, in South Australia we have committed to \$9.5 million to address black spots, \$9.1 million on installing boom gates—

Senator ABETZ—This is completely irrelevant.

Senator Conroy—\$4.2 million for track safety and \$78.7 million for local roads. You were asking—

Senator ABETZ—Did you, Mr Deegan, make any recommendations into funding for these local roads that Senator Conroy is talking about?

Mr Deegan—Funding decisions are not the property of Infrastructure Australia, Senator.

Senator ABETZ—Exactly. You are completely outside the brief, Minister.

Mr Deegan—No. The minister has indicated the funding—

Senator Conroy—You asked about the funding of projects and some projects not being funded, so I am just trying to make sure you have a comprehensive view.

Senator ABETZ—No. You are now talking about projects that were not even considered by Infrastructure Australia.

Senator Conroy—After considering the advice from Infrastructure Australia, the government decided to invest in, as is described, priority infrastructure projects, and there is a list of them. I will not read them all out because I am not trying to take up time.

Senator ABETZ—Thank you. So the priority of these infrastructure projects was determined by the government?

Senator Conroy—The government has selected projects that it believes will deliver the greatest benefits to the economy over the longer term.

Senator ABETZ—So Infrastructure Australia could not get its head around some of these projects, so the government had to come over the top to assist?

Senator Conroy—No. The government decided to fund a number of projects that were in the pipeline of projects, including—just to give you an example, and I think it is important to put these on the record—

Senator ABETZ—It is not.

Senator Conroy—You are making a whole range of assertions that the government has come over the top—

Senator ABETZ—I am asking questions.

Senator Conroy—You have made a whole range of assertions that we have come over the top.

Senator ABETZ—You are so defensive.

Senator Conroy—No, I am trying to give you the information, Senator Abetz.

Senator ABETZ—No, you are so defensive.

Senator Conroy—In terms of the Bruce Highway from Cooroy to Curra, this construction is expected to start in 2009 and the total federal investment will be \$488 million. There is the Northbridge rail link, which I think we have had a little bit of discussion with Senator Back about, the West Metro preconstruction work, the Brisbane inner-city rail feasibility study and, as has been mentioned, \$339 million for an equity injection into Oakajee port common-user facilities and \$50 million for the Darwin port expansion. This money will be set aside subject to further work and consideration by Infrastructure Australia. In total, that comes to \$8.5 billion. So, yes, there were some projects in the pipeline which the government decided it would fund because they were of significance.

Senator ABETZ—But which had not been recommended by Infrastructure Australia?

Senator Conroy—We funded 14 projects identified by Infrastructure Australia.

Senator ABETZ—Did the government fund any projects that were not identified by Infrastructure Australia in its priority list?

Senator Conroy—Depending on whether you count in the pipeline—

Senator ABETZ—A simple answer: either yes or no—

Senator Conroy—No, it depends on whether you are—

Senator ABETZ—and then tell us which ones.

Senator Conroy—I have actually just done that, if you would let me finish—

Senator ABETZ—No, you have not.

Senator Conroy—If you would let me finish a sentence instead of interjecting: as I said, we decided to contribute funds towards six projects in the pipeline, depending on whether you consider the pipeline as part of our recommendations or not. That was the only point I was seeking to clarify with you. But we took a decision to fund six projects, which I have just read out. I will happily read them out again, but I am sure you would prefer I did not. So, yes, we did. That is the function of government. We decide how to allocate resources.

Senator ABETZ—Of course that is your task, and I fully accept that. But you cannot then pretend that all of it was done through a robust mechanism such as Infrastructure Australia which acts independently, tells you what the priorities ought be and then you act on it when by then cherry-picking certain projects and deciding not to fund them—or to fund other projects. But I think we have now got that clear. Can I ask: Mr Eddington has referred to, as I understand—

Senator Conroy—Did you do a cost-benefit analysis on the Adelaide-Darwin rail project? Did your government conduct a cost-benefit analysis of Adelaide to—

CHAIR—It is probably a very good point, but unfortunately it is about five years too late, Minister, because it was a disaster. But, on that, Senator Abetz does have the call, Minister.

Senator ABETZ—And I am sure the chair is not engaging in partisan comments—

CHAIR—No, it is quite obvious.

Senator ABETZ—given that he has got an independent role to—

CHAIR—The Adelaide-Darwin railway line has been—

Senator ABETZ—Undoubtedly he is getting his guidance from the Speaker yesterday.

Senator Conroy—In fact, I actually heard the chair just close me down and return the call to you, Senator Abetz.

Senator ABETZ—Can I ask whether Mr Eddington and Infrastructure Australia in fact had two lists, if you like—a priority list and then, Mr Deegan, a second group or a secondary list? What do we call it?

Mr Deegan—They are identified in the document, Senator.

Senator ABETZ—Yes, but what is the terminology?

Mr Deegan—I will read it to you.

Senator ABETZ—All right.

Mr Deegan—The first is the priority projects/actions ready to proceed and the second, which is identified on pages 10 and 11, is priority infrastructure pipeline projects with real potential.

Senator Conroy—That is exactly what I have just been reading out to you, Senator Abetz.

Senator ABETZ—Those in the second group, which were described as having real potential, were in the second group because, to quote Sir Rod: ‘we don’t have enough analysis to be sure of the economic underpinning’.

Mr Deegan—What was the date of that? I do not know the document to which you refer, Senator.

Senator ABETZ—Well, Mr Deegan, are you denying that Sir Eddington said that?

Mr Deegan—No, I am asking for the date, that is all.

Senator ABETZ—Well, I am the one here to ask questions.

Senator Conroy—He is asking so he can clarify his answer.

Mr Deegan—I would like to help you, Senator. I would like the date of that because there is a lot of work that went on from the first stage. There was a lot of iterative work. There were a lot of things that happened in a relatively short period of time. If I can help you with the answer, I would be happy to.

Senator ABETZ—You are not aware of Sir Eddington making that sort of a comment?

Mr Deegan—I was just asking for the timeline, that is all.

Senator ABETZ—Come on, how long has this show been on the road? When was Sir Rod appointed?

Senator Conroy—Mr Deegan is simply seeking to assist with your question.

Senator ABETZ—‘When was Sir Rod appointed?’ is the question. Do we know when Sir Rod was appointed?

Mr Tongue—The Infrastructure Australia legislation was one of the first pieces of legislation passed by the now government, and my recollection is that Sir Rod was appointed soon after the passage of the legislation.

Senator ABETZ—So 12 months?

Mr Tongue—Yes, at least.

Senator ABETZ—So we are quibbling about when he may have said something in a period of 12 months. If he had been in the role for five or six years I could understand.

Senator Conroy—You would speed up the process if you would tell us the date of that letter. I am not asking you to table it, just for the date of it.

Senator ABETZ—Well, Mr Deegan, would you agree that those projects that were in the second group were thus placed because there was not enough analysis to be sure of the economic underpinning?

Senator Conroy—This is the December letter from last year, isn’t it?

Senator ABETZ—Was that one of the reasons that projects were put into that secondary group?

Senator Conroy—Let us be clear. That letter is—

Senator ABETZ—You are assuming it was a letter.

Mr Deegan—I cannot verify the source of your document and then give you a sensible answer?

Senator ABETZ—I am not even relying on a document. If you would listen to the question instead of trying to be smart, Minister, we might actually get answers.

Senator Conroy—God, I love it when you cross-examine yourself!

Senator ABETZ—I asked: does Mr Deegan agree that the projects which were put into the secondary group were placed in that secondary group because not enough analysis had been done to be sure of the economic underpinning? Now, I am not quoting anybody here; I am just using some words, and I would be interested to know whether those words properly describe why projects were placed into the secondary category.

Mr Deegan—Senator, I am very sorry. I thought you were quoting from a document. I thought you were quoting Sir Rod Eddington.

Senator Conroy—Well, actually he said he was.

Mr Deegan—And I was seeking to understand the timeline. The purpose of seeking to understand the timeline of those comments is because at a point of time Sir Rod Eddington had indicated that there was considerably more work needed on projects for their proper assessment in the prioritisation methodology that I outlined. A number of those projects have taken a huge amount of work since whatever date that you may or may not be referring to, and the projects were considered in the two categories that are outlined in the May document released with the budget.

Senator ABETZ—In that May document there is, for ease, a priority list and a secondary list.

Senator Conroy—A pipeline list.

Senator ABETZ—A ‘pipeline list’—all right, ‘pipeline list’.

Senator Conroy—Just so we have common language.

Senator ABETZ—Right, the ‘pipeline list’. So, did those projects in the pipeline list not get priority because it was considered not enough analysis had been done to be sure of their economic underpinning?

Mr Deegan—There are a range of reasons why projects would sit on the pipeline list.

Senator ABETZ—Did it include, as part of this range of reasons, Mr Deegan, that they did not have sufficient analysis to be sure of their economic underpinning? Was that one of the considerations?

Mr Deegan—In some cases; in other cases not. So, for example, there are a number of projects that have a strong economic case that are in the pipeline list but there are issues to do with the delivery of the works. There were other issues, some of which are relatively small and easy to deal with and others that are larger. So, for example, on Oakajee port and Darwin port the government has said, ‘We think these are sufficiently important to warrant much more detailed investigation and provide funds on a contingency basis.’ It is the same, say, with the development of Northbridge. The government saw that there was considerable potential to transform the city of Perth and that that warranted support. They are decisions quite properly for the government to undertake. There were, no doubt, discussions between the Commonwealth and Western Australian governments at other levels to ensure that these decisions were taken in the national interest.

Senator ABETZ—Can you tell us, in relation to the pipeline list, which of those projects were considered to not have enough analysis to be sure of their economic underpinning?

Senator Conroy—Senator Abetz, I think you are now seeking to drill down into issues that we use to formulate the advice to government. So it would be fair to say that I think you are again possibly crossing the line of seeking information that goes to advice to government. I am happy to take it on notice and check with the minister as to whether or not he feels that you have crossed that line. Up until now, again, you have been on the other side of that line,

but I think I might err on the cautious side by taking that one on notice and seeking the advice of the minister about whether it constitutes crossing the line in his opinion.

Senator ABETZ—It was very interesting that Mr Deegan had no difficulty in telling us his advice in relation to some of the projects which you guys did fund but when I asked—

Senator Conroy—I thought he was trying to be as helpful as possible.

Senator ABETZ—I have talked about the Oakajee port project and the Northbridge rail project.

Senator Conroy—I think he gave a general guide as to the advice. As I said, I will err on the conservative side here. We will take that on notice and seek the minister's advice on whether he believes that information is across the line.

CHAIR—On that, Minister and Senator Abetz, I will help you both out. It is one o'clock. It is now lunchtime. We will take a break for one hour and we will back at 2 pm sharp.

Proceedings suspended from 12.59 pm to 2.00 pm

CHAIR—We are in continuation on Infrastructure Australia with Mr Deegan. Senator Abetz?

Senator ABETZ—Thank you, Chair. Before lunch, I think we had agreed that some of the projects that were in the pipeline category were in that pipeline category because not enough analysis to be sure of the economic underpinning had been done. Is that correct?

Mr Deegan—I think I indicated, Senator, there are a range of reasons why the projects were on the pipeline. Some were affected by the analysis you have just identified.

Senator ABETZ—Are you able to tell us which ones of those in the pipeline category were so affected?

Mr Deegan—That is a matter for government.

Senator ABETZ—The interesting thing is: you are willing to publicly tell us the advice you gave for all the priority projects and that they had all overcome this hurdle after careful analysis against the 21-page document, so there is full exposure there, but then when we ask why some might be in a second-rate category, we cannot actually be fully told why. I will place that question on notice, but just indicate via the *Hansard*, Chair, that I do think the government needs some more transparency. Just in case they do need reminding, there was such a thing called Operation Sunlight and evidenced-based decision making that a certain leader of the opposition talked about before he became Prime Minister. If these are all evidence-based decisions, that evidence should then be made available to committees such as this and a little ray of sunshine on some of these decisions would also be appreciated.

So in relation to those, without identifying them, Mr Deegan, that did not have sufficient analysis to be sure of the economic underpinning, who will undertake the extra analysis? Will that be something Infrastructure Australia will undertake itself or will you be going back to the proponents indicating that there was this deficit in their submission and that they should go away and provide greater economic underpinning for their project?

Mr Deegan—Again, across a range of particular needs that we have identified. In our structured process, identified and prioritisation methodology, there is a profiling of the project

against the series of themes that are set out in the Infrastructure Australia documentation, an appraisal of the various projects that go to a range of issues, including economic benefit, and then there are a host of projects that are focused in the delivery stage of where this work might proceed, both in terms of funding and involving, in our view, opportunities for private sector funding, the sorts of issues that might go to regulatory reform and pricing issues associated with those projects, and further work that might be required. The work that will be undertaken in all of those projects will be a joint effort between my office and the proponent. So it is a collaborative effort to try and lift the boats to a higher level.

Senator ABETZ—Thank you for that. You have got the criteria against which you considered the projects, but without taking too long, are you able to provide us with a general impression of the standard of the applications that were put before you by the private sector and state governments, and were they on par? Do you think the state government applications—

Senator Conroy—I think you are now asking the opinion of the officer rather than asking him for facts, Senator Abetz. As you know, you are entitled to ask about facts, but you cannot ask the opinion of an officer. Maybe if you rephrase your question, I am sure Mr Deegan will be able to be helpful.

Senator ABETZ—There is no need to rephrase the question, and the ministerial intervention has, yet again, been singularly unhelpful and just designed to obfuscate. The question is: in relation to the standard of applications of the private sector in comparison to state government applications, would you say that the private sector applications, in general, were of a higher standard than the state government applications?

Mr Deegan—Good question, but a difficult question to answer.

Senator ABETZ—I hope the minister heard that; that it was a good question.

Mr Deegan—In the rephrasing, Senator.

Senator ABETZ—Oh, in the rephrasing. Good recovery.

Mr Deegan—Thank you.

Senator Conroy—Senator Abetz does not need any help to entertain himself at the table, Mr Deegan. He is doing a thorough cross-examination of himself and he is doing very well.

Mr Deegan—Senator, at page 5 of our May 2009 report and similar tables in the December report, we set out an assessment framework where we sought, and this is to go to the question you have asked, to identify what the goals were, the problems that they were seeking to address, some detailed assessment of the nature of the problem. So an analysis of why it got to that stage and then, more importantly, what other options were there that could be considered to do with the issue, and then stage 6 and 7 were more at our end of the solution assessment. We would assess how that would work and then the prioritisation. In those first five steps, we were concerned that a lot of people leapt to the solution and, indeed, in the words of our chairman, Sir Rod Eddington, to what question is this the answer? If our nation is to address the best way of dealing with the issues before the nation, properly identifying what the question is before you jump to necessarily pouring concrete or some other solutions. The most obvious example would be a pricing mechanism, that the government of the day

may or may not agree with the tolling solution, or time of day tolling or some other impacts. So I think people in the cities, for example, understand that we have assets available on a 24-hour basis, road assets, for example. They may be used for six or seven hours at its peak, similarly with public transport. Issues in water and energy are of the same nature. So we were seeking in the model we were developing to look for people to come through with a proper understanding of what the problem was and the question that they were seeking to address before jumping to the answer.

The range of responses that we had from the public and private sector varied quite extensively. Private sector, I think, and indeed much of the government sector, found this a very new process. They also found one of the big differences that my office and the council were seeking to operate under was a collaborative approach: how can we work together to lift this rather than what was perceived as the Commonwealth telling people to do things or not? So it was a very interactive process and, at the political level, to give credit to those involved, the Prime Minister met with each of the premiers and chief ministers to understand that and to make sure it was an interactive process, in the broader scale.

Senator ABETZ—Did the Prime Minister meet with the relevant people from the private sector as well, for this purpose?

Mr Deegan—I understand a series of meetings with the private sector.

Senator ABETZ—With all of them?

Mr Deegan—Well, there is any number of how that might be addressed.

Senator ABETZ—What I am trying to get at is: do you consider, in general terms, that the private sector applications were as good as state government applications? The reason I am asking the question is: it may be that state bureaucracies, being engaged in what they do, day in day out, might be able to more appropriately deal with ticking off the various boxes that you required, whereas the private sector might not be as experienced in that sort of mechanism. That is why I was asking the question. So no great hidden agenda.

Mr Deegan—No, I understand the question. I wanted to give you that framework, because it varied between proponent, whether or not they were government or private sector. So we had a combined proposal from a government proponent with two major private sector proponents, as a joint submission. We are dealing with a very well developed private sector submission. That is for a particular infrastructure need. That is extremely well thought through, meets our framework, and has a series of complex issues that need to be addressed. We have, I mentioned earlier, the City of Holdfast Bay in South Australia. Small council, met with the framework, did the process very thoroughly, did a terrific job. Our next step is to talk in general terms about a best practice model of doing this work, to hopefully change the way all these decisions are taken about investment in infrastructure.

Senator ABETZ—But in general, were the private sector ones better, do you think, than the state government ones?

Mr Deegan—There was a mix.

Senator ABETZ—Yes, I know that.

Mr Deegan—Was one better than the other—

Senator ABETZ—What is your impression of them?

Mr Deegan—Not necessarily.

Senator ABETZ—Unable to differentiate between the quality from the private sector and the state government sector.

Mr Deegan—There were some good private sector ones, some good government ones.

Senator ABETZ—Yes, understand that. But just overall, would you say the state governments were better at putting in their submissions than the private sector?

Mr Deegan—That question is too difficult to answer. There was such a mix.

Senator ABETZ—How many submissions did you have: about 1,000?

Mr Deegan—One thousand projects were identified.

Senator ABETZ—Yes, 1,000 projects. How many of them were put forward by the private sector?

Mr Deegan—I would have to check. It was perhaps 100. I will check that for you.

Senator ABETZ—Yes, and the other 900 were from state government. Local government could put in applications as well.

Mr Deegan—Local government, local community groups. Now, the local community groups did need some assistance and support from us in understanding some of the processes.

Senator ABETZ—So you could have private enterprise, state government, local government, community groups. What else?

Mr Deegan—And combinations of those.

Senator ABETZ—Would you then say local community groups had the greatest struggle in—

Mr Deegan—That would be fair.

Senator ABETZ—So who would be the next one that had the second greatest—

Mr Deegan—Local community groups because of the nature of the voluntary support, not necessarily briefed in the economic work that we are trying to do, did require assistance.

Senator ABETZ—Yes.

Mr Deegan—Some of them had not understood part of the problems. There was a bucket of money and everyone thought they should get access to it. They did not necessarily understand that our focus was on projects of national significance, and once that was explained, a number of people said, 'Oh, we might try other sources,' because they started to understand that. But between the next range, there were some very good local government submissions, some that needed development, and similarly there is a mix of these things. The general standard that we were trying to do is to lift all of those.

Senator ABETZ—I accept all that. I just want to have an understanding of what groupings were, if you like, able to meet the bureaucratic or paperwork criteria the best, and clearly you are saying that community groups have the greatest difficulty, which I might say stands to

reason. In my mind, I suppose, it stood to reason that, potentially, state governments would be on top of the list.

Mr Deegan—Most of the state governments know how to do a cost benefit analysis, a clear understanding of the issues. There were some quality issues associated with that. Some of the private sector players understood that at the same level, some did not.

Senator ABETZ—Right, but the next area that I want to go into is was there are a differentiation between the quality of submissions from the various state governments? And please do not say they all had good and bad and indifferent ones.

Mr Deegan—No, I understand, and I am genuinely trying to help, because the council's view is that we should be seeking to lift the standard across the nation and, indeed, have a national approach to some of these issues. Some of the issues to do with the state government proposals are around timing. We went out for public submissions September-October 2008, which may seem a long time to good senators. It is a relatively short time for us.

Senator ABETZ—Yes.

Mr Deegan—And there were some projects in some jurisdictions that were well advanced and prepared because they had been working on them for a number of years, and that would be across jurisdictions. Others, this was the first time they had had the opportunity to stop and think about what they might do.

Senator ABETZ—But that would apply to states equally.

Mr Deegan—Indeed it does.

Senator ABETZ—So what I am asking is: in relation to the states, did one state stand out as having, for want of a better term, best practice in relation to its submissions that might be of benefit to be shared with other states as to how they go about their applications in the future, and if so, which state?

Mr Deegan—There were elements of best practice in each state.

Senator ABETZ—I am sure there was.

Mr Deegan—For example, while I was not privy to the submission from Tasmania on telecommunications, it was clear the Tasmanian government had a very clear strategy on what they might do with telecommunications—from our discussions with them; we did not get involved in that appraisal. It is also fair to say that Tasmania are also thinking through, as part of our continuing process, the water issues associated with one of our states receiving 14 per cent of Australia's rainfall. They have already done a lot of work. We are working with them on further work in that area. Victoria were well advanced on their two major rail projects.

Senator ABETZ—I understand and accept that, but would there be a state that overall was seen as best practice or better practice than the others?

Mr Deegan—There were elements in each state. In New South Wales there is a lot—I know you are seeking a different answer; I have got to tell you honestly, though, that there are a range of different things in different departments in different states.

Senator ABETZ—Of course there are. But schools, at the end of the day, usually provide a dux, and they say, ‘Yes, we look at sport, we look at maths, we look at English,’ and at the end of the day, they make a selection that one is the dux.

Mr Deegan—Of course.

Senator ABETZ—If I can use that analogy, which one was the dux out of the states?

Mr Deegan—Let me say that all of your students have had 13 years in the school system. This process is just over six months. We are at the start of a journey.

Senator ABETZ—We even get mid-term reports in some schools, Mr Deegan, after six months; even kindergarten, I think somebody said. So if you were the teacher, continuing this analogy, and writing reports, you know, would you say that ‘John is doing well at the top of the class’ or would you be saying ‘David is languishing at the bottom’ or—

Senator Conroy—Senator Abetz, I am entertained by what must be about your twentieth analogy, but I think Mr Deegan has not been in a position to answer your questions. I am happy to take them on notice.

Senator ABETZ—He has been.

Senator Conroy—But you are a very cunning inquisitor, and you just push the boundary a little bit each time. And each time you just go a little bit closer to that line I talk about, and I think you are perhaps going to cross the line again.

Senator ABETZ—Never near it.

Senator Conroy—So I am happy to take that question on notice and seek the advice of the minister, whether he would like to—

Senator ABETZ—Yes, but the minister, as I understood it, did not assess the applications, did not look at them and assess them. That was all left to Infrastructure Australia.

Senator Conroy—Just for the record, all questions go through the minister at the table and if the minister chooses to pass on them to officials, that is fine. But that is the process, and what I am saying is I will take this one on notice, because you continue to be trying to get a league table.

Senator HUTCHINS—You have a cunning plan.

Senator ABETZ—Absolutely, and I think that is what people are entitled to.

Senator Conroy—Let us be clear. I think that is across the line. I am sure you are going to have a lot more analogies before the day and tomorrow are out. But I will happily take that one on notice.

Senator ABETZ—I am here trying to assist people to be able to provide information.

Senator Conroy—We are here to help.

Senator ABETZ—But somebody of some note said some states did a lot more work than others preparing funding submissions. Would that be a comment with which you would agree, Mr Deegan?

Senator Conroy—You have asked his opinion again—

Senator ABETZ—No, this is—

Senator Conroy—You have just asked him to express an opinion about a statement.

Senator ABETZ—No, no.

Senator Conroy—‘Does he agree’: that is an opinion.

Senator ABETZ—Is it correct? No. Something is either right or wrong, and that is not an opinion.

Senator Conroy—Come on, you have missed your favourite line. ‘Who said this?’ Come on, toss it in just for old time’s sake. Who said this?

Senator ABETZ—I might later on.

Senator Conroy—Come on. I miss it now, you know.

Senator ABETZ—I am delighted that you pine for those days when I was a minister. Sometimes I do too.

Senator Conroy—I miss those question times.

Senator ABETZ—But Mr Deegan, can I ask whether you would agree with the assertion that some states did a lot more work than others preparing their funding submissions.

Senator Conroy—You have just again asked him an opinion. Can you rephrase—

Senator ABETZ—No.

Senator Conroy—You did. Do you agree with? That is asking him to express his opinion. Perhaps if you reword your question.

Senator ABETZ—No, it is like asking, ‘Do you agree that the budget is in deficit?’ The answer is either yes or no. It is not an opinion, it is a fact.

Senator Conroy—You are not entitled to seek officers’ opinions.

Senator ABETZ—No, this is not an opinion.

Senator Conroy—I am sure, if you reword your question, Mr Deegan will be able to assist you.

Senator ABETZ—There is no need to reword it. An assertion has been made that some states did a lot more work than others preparing their funding submissions, and I want to know if that is an opinion and a view shared by Mr Deegan.

Senator Conroy—You have just said you want to know his opinion.

Senator ABETZ—Yes, and I withdraw that word; the view shared.

Senator Conroy—A view is an opinion. You actually said ‘opinion’ and ‘view’. It is the same thing.

Senator ABETZ—See, what is the great difficulty, Minister? Sir Rod Eddington, your appointed individual, said that about state submissions and you know state Labor governments failed.

Senator Conroy—When did he say that?

Senator ABETZ—Failed dismally in relation to this, and you are covering up for Premier Bartlett in Tasmania and others that failed spectacularly. Now, it was not only Sir Rod Eddington that put this on the public record. There is also former Labor premier Paul Lennon, former Labor Attorney General Brian Miller in Tasmania, and the list goes on.

CHAIR—Is there a question, Senator Abetz?

Senator ABETZ—The question, Mr Chairman, is this: does Mr Deegan agree with Sir Rod Eddington that some states did a lot more work than others preparing funding submissions?

Senator Conroy—When did Mr Eddington make this statement?

Senator ABETZ—On 18 May 2009 in the Hobart *Mercury*. I cannot give you the page number, I am sorry, or the column.

Senator Conroy—Thank you. No, I appreciate that. That gives Mr Deegan a context, but I do not think it is Mr Deegan's job to comment on Mr Eddington's public utterances. You are asking his opinion of Sir Rod.

Senator ABETZ—Yes, but Sir Rod makes comments in the media, but we do not get the benefit of Sir Rod's attendance at these Senate estimates.

Senator Conroy—Then take it up with a minister at the table or in question time in either chamber, but it is not the role of this Senate estimates for you to be able to ask Mr Deegan's opinion, view or if he agrees with a statement by Mr Eddington, Senator Williams or Senator Hutchins. It is not the role of this estimates to engage in that process. We are not trying to stifle your questions. I am happy for you to keep asking questions, Senator Abetz.

Senator ABETZ—See, Sir Rod also said:

As many projects as possible were shortlisted but well-prepared states had helped Infrastructure Australia build a robust business case in support of submissions.

So clearly there were some well-prepared states, suggesting that there were others that were not as well prepared. Sir Rod also said on ABC TV:

Other states weren't in that same place, either because the projects themselves were a gleam in their eye or because the work hadn't been done.

Now, quite clearly, Sir Rod, the chair of Infrastructure Australia, is willing to tell us that some states were better than the others.

Senator Conroy—And the chair has a right to make those comments.

Senator ABETZ—And I am wondering whether the coordinator of Infrastructure Australia shares the view of his chairman.

Senator Conroy—You are not in a position to ask Mr Deegan his views on Mr Eddington's comments. If you want to take up a political debate with Mr Eddington, you should do so. I am inviting you to.

Senator ABETZ—These are issues of fact about statements of fact, unless you are asserting that Sir Rod was just on a frolic of his own, talking out of the top of his hat without any basis for making these public statements. I happen to have a greater belief in Sir Rod than

that. I believe his statements were well founded. I am now asking which were the states that were well prepared, and please do not name six states, because clearly that would put you, Mr Deegan, in conflict with Sir Rod's view.

Senator Conroy—You are not entitled to ask Mr Deegan his opinion or whether he agrees with—because that, by definition, is an opinion—Mr Eddington's comments.

Senator ABETZ—Do you agree with the OECD projections for the Australian economy?

Senator Conroy—Well, they are probably projections rather than opinions, but you could say the commentary that goes with them is an opinion.

Senator ABETZ—That is just an opinion. We cannot answer that. I can see this government retreating further and further from exposing its decision-making processes to the Senate and the Australian people. So can you tell us why the Bell Bay project in Tasmania did not get funded, or should I be waiting for that in the next bracket?

Mr Deegan—The Bell Bay port expansion in Tasmania is listed as a priority infrastructure pipeline project with real potential. We have met with the Tasmanian government, post budget, and we are having further discussions about, again, the sorts of issues that we need to address in bringing that forward, again in the lifting the boat capacity. Their proposal was well developed, but falls short in a couple of the areas that we are seeking to fully understand, including its role in relation to other Tasmania ports and the connectivity issues with the Port of Melbourne. So they are things that we are continuing to work on. That is a very positive discussion and is continuing apace.

Senator ABETZ—In your document or report to the Council of Australian Governments, on page 59, you talked about the need for regional roads and the state's export chain. You talk, on page 79, appendix footnote 28:

As well, the economic performance of Tasmania is very heavily dependent upon its ports.

Now, I suppose I am not allowed to ask whether you agree with that statement or not, because that would be an opinion.

Senator Conroy—It would be.

Senator ABETZ—When it is in a report, it is still an opinion?

Senator Conroy—The government decides what it wants to fund. That is the role of the government.

Senator ABETZ—I think we can stop this line of questioning, because we have now got it. 'The government will decide.'

CHAIR—Sorry, when you said 'Senator' were you talking to me or were you talking to the minister?

Senator ABETZ—To Senator Conroy.

CHAIR—The minister?

Senator ABETZ—Yes, the minister.

Senator Conroy—It is a newsflash to Senator Abetz.

Senator ABETZ—Yes, that you will now decide, and all this nonsense and facade of Infrastructure Australia is there to try to make it look as though you are making your funding decisions on evidence-based considerations, whereas, at the end of the day, it is just the government deciding.

Senator Conroy—That is a gross misrepresentation of what I said, Senator Abetz.

Senator ABETZ—In relation to the funding, how much money has been made available for these projects with Infrastructure Australia in this last budget?

Mr Deegan—Of the projects that have been funded, Senator?

Senator ABETZ—Yes.

Senator HUTCHINS—In Tasmania or all up?

Senator ABETZ—First of all, the total?

Mr Tongue—\$8.5 billion.

Senator ABETZ—Senator Hutchins, you are right on the money. As a New South Wales senator, you may well smile, but as a Tasmanian senator, I do not. Can I ask, out of that \$8.5 billion, how much is coming to Tasmania?

Senator Conroy—That is a question I think Mr Tongue is in a position to outline. I know it is a foreign concept to those in the opposition, but we have actually looked at this from the national interest perspective. So I do not know that we have necessarily sat down and added them together in a geographic basis. We may have. Others may have done that. I am happy for Mr Tongue to read the list out for you and you can do a quick bit of maths.

Senator WILLIAMS—Okay. I will do the maths.

Senator Conroy—Wacka is doing the maths.

Senator ABETZ—Just answer the question. I just want to see what is up his sleeve.

CHAIR—Minister, I will just let you know it is Senator Wacka.

Senator ABETZ—\$8.5 billion, how much to Tasmania?

Mr Tongue—Of the projects associated with the Building Australia Fund, none. However, Tasmania received, of total budget funding in the infrastructure area, and this is excluding—

Senator ABETZ—Can I just quickly interrupt you there? The Building Australia Fund; that is the \$8.5 billion?

Mr Tongue—Yes.

Senator ABETZ—Just so I have got that clear. Out of that \$8.5 billion, Tasmania has received zero, because it is not within the overall national interest to spend one dollar, according to Minister Conroy, of \$8.5 billion in Tasmania out of the infrastructure fund. That is very interesting and will be very helpful at the next state and federal election campaigns. Mr Tongue, you were about to tell me about other projects where Tasmania did benefit.

Mr Tongue—Across the infrastructure funding to the portfolio and the budget, Tasmania will receive \$800 million.

Senator ABETZ—Out of a total of?

Mr Tongue—Which is approximately two per cent, which is basically a percentage of \$36 billion across the six years—Tasmania will get \$800 million.

Senator HUTCHINS—What project is that money out of?

Mr Tongue—Senator, that is across a range of programs, and we can break that down for you under infrastructure investment, coming up shortly.

Senator Conroy—There is, of course, one other project that Tasmania has been very, very successful in that I should include here, given it is a significant—

Senator WILLIAMS—We are not on telecommunications—

Senator Conroy—No, we are talking infrastructure—and even you would concede it is a productive infrastructure.

Senator ABETZ—Infrastructure Australia, at the moment. But they are very anxious to go cross portfolio at the moment.

Senator Conroy—No, I am very keen at any stage—

Senator ABETZ—We are only in Infrastructure Australia at the moment.

Senator Conroy—to talk about the significant infrastructure contribution that the Tasmanian government and the Commonwealth government are combining in, in the telecommunications sector. As you would be aware—

Senator ABETZ—And was that—

Senator Conroy—the Tasmanian government, which decided to put in its own submission to the National Broadband Network Request for Proposals—a very courageous move, and one that showed a lot of leadership and expertise.

Senator WILLIAMS—And debt.

Senator Conroy—What the Commonwealth government and Tasmanian government have agreed is to build fibre to the home to 200,000 Tasmanian homes so that they will get the best available technology. For those remaining homes in Tasmania that do not get access to the fibre to the home—

Senator WILLIAMS—How many of those?

Senator Conroy—I could be wrong—I am not an expert on the number of homes in Tasmania; Senator Abetz might actually, genuinely know—but I understand it is around 240,000. Up to 250,000, did someone say?

Senator WILLIAMS—In total?

Senator Conroy—Yes. My last understanding on this was that it was about 240,000. That proposal was for those remaining—about 40,000, but I will happily take advice on that—to be getting access to their next generation of satellite and wireless technologies, which will deliver and, as Senator Minchin kept correcting me yesterday, exceed Labor's election commitment. So there is a very, very significant amount of money involved. As I mentioned yesterday, we are in commercial negotiations with the Tasmanian government so I am not at liberty to reveal exactly how much money the Commonwealth has on the table, but it is significant. Premier Bartlett and Treasurer Aird deserve enormous congratulations for

deciding to be the only state that put in a proposal. You have seen the response of even your own colleague, Senator Abetz, Senator Guy Barnett, who has come out and welcomed it; even your own opposition leader, Will Hodgman, has said he supports it. So if you want to try and construct a case about the Tasmanian government, I think even you must give them credit, because where many people nay-said them for putting in a bid, they pressed on, and it will be to the ultimate benefit of all Tasmanians.

Senator ABETZ—Have you finished?

Senator Conroy—I have now, thank you.

Senator ABETZ—Mr Deegan, can you tell us the assessment process undertaken by Infrastructure Australia for the National Broadband Network element that Senator Conroy has just described?

Senator Conroy—What was that question, Senator Abetz? I am sorry; I just missed that.

Senator ABETZ—I am asking Mr Deegan what analysis was undertaken by Infrastructure Australia in relation to the project of telecommunications and broadband that you were just talking about.

Senator Conroy—As has been made well known, the NBN, because it was an election commitment, was always outside of the Infrastructure Australia remit.

Senator ABETZ—Thank you very much. We are dealing with Infrastructure Australia before this committee. I am asking about Infrastructure Australia and what they approved, and the answer is, out of \$8.5 billion, the government decided to spend zero. To try to make up political ground—

Senator Conroy—Not at all.

Senator ABETZ—you are now jumping into a completely different area, an area where Infrastructure Australia did not even have a remit to consider. Next you will undoubtedly be telling us about what some defence facility—

Senator Conroy—You are a mind reader, Senator Abetz, because I do need to update you on Commonwealth expenditure in Tasmania, as you are so keen on it.

Senator ABETZ—Chair, on a point of order, the answers have to be relevant. We are dealing with Infrastructure Australia. I have asked questions as to what Infrastructure Australia has and has not dealt with and the minister, in trying to cover up his embarrassment that Tasmania got zero in this area, is now going into a frolic in all the other areas. When the other areas come before the committee, that is the time for him to get his Dorothy Dixers from the hapless Labor senators to ask him about spending in Tasmania.

CHAIR—Senator Abetz, that comment, I think, you should retract.

Senator ABETZ—What, ‘hapless’?

CHAIR—Yes, I think it should be. If you want to be fair dinkum and taken seriously—

Senator ABETZ—They can withdraw the word ‘hapless’ but it just goes to show how very sensitive we are.

CHAIR—Order! Order! I want to clear something, Senator Abetz. You have called me a lot worse, and I can handle that, but you talk about relevance—and the performance of some of your colleagues in the last two days has been nothing short of embarrassing to the hard work of this committee. It has been disgraceful in front of the officers. If you are going to start going down that road, Senator Abetz—

Senator ABETZ—I have not been here for the last two days.

CHAIR—I strongly urge you: go back, read the Hansard, and you might want to be very careful on how you want to address us. On that, there is no point of order. If you want to talk about relevance, let us start from the beginning and we will go back to DAFF and start with day one. The minister is being relevant.

Senator ABETZ—On another point of order, does that mean the minister can talk about any matter outside of Infrastructure Australia when a senator asks questions about Infrastructure Australia? That is going to be the import of your ruling.

CHAIR—I have sat here for the last two and a half days, Senator Abetz, and, I would put my hand on my heart and say—and you can check the Hansard—that I have pleaded for relevance on more than 10 or 12 occasions.

Senator ABETZ—Make it 13—

CHAIR—With all due respect to you, Senator Abetz, who have been working hard in other committees, you have called the wrong committee for that one.

Senator Conroy—If I could just add to my answer. Senator Abetz, it probably would speed the committee if you just let me do it; it will only take a moment. Infrastructure Australia made it quite clear, in its document and its statements, that it supports an investment from the BAF to develop a national broadband network. So it is very relevant for me to talk about that, because there is a clear mention of it in their report. Clear mention.

Senator ABETZ—Is it or is it not in Infrastructure Australia's remit?

Senator Conroy—It is mentioned in their report.

Senator ABETZ—Is it in their remit or not?

Senator Conroy—As you know, the estimates looks at reports and a whole range of issues as well.

Senator ABETZ—Is it in Infrastructure Australia's remit? Yes or no?

Senator Conroy—I have already said no.

Senator ABETZ—But it is in their reports. Thank you very much for that.

Senator Conroy—Another stunning victory for Senator Abetz. Now, if you just let me quickly finish this part, and then we can move on to your next question. I would just like to add that in this budget alone, in Tasmania, the Rudd government is investing \$156 million in Tasmania's road and rail infrastructure, a 50 per cent increase; \$3.2 million to eliminate dangerous black spots; \$2.6 million on boom gates and other safety measures; \$800,000 to improve truck safety; and \$42.7 million on local roads, through councils. If you want to measure this government's contribution to Tasmania, you need to look at all of these things

and not try and play the selective games that you have been. But I will finish there. Thank you for allowing me to complete my answer, and I pass to you.

Senator ABETZ—Do not thank me; thank the chair for that. Can you explain to us, Minister, why you are able to congratulate the state government on—I think I have got the words right—‘a submission based on expertise, an excellent submission,’ and you are able to tell us how good one submission was? I am willing to accept that it was a good submission, but if you are willing to divulge that one submission is very good and people ought to be congratulated for it, does it not stand to reason that there are other submissions that were not of that same high standard? Yet, when I ask about that: ‘Oh, no. That is advice from the government. We cannot go there. You are overstepping the mark.’ See, you cannot cherry pick and have it both ways. Can I just suggest to you for the future, that consistency—and I know that has never been a hallmark of the Rudd government—would assist us.

Senator Conroy—Senator Abetz, the difference that you chose to ignore is that the expert panel who looked at the broadband bids indicated that the Tasmanian bid—and this has been made public consistently before—was worth looking at, as opposed to all of the others which failed to deliver value for taxpayer dollars. It is very easy for me to comment on something that is in the public domain. So the expert panel said that all of the other bids did not represent value for money but Tasmania was not ruled out on that basis. It was only a state-based bid and it should be examined because it had a worthwhile proposal which could be considered by the government. I think I am simply acknowledging what the expert panel who looked at the NBN proposals said and has been commented on publicly. Premier Bartlett and Treasurer Aird absolutely deserve credit for pursuing the opportunity to lift Tasmania into the 21st century of telecommunications.

Senator ABETZ—Would you also say that about their submission in relation to their funding applications under Infrastructure Australia out of the \$8.5 billion, from which they got zero dollars? Would you congratulate them as well in relation to that area? Of course not—

Senator Conroy—I am not familiar—

Senator ABETZ—because they put in an abysmal—even Sir Rod Eddington basically hinted at that. On page 69 of *A report to the Council of Australian Governments*, from Infrastructure Australia, under the heading, in the shaded freight road section, in the last item, ‘Parts of transport system in Tasmania’ and ‘Parts of Tasmania’, submitted by Tasmania, there was a proposal for \$432 million. Are you able to break that down for us? I assume you will not be able to break that down now. Can you take that on notice, please. Can I then, very quickly, because I understand others have—

CHAIR—Senator Abetz, there is plenty of time.

Senator ABETZ—some issues. That is in relation to an issue that I actually do believe is potentially within the remit of Infrastructure Australia, and that is some elements of the National Broadband Network, which is, of course, referred to in the documentation to which the minister referred. Can I ask, in reference to the government’s proposed \$43 billion National Broadband Network: initial funding for this project—where is that to come from?

Senator Conroy—I think Senator Minchin has even put out a press release on this already. I sometimes do transpose this, but I think it is \$2.4 billion from BAF and \$2.3 billion, making up the \$4.7 billion from Aussie infrastructure bonds, so it may be \$2.3 billion and \$2.4 billion, if I can just flag that.

Senator ABETZ—Thank you. Minister, can you explain to us briefly as to whether this project is being subjected to analysis by IA or Infrastructure Australia and, if not, why not?

Senator Conroy—Because, very simply, this is an election commitment that we made, and we said that from day 1 when Infrastructure Australia was created; it is in the brief and, more importantly, it is in the budget paper. So at each stage when the opposition have sought to raise this issue we have been quite simply able to point to a range of statements that have indicated that it will be outside.

Senator ABETZ—But you are not asserting that the \$43 billion National Broadband Network was an election promise, are you?

Senator Conroy—No.

Senator ABETZ—No.

Senator Conroy—Senator Nash, you can help Senator Abetz out here because I know you are going to want to join in. As Senator Minchin correctly indicated, on a number of occasions, we are not just delivering our election commitment; we are exceeding our election commitment with this new proposal that we have brought forward.

Senator NASH—I thought it was going to be something new.

Senator Conroy—Senator Abetz is revisiting old ground. I thought you might be able to save him from himself.

Senator ABETZ—No.

Senator NASH—I heard that bit. It is quite okay.

Senator ABETZ—Not at all. The issue is that Infrastructure Australia is expected to and quite rightly does undertake, for example, rigorous analysis on a \$40 million tunnel project, but is not undertaking a rigorous analysis—and it is not its fault; it is the government's decision—in relation to a broadband network about which we were told before the election, if we took all the election promises into account, that decisions would be made on evidence based material, and it just seems that this one is not being subjected to a rigorous Infrastructure Australia type assessment. I will leave it that and I will return later to experience some more of your non-answers.

Senator Conroy—As always, we look forward to it, Senator Abetz.

CHAIR—Senator Nash, do you have any questions?

Senator NASH—Do we have any more Infrastructure Australia? Most of the ones we have got left are through the specific programs in 4, I think. You do have some more on the general?

CHAIR—Senator Evans or Senator Back?

Senator BACK—Thank you, Chairman. Yes, I just ask, whilst we are still on Infrastructure Australia—

Senator Conroy—Senator Back has just got one more question.

Senator BACK—Are you aware of a submission from the 21 local governments with access to the Swan and Canning river systems for an application to Infrastructure Australia to assist with urgent funding, particularly for river banks which have been degraded and which are at risk as a result of the inevitable climate change effects et cetera? Are you aware of that submission that has been placed before Infrastructure Australia?

Mr Deegan—I am, Senator, but I could not pretend to have all the detail in my head.

Senator BACK—Sure. I understand it has not been funded. I think it was for \$85 million for the purposes that I have mentioned. Could you give us some indication as to whether a project of that nature would be likely to be, if you like, eligible under Infrastructure Australia funding? Just by way of very quick background: the Swan and Canning rivers form an integral part of the geography of southern WA, and I think something like 1.7 million of our two million people actually live around or recreate or are associated with it. So it is, to us, a critically important area.

Mr Deegan—The government has created Infrastructure Australia to give advice on projects of national significance relating, essentially, to economic productivity.

Senator BACK—Yes.

Mr Deegan—In that process our methodology asks: does the particular project or range of projects support the themes for action? In this case, that might include transforming our cities; that is one of the themes.

Senator BACK—Yes, so it would come under that particular theme.

Mr Deegan—Yes. Is it deemed of national significance? That is a judgment test.

Senator BACK—Yes.

Mr Deegan—That is a test that the council applies, and they walk through and say: ‘Is that project of national significance compared to a freight rail network or a major mine development?’ Again, like local governments, state governments do their prioritisation. Then, does it meet the three detailed project assessment criteria under the legislation? How well does it meet the nation-building policy goals of economic infrastructure, et cetera? Does it contribute to economic success and identify the level of incremental economic benefit of the project compared to the cost—the cost-benefit ratio? That is probably one of the difficulties for that particular project, although I will go back and check. Finally, have they thought through the project governance and delivery elements? I presume that they have done that part. I will come back in more detail to those sorts of issues in our assessment.

Senator BACK—I would appreciate that because, obviously, if their application has been unsuccessful because it has been deficient, then we would need and want to know that or if, in fact, its priority is not likely to be high enough—

Mr Deegan—To find other sources.

Senator BACK—Exactly so.

Mr Deegan—We have offered or are in the process of offering—to this committee as well, and any of the proponents are welcome to it—a debrief. We think that is of value to us and a number of proponents have found it—

Senator BACK—It is a debrief by your department?

Mr Deegan—By me, walking through what the issues were, what they might need to do or, indeed, whether—sometimes the answer is no. But it is to make it clear what other alternatives might be available.

Senator BACK—Sure, thank you.

Mr Deegan—Thank you, Senator.

Senator BACK—Thank you, Chairman.

CHAIR—Thank you, Senator Back. And I do thank you, Mr Deegan. There is just a slight change in the agenda—we will call Australian Rail Track Corporation Ltd. I am sorry. I did not clarify. There is a change in the time.

[2.50 pm]

Australian Rail Track Corporation Ltd

CHAIR—Welcome, Mr Marchant. Before we go to questions do you wish to make an opening statement?

Mr Marchant—I had not prepared an opening statement, Mr Chairman.

CHAIR—That is quite all right. I am sure there will be a few questions. I will go to Senator Hutchins.

Senator HUTCHINS—Thank you very much, Mr Marchant, for being available today. I know that, on occasions before, estimates has not necessarily given the recognition to the ARTC that should have been given, particularly in nation building, and that is what I would like to ask you about today in relation to our budget this year. The \$563 million nation building and economic stimulus package the government announced in December last year includes significant new concrete sleepers. Has the ARTC assessed what this means for the manufacturers and jobs in that area?

Mr Marchant—The \$563 million was part of the December nation-building announcement by the Australian government; it incorporated \$563 million for economic stimulus and infrastructure investment. The other part of the package was \$580-odd million as a supplement to the investment in the Hunter Valley made by ARTC. Thirdly, there was a contribution towards the Advanced Train Management System investment. As part of that \$563 million, there is a specific program aimed to improve the condition of antiquated track in part of the main lines that we have acquired from both New South Wales and part of Victoria. It included a large contribution to finish concrete sleepering kilometres of track in Victoria next to the standard gauge track that we presently are converting from broad gauge track from Albury through to Seymour. And there is 20 kilometres plus of track to be concrete sleepered on the standard gauge between Albury and Seymour. In addition to that, there is concrete sleepering of the main rail line between Cootamundra and Parkes. In addition to that, there is the concrete sleepering of the line from the Queensland border to Acacia Ridge, which

is presently under the Queensland government's jurisdiction through Queensland Railways, and arrangements are being made for ARTC to take a long-term lease of that standard gauge track from the Queensland border to Acacia Ridge, which would bring that main part of the main line back into the national network, rather than it being segmented as an island, for people to operate freight trains from Acacia Ridge to Melbourne, Sydney and elsewhere and bring it into the mainline network. As part of the investment program from the stimulus package, there was an upgrade of the main line between Acacia Ridge and the Queensland border, including concrete sleepers of that track, and a myriad of other works around that.

The bottom line of all that is that it has enabled some four concrete sleeper plants to continue operation which would have ceased operation in January of this year. One of them is at Wagga, owned by Austrack; there is a second at Mittagong, owned by Rocla; the third one is in Grafton, northern New South Wales, and is owned by Rocla; the fourth one is owned by Austrack at Geelong; and the fifth one has come on line at Braemar in Queensland. Effectively, the Wagga, Mittagong, Grafton and Geelong concrete sleeper plants each employ 60 persons to manufacture these one million plus concrete sleepers as part of this program.

CHAIR—Sixty people, sorry?

Mr Marchant—Sixty people in each plant. All of those plants would have discontinued operation in January, so this actually continues those plants through until December this year to facilitate the million-plus concrete sleepers to be manufactured at these locations. Each of them have actually taken up the opportunity for the contracts in January and, in fact, each of them commenced operation in manufacturing the concrete sleepers in February and they are underway now.

Senator NASH—Chair, can I ask about the appropriate place for rail questions? Which ones should actually be going to ARTC and which rail should be coming under the rail component of infrastructure investment?

CHAIR—If it is investment to do with ARTC, why wouldn't we be asking questions of the ARTC?

Senator NASH—So even if it is ARTC as it relates to the nation-building program?

Senator Conroy—Do you want to just ask Mr Marchant—

Senator NASH—And then you can flick us off later if it is not appropriate.

Senator Conroy—Yes.

Senator NASH—Okay; yes, sorry.

CHAIR—Mr Marchant, you are the man.

Senator HUTCHINS—Mr Marchant, those five plants are in regional Australia, which is very heartening. You mentioned that, as to the \$580 million, the government's December announcement was in relation to the Hunter Valley coal expansion program, which was towards a capital program of over a billion dollars. Do you have any estimate of how many jobs would be involved in that program?

Mr Marchant—To give you a broad perspective of the Hunter Valley program, out of the stimulus package in December the Australian government announced a contribution of \$500

million of equity into Australian Rail Track Corporation to enable it to leverage its balance sheet to therefore produce \$1.2 billion worth of works in the Hunter Valley. So there is \$580 million from the Australian government as equity, and then we are leveraging our balance sheet to borrow the remainder to fulfil more than \$1.2 billion worth of works. The major works out of the stimulus package are a bidirectional—

Senator NASH—Sorry, can I just ask a question on that?

Mr Marchant—Yes.

Senator NASH—So the \$1.2 billion equity injection was not all government funding?

Mr Marchant—Yes; no—I will go back again.

Senator NASH—Sorry.

Mr Marchant—I will go back again. Of the \$1.2 billion in December announced as part of the stimulus package, every cent of that is equity dollars from the Australian government into ARTC.

Senator NASH—Right, yes.

Mr Marchant—It just so happens that, of that, \$580 million of it is for the Hunter Valley. We are leveraging our balance sheet to make that \$580 million into about \$1.3 billion.

Senator NASH—Right.

Mr Marchant—It is only because the figures are similar in nature that they look like the same. They are not the same.

Senator NASH—Yes; thanks, Mr Marchant.

Mr Marchant—The \$1.3 billion Hunter Valley investment and the \$580 million of which equity came from the Commonwealth are focussed around the following projects: bidirectional signalling between Maitland and Branxton; a third track at Minimbah, and I will touch on what that means; a third track at Nundah bank, which is a large rail bank; a St Heliers to Muswellbrook duplication of the rail line; a new loop at Bengalla, which is on the Ulan Hunter Valley coal line—and I would point out that the Bengalla loop from the stimulus package has already been completed, and started operation last week—the Liverpool ranges alignment deviation, which is a long-term project which we are joining with the coal industry on; Maitland to Minimbah third road; Aerosol Valley loop, which has an interesting name; Rhondi loop at Braemar; and the radio hut loop.

All those are interesting rail loops, but let me just touch on what the objective of this is. The objective of this is to increase the present capacity of the Hunter Valley coal chain to export 97 million tonnes per annum of coal to reach the projected level of 200 million tonnes of coal by 2013. That is an astronomical increase in capacity of the rail infrastructure, the port infrastructure and the total coal network there. This \$1.2 billion, to which the Commonwealth has contributed substantially, in equity terms of \$580 million, is aimed to bring these projects on line to enable that capacity to be reached by 2013. The bidirectional loop framework is aimed to enable more than one train to be on the track in different directions and, therefore, increase the capacity.

The third bank framework is to bring trains closer together in time so the overall capacity of the network speeds up. Where previously they were 15 or 20 minutes apart, by bringing in these banks and these loops we are going to be able to bring it down to eight to 10 minutes apart. Effectively, that increases the capacity through the whole of the coal network and the ports without duplicating lines everywhere. So in the end this \$1.2 billion program is aimed for a very large infrastructure framework. As part of that, and as part of the economic stimulus package announced by the government, approximately 800 jobs will be actually undertaken each year, peaking at 900 in one year's time, directly aimed at this construction program of more than \$1.2 billion, with an indirect jobs and economic activity index of 2.9 from the construction industry. So, effectively, there are 800 jobs a year, peaking at 900 jobs next year, to bring in the \$1.2 billion worth of infrastructure investment, including those projects.

Senator HUTCHINS—Which projects were they again, sorry, Mr Marchant?

Mr Marchant—The individual projects? The bidirectional—

Senator HUTCHINS—They were the five you mentioned earlier, plus the one—I will let you go through it again, sorry.

Mr Marchant—We have labelled the \$580 million against particular projects. It is all part of \$1.2 billion worth of projects. And the ones targeted are bidirectional signalling between Maitland and Branxton. The third track is between Minimbah and Maitland. Also, a bank at Nundah, which is putting a third track on a steep bank so one train can be moving slowly on one side of the bank and another train moving slowly on the other side. Because the trains are so heavy you cannot put them behind each other because getting up a steep bank they are going to slow down, so by putting a third track in you can have one moving reasonably quickly and another one moving behind it. And on the way down they actually come back into the same tracks; it gets more capacity through.

The principal projects are St Heliers to Muswellbrook duplication, which is a full duplication of the track to enable additional capacity; Bengalla Loop, which is near Ulan and has already been completed; Liverpool ranges alignment, which is a study of a new alignment to get through the Liverpool ranges; and the Gunnedah basin, and Maitland to Minimbah third row. But they form part of a much broader range of projects of the \$1.2 million that is being invested there.

CHAIR—I know when you mentioned Cootamundra to Parkes I heard a 'Yeah!' come from my left. I think it was Senator Nash.

Senator NASH—It was indeed.

Senator HUTCHINS—Is that part of the investment in the Hunter Valley chain? Would that be the best way to characterise it?

Mr Marchant—Excluding Cootamundra to Parkes?

Senator HUTCHINS—Yes.

Mr Marchant—That investment is part of the whole Hunter Valley coal chain. It links in with investments made by others such as NCIG, which is a new third loader, which has already gone to financial contracts and is under construction for moving 30 million tonnes per annum of coal capacity at the NCIG loader, with the potential for a second stage for another

30. Port Waratah Coal Services are increasing the size of their capacity for loading from the present 97 million tonnes to up to 112 million tonnes and reaching 120-odd million tonnes in a year or so time. All that is part of an overall improvement in the Hunter Valley chain which will lead to an increase of capacity from 97 million tonnes for the whole chain to over 200 million tonnes in 2013.

Senator HUTCHINS—Does this go in line with the recent report on infrastructure released by the Minerals Council of Australia, with their projected needs for infrastructure in that area?

Mr Marchant—I understand that the Minerals Council of Australia issued a report yesterday with regard to infrastructure. With respect, Senator, I have not had the opportunity to read the report—nor did they send it to me in the meantime—to actually catch up on the content of it. But I would put in context that the current infrastructure investment in the Hunter Valley—and ARTC took the Hunter Valley up in November of 2004—is \$1.3 billion moving forward. There was no capital infrastructure in the Hunter Valley, for rail, for the five years prior to ARTC taking it up. But I would point out that that is part of a much broader group of works that have already been undertaken in the Hunter Valley.

If I can just point out, between Muswellbrook and Narrabri, we have already, since 2004, done a Togar loop extension, a Murulla loop extension, a Gunnedah loop extension, a Willow Tree loop extension, a Werris Creek loop extension. Hundreds of millions of dollars have already been invested in the Hunter Valley to reach levels now to move forward from, and the \$1.2 billion will actually get it through to the over 200 million tonnes. The rail capacity in the Hunter Valley after this investment will be in excess of 200 million tonnes. It is ARTC's policy that we do not wish rail infrastructure to be an inhibitor to export earnings, including coal exports, for the country. And, therefore, we will be building capacity slightly in advance of demand to make sure that rail infrastructure does not become a blockage to the export capacity of the country.

Senator HUTCHINS—I heard one of the senators go 'Yeah!' about the Cootamundra-Parkes line. Could you just again, for me, Mr Marchant—

Senator MILNE—You were saying you do not want rail capacity to be an inhibitor to further coal exports.

Senator ADAMS—It was further exports, not just coal.

Senator MILNE—Further exports, but we were talking about the Hunter Valley line at that particular stage, so I think it is reasonable to assume the exports we are talking about were coal. That assumes, of course, that there will be expanded coal exports from the Hunter Valley. Why do you anticipate, in a world that seriously addresses climate change, that there will be a substantial increase in exports of coal that warrant that kind of investment from rail?

Mr Marchant—Firstly, you are correct, the predominant export is coal, but there is grain as well. Why do we expect that? We are not taking a gamble on this, in the sense that we are not speculating either on our Commonwealth's equity or our own funds. ARTC has organised for quite a large restructure of the institutional arrangements in the Hunter Valley. Where previously rail access were contracts with train operators for periods of time—and that relies on train operators having the ability to pay that over a period of time—the contracts in the

Hunter Valley are now moving to a situation where the coalmines are contracting directly with us for their capacity on a take-or-pay basis, on a minimum term or take or pay of 10 years-plus rollover on a rolling basis.

The assets in the Hunter Valley are being given an economic life of no greater than 20-odd years for the purposes of those contracts, and the take-or-pay arrangements are rolling 10-year forwards—so next year, another 10 years; next year, another 10 years, rolling forward. The full payment and underwriting of those will be made by the coal companies themselves. Now, although the Australian government put equity into ARTC in December, which we have just gone through, which will create those constructions and framework, the reality is the whole basis of the return is based on a regulated asset base, where presently IPART, but soon to be the ACCC, will regulate that framework and the coal companies will, in fact, pay for the full asset base plus a rate of return and will pay it in a shorter period than the normal economic life for rail of 60-odd years. It actually comes back to mine life. That mine life will be independently reviewed every five years.

So if, in fact, the mine life is deteriorating because of either a shortage of customers or deteriorating because they are exploiting more coal at a faster rate, that will just reduce the amount of time in which the payments will be made by the coal industry, as distinct to it being worn as a sovereign risk by us. Secondly, the relationship is such that, under the regulatory regime, if 50 per cent of the coalmines decide not to move to the 289 million tonnes, which they have forecast themselves over the next seven years, and they only move to 150, the capital in full, plus a rated term will still be paid. If coal is moved at .2c per ton for 200 million tonnes of coal and, in the end, they only move 100 million tonnes of coal, they will pay .4c per ton. So the economic risk of the issue of the coal market not being fully foreseen is actually going to be worn by the coal industry.

Senator MILNE—That is very interesting, given the coal industry's comments about the impacts of addressing climate change and the dire consequences. How recently did the coal industry review its projections for the purposes of this investment arrangement?

Mr Marchant—The last nominations we received from the coal industry, for the purposes of preparing the contacts and these capital programs, because every one of these projects has to be approved by what is called a regulatory asset group, which includes the coal companies, was seven weeks ago.

Senator MILNE—So as recently as seven weeks ago they were painting this expansion of coalmining bonanza in the Hunter Valley.

Mr Marchant—Their nominations seven weeks ago were about 15 per cent less than their nominations in January. Let me put that in perspective. Their nominations to us in January were 300 million tonnes by 2018. They have reduced them to 280 million tonnes by 2016-17.

Senator MILNE—And what is the current tonnage?

Mr Marchant—Ninety-seven million tonnes. That is not because there is not necessarily enough coal or customers; there has been a problem with regard to coal loading at the port, which has been a restraint on the amount of coal that could be loaded.

Senator MILNE—So you are catering for a trebling of the coal?

Mr Marchant—We are investing, based on their contracts and back up—

Senator MILNE—On their predictions?

Mr Marchant—to achieve the objective. I will point out a couple of things about Hunter Valley coal which you are probably aware of but other senators may not. And that is, firstly, that 75 per cent of the coal in the Hunter Valley is thermal coal, and only 20-odd per cent is coking coal, quite distinct to Queensland, which is predominantly coking coal, which is used for manufacturing and other purposes. The 70-odd per cent for thermal coal is a higher grain burning coal. It burns, allegedly, at a better thermal rate than most thermal coal from South Africa and elsewhere and therefore tends to have a good position in the thermal coal market because it has a much richer burn; a much more efficient burn, depending on your view about efficient burns, Senator, but efficient burn, in that sense, to produce electricity. And, therefore, the Australian coal market in the Hunter Valley tends to have a preferred thermal coal basis. There is more likely to be a drop off of thermal coal delivery from other countries before they drop off from the Hunter Valley, only because they are an efficient-burn coal. That is just a distinction between that sort of thermal coal there and other markets for thermal coal.

There are 16 separate coal companies involved in the Hunter Valley; it is made up of myriad coal companies, from Rio, Xstrata, BHP, Shenhua, who have just invested in a new mine, paying the New South Wales government \$380 million just for the right to have a licence. They actually intend to bring that mine on in the next four years at a minimum of 30 million tonnes per annum. That is exclusively to supply their own coal-fired power stations in China. So the market view of it tends to be a little bit more around the thermal coal market framework.

Senator NASH—Can I ask a really quick question, just on the investment? Mr Marchant is obviously going into upgrading the capacity of the lines. What sort of consultation do you have with the port terminal facility holders in terms of their capacity for throughput? Just anecdotally, certainly over the last 12 months, we have had some serious issues in terms of bottlenecks, getting product actually out through the port. Just a very simplistic observation: if you increase the capacity of the rail and not the port terminal facilities with it, aren't you going to end up with huge bottlenecks?

Mr Marchant—Senator, one of the great changes in the Hunter Valley, unlike most other coal chains or chains throughout this nation and overseas is that we have all joined together into something called the Hunter Valley Coal Chain Logistics Team, which co-plans capacity across the whole network amongst all the parties.

Senator NASH—Very impressive.

Mr Marchant—We all fund the coal chain logistics team and we all fund it so that we can actually have coordinated planning and find that there is not a mismatch of investment or performance. Let me go on from that. As part of the Greiner review last year into the coal industry in the Hunter Valley, which ARTC, amongst others, played a very active part in that review of the chain and what methods could be introduced, it has now been decided, collaboratively by everybody, that the Hunter Valley Coal Chain Logistics Team will be formed into a separate entity of which all players—the coalmines, the ports, the shippers, ARTC, the operators, will be members of and we share a common database on planning and a

common database on future planning. That identifies each part of the infrastructure that can be worked better and each part of the operations of the infrastructure that can be worked better. Every one of our investments, as is every one of the port investments, are now in alignment with regard to timing and sequence.

We all report to the whole industry collectively through the Hunter Valley Coal Chain every quarter to see if there is any misalignment or any slowing down or progress not being reached et cetera. That includes issues with regard to rolling stock and mine feeds. Let me give you an example. The biggest threat to the Hunter Valley next year is not rail infrastructure or port infrastructure; it will be above-rail rolling stock, because they need at least an additional 11 pieces of rolling stock, 11 wagon sets, to actually get the coal out at 97 or 98 million tonnes. All of that comes from a model we all contribute to. The second biggest inefficiency area in that is that there are five mines that have a slower mine loading facility than other mines. All of that takes up capacity, both in rolling stock and infrastructure. So there is intensive effort in that coal chain, amongst 20-odd different parties, to have a very coordinated infrastructure strategy planning base and, in fact, it has been viewed across the world now as one of the methods of ensuring that there are better connections between multiple logistics providers.

Senator NASH—It is really interesting. You just mentioned Shenhua mine. How does that affect you if that does not go ahead?

Mr Marchant—We have not yet built the infrastructure for Shenhua. We are in discussion with them.

Senator NASH—No, I understand that, but if that were not to go ahead, that would not have any impact on your planning?

Mr Marchant—Not at this point, no. Let me add to that. The whole issue of the Liverpool Ranges Study, which probably is of interest you, Senator Nash—and I know there is some frustration that we have not got on and done it—is the formation and structure of the Liverpool Ranges, whether it be a tunnel or duplication of the existing track, whichever the options that were out in the public documents. As you are probably aware, we have published a range of options for the industry to look at of actually improving the capacity from the Gunnedah Basin to Hunter port and those options have been worked through with the mining industry and others. One of the reasons why it has not moved fast until just now, and there will be an announcement soon as we move faster through it, is that until we had Shenhua and BHP getting a better understanding of their new leases and Shenhua getting a better understanding of that, we may have built, based on considerations seven months ago, for maybe 90 million tonnes from Gunnedah in seven years time, with Shenhua coming in wanting a higher demand and earlier and actually having a guaranteed market, because, as you know, Shenhua is the second largest energy provider in China and is a Chinese government owned entity.

Effectively, we may have built it for 60 million tonnes and found that, a few years later, we actually needed 90 million tonnes. So it would be a shame to put in a very large sunken infrastructure, which is going to be \$400 million-plus, without having a very good understanding of the long-term needs. So Shenhua is now becoming actively involved with

BHP, Mitsui, Whitehaven and others in planning with us what they think their needs are over the next decade so that we then join together on possibly building this thing to fit those needs.

Senator NASH—So what is your understanding of the certainty of those leases being granted at this point?

Mr Marchant—There are a number of issues that have yet to be moved through, two of which are we have got environmental considerations and there is a whole range of planning approvals et cetera, and those issues will move through, as you know, over the next two years. We are planning for a Liverpool bypass or whatever. It will not be constructed next year but, effectively, we need to get the design frameworks and all our planning in place so that if those things start to proceed, whether they are BHP or Shenhua, we can start construction at the same time as they are starting to develop their licence.

Senator NASH—So it is just planning for the eventuality that they may be granted the—

Mr Marchant—You are looking at, even in our development—let alone the mining development, which you would be aware of—on the Liverpool Range options there is at least one year of just doing environmental approval processes and assessments and public consultation et cetera. There is one year just in that very process alone, let alone the design issues and the engineering issues about getting the optimum designs et cetera. So these things need to start now if they are going to reach the deadlines on time, but they need to start in a cooperative way, my point being, Senator, that if we had tried this a year ago, it would have been a suboptimal outcome, considering what the future developments in the Gunnedah Basin may be like.

Senator NASH—So even though it is not a fait accompli that the mines will go ahead, you certainly start those planning stages?

Mr Marchant—To assist in that process, we are actually seeking that the miners join in and co-invest in a planning process, so they have a stake in it.

Senator NASH—Thanks.

CHAIR—Senator Hutchins.

Senator HUTCHINS—Just two quick ones. I want to ask about the upgrade of the Cootamundra-Parkes rail line. I understand it will cost \$91½ million. Do you know when that project might be completed and how many jobs might be involved in it?

Mr Marchant—Firstly, it will cost \$91.5 million. It includes the replacing of all timber sleepers with concrete sleepers and 201 kilometres of track between Cootamundra and Parkes. That is over 300,000 additional sleepers to go in there. Just out of interest, we have actually started that work. I think there have been photographs floating around Canberra in the last two days of sleepers being unloaded to be put on the track. That photograph actually was at Cootamundra, and the Parkes framework—those sleepers that were on display there were, in fact, the sleepers for Cootamundra-Parkes. So the work has actually already started. We are going to increase the ballast depth and get rid of the worn rail and the fatigued rail in that project and, effectively, bring it up to a class 1 main line track, because it is, in fact, the main connection between Sydney and Perth. Most freight rail does not go through the Blue

Mountains; it goes via Cootamundra-Parkes and from Parkes out to Broken Hill, from there to Crystal Brook into Perth and vice versa.

The second issue, as you are probably aware, is that Parkes is actually becoming quite a hub for freight from Queensland coming down by road to Parkes and also some coastal freight coming across to Parkes and being repackaged. There are now two terminals by private operators in Parkes with a third one under development. Effectively, that process is underway. The work has commenced in April. As we said, it will take seven months and it will be fully completed before the end of this financial year and operating. There will be a slight bit of work in January and February which is tidy up, but it will be fully operational and commencing with a better performance by December.

Senator HUTCHINS—Do you have any idea how many jobs will be involved in this?

Mr Marchant—I expect I will have.

Senator Nash interjecting—

Mr Marchant—Sorry, I missed that?

Senator NASH—I just indicated that perhaps I could see the press release that Senator Hutchins is—

Senator HUTCHINS—Senator Nash is being facetious.

Senator NASH—Not at all. I am just taking a line out of the minister's book, who often uses that line.

Mr Marchant—Effectively, there will be 120 jobs directly employed in the construction site over a period of six months in the main construction, which is laying the track. There are a multiple number of other specialist jobs—another 40—dealing with the recorection of the track and some of the signalling work, so there are 120 construction jobs during the six-month period and another 40 jobs in that process. Those construction activities and the concrete sleepering has already commenced.

Senator NASH—Where do you expect those workers will go once that project is finished in five months? As it is obviously such a short-term employment period, which is great to get the sleepers up and running, of course, I just wondered if there had been any indication of where they might go or where they are coming from or where they might return to?

Mr Marchant—For most of those jobs in Cootamundra-Parkes and the western framework, we are actually employing most of the labour force from the existing areas.

CHAIR—This is getting even better.

Mr Marchant—By the way, the only areas where we are actually bringing people in in these jobs are in specialist areas such as railway engineering and signalling frameworks, but for the actual construction workforce itself we are trying to recruit from within the local areas with our suppliers. A percentage of that workforce will be generally local or come from that divisional area. I would anticipate that some of them may actually pick up jobs from some of the new plants at Parkes that are actually being developed for shipping and freight but, effectively, we are picking up occupations for people in the blue-collar areas who are actually local.

Most of the supply frameworks for these, by the way, excluding the specialist rail and the specialist concrete—I have told you where the concrete plants are—and most of the supply bases for accommodation and other support systems we are also trying to get locally and target into those areas. So there is a mix between specialist jobs moving in and the blue-collar jobs, which, by the way, are the most numerous of the jobs and they are generally being recruited from the local areas.

Senator NASH—Are you still going, Senator Hutchins? I am happy to wait till you have finished if you have got more.

Senator HUTCHINS—With those projects that I asked you about, essentially flowing from December last year, we could look at well over something like 1,200 jobs being created in regional Australia. Would that be as a direct result of your—

Mr Marchant—The government's stimulus package?

Senator HUTCHINS—Yes.

Mr Marchant—Yes, there would be 1,200 jobs with regard to the construction and frameworks from that. There is a range of multiple jobs from that. In addition to that there are the jobs in the Hunter Valley framework. The Hunter Valley is a separate exercise framework; so there are about 1,200 jobs.

Senator HUTCHINS—My colleagues would be very interested to know how many jobs have been directly created by this huge investment.

Senator NASH—I cannot believe you said that with a straight face, Senator.

Senator IAN MACDONALD—We are interested. They will need to create a lot of jobs to make up for those they will lose from the ETS.

Senator NASH—Absolutely.

Mr Marchant—Essentially, our estimate is about 1,200 jobs generally from that, plus about 800, going to 900, in the Hunter Valley over the four-year period. We are also very careful in this process, especially with the government's targeted program, with regard to our sourcing of suppliers. Our suppliers in steel are basically Australian supply sources. We are not getting steel from elsewhere. We are actually getting most of the fabrication frameworks from Australian sources—for example, Wodonga, where the second bypass is being built at \$50-odd million.

Senators, if anybody has been through Wodonga lately, you would see that an announcement was made in December, construction actually started in February, and, in fact, I am told that the piers on the riverbank for both the main and the duplication are nearly completed. Subject to weather, we will have all the piers across the river of that area done by the end of next week. In addition to that, all the steel and the concrete for those piers are actually being sourced from Port Kembla and Whyalla frameworks as well as the concrete manufacturing, so we are seeking to source as much as we can, non-technical material, from within the Australian economic environment.

Senator HUTCHINS—Thank you, Mr Chairman. I have got no more at this stage.

Senator IAN MACDONALD—Mr Marchant, you are only interested in railway lines, not operating railways?

Mr Marchant—Our charter is below rail. Our charter specifically precludes us from operating above rail for profit.

Senator IAN MACDONALD—Operating what?

Mr Marchant—Above rail for profit.

Senator IAN MACDONALD—So you do not go to Darwin?

Mr Marchant—No. We have to run maintenance trains. The company has got to make returns—chartered to make returns.

Senator IAN MACDONALD—This is not an offer; I am not in a position to do this, but would you be interested in buying up the Queensland railway system that is, I understand, about to be put on the market?

Mr Marchant—We have not given it any consideration, Senator.

Senator IAN MACDONALD—And it would not be a good investment. It would cost you an enormous amount to upgrade it to a profitable line, I might say. But does your charter allow you to look for new opportunities? Specifically, there is a lot of talk for a new link between Mount Isa and Tennant Creek. Is that something that your charter would enable you to look at?

Mr Marchant—Part of the charter is to actually help promote and develop interstate rail and freight rail generally between our capital cities—Sydney et cetera, et cetera. Our charter is focused on interstate rail between our capital cities and the connecting ports.

Senator IAN MACDONALD—Is Darwin classed as a capital city?

Mr Marchant—Darwin has a connection, part of which goes from Adelaide through Alice Springs. You are probably aware, Senator, we actually own the line from Alice Springs to Adelaide and we lease the line to the Adelaide section to the FreightLink consortium. We have not looked at opportunities outside our main ball game of trying to get the interstate network connected, but we do look innovatively at projects that could help facilitate improving those activities between our major capital cities and ports.

Senator IAN MACDONALD—If Darwin is a capital city, and I think you intimated it was, one way of getting to Darwin, connecting two capital cities, is from Brisbane to Townsville to Mount Isa to Darwin. The Mount Isa to Tennant Creek section would be the missing gap, which there is a bit of interest in at the moment for phosphate and other minerals, and because of the very poor state of the line from Townsville to Mount Isa, the people in the north-west mineral province are desperately looking for a decent rail link to a port and going the other way to Darwin made some sense. Is your board able to initiate those investigations or do you need a direction? Are you able to—

Mr Marchant—Senator, the company is a public company under the Corporations Law.

Senator IAN MACDONALD—Yes.

Mr Marchant—The board of directors are legally and solely responsible for the company. It is not a statutory company. It was set up by the previous government as a public company whose shares happen to be owned by the Commonwealth of Australia. The company's investment charter and its framework are solely matters for the board of directors about and if there are commercial opportunities that fit the charter then the board will look at them if they see them as commercial. It is not an issue of direction or non-direction; it is an issue of commerciality.

Senator IAN MACDONALD—But within your charter, purely hypothetically, could you borrow, gather the money to invest in a brand-new line from, for example, hypothetically, Mount Isa to Tennant Creek?

Mr Marchant—If it met the commercial objectives of the company and its rate of return and its scarce use of its very limited capital, then the board would look at it. But I think the board, at the moment, are mainly focused on doing one of the biggest jobs we have got and that is changing rail from being a dog of a performer between Melbourne, Sydney and Brisbane—where it has less than eight per cent of the land transport market in the biggest land transport market in the country—and improving its performance in transit time, reliability et cetera to move it from the 1950s to become a value added part of the national transport network. I have to say to you, Senator, we are focusing a lot to try to ensure we can turn that around. We would want to get a long way through that before we went off to look at somewhere between Mount Isa and Darwin.

Senator IAN MACDONALD—Good luck. And you have the goodwill of everyone, and I know your board is of a calibre that if anyone can do it, they and you and your team will do it. Of course, as a board that looks to the future, you would be looking for investment opportunities once you fix that one. I guess you have answered my question. If there were people who were interested, I could refer them to your board and they could make a case and suggest finance. But I take it from what you are saying that no-one has yet raised the issue with you in any serious sort of way.

Mr Marchant—Not in a serious sort of way. With respect, Senator, a lot of people have raised the concept with us and the rest, but we have never seen a reasonable marketing analysis or a reasonable framework that would give us even a back-of-the-envelope view to actually give it further assessment. To be frank with you, everybody who is promoting a railway somewhere sends us across a letter promoting a railway somewhere. That is a lot different to, actually, a reasonable market analysis and case enough for us to start to think about whether it is worth investing our scarce resources to build on it.

Senator IAN MACDONALD—Sure. The people who are looking at particularly phosphate, but other minerals, are world-class serious businessmen. If they ever did approach you, they would come with a serious proposition. Perhaps they would not need to approach you if it were commercially viable.

Mr Marchant—Yes. It is not unusual for people to approach us with propositions, including some very good ones, and over the course of the next year or so some of those may come off. So we are not averse to people who have business propositions, who do not see their core businesses running railways but want them to actually facilitate their supply

chain—we will look at anything that has a good chance of actually building a good investment base.

Senator IAN MACDONALD—If this has been asked before, just let me know, but what is your relationship with the inland rail proposal from Melbourne through to Gladstone, I think it is at the moment, and perhaps in time further north?

Mr Marchant—At the last election the new Australian government promised an inland rail study to actually pin down four elements: (1) what is actually the real level of likely cost to construct it; (2) what is a real assessment of the potential for the market and what would it likely do for the land transport market; (3) what would be the environmental and other obstacles to any particular routes; and (4) identify a couple of preferred routes that are financially realistic with regard to capital cost and market framework. That study the Australian government asked ARTC to undertake or at least bring together. We are undertaking that study. The first stage of that study we released the reports three weeks ago. It is in four stages. The first stage is an assessment of the most likely—

Senator IAN MACDONALD—You have not spoken about this before in my absence?

Mr Marchant—Not today.

Senator IAN MACDONALD—Good. Keep going.

Mr Marchant—And that study is a Melbourne to Brisbane study. The report was issued three weeks ago and the study is being undertaken by four elements: PricewaterhouseCoopers and ACIL Tasman doing the economic and financial analysis; Parsons Brinckerhoff and two other engineering firms doing the engineering and environmental analysis. The first stage of the report three weeks ago gave the preferred route amongst a range of costs of routes. It indicated what the capital cost likelihood is. It indicated what the financial economic cost is likely to be against the known market. The second stage is then to drill that down and see if we can refine that capital cost to then being a much higher order of accuracy. Secondly, to do an environmental assessment of the route to actually see that we are not going through things that are going to be great, major obstacles to its construction. Thirdly, to refine the market analysis of who is likely to use it, because we have been doing a range of market surveys, or PricewaterhouseCoopers and ACIL Tasman have. And, fourthly, to coordinate with the various state governments and methodology with regard to any particular line corridor frameworks and coordinate that and then issue another report publicly before we go to the third stage, which is a proper economic and financial analysis to present to the government between any gap between its economic viability and its financial viability, which is for November this year.

That study we are leading, but we are using outside firms to bring together. We will release the first report. We will release every stage report publicly so people can comment on it. As you are probably aware, Senator, or you are not, that report we issued three weeks ago showed that no option was financially viable and that, effectively, further analysis will be done to try and find out the degree in which each of them lose money.

Senator IAN MACDONALD—What is that study costing, just by the way?

Mr Marchant—\$15 million.

Senator IAN MACDONALD—And that is being paid for out of your regular budget, or have you got—

Mr Marchant—That one is a specific study funded by the Australian government.

Senator IAN MACDONALD—But managed by you?

Mr Marchant—We are managing it and producing the reports publicly on the way through and then giving the Australian government a report at the end, part of which will be confidential, which is the view we have between what the market can bear and what government may need to put in. That is obviously essential, because if anybody was to make a play in the market, you would want to have a competition about trying to lower the expenses to the Australian government as well. But I would point out that each of the studies did have a quite large negative economic impact at this point, and that is the stuff we need to work further through.

Senator IAN MACDONALD—And you hope to finalise that study by the end of this year, did you say?

Mr Marchant—Yes.

Senator IAN MACDONALD—Good. Thank you. That is all I have, Mr Chairman.

Senator ADAMS—Can we move over to the west, please. As far as your responsibility there, could you just tell us where the rail goes to?

Mr Marchant—We own the railway from Adelaide to Kalgoorlie. We have a wholesale agreement with WestNet for the rail from Kalgoorlie through to Perth, Kilbride. And under that wholesale agreement we have 50 per cent of the capacity of that line available to us on terms and conditions which were negotiated at the beginning, mirroring our terms and conditions for the rest of the corridor. And that wholesale agreement has another five years to run.

Senator ADAMS—As far as the problems this year with our grain, how much capacity is left on the line going in from, I guess, Merredin into Perth?

Mr Marchant—I have no idea. That is all on WestNet's jurisdiction. It belongs to WestNet.

Senator ADAMS—When you were talking about the capacity, I just wondered if there was any capacity there; trying to get the grain onto rail rather than onto all the road trains which, unfortunately, are frequenting our roads. As far as the other rail network within Western Australia, your company would not be looking at anything there?

Mr Marchant—WestNet is owned by BBI, and ARTC has a continuous interest in trying to connect the standard gauge network from Perth through to Brisbane. We are always looking at opportunities to conclude our charter of having one national rail network under one coordinated management from Brisbane through to Perth. So we are always looking at the standard gauge between Kalgoorlie and Perth, and any opportunity that may come for a rational acquisition or otherwise of that then we will pursue that.

Senator ADAMS—Right.

CHAIR—I know Senator Adams's passion for looking after or getting the best deal for growers in Western Australia, and I acknowledge that and support her too, but running a railway line and all that above the ground, Mr Marchant, you would have to have freight on that rail line constantly, wouldn't you?

Mr Marchant—There are three types of rail lines in Australia, Senator.

Senator ABETZ—This is an opinion, isn't it, Minister?

Mr Marchant—There are three types of rail lines in Australia.

CHAIR—I am just warning myself to ignore the interjection. Sorry, Mr Marchant, you were rudely interrupted; you can carry on.

Mr Marchant—There are three types of freight lines in Australia. Excluding the urban passenger systems, there are three types. There are main lines, which are basically high volume with a mixture of traffic, that is, steel, bulk and intermodal container traffic, the stuff that trucks and rail compete about, and that is basically the main lines between our capital cities. Although inadequate, in some cases improving dramatically. There is a second type of line, which are the regional lines, which are usually five million tonnes or less. They are usually to reasonably large regional centres, Bendigo, Ballarat, Bathurst, those sort of frameworks. And there is a third category of lines which are more specialist lines, which traditionally in this country are more about grain lines.

One of the great issues for the rail industry and logistics is the grain lines moving through to a situation of becoming economic or otherwise or who pays for the difference. That is an issue in most of the mainland states. One of the traditional problems in some states has been that most of those grain lines were built in the 1920s and thirties when our land transport sector was never as efficient as it is today. And for 200 kilometres or less, it is obviously easier to bring things by truck into a hubbing centre and then have a rail centre take much greater freight in grain to ports on a hubbing cycle. One of the problems is working through what lines should be rationalised to enable that optimum efficiency, recognising the new technology that has come to bear on our transport system as a whole.

So the grain lines are the third category of which there is always an ongoing debate between the issue of how many grain lines should exist and how could they be hubbed better with road, the road-rail hubbing to points. Secondly, the economics of hubbing and then going by rail, because on the straight financial economics—that is, do you earn enough money on the paid cost of moving the grain to actually make it viable for both the operator, above and below rail operator, against the sunk cost of the infrastructure plus the rolling stock capital and the staff in it? And that usually does not work out to be financially fully viable, but the alternative case is how much would it cost you to maintain roads and all the other amenity issues for longer journeys with greater volume?

The economic trade-off of that is very difficult for the states to come to terms with, and is one of the great challenges for infrastructure planning: how do we get a model which does enable some trade-off between costs in roads being not borne against inefficient costs by rail? It is that trade-off debate which is an ongoing debate. Effectively, there is a grain task force, which the Australian government has established, looking at New South Wales. There has just been, in Victoria, a task force chaired by Tim Fischer, looking at those issues in Victoria; and

there is a grain task force looking at Western Australia. Each of those task forces are trying to actually come to that balance.

One of the great difficulties for local government and elsewhere in those areas is where the policy setting says it is good to rail in 200 or 100 kays, basically three truck cycles a day framework, it is good to road in; then you need to look at those roads and how many would go on it, and what the investment is there. Secondly, then, if you bulk it by rail in, how do you actually ensure that no trucks go on those other roads and bypass the rail framework for the investment? There are issues about how you do planning to make sure that those are stuck on the framework. That is a debate in each of the grain areas.

One of the unfortunate frameworks, and I say this with some regret, is, having sat down with the grain industry in New South Wales over the last five years to try and get a consensus framework from it so that we could all move together in a proper plan, it has been very difficult to get a cohesive framework together, because in the end someone does have to pay, and it is a matter of getting the right mix between how much grain pays, how much government pays as a differential between subsidy for road costs or road/rail costs, and what is done with the capital framework. That is the very difficult mix to get right, and it has been difficult, with respect, with the grain industry in the last four years, to get that right, as people have positioned themselves differently in the market.

CHAIR—Does the grain industry, to the best of your knowledge, accept that they may have to very well pay?

Mr Marchant—I think, amongst the mature parts, there is a recognition that there needs to be (a) some rationalisation and (b) proper investment in what is left so it works well, and therefore maybe some extra contribution by the users to help pay for its operating cost, and then some balance with government support to improve the capital and maintenance costs. I think there is, amongst the mature levels, a need to produce a new compact, but I think everybody is only just getting there.

CHAIR—Yes. I can imagine how difficult it would be. Senator Nash.

Senator NASH—Thanks, Chair. Thanks, Mr Marchant. It is always extremely informative whenever you appear before this committee. Thank you very much. Firstly, very specifically, the line between Young and Cowra, that is due to get the concrete sleepers; is that correct?

Mr Marchant—Young and Cowra, no. It is not part of our main line framework.

Senator NASH—My questions may well go to Mr Tongue and the minister as well as you, Mr Marchant. I am just trying to clarify: the rail corridor between Melbourne and Adelaide, the 105.7 that was announced in the nation building package; in the budget there was the \$100 million upgrade of the line—not being from there, I am just not very clear of the geography—between Maroona and the South Australian border. Is that the same project?

Mr Marchant—I cannot comment on the budget papers; that is a matter for government. But I can tell you what I have got.

Senator NASH—I will make it very simple. Are they two separate projects?

Mr Marchant—I can tell you extensively what we have got. We have got an upgrade of the main line on the Adelaide to Melbourne, which is, in fact, a full concrete sleepers of that

part of the line which is not concrete sleepered, and at the same time extending of loops in that line to enable more efficient train services between Adelaide and Melbourne or Melbourne and Adelaide. Separately to that, there is a Geelong project to upgrade the Geelong rail line connections and Geelong port connection. And the third major project is concrete sleepering and upgrading between Melbourne and Wodonga. So both corridors, north to Wodonga and west, are being fully upgraded to fully concrete sleepering.

Senator NASH—I understand that. Sorry, Mr Tongue, are they—

Mr Tongue—The experts are coming next, Senator.

Senator NASH—The experts are coming. All right. There are about six of the Hunter Valley programs, I think, which come under the nation building. This is to do with the \$580 million you were referring to before: on my calculations, those half a dozen projects actually come to about \$798 million.

Mr Marchant—Those projects come to more than that, but there is \$580 million of equity contributing to an overall program of \$1.3 billion.

Senator NASH—So when the actual document is saying ‘the additional \$580 million Australian government equity injection’—this is probably Mr Tongue—‘will facilitate the implementation of the project,’ it will facilitate it; it is not going to pay for all of it?

Mr Marchant—No. It is an equity injection, and it is actually facilitating \$1.2 billion worth of projects. What you have got there is that some of those projects individually cost more than the equity allocation from the Commonwealth. But, as I indicated, what we are doing is leveraging our balance sheet. The reason we were after that is to leverage our balance sheet to actually get all the projects done and then they are all back-end paid out of the coal industry revenue stream over time.

Senator NASH—That is fine. Mr Tongue, the 1.2 equity—over what period of time is that?

Mr Tongue—We will be able to answer that with the next group, Senator. My recollection is it is a one-off equity injection.

Senator NASH—All right. I just do not want to miss an opportunity with the ARTC and you tell me later, ‘You should have asked that with Mr Marchant.’

Mr Marchant—Senator, the equity injection is phased: \$440-odd million was brought in last month; \$660-odd million comes in, subject to the Senate passing the budget, in July.

Senator NASH—Thank you, Mr Marchant. I will save them all for the specific officers, thanks.

CHAIR—Senator O’Brien.

Senator O’BRIEN—Last time you were here you updated us on some of the work on the Sydney-Brisbane corridor, and I just wondered if you would give us an update on what had taken place there. Has the work been completed? If not, what is the latest work program?

Mr Marchant—Senator, the Sydney to Brisbane corridor, which is the second biggest logistics corridor opportunity in the country, we have actually now maturely gone through nearly all the projects. The only projects now we are waiting to complete—and I mention

waiting to complete in the sense that the early start package in December, as you are aware, had a contribution towards projects, one of which was Acacia Ridge to the Queensland border, which I mentioned earlier; the second of which was to conclude three other loops, so we had consistent loops there. Those projects are underway at this minute and, in fact, one of the loops was finished last week.

Senator O'BRIEN—They are the passing loops?

Mr Marchant—Yes, passing loops. The CTC program, the signalling program—you probably saw on television a year ago some beautiful, historical framework which was done as *A Current Affair* story, which effectively showed that the train driver was stopping every 20 kilometres and getting off and getting an old electric steel baton and picking it up and going to the next place 20 kilometres on and putting it back in; what is called the staff and ticket system, which was a brilliantly managed system in 1850. That system was between Casino and Acacia Ridge in Queensland. That system has now been fully replaced by a modern CTC system which is both safer and faster and obviously overcomes occupational health and safety issues of drivers having to get in and out of cabs, especially in the weather conditions on the North Coast of New South Wales the last couple of weeks.

The early start packages from the government's December program will be fully completed by December this year. In addition to that, as of this month—and we will be coming through with the final arrangements next week—we are intending to move the transit time improvements from our north-south corridor strategy and introduce them in three segments, the first of which will be the end of this month. We will be announcing at the end of this month a new timetable which is improving the transit time between Sydney and Brisbane, a substantial improvement in transit time, coming on track immediately.

The second stage is in October-November, when we actually bring new transit times for the second part of Melbourne-Sydney and Sydney-Brisbane in, and that date is determined in October and November to fit in with RailCorp's urban system which we have to get through. The third and last timetable change will be made in April next year, when the full transit time improvements, that is, the transit time improvements from 37 hours Melbourne-Sydney-Brisbane to 26.5 hours, will be fully implemented in April next year.

At the end of this month we will be outlining a new timetable to commence at the end of this month, which will start to bring home some of those efficiencies. Just out of interest, Senator, the issue is that, although rail has not performed very well there, you would be interested, after the floods on the North Coast last week, that rail was the only operating transport chain between Sydney and Brisbane last week; it was not affected by the floods, and, in fact, the main highways were.

Senator O'BRIEN—I was going to ask about that, because there is a story online of a road collapse, complete collapse of a four-lane road in Northern New South Wales, luckily with no injuries or fatalities.

Mr Marchant—Unusually enough, we are able, in the logistics chain, to be the only one operating between those two cities. So the bottom line is there is about to be announced a significant improvement in transit time Sydney to Brisbane from the first stage. The second stage, Melbourne-Sydney, will be in October-November. And then the complete stage

Melbourne-Brisbane, with other benefits bringing it from 37 hours by a freight train to 26½ hours Melbourne-Brisbane, will come through in April next year.

Senator O'BRIEN—Are there projections on the expected impact on freight? I suppose it is difficult in the current economic climate, but—

Mr Marchant—In the current economic climate it is a bit tough. If I can give you this insight so far: ARTC, we are down about \$20 million in revenue this financial year against our forecast, mainly because about 80 per cent of the steel trains have stopped moving. But on the intermodal areas, just to give you a comparison, we are down about four or five per cent intermodal. This is white goods, container goods et cetera. The Australian trucking, interstate, is down by about 18 per cent and the shipping market is down by 21 per cent on the coastal shipping, Melbourne, Perth, Brisbane, so we are only down about four or five, so we have been holding market, actually, and airline domestic freight is down by 22 per cent. So at this point in time we are actually holding our position. The forward forecasts are really difficult at this point; however, a range of freight forwarders are now in discussions for the next 12 months and I expect we will hold our position in the next 12 months.

Senator O'BRIEN—What sort of traffic is coming out of Port Botany? I say that because I was visiting there for an inspection and there was a massive traffic holdup because you actually have to cross the rail line to get into a number of the berths, and I think we were waiting about 25 minutes while a two-kilometre train seemed to be passing very slowly across the road. What is happening there?

Mr Marchant—We have not taken up the Botany line yet. As part of the arrangement with New South Wales, when we finish the southern Sydney freight line we will immediately take up the freight lines to Botany and they will be moved and separated from the urban system. However, I can say this: the Australian government provided a \$45 million contribution to ARTC a few months ago to immediately take up Botany yard and start to reconfigure the yard so it can operate more efficiently with the stevedores as an early step in trying to improve the port operations in Sydney. The second stage of that, which is on the nation building website on the department's website, has a further contribution to ARTC next financial year of another \$45 million to upgrade the Botany line.

At the present time, there are works being undertaken, started four weeks ago, of us reconfiguring the Botany line to move to consistent trains, and Senator Milne asked me about this two Senate meetings ago, about going to the Botany and missed, and there was some suggestion about 600 metre trains. Just out of interest, the standard train we have now worked for with the stevedores is 600 metres, and that is the planned exercise we are doing with the stevedores in and out of the port, a 600 metre train. We have been working in the Botany area, very similar to the Hunter Valley, to set up a rail taskforce of stevedores, ourselves and the ports to actually start to get a coordinated logistic chain in and out of the port to actually overcome some of those very problems.

The next part of that is we are working with the port and the New South Wales government to actually set up a booking system of which trains get booked in and out, but so do trucks. So you do not have long lines of trucks waiting outside a port getting a slot that they cannot use, and there actually is a slotting system being developed at Sydney Port so that trucks can turn

up and go straight in and actually get work through rather than spending hours on the road. So there is a range of area there to try and improve the logistics chain in and out. On the rail part, the Australian government is investing nearly \$90 million with us to upgrade the port connection, and there is a range of works being done with the stevedores. And we are working on a coordination plan between the stevedores, the shippers, ourselves and the above rail operators so that everybody works in harmony to optimise that network.

Senator O'BRIEN—It would be a huge bottleneck there when they construct the new berth area if there are more ships coming into Port Botany; more containers and trains.

Mr Marchant—We are certainly working with Sydney Ports on a method to actually improve the rail and road connections to that extra terminal area, and that is part of the coordination framework. There is now a very active coordination framework between Sydney Ports, ourselves, the state government and otherwise, on the whole of that area to actually improve the logistics operations of both road and rail.

Senator O'BRIEN—There does not seem to be much of an impact in the Port of Melbourne for rail, but, perhaps, that is the way it was presented to us when we were there. What has happened there?

Mr Marchant—The Port of Melbourne, we have actually been operating the rail internally to the port for, now, eight years, under licence from the port. So we have actually had a licence from Melbourne port itself to operate the internal operations of its railways for, now, about eight years. So they have been fully coordinated with all freight movements for eight years, and it has actually worked quite well. So we are actually a subcontractor inside the port for the port itself.

CHAIR—Thank you, Senator O'Brien. Just before we go for the afternoon tea break in a couple of minutes, Mr Marchant, you talked about Parkes, and I have not been out to Parkes. So is Parkes becoming a freight consolidation area for freight moving between Brisbane and Perth and Melbourne, is it?

Mr Marchant—It is progressively moving that way, not because of anything other than market forces in one sense. Linfox actually acquired one of the terminals there and they are using it for cross-freight forwarding from both the Queensland end down to Melbourne and also the Queensland end across to Perth. Two other operators have set up similar terminals, some of which is trucking across from Sydney and reconsolidating and getting across to Perth or down to Melbourne. So there are three quite reasonably sized intermodal terminals being developed or in operation in Parkes.

CHAIR—So if there is a transport company running around picking up freight in suburban Sydney—and I know how big suburban Sydney is—you are saying it is cheaper for them to have a depot in Parkes to consolidate the freight there, rather than try and battle their way into inner Sydney. Is that right?

Mr Marchant—No. In some cases that is right. What happens is people miss the close-down for the rail movement and actually try and shoot across to get the next movement and get packed up. So if they miss a deadline at 4 or 5 o'clock for a consolidation of a rail movement, they may actually truck it through to Parkes, or plan to truck it through to Parkes, to catch the longer movement.

CHAIR—You can take it on notice, Mr Marchant, it would be interesting to see how many tonnes of freight come out of Parkes per year.

Mr Marchant—I would be happy to get you some stuff; I do not carry it in my pocket.

CHAIR—No. I do not expect you do. Mr Marchant, on behalf of the committee, thank you very much. We will now take a break and we will be back at 4.15 and we will call Nation Building—Infrastructure Investments. Thank you.

Proceedings suspended from 3.58 pm to 4.16 pm

CHAIR—Ms McNally, thank you very much. We are up to Nation Building Infrastructure Investment. Do you wish to make a brief opening statement, Ms McNally?

Ms McNally—No, thank you.

Senator ABETZ—Ms McNally, can you tell us about the colour scheme for the new building nation logos?

Ms McNally—What would you like to know, Senator?

Senator ABETZ—Were you made aware of the questions that I asked earlier today or not? I can go through them all again, and am happy to do so. By the looks of that, I will. What was the reasoning behind the rebranding from AusLink to—what is it called—Nation Building?

Ms McNally—That is correct, Senator. The government made the decision to change that name.

Senator ABETZ—So, it was not evidence based research that was undertaken, or anything like that? It was just a government decision; was it?

Ms McNally—I think it was like any of the program names that come up from time to time under a whole range of initiatives: it was branded at that time by the government.

Senator ABETZ—It was branded at that time by the government. So, was the department asked to provide any advice about the rebranding?

Ms McNally—We had broad conversations initially, but the decision that came through came through from the government, and the name that was suggested is not a name that the department put forward.

Senator ABETZ—Did the department put forward a few names?

Ms McNally—The department had a look at what was trying to be achieved. We had some ideas, but I cannot recall what they were; it was quite a long time ago.

Senator ABETZ—I know it seems like a long time that they have been in office, but they tell me it has only been about 18 months. It seems a lot longer, I agree, Ms McNally.

Senator NASH—Interminably.

Senator ABETZ—Interminably; yes. Ms McNally, have you been provided with the final decision as to what the name is? It is going to be Nation Building; is that right?

Ms McNally—That is correct.

Senator ABETZ—Have you been tasked to find consultants to decide on a colour scheme and the stylised writing of the words, all that sort of thing?

Ms McNally—No, Senator. The Nation Building arrangements have been developed more broadly across government.

Senator ABETZ—By whom?

Ms McNally—A range of portfolios are involved.

Senator ABETZ—Tell us which ones. Undoubtedly the Prime Minister's office is one, because he is involved in everything.

Senator Conroy—As he should be.

Senator ABETZ—No, no. What that shows is a micromanager who does not trust his ministers and possibly for good reason.

CHAIR—Is there a question coming?

Senator ABETZ—Yes, absolutely. Is the Prime Minister's office one of the departments involved?

Ms McNally—It is one of the departments.

Senator ABETZ—Yes, and which—

Ms McNally—The departments are involved in the nation-building initiatives overall. There are education initiatives; there are health initiatives—

Senator ABETZ—Yes. This is in relation to the logos, designs, signs et cetera. Are you telling us the—

Ms McNally—In terms of the specific responsibilities I have for road and rail, basically we are involved in making arrangements for those changes.

Senator ABETZ—Wait a minute. I was told earlier this morning that if I wanted to ask about rebranding in particular of road signs but in general terms about the rebranding with nation building, this was the area in which to ask it.

Senator NASH—Absolutely.

Senator ABETZ—But you are telling me that you are only responsible for the rail and road aspect.

Ms McNally—That is correct, Senator.

Mr Tongue—Transport infrastructure.

Senator ABETZ—Right.

Senator Conroy—I think she is indicating that it is centrally coordinated.

Senator ABETZ—Yes, by whom, and of whom should I then be asking the questions? That is what I am getting to.

Ms McNally—I think the Prime Minister's department would be a good department to ask questions to. A number of departments are involved. They are all involved in different aspects. It depends what kind of signage and branding you have for your programs.

Senator Conroy—We did take some of these questions on notice this morning, Senator Abetz. I appreciate your keenness.

Senator ABETZ—Who will ultimately and finally determine the style of the words ‘Nation Building’ on any road sign, for example?

Ms McNally—We will.

Senator ABETZ—You will.

Ms McNally—Yes, we will. That will be a decision that is taken by our minister.

Senator ABETZ—So it goes all the way up to the minister. Who is preparing the brief for the minister—the department?

Ms McNally—That is right. That is correct.

Senator ABETZ—And are you relying on your own muse within the department, the artistic expertise within the department or stylists within the department, or have we gone out to engage a consultant just to see how we can make the signs as fetching as possible?

Ms McNally—Significant changes are not proposed to the signs.

Senator NASH—Apart from the name.

Ms McNally—The wording will be changed. We did seek some advice and hire some consultants for what design work implications there were.

Senator ABETZ—How much did that cost the taxpayer?

Ms McNally—\$1,716.

Senator ABETZ—That was to tell us what—just the style?

Ms McNally—That was to basically look at what the signs would look like with the words ‘Nation Building’, as well as—

Senator ABETZ—Please do not tell me—

Ms McNally—organising where the logos would sit and those sorts of things.

Senator ABETZ—So, to take the name ‘AusLink’ off road signs and replace them with ‘Nation Building’ cost the taxpayer \$1,000. Next time you are thinking of changing, please give me a ring. I will do it for half the price.

Mr Tongue—Senator, I am not sure that characterisation is quite right.

Senator ABETZ—All right. So what else—

Mr Tongue—We sought some professional advice about the design objects, given some inputs that we knew we had to deal with—‘Nation Building’. I would refer you to page 21 of the portfolio budget statement where, under ‘Administered items’, you will see ‘Nation Building Program’ and then the various elements. So page 21 is probably the best summary of the nation-building elements. And you will see there that much of what was old has been retained, with simply ‘Nation Building’ in front of it—so, ‘Nation Building Heavy Vehicle Safety’, ‘Roads to Recovery’, ‘Strategic Regional’, and so on.

Senator NASH—That must have been tricky!

Senator ABETZ—So we have spent \$1,000 to change from AusLink to ‘Nation Building’, and what else did this—

Senator Conroy—The signs will not be in the official colours of the National Party, as the AusLink signs were.

Senator ABETZ—And what were the colours of the AusLink—

Senator Conroy—What are the National Party's colours?

Senator NASH—I think they are the Australian colours as well, aren't they, Minister, or did that escape you?

Senator ABETZ—So do you say that Ricky Ponting plays in National Party colours?

Senator NASH—I like that!

Senator ABETZ—Is that what you are telling us, Minister?

Senator NASH—We could have a whole range of sportspeople playing in the National Party colours, as they should.

Senator ABETZ—Is that what you are telling us, Minister, or not? I need to understand this colour scheme. We have spent \$1,000 on it.

Senator Conroy—We have. You have been pursuing \$1,000.

Senator ABETZ—The National Party colour scheme or the cricket team's colour scheme?

Senator NASH—Or the boxing kangaroos, Senator Abetz. I quite like that analogy.

Senator Conroy—That is a different green—be fair—on the boxing kangaroo.

Senator NASH—No, it's close enough.

Senator ABETZ—Let us get down to it: what did this \$1,000 buy the Australian taxpayer?

Ms McNally—There are a range of different signs and we have requirements in our programs that the states and territories need to put in place signage for each of the projects. They also include a number of their logos and that on the signs. So part of that was to ensure, when we provided advice to the states and territories about our requirements, that they met various signage requirements.

Senator ABETZ—And were any other consultants engaged in relation to the issue of signage and branding?

Ms McNally—No, Senator.

Senator ABETZ—And what requirements have been made of the state governments or, indeed, of any government or your department in relation to existing road signs?

Ms McNally—The proposal is not to change existing road signs, Senator.

Senator ABETZ—Sorry, Ms McNally?

Ms McNally—The proposal is that existing road signs will not be changed. So these road signage arrangements will apply for projects that are commenced as of the commencement of the Nation Building Program.

Senator ABETZ—Great. So, with some road works that are going to be conducted in stages, people will drive along and see that this is funded under AusLink and this one under nation building, not realising that it is, in fact, the same program, just with a different name.

Ms McNally—At this stage there is no proposal that I am aware of to go around changing signs that already exist, Senator.

Senator ABETZ—That you are aware of. Who would ultimately make that decision?

Ms McNally—Normally the state government makes the decision about where the signs should be, taking into account those—

Senator ABETZ—No, what is on the sign.

Ms McNally—What is on the sign? The state governments are required to comply with our signage requirements in terms of signs for our logos and so on.

Senator ABETZ—Will it be the minister or the department?

Ms McNally—The decision will be made by government, in terms of signage and the colours and so on and the logo and the name ‘Nation Building’. And then we will need to get the states and territories to comply with those requirements.

Senator ABETZ—Yes, but who makes those requirements: the minister or the department?

Ms McNally—The government, because the minister is part of it.

Senator ABETZ—I am called elsewhere, but be assured that I will have a few more questions on logos et cetera when I get back.

Senator IAN MACDONALD—Has anyone been able to find out for me the answer to a question that Senator Abetz raised on the total spend in AusLink 2 versus the nation-building spend?

Mr Tongue—Yes, we have, Senator.

Ms McNally—The AusLink 2 funding that was proposed for 2009-10 to 2013-14, prior to the 2007 election, was \$22.3 billion. And the budget in 2009 for the same period, for road and rail funding, is around \$30 billion.

Senator IAN MACDONALD—Can you indicate how the \$30 billion is split up, in which years? Could you point out to me where I would find that?

Ms McNally—The \$30 billion, by year, is \$6 billion in 2009-10, \$5.2 billion in 2010-11, \$6.1 billion in 2011-12, \$6.4 billion in 2012-13 and \$6.2 billion in 2013.

Senator IAN MACDONALD—Is that 2013-14?

Ms McNally—That is correct.

Senator IAN MACDONALD—And what was that again?

Ms McNally—\$6.2 billion in 2013-14.

Senator IAN MACDONALD—Thanks very much for that. So 2009-10 is \$6 billion. Where would I see that in the budget papers?

Mr Tongue—I will ask Mr Wood, our chief financial officer, to come to the table.

Senator IAN MACDONALD—Thank you.

Mr P Wood—We start, firstly, with the 2009-10 figure of \$6 billion. As we discussed earlier today, if we add the total for the Nation Building Program on page 34 of the 2009-10 portfolio budget statements, \$0.6 billion, to the amount on page 24 of the portfolio budget statements, \$3.38 billion, that is, in effect, the total for the Nation Building Program. In addition to that, there is funding through the Building Australia Fund. In 2009-10 there is \$271 million, plus \$30 million that is paid through the Treasury. In addition to that—

Senator IAN MACDONALD—Where do I see those two figures?

Mr P Wood—That is also on page 24, payments from the Treasury. In addition to that, there is \$754 million paid as an equity injection to three projects, the Darwin, Oakajee and Gold Coast light rail. That \$754 million is disclosed on page 20 of the PBS. In addition to that is funding under financial assistance grants and tied local road grants, and that is disclosed in total on page 89 of the portfolio budget statements. That amount is \$457 million.

Senator IAN MACDONALD—And they total up to \$6 billion?

Mr P Wood—That will give you the \$6 billion in addition to the ARTC equity injection. There is \$678 million to be paid to the ARTC in 2009-10.

Senator IAN MACDONALD—I want to come back to that. You mentioned the equity injection into the Gold Coast project. Is that committed in the budget?

Mr P Wood—That is disclosed as a capital measure in our budget statements. It is also disclosed in Budget Paper No. 2 on page 415.

Senator IAN MACDONALD—But doesn't it say on page 415 'a possible equity contribution' of \$365 million?

Mr P Wood—Correct. Budget Paper No. 2 states:

The Government's contribution will be made subject to negotiations with the project proponents and the establishment of an appropriate equity vehicle.

That is in terms of the Gold Coast Light Rail Project.

Senator IAN MACDONALD—So it is very much contingent?

Mr P Wood—It is conditional on the satisfaction of such criteria.

Senator IAN MACDONALD—Would that be spent in the year 2009-10?

Mr P Wood—That was the budget decision. That is how it is disclosed in our budget paper.

Senator IAN MACDONALD—Is there any conceivable way that that \$365 million could be spent in the 2009-10 year on the Gold Coast Light Rail Project?

Mr P Wood—That will be dependent on the outcome of the consideration by Infrastructure Australia and the other conditions that are stated in the budget paper.

Ms McNally—Essentially, that money has been reserved for 2009-10. If work that is done with Infrastructure Australia works through, the money can be paid in 2009-10.

Senator IAN MACDONALD—Thanks, Ms McNally. Mr Wood. I am digressing here, but let's go to the Gold Coast project. What progress is being made to secure other contributions to the Gold Coast Light Rail Project?

Ms McNally—That work will be undertaken with the involvement of Infrastructure Australia. That will be part of what they will be examining and assessing for that project.

Senator IAN MACDONALD—But Infrastructure Australia will not be approaching other—

CHAIR—Excuse me, Senator Macdonald. I am having difficulty hearing Senator Macdonald ask the questions. There are some conversations on my left that are little bit loud. There is a little room out the back if you wish to have a conversation.

Ms McNally—Part of what they will be doing is ensuring that the project is fully viable and meets those conditions. So, whilst the information they have at this time, I understand, made it a high recommendation, they will be looking at what else needs to be considered, and considering contributions from different parties as part of that process. So they certainly will not be seeking them but they will be trying to understand what the overall financial picture is.

Senator IAN MACDONALD—It was indicated to me earlier that you were the right person to ask about this rather than the man from Infrastructure Australia, which I assumed meant that your area was in charge of the negotiations, the plans and putting it together. Is that not correct?

Ms McNally—Sorry, Senator; I have got that a bit confused. For the two port projects, IA will be involved. We will be working with the Queensland government on the Gold Coast light rail—yes, I correct myself there. And we have planned meetings—the first meeting starts on Monday—with the Gold Coast light rail people to understand some of the background to that project. For the last couple of weeks, we have been in a handover from Infrastructure Australia to support the implementation of a range of these projects, and part of that is understanding the whole context.

Senator IAN MACDONALD—So you are starting on the very first step, in your department, on the Gold Coast light rail next Monday?

Ms McNally—We have been having a handover for the last couple of weeks, since the budget, from Infrastructure Australia. That has included provision of documentation.

Senator IAN MACDONALD—Seriously, is there any prospect of spending \$365 million on that project in 2009-10?

Ms McNally—My understanding is that the government made that decision based on advice they received from Infrastructure Australia.

Senator IAN MACDONALD—You are the expert, Ms McNally. You have not even met the Queensland government yet. You are going to meet them, talk about it and get the background. You are then going to design something. You are then going to start looking for project partners. You are then going to have to wait for them to get finance. You have then got to get them to—

Senator Conroy—I appreciate your opinion, Senator Macdonald. I think Ms McNally has actually answered your question.

Senator IAN MACDONALD—But the answer has to have a smidgin of credibility about it.

Senator Conroy—You are entitled to your opinion about the answer, but you have actually received the answer.

Senator IAN MACDONALD—I accept Ms McNally is a professional officer with expertise in this field, and I am asking: can there be any prospect of spending \$365 million next financial year on a project you have not even started looking at yet?

Mr Tongue—Senator, if I could just dive in there—

Senator IAN MACDONALD—Please do.

Mr Tongue—it is listed as an equity injection, and we have just spent nearly an hour talking to the Australian Rail Track Corporation, where the government has made significant equity injections over time. There is a range of bodies in the portfolio—Airservices Australia, which operates as a company, is another one—where government over time has made equity injections. What the budget papers disclose is a presumption that a structure will emerge out of this that will allow the Commonwealth to make a suitable equity injection. That structure, I think Ms McNally has outlined, is to be developed and negotiated with the Queensland government. There are circumstances, meeting the relevant financial requirements and the Commonwealth's financial accountability framework, where that money could, in fact, as an equity injection, be paid this year. But, as Ms McNally has disclosed in her answer, we have to satisfy ourselves, working with the Queensland government, that we can build that structure. But I point to the equity injections, for example, to the Australian Rail Track Corporation—

Senator IAN MACDONALD—That is all very well, but I started off trying to find out how much we were spending on the Building Australia Fund; I now find that we are spending \$6 billion in 2009-10, but that includes \$365 million, which no-one can seriously tell me is going to be spent by the Commonwealth government in 2009-10. So it is just another demonstration of the smoke and mirrors of this budget which brings into question the \$30 billion.

Senator Conroy—Now you are making an assertion that is not based on any answer or evidence from the officials, Senator Macdonald. It is just your opinion.

Senator McGAURAN—I can tell you, the same is happening in Victoria, Senator Macdonald. All these projects are down for a certain time and they have got no hope of turning a sod.

Senator IAN MACDONALD—I am trying to work out where this \$30 billion for the Nation Building for the Future project is coming from, and \$365 million of it is said to be an equity injection in a project where you have not even got the sniff of an equity partner, or have you?

Ms McNally—The details around all those financial arrangements are still being worked through with the Queensland government, Senator.

Senator IAN MACDONALD—So you have not—

Ms McNally—I have not got all those details with me. Until I sit down and work through with the Queensland government and understand exactly where they are at, I cannot really comment on that.

Senator IAN MACDONALD—Can you tell me what business analysis has been undertaken by Infrastructure Australia on this particular project?

Ms McNally—That is probably a question better directed to Infrastructure Australia.

Senator IAN MACDONALD—That is funny. I raised this with them earlier and they said to refer it to you.

Ms McNally—My job is to implement the project once the decision is made. So the analysis which brought it to the decision-making process was a matter for Infrastructure Australia. They needed to satisfy themselves that the project met their criteria, and was a good economic proposition, and satisfy themselves in terms of a business case.

Senator IAN MACDONALD—What happens if there is no equity contribution forthcoming by 1 July 2010?

Senator Conroy—My understanding is the Queensland government and the Gold Coast City Council have committed money to the project.

Senator IAN MACDONALD—What money is required, Minister? Ms McNally, if the Minister for Broadband, Communications and the Digital Economy is aware of these things, I feel certain that your office would be.

Senator Conroy—As Ms McNally has indicated, Senator Macdonald, she is just in the process of taking over the project. So snide remarks like that are unnecessary.

Senator IAN MACDONALD—They are not snide remarks, Minister. This process is about trying to find out the facts of a budget that is horrific in many respects but also, it seems increasingly clear, is dishonest in certain respects—

Senator Conroy—I think you are treading perilously close to—

Senator IAN MACDONALD—To what?

Senator Conroy—reflecting on members of the chamber who are in the government.

CHAIR—It would be your opinion, Senator Macdonald. Are there other questions?

Senator IAN MACDONALD—What is the total cost of the project?

Ms McNally—The total cost of the project that the Australian government is contributing to is \$894 million.

Senator IAN MACDONALD—For the total cost of the light rail?

Ms McNally—Other contributions are coming forward from the Queensland government, the Gold Coast City Council and the private sector.

Senator IAN MACDONALD—And do you have details of what—

Ms McNally—I do not have with me the break up of that.

Senator IAN MACDONALD—Are they available? You do not have them with you. Are they available somewhere, does that suggest?

Senator Conroy—I am attempting to gather that information for you, as we speak, Senator Macdonald.

Senator IAN MACDONALD—So that information is available, we just do not have it in the room today?

Senator Conroy—No. I am attempting to get it for you.

Senator IAN MACDONALD—Thank you for that.

Senator Conroy—I will keep you posted.

Senator IAN MACDONALD—And if perchance you cannot, you will take that as a question on notice. My question really was to Ms McNally. Does she have those figures somewhere but not with us today?

Ms McNally—I do not have them with me today. I would have to go through the proposals—or get my officers to go through the proposals—to identify those figures.

Senator IAN MACDONALD—Yes. So the total cost is \$894 million?

Ms McNally—For the component of the project that the Australian government has decided to contribute to. There are a number of stages for this particular project.

Senator IAN MACDONALD—What component is that?

Ms McNally—That is sections 4 and 5 and section 1.

Senator IAN MACDONALD—What does that mean?

Ms McNally—Sorry, sections 1, 4 and 5 are not part of the project.

Senator IAN MACDONALD—Are not part of the project?

Ms McNally—That is right. So there are multiple sections.

Senator IAN MACDONALD—Ms McNally, I am sorry to put you to this difficulty but you are put up as the person that can give us the answers.

Senator Conroy—As I said, I have been seeking information for you, Senator Macdonald, and my understanding is that the total cost of the project is \$894 million, with the federal government providing \$365 million in the form of an equity injection. The Gold Coast City Council has also committed to provide \$120 million to this stage of the project. The project will also require private investment and the nature of the Queensland government contribution—either as capital payments and/or a service payment—is likely to depend on the outcome of the tendering process.

Senator IAN MACDONALD—You are aware that the Queensland government is having to sell its railways and electricity things just to pay the annual budget. You are not seriously thinking the Queensland government are going to be putting in money?

Senator Conroy—As I said, they have committed to.

Senator IAN MACDONALD—They are broke. Our Standard and Poor's rating has already gone down.

Senator Conroy—Senator Macdonald, if you want to trade debating points about the Queensland government's successful re-election at the expense of your own party, I am willing to do so all day. But if you could confine yourself to asking questions. I have given you the information that you sought.

Senator IAN MACDONALD—Are you seriously suggesting the Queensland government is going to invest money when they are having to sell the silverware just to pay the annual budget?

Senator Conroy—That is your incorrect description of the situation. But I repeat what I have now said to you three times—

Senator IAN MACDONALD—You are seriously expecting the Queensland government to make a capital contribution to this?

Senator Conroy—I will repeat it a fourth time: the Queensland government have committed to the project.

Senator IAN MACDONALD—Committed to a capital investment in the project?

Senator Conroy—I have just explained it to you. I will read it out again. I am happy to read it out again.

Senator IAN MACDONALD—Good heavens. If this is what our Nation Building Program is like with possibilities and commitments with no figures—

Senator Conroy—The nature of the Queensland government contribution, just so you are completely clear, either as a capital payment and/or as a service payment, is likely to depend on the outcomes of the tendering process.

Senator IAN MACDONALD—When are the tenders going to be called, Minister? The plans have all been done, I assume, Ms McNally?

Ms McNally—That is what we are meeting with the Queensland government to discuss—to find out the details of all of those arrangements.

Senator IAN MACDONALD—So you mean we have made this commitment of \$365 million without having any idea of what it is going to, or coming from, or what the plans are, or what your tendering is?

Senator Conroy—I think you are now attempting to put words in Ms McNally's mouth, Senator Macdonald.

Senator IAN MACDONALD—No, but she can dispute it, Minister. She is a big girl.

Senator Conroy—No, my job in this chair is to ensure that you get answers to your questions. What you are attempting to do now is put words in Ms McNally's mouth. If you would like to ask a question, please feel free.

Senator IAN MACDONALD—Ms McNally, have we committed \$365 million without knowing any of the details of the project?

Ms McNally—No, Senator.

Senator IAN MACDONALD—Which details do you have of the project that enabled us to make such a significant commitment?

Ms McNally—The decision was made by IA, based on a significant amount of information that they received. We are in the process of going through that information. This is part of a much larger project. It is a project that will go from Helensvale down to Coolangatta. This particular amount of money, this \$365 million, funds the contributions of the component from

Griffith University to Southport and then Southport to Broadbeach. We understand that the Gold Coast City Council and the Queensland government were putting in funds. It does need to go through the normal tendering type processes—and those arrangements and details, since the decision was made a couple of weeks ago, we have been endeavouring to meet with the Queensland government to actually finalise.

Senator IAN MACDONALD—So you do not have any details of the tendering process?

Senator Conroy—Senator Macdonald, as has been indicated, that is exactly why the meeting is taking place on Monday. If you would like, I am happy to take on notice to give you a fuller answer so that you have further information. There is an important meeting, as we indicated, on Monday. I am happy to take it on notice and give you the further information, if that is what you would prefer.

Senator IAN MACDONALD—Minister, if your government has committed \$365 million to a project to be spent in the next financial year and you cannot even tell me when the tenders are going to be called, let alone whether the plans have been drawn up, it makes a mockery, does it not, not only of the budget but of this estimates process?

Ms McNally—We understand that there will be a lot of work that needs to occur as part of this, clearly. As part of a major construction project, we go through a range of issues to try and define exactly what is going to be tendered. There are options for going out to tender, the different sorts of tendering arrangements. You can go out to tender for design and construct or you can go out for preconstruction tendering. You can go out for alliance arrangements. There are a whole different set of options, and our job now is to sit down with the Queensland government and work through what is the best proposition for this particular project.

Senator IAN MACDONALD—Okay. And we will then spend the \$365 million in the next 12 months?

Ms McNally—When we are satisfied that those processes have been properly addressed.

Senator IAN MACDONALD—And you are seriously telling me that, in a project that you do not even know when they are going to call tenders, you do not even know if the design work has been done—

Senator Conroy—I do not think Ms McNally tells you in any other way but seriously, Senator Macdonald.

Senator IAN MACDONALD—Mr Chairman, could I be protected from the minister interrupting my questions?

Senator Conroy—If perhaps you were not, in a mild way, reflecting on the officer at the table, I would not need to interject; in a mild way, but I do not think anyone would pretend that—

Senator IAN MACDONALD—Look, I feel very sorry for Ms McNally, but she is a big person who can deal with herself; I am quite confident of that. But having this sort of proposal put before her, which clearly has not been thought through by the government and they have clearly got no idea—but can I go back to Mr Wood. If the equity contribution offer is not taken up 1 October 2010, what happens to it, in a budgetary sense?

Mr P Wood—In a budgetary sense, it would be possible to move those funds to another year; say, to the next year.

Senator IAN MACDONALD—So you are saying, of the \$6 billion to be spent this year, of a total of \$30 billion, it might not be spent in this year; it might be moved out?

Mr P Wood—That will be to the discretion of the government. It is possible to have movements of funds. Budget statements disclose movements of funds for several programs, so there is a formal movement-of-funds process as part of the budget process operational rules.

Senator IAN MACDONALD—Regrettably, it was indicated to me earlier by the minister that these questions should go to Ms McNally—I thought it was you, Mr Tongue—but it now seems perhaps I should have asked Mr—

Senator Conroy—You are seeking to ask people to speculate, and your questions are asking opinions. You are a longstanding senator, Senator Macdonald. You know the rules of the Senate committee. You are entitled to ask about facts, about process, about dollars, about amounts, but you cannot ask the opinion and ask hypotheticals. I am sure, if you reword your question, we will be able to find the information that you are seeking.

Senator IAN MACDONALD—What business analysis has been undertaken by Infrastructure Australia to justify this?

Ms McNally—My understanding is that Infrastructure Australia has got the criteria and things that they use for assessment up on the website, Senator.

Senator IAN MACDONALD—For this project?

Ms McNally—For all projects.

Senator IAN MACDONALD—Which includes this project. Can someone get that for me in hard copy?

Senator Conroy—It is on the website. We can give you the address, if you like, and you can call it up.

Senator IAN MACDONALD—I am not sure if any of my Victorian colleagues want to raise the West Werribee to Sunshine project. I noticed that Sir Rod Eddington completed a study into improving east-west transport connections across Melbourne. This report was submitted to the Victorian state government in March 2008 and contained as its second recommendation the construction of the rail link from West Werribee to Sunshine. That is the same project that has now been recommended by Infrastructure Australia. Was Sir Rod involved in the assessment by Infrastructure Australia of the Regional Express project or did he just assess his own work that he had done in another capacity?

Senator Conroy—Sorry, what was that question, Senator Macdonald? Could you just repeat that for me?

Senator IAN MACDONALD—Sir Rod Eddington completed a study for the Victorian state government of improving the east-west transport connections across Melbourne. That report was submitted to the Victorian state government in March 2008 and it contained as its second recommendation the construction of the rail link from West Werribee to Sunshine. I

understand that the same project has now been recommended by Infrastructure Australia, of which he is the chair. I am just wondering what part he had in the assessment by Infrastructure Australia of the work he obviously did as a consultant to the Victorian government for the same project, or did he excuse himself from that?

Senator Conroy—Mr Deegan was here for four hours answering any and all questions on matters to do with Sir Rod Eddington and Infrastructure Australia.

Senator NASH—To be clear, Minister, this was actually raised when Mr Deegan was here, I think, by Senator Macdonald, who was then told that this was specifically fitting in this area. It was specifically this project.

Senator IAN MACDONALD—That is why I am raising it.

Senator Conroy—What Senator Macdonald is now asking is not about the project. He is now asking about the processes of Infrastructure Australia. He is asking about governance issues around Infrastructure Australia. If he wants to ask about the actual project itself, this is the right spot. But if he wants to ask a rhetorical question about the governance processes involved and the selection process engaged in by Infrastructure Australia—and I am not trying to be cute—that probably was a question for Mr Deegan.

Senator IAN MACDONALD—This is a way, obviously, to avoid answering questions. You have the relevant officer. You were particularly asked and, between the lot of you, you said it was a question for later on.

Senator Conroy—Some senators have stayed in the room the whole time, Senator Macdonald. I know you have got many commitments.

Senator IAN MACDONALD—It is one way you can certainly escape and avoid scrutiny of some very questionable decisions.

Senator Conroy—If you would just like to ask you about the specific project, there are officers at the table awaiting your questions, Senator Macdonald.

Senator IAN MACDONALD—You had better take this on notice, then, to Infrastructure Australia.

Senator Conroy—Okay, I will.

Senator IAN MACDONALD—I have asked did he excuse himself from that assessment. Could I also ask what analysis was used by Mr Eddington to justify the recommendation of that West Werribee to Sunshine project to the Victorian government and was that analysis the same as was used by Infrastructure Australia? If it was different, how was it different? When can we expect to see that particular analysis?

Senator Conroy—We will put those on notice and get you as much information as we have available.

Senator IAN MACDONALD—Okay. I note that the total cost of the Regional Express is \$4.3 billion. This means that the cost of 50 kilometres of track is four times the cost of the Adelaide to Darwin rail link—that is, \$1.3 billion to lay 1,400 kilometres of rail. I also notice that the cost of the 1,900-kilometre inland rail project between Melbourne and Brisbane is

around \$2.6 billion. Can anyone explain to me how 50 kilometres of track can be so expensive?

Senator Conroy—Senator Macdonald, if you would like to talk about the implementation of the project, the officers are here to assist you. If you want to sledge the project disguised as a question, you are welcome to, but I am not sure the officers can answer a question where you are really expressing an opinion and inviting them to agree or disagree.

Senator IAN MACDONALD—No, it was a question: can you explain how 50 kilometres of track can cost four times the total cost of the Adelaide to Darwin rail link? This is a project you are dealing with. I am just after some explanation of how 30 kilometres can be that expensive.

CHAIR—Senator Macdonald, sorry, just for the purposes of Hansard, you mentioned figures twice for the same argument that were different figures.

Senator IAN MACDONALD—Sorry?

CHAIR—Just to assist, there was something about 50 kilometres and then you said 30 kilometres. You might just want to clear—just so there is no confusion.

Senator IAN MACDONALD—I am sorry, I should have said 50 kilometres. If I said 30 kilometres, that was incorrect, but it is, as people would know, 50 kilometres of the Regional Express track, which is four times the cost of the Adelaide to Darwin railway link. Does that not strike anyone as unusual?

Mr Tongue—Senator, if I could dive in, I think Alice—

Senator Conroy—By any measure, the Alice to Darwin railway was probably the largest white elephant built in this country in some considerable time.

Senator IAN MACDONALD—So you are opposed to that, Minister. I understand that.

Senator Conroy—No, I am just making the point that it does not seem to have been as financially viable as claimed by proponents like yourself in the past.

Senator IAN MACDONALD—I understand that you are opposed to that and Mr Snowden will, obviously, be interested in that.

Senator Conroy—No, you are not in the situation where you—

Senator IAN MACDONALD—But you are diverting our attention from my question, which Mr Tongue, I think, was about to answer. Were you, Mr Tongue, about to answer?

Mr Tongue—Senator, I was going to start and then hand over to my colleague Mr Williams. I would note that Alice Springs to Darwin is nearly a decade ago and that the construction conditions are vastly different. I will hand over to Mr Williams and ask him to take it a little further.

Mr Williams—I totally agree with Mr Tongue in terms of totally different projects. One is through Central Australia and is the building of the rail line. This project is through a metropolitan area and involves the 40 kilometre dual track link from West Werribee to central Melbourne and Southern Cross Station via Sunshine; the construction of a new rail line from Werribee to Deer Park; new stations at Tarneit and Wyndham Vale; activating and lengthening

platforms 15 and 16 at Southern Cross Station in the centre of Melbourne; duplicating existing tracks between Sunshine and Kensington; and at least four grade separations—the separation of road and rail along the track. There would also be some land acquisition along the corridor involved in that process as well. So I think you are comparing chalk and cheese in terms of the two projects.

Senator IAN MACDONALD—There is no need for the editorial at the end, but thanks for that, Mr Williams. See, Minister, it was not so difficult to get an answer if you let the officers answer it. So for all those reasons you have mentioned, Mr Williams, \$4.3 million for that 50 kilometres can be explained away against the \$1.3 billion for the 1,400 kilometres of rail track to Alice and Darwin and the proposed 1,900-kilometre inland rail project between Melbourne and Brisbane, which cost about \$2.6 billion. But you have given an answer. I thank you for that

Mr Tongue—Mr Marchant talked about the work that the Australian Rail Track Corporation is doing as part of a \$15 million grant to look at the inland rail, including proving up the total cost.

Senator IAN MACDONALD—Yes, he did say that.

Mr Tongue—I am not sure of the \$2.6 billion number, but I am not aware that we have yet seen a proved up number for that piece of track.

Senator IAN MACDONALD—That is the number that has been published. Getting back to the Regional Express, is the analysis that you have just given us, Mr Williams, available publicly? You are obviously quoting from a much larger analysis and I am just wondering if that full analysis is going to be released publicly, or perhaps it has been.

Mr Williams—The description of the project that I just went through is publicly available.

Senator IAN MACDONALD—No; the costings. Are the costings for the \$4.3 billion for the Regional Express project going to be released? You have given us a summary.

Mr Williams—I do not have the costings at hand.

Senator IAN MACDONALD—Sorry?

Mr Williams—I do not have the costings at hand. I would have to take that on notice.

Senator IAN MACDONALD—No, but I said: are they going to be released?

Senator Conroy—We will take it on notice whether or not we will release those for you.

Senator IAN MACDONALD—Okay. But in allocating money for that, the government has accepted that question and I assume, therefore, that they have had the full costing details of it and have accepted them?

Mr Williams—Again, that would be done through the Infrastructure Australia process.

Senator IAN MACDONALD—Do any of my colleagues want to raise the West Metro rail project in Sydney?

CHAIR—It looks like you are it, Senator Macdonald. They are all ducking and diving at the moment.

Senator IAN MACDONALD—Okay. The West Metro rail project in Sydney will cost around \$8 billion and the Brisbane inner-city rail around \$14 billion. For the West Metro the government has provided \$91 million for a study, and for the Brisbane inner-rail system, \$20 million for a study. Will the federal government commit to funding the full cost of both those studies?

Ms McNally—That is a decision for the government.

Senator IAN MACDONALD—So that has not been made yet?

Ms McNally—For the studies or for the—

Senator IAN MACDONALD—No, the commitment of the money for the studies.

Mr Williams—The commitment to the studies has been made: \$91 million for West Metro and \$20 million for Brisbane.

Senator IAN MACDONALD—Is that the full cost in both instances?

Mr Williams—I believe that, with regard to the Brisbane project, it is a contribution to a feasibility study.

Senator IAN MACDONALD—I am making the point that the West Metro is an \$8 billion project and the Brisbane city one is \$14 billion—not quite double. For the cheaper one you have provided \$91 million for the study. For the dearer one, which is double the price, you have provided about one-fifth.

Mr Williams—It is at a different stage in the process. In last year's budget the government provided \$20 million to a feasibility study in the West Metro. The New South Wales government contributed \$10 million to that study. That got it up to a certain preliminary business case stage. So the Brisbane metro feasibility study would be at that earlier stage of the process. The \$91 million for the West Metro takes it to that next stage—the development of detailed designs, geotechnical work along the proposed corridor and development of the tender documentation. So it is at a later stage in the process.

Senator IAN MACDONALD—Is there an expectation that the West Metro project will actually be built, that the \$91 million we are putting into the study is a good investment into the future?

Mr Williams—I think the government has made that decision in terms of its investment of the \$91 million, and future decisions as to the construction will be a matter for the government.

Senator Conroy—Our funding commitments are appropriate for the specific project in question. For example, to progress the West Metro to the next stage—that is preconstruction work—to make the project ready for tender, we have provided the \$91 million. That is the appropriate amount for that project. Future public sector investment infrastructure will be considered in the context of future budgets, and the current \$91 million will nail down an accurate cost for the project mix for private sector funding options.

Senator IAN MACDONALD—Does anyone know if the New South Wales government going to contribute to funding on that project?

Mr Williams—They have already contributed \$10 million to the first stage and—

Senator IAN MACDONALD—To the first stage of the study.

Mr Williams—Yes.

Senator IAN MACDONALD—And the Commonwealth is putting in \$91 million.

Mr Williams—Yes.

Senator IAN MACDONALD—And do you know what the contribution by the state or the Brisbane City Council is to the Brisbane project?

Mr Williams—I would have to take that one on notice.

Senator IAN MACDONALD—Thank you. If you would. I have a lot more questions about other Queensland projects, which will be in Ms McNally's area, but I know my colleagues are keen and I have another committee I need to go to for a while. I am sure you will still be going when I get back.

Senator BUSHBY—I have questions about some Tasmanian projects—surprise, surprise!

Senator Conroy—We have had a lengthy discussion already, as Senator Abetz has been on the job.

Senator BUSHBY—I am sure he has.

Senator NASH—We are very focused on Tasmania at the moment, Minister.

Senator Conroy—I love it. What would you like to know about the broadband plan?

Senator BUSHBY—None of my questions—

Senator Conroy—Nothing at all. Do you support it?

Senator BUSHBY—None of the questions that I particularly—

Senator Conroy—Guy Barnett supports it.

Senator BUSHBY—Minister, I am here to ask the questions and for you to answer them.

Senator Conroy—I just wanted to double-check whether you were supporting the Tasmanian broadband plan?

CHAIR—Order! Senator Bushby has the call. I am interested in the broadband announcements.

Senator BUSHBY—Just a general question. Are all projects that have been approved or funded now noted on the Nation Building website?

Ms McNally—The MOU that was agreed to by the Tasmanian government is on the website, and the projects are listed on that website.

Senator BUSHBY—So if a project does not show up on the Nation Building website, what does that mean?

Ms McNally—That it is not a project that has been agreed as part of the program.

Senator BUSHBY—So it is not actually agreed to be funded at that point?

Ms McNally—That is right. Under the Nation Building Program there are a number of components, so it probably depends which particular project you mean. It depends if it is an

on-the-network or an off-the-network project. So the Nation Building Program lists a whole bunch of projects that have been agreed as part of the MOU, and then there will be projects that are on under Black Spots and Roads to Recovery and a whole range of other initiatives.

Senator BUSHBY—Let's look at a couple of specifics then. I understand Formby Road in Braddon is supposed to be funded under Nation Building—Infrastructure Investment.

Senator ABETZ—This is Colbeck's—

Senator Conroy—Are you treading on toes?

Senator BUSHBY—We are both senators for Tasmania.

Senator Conroy—You have to help me out here, Kerry. When these internal Liberal faction fights start, I need you to fill me in.

Senator BUSHBY—I asked a question on notice after the last estimates about when this would be proceeding, and I received in the answer that it would be delivered through the Nation Building Program. When I checked the Nation Building website today I could not find it listed. Can I conclude from that that it is not funded or it is not part of the MOU with the state government?

Ms McNally—Which project was it again?

Senator BUSHBY—The upgrade of the Formby Road in Braddon, which was promised as part of the election campaign.

Mr Foulds—The Formby Road redevelopment will start in October 2009. It is due to finish in 2010. The total Australian government contribution is \$2 million. The total project cost is \$7 million. It is an off-network nation building project.

Senator BUSHBY—So it is off-network—is that why it does not show up on the website?

Ms McNally—It depends where you look, Senator. If you put in that project name, it should come up on the website. There is an area you can go and put—

Senator BUSHBY—So it should be there somewhere; I just could not find it in the area I was looking at. When is work going to start?

Mr Foulds—It is due to start in October 2009.

Senator BUSHBY—When will it be completed?

Mr Foulds—It is due to finish in June 2010.

Senator BUSHBY—And arrangements have been finalised with the state government on that?

Mr Foulds—At this stage they have, and they have agreed to contribute \$5 million in the \$7 million total project cost.

Senator BUSHBY—Is there anything outstanding to be finalised with the state government—

Mr Foulds—It is in the planning phase at the moment. For further detail I would have to take it on notice. It is in the planning stage at the moment.

Senator BUSHBY—Could you take on notice whether there is anything outstanding that has yet to be agreed in respect of that project?

Mr Foulds—Yes.

Senator BUSHBY—Foraying all over the state, once again in Braddon, the Port Sorell Road—

CHAIR—It is a turf thing, is it?

Senator Conroy—It is getting very embarrassing, really, isn't it?

Senator BUSHBY—Can I ask about the Port Sorell Road upgrade in Braddon. Is that in the same category as the last one?

Mr Foulds—No, it was a strategic regional project.

Senator BUSHBY—Which is part of Nation Building? The reason I ask—

Mr Foulds—It is under SRP, yes.

Senator BUSHBY—I had a look on the Nation Building website again, on this one, today and I could not find this one listed anywhere either. Obviously I am not looking in the right places for this.

Ms McNally—Senator, these projects are actually going to the councils. It was not part of the memorandum of understanding with the states and territories. So you need to put in the details of the project name and the project will come up.

Mr Foulds—And it is under Latrobe City Council.

Senator ABETZ—Hopefully not Latrobe City Council; that would have been Victoria.

Mr Foulds—You are quite right; I beg your pardon.

Senator ABETZ—Just Latrobe.

Mr Foulds—Yes.

Senator NASH—Can I just jump in there and ask: the Strategic Regional Program has now just disappeared, hasn't it—been completely cut?

Ms McNally—The projects that were previously agreed to be funded under the Strategic Regional Program have continued to be funded.

Senator NASH—But there will be no new projects?

Ms McNally—Not under the Strategic Regional Program, but there will still be projects funded off the network, which is what strategic regional largely funded.

Senator NASH—Exactly, but that now takes into account urban, doesn't it? There will be no—

Ms McNally—The Strategic Regional Program also took into account urban.

Senator NASH—Did it?

Ms McNally—Yes.

Senator NASH—Is there any difference at all in the provision of projects under strategic regional as per the changes that are now taking place?

Ms McNally—No; they use the same eligibility requirements that are set out in the act.

CHAIR—While we are on our Tasmanian questions, Senator Bushby, have you finished?

Senator NASH—Sorry; that was a general Tasmanian question.

CHAIR—Have you still got more questions, Senator Bushby?

Senator BUSHBY—I have more questions.

CHAIR—Please carry on.

Senator BUSHBY—Thank you. We have established under which program Port Sorell Road is being funded. What are the time lines for that?

Mr Foulds—According to my in fact, it is complete.

Senator BUSHBY—It is complete.

Mr Foulds—Yes—rehabilitation of various sections of Port Sorell main road between Wrights Lane and Wesley Vale totalling 7.94 kilometres.

Senator BUSHBY—So that has been done very quickly. When I asked questions about that in February, there was still no agreement with the state government as to funding.

Mr Foulds—My information—

Senator BUSHBY—The Port Sorell Road upgrade has occurred yet, has it, Senator Colbeck?

Ms McNally—Our advice is that that project is complete—the Australian government funding contribution has been paid and the works that were to be undertaken with that piece of funding have been completed.

Senator WILLIAMS—Paid in a lump sum.

Senator BUSHBY—Paid in a lump sum and spent elsewhere, probably.

Senator WILLIAMS—Just put in their bank account. I would run a check on that one.

Senator COLBECK—It was probably rolled out during the state election campaign. That is not normal procedure.

CHAIR—A bit of order, senators. Senator Bushby has the call.

Senator Conroy—Late 2009.

CHAIR—Minister, Senator Bushby and Senator Colbeck—Minister and senators, we are starting to get a little bit of a rabble here. Senator Bushby has the call.

Senator McGauran interjecting—

CHAIR—Senator McGauran! Senator Bushby, you can address your questions as you start off to the officers or to the minister. You do not have to check with Senator Abetz and Senator Colbeck every time you ask a question.

Senator BUSHBY—Minister, you say that you have some information there that says it will be done in late 2009.

Senator Conroy—I am advised—we cannot be more specific than that—by late 2009.

Senator BUSHBY—So that suggests it is probably not complete at this point then. The negotiations may be complete for the funding. But, if it is late 2009, it is not completed.

Ms McNally—Senator, can I just clarify that there is a second project that has been funded under this.

Senator BUSHBY—For the upgraded Port Sorell Road?

Ms McNally—Yes, under the Nation Building Program as an off-network project.

Senator BUSHBY—I am talking about a project where the federal government has promised \$1 million towards a \$4 million upgrade. Is that the second project?

Mr Foulds—Yes, it is.

Senator BUSHBY—What is the status of that?

Mr Foulds—The scope is yet to be determined, so infrastructure in Tasmania are yet to develop a project for the project and submit it to the Commonwealth for assessment.

Senator BUSHBY—So you are waiting on the state government?

Mr Foulds—Waiting for the proposal to be delivered to us.

Senator BUSHBY—Thank you. The next one is the funds for rail capacity improvements at Rhyndaston in Tasmania. At what stage are the negotiations with the state government on that, in terms of funding?

Mr Williams—That project is part of the MOU with the Tasmanian government. Funding of \$4 million towards a total Australian government contribution of \$24 million is scheduled to be paid in 2009-10. That will be for preconstruction and design.

Senator BUSHBY—So when is the rest scheduled to be paid?

Mr Williams—That will continue through to 2012-13.

Senator BUSHBY—Once again, I could not find—

Senator COLBECK—Sorry, can I just—

Senator BUSHBY—Yes.

Senator COLBECK—Have there been any discussions with the Tasmanian government about fast-tracking that, because there is a lot of work going on in that region right now because they have had a lot of trouble with derailments. Has there been any work done? Senator O'Brien would understand this as well. There have been a lot of problems with derailments in that area, and a commitment by the Tasmanian government to speed up some work in that region, so I just wondered if you had had any conversations about speeding that project up. It is a very important project.

Senator O'BRIEN—They are currently relaying six kilometres of track because of the derailments so it may be tied in.

Mr Williams—Certainly, Minister Sturges, in Tasmania, released a release yesterday which talked about bringing forward some of the resleeper projects, \$21 million to replace 20 kilometres of rail, and 160,000 sleepers.

Senator COLBECK—But is that part of this project or is it part of the other agreement that has been going—

Mr Williams—It is part of a broader Tasmanian rail rescue package.

Senator COLBECK—Sure.

Mr Williams—Plus the funding from the state government.

Senator COLBECK—So there is an agreement to bring some of that forward to repair a section of track?

Mr Williams—They are utilising some of the money from the rail rescue package.

Senator BUSHBY—How much are they using to do those repairs?

Mr Williams—\$21 million is being spent on the repairs.

Senator BUSHBY—Yes. So \$20 million spent on the repairs that are being done at the moment, re-laying of the—

Mr Williams—Yes.

Senator BUSHBY—And how much is that funded by the Commonwealth?

Mr Williams—I would have to take on notice the exact split on that.

Senator BUSHBY—Once again, I could not find this project on the Nation Building website. We have been typing them in and they just have not—

Ms McNally—Have you been at the nationbuildingprogram.gov.au website, Senator?

Senator BUSHBY—That is what I believe—

Senator NASH—How many are there?

Ms McNally—There is also the nationbuildingeconomicstimulusplan.gov.au, which is separate to the nationbuildingprogram.gov.au.

Senator Conroy—We are just nation building all over the place.

Senator NASH—That \$1,000 was just so incredibly well spent.

Senator Conroy—Seventy per cent of all our packages—

Senator NASH—Did no-one ever tell you that a rose by any other name would smell as sweet, Minister?

Senator Conroy—How sweet of you!

Senator BUSHBY—It is amazing how wide a coverage you can get with one name if you change all the other projects to the same name.

CHAIR—That must be a Tasmanian thing; I missed that.

Senator BUSHBY—There appears to be over \$190 million in rail commitments made to Tasmanian rail projects that have been promised. However, I can only find \$78 million in

sleeper replacement and upgrades. Where is the extra money for the other projects? It probably comes back to my inability to find these projects on the websites we have been talking about, but I can only find a total of 78. Are they all over the place or is it all in that one spot?

Ms McNally—There are two particular sites on the website. There is a site that has each state's MOU with all the projects that have been agreed under that MOU. The other place on the website allows you just to go to any project. So you just type in the name of the project and it will come up with a web page on that particular project. Some of the projects that have not yet started or final details of which have not been agreed, states and territories may not be on the individual website page, but they should be listed on the MOU page.

Senator BUSHBY—I will move on then to the Brighton transport hub. Where are we at with that in terms of project time lines and agreement with the state government?

Mr Foulds—The Brighton transport hub is a Tasmanian government responsibility and they are fully funding that project. They have contracted a joint venture of John Holland and Hazell Brothers to construct the project at a cost, currently, of \$79 million.

Senator BUSHBY—They are fully funding it?

Mr Foulds—They are fully funding it, yes.

Senator BUSHBY—The federal government is not providing any funding towards the Brighton transport hub at all?

Mr Foulds—At the Tasmanian government's request, the money that was proposed to be—

Senator BUSHBY—\$56 million was proposed.

Mr Foulds—\$56 million has been redirected to other projects within Tasmania.

Senator BUSHBY—Can you detail what those other projects are?

Mr Foulds—The Brighton bypass, costing \$33 million; Bridgewater Bridge and Bagdad planning project, costing \$1.2 million; the Bridgewater Bridge refurbishment project, costing \$3.25 million; and contingency for the Bagdad bypass, costing \$18.55 million.

Ms McNally—Senator, just to clarify, the agreement was on the basis that they fully complete that project.

Senator BUSHBY—So most of those projects where that money has been divided up are projects that the Commonwealth government, to some extent, already had obligations to fund, but these are additional funds over and above what had been allocated to those projects prior to this. Is that correct?

Ms McNally—That is correct.

Senator BUSHBY—Delivery of funds for Bell Bay intermodal, \$5.2 million towards a \$6.5 million improvement. Where are we at with that project?

Mr Williams—Senator, again, that is an approved project in terms of the memorandum of understanding with the Tasmanian government, costing \$5.2 million. \$0.8 million will be funded in 2009-10, and it is expected to continue until 2011-12. The proposed works involve

the redevelopment of the road and rail interface at the Bell Bay terminal. The Tasmanian government has yet to provide a final budget proposal report for the project, but we expect that in the coming months to allow that funding to start to commence.

Senator BUSHBY—To allow that funding to start in accordance with the time lines that you—

Mr Williams—Yes.

Senator BUSHBY—Commencement and finalisation of work on the Derwent Valley rail line from Boyer to Karanja?

Mr Williams—The government committed \$30 million towards that project. Again, in the memorandum of understanding it is agreed that funding will be provided, but no funding has been scheduled for 2009-10. The memorandum of understanding goes to 2013-14, so within that period that process will be funded.

Senator BUSHBY—In accordance with that, there will not be any funding until 2013-14?

Mr Williams—No. Within that period, but there is no money scheduled for 2009-10 for expenditure on that project.

Senator BUSHBY—The main north-south rail line capacity improvements, \$31.6 million.

Mr Williams—\$3.5 million has been committed for 2009-10 in the budget.

Senator BUSHBY—Is that for planning?

Mr Williams—That overall \$31 million commitment will be expended over the period from 2009-10 to 2012-13.

Senator BUSHBY—So it is anticipated they would be all completed by 2012-13.

Mr Williams—Yes.

Senator BUSHBY—Upgrade to the Wiltshire rail line, \$30 million. So no money in 2009-10?

Mr Williams—But \$30 million over the period to 2013-14.

Senator BUSHBY—What stage are negotiations at with the state government on this one?

Mr Williams—We have not received a project proposal report for that project. And as I said, no money is scheduled for 2009-10 for delivery of that project.

Senator BUSHBY—Upgrade to the West Coast rail spurs, to Hellyer Mine and from Melba Flats to Zeehan.

Mr Williams—Same.

Senator BUSHBY—Same?

Mr Williams—Again committed to but over the period.

Senator BUSHBY—And no project report from the state government?

Mr Williams—Yes.

Senator BUSHBY—Bridgewater Bridge refurbishment.

Senator COLBECK—Is there any extra funding in the forward estimates for those two projects?

Mr Williams—Yes, but not until 2012-13. Is that right? In the nation-building MOU to 2013-14, there is funding allocated for those projects.

Senator BUSHBY—But nothing for the next two years or next year?

Mr Williams—This year.

Senator BUSHBY—Bridgewater Bridge refurbishment; when will repair of that commence and the project finish?

Mr Foulds—The contract for the Bridgewater Bridge refurbishment will be called and awarded in mid-July. That is the advice I have got from Tasmania. The money to replace that bridge will be outside this funding cycle, beyond 2013-14.

Senator BUSHBY—Was that one of the projects you mentioned some of the \$56 million had gone to?

Mr Foulds—To the planning for it and the Bagdad bypass as well. So the planning for that has commenced and some of that money has gone towards that.

Senator BUSHBY—So what is the total federal government commitment now to the refurbishment of the bridge?

Mr Foulds—To the refurbishment of the bridge, the total Australian government contribution is \$14 million.

Senator BUSHBY—What is the anticipated total cost?

Mr Foulds—The anticipated cost is \$14 million.

Senator BUSHBY—So the federal government is paying the entirety of the refurbishment of the bridge?

Mr Foulds—Yes, and the refurbishment should be finished in late 2010.

Senator BUSHBY—And that will refurbish it to the extent that it can open again?

Mr Foulds—That is correct. That is the intention and that should see it until 2017. That is to have it refurbished to last, at least, until 2017.

Senator BUSHBY—Did I hear you mention that there would also be some funding for planning for replacement?

Mr Foulds—The Bagdad bypass and Bridgewater Bridge replacement planning is a separate project and that, next year, has \$3.82 million allocated to it, and that includes to review previous options identified for a new Bridgewater Bridge and to develop a preferred concept design for a new dual carriageway crossing of the Derwent River between Bridgewater and Granton.

Senator BUSHBY—I do not know whether you can answer this question, but, as part of the proposal for that planning, does that include any criteria for ensuring that leisure craft can pass beneath it?

Mr Foulds—I would have to take that on notice.

Senator BUSHBY—If you can, that would be good, because that is quite important to a significant proportion of Tasmanians.

Mr Foulds—I will have to take that on notice, Senator.

Senator ABETZ—If I may, Senator Bushby, go back to the refurbishment. Does the refurbishment include the Lyell Highway intersection with the Midlands Highway?

Mr Foulds—The refurbishment does include that. That project does.

Senator ABETZ—When is that project to be advertised for started and completed?

Mr Foulds—The start date is this month and it has, in fact, begun. A contract has been awarded for the junction upgrade and it will be completed by late 2009.

Senator ABETZ—By late this year?

Senator BUSHBY—It started this week, I think, or last week.

Mr Foulds—That is for the traffic islands at Midland-Lyell Highway junction.

Senator ABETZ—Yes, that is the one.

Mr Foulds—To be replaced by a larger roundabout.

Senator BUSHBY—The next project is the Westbury Road-Mount Leslie Road intersection in Launceston.

Mr Foulds—I am sorry. Is that Westbury to Hagley?

Senator BUSHBY—No, Westbury Road-Mount Leslie Road intersection. It is in Launceston; traffic lights and a roundabout at the Westbury Road-Mount Leslie Road intersection, costing \$350,000.

Mr Foulds—The start date of the Westbury Road-Mount Leslie Road intersection upgrade is mid this year and it is due to finish at the end of this year.

Senator BUSHBY—So all negotiations of that are finalised then with the state government?

Mr Foulds—That is my understanding, Senator, and it is a nation building off-network project.

Senator BUSHBY—Oakleigh Park—I think that is not network built. This one is a separate thing that I need to ask about tomorrow night, under Better Regions. That is it for me.

CHAIR—Thank you, Senator Bushby. Very quickly, before I go to Senator McGauran, Ms McNally, have all the states signed up to the nation-building MOU?

Ms McNally—Yes, they have.

CHAIR—How long did it take them to sign up?

Ms McNally—All but two of the states took less than a month.

CHAIR—All but two? Which two?

Ms McNally—That was New South Wales and Queensland.

CHAIR—That is good. The Western Australian government was rapt to be part of it. That is good to hear. Now, as I say, Senator O'Brien will have some questions. While we are on Tasmania, we may as well as stay on the same.

Senator BUSHBY—It is worth staying on it for quite some time, I think.

Senator O'BRIEN—What I simply want for the record, whether you can put it on the record now or supply a document, is the total money invested in Tasmania under the nation-building program and a list of the programs being funded. You have dealt with a lot of those. I just want, for completeness, the whole list.

Ms McNally—Sorry, Senator, what was the question?

Senator O'BRIEN—The total amount of money to be spent on projects in Tasmania under the nation-building program and a complete list of those projects to be funded under the program.

Ms McNally—The total amount of money is \$800 million.

Senator ABETZ—And how much of that was—

Senator O'BRIEN—Hang on, I am in the middle of asking my questions.

Senator Conroy—If Senator O'Brien could finish his question.

Senator ABETZ—I agree it is hard to find funding for Tasmania in this budget.

Senator Conroy—There is so much other stuff in the folder.

Senator ABETZ—For all the other states!

Ms McNally—So you want a list of all of the projects?

Senator O'BRIEN—Yes, please.

Ms McNally—The Australian government funding for the Tasmanian rail rescue package is \$78 million; Westbury to Hagley is \$40 million; Penguin to Ulverstone, stage 2, is \$42 million; the Brighton bypass, \$164 million; rail capacity improvements at Rhyndaston, \$24 million; the Bridgewater Bridge refurbishment and Lyall-Midway highway junction upgrade, \$14 million; the Bagdad bypass and Bridgewater replacement planning, \$6.2 million; Bell Bay intermodal, \$5.2 million; the main north-south rail capacity improvements, 31.6 million; the Kingston bypass, \$15 million; the north-east freight roads, \$34 million; the Illawarra link road, \$3.1 million; and there is an amount of \$6.2 million to be contributed towards maintenance.

Senator O'BRIEN—Thanks for that.

CHAIR—Just on the MOU, I heard Senator Abetz say something about AusLink. So are the states all in?

Senator Conroy—As the department has outlined, all state and territories have signed up to deliver the nation-building program. It should be noted and, Senator Sterle, I am sure you remember this, that when in government, the now opposition took more than a year to get all states and territories to sign up to their AusLink program, and our nation-building program has the full support—they are signed up—of all the states and territories and, importantly, the implementation is already underway.

CHAIR—That is wonderful news. Absolutely wonderful. Thank you very much for that, Minister.

Senator Conroy—How long was the budget this time?

Ms McNally—The average time for the previous bilateral agreements was around 12 months with the longest being about 14 months, I think, and this time they were all under a month.

Senator Conroy—Under a month?

Ms McNally—New South Wales was just on a month and Queensland was around two months.

CHAIR—Sounds like cooperative federalism—lovely. Thank you very much for that.

Senator Conroy—Bring on Senator McGauran.

CHAIR—Senator McGauran, you have some questions?

Senator McGAURAN—Minister, it is one thing for the states to rush and sign up; it is another thing to turn the sod and I notice that, out in the field, many of your members of parliament are announcing, re-announcing and re-badging projects. One particular one the member for Ballarat is constantly re-announcing, every budget, the same project and commitment made in the 2007 election commitment is Anthony's Cutting. If I can have your department look up that project, Anthony's Cutting, Bacchus Marsh, Western Highway.

Senator Conroy—I know it well.

Senator McGAURAN—That was an election commitment and, on 12 December, Minister Albanese, along with the member for Ballarat, Catherine King, announced its start up date to be March 2009. I go through Anthony's Cutting frequently. Not a sod has been turned. Can you give me the status of Anthony's Cutting?

Mr Tongue—Senator, can I just clarify the question? Is it what is the status of the project?

Senator McGAURAN—Yes. It was meant to start some time ago.

Ms McNally—Funding for that has been approved. Planning works are underway. Preconstruction work is also underway. We understand the construction of the main works will commence early in 2010.

Senator McGAURAN—What is the preconstruction work?

Ms McNally—Site preparation, so it can range from undertaking geotechnical type analysis, putting up a site office, clearing the space—

Senator McGAURAN—Is this what your computer tells you or have you ever had someone in a hard hat down there? Because nothing is happening.

Senator Conroy—Sorry, Senator McGauran. You are asking about Anthony's Cutting?

Senator McGAURAN—Yes.

Mr Foulds—Senator, I have actually been to the site myself.

Senator McGAURAN—When?

Mr Foulds—I went not quite three months ago. In fact, I went in the first month that I had this job and I spoke to the project office there. When I was there I was taken over the route and I saw some preconstruction work—people looking for services, so where the electricity and whatever is not running alongside the road. That kind of work is going on. The design work is going on. The work to prepare the tenders is going on.

Senator McGAURAN—Hang on. So the tenders are not yet complete?

Mr Foulds—The work to prepare the tenders is going on by VicRoads.

Senator McGAURAN—So you have not yet even got the tenders settled?

Mr Foulds—That is part of preconstruction, Senator.

Senator McGAURAN—You bet.

Senator NASH—Ms McNally just mentioned that part of preconstruction can be geotechnical testing and—you do not start any of that, though, before the tenders are settled, do you?

Mr Foulds—Yes, you do.

Senator NASH—Who actually undertakes that work and pays for that work if the tender itself has not been settled?

Senator Conroy—We have, on a number of projects, described bringing a project up to tender stage. There have been costs—we have outlined a couple of them on a couple of projects.

Senator NASH—No, no. It is just a genuine practical question. I just wonder who pays for the preconstruction if the tender has not actually been settled.

Ms McNally—The work has got to be broken up into pieces so they can go out to tender and commission a piece of work for preconstruction activity and pieces of the work can be undertaken through commissioning out aspects under that. They can go for the design and construction together. It depends on how the states actually broke up the pieces of work and who they have commissioned to do the pieces of work.

Senator McGAURAN—These time lines just keep moving, keep getting pushed out, and Anthony's Cutting would be the best example. Commitment made in 2007, an announcement in the 2008 budget that something like \$5 million would be put forward to a feasibility study. It takes 12 months to arrive. It finally arrives in 2009—

Senator Conroy—You understand the budgets are done on an annual basis, don't you?

Senator McGAURAN—If you announce \$5 million for a feasibility study or a site study in 2008 you would expect it to turn up well before 2009. It has just turned up in May this year. They have just now got their money more than 12 months later, so this is my point. The whole time lines are not real—

Senator Conroy—So you are concerned about them, are you?

Senator McGAURAN—The time lines you are setting, that they have all listed there, and we have found out from our Tasmanian questioning that those time lines are not real.

Senator Conroy—Are you familiar with the F3 to Branxton project, Senator McGauran?

Senator McGAURAN—The?

Senator Conroy—F3 to Branxton project. It was a coalition project under AusLink. The Howard government finalised the AusLink bilateral agreement with New South Wales in September 2005, two years after its introduction, which included an estimated cost for the project of \$382 million. However, in May 2005 the RTA had estimated the cost of the project to be \$765 million. That is \$383 million more than the previous government had allocated, but in July 2007 the RTA revised the cost estimate of the project to \$1,200 million. They repeated the con on the people in Hunter later that year, making promises they never intended to keep and the coalition went to the election in November 2007 promising \$780 million for a project they knew at the time would cost at least \$1,200 million. Twelve years in government—

Senator Abetz interjecting—

Senator Conroy—Twelve years in government—I am just making sure I absolutely report the facts to the Senate committee accurately, Senator Abetz. Senator McGauran has decided he wants to complain about the length of time it takes to fund projects and I am just pointing out it would have a lot more credibility if he were not a member of a government that had engaged in even worse practice.

Senator McGAURAN—The credibility I am looking for from you and the department is, stop giving us dates that are not met because they are becoming fake, if not fraudulent, particularly from local members; local members who keep telling us the sod will be turned next month—including the minister—

Senator Conroy—You announced this one twice and then only costed it at half the amount of money when you made the second announcement. You want to talk about frauds?

Senator McGAURAN—Anthony's Cutting is becoming the prime example, the icon, of delay—

Senator Conroy—The icon is the Tree of Knowledge, you know that. That is your favourite icon.

Senator NASH—Speaking of that—

Senator McGAURAN—When do you think the real work, hard hat work, bulldozer work, will commence with Anthony's Cutting?

Senator Conroy—We will know when the Prime Minister turns up.

Senator McGAURAN—Indeed. That is the surest sign. Can I ask the department—

Senator ABETZ—You are giving the game away there. It will be delayed until the Prime Minister can turn up.

Senator Conroy—I was not suggesting that at all.

Senator ABETZ—That is it in a nutshell. The locals can go hang until he is back from overseas and can have a little photo op.

Senator Conroy—He is not actually overseas. He is in parliament at the moment.

Senator ABETZ—I think this will be a lead story on the news tonight.

Senator Conroy—He is in parliament today, I understand.

Senator ABETZ—That is right, Penny Wong is overseas in his place.

CHAIR—That would be Minister Wong I assume you are talking about, Senator Abetz?

Senator McGAURAN—Can the department inform me when will the first sod, bulldozer, hard hat work commence with Anthony's Cutting?

Senator Conroy—We have given you the outline of the program, Senator McGauran. Do you have any other questions?

Senator McGAURAN—No, I do not think you have.

Senator Conroy—I thought we talked about when the tender—

Mr Foulds—The main construction works are expected to commence in early 2010.

Senator McGAURAN—Early 2010?

Senator Conroy—Sounds like a hard hat to me.

Mr Foulds—That is the advice from VicRoads.

Senator Conroy—I will have to book in a hard hat for that one, Senator McGauran.

Senator ABETZ—But the real issue is before or after the next election.

Senator McGAURAN—Yes, so it becomes another election promise.

Senator ABETZ—That is right.

Senator McGAURAN—Early 2010 suggests—

CHAIR—Senator McGauran, do you still have questions?

Senator McGAURAN—I do.

Senator Conroy—Come on Senator Abetz, save him. Your questions?

CHAIR—Senator McGauran has the call.

Senator McGAURAN—The same can be said—

Senator ABETZ—Of course the Tasmanian—

Senator McGAURAN—And here we are again in the same electorate. What a coincidence. Again we have got the fake dates being put down. Every year they will keep shifting out.

Senator Conroy—I thought we just had a discussion about fake dates. If you want to talk fraudulent behaviour on announcements, you are the masters of it. To be fair, Peter Beattie was the master of it. I do not know how many times he opened that bridge. That man was a political genius.

Senator McGAURAN—You would admire someone who is a master of fakery.

Senator Conroy—No, I am saying he opened that bridge so many times people got dizzy.

CHAIR—I will remind the senators and the minister that we are in budget estimates and time is of the essence. Senator McGauran.

Senator McGAURAN—The same thing has happened in regard to the Western Highway duplication; again, in the seat of Ballarat. What a coincidence. What is the status—

Senator Conroy—You do not think the people of Ballarat should receive any improved road funding?

Senator McGAURAN—On the contrary, they should have received it by now.

Senator Conroy—What happened in the 12 years when you were in government?

Senator McGAURAN—We promised it. We committed to it. Our commitment was—

Senator Conroy—For 12 years you promised it?

Senator McGAURAN—Yes. AusLink 2 had more money in our pot than yours.

Senator Conroy—I am quite happy to have that debate and, given you have made that point, I will have to argue with you about that because I have here, if you will bear with me, a copy of the press release sent by Mr Truss—

Senator McGAURAN—Who is the little genius on the other side of that computer?

Senator Conroy—No, no, it is very simple. I keep hearing this claim.

Senator McGAURAN—It must be a—

Senator Conroy—I want to make sure I get the accurate information. I would not want you to be misled. I will have it in a moment. Senator McGauran has made this allegation a number of times and I want to nail it.

Senator McGAURAN—In the meantime cannot the department inform me about the Western Highway duplication, Ballarat to Stawell, \$400 million.

Senator Conroy—I have just found it. Here we are, thank you. *Building Australia's roads and railways for the future*, joint media release between Mark Vaile and Jim Lloyd, dated 8 May 2007. It says:

The Australian Government will invest \$22.3 billion in Australia's land transport system from 2009-10 to 2013-14. The new funding will be available under AusLink 2.

So any suggestions that \$22 billion is more than our government's commitment are a little embarrassing, don't you think? This is reading from your press release of your Deputy Prime Minister at the time.

Senator ABETZ—We might find out what is included in Infrastructure Australia funding.

Senator Conroy—So I really felt it was important and I appreciate—

Senator ABETZ—Like skills training, Senator Conroy—

Senator Conroy—I appreciate the patience of the committee while I made sure I got the exact quotes from the joint media release. But let us be clear. 'The Australian government will invest \$22.3 billion'. Clearly less than this government's commitment, substantially less. So can we just not have that particular line run out without, at least, blushing.

Senator ABETZ—Did we have skills training under our infrastructure project?

Senator Conroy—It was all done out of surplus.

CHAIR—No, they did nothing, if I remember rightly. That is why we had the greatest skills crisis in our history, but, anyway.

Senator ABETZ—We had full employment.

Senator Conroy—It is because you just dropped the ball. You took your hands off the steering wheel. Can I say, to be fair, Senator Sterle—

CHAIR—I do not think Hansard can get this.

Senator Conroy—To be fair, I understand why Senator McGauran is confused, because I have here a press release, from Mr Truss on 5 November last year, and he makes the following statement:

For all of Labor's grand talk of 'nation building' and an infrastructure-led recovery, the Rudd Government will spend far less than the \$31 billion the Coalition committed to road and rail projects between now and 2014 ...

So I understand why you are confused, because the actual, real figure, as I have just outlined from Mr Vaile's press release, was \$22 billion. But Mr Truss claims it was \$31 billion. So I can understand why you were confused about those numbers, Mr McGauran. What I am sure of is that you will go and contact Mr Truss and say: 'I think you have misled me a little bit, Mr Truss. I just wanted to let you know it was very badly exposed.' I just felt that, given that that ridiculous allegation was made yet again, it did need to be dealt with.

Senator ABETZ—Can I just ask, Senator McGauran, very quickly: in this huge infrastructure fund there is \$430 million being set aside for translation research and workforce training.

Mr Tongue—As part of the funding we have been talking about in this portfolio?

Senator ABETZ—Yes.

Mr Tongue—No, that sounds more like an immigration or an employment portfolio issue.

Senator ABETZ—But it is under the definition of infrastructure, I am advised, that we include \$430 million for translation research and workforce training.

Mr Tongue—Senator, the government made infrastructure commitments in other portfolios, including health, education, and family and community services, so I suspect it is a commitment—

Senator ABETZ—But, you see, everything is called infrastructure these days.

Senator Conroy—No. Senator Abetz, I am happy to give some further information. In infrastructure in the transport sector—road, rail and ports alone—over the next six years the Rudd government will invest \$36 billion. This includes projects funded through the national building program and new spending as a result of the establishment of the BAF, and equity injections in the Australian Rail Track Corporation. So—just so we are absolutely clear and you cannot keep running this furphy—on roads, \$28 billion over six years; rail, \$7.9 billion; ARTC \$1.2 billion. So we are spending more on transport infrastructure in six years—that is, \$36 billion—than the Howard government spent in nearly 12 years, which was only \$28 billion. And we are spending more on rail in 12 months than those—

Senator ABETZ—Did we have a \$96 billion debt?

Senator Conroy—More on rail in 12 months than they spent in 12 years.

Senator ABETZ—Did we pay off a \$96 billion debt during that period?

Senator Conroy—Let us just be fair dinkum.

Senator ABETZ—And who left it behind for us, Senator Conroy?

Senator Conroy—You are sitting there trying to pretend that we have counted training in the infrastructure numbers.

Senator ABETZ—Clearly you are. You are.

Senator Conroy—Roads, rail and ARTC, \$36 billion. That is ports, road and rail—\$36 billion. No training; none of the nonsense that you have just been going on with, Senator Abetz. But thank you for the opportunity to point that out.

Senator ABETZ—And the \$96 billion debt that was paid off is not adding to general infrastructure for our country's future? But, Senator McGauran, continue.

CHAIR—Thank you very much, Senator Abetz. You have got the all clear; carry on, Senator McGauran.

Senator McGAURAN—On the Western Highway Duplication status: start up date?

Mr Foulds—The planning commenced in late 2008. That is the preconstruction. And 2010 is the start date.

Senator McGAURAN—Okay. Your form is not very good, that is all. 2010—I do not think anyone believes that, not even the people at Ballarat. But, anyway, I suppose there is always another estimates.

One last question is on the Geelong Ring Road. The election commitment was for \$107.5 million to complete the Geelong Ring Road to Princes Highway, but the website has got a figure of \$62.5 million.

Mr Foulds—Is that the Geelong Ring Road Stage 4B to construct a freeway standard connection from Anglesea Road to the Princes Highway West?

Senator McGAURAN—Yes, very good.

Mr Foulds—The total Australian government contribution is \$45 million.

Senator McGAURAN—I will tell you what we are talking about. I will read from the section:

Section 4A of the project involves extending the Geelong Ring Road over the existing Princes Highway West and along Anglesea Road terminating near Hams Road.

Mr Foulds—Yes. And as to the start date: earthworks have already commenced; the total current cost is \$125 million, and the 2009-10 Australian government funding is \$10.5 million.

Senator McGAURAN—What is the total? Is it 107 or 62?

Mr Foulds—\$62.5 million is the total Australian government contribution.

Senator McGAURAN—But before the election you promised 107. What happened? It is going to be a cheap road, is it?

Mr Foulds—No, it is not a cheap road, Senator. The total cost, as I say, is 125, with 62.5 the Australian government contribution. And that is the information that I have at the moment.

Senator McGAURAN—Okay. So the contribution is 62.5. And what were the dates again? They have started, you say?

Mr Foulds—Yes. Earthworks have already started—the official site ceremony was on 26 March—and construction is due for completion in late 2010.

Senator Conroy—There are two projects, Senator McGauran. I just want to make sure we are not getting confused.

Senator ABETZ—So there are two openings, two sod turnings.

Senator Conroy—No, it is just Geelong Ring Road Stage 4A, the Anglesea overpass—

Senator McGAURAN—Yes.

Senator Conroy—and Geelong Ring Road Stage 4B, the Anglesea Road to Princes Highway. Are those the ones you are asking about?

Senator McGAURAN—Yes. So the 62 is for the first; how much is for—

Senator Conroy—And 45 is for the second, meaning we are doing two projects on the Geelong Ring Road, totalling \$107 million—just to help you with the maths there.

Senator McGAURAN—Thank you. We align—

Senator Conroy—And there is more. There are steak knives, too!

Mr Foulds—And stages 2 and 3 for the Geelong Ring Road will be finished at the end of this year and that is \$186 million, the Australian government contribution.

Senator ABETZ—What date do you think that project will be finished?

Mr Foulds—The stage 3 works are currently 90 per cent complete, and the finish date is scheduled for the end of 2009.

Senator ABETZ—End of 2009.

Mr Foulds—That is for stages 1, 2 and 3.

Senator ABETZ—So it is nearly finished, but the finish date can now be postponed until a date convenient.

Senator Conroy—I think that is a rhetorical question, Senator Abetz.

Senator ABETZ—I think you are absolutely right.

Senator Conroy—As usual, you are doing a magnificent job of cross-examining yourself.

Senator ABETZ—If I may, Chair?

CHAIR—You may, Senator Abetz.

Senator ABETZ—All right. Back on to this exciting topic of signs. How much was it, again, Ms McNally?

Senator Conroy—About \$1,000, I think, we established.

Senator ABETZ—One thousand and—

Ms McNally—\$700, Senator.

Senator ABETZ—\$1,700. What was actually obtained for that?

Ms McNally—That was funding to look at the design work for the signs.

Senator ABETZ—Right. I assume the department has a stock of existing signs. Is that correct?

Ms McNally—That is not correct, Senator. The department does not purchase signs. So the arrangements for the Nation Building Program are similar to that under previous road and rail programs: the signs are produced by the state and territory governments, and they are funded by them as part of the project.

Senator ABETZ—So they would have a stock of signs, then?

Ms McNally—I have not got that information with me, Senator.

Senator ABETZ—Do you do any auditing to ensure that the states do have signs et cetera available for these projects? You see, what I know from experience is that if there is a black spot funded it does not tell you what the actual project is. It is just black spot funding under whatever the program was called—AusLink Black Spot Program. A standard sign gets put up all around the countryside. I have seen them all around Australia, and they look suspiciously identical. So does each state government produce its own signs or is there one sign made that is used all around Australia?

Ms McNally—The state governments are required to comply with our requirements for signage, and the signs that go on the highways, freeways and roads have to meet particular standards.

Senator ABETZ—Yes, those special, specific road projects. But with Roads to Recovery Program funding—for example, black spots—I have seen generic signs scattered all around Australia. I would be gobsmacked if the Tasmanian government and the Victorian government et cetera had separate contracts to make those signs. So you are telling us that they are not centrally organised and arranged?

Ms McNally—They are not centrally organised and arranged.

Senator Conroy—I think that is what she is telling you, Senator Abetz. You are on a roll.

CHAIR—It is an exciting topic.

Senator ABETZ—Talking about a roll, we have had the initiative of \$1,700 to have, as pointed out to us on page 21 of the PBS, the brains trust tell us—and the government had already made this decision, by the way, so we did not need input on that name change—from AusLink Investment to, you have guessed it, Nation Building Investment. AusLink Black Spot Project to Nation Building Black Spot Project. You go through—AusLink heavy vehicle safety. I wonder what they might call this one? You have guessed it: Nation Building heavy vehicle safety, or AusLink Improving Local Roads. Guess what they have called that? Nation Building Improving Local Roads.

Senator NASH—No.

Senator ABETZ—We have basically taken all the names from the previous government but deleted the word ‘AusLink’ to insert—

CHAIR—There is a question, Senator Abetz?

Senator ABETZ—To insert ‘Nation Building’ in front of it. I am still trying to figure out where the \$1,700 was spent. But, tell me: are any more consultancies expected to be let for this imaginative new naming of road projects?

Senator Conroy—For the \$1,700?

Senator ABETZ—No. The \$1,700 has already been spent, as I understand it. Are any more consultancies expected to be let or given out?

Ms McNally—There are no plans to let any more consultancies on this subject that I am aware of, Senator.

Senator ABETZ—So who is going to determine the colour?

Ms McNally—It is determined by the government.

Senator ABETZ—But they are not going to seek advice from a consultant?

Ms McNally—I cannot comment on that.

Senator ABETZ—That is fine. Allow me to move on, then. Senator Colbeck has a question.

CHAIR—I have got some questions, too. Ms McNally, could you tell us how much the government is spending on the Black Spot Program for 2008-09?

Ms McNally—The government is spending \$90 million, Senator.

CHAIR—It is \$90 million in 2008-09. What about 2009-10?

Ms McNally—It is \$119.5 million, Senator.

CHAIR—How does that compare with funding provided in the previous two years?

Senator Conroy—If I can clarify, I think you were somewhat scornfully, Senator Abetz, referring to—

Senator ABETZ—Wait a minute.

Senator Conroy—Somewhat scornfully attacking some of the measures and the naming of the measures. You seemed to be mocking the Heavy Vehicle Safety Program there, Senator Abetz.

Senator ABETZ—No. I was not. If the Prime Minister’s office is sending you emails on this basis, it goes to show why this government has lost control of the economy, because that is all the boffins are doing, trying to give you—

Senator Conroy—As usual—

Senator ABETZ—The point I was making, as the *Hansard* will clearly show, is—

Senator Conroy—As usual, you are walking both sides of the street.

Senator ABETZ—that AusLink heavy vehicle safety has been changed to Nation Building heavy vehicle safety.

Senator Conroy—You absolutely are demonstrating that you are walking both sides of the street.

Senator ABETZ—Are you allowing this, Chair? This is a gratuitous intervention by the minister, completely fabricated, as you know.

Senator Conroy—The Howard government never had a heavy vehicle program.

Senator ABETZ—Point of order, Chair. Are you allowing this?

Senator Conroy—You were mocking—

Senator ABETZ—If you allow it for the minister you will have to allow it for us.

CHAIR—Minister, there is a point of order. Senator Abetz?

Senator ABETZ—Thank you. The minister is not responding to a question. He is making an assertion that is—

Senator Conroy—I am enhancing an answer I gave previously.

Senator ABETZ—Can I finish my point of order?

CHAIR—Yes, you can, Senator Abetz.

Senator ABETZ—Thank you, Chair. He is now trying to verbal and make something which the *Hansard* will disclose is completely untrue. I was not mocking the program; I was mocking the silly name change and the expense associated with the silly name change.

CHAIR—Senator Abetz, I will give you the chance, but there is no point of order. It is your opinion that it is a silly name change; it is certainly not the opinion of anyone else. But I would like to get back to my questions to—

Senator ABETZ—Good idea.

CHAIR—Ms McNally, if I may, Minister, and then I will come to you later. Sorry, you said—

Ms McNally—I just want to clarify, Senator. I gave you some incorrect information. The additional amount that the government has put in over 2008-09 and 2009-10 together comes to \$90 million. The amount for 2008-09 is, in fact, \$110 million.

CHAIR—It is \$110 million, \$20 million more?

Senator ABETZ—So we are getting something for our \$188 billion debt.

CHAIR—Sorry, Senator Abetz, I believe—

Ms McNally—And then the amount for 2009-10 is, as I said before, \$119.5 million. I might hand over to my colleague Jason Maher to talk about the rest of the question.

CHAIR—How that compares to the previous two years was my question; that was my last question.

Mr Maher—I might just start again and run through years of funding. In 2008-09, the Australian government will provide \$144.7 million for the Black Spot Program. This comprises \$60 million announced in December 2008 and \$30 million announced in the February 2009 nation-building packages. In 2009-10, it will be \$119.5 million. That is \$60 million from the February nation-building package and \$59.5 million from the ongoing Black Spot Program.

CHAIR—So just clarify this for me, Mr Maher. I want to get that very clear. It is \$144 million in 2008-09 and \$119.5 million for 2009-10.

Mr Maher—Correct.

CHAIR—So can you tell me how this compares to the funding provided in the previous two years?

Mr Maher—The years prior to that were: in 2007-08 \$37.26 million, and in 2006-07 that was \$41.6 million.

CHAIR—Well, that is a sizeable difference. Thank you.

Senator ABETZ—As is the deficit and the surplus that the two governments have run.

Senator Conroy—You are not mocking the Black Spot Program, are you, Senator Abetz, while I have got the floor?

Senator ABETZ—Just the deficit.

Senator Conroy—No, I did not think you were. I have heard him mock the boom gates and pink batts. I have heard that. I have heard him do that.

Senator ABETZ—Oh, absolutely, when it is deficit funded.

CHAIR—Senators, I will just call for order. I am halfway through—

Senator Conroy—On the black spots, we are investing. Given that Senator Abetz has willingly admitted he is mocking this, we are investing—

Senator ABETZ—Point of order, Chair.

CHAIR—Sorry, Minister, there is a point order.

Senator ABETZ—That is dishonest. I have not mocked in any way, shape or form the black spots program.

CHAIR—And I was the one that asked you, ‘Are you mocking the Black Spot Program?’

Senator ABETZ—And I denied it.

CHAIR—I was halfway through a question and—

Senator ABETZ—And Minister Echo here is now—

CHAIR—Senator Abetz, I have not spoken over you and I was halfway through an explanation. I was talking when you came over the top.

Senator Conroy—If I could just make it clear again, we are investing \$144.7 million.

CHAIR—Yes, we have that.

Senator Conroy—And a further \$119 million in 2009-10, bringing the total spend on black spots over two years to \$250 million. That is double, Senator Sterle, what the former the government spent over the same period.

Senator ABETZ—And what is the accrued interest on that?

CHAIR—Actually, my maths is probably not that good, but I think it is about four times more, from the figures that Mr Maher just provided me with.

Senator Conroy—I will happily be proved wrong if it is four times, Senator Sterle.

Senator ABETZ—What is the accrued interest on that?

Senator McGAURAN—You are plunging us into debt. Spend within your means.

CHAIR—I will just call order. Mr Maher, how are these sites identified? Is this a question for you, Mr Maher?

Mr Maher—I am happy to answer. The national building projects were identified in a similar process to the normal Black Spot Program. There were consultative panels held, some of which were held out of session to expedite the process. Where the states did not have a cohort of projects ready to be funded, they have called for proposals in some instances, but essentially it has followed the same administrative process that the Black Spot Program has followed in the past.

CHAIR—Good. Of the \$144 million and the \$110 million, how many projects will be funded in these years?

Mr Maher—Under the national building package, there will be 607 black spot projects. That is 456 in 2008-09 and 151 in 2009-10. There will be a further 269 projects approved under the 2009-10 of the ongoing Black Spot Program and a further 296 in 2008-09, which gives the total project number of around 1,172 of those two years, 2008-09 and 2009-10.

CHAIR—Can you give the committee a breakdown, state by state, on these projects?

Mr Maher—I can. In New South Wales, there will be 348 projects. That is 198 nation building projects and 77 projects in 2009-10 and 73 projects in 2008-09. In Victoria, there will be 311 projects and 166 nation building or economic stimulus package projects, of which 79 are 2009-10 projects and 66 projects in 2008-09. In Queensland, there will be 206 projects: 93 nation building projects, 49 projects in 2009-10 and 64 in 2008-09. In Western Australia, there will be 134 projects: 57 nation building projects, 43 projects in 2008-09 and 34 in 2009-10. In South Australia there will be 87 projects: 52 under nation building, 21 projects under the normal 2008-09 program and 14 under the normal 2009-10 program.

There are 64 projects in Tasmania: 27 economic stimulus package projects, 20 projects in 2009-10 normal program, and 17 projects in the 2008-09 normal program. In the Northern Territory, there will be seven projects: six projects under the economic stimulus packages, one project in 2008-09 and there is funding yet to be allocated in the Northern Territory for 2009-10. So they will be agreed and announced pending the finalisation of the consultative panel process in the Northern Territory. In the Australian Capital Territory, there will be 15 projects: eight under the economic stimulus packages, seven in 2008-09 normal program and, likewise, there is some 2009-10 funding in the ACT normal program that is yet to be allocated.

Senator Conroy—Senator Sterle, I am hoping you can confirm my maths as accurate this time, but that adds up to 607 additional black spots delivered through the economic stimulus plan that many of the people sitting around that table with you voted against—607 additional black spots that the opposition voted against.

CHAIR—I can concur that your maths is the same as mine.

Senator Conroy—607 that the opposition voted against.

CHAIR—Absolutely no dramas. Now, Mr Maher, is there any evidence that shows that the black spot funding program has been affected?

Mr Maher—Yes, the Black Spot Program has been the subject of several evaluations by the BITRE in our department. The most recent one was in 2001-02, and it found that projects within the program had an average cost-benefit ratio of around 14.

Senator Conroy—Could I say there are a number of organisations that have also welcomed this initiative, Senator Sterle.

CHAIR—Would you like to name them, Minister?

Senator Conroy—The Gladstone Regional Council have written to the minister—

Senator ABETZ—He is answering and commenting on things that have not even be asked.

Senator Conroy—I am talking about the Black Spots Program.

Senator ABETZ—No, you actually have to answer questions.

CHAIR—I have just asked a question.

Senator Conroy—I am talking about the Black Spots Program and this is an endorsement of the Black Spots Program. I was just adding to the endorsements.

Senator NASH—Dorothy questions. It is a good show.

CHAIR—You must admit, it is far more professional than a Tasmanian saying, 'Is it all right if I ask this question?'

Senator NASH—At least they are asking genuine questions—

Senator Conroy—Next question, Senator Sterle?

CHAIR—I think it is very important, Minister, because we should not ridicule the Black Spot Program.

Senator Conroy—No, we should not.

CHAIR—It is a very important initiative.

Senator NASH—Nor the process.

Senator Conroy—No, it is all right. Let us move on. I promise you, I will come back to it.

CHAIR—Thank you very much, Minister.

Senator Conroy—I would not want to upset the good senators at the table.

CHAIR—That is very honourable of you.

Senator Conroy— You keep asking your questions.

CHAIR—Senator Colbeck, would you like to ask questions before we go to tea at 6.30 and then if you are not finished you will be in continuation after that.

Senator COLBECK—I doubt I will take that long. Ms McNally, can I just take you back to an answer you gave to Senator O'Brien about projects in Tasmania. You listed a number of

projects in Tasmania starting with the Bass Highway project, I think. There was a list of projects and my understanding is that they were part of the MOU. Is that correct?

Senator IAN MACDONALD—Mr Chairman, I hope that after the Tasmanian senators there is time for the states that are important in Australia.

CHAIR—Senator Macdonald, I can guarantee you I share the same frustration and I am going to go out of my way to make sure that the rest of the states are covered.

Senator Conroy—Are you feeling discriminated against on a geographic basis, Senator Macdonald?

Senator ABETZ—Out of \$8.5 billion of Infrastructure Australia funding, Tasmania got none, so we are desperately seeking a cent somewhere. That is the reason we are here in numbers, trying to get some money.

Senator COLBECK—You read a list of projects out with values. I am interested specifically in the first three or four.

Ms McNally—Tasmanian rail rescue package?

Senator COLBECK—No, they were road projects predominantly.

Ms McNally—Westbury-Hagley?

Senator Conroy—Sorry. Could you just ask your question again, Senator Colbeck?

Senator COLBECK—You responded to Senator O'Brien—a question of projects, and I cannot think exactly what the question was and Senator O'Brien does not look as though he is going to help me. You read a list of projects out—road projects. One of them was the Bass Highway duplication, I understand, for \$42 million, and that was one of the first group of projects that you read. I do not know whether it was—

Ms McNally—Was that the Penguin to Ulverstone Stage 2? \$42 million.

Senator COLBECK—Yes. That was one of the first projects that you read out. Is that on the list of projects that are on the MOU?

Ms McNally—That is correct.

Senator COLBECK—So that was the MOU projects. What was the first project on that list?

Ms McNally—The Tasmanian rail rescue package.

Senator COLBECK—Yes, \$78 million.

Ms McNally—Then the Westbury-Hagley, \$40 million. Then Penguin to Ulverstone Stage 2, \$42 million. The Brighton bypass, \$164 million.

Senator COLBECK—Okay. When was the MOU signed?

Ms McNally—In March.

Senator COLBECK—In March this year?

Ms McNally—I have got the exact date here. Actually, the Tasmanian MOU was signed on 24 February.

Senator COLBECK—Can I ask why the Bass Highway Duplication Stage 2 at \$42 million was part of the MOU?

Ms McNally—It was a government commitment.

Senator COLBECK—It was opened on 9 May 2008.

Ms McNally—I have only got here the Penguin to Ulverstone Stage 2, so—

Senator COLBECK—I understand the project. I know that neck of the woods very well. I attended the opening. It was opened by Mr Sidebottom and Mr Collins on 9 May 2008.

Mr Foulds—Senator, I can answer that question. The current status is that there is \$410,000 in contingencies still reserved for landscaping and noise walls subject to noise assessment later this year, so that is all that is outstanding, \$410,000.

Senator COLBECK—So there is \$410,000 outstanding.

Mr Foulds—So, yes, it is open. It is operating but it is a contingency and that is the reason that—

Senator COLBECK—It is easy to make your numbers look good when you put in a \$42 million project that has been finished.

Senator ABETZ—This is outrageous.

Senator COLBECK—The Westbury to Hagley bypass, can you give us the status of that project?

Senator ABETZ—They still have to paint a tree, so they have got 50 million set aside for that.

Mr Foulds—Funding remains in the budget as there are unresolved issues between DIER and a contractor relating to the two arch bridges that were built there.

Senator COLBECK—Road subsidence, which they are currently doing some work on at the moment.

Mr Foulds—That is correct, and that is the reason that funding remains in the budget. It is hoped—

Senator COLBECK—What is the value that that is listed at in the MOU?

Ms McNally—\$40 million.

Mr Foulds—But the Australian government approved payments to date for \$38.8 million.

Senator COLBECK—Yes. You have got \$80 million that are being crowed about—and I am not blaming you. Do not get me wrong, but there is \$80 million in the MOU to Tasmania that is being bragged about around the country for projects that are effectively finished. I understand there is work to do. Do not get me wrong, but I think in the context of some of our conversations it might be worth noting that. Thanks, Mr Chair. That is all I need to say.

Senator MILNE—May I ask a question?

CHAIR—Yes, you may.

Senator MILNE—Tasmania is very interested in roads. I want to know about the East Tamar Highway. I understand that when the coalition allocated the money for that it was on condition that the pulp mill was built. I want to know if the money is conditional on the pulp mill being built or whether they are upgrading the East Tamar Highway and when we are going to see any money for it.

Ms McNally—The East Tamar Highway upgrade package commitment was made by the previous government in mid-2006—

Senator MILNE—That is correct.

Ms McNally—and the issue that you have is that the MOU makes no mention of the pulp mill. Is that the issue?

Senator MILNE—No. I want to know what the status of the upgrade of the East Tamar Highway is: how much has been spent to date, how much is in the forward estimates and is it conditional upon anything?

Mr Foulds—In the East Tamar Highway, there is no mention made in the MOU—

Ms McNally—That is not the question. What stage is it at.

Mr Foulds—Senator, is this concerned with the Dilston bypass work on the East Tamar Highway?

Senator ABETZ—Yes, that is—

Senator MILNE—There was an announcement of about—Senator Abetz can help us, but I think it was around \$60 million at the time for the upgrade of the East Tamar Highway.

Senator ABETZ—That is Right.

Senator MILNE—I think, as you said, it was promised in 2006 which included that bypass. I am asking how much has been spent, how much is in the forward estimates and is it conditional upon the pulp mill going ahead?

Senator Conroy—In terms of Tas funding, the government's Nation Building Program only includes funding that will be released in 2008-09 through to 2013-14. This is reflected in the MOU with Tasmania.

Senator MILNE—Can you just tell me what is for the East Tamar Highway—

Senator ABETZ—Is it in the MOU?

Senator MILNE—Is it in the MOU and what is to be spent in the year 2009-10?

Ms McNally—We do not seem to have that level of information with us for some odd reason, Senator.

Senator MILNE—You might have to take that on notice.

Mr Tongue—Senator, can we see what we can stir up over—

Senator Conroy—I am just chasing it up for you.

Senator MILNE—I am not going to be here after the dinner break but I will get whatever information you table for the committee in relation to that.

CHAIR—Sorry, Senator Milne, we will be on Nation Building for quite a while, so we can let you come back in the room.

Senator Conroy—That is because there is so much nation building going on, Senator Sterle.

Senator MILNE—My question is very specifically in relation to what is in the MOU with Tasmania for the East Tamar Highway. What is projected to be spent in 2009-10, and the forward estimates for whatever the rest of the MOU covers, and is it conditional upon a certain company building a certain factory?

Ms McNally—We will try and get back to you with that.

CHAIR—Thank you, Senator Milne. On that, it is 6.30. We will take a one-hour break for tea and we will be back at 7.30 sharp. Thank you.

Proceedings suspended from 6.28 pm to 7.30 pm

CHAIR—Welcome back, everybody. We left with Senator Milne asking questions about Tasmania, but I believe Senator Williams—

Mr Tongue—Before we start, could I go back and read into the record some of the response to Senator Milne?

CHAIR—Yes.

Mr Tongue—I think we got a little confused about funding to Tasmania and I would like to correct the record there.

CHAIR—Please do, Mr Tongue.

Mr Tongue—If we could start with correcting the record on Tasmania and then move to Senator Milne's question. In respect of the questions that were asked around the Westbury to Hagley bypass and the Penguin to Ulverstone duplication stage 2, I advised before that each of those projects in the MOU was listed as \$40 million and \$42 million. That is the total Australian government contribution. The amount that is remaining to be paid on those, which is the subject of the current MOU that was signed earlier this year, is \$1.37 million on the Westbury to Hagley bypass and the Penguin to Ulverstone duplication stage 2 has \$7.53 million. So it is those two amounts that are included in the overall amount of funding for Tasmania between 2008-09 to 2014.

CHAIR—Thank you. Ms McNally, did you want to answer another question on notice from Senator Milne?

Ms McNally—In respect of the question regarding the Tamar upgrade, essentially that was a \$60 million project. That was a commitment by the previous government. Those funds have been fully paid. There were seven projects included in that particular \$60 million project. All the works money has been paid and all the work has largely been completed. The Dilston bypass has had some delay and it is expected to be completed later this year, as is the work on the Dalrymple pavement—strengthening and widening and improvements. The remaining parts of that project have been completed and all moneys have been paid.

CHAIR—Thank you, Ms McNally. Senator Williams.

Senator WILLIAMS—Thank you, Chair. Senator Back, have you got questions?

Senator BACK—I do.

Senator WILLIAMS—Do you want to go before me?

Senator BACK—Only if that is convenient to you.

Senator WILLIAMS—It would be convenient to me because I have been AWOL at a couple of other meetings for an hour or two. I am not sure where we are up to.

Senator BACK—Thank you very much. I did ask some questions earlier in the day regarding the intermodal links around the Perth Airport and was advised that I would be wiser to raise it currently, which I so do. In the *National infrastructure priorities* publication the Perth Airport multimodal links were put forward as being a critically important project. I think the sum of money indicated was \$530 million. Could we have an explanation as to why that particular project was not funded in the current round?

Ms McNally—Can we clarify which particular project you are referring to?

Senator BACK—Yes, the title I have for it is ‘Perth Airport multimodal links’. It is relating to roads to and away from Perth Airport. It was originally indicated as one of the gateway projects but subsequently did not seem to see the light of day in the eventual process.

Ms McNally—That is an Infrastructure Australia project.

Senator BACK—*National infrastructure priorities*, yes.

Ms McNally—Yes. It has not been given funding?

Senator BACK—No. It appears as though it did not receive funding in the current round.

Ms McNally—That is correct.

Senator BACK—Can you throw any light on the possible reason that it was not funded?

Mr Tongue—That was the project that you mentioned before to Mr Deegan and I think he gave a bit of an explanation about how projects with real potential ended up in that right-hand side. We are limited about how far we can go into a discussion of the detail of those individual projects. I think Mr Deegan took us as far as we could go with that Perth Airport one. I can talk about the Perth Airport master plan issues tomorrow under Aviation and Airports division.

Senator BACK—You would rather leave it until then?

Mr Tongue—Yes. We can certainly discuss those airport planning issues as far as they affect traffic forecasts and so on.

Senator BACK—Okay. Then a second project which was not nearly as significant in funding was what we understood to be a commitment to upgrade a section of Tonkin Highway between the Roe and Leach highways, I think. There was a figure initially of half a million dollars for planning the upgrade of that particular highway between the two. It was a commitment that the money be spent. Have the funds been committed? Indeed, have they been spent? If not, is it to be funded in the forward estimates? It has some relationship, of course, because it has an impact on the same road system we are talking about.

Ms McNally—That duplicating of the Leach and Roe highways is part of a Perth urban transport and freight corridor upgrade. There is an Australian government commitment of \$350 million to that overall upgrade. So far \$0.37 million has been paid and \$5.37 million is scheduled to be paid in 2009-10.

Senator BACK—When you say those funds have been paid, to whom have they been paid?

Ms McNally—To the state government.

Senator BACK—The state government is matching funding, presumably, in this connection, is it?

Ms McNally—I do not know what the contribution from the state is. It is still being confirmed. We are awaiting formal advice on that matter.

Senator BACK—Right. But \$0.37 million, I think you said.

Ms McNally—So far we have paid \$0.37 million.

Senator BACK—\$0.37 million and there is—

Ms McNally—We have got another \$5.37 million to pay in 2009-10 out of the \$350 million that has been allocated for that project.

Senator BACK—Yes. I think some of that \$350 million we will come back to in the airport discussion tomorrow. That then takes me to an undertaking with regard to the Great Eastern Highway to the east of the city but within the metropolitan area itself. It was a commitment given by the then shadow minister for transport, roads and tourism, Martin Ferguson—I think 29 October was the actual date in 2007—of \$180 million towards \$225 million, the balance of which would be paid by the Western Australian government, to upgrade the area between Kooyong and Tonkin Highway on the Great Eastern Highway. I think the first step was to be an allocation of \$2 million for planning, but the overall contribution of the federal government, should Labor have got into government, which they obviously did, was \$180 million. Can you give me any idea about where we are with that particular project?

Ms McNeill—Yes. The Australian government has committed \$180 million to that project. \$17.8 million of funding was approved for planning and preconstruction in March 2009.

Senator BACK—Can you give us some idea in the out years what the commitment is on the balance?

Ms McNeill—We have committed \$56.9 million in 2009-10.

Senator BACK—And beyond that?

Ms McNally—That will be the subject of ongoing discussion with the state, depending on progress.

Senator BACK—We will watch that one with interest. Again, it links in, Mr Tongue, to discussions we will have further on the whole question of the airport. My final question with regard to Great Eastern Highway may not be directly related to you. I am speaking now beyond the metropolitan area. Great Eastern Highway east of Perth to Northam and to the

eastern states and the Great Northern Highway are both roads that have a particularly unfortunate track record with major accidents and deaths. Is there anything that you are aware of, in terms of an indication of funding or a commitment to funding in the future, for either or both expenditures on the Great Eastern Highway east of the city and the Great Northern Highway, or the Brand Highway, towards Geraldton?

Ms McNally—There is a commitment for the Great Eastern Highway and Roe Highway interchange. That commitment is \$48 million by the Australian government, of which around \$7 million will be paid in 2009-10. Then there is a Great Northern Highway, Lennard Street to Muchea. I think that is all for the Great Eastern. The Great Northern Highway is separate to that.

Senator BACK—Could you give us some indication as to what the actual commitment is for that project.

Ms McNally—The Australian government contribution for that is \$66.2 million.

Senator BACK—Any breakdown in terms of time frames for commitment?

Ms McNally—The project is well under way and is scheduled for completion around mid-2010. A large proportion of that funding has already been paid. Prior to this year, \$65 million has been paid. There is \$1.07 million scheduled to be paid in 2009-10.

Senator BACK—The other questions relate to the precincts of the Perth Airport, but we will deal with that subsequently. Thank you very much for that.

Senator WILLIAMS—I would like to refer to New South Wales and the joining of the highway—the end of the F3—to Branxton. I refer to the government's commitment in the recent budget to spend \$1.4 billion over six years:

... towards the construction of 40 kilometres of dual carriageway linking the F3 and the New England Highway near Branxton...

I notice that, according to the departmental website of Minister Albanese, the government has allocated \$51 million to preconstruction activities for the F3 to Branxton link. Has that money been spent?

Mr Foulds—That is the preconstruction work?

Senator WILLIAMS—Yes.

Mr Foulds—That money has been spent, with the exception that there is a very small amount of money—I think it is about \$2 million—that is yet to be paid out on the preconstruction stage of the F3 to Branxton.

Senator WILLIAMS—What preconstruction activities have occurred with the spending of that \$51 million?

Mr Foulds—The preconstruction activities are largely complete, with a small number of property acquisitions and service relocations outstanding. I have some more detail on that. The preconstruction activity that has occurred is the relocation of major utilities and property acquisition. A total of 62 property acquisitions are required, comprising 58 for construction and four for compensatory habitat. All acquisitions are complete except for two commercial properties and four compensatory habitats.

Senator WILLIAMS—I also note that the land acquisitions by the New South Wales government to reserve the corridor for the F3 to Branxton road link are on hold until a conclusion of the study into the transport needs of the lower Hunter region. What are the stages of this study in light of the budget announcement? Is that study complete?

Mr Foulds—The study is complete and has been released.

Senator WILLIAMS—That study has been released publicly?

Mr Foulds—Yes, it has.

Senator WILLIAMS—Can you give us a briefing of what the conclusions are of that study.

Mr Foulds—Yes, I can. The major finding of the study is that there is a need for a new or upgraded road corridor running east-west from the F3 freeway to the New England Highway at Branxton. A number of options were identified and analysed. The report found that, of all the options considered, the F3 to Branxton link, which has current planning approval, was the best performing option and should be completed, if possible, as a single construction project. It also went on to say that the RTA's cost estimate for the F3 to Branxton link is sound. That was the fourth finding.

Senator WILLIAMS—In light of the budget announcement, have land acquisitions resumed?

Mr Foulds—I cannot answer that question now, other than to refer to the fact that, of the preconstruction acquisition status, all acquisitions are complete except for two commercial properties and four compensatory habitats. But I do not know the exact status of that.

Senator WILLIAMS—I also notice that, according to the minister's website:

In the last five years the estimated cost of the F3 to Branxton project has increased from \$382 million (2003 dollars) to \$765 million (2005 dollars) to \$1.2 billion (2007 dollars). The estimate of \$1.2 billion potentially translates to an outturn cost of \$1.7 billion even if construction were to commence in 2009.

Given that the government has committed \$1.4 billion over six years to this project and the cost has blown out to \$1.7 billion, has the government struck an agreement that New South Wales will fund the balance?

Ms McNally—The government struck an agreement that the New South Wales government will contribute \$200 million.

Senator WILLIAMS—The estimate was \$1.2 billion in 2007 which translates to \$1.7 billion now. Your budget is \$1.4 billion, so you are about \$100 million short, going on those figures, if the project is to cost \$1.7 billion. The state has thrown in \$200 million, so you will still be \$100 million short. Would you agree with that?

Ms McNally—The amount that the Australian government put in under the recent Building Australia funding announcement was \$1.45 billion.

Mr Foulds—And there is \$200 million from the New South Wales government, which takes it close to \$1.7 billion.

Senator Conroy—I am not sure if you were here, Senator Williams, but I did have a discussion about this a little earlier.

Senator WILLIAMS—Did you?

Senator Conroy—This very project, yes.

Senator WILLIAMS—I was not aware of that.

Senator Conroy—I did. I was explaining to the senators who were here that this is a project you had promised twice and deliberately underfunded in your final election commitments, promising only \$780 million for a project that had already been identified as costing \$1,200 million. This is the F3 we are talking about, right?

Senator ABETZ—No, we did not underfund it. We just expected New South Wales to make a contribution.

Senator Conroy—You only promised \$780 million for a project that was costed at \$1,200 million.

Senator WILLIAMS—In 2005.

Senator ABETZ—Yes, three years ago.

Senator WILLIAMS—We have actually gone past 2005, Minister; we are in 2009 now. We are talking about your budget.

Senator Conroy—That was a 2007 election commitment. You originally promised to spend \$382 million on a project that was, even at that stage, costed at \$765 million.

Senator WILLIAMS—Was that in the 20th century or the 21st century?

Senator Conroy—No, it was May 2005. It was an estimated cost of \$765 million and you only put forward \$382 million.

Senator ABETZ—That was in the days when we were running a budget surplus.

Senator Conroy—And then, when you went to the election campaign in 2007, there was a revised cost estimate of \$1,200 million and you were still only offering \$780 million.

Senator WILLIAMS—I am sure you would have been a bright lad at arithmetic, Minister.

Senator Conroy—There was actually an ANAO finding on that.

Senator WILLIAMS—Let us get back to the facts for now. You are in government. It is 2009, okay? Are you happy with that?

Senator Conroy—Yes, that is a factually accurate statement, I am very pleased to say.

Senator WILLIAMS—The estimate of \$1.2 billion in 2007 translates to an outturn cost of \$1.7 billion today. You have budgeted \$1.4 billion and the New South Wales government has committed \$200 million.

Senator Conroy—I am confused, Senator. What happened to the \$382 million that you put on the table as part of AusLink—

Senator WILLIAMS—In 2003?

Senator Conroy—in September 2005?

Senator WILLIAMS—According to the minister—

Senator Conroy—What did you spend the money on? Where did the \$382 million go?

Senator WILLIAMS—Have you finished?

Senator Conroy—I am just confused.

Senator WILLIAMS—If you would listen—

Senator Conroy—In AusLink 2 you promised \$700 million but in AusLink 1, which you actually completed the funding of, you promised \$382 million for the F3.

Senator ABETZ—If you are confused, Minister, the Senate provides free counselling now.

Senator Conroy—I see you are aware of it, because you have already taken it up.

CHAIR—Minister, I think you have quite rightfully and articulately pointed out a shortfall of the previous government in their funding regime for AusLink.

Senator Conroy—I take the point of order that Senator Abetz has made and I will accept your admonishment.

Senator WILLIAMS—I just want to highlight to the department that, if those figures are correct—and we are working off the minister's website—there may be a shortfall of \$100 million on that F3 project to Branxton.

Senator Conroy—Can I just be clear: we budgeted for \$1.45 billion. The New South Wales government has budgeted for \$200 million.

Senator WILLIAMS—I thought your budget was \$1.4 billion. Was it \$1.45 billion?

Senator Conroy—\$1.45 billion.

Senator WILLIAMS—I stand corrected for \$50 million. I am sorry.

Senator Conroy—And New South Wales are putting in \$200 million. The project cost estimate is \$1.65 billion. That does appear to be the same amount of dollars.

Senator WILLIAMS—It was \$50 million short at one point. Anyway, \$50 million is nothing in the scheme of things of the debt of today, is it Minister, so we will move along.

Senator Conroy—So we have agreed that your whole line of questioning was actually wrong?

Senator WILLIAMS—No, I thought we were \$100 million out. We are only \$50 million out.

Senator Conroy—That is your assertion on the cost.

Senator WILLIAMS—Exactly, yes.

Senator Conroy—So we can move on.

Senator WILLIAMS—Can I move along? Are you quite happy with that?

Senator Conroy—Over to you, Senator Williams.

Senator ABETZ—\$50 million is nothing?

Senator Conroy—No, that is what Senator Williams said.

Senator WILLIAMS—In the scheme of \$315 billion, that \$50 million is a drop in the ocean.

Senator Conroy—Yes, that is right.

Senator WILLIAMS—Northern Sydney rail freight corridor: I refer to the government's promise made on 19 November 2007 that it would provide \$840 million towards a dedicated freight rail track from North Strathfield to Gosford. I notice on the departmental website for Minister Albanese that the federal government is providing \$15 million to undertake planning for the northern Sydney rail freight corridor. This planning involved developing a concept design, environmental assessment and development approval for infrastructure improvements along the rail corridor between North Strathfield and Broadmeadow, a suburb of Newcastle. Apparently the focus of the planning will be on providing additional capacity for freight rail services, segregating passengers and freight services and reducing peak period restrictions on the freight services. The planning work will be undertaken by the Transport Infrastructure Development Corporation, TIDC, a New South Wales government corporation. When will this planning be complete?

Mr Williams—In terms of the full concept design and planning under part 3A of the New South Wales Environmental Planning and Assessment Act, mid-2010.

Senator WILLIAMS—When will the government fulfil its election promise and start building one of the most crucial rail links needed on the east coast?

Mr Williams—In terms of the 2009-10 budget, in parallel with the overall study being undertaken by TIDC, the government has allocated \$15 million towards some early planning and design of works and projects on the corridor. That is in addition to the study.

Senator WILLIAMS—How much will it finally cost, and when does the government propose to spend its election commitment of \$840 million?

Mr Williams—\$840 million will be spent over the MOU period to 2013-14.

Senator WILLIAMS—2013-14?

Mr Williams—Yes.

Senator WILLIAMS—Just moving on to the Moorebank intermodal facility, the Labor Party in the 2007 campaign promised to provide \$300 million for a state-of-the-art intermodal freight terminal at Moorebank. Obviously this is an important project, since it could go a long way to taking trucks off Sydney's roads. I now understand this site has been the home of the Defence department's School of Military Engineering. What progress has been made by the government to fulfil its election promise to build this important piece of transport infrastructure?

Mr Williams—That project is currently being taken forward by the Infrastructure Australia coordinator Michael Deegan. He is working closely with the Department of Defence in developing options in relation to that facility.

Senator ABETZ—What does that actually mean—'to take forward'? What stage is it at?

Ms McNally—The process of negotiating arrangements around the project; and the detail around the project is being negotiated with the Infrastructure Australia coordinator, the Department of Defence and the department of finance. Following those negotiations, a recommendation would be made to government about the process from thereon in.

Senator WILLIAMS—I know this is a difficult question, but when would you expect this project to be completed?

Ms McNally—The \$300 million that has been identified is part of the commitment to 2013-14.

Senator WILLIAMS—Just on to Port Botany road and rail access, the Labor Party also promised during the election campaign that it would provide \$150 million to improve road and rail access for Port Botany—another worthwhile project, I am sure. What progress has the government made in implementing this promise it made on 19 November 2007?

Mr Williams—\$6 million was provided to the ARTC to undertake some planning works during 2008-09. A further up to \$27 million will be provided for what is called stage 1 of the project. I understand \$38 million is allocated in 2009-10 for further work on that program.

Senator WILLIAMS—So you expect stage 1 to commence in 2009-10?

Mr Williams—Yes.

Senator NASH—Senator Abetz needs to go to another committee, so I am happy to cede to my colleague.

Senator ABETZ—You are very kind. Thank you for that. Senator Colbeck raised some interesting points in relation to the Tasmanian MOU. Are the figures set out in those MOUs actually audited so that we know that the amounts in them are amounts that are still to be spent?

Ms McNally—I clarified earlier that, of the two projects that we referred to, one being the Westbury to Hagley bypass and the other the Penguin to Ulverstone duplication stage 2, which were \$40 million and \$42 million respectively, only \$1.37 million remains to be paid under the current MOU.

Senator ABETZ—Under the current MOU?

Ms McNally—The previous moneys were paid out prior to 2008-09. That is for the Westbury to Hagley bypass. For the Penguin to Ulverstone duplication stage 2, only \$7.53 million remains to be paid out under the current MOU.

Senator ABETZ—But the figures that were read out previously—

Ms McNally—Were the total dollars for the project, and a lot of that money was paid out.

Senator ABETZ—When?

Ms McNally—Prior to 2007-08.

Mr Tongue—We inadvertently created the impression prior to the dinner break with those two projects that the total project envelope of each project—\$47 million and roughly \$40 million—were part of the \$800 million commitment to Tasmania. That is not correct.

Senator ABETZ—We know that.

Mr Tongue—Ms McNally is outlining those amounts that are under the MOU that was struck with Tasmania. That adds up to \$800 million, so we created the wrong impression.

Senator ABETZ—All right, I accept that. Thank you. In relation to the Brighton hub, we did a money transfer the intermodal in the state of Tasmania. The federal government was going to make a contribution of \$50-something million? Was it \$56 million?

Mr Foulds—Yes, it was.

Senator ABETZ—Yes, \$56 million. Then the state government asked, ‘Can that money be spent elsewhere?’

Mr Foulds—Yes.

Senator ABETZ—That was acceded to and the money has been allocated to other projects.

Mr Foulds—Yes.

Senator ABETZ—Are you aware that the state government is in fact hoping to fully fund the Brighton hub through private financing?

Senator Conroy—I am not sure you can ask us to speculate or give an opinion.

Senator ABETZ—I am asking, ‘Do you know?’ You either do or you do not. It is not speculation. It is either a fact—

Senator Conroy—You are speculating on what you believe the Tasmanian government’s position is and I am not sure the officers are in a position to give you a view on that.

Senator ABETZ—They either know it to be a fact or they do not know, and that is fine.

Senator Conroy—I always as a rule, Senator Abetz, never necessarily just accept everything a senator says at the table as gospel.

Senator ABETZ—I accept that, and I may have my information badly wrong; and if I have my information badly wrong—

Senator Conroy—It has happened to all of us, Senator Abetz.

Senator ABETZ—Then I am sure the officials can say, ‘Senator, we don’t know that to be the case.’ If they happen to know it to be the case, they can confirm it. It is not an opinion or—

Senator Conroy—I am not sure that they are in a position, even if they do know, to reveal to you what they believe to be the Tasmanian government’s position. I think you are asking them to speculate on a third-party issue.

Senator ABETZ—What we are seeing is a cost-shifting potentially. When the request was made by the state government to transfer these funds to other projects, did the state government say that they would be fully responsible for the Brighton intermodal or did they say that they would fully fund the Brighton intermodal? Because there is a difference, given that they can enter a public-private finance partnership or get it fully privately funded. Is there anything in the MOU or agreements or discussion?

Senator Conroy—No-one at the table has a copy of the MOU, so we will have to take that on notice and see if there is any information that the minister wishes to forward to you.

Senator ABETZ—All right, thank you. Does the department have a list of all the election promises that were made in relation to road funding at the 2007 election?

Ms McNally—Those promises are all included in the MOUs that are up on the department's website.

Senator ABETZ—All the election promises are included?

Ms McNally—That is correct.

Senator ABETZ—So the department has undertaken an analysis of all of the Labor Party's road funding election promises. Is that correct?

Ms McNally—No.

Senator ABETZ—Right. So how are you able to tell us then that all the election promises are in the MOUs and on the website? How do you know what the election promises were if you did not undertake an analysis?

Senator Conroy—I am confused about your question, Senator Abetz—genuinely. What is it that you are trying to—

Senator ABETZ—Can we have a list of all the road projects that were promised by Labor during the last election. I have been told—

Senator Conroy—I think the answer was that they are all up on the website.

Senator ABETZ—That is right.

Senator Conroy—And you are welcome to surf the net and examine them.

Senator ABETZ—And, therefore, I am asking how the department can be sure that they are all up on the website, unless they have done an analysis.

Senator Conroy—I think you have had the answer to that.

Senator ABETZ—No.

Senator Conroy—They believe they are all up. You have had the answer. Now you are saying, 'Tell me again,' and I am saying, 'Well, you've asked and it's been answered.'

Senator ABETZ—From where, Ms McNally, did you get the list to put on the departmental website?

Ms McNally—We were advised by the government which projects they wanted to fund, and those projects formed the basis of the MOU—

Senator ABETZ—When were you told of those projects that they wanted to fund?

Ms McNally—I do not have a precise date, but we worked through the course of 2008.

Senator ABETZ—Could you provide that to us, because—

Senator Conroy—I will take that on notice.

Senator ABETZ—The government cannot give to us, and wants to take it on notice—

Senator Conroy—Our Nation Building program honours all our election commitments.

Senator ABETZ—Your election promises now, all of a sudden, have government secrecy attached to them.

Senator Conroy—No. They are all contained—

Senator ABETZ—This is ‘Operation Sunlight’ at its best.

Senator Conroy—in our Nation Building program. They are there for you to have a look at. All you have to do is a little bit of work—

Senator ABETZ—There was a Sunday school song, wasn’t there, about being a sunbeam?

Senator Conroy—All you have to do is a little bit of work yourself.

Senator ABETZ—I could just imagine you, Senator Conroy, being a little sunbeam, shining some light on this.

Senator Nash interjecting—

Senator Conroy—Look, I am glad you remember that. It was a particularly eventful estimates, I do recall.

Senator NASH—No, not at all. Sorry.

Senator ABETZ—Does the list that is on the website include—

Senator Conroy—It contains all our Nation Building program—

Senator ABETZ—Can I finish the question?

CHAIR—Minister, it is painful enough sitting up here having to listen to Senator Abetz ask the same question 15 different ways.

Senator ABETZ—Is this an independent chair?

CHAIR—The minister has already told you that he will take it on notice. If you have a new question, put it to the minister.

Senator ABETZ—Is this an independent chair or a biased Labor chair?

Senator Conroy—Now, Senator Abetz, let’s not—

Senator O’BRIEN—Are you reflecting on the chair?

Senator ABETZ—I am, because the chair should not be behaving in that manner.

CHAIR—The truth hurts, Senator Abetz. The minister told you he is taking it on notice. Put a different question.

Senator Conroy—As I said, all of our Nation Building program on the—

Senator ABETZ—I could not even finish the question and you allowed the minister to interrupt. That is the standard of your chairmanship.

CHAIR—He is probably sick of hearing the same stuff coming from you in 15 different ways. But you have the call. If you want to ask a question, Senator Abetz—

Senator ABETZ—Your immaturity as chair should disqualify you from holding the position.

CHAIR—That is like getting touched by a silk-scented scarf from you, Senator Abetz. That is not going to hurt me.

Senator Conroy—That is a reflection that you might want to just reconsider.

Senator ABETZ—No.

Senator Conroy—I invite you to.

Senator ABETZ—When the chair makes those sorts of unfounded comments, when he fails to quieten the minister and allows the minister to override a question, when he quite rightly chastises me—

CHAIR—Do not lecture me, Senator Abetz.

Senator ABETZ—When he quite rightly chastises me when I override you, that is fair enough—I cop that—but when I invite protection the other way, it is never forthcoming, and the record will disclose that.

Senator Conroy—Senator Abetz, I will do my best to not override you.

Senator ABETZ—Good.

Senator Conroy—But could I invite you to withdraw any possible reflection on the chair, just to speed up the committee. I am just inviting you, that is all, in the spirit of cooperation.

Senator ABETZ—Minister, I will do so unreservedly, but in that spirit I would invite the chair to consider his reflections from the chair on a fellow senator, and I think that may be deserving of a withdrawal. If that would not have occurred, I undoubtedly would not have been required now to withdraw.

CHAIR—Under the spirit of goodwill, we can kiss and make up, Senator Abetz.

Senator ABETZ—You are not withdrawing, are you, Chair? Are you withdrawing?

CHAIR—I will follow suit as you have: you have withdrawn and I will withdraw.

Senator ABETZ—Thank you. Now, can I ask: in relation to this list that is on the website that—

Senator Conroy—No, we did not say there was a list. We said the commitments are across the website. There is no specific list. I do not think that is what—

Senator ABETZ—What?

Senator IAN MACDONALD—She said they were all on the list.

Senator Conroy—Yes, they all are. There is not a list. She did not say a list. She said they all are on the website.

CHAIR—‘She’ would be Ms McNally, I would assume.

Senator ABETZ—Sorry. They all are but there is not a list of them?

Senator Conroy—No. They are not contained in one chronological list, is my understanding.

Senator ABETZ—So can I ask for such a ‘chronological list’ of all the Labor Party road-funding election promises.

Senator Conroy—You can ask for it, and I will take it on notice and see if—

Senator ABETZ—The department has told us that this list is to be found on the website—that they are all included.

Senator Conroy—We will happily supply you with a copy of our Nation Building program, which honours all of our election commitments.

Senator ABETZ—No, that is different. That is different to the specific election promises that were made during the 2007 election, because there are other projects, as I understand it, on the website and other road-funding projects that have come into being after the 2007 election promises. What I want to know is which ones were the election promises and which ones have come into being after. It is quite normal that that happens: as state governments, federal governments have different priorities, new projects come along. I just want to know which is which because, looking at the website, I am not informed as to which one is a specific election promise and which one is not.

Senator Conroy—As I said, we will take it on notice and see what information the minister can make available to you.

Senator ABETZ—I cannot see why there is such a difficulty with that—other than the difficulty of providing election promises and accountability. Can I ask then: in relation to the funding for Infrastructure Australia, we have been provided with a split of the funding in states, and I know that Tasmania did not get a dollar, but do we have a split between rural-regional and metro areas in relation to the Nation Building funding?

Mr Tongue—I can provide you with a split across the entire \$36 billion. Regional funding, which is a subset of the \$36 billion over six years, regional road and rail, totals \$21.2 billion.

Senator ABETZ—Right. Is Tasmania considered to be regional in that definition?

Mr Tongue—I do not have information to hand about the matter.

Senator ABETZ—Zero is zero. I know that much.

Mr Tongue—Tasmania, you will recall, is getting \$800 million of that \$36 billion.

Senator ABETZ—Yes. That was in relation to the \$8.5 billion—

Mr Tongue—Sorry, yes.

Senator ABETZ—Mr Tongue, you are quite right. Out of the larger figure, is Tasmania, for example, considered to be regional, and so its \$800 million is included in that regional figure?

Mr Tongue—I do not have that information to hand, but I will endeavour to get it for you.

Senator ABETZ—If it is not too difficult an exercise, if you could disaggregate and provide it to us on notice, we would appreciate that. Thank you for that.

Senator IAN MACDONALD—We are up to the supervising scientist—

Senator ABETZ—Yes.

Senator IAN MACDONALD—and the Sydney Harbour Trust. In the so-called nation building package of December last year, the government announced it was bringing forward

\$711 million, over 2008-09 and 2009-10, into 14 projects which had already been announced under either AusLink or the Nation Building project, one of which was the duplication of the Douglas Arterial Road in Townsville, but there were a series of others. I guess you know the ones I am referring to. Could you tell us how much of that \$711 million has been allocated to each of those projects? Perhaps you can take it on notice if you do not have that readily available.

Ms McNally—Nearly all of that money has been allocated.

Senator IAN MACDONALD—I mean how much to each one. You might have to take it on notice. Or do you have that available?

Senator Conroy—It might be easier to accept your invitation and take it on notice. Thank you, Senator Macdonald.

Senator IAN MACDONALD—Well, I think Ms McNally is looking—

Senator Conroy—I would not want to make a mistake and mislead the committee, Senator Macdonald.

Senator IAN MACDONALD—Ms McNally, you mentioned that all of the \$711 million had been allocated. Is that right?

Ms McNally—Nearly all of it. There are only three or four projects that still have money to be allocated.

Senator IAN MACDONALD—This is not new. The \$711 million was simply taking money from the out years and bringing it into 2008-09 and 2009-10. is that correct? It is not for new projects; it just bringing forward money that had been allocated under AusLink.

Ms McNally—That is correct.

Senator IAN MACDONALD—When I added up the December statement of the allocations it came to only \$636 million out of the \$711 million, and I wondered what happened to the other \$40-odd million. You are going to give me that list, so you might add that to the question on notice. It was also said, in February 2009, that \$150 million would be allocated in 2008-09, and I am just wondering on what projects under AusLink that money has been spent?

Ms McNally—For the 2008-09 bring forward component?

Senator IAN MACDONALD—Do you agree with me that, in the February 2009 updated economic and fiscal outlook, it was announced that there would be \$150 million allocated in 2008-09 to infrastructure spending?

Ms McNally—That related to a couple of different programs.

Senator IAN MACDONALD—That is my question: what projects has that been allocated to?

Ms McNally—Funding went to the Boom Gates for Rail Crossings initiative; \$50 million was allocated in 2008-09. Funding went towards the Black Spot Program, which we discussed earlier.

Senator IAN MACDONALD—Anything else?

Senator Conroy—Sorry. We think that it was for the road maintenance as part of the nation building program. Are you possibly referring to the upgrading of regional roads?

Senator IAN MACDONALD—Sorry?

Senator Conroy—We are just trying to establish exactly what—

Senator IAN MACDONALD—No, I am quoting the February 2009 updated economic and fiscal outlook, the \$42 billion deficit spend, cash splash, in which it was announced that—

Senator Conroy—So spending on infrastructure is a cash splash as well, is it?

Senator IAN MACDONALD—It was indicated that \$150 million would be allocated in 2008-09.

Senator Conroy—We think that is the road maintenance as part of the nation building program.

Senator IAN MACDONALD—You think, or can you confirm?

Senator Conroy—We believe that to be the case.

Senator IAN MACDONALD—Can you indicate to me—and I assume this would have to be on notice—where that \$150 million was allocated, to which project, to which bit of road maintenance?

Senator Conroy—Happy to provide that on notice.

Senator IAN MACDONALD—Will the whole \$150 million be spent by the end of next month?

Ms McNally—All of the money has been paid out to all of the states. It has all been approved to be expended for the states, and we are making the last payment in the next couple of days for the last state.

Senator IAN MACDONALD—Thank you. A Labor Party promise in November 2007 said that there would be \$125 million provided to ‘get moving now’ on the Northern Missing Link from the Gateway Motorway at Nudgee, in Brisbane, to the Bruce Highway. Of that \$125 million, I understand, according to the minister’s press release in August 2008, the government gave the Queensland government \$10 million to complete the planning and the widening of that Gateway Motorway, the two missing links, by no later than June 2009. I am just wondering if you could tell me how that planning study is going, and whether it will meet the June 2009 deadline?

Ms McNeill—The \$125 million Australian government contribution has been allocated to that project. However, planning will not commence now until 2009-10.

Senator IAN MACDONALD—So the statement on 20 August saying that it would be completed no later than June 2009 is not correct?

Ms McNeill—That is now correct, yes.

Senator IAN MACDONALD—So you are saying it will be now completed by June 2010?

Ms McNeill—Yes.

Senator IAN MACDONALD—I hope it is a more solid commitment than the last one. That was \$10 million we were talking about. The other \$115 million that was promised back in November 2007, when is it proposed that that will be spent on this project?

Ms McNeill—The exact timing of construction is not known at this stage. We need to complete the planning to have a firm date for when that will commence.

Senator IAN MACDONALD—Sorry?

Ms McNeill—We do not know an exact time for when construction will start at this stage. We have got to complete the planning first.

Senator IAN MACDONALD—At the rate we are going, it will be another announcement in the seat of Lilley—which is where this road is, of course; there is nothing strange about the seat of Lilley—

Senator Conroy—So, what, we are pork-barrelling the safe Labor seats? That is a little oxymoronic, isn't it?

Senator IAN MACDONALD—I do not know how safe it is, Minister. It was held by a Liberal one short election ago.

Senator Conroy—Only briefly, one short election ago.

Senator IAN MACDONALD—It shows that the people of Lilley can make a decision when they know—

Senator Conroy—Swanny has been there for 10 years.

Senator IAN MACDONALD—they are being ignored by their local member.

Senator Conroy—It was lost from 1996 to 1998.

Senator IAN MACDONALD—There was a further press release on 4 October 2007, where the Labor Party promised \$125 million for the Gateway Northern Missing Link to the Bruce Highway at the South Pine River. The South Pine River, of course, is in the electorate of Petrie, but it is strange that we have got a \$125 million promise for the area from Nudgee to the Bruce Highway in the electorate of Lilley, and the same figure on the same road, but a bit further north, said to be the missing link to the Bruce Highway at the South Pine River. I am just wondering if it is the same \$125 million announced twice or if it is actually \$250 million that is going into that Northern Missing Link. It would be much easier for the department if these promises were up on a list on the website so that we could tick them off as we went.

Ms McNeill—It is the same project.

Senator IAN MACDONALD—So it is the same project just announced twice in two different electorates, and allegedly for two different areas. That is very interesting. Thanks for that. There was a promise made on 5 November 2007, in relation to my own area in Townsville, that the government would spend \$110 million to build four lanes from Vantassel Street to the Flinders Highway just south of Townsville. Can you tell me how that is going.

Ms McNally—That is the Vantassel Street to Flinders Highway duplication on the Bruce Highway?

Senator IAN MACDONALD—Yes, that is it.

Ms McNally—That \$110 million has not yet commenced.

Senator IAN MACDONALD—It has not yet commenced?

Ms McNally—No.

Senator IAN MACDONALD—When is it intended to?

Ms McNally—We are still waiting to get project details from the Queensland government.

Senator IAN MACDONALD—Knowing how quickly the Queensland government operates in these sorts of things, you will be able to make the same promise at the next election, Minister.

Senator Conroy—Quicker than the Queensland pineapple party, of which you are a prime member.

Senator IAN MACDONALD—Be that as it may, Minister, do you intend to announce the same thing before every election for the next five elections? There seems to be a pattern developing here.

Senator Conroy—I thought the Queensland government were the ones who were re-announcing things.

Senator IAN MACDONALD—It was in this case Mr Martin Ferguson who made the promise before the last election. I am just saying that whoever is the minister in a year's time will be able to make it for the next election.

Senator Conroy—As we are going to deliver on all of our promises, I am confident that will not happen.

Senator NASH—Except fixing the hospitals—squibbing on that one.

Senator IAN MACDONALD—There was also an announcement in that same enthusiastic press release, I might mention, when Mr Ferguson was in North Queensland, for a \$150 million upgrade to the southern approach to Cairns from Sheehy Road to Ray Jones Drive and also \$40 million to raise the southern approaches to the Mulgrave River. I think you have done some work on the Mulgrave River. Is that right?

Ms McNally—\$150 million for the southern approach to Cairns?

Senator IAN MACDONALD—No, \$150 million for an upgrade to the southern approach plus another \$40 million to raise the southern approaches to the Mulgrave River bridge. I am just wondering how those two projects are going, or don't you have them on your list of Labor Party election promises?

Ms McNally—The southern approach to Cairns upgrade, Bruce Highway: \$150 million, with \$5.5 million to be paid in 2009-10.

Senator IAN MACDONALD—Sorry, I am having trouble hearing you.

Ms McNally—Sorry.

Senator IAN MACDONALD—So of the \$150 million there is \$5.5 million allocated for 2009-10?

Ms McNally—That is correct.

Senator IAN MACDONALD—There is another one, Minister. You will be able to announce that before the next election, too, because it is quite clear it will not be spent in this term of government. What about the \$40 million to raise the southern approaches to the Mulgrave River bridge? I might say to the officers, I am embarrassed to involve them in these political announcements, but unfortunately that is their job. I apologise for perhaps the tone of my voice at times.

Ms McNeill—We have not received the project proposal yet from the Queensland government for that project.

Senator IAN MACDONALD—There is another one, Minister—another one you can announce before the next election. Thank you, Ms McNeill, for your honesty in responding, as I would always expect. There was a promise made by the Labor candidate for Maranoa on 21 November 2007 that the government would spend \$55 million to upgrade the Warrego Highway in southern Queensland. I note that Mr Rudd in December 2007 at a doorstep interview, when he was visiting Roma, reaffirmed that promise. Is there \$55 million committed to upgrade the Warrego Highway?

Ms McNeill—Yes, the Australian government has committed \$55 million for works to upgrade the highway: \$40 million has been committed to upgrade the Roma to Mitchell section; \$10 million for five new overtaking lanes between Oakey and Dalby; and \$5 million for extra rest areas, heavy vehicle stopping places and audible edge lines.

Senator IAN MACDONALD—So that has been allocated to the Queensland government, has it?

Ms McNeill—Yes.

Senator IAN MACDONALD—Where would I find that in the budget papers?

Senator Conroy—Could I just update those figures. I just want to put on the record that the breakdown for the additional \$150 million in maintenance money is: Victoria \$11 million, Queensland \$52.9 million, Western Australia \$10 million, South Australia \$15 million, Tassie \$1 million, NT \$12 million, and the ACT \$0.1 million. It should be noted that New South Wales failed to sign up to this funding on time, so the government consequently redirected \$48 million for road maintenance to New South Wales for a specific project in New South Wales on the Pacific Highway called the Glenugie upgrade.

Senator IAN MACDONALD—Minister, I am sure you are trying to be helpful, but I assume you are answering a question we were dealing with about half an hour ago.

Senator Conroy—I just wanted to give you some further information while you were both looking at your folders.

Senator IAN MACDONALD—It is not helpful to me if I cannot write it down and cannot identify what you are actually referring to.

Senator Conroy—I said, ‘The breakdown for the additional \$150 million in maintenance money is as follows.’ I was just putting something on the record while you were both looking through your folders.

Senator IAN MACDONALD—Okay.

Senator Conroy—I took the opportunity to sneak in an update with this information.

Senator IAN MACDONALD—Minister, unlike you, when I am concentrating on the issue before me, I find it difficult to concentrate on your readings from your computer. Anyhow, back to where we were.

Senator Conroy—I am providing further information—

Senator IAN MACDONALD—That is very useful, yes. Back to where we were. Where would I find the \$55 million for the Warrego Highway in the budget papers?

Senator Conroy—We are just seeking that information for you.

Senator IAN MACDONALD—Okay. But can I just be clear here: it has actually been allocated, has it?

Ms McNeill—Yes.

Senator IAN MACDONALD—Does that mean the cheque has been sent to the Queensland government or just that someone has said it is going to happen?

Senator Conroy—We are not sure that it is separately identified. I am just seeking to confirm that for you.

Senator IAN MACDONALD—Okay.

Senator Conroy—We can take that on notice, if you would like, just to allow you to go on with your questions.

Senator IAN MACDONALD—Thank you.

Senator Conroy—We will take that on notice.

Senator IAN MACDONALD—Thanks. Talking about the Bruce Highway in Queensland, we briefly mentioned Cooroy to Curra.

Senator Conroy—I did. I mentioned it a number of times.

Senator IAN MACDONALD—Yes. Minister, I want to confirm that the commitments of, first, \$200 million and then \$488 million—a total of \$688 million—is matching the coalition’s commitment of \$700 million towards that Cooroy to Curra section. That would be the same thing. Having matched the coalition, I just want to be assured that those funds have actually been allocated.

Ms McNeill—Yes, we have allocated \$200 million to Cooroy to Curra and \$488 million to section B.

Senator IAN MACDONALD—According to page 347 of Budget Paper No. 2 for the current year, you have allocated \$468.3 million in the financial year 2008-09. Is that correct?

Ms McNeill—No. It says we have committed \$176 million in 2008-09.

Senator IAN MACDONALD—\$176 million of that \$788 million. Is that right?

Ms McNeill—That is \$176 million of the \$488 million.

Senator IAN MACDONALD—That is for 2008-09?

Ms McNeill—Yes.

Senator IAN MACDONALD—I assume the rest is 2009-10. Has that money been spent, do you know?

Ms McNeill—Not that I am aware of, no.

Senator IAN MACDONALD—If it is not spent, it goes into the Queensland government coffers, does it? It would not be a good investment because at the rate they are going they will be bankrupt before they do anything. What happens if it is not spent? The Queensland government is required to spend it next year, are they?

Ms McNally—If they do not spend the money this year? Is that what you are saying?

Senator IAN MACDONALD—Yes. Question (a): has the \$176 million been spent this year? Question (b): if it has not, what will happen to it? I am just trying to get the process. What is the process?

Ms McNally—Basically, what happens in the process is that, if funds are allocated and paid out in a particular year and they have not been fully spent by that year, no further funds are paid until that money has been spent.

Senator IAN MACDONALD—Okay.

Senator Conroy—Can I add some information for you. I did mention that I had raised this issue a little earlier. I am not sure if you were here, so I may need to go through it again. The government is investing \$2.6 billion on the Bruce Highway through the Nation Building program. That is more than double what the opposition spent on that highway over the same period. I know you follow these closely, so I know that you know this to be correct. The Cooroy to Curra project has been welcomed by the local member for Wide Bay.

Senator IAN MACDONALD—And by me and by everybody.

Senator Conroy—I am sure I will come to you. In the *Australian* on 14 May he is quoted as saying:

Mr Truss travels the highway regularly, with his heart in his mouth.

"I'm always pleased when I turn off," he said.

"You never feel completely safe on that road."

Senator IAN MACDONALD—Mr Chairman, this is not really an answer to any question I have asked.

Senator Conroy—I am giving you some further information. This is a local member who spent 10 years as a minister and 14 months as the transport minister. For 12 years nothing happened on this section. He himself identified it as 'dreadfully accident-prone'.

Senator IAN MACDONALD—This is not an answer to a question I have asked. Is the minister allowed to prattle off into an election speech?

CHAIR—Sorry, I was in conversation. Sorry, Minister, are you answering Senator Macdonald's question?

Senator Conroy—Senator Macdonald was asking about the Cooroy to Curra project—

Senator IAN MACDONALD—No, I am asking if the \$176 million that has been allocated has been spent.

Senator Conroy—And I am giving you some further information—

Senator IAN MACDONALD—That is a very simple question. It has got nothing to do—

Senator Conroy—on this particular project.

CHAIR—Sorry, Senator Macdonald, I cannot hear the minister. Sorry, Minister, you were saying?

Senator Conroy—I am just giving some further information. I understand entirely why it is information Senator Macdonald does not want to hear, but it is relevant to the question because it goes to the issue of funding for Cooroy to Curra, the very question that the minister is asking about.

Senator IAN MACDONALD—Mr Chairman, my question was very specific. The \$176 million which I was told by an officer had been allocated to the current financial year: has that been spent and, if not, what will happen to it? I am waiting for that answer.

Senator Conroy—While the officer was gathering that information, Senator Macdonald, I was quickly updating you on some further information.

Senator IAN MACDONALD—I can give a political speech too, if you like, while the officer is looking for it.

CHAIR—Has the officer got the answer to Senator Macdonald's question?

Ms McNally—If the money is not spent this financial year, no further funds will be paid until that money is spent.

Senator IAN MACDONALD—Thank you for that. I was interested in that aspect. But you cannot tell me yet whether it has been spent or has not been spent?

Ms McNally—I would have to take that on notice.

Senator IAN MACDONALD—Thank you very much for that. There was a question on notice lodged in February 2009 in the additional budget estimates where the minister confirmed that the cost of the Cooroy to Curra upgrade was \$6.3 billion. That seems to be an extraordinary blow-out in the costs, given the previous estimates, such as those by the RACQ in their submission to Infrastructure Australia, who estimated the project would cost \$4 billion, and other estimates have been lower than that. Is there any explanation for that, or perhaps your constructing authority is having a lend of you?

Ms McNally—The \$6.3 billion is the cost estimated in the proposal, I understand, that went to Infrastructure Australia. In terms of the detail of what that comprises, I have not got that information available.

Senator IAN MACDONALD—It seems, if I follow this correctly, there is the 12-kilometre stretch of the road around the eastern buffer area of the proposed Traveston

Crossing Dam—a section that will cost at least half a billion dollars—and we are left with slightly over 50 kilometres of road duplication in fairly open country. Can anyone explain to me why the remainder of this section should cost in the realm of \$5½ billion?

Senator Conroy—Probably because of the 12 years of inaction by the former government.

Senator IAN MACDONALD—That is almost \$100 million per kilometre.

Senator Conroy—If you had addressed it in any of the 12 years you were in government—I mean, when the Nationals were in government they only spent \$3.22 million on this stretch of road. They were in a position to fix the highway but did nothing. So when we now have to correct 12 years of slothfulness, do not sit here and think that you are able to try and claim some sort of overspending by this government. On 14 May 2002—2002—the then Deputy Prime Minister, John Anderson, announced \$1 million for a study to examine possible future routes for the Bruce Highway over 70 kilometres between Cooroy and Curra.

Senator IAN MACDONALD—Mr Chairman, my question was about the cost of \$100 million per kilometre.

Senator Conroy—Construction is likely to be 15 to 20 years. That was the position of the government that you served in.

Senator IAN MACDONALD—Mr Chairman, can I take a point of order.

Senator Conroy—I think you may have even been a minister at the time.

Senator IAN MACDONALD—Stop this babble from—

CHAIR—Sorry, Senator Macdonald. Minister, I think you have had enough time to answer. I am sorry, Senator Macdonald. If you want to, ask that question again.

Senator IAN MACDONALD—Yes. It then works out at about \$100 million per kilometre, which seems, in anyone's understanding, an extraordinarily expensive bit of roadway. Can anyone explain why that would be costed at \$100 million per kilometre?

Ms McNally—I would have to take that on notice.

Senator IAN MACDONALD—Thank you very much. The federal government has accepted the eastern route for the Bruce Highway between the Federal and Traveston roads. Can I confirm that that is to build the Bruce Highway around the Traveston Crossing Dam's potential inundation area?

Ms McNally—Yes, that is correct.

Senator IAN MACDONALD—You are able to confirm that?

Ms McNally—Yes.

Senator IAN MACDONALD—Thank you. 'If the dam does not proceed, then the location of the highway may change to an alignment closer to the existing Bruce Highway, as originally favoured by the local community.' I am quoting there from the final version of the federal government's Bruce Highway strategic planning study. Given that that report categorically states that the route close to the original highway is favoured by the community, how can the government assert, as you did in answers to questions on notice—and I refer to questions which were numbered NBII 52, NBII 53, NBII 55 and NBII 56—

Senator Conroy—Senator Macdonald, there are two problems with that question. Firstly, it is hypothetical. Secondly, you have asked the officers to express an opinion about a hypothetical.

Senator IAN MACDONALD—No, it is not.

Senator Conroy—It is. You said, ‘If the dam doesn’t go ahead, therefore it will be closer to’—

Senator IAN MACDONALD—No, let me go on. The final version of the federal government’s strategic planning study said, ‘If the dam does not proceed then we will change the alignment back closer to the existing Bruce Highway, as originally favoured by the community.’ That is what was said in the federal government’s strategic planning study.

Senator Conroy—Yes, but I think even you have conceded the dam is going ahead.

Senator IAN MACDONALD—Sorry, no, that is not the point, Minister, if you would listen. I am saying in that study it said it would move closer to the original one, as the community favoured. Then, in answer to questions on notice, the government has said that the new route—the eastern route—was the route favoured by the community. So we have one Commonwealth government study saying one route was favoured by the community and, in answers to questions on notice, you are saying a different route was favoured by the community. Which was it? You might have to take that on notice.

Ms McNally—We understand that the route that has been decided on with the Queensland government is one that is supported by the community. So we understand that that particular route does have community support.

Senator IAN MACDONALD—So the strategic planning study was wrong? That would follow.

Senator Conroy—I think you have had an answer to the question you asked, Senator Macdonald.

Senator IAN MACDONALD—I did. I have quite a number of other questions on this particular part of the thing, but I am conscious that others of my colleagues have questions, so I might give these questions to the secretary to be put on notice.

Senator Conroy—That is very good of you.

Senator IAN MACDONALD—I wanted to finally look at the \$20 million promised by the Labor Party, in a press release dated 6 November 2007, for more rest areas on the Bruce Highway between Sarina and Childers, north of Brisbane and south of Mackay. Can you tell me if they have been built yet?

Ms McNeill—That was to construct 60 rest areas between Childers and Sarina? Is that what we are talking about?

Senator IAN MACDONALD—Yes, \$20 million for more rest areas. Have they been built yet?

Ms McNeill—No, they have not started construction yet.

Senator IAN MACDONALD—Do you know when they will be?

Ms McNeill—Not at this time, no.

Senator IAN MACDONALD—Do you know if the \$20 million will come out of the government's \$70 million vehicle safety package?

Ms McNally—No, that is a separate allocation.

Senator IAN MACDONALD—In the same press release Labor promised \$115 million for black spots between Sarina and Childers. Can anyone tell me if that has been divvied out and, if not, when it will be?

Ms McNally—We can take that on notice in terms of where they are and what state they are at.

Ms McNeill—What I can tell you is that we have committed \$15 million to that in 2009-10 for work to commence.

Senator IAN MACDONALD—It was \$115 million, and you are allocating \$15 million for the next financial year?

Ms McNeill—Yes.

Senator IAN MACDONALD—There was \$65 million promised for new overtaking lanes between Childers and Sarina. Has that been spent or allocated yet? If not, when do you expect it will be?

Ms McNeill—Yes, we have committed \$65 million to it, but there is no funding allocated in 2009-10.

Senator IAN MACDONALD—So no funding for that either in 2009-10?

Ms McNeill—There is \$65 million committed to it over the Nation Building program but no funding in 2009-10.

Senator IAN MACDONALD—Is there funding for the following financial year?

Ms McNally—That has not been settled yet.

Senator IAN MACDONALD—I have a few of these questions. Perhaps if I can quickly just list them. Has the \$70 million for widening and strengthening sections of the highway between Benaraby and Rockhampton and Rockhampton and St Lawrence been allocated yet?

Ms McNally—We will take that on notice.

Senator IAN MACDONALD—Has the \$55 million to upgrade the Bruce Highway for the Calliope Crossroads near Gladstone been spent or allocated yet? What is the state of that?

Senator Conroy—We can take that on notice, just to speed the journey here if you are just listing them.

Senator IAN MACDONALD—Similarly, \$40 million was promised to improve flood immunity on the Bruce Highway at Gairloch north of Ingham. Has that been done?

Ms McNally—We will take that on notice.

Senator IAN MACDONALD—The Labor Party promised it would provide \$15 million to seal the final 15 kilometres of the Peninsula Development Road between Lakeland and Laura, north of Cairns, and to improve 10 creek crossings. I note on the department's website that a

construction timetable for sealing works will be determined when planning is further advanced. Is that planning further advanced yet?

Ms McNally—That is the \$15 million Peninsula Road—

Senator IAN MACDONALD—Yes, that is it.

Ms McNally—\$1.2 million of that is planned for funding in 2009-10.

Senator IAN MACDONALD—And the rest?

Ms McNally—The rest of that will depend on what occurs in 2009-10.

Senator IAN MACDONALD—Sorry?

Ms McNally—The rest of that will be specified after progress in 2009-10.

Senator IAN MACDONALD—You will all be pleased to hear that I am just about finished. I did ask you at last estimates a year ago about any work done in planning for a duplication of the bridge over the Burdekin River. Has there been any movement on that at all?

Ms McNally—The Burdekin River bridge upgrade?

Senator IAN MACDONALD—Yes.

Ms McNally—\$4.7 million is scheduled for that in 2009-10.

Senator IAN MACDONALD—For what?

Ms McNally—For the Burdekin River bridge upgrade.

Senator IAN MACDONALD—Yes, but there is nothing for duplication? I have made the point before that this is a narrow two-lane bridge across the Burdekin River and it is the only road access from the rest of Australia to the most productive part of Australia. If something happens to that bridge, the whole of the north—the productive part of Australia—will be cut off. We desperately need a duplication of that bridge. That will not happen overnight, but I am wondering if there is any—

Senator Conroy—It did not happen over 12 years, so it certainly will not happen overnight, Senator Macdonald.

Senator IAN MACDONALD—It did not happen over the previous 11 years either, Minister. You are quite right, but that does not mean to say we should not be looking forward now. Are there any funds committed to starting to plan for a duplication of the Burdekin River bridge?

Ms McNally—The funds that are planned at this stage are for maintenance and repair works.

Senator IAN MACDONALD—I know the local member announced that as a great initiative but, I am sorry, those sorts of bridges have to be maintained every year.

Senator Conroy—I thought you were going to put some questions on notice in deference to poor Senator Nash, who is faithfully awaiting her turn.

Senator IAN MACDONALD—I have just seen your list of boom gates for rail crossings. I perhaps should ask the minister this, because I have raised this before. The Queensland

Premier promised before her election that she would fund all of those, and you seem now to have funded them before her. Why are you committing Commonwealth money when the state has already committed to doing that work?

Senator Conroy—I do not think it is only the Premier of Queensland who has an interest in the level crossing boom gates issue. I have a letter here from Mayor George Creed of the Gladstone Regional Council who has written to Minister Albanese:

On behalf of council, I'd like to extend council's sincerest appreciation for the federal government's allocation of funding to upgrade rail crossings within our region. As you may be aware, the Mercury and Scenery Street crossings in Gladstone and the Schilling Lane crossing in Calliope have been the source of considerable community safety concerns for a number of years. The delivery of funding for this vital safety infrastructure is most appreciated by council and our community.

I am sure you know Mayor Creed—

Senator IAN MACDONALD—I do indeed.

Senator Conroy—who has welcomed this with open arms, Senator Macdonald. Are you agreeing with this?

Senator IAN MACDONALD—I welcome the boom gates as well, Minister. That was not the point of my question. The point of my question was that the Queensland government had already committed to doing these boom gates. Why are you now committing the Commonwealth taxpayer to do something that the Queensland government had already said it was going to do?

Senator Conroy—This \$150 million funding injection into rail level crossings will improve rail and road safety and help create local jobs across the country. We do not believe that it is substituting; we believe it is complementing the program of the Queensland government. It should be noted, though, that the opposition is not that keen on this program and your scepticism in your questioning shines through. But you are not alone on that, Senator Macdonald.

Senator IAN MACDONALD—Anyone who reads the *Hansard* will realise what a fool you are.

Senator Conroy—Barnaby Joyce in February—

CHAIR—Minister, sorry. Senator Macdonald, Senator Abetz and I were having a little go too, and it was quite unparliamentary and both of us apologise. I would urge you to reconsider that comment.

Senator IAN MACDONALD—If the minister takes exception to being called a fool, I withdraw it; but I would say that anyone who reads the *Hansard* will see that the minister is deliberately misinterpreting the question I have asked. The question simply is: why are you spending Commonwealth taxpayers' money on something that the Queensland Premier promised she would do. And you, Minister—or whoever the minister was at the table here at two previous estimates—assured me that you would not be spending Commonwealth money on boom gates that the Queensland government had already promised.

Senator Conroy—As I said, I reject utterly your assertion—utterly. This is building on the Queensland program. As I said, the scepticism and opposition is not just confined to you,

Senator Macdonald. Senator Barnaby Joyce, in February, said that, 'There's a whole, you know, ceiling batts approach to refloating the economy. It's just tokenism and word games to put in boom gates. It just has a smell of tokenism and a ridiculous eclectic of certain pressure groups coming up with certain ideas.' This is the National Party saviour in action. It is all just cynicism. The industry appreciates this—

Senator IAN MACDONALD—With respect to my—

Senator Conroy—If I could finish?

Senator IAN MACDONALD—great colleague Senator Joyce: I am not really interested tonight in listening to you reading out what he might have said or might not have said.

Senator Conroy—Senator Macdonald, I am entitled—

Senator IAN MACDONALD—That has nothing to do with the question I have asked.

Senator Conroy—Yes, it has everything to do with it. Just because you do not like the answer, please stop interrupting—

Senator IAN MACDONALD—That is not an answer to the question.

Senator Conroy—Please stop interrupting my answers.

Senator IAN MACDONALD—Mr Chair, this is not an answer to the question I have asked. It is the minister going out on a political prattle which has no relevance to the question I have asked. It is getting late already. I am delighted to say I am just about finished on the road section of this.

Senator Conroy—You are delighted to say that you are enjoying the sound of your own voice. If I could just finish the answer I was giving—

Senator IAN MACDONALD—Coming from anyone else I would be offended, Minister, but from you—

CHAIR—Under the circumstances—if I could, Senator Macdonald and Minister—Senator Macdonald, I did hear you say that you were going to put them on notice. That was about nine or 10 questions ago.

Senator IAN MACDONALD—No, I have already done that.

CHAIR—I would urge you to ask the questions. There is no rush from me, but I would also—

Senator Conroy—I would like to finish my answer.

CHAIR—advise that we will let the minister complete his answer.

Senator Conroy—Thank you very much. Just because Senator Macdonald does not like the answer does not mean it is not relevant to the question he asked. The industry appreciates this measure.

Senator IAN MACDONALD—I appreciate it. I appreciate boom gates.

Senator Conroy—I will quote what Mr Martyn from the Australian Trucking Association said in February:

“Level crossing accidents involving trucks can be catastrophic, so improving level crossing safety is a high priority for the trucking industry.” ...

... ..

These level crossings can be a safety risk, and we are very pleased that the Government is taking action.”

The scepticism and the cynicism of the opposition demonstrates how clearly out of touch they are. At least their state and local government colleagues take a more sensible approach. I have mentioned a National Party member, the Mayor of Gladstone. The shadow minister for Indigenous policy Adam Giles, a Country Liberal Party member, wrote to Mr Albanese and supported this. To the delight of local communities and politicians on both sides of the spectrum, we are getting on with the job of improving safety on roads at level crossings across the country, and we absolutely reject your assertion that this is substituting for the Queensland government’s program. It is complementary and builds on it.

CHAIR—Senator Macdonald, do you have any more questions?

Senator IAN MACDONALD—Yes, I do, Mr Chair. Is the department aware of what is called the ‘missing rail link’ between Newlands and the North Goonyella mines? The Mayor of Bowen—the Labor Mayor of Bowen, with whom I agree on this instance—has roundly criticised the state government for dropping that project and has asked the federal government to intervene, as I think I also have done in a letter to the federal minister. Is that being considered by the federal government, do you know? Are you conscious of what I am talking about?

Mr Williams—I am conscious of the project, and a number of commitments made over a number of years by the Queensland government. At present, there is no funding allocation or consideration in relation to that line from the federal government.

Senator IAN MACDONALD—No consideration? I have had more than my fair share on Queensland roads; not as much as the Tasmanians, but—

CHAIR—Senator Macdonald, I could not argue you. When you made that passing remark before the tea break, there was no way known I was going to shut you down. And it is nice to hear that there are other states in Australia as well as Tasmania.

Senator NASH—Before I start my questions, there is a process issue I just want to raise. I am sad that I actually have to raise this again, given I did it a year go. One of the questions on notice that my good colleague Senator McGauran asked, around consultancies and a whole range of issues, came back with the answer, ‘This information is available on the AusTender website. Data is uploaded to AusTender weekly.’ That is not good enough. We had exactly this same discussion last year about being referred to websites. It is simply inappropriate, as we discussed at the time, 12 months ago, to disregard the committee in this way by saying that we should go and look at a website. What is your comment? At the time actually, Minister—and I did note at the time, to your credit, that you—

Senator Conroy—I was just about to say that I would take that up on your behalf.

Senator NASH—Okay. Can I just, though, Minister, say to you that last year when exactly the same issue came up, which was on 28 May, you said—and I quote:

... I am more than happy to take up on your behalf this matter and have a chat with the minister ...

Senator Conroy—I will reiterate to him the views that I expressed the last time. I am pleased to say it has been a year since we have had an occurrence like this, so I take some heart from that, and I will, on behalf of the committee, raise it with him again.

Senator NASH—I appreciate that, Minister. Mr Tongue, do you have a comment?

Senator Conroy—I have answered on behalf of the table.

Senator NASH—Given that they do come back on behalf of the department, can I just also say, for the record—

Senator Conroy—They are the minister's answers.

Senator NASH—That is fine, Minister. I am happy to take that. Can I also put onto the record that, I think last time, Minister, you did endeavour to say that perhaps, with the enthusiastic nature of response from the department, they were wanting to get a speedy answer back to us. Can I note that again this is not the case in this instance. This question on notice was placed back at estimates. This answer came today. So we have had three months to get the answer, 'This information is available on the AusTender website database. Data is uploaded to AusTender weekly'.

Senator Conroy—Is that the only one? I was about to say that we used to get them at the end of the estimates hearings, and there were hundreds of them.

Senator NASH—I will leave it at that, given we are running into the break.

Senator Conroy—I think that you are perhaps, due to irritation from that particular answer, being a little unkind to the department. I think they have done an admirable job of supplying the overwhelming majority of answers.

Senator NASH—I have the utmost respect for the department, Minister, and I probably would not be quite so snarky if it was not late and if it had not happened before.

Senator Conroy—Yes. As I said, I understand that you may be a little snarky because of the issue you have raised, but as always the department seeks—and the minister seeks—to provide all the answers in a timely manner before the estimates, and in one or two cases, a very small number of cases and in this instance, they are late, but the overwhelming majority of questions are not.

Senator NASH—Indeed, and I will look forward to a hundred per cent new record at next estimates with this not happening again.

Senator Conroy—Even I would not be prepared to say if that is achievable in every circumstance.

Senator NASH—I am sure it will be. I have great faith in the department this time, Minister. Thank you.

Proceedings suspended from 9.00 pm to 9.15 pm

CHAIR—Senator Nash, you had just finished. Am I correct?

Senator NASH—I had. I have finished being snarky. I was going to start asking my questions now. Thanks, Chair.

CHAIR—I would like to ask a couple of quick questions. I know someone will help me out. I want to know how much the government is spending on the boom gates program for 2008-09.

Mr Williams—The government has committed \$150 million to install boom gates and other active control measures at level crossings across Australia: \$50 million in 2008-09 and \$100 million in 2009-10.

CHAIR—Boom gates and—what was the other thing you said? Boom gates and other measures?

Mr Williams—Other active control measures, such as flashing lights and warning bells.

CHAIR—Can you tell me how this compares to funding provided in the two previous years?

Mr Williams—This is the first dedicated program to level crossing upgrades at the Commonwealth level.

CHAIR—There has not been anything before?

Mr Williams—So zero.

CHAIR—That is quite straightforward. How many projects will be funded in these years?

Mr Williams—Two hundred and ninety-two level crossings have been approved by the minister.

CHAIR—How were these sites identified?

Mr Williams—They were identified by the state and territory governments, using a model that is approved Australia wide called the Australian Level Crossing Assessment Model, or ALCAM, which is a complex algorithm which determines risk factors at various level crossings, taking into account the site, physical properties, human behavioural issues and also factors such as the volume of traffic at the particular level crossings.

CHAIR—Can you give us a breakdown of the number of projects state by state?

Mr Williams—\$42.77 million is being spent to upgrade 55 level crossings in New South Wales, \$30.29 million to upgrade 59 crossings in Victoria, \$42.74 million to upgrade 66 crossings in Queensland, \$14.07 million to upgrade 62 crossings in WA, \$13.65 million to upgrade 34 crossings in South Australia, \$3.96 million to upgrade 13 crossings in Tasmania and \$2.52 million to upgrade three crossings in the Northern Territory.

CHAIR—Mr Williams, thank you very much for that information. That is quite encouraging. Are there any further questions?

Senator NASH—Yes. That was only my opening bit.

CHAIR—I am sorry.

Senator NASH—I have not even started my questions yet, Chair.

CHAIR—I sincerely apologise, Senator Nash.

Senator NASH—That is all right.

CHAIR—Every time you smile I think I have done something right! I do apologise, Senator Nash, pushing in like that.

Senator NASH—I am more than happy to accede to your intermittent questions, Chair. Can I have that New South Wales figure again, Mr Williams?

Mr Williams—The figure?

Senator NASH—The cost and the number of boom gates.

Mr Williams—New South Wales, \$42.77 million for 55 level crossings.

Senator NASH—What consultation do you do with the New South Wales state government on that?

Mr Williams—The initial allocation to states was determined by the minister. He then wrote to his state colleagues asking them to provide priority projects using the model that I referred to, and they came back with those high-priority projects.

Senator ABETZ—If I may follow up, Senator Nash: so the minister wrote to his state counterparts after determining how much would go to each state?

Mr Williams—Yes, correct.

Senator ABETZ—How did he determine that?

Mr Williams—There was a prior step in that process. We went out to the states to determine the number of level crossings in each state and we used that information, together with crash history from Australian Transport Safety Bureau data in terms of the number of crashes and collisions at level crossings across Australia, and determined an allocation having regard to those two factors.

Senator NASH—It is particularly interesting that funding has been allocated before it is determined where. How many crashes were there in New South Wales, over the period of time that you looked at, that you based this information on?

Mr Williams—I would have to take that on notice, sorry.

Senator NASH—If, as you say, the allocation of funding was based—and quite rightly—on some of that information coming back to you on the number of crashes and incidents, can you supply in detail to the committee that information that you based the funding recommendation on?

Mr Williams—I will take that on notice.

Senator NASH—So there is \$42 million. That has gone to the state. So that I am absolutely clear, the state identified the locations at which the boom gates would go?

Mr Williams—Correct.

Senator NASH—It is ironic, isn't it, that they are getting \$42 million from the federal government to put up boom gates and they plan to close down millions of dollars worth of rail line? I find that absolutely extraordinary. Do not misunderstand me. I do understand the safety issue in this. I probably spend more time on New South Wales country roads than an awful lot of people, but I find it enormously incongruous that the federal government would give the state government money for boom gates and not money to fix the rail lines themselves.

Senator ABETZ—They are giving money for schools that are being closed down next year.

Senator NASH—Quite extraordinary. I am sure the people out there that are farming and trying to get grain to port would have far more preferred to have \$40 million go into the rail lines themselves than the boom gates that go across them.

Senator Conroy—Not everyone agrees with you, Senator Nash.

Senator NASH—I am sure they do not.

Senator Conroy—As I have already explained, the Australian Trucking Association; the Mayor of Gladstone; the shadow minister for Indigenous policy and regional development, Adam Giles, Country Liberal Party member; a National Party mayor.

Senator NASH—Do not twist my words, Minister. I recognise absolutely the importance of this but, as a Nationals senator for New South Wales, I can tell you I get a lot more emails about the rail lines than I do about flashing lights and boom gates. I must say, I have not actually had one.

Senator ABETZ—Because there are no trains running on them.

Senator NASH—I have not had one email.

CHAIR—Were the emails not working when you were in government, Senator Nash?

Senator NASH—I have not had one email about boom gates and flashing lights and I have had a bucketload of ones about the rail lines closing. It is very interesting to focus on what the priorities are. One of the questions I asked earlier is apparently appropriate to ask here now. It was about the rail corridor between Melbourne and Adelaide. It was the \$105.7 million that was in the Nation Building package. As I was saying at the time, because I do not understand the geography all that well, I was trying to ascertain whether the line between Maroona and the South Australian border for \$100 million, which was announced in the budget, is the same thing as the rail corridor, Melbourne to Adelaide, that was announced in the Nation Building package?

Mr Williams—Can you point me to the budget paper reference?

Senator NASH—I probably cannot, actually. It is the upgrade of the rail corridor between Melbourne to Adelaide, \$105.7 million. Is that enough?

Mr Williams—That was one that Mr Marchant talked about earlier, which was the western Victoria track upgrade. That is between Melbourne and Adelaide.

Senator NASH—That is what I was asking him at the time.

Mr Williams—Yes.

Senator NASH—But it was not clear, and then I was flicked to here because I would get more detail from these officers.

Mr Williams—Construction on that project is underway.

Senator NASH—No. I am just trying to find out if they are the same thing, if the Melbourne to Adelaide rail corridor of \$105.7 million in the Nation Building package is the same thing as the line between Maroona and the South Australian border of \$100 million

announced in the budget. I just geographically do not know where they are. I want to know if they are the same.

Mr Williams—I cannot help you. I will have to take that on notice.

Senator NASH—Take it on notice.

Senator Conroy—I understand it is hard to pin this down when we have spent more on rail in 18 months than you spent on rail in 12 years.

Senator NASH—Minister, it is too late, and we are all too tired.

Senator ABETZ—It is very easy if you run a \$188 billion deficit—very easy.

Senator NASH—It is a genuine question. Tasmania, give New South Wales a go.

Senator Conroy—Yes, please, settle down. New South Wales is entitled to its turn.

Senator NASH—Thank you. We are working our way northwards towards the equator. It was a very genuine question, Minister. I want to know if I am comparing apples and oranges, that is all. Again, to clear up my knowledge of this particular issue—we were discussing this earlier too—there was \$102 million allocated to the ARTC as equity. That is fine. In December in the Nation Building document there was \$4.7 billion announced by the minister across transport, rail, roads and education, but when I actually went through and added up the rail component, over and above the \$1.2 billion, the rail itself came to \$3.4 billion. What I am trying to ascertain—and I am happy if you take this on notice—is: are some of those projects under transport, rail, roads and education just re-announcements of previous projects, given that the numbers just do not seem to stack up? Given that there is that particular allocation just for rail out of the \$4.7 billion, there simply does not seem to be enough money left, unless you are actually re-announcing some old projects.

Mr Williams—In the December package for rail, there was only the \$1.1889 billion to the ARTC with other components of the \$4.7 billion Nation Building package.

Senator NASH—They were not the figures that I added up. I may have been incorrect. I do not think so. Would you mind taking on board what I said and going back and checking that thoroughly, because I am pretty sure the figures I quoted were right.

Mr Williams—Yes.

Senator NASH—Am I right in understanding that the budget papers do not show the funding for all road and rail separately?

Ms McNally—The budget papers show road and rail in different groupings. There is also a list of all the Nation Building initiatives in this book. The individual projects are not shown separately.

Senator NASH—Right. This is a very genuine question: I have been through those in as detailed a way as possible, but you are assuring me that all road and rail is all allocated completely separately? If I want to go and look at a rail project or a road project, I will not find any of them intermingled anywhere?

Ms McNally—You will not find that detail in these budget papers for individual projects.

Senator NASH—They will not be in there? All right.

Ms McNally—No. Some of the information around some of the Building Australia initiatives is in this budget paper No. 2, however.

Senator NASH—I think there are 17 rail projects listed in the Nation Building document. How many are underway and how many are completed?

Mr Williams—I believe nine are under active constructive. All 17 are underway in terms of planning and design as well.

Senator NASH—None are actually completed as yet?

Mr Williams—There are elements, as Mr Marchant referred to earlier today, in some of the projects. One of the passing loops on the Ulan line is already complete, and I think another passing loop in one of the other projects is also complete.

Senator NASH—Are they all running to budget?

Mr Williams—They are all running to budget as far as I am aware.

Senator NASH—Can I have a list of all those projects—on notice is fine—and exactly where each project is up to?

Mr Williams—Yes.

Senator NASH—That would be great. Can I move now to the Sextons Hill upgrade, up near the Tweed.

Mr Williams—That is the project also known as Banora Point?

Senator NASH—It most certainly is. Sorry, I should have been a bit more specific.

Mr Williams—The construction is expected—

Senator NASH—Hang on, I have not asked you the question yet. In the Nation Building package in December there was \$210 million to fund this project. Is that correct?

Mr Foulds—The total Australian government contribution is \$300 million and the total project cost is \$310 million.

Senator NASH—I am sorry, but my understanding—and I will just quote what I assumed I read; maybe I got the figures wrong—was:

The Australian Government has committed \$210 million—

I would be happy with \$300 million!—

to upgrade works at Banora Point, with \$2 million being accelerated in 2008-09. Additional funding to complete the project is currently being discussed with New South Wales.

It is page 59 of the Nation Building paper, which, I am sorry, I have not brought with me.

Mr Foulds—That is \$2 million under the old AusLink and \$298 million under the Nation Building program.

Senator NASH—Okay. But that is correct, about the \$2 million being accelerated in 2008-09?

Mr Foulds—Correct.

Senator NASH—Does that mean that between now and 30 June this year the government is going to provide \$2 million for the project?

Mr Foulds—The payment has already been approved.

Senator NASH—The payment has been approved?

Mr Foulds—The payment of \$2 million as at 30 April.

Senator NASH—That goes to the state government?

Mr Foulds—That goes to the Roads and Traffic Authority.

Senator NASH—The RTA? All right. It is then up to them when they spend it, obviously.

Mr Foulds—It goes to New South Wales, but the RTA are the people who spend it, yes.

Senator NASH—But you obviously have no control over when they decide to disburse those funds for the betterment of the road?

Ms McNally—No control over when they spend the funds? Basically, the funds are paid out on the basis of their advice of when they think the project funds are required. Then we monitor them to make sure that they are spending those funds and raise questions if they are not.

Senator NASH—When will that monitoring take place?

Ms McNally—We monitor them. They have to report every month.

Senator NASH—Would you mind supplying to the committee, when that next report comes in, details of where they are up to with the disbursement of those funds for said project?

Ms McNally—Yes, Senator.

Senator NASH—That would be great. I am assuming that the funding that was announced in the package in December is the same as the announcement that was made in the recent budget?

Ms McNally—In terms of this particular project?

Senator NASH—In terms of it just being a re-announcement. I am assuming there is no new amount.

Ms McNally—The announcement in December was about bringing that amount forward. The amount in the MOU is about confirmation of what is available over the five-year period under the MOU.

Senator NASH—So the budget announcement is just a re-announcement of what was announced in December in the package?

Ms McNally—The overall amount is the same. The announcement in December was specifically geared at announcing an amount that was being brought forward earlier than they expected for that project.

Senator NASH—Okay. And then the budget actually brought it forward?

Ms McNally—In the budget it is the full amount.

Senator NASH—Can I just move now to the Echuca-Moama bridge. My understanding is that that was one of the three Murray River crossings funded by the Federation Fund. I think the others were Corowa and Euston and they have been completed. There was \$14 million originally committed to funding the bridge and now that has been withdrawn. Is that correct?

Ms McNally—Yes. That project has had quite a long history. There was an option proposed way back in May 2001 by the Victorian roads department. There was a lot of opposition from the community and the New South Wales government, so that option was set aside. Then they decided to set up an independent panel, which recommended a western option in March 2003. That option was strongly opposed by the Yorta Yorta Nation Aboriginal Corporation because it was impacting on sensitive cultural heritage areas near the junction of the Campaspe and Murray rivers.

In February 2005, the Yorta Yorta Nation Aboriginal Corporation formally advised VicRoads it would not agree to the bridge being built on the proposed western alignment. Then it was announced in 2007 that an in-principle agreement had been reached with the Yorta Yorta Nation Aboriginal Corporation, the Murray Shire and the Campaspe Shire on a new corridor for the crossing. We have never received a formal proposal or request for the full \$14 million.

Senator NASH—My understanding is, as you state, that they have now agreed on a route and I gather it is a western route. The New South Wales government remains committed. The Victorian government, as I understand it, has made no noise at all about backing away from that. Are you saying that, because there has not been a restatement of requests for the funding, you are taking it away?

Ms McNally—We have been meeting with the Victorian government regularly and a proposal has not come forward. There seem to be still issues that are being worked through. We met with them as recently as a couple of months ago, and still there was no notion of when that project could commence.

Senator NASH—What you are saying is that the original funding was designated for a specific location and, because that did not progress, the funding—

Ms McNally—There have been a number of options—

Senator NASH—Obviously it was committed in the first place, so there must have been a particular project that that money was committed to. So are you saying now that, because that location has changed, you have withdrawn the funding because it needs a new proposal?

Ms McNally—The proposal needs to be confirmed, in terms of what the proposal is, so the government has decided—

Senator NASH—Sorry, just to clear this up. Have they got one in with you or not?

Ms McNally—No.

Senator NASH—They haven't?

Ms McNally—No.

Senator NASH—So how can they confirm a proposal that is not there? They obviously need to put a new one in.

Ms McNally—They need to put a proposal in.

Senator NASH—They need to put a proposal in?

Ms McNally—Yes. We have been talking to the Victorian government regularly about, ‘Are we going to receive a proposal?’ My understanding is that the government is prepared to consider a proposal on its merits when it comes in, but we still have not received anything.

Senator NASH—The money that was committed for the previous bridge, is that being held somewhere?

Ms McNally—That money has been redirected.

Senator NASH—At what point did that get redirected?

Ms McNally—It got redirected as part of the last budget decision.

Senator NASH—The one just gone by?

Ms McNally—That is right.

Senator NASH—So why has it only just been redirected in the last few weeks? This has obviously been going on for some time. When was the \$14 million initially committed?

Ms McNally—In 1998.

Senator NASH—So the department has seen fit to hold it for that entire time, and now, all of a sudden, just a couple of weeks ago they decided to take it away because there is no proposal?

Ms McNally—There has not been any clarity about when we will receive a proposal and how long this will go on.

Senator NASH—How long have you been waiting for any clear proposal? Obviously there was one in the beginning, and then events overtook it and it changed. How long have you been waiting for a proposal?

Ms McNally—We have been waiting for a proposal since 1998.

Senator NASH—Since 1998. So that is over 10 years.

Ms McNally—Yes.

Senator NASH—So why would you suddenly make the decision a couple of weeks ago that that funding is no longer available?

Ms McNally—I guess that was a decision of the government.

Senator NASH—So the argument that, because they did not have a proposal in, you have taken the money away, is really pretty cute, isn't it, when you have quite happily had the funding sitting there for 10 years, and it is only now that you have decided, ‘Oops, we're not going to wait any longer. We want a new proposal.’

Ms McNally—It was a decision of the government.

Senator NASH—I think it is pretty clear that the government has just simply decided to whip the money away and pop it somewhere else.

Mr Tongue—Ms McNally did highlight that, if the government receives a proposal, it will consider it favourably.

Senator Conroy—Yes. I think it is a little unkind of you to try and put words in Ms McNally's mouth. She did indicate the government would give it consideration if we receive a proposal. I do not know how much fairer you can be than that.

Senator NASH—You could, yes, remain committed to the funding of the bridge. Knowing how the department works very well with proponents of all sorts of projects, and a lot of work goes in from the department to make sure that proposals occur, that they are right, that they are doing the right thing, I find it extraordinary that this is one that you have simply given up on. It is quite extraordinary. Given that that funding has now been clawed back, if a proposal were to come in, as you say—and, quite rightly, if they are going to put a proposal in, you would look at it—what bucket of funding would that \$14 million come out of?

Ms McNally—The government would have to make that decision based on the proposal.

Senator NASH—Is there an appropriate program that they would apply to get the money from, or is it going to have to be—

Ms McNally—They would need to come back through our portfolio, and we would then put the proposal forward and government would consider it.

Senator NASH—Okay. Thank you. Who do I need to talk to about the New South Wales Grain Freight Review? Mr Williams? Thank you. When is this due to report?

Mr Williams—In the next couple of weeks.

Senator NASH—How many members make up the task force?

Mr Williams—The task force is made up of a number of grower groups, the New South Wales Farmers Federation; the Grain Growers Association; a number of the handlers, GrainCorp, AWB, ABB and ABA; the transporters, so Asciano or Pacific National, El Zorro, the Australian Rail Track Corporation, the Australian Livestock Transporters Association, the Rail Tram and Bus Union and representatives; and the users, Manildra Flour Mills, the New South Wales Local Government Association, the Department of Agriculture, Fisheries and Forestry. The secretariat is made up from this department and the New South Wales Ministry of Transport.

Senator NASH—When did this kick off? When did it start?

Mr Williams—It kicked off in November last year.

Senator NASH—How many times has the task force met?

Mr Williams—It has met seven times. The chair of the review, I forgot to mention, is Mr Des Powell.

Senator NASH—What expenses have been incurred during the process of the review?

Mr Williams—To date, \$825,397 has been spent.

Senator NASH—I am happy for you to take this on notice. Could you give us the breakdown of where that funding has gone.

Mr Williams—Yes.

Senator NASH—That would be great. So how many submissions did you actually receive?

Mr Williams—Forty-six submissions. They are all up on our website.

Senator NASH—Thank you. If I can move to the Central West Transport Needs Study, which I am assuming is going to be yours as well—

Mr Williams—It is this division, yes.

Senator NASH—There are obviously some real issues with rail out there, which I am assuming have been very closely considered with this: Bogan Gate to Tottenham; Koorawatha to Greenethorpe; Ungarie to Lake Cargelligo; the branch lines. Is the government going to be further investigating those? How much work has been done on those within the Grain Freight Review?

Mr Williams—The Grain Freight Review is looking at the branch lines specifically.

Senator NASH—I suppose until the report comes down we are not going to hear any more, are we? On the website it states that there is a further \$4 million which will be made available for more detailed follow-up studies. Has that money been allocated in the budget?

Mr Foulds—For the Central West Needs Study? That will be a decision of government.

Senator NASH—But has that been allocated in the budget? Obviously the statement is that the \$4 million will be available.

Mr Foulds—It has not yet been allocated.

Senator NASH—Was the study undertaken in conjunction with the Grain Freight Review?

Ms McNally—Sorry. Was the study?

Senator NASH—Was the study undertaken in conjunction with the Grain Freight Review that I was just talking about? Was there any collaboration of information? They obviously would have crossed over in a number of areas.

Mr Williams—I am certainly aware that the Grain Freight Review is aware of the Central West Transport Needs Study and has the report which has been released.

Senator NASH—This might be something where I may well have to wait for the report to come out. Did the study just focus on the central west, or did it actually take into account the anticipated growth in Sydney and spill-out over into the central western areas? Did it look at the logistics as well?

Ms McNally—The central west study has been published on the website. I think we would have to take the issue around the geography on notice.

Mr Foulds—Yes, around Sydney we would have to take on notice.

Senator NASH—Yes, that would be fine. Again, if you want to take these on notice, because I realise this might not be information that you have got right there with you. The study found that an upgrade of the Bells Line of Road expressway would not be required until 2033. That is a very interesting figure, given the population boom that there is going to be, and a whole range of reasons around that. I am happy for you to take this on notice: did the study take into account that the upgrade of the Bells Line of Road would encourage

population growth, consolidate industry, and assist tourism in the west of New South Wales? Very importantly—and could you take this on notice as well if you cannot give me an answer now—did the study identify the corridor that would accommodate the upgrade of the Bells Line of Road and did it make any recommendations that the line be preserved?

Ms McNally—We will take that on notice.

Senator NASH—Thanks, Chair. I think we can move on. Senator Abetz, you had a few more.

Senator ABETZ—Yes, I have got a few.

CHAIR—Thanks, Senator Nash.

Senator ABETZ—The 13 crossings in Tasmania that are going to benefit from boom gates et cetera: can you provide us with the location and the crash history over the past decade for each one of those 13 crossings? And I do not need the figures now.

Mr Williams—Yes, I will take that on notice.

Senator ABETZ—Thank you very much. I would like to turn to the portfolio budget statement, page 19. I think this might be to you, Mr Tongue; I am not sure. If I recall, this morning when I was trying to ask under Corporate I was told to wait for this outcome. This is in relation to the establishment of Regional Development Australia. Do I bring that up now? No?

Mr Tongue—Could we handle it under Local Government and Regional Development tomorrow?

Senator ABETZ—That is fine. Senator Nash has asked about the Murray River bridge and the Federation Fund. Was advice sought from the department about moving \$2.5 billion from the Education Investment Fund to the Clean Energy Initiative?

Ms McNally—No.

Mr Tongue—It is not us.

Senator ABETZ—It is not relevant in this area or you were not asked?

Mr Tongue—It is more one for the department of finance, I think.

Senator ABETZ—But the infrastructure portfolio was not asked for advice about that?

Ms McNally—No.

Senator ABETZ—Was any advice sought in relation to including \$430 million worth of funding for translational research and workforce training as infrastructure spending?

Mr Tongue—That is department of finance again.

Senator ABETZ—Yes, but were you consulted?

Mr Tongue—No, because we do not administer the fund.

Senator ABETZ—It is now being tagged as infrastructure expenditure and I am wondering whether the actual infrastructure branch of government was consulted about that. You say no. That is fine. In relation to the National Broadband Network, I started asking about

that this morning as well. Is this the appropriate place to ask whether this department was asked to provide any scrutiny of that project?

Mr Tongue—If I may, I suspect that the assumption behind your questions is that we administer the Building Australia Fund. We do not administer the Building Australia Fund. The department of finance does.

Senator ABETZ—Yes.

Mr Tongue—Many of these questions are better directed to them than to us.

Senator ABETZ—Yes, they administer the fund.

Mr Tongue—Yes.

Senator ABETZ—But I am wondering where the government gets its source of advice from in relation to matters of infrastructure. I would have thought that might be this department. Whether they sought advice or not is a different issue and all that I am seeking to ascertain is whether this department was asked about the national broadband network funding.

Mr Tongue—No.

Senator ABETZ—No, you were not asked and consulted. Fine. Chair, I think that does us.

CHAIR—On that then, I thank you, Senator Abetz. To the officers from Nation Building—Infrastructure Investment, thank you.

[9.50 pm]

CHAIR—I welcome officers from Infrastructure and Surface Transport Policy and National Transport Strategy. Senator Abetz.

Senator ABETZ—Thank you. How much has been allocated to the Tasmanian Freight Equalisation Scheme and the Bass Strait Passenger Vehicle Equalisation Scheme in this budget?

Mr Sutton—In this budget the allocation for the Tasmanian Freight Equalisation Scheme is \$117.9 million and for the Bass Strait Passenger Vehicle Equalisation Scheme it is \$35 million.

Senator ABETZ—How does that compare to the previous year?

Mr Sutton—In the current year the allocation for the TFES is, I think, \$108.1 million and for the BSPVES \$34.4 million.

Senator ABETZ—How do we anticipate those allocations to come in? They are both open-ended schemes.

Mr Sutton—Yes, that is correct.

Senator ABETZ—So the figures in budgets are only indicative.

Mr Sutton—That is correct. They are demand driven schemes.

Senator ABETZ—That is right. Are we going to be exceeding the \$108.1 million or coming in under budget at this stage? We are pretty close to the end of the financial year.

Mr Sutton—I think we will be pretty close to that figure.

Senator ABETZ—Is it more likely to be over or under?

Mr Sutton—I would not like to be that specific, but it will be pretty close to that figure.

Senator ABETZ—What about the BSPVES?

Mr Sutton—Again, it will be around that figure, possibly slightly under that \$34.4 million. The BSPVES has a bit of a history of spending in recent years under the allocation.

Senator ABETZ—If that is the case, did you say two budgets ago it was \$34.4 million?

Mr Sutton—The 2008-09 allocation was \$34.4 million.

Senator ABETZ—Did you say this year's budget was \$75 million?

Mr Sutton—No, sorry, \$35 million.

Senator ABETZ—I misheard. So it is basically on par.

Mr Sutton—That is correct.

Senator ABETZ—That is understood. Thank you very much. Is a change in administrative arrangements being considered for the TFES?

Mr Sutton—That is correct.

Senator ABETZ—What motivated that?

Mr Sutton—It came out of the review process, which was initiated with the Productivity Commission review back in 2005-06. As you may recall, that PC review recommended quite major changes to the scheme. The government announced last year that it would be leaving the parameters under which the funding assistance is determined unchanged to prevent significant falls in assistance.

If the parameters of the policy under which the scheme was underpinned had been implemented, it would have resulted in significant reductions in overall expenditure under the scheme. The government announced that it would be leaving the parameters intact; hence, preventing any reductions in assistance being provided. As part of that announcement, the government indicated that there would be administrative reforms to the scheme considered so that the underlying parameters of the scheme would remain unchanged but that there would be consideration given to improving the transparency and accountability mechanisms under the scheme.

Senator ABETZ—For that purpose, a discussion paper was prepared.

Mr Sutton—That is correct.

Senator ABETZ—And that is dated 11 to 12 February 2009?

Mr Sutton—That was a paper that certainly looked at some possible administrative changes, and we used it as the basis for consultations with stakeholders in Tasmania.

Senator ABETZ—So the department developed that?

Mr Sutton—We did.

Senator ABETZ—The purpose of developing that paper was for consultations?

Mr Sutton—That is correct.

Senator ABETZ—Was that discussion paper approved by the minister prior to its circulation?

Mr Sutton—I cannot recall the specifics. The minister's office was certainly aware that the paper was under development.

Senator ABETZ—Under development? Was the minister's office aware that this final version had been prepared and was going to be circulated and sent for consultation?

Mr Sutton—I would have to check on that. I cannot recall the specifics of the process. The paper was a consultation paper. It did not contain any final positions or decisions on the part of the government. It was to be used in assisting final briefing.

Senator ABETZ—I understand that. But if that is the paper that is emanating, one might imagine the minister may have had some interest. If you could take that on notice and let us know what involvement or knowledge the minister's office had of that, it would be very helpful.

Mr Sutton—Certainly.

Senator ABETZ—To whom has this document been circulated?

Mr Sutton—It was circulated to a range of people with a key interest in possible administrative reforms. We were discussing it with people like freight forwarders, logistics carriers—

Senator ABETZ—Are you able to give us a list of to whom it was sent?

Mr Sutton—Yes, we could certainly do that.

Senator ABETZ—In rough terms, how many do you think it was sent out to?

Mr Sutton—I would have to take that on notice.

Senator ABETZ—Would it be 100? How many do you think? I will not hold you to it, because I know I am going to get an accurate figure on—

Mr Sutton—As an indicative number, I would suggest 20 or 30, but I will certainly take that on notice.

Senator ABETZ—Thank you. The discussion paper does have a questionnaire in it. Is that correct? It asks questions?

Mr Sutton—It certainly asks questions.

Senator ABETZ—Which it encourages people to respond to.

Mr Sutton—Yes, indeed.

Senator ABETZ—How many have responded?

Mr Sutton—Again, I would have to take that on notice. We certainly received some responses to the paper.

Senator ABETZ—Once again, an indicative figure?

Mr Sutton—I would not like to guess on that, sorry. I will have to take that one on notice.

Senator ABETZ—Would the responses have gone over your desk?

Mr Sutton—We have a standard response line—an email box—that they come into. I was certainly aware of some of them, but I would have to take on notice the full number of responses that were received.

Senator ABETZ—I accept that, but I was seeking an indicative number. Have any companies or individuals been interviewed face to face about this discussion paper?

Mr Sutton—Yes. As part of the process, we saw it as important to have face-to-face meetings with people who we knew had a strong interest in the scheme and were able to offer insights into the operation of the scheme that would assist us in framing advice for the minister on the changes.

Senator ABETZ—Are you able to tell us how many you have had face-to-face interviews with?

Mr Sutton—Again, sorry, I was not involved in all of the discussions. I would have to take that on notice.

Senator ABETZ—If you could and, if you are able to, a list of those people with whom face-to-face interviews have been conducted.

Mr Sutton—Yes.

Senator ABETZ—Thank you. I assume it was not compulsory to respond or to partake in these interviews.

Mr Sutton—Certainly not. It was a very open consultation seeking views.

Senator Conroy—If I could just clarify, no decision has been made, not even a recommendation to government at this stage, Senator Abetz. I just wanted to make sure you understood that.

Senator ABETZ—I know. Thank you. It is nice to know there are people emailing messages, but sometimes they do not help.

Senator Conroy—Always keen to keep the committee well informed, Senator Abetz.

Senator ABETZ—There is a one-month review, with the release of this document on 11 to 12 February and a closing date of 13 March for submissions. That was not extended?

Mr Sutton—We certainly had discussions and we made it clear to people that, as Senator Conroy has indicated, there have not been any final decisions taken at this stage. We have left it open to people to bring us comments. We provided an initial date just to ensure that there was a focus for people, but we certainly have not closed off the consultation process.

Senator ABETZ—It has been two months since that official date of 13 March. Have recommendations gone to the minister as a result of the discussion paper and the consultations?

Mr Sutton—Not at this stage.

Senator ABETZ—So nothing has gone forward to the minister's office?

Mr Sutton—Not at this stage. We are in the process of finalising briefing.

Senator ABETZ—All right.

Mr Sutton—I should explain: the consultations are to assist in revising the ministerial directions. The program is not administered under a piece of legislation; it is administered under a set of ministerial directions. This process is about feeding into a redrafting of the ministerial directions flowing from the government's announcement last year and also the administrative issues that were identified in the PC report. So we are in the process of finalising some initial advice to the minister on those changes to the ministerial directions.

Senator ABETZ—Do you have anybody with you this evening who could in fact give us a better idea of some of the numbers involved with questionnaires and who was interviewed?

Mr Sutton—No, I am afraid not.

Senator ABETZ—Nobody?

Mr Sutton—We will have to take that on notice.

Senator ABETZ—When was the first visit undertaken in relation to this discussion paper?

Mr Sutton—Again, I would have to take that on notice. I do not recall the detail of when those meetings and discussions took place.

Senator ABETZ—Were any meetings undertaken with anybody where they were provided with a discussion paper at the time of the face-to-face meeting?

Mr Sutton—That may well have been the case.

Senator ABETZ—Why would that have occurred rather than sending out the discussion paper, which is a number of pages long, and saying, 'Digest this, and then we'll come along and have a discussion with you,' which I would have thought would be the normal process?

Mr Sutton—There are various ways you can undertake these consultations, of course, and in this case we were certainly not expecting people to provide a response to the paper on the day. Situations like that may well have happened. It was on the basis of: 'Here is a discussion paper. We'd like to have an initial discussion with you about it.' After the meeting, time would have been given for the respondents to consider their views and then to provide comments in writing to the department.

Senator ABETZ—Did it mean the flying of officials to Tasmania for these interviews?

Mr Sutton—Yes, that is correct.

Senator ABETZ—Would you agree with me, at least in principle, that you would have had a more worthwhile, valuable exercise and undertaking if you had at least faxed or even emailed the discussion paper, even 24 hours beforehand, rather than turning up and saying, 'Here's a discussion paper,' which they had not been prewarned about and discussed?

Mr Sutton—I would like to go back and check on the specifics of the situation.

Senator Conroy—I think you are asking the officers to comment on speculation rather than a question, Senator Abetz. I am sure if you refine your question—

Senator ABETZ—No, it is not speculation. They either deny the circumstance or accept the circumstance. It is not speculation. Something like this either happened or did not happen. I have been told that it did happen. If the evidence is that it did not happen, we cannot take it any further. It is not an issue of speculation or a hypothetical situation.

Senator Conroy—You are asking them to confirm something that in your opinion happened.

Senator ABETZ—This is not an opinion.

Senator Conroy—You have tried on a number of occasions—

Senator ABETZ—You will have to go away sometime, Minister, and understand the difference between putting a proposition to a witness and asking for an opinion from a witness. It is like: ‘The allegation is that Senator Colbeck went through a red traffic light. Are you able to confirm that you saw that happen?’ It is not speculation. He either saw it or he did not, and he tells us accordingly. Similarly with this, I have been told, right or wrong, that an officer or officers came along to one of these people that was interviewed and said, ‘Here’s a discussion paper. Let’s go through it now,’ without any prior warning that a discussion paper was going to be discussed at this meeting or questions were going to be asked. Right? That is the allegation. Take it on notice and tell us whether that did occur. If it did occur, I would like to know why it occurred, because I would have thought, in general terms, it is better practice to give people the benefit of what was, I think, a fairly tightly typed four-page document.

Senator Conroy—As you have indicated, we will take that on notice.

Senator ABETZ—Thank you very much.

Senator Conroy—I do think the *Hansard* will bear out that again, even though you believed you were putting a proposition, you actually used the words ‘would you not agree’, which is—

Senator ABETZ—Yes, ‘Would you not agree that it is better practice to undertake an interview on a discussion paper after’—

Senator Conroy—No, that is asking an opinion. But we have taken it on notice and we can move on.

Senator ABETZ—If you do not accept that as being best practice, to tell people about a discussion paper and let them read and see it, absorb it and think about it before they are asked to comment on it, we will accept that as Labor Party policy.

Senator Conroy—You are very successfully cross-examining yourself again, Senator Abetz, and doing an excellent job. I am inviting you to ask other questions.

Senator ABETZ—We will accept that as the Labor Party’s approach to community consultation. Can I ask you to confirm that, in fact, a Mr Peter Heyne flew to Tasmania, or is he Tasmanian based?

Mr Sutton—No, he is based in Canberra. He is part of my branch.

Senator ABETZ—He went to Tasmania to discuss this issue with Net Sea Freight Tasmania Pty Ltd.

Mr Sutton—I can confirm that.

Senator ABETZ—Yes, and he visited them on 12 February 2009.

Mr Sutton—I cannot confirm the specific date, but I am fairly confident it was around that time, yes.

Senator ABETZ—Which of course is the same date the discussion paper bears, which is 11 to 12 February 2009. I assume it bears that date because that is when the discussion paper was finalised.

Mr Sutton—That would be a reasonable assumption. I will confirm that.

Senator ABETZ—As a result, Net Sea Freight Tasmania have told me that they were provided with this document. Are you able to tell us the reason Mr Heyne gave to Net Sea Freight that he wanted to visit on 12 February 2009?

Mr Sutton—The general objective was certainly for consulting on possible administrative changes to the scheme. I could not comment on the specifics of what Mr Heyne would have said to Net Sea Freight on the day, but it would certainly have been with that objective.

Senator ABETZ—If I am doing it justice, what Net Sea Freight have indicated to me is that a different pretext was given for the meeting and they were ready for that meeting. The issue for which the meeting was actually called was not discussed, but this discussion paper was placed on the table and the people from Net Sea Freight were asked to comment on it. If that is the case—and I have been around long enough to accept that there are two sides to a story—then I respectfully suggest that that is not a good way to do business. Mr Heyne is not here to defend himself, so I do not want to put that as an absolute given on the *Hansard* record. I accept there might be a different version of events, but I would like a detailed answer in relation to whether telephone calls were made or emails sent to Net Sea Freight setting up this 12 February appointment and what reasons were given for the seeking of that appointment with Net Sea Freight Tasmania.

Mr Tongue—Senator, could I dive in here? I am a little bit cautious about one of our more junior officers engaging with stakeholders here. With the best will in the world, as you say, sometimes two people can have a conversation and take different things out of it. We will endeavour to answer the thrust of your questions, but none of us were privy to the conversation—

Senator ABETZ—That is right.

Mr Tongue—and I would be cautious too. I do not think Mr Sutton has described a sinister process, or a closed process where we have been driving to some outcome that would disadvantage a particular stakeholder. I think it has been a fairly open process.

Senator ABETZ—I am not sure I have even hinted at that, but it is interesting that you should feel constrained or required to make that comment.

Mr Tongue—Well, I think an external observer might draw from this line of questioning that something happened that should not have happened, and I do not think we have established that. But we will endeavour to answer your questions as openly as we can.

Senator ABETZ—I have agreed with you that nothing has been established, and that is why I have been at pains to indicate that I accept that there are always two sides to a story.

Mr Tongue—I appreciate that, Senator.

Senator ABETZ—And that is why I was wanting Mr Heyne's version of events, but a detailed version of events. If I could ask for that, please, that would be very helpful. Who else was visited by Mr Heyne on 12 February in Tasmania?

Mr Sutton—We will provide a list of the people who have been consulted in relation to the paper.

Senator ABETZ—No, the question was: on this particular day, 12 February 2009, who else was consulted with in Tasmania by Mr Heyne?

Mr Sutton—We will provide an answer to that question.

Senator ABETZ—Here specifically?

Senator Conroy—Can I just again stress—and I know you have already acknowledged this, Senator Abetz—that the advice to government has not even been finalised yet. I just wanted to stress that again.

Senator ABETZ—You can stress it 100 times but it is not going to take us any further in these estimates, Senator Conroy. Could Mr Heyne advise us what reason he stated or provided to Net Sea Freight for the purpose of this visit. Thank you. That completes my questions.

Senator COLBECK—I would like to follow on from Senator Abetz on that particular issue. You said that no decision has been made yet and you said that there has been no advice to government at this stage. Is there seen to be a need for any further consultation based on the responses to the discussion paper?

Mr Sutton—As I say, we are developing advice for the minister. Coming out of that process I would anticipate that there would be a draft set of ministerial directions developed and that we would consult on those draft ministerial directions before they are finalised.

Senator COLBECK—You do not have a specific timetable on that?

Mr Sutton—No. I should say that the reason that we were holding the consultations back in February was with a target date of 1 July for having them in place. That has proved not to be possible, so we are now considering an implementation date down the track, and one of the factors we are putting into that, in advising the minister, is the time to both consult on the draft ministerial directions and, after the ministerial directions, allow time for people to understand how they will operate before they are actually implemented.

Senator Conroy—There is a fair degree of possible speculation involved in the questions you are asking.

Senator COLBECK—If I cannot get a time line, I cannot get a time line, but you cannot blame me for asking.

Senator Conroy—No.

Senator COLBECK—It is one of my favourite questions and if I can get some sensible—

Senator Conroy—I am not suggesting that there is anything untoward in the question.

Senator COLBECK—I have asked a lot of questions about time frames and consultation on this process over a considerable period of time.

Senator Conroy—There is nothing untoward in the question, but it is more a speculative issue at the moment.

Senator COLBECK—The first thing that it is subject to is however long it takes the minister to get to it. I understand the process. Were there any additional issues that were raised out of the discussion paper and the questionnaire? You can tell me yes or no.

Mr Sutton—It is fair to say there have been no new issues, as such, identified in the discussion paper.

Senator COLBECK—The paper was relatively well targeted at issues that you would like to address. I have seen the paper, so I understand that. But there were not any additional things that came out of it that you did not expect to see?

Mr Sutton—No, I suppose because this whole set of issues, as you are well aware, was considered in depth by the Productivity Commission several years ago. Since the PC review, we have certainly been consulting further, but I do not think there have been any new issues identified apart from the ones that were in the PC report.

Senator COLBECK—Is the government considering any other changes to the scheme at this point in time?

Senator Conroy—I think that is a matter for government. I will take it on notice.

Senator ABETZ—So it is not denied?

Senator COLBECK—So you are not denying that you are considering changes? There is a serious matter in the marketplace and I am just asking whether you are going to do that?

Senator Conroy—I am happy to take that on notice and come back to you.

Senator COLBECK—I have another issue that is live, which Mr Sutton has—

Senator Conroy—I am not saying we are not going to answer. I am saying that that is rightfully a question for the minister.

Senator COLBECK—It is also a good way to stop giving an answer until after a decision is made, so that you can announce it as a surprise. I have been to estimates before.

Senator Conroy—We will take that on notice.

Senator COLBECK—So are you considering qualifying exporters for freight equalisation?

Mr Sutton—The issue of exports under the TFES was looked at by the Productivity Commission when it did its review.

Senator COLBECK—I understand that.

Mr Sutton—It was also an issue that was looked at, going back even further than that, by the Nixon review back in 1998-99. The Nixon review found there were potential World Trade Organisation issues in identifying it.

Senator COLBECK—I understand that.

Mr Sutton—The PC confirmed that that was indeed the case: that, if the scheme was applied to exports, there would be a risk of action being taken in the World Trade

Organisation. So the short answer to your question is that, no, there is no consideration being given to applying it to exports because of the potential WTO implications.

Senator COLBECK—Which potentially puts the whole scheme at risk?

Mr Sutton—Potentially, yes.

Senator COLBECK—That is the bottom line?

Mr Sutton—It is the bottom line, that those WTO connections mean that there are significant risks if the scheme were expanded to include exports.

Senator COLBECK—So there is no possibility that anyone exporting out of Tasmania would be able to access freight equalisation?

Mr Sutton—Under the scheme at the moment, direct exports certainly are not eligible. Products that go through a manufacturing process on the mainland before export are able to receive TFES assistance for the leg to the mainland before they are exported, before they go through the manufacturing process. The WTO difficulties basically mean that there are no proposals under consideration that would seem feasible to allow exports to receive direct TFES assistance.

Senator COLBECK—The argument that is put—and it is put to me quite regularly—is that, given that there is not a regular shipping service that leaves Tasmania to some export markets, effectively what you are doing is equalising the cost of getting to the export port by providing freight equalisation from any of the eligible Tasmanian locations—King Island, Flinders Island or Tasmania—to Melbourne.

Mr Sutton—I can appreciate the argument. The difficulty comes when looking at the WTO definitions of subsidies that contravene the subsidies code. I am not aware of any proposals to modify the scheme that would not potentially fall foul of those WTO restrictions.

Senator COLBECK—Okay. We talked at the last estimates—and you took a question on notice from me—in respect of a submission from Circular Head Dolomite. It was question ISTP 01, relating to a reference in the Circular Head Dolomite submission, suggesting a discount of 30 per cent for high-density dolomite. We are still struggling to find the reference. I have both of Circular Head Dolomite's submissions here with me and in paragraph 5, which is what you have referred to in the submission, there is a discussion about the cost difference between B-doubles and single transport vehicles.

Senator Conroy—Just doing some housekeeping while you are considering that, Senator Colbeck. We had indicated, Mr Chair, that we thought we would get through three other agencies tonight. I was just wondering if we still thought we were going to get to them. There are about 20 people.

CHAIR—I did ask Senator Nash, who is coordinating opposition questions—

Senator NASH—I am assuming that Senator Colbeck does not have much more. There will be a bit but I do not think there will be a lot for the last two. Rather than bringing them back tomorrow morning again, we are probably better off keeping them another 20 minutes, letting them go home and having it all over and done. Hopefully we will get through the two, and I am sure Senator Colbeck does not have too much more on this.

CHAIR—And we will be knocking off at 11.00 on the dot.

Senator Conroy—Thank you.

Senator COLBECK—There are two submissions, so I wanted to make sure that we are on the same page with that. There was the initial submission that they made through Davey and Maynard and then comments on the draft report. I do not want to put you in a difficult situation, but there is obviously a dispute and an argument over the reference that came out from that process. Are we in a situation where the parameters are settled?

Senator Conroy—I think you are now asking the official to speculate and give an opinion.

Senator COLBECK—Okay. I will ask a different question then. Is there any proposal to change the parameters?

Senator Conroy—Now you are asking him to speculate in a different way. ‘Is there any proposal?’ You are asking officers to offer an opinion.

Senator COLBECK—Well, Minister, is there any proposal to change the parameters of the Tasmanian Freight Equalisation Scheme?

Senator Conroy—As I think has been indicated, there is not even a recommendation to government yet, but we are happy to take that on notice.

Senator COLBECK—No, we are talking about different things, Minister.

Senator Conroy—I do not have an answer to that particular question, but I am happy to take that on notice and seek the advice from the minister.

Senator COLBECK—There are a range of things that are here. There are the parameters, which design the way that the payments are made for the scheme, and we went through a review process that concluded last year sometime.

Mr Sutton—Yes.

Senator COLBECK—And the minister announced, following that review, that the parameters were going to remain as they were. Is that correct, Mr Sutton? Has the minister made that announcement?

Senator Conroy—I have said we will take it on notice, and we will give you—

Senator COLBECK—I am just going back through the history. That is correct? The minister announced the parameters in November. Is that correct?

Mr Sutton—Yes. The minister’s press release on 6 November indicated:

The Rudd Labor Government has moved to provide long term certainty to Tasmanian industry by deciding to retain the Tasmanian Freight Scheme and Tasmanian Wheat Freight Scheme in their current forms.

I might just mention another part, which I think is relevant to the discussion:

The Schemes will be reviewed again in 2011/2012.

Senator COLBECK—2011-12?

Mr Sutton—That is correct.

Senator COLBECK—Okay. So effectively, the minister is saying that the scheme is staying the same, in that statement?

Mr Sutton—That is correct, yes.

Senator COLBECK—This is probably a question for you, Minister, because I do not think you are going to allow the official to answer it. Can I go back to my constituent who is concerned about, particularly, the density ratios in the current parameters, which the minister has said, in his press release, are going to remain as they are until a review in 2011-12.

Senator Conroy—Fairly straightforward.

Senator COLBECK—Is there any chance that he can have those density parameters changed? I ask it in the context of your previous response to me. Is the government considering any changes to the Tasmanian Freight Equalisation Scheme?

Senator Conroy—I am advised that we have no plans and we do not intend to change the parameters.

Senator COLBECK—That is good. He might not think so, but that at least gives me some closure to that, until the parameters review occurs.

Senator Conroy—There is a review, as has been indicated, but that is the situation. Finished with these officers?

CHAIR—I am assured by the—

Senator Conroy—Are you finished, Senator Colbeck?

CHAIR—I do not think he has.

Senator Conroy—No. It is just that he said that had closed the matter for him, so I just assumed that he had finished—

Senator COLBECK—No, I did not actually say that. Now you are assuming.

Senator Conroy—I apologise.

Senator COLBECK—But I am getting close.

Senator Conroy—I apologise. I thought you had wrapped up.

Senator COLBECK—I am just running through my mind the issues that we have discussed, the responses that you have given to me, and whether there is anything further that I can take from this. Let's say not, and if there is anything else, I will put it on notice.

Senator Conroy—Thanks, Senator Colbeck.

Senator NASH—I actually had quite a few for the National Transport Strategy, but I will put those on notice. But I have one, if I can put it on notice quickly now, for you to take with you. There was some discussion at the last estimates about the Transport Commission investigating methods of payment to the heavy vehicle drivers and options to implement a payment system that encourages safe work practices, and I think from that there was some discussion around the whole-of-government approach, there were to be some discussions, I think, between the three ministers at that time, and indeed I think there were discussions to

take place about a week after the last estimates. Perhaps if you could come back to the committee with where that is now up to, and the others I will place on notice.

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

Senator NASH—All right. Thanks.

CHAIR—I was just getting excited. I have been looking forward to that.

Senator COLBECK—Okay, so we can release the officers—

Senator NASH—You can answer it now if you want to.

CHAIR—I have a huge interest in safe, sustainable rates for truck drivers.

Senator COLBECK—We sort of danced around that Circular Head Dolomite stuff. Could I just ask you to review your answer to that question for me, please? You gave me an answer on notice to a question I asked before.

Mr Sutton—Yes.

Senator COLBECK—I would just ask you to review the answer, please.

Mr Sutton—Yes. I think that is probably better directed to the Bureau of Infrastructure, Transport and Regional Economics, because your question was about their parameter report, but we will certainly review it in consultation with the bureau.

Senator COLBECK—Thanks, that is fine.

CHAIR—Senator Nash, you had finished with your questioning of the officers?

Senator NASH—I have. As much as I would love to hear Ms Riggs, I am sure she would rather go home and let the other officers come in.

CHAIR—Okay. AMSA are close by?

Senator NASH—I thought they would be banging at the door.

[10.32 pm]

Australian Maritime Safety Authority

Senator NASH—While Senator Colbeck is looking for something, could you outline any current issues that are before the authority?

Mr Peachey—Current issues in terms of our priorities are around levies and levy collection arrangements in what is a fairly uncertain economic environment. We are looking at arrangements in the Torres Strait, our new technologies in the Torres Strait, under-keel clearance arrangements.

Senator NASH—What are the new technologies in the Torres Strait?

Mr Peachey—We are looking at introducing an under-keel clearance monitoring system that can gauge the depth of the water beneath the ship, for safe passage through the Torres Strait. It has potential benefits for safety, and it has potential benefits for the industry itself, because obviously the lower the ship sits in the water, the more freight can go on top.

Senator NASH—Absolutely. How long have you been working on this?

Mr Peachey—It would be over 12 months. It is a very technical and complex task and it is one that, if it goes wrong, could be potentially catastrophic, so we are erring on the side of caution. We are talking to the people involved and we are talking to other relevant agencies who have a part to play in this.

Senator NASH—So what are the catastrophic things that can go wrong?

Mr Peachey—The worst would be that a ship would go aground.

CHAIR—That happened off Newcastle. A couple have got bogged.

Senator NASH—Yes.

Mr Peachey—Off Newcastle? Yes.

CHAIR—The *Pasha Bulker*.

Mr Peachey—The *Pasha Bulker*, yes.

Senator NASH—Where has the technology originated from?

Mr Peachey—I will have to talk with my colleagues on that one.

Mr Kinley—We are in the process of going to tender for a system but, generally, we understand that the leading technology in that particular field comes from Australia.

Senator NASH—That is very interesting. What is the likely cost per ship? Is that how it works? How do the funding arrangements work?

Mr Peachey—We have not settled on the financial arrangements. That is one of the issues under consideration at the moment.

Senator NASH—Is there an approximation of cost?

Mr Peachey—I would be speculating.

Senator NASH—It is quite interesting, though, with the technology, that you have got no idea of what the cost is going to be per vessel.

Mr Peachey—It is not just a matter of wiring a box to the ship.

Senator NASH—That is my question. I am interested to know how it works.

Mr Peachey—There is technology on board. There are sensors in the water. There is a monitoring arrangement on the shore to ensure the ship stays within the prescribed area. There are several parts to that equation. The instrument itself is only one part of that. Until we work out how it all fits and how it will work and how one system will complement the other and then consider who should pay and how it should be paid, I would just be speculating. What I am saying is it is more than just screwing a box onto the ship and looking at a screen.

Senator NASH—I imagine it would be. In terms of the budget, did you receive any cuts?

Mr Peachey—No.

Senator NASH—Nothing at all? No changes to arrangements?

Mr Peachey—No changes to arrangements, no.

Senator COLBECK—When this technology is available, is it proposed that it would be compulsory for ships operating in Australian waters to have that technology attached? Is the basis of your tender to develop the technology or—

Mr Kinley—The area we are looking at introducing it to is in the draught restricted parts of the Torres Strait at the moment.

Senator COLBECK—So it would effectively be a mandatory requirement for vessels working in those—

Mr Kinley—Over a particular draught, yes.

Senator COLBECK—So the basis of the tender is to refine the technology or to further develop the technology or to access the technology?

Mr Kinley—The basis of the tender will be for us to access the technology. The technology is primarily shore based and would be monitored by the pilots on board the ships, that their ships carry up there, and from the shore as well.

Senator COLBECK—You have got an expression of interest in the market now for a tender?

Mr Peachey—No, not yet.

Senator COLBECK—You are preparing an expression of interest?

Mr Peachey—We are preparing it now, yes.

Senator COLBECK—When are you expecting to go to tender?

Mr Peachey—In the next couple of months.

Senator COLBECK—Tender closing?

Mr Peachey—In a reasonable time after that. I could not say.

Senator COLBECK—So an eight- or 10-week tender period, or something of that nature?

Mr Peachey—Something like that.

Senator COLBECK—So within the calendar year you are in a situation of having access?

Mr Peachey—That is our expectation, yes.

Senator COLBECK—What was your involvement with the recent incident off Queensland during the cyclone? I cannot remember the name of the ship, which has now left.

Mr Peachey—The *Pacific Adventurer*?

Senator COLBECK—Yes, the *Pacific Adventurer*.

Mr Peachey—We were not the lead agency, as you would have no doubt seen in the press. Our counterparts in Queensland were. We were, however, involved pretty much from the start, both providing advice to our counterparts and also deploying some of our people and coordinating the deployment of other trained people in this area to the region.

Senator COLBECK—Are you in the process of or have you completed a report into the incident; how it came about and—

Mr Peachey—A report is being prepared.

Senator COLBECK—What are the specific learnings out of the report? Have any recommendations come forward at this stage, or they are not—

Mr Peachey—No, the report is just being prepared at the moment. We have got a review going on. They are gathering evidence and when that comes to light obviously we will see what lessons can be learnt out of it.

Senator COLBECK—At what stage in the incident were you called in?

Mr Peachey—From memory, I think it was within six minutes of the incident that AMSA was involved.

Senator COLBECK—What do you call the inception of the incident?

Mr Peachey—The incident I am talking about is when the containers went overboard.

Senator COLBECK—So when the containers went overboard?

Mr Peachey—Yes. As I understand it, a message went from the ship to the Brisbane Port Authority to us.

Senator COLBECK—Okay.

Mr Peachey—Within that six minutes we had a message out to the shipping community in the area to look out for containers, or a warning that that had taken place.

Senator COLBECK—I understand that the Navy was involved with trying to locate containers.

Mr Peachey—Yes.

Senator COLBECK—How successful was that process?

Mr Peachey—The location of the containers? They found them. It was very successful.

Senator COLBECK—Found all of them?

Mr Peachey—Yes. As I understand it, yes.

Senator COLBECK—Had there been a significant movement in the containers from the site of where they initially went overboard?

Mr Peachey—I do not think so, no.

Senator COLBECK—So they effectively went straight to the bottom.

Mr Peachey—Straight to the bottom, yes.

Senator COLBECK—Have they been recovered?

Mr Peachey—No, they have not.

Senator COLBECK—Is there any proposal to recover them, or have they been assessed in any way for potential breach and leaching?

Mr Peachey—We have been in discussions with the company concerned about recovery of the containers. Most recently I spoke to the managing director of the company who was out here and said it was our view that they should go down that track and both explore the feasibility of removing them and tell us how that can be done.

Senator COLBECK—What depth of water are they in?

Mr Peachey—About 200 metres.

Senator COLBECK—How many of them were there?

Mr Peachey—Thirty-two, I think, from memory.

Senator COLBECK—Did all the containers have the same cargo?

Mr Peachey—Yes.

Senator COLBECK—It was a fertiliser, I think, wasn't it?

Mr Peachey—It was a fertiliser, yes.

Senator COLBECK—Have they been assessed in any way visually, or just basically located?

Mr Peachey—No. The Navy provided us some sonar footage. I will ask John Young to help me on that one.

Mr Young—The Navy got visual footage of, if I recall correctly, 26 or thereabout of the containers, as well as very good definition on their sonar systems of the position of the containers. With the remaining number—five, if I recall correctly—the weather was against them getting visuals. They could not get the diver machine down there. So that is sonar only.

Senator COLBECK—So they were sighted visually with a submersible?

Mr Young—Yes, a submersible.

Senator COLBECK—So the general assessment is that they are relatively sound?

Mr Young—No. Some of the containers are broken. They have suffered on the descent to the bottom and coming off the ship.

Senator COLBECK—It may be premature to answer this: were there any issues with the securing of the containers on the vessel, or was it effectively the intensity of the storm? Was there anything out of the ordinary in respect of that?

Mr Peachey—As you were leading off, I think all that stuff is being investigated at the moment. I think the vessel was rolling at an angle of about 30 degrees. It puts a fair bit of pressure on the containers. But we are reluctant to speculate.

Senator COLBECK—I understand that. In your reporting process, is it usual that you would make recommendations about particular issues that come up as part of that process; potential mitigations into the future?

Mr Peachey—My expectation would be that the report would look at lessons learnt and, if there are things that we can do to improve it, we would accept that and adopt them.

Senator COLBECK—Was AMSA involved in any way in the fire in the SIEV boat off the north-west?

Mr Peachey—We were involved in repatriating the people on those vessels to the mainland.

Senator COLBECK—So, again, you would be in the situation that once things wrap up—and I will not push it too far because I understand that there is still a reporting process going on there—you would prepare a report into that, in conjunction with other authorities that are involved?

Mr Peachey—We would contribute to a report if we were asked to, yes.

Senator COLBECK—But you have not been asked to do that at this point in time?

Mr Peachey—I understand we have.

Mr Young—Yes. The Northern Territory investigation for the Northern Territory coroner has requested a report from AMSA, which we have provided.

Mr Tongue—Could I distinguish here between AMSA's emergency response function—the search and rescue function—and AMSA's regulatory function.

Senator COLBECK—Yes.

Mr Tongue—The vessel that was the subject of the event is well outside AMSA's regulatory function.

Senator COLBECK—I understand that.

Mr Tongue—So it is only the SAR response.

Senator COLBECK—That is why I was being a bit cautious in where I went with it and trying to get an assessment of what the involvement of the agency was. It would be very different to the *Pacific Adventurer*, I expect.

Mr Tongue—Yes, absolutely.

Senator COLBECK—Have there been any other major incidents over the last 12 months that we have any particular reporting involvements in?

Mr Peachey—No, none spring to mind.

CHAIR—Any other questions of AMSA? No. Thank you, officers from the Australian Maritime Safety Authority.

[10.46 pm]

Bureau of Infrastructure, Transport and Regional Economics

CHAIR—Welcome, officers. Sorry for the lateness—it has been a busy day.

Senator NASH—Gentlemen, in the research that you do, part of your area is developing Northern Australia—is that correct?

Dr Dolman—That is correct.

Senator NASH—What you are doing at the moment, what is in train? Before you start, Dr Dolman, I do need to point out that you were not the culprit this time about referring to the website only. So that is good to see.

Dr Dolman—Right. The policy area relating to Northern Australia is the Office of Northern Australia, who will be appearing at hearings tomorrow. However, last week,

working with the Office of Northern Australia, we released a major statistical compendium which provides key statistics on Northern Australia.

Senator NASH—What is the difference between what they do and what you do? Do you just provide the statistical support data and that type of thing?

Dr Dolman—That is correct.

Mr Tongue—ONA is the part of the department with responsibility for both a funding program and also engagement in Northern Australia. BITRE is our research organisation, which provides input into policy development and various analytical and statistical collection.

Senator NASH—Has BITRE had any cuts in the budget?

Ms Foster—No, it has not.

Senator NASH—Yay! Sorry, we are a bit peeved in this committee about research areas being cut, so I am delighted to hear that yours has remained the same. How many have you employed within your area that do all the research, not just in Northern Australia but across the board?

Ms Foster—There are about 50 officers that make up the research and statistical area in BITRE.

Senator NASH—You do some very good work. Are you doing any work currently on what I would term social impacts on regional communities from things like the potential removal of water, or for any reasons at all? There seems to be a lack of data on—I cannot think of the right term—the social implications of various changes that are happening out in rural communities. Are you doing any work in those areas at the moment?

Ms Foster—Yes, there is a bit of work being done on the regional area. I will let Dr Dolman run you through it.

Dr Dolman—There is probably nothing directly relating to the social impacts of policy.

Senator NASH—Thank you. That is the phrase I was looking for.

Dr Dolman—We did a study a few years ago, looking at implications of changes in water allocation and water use in the Murray-Darling Basin, but that was prior to current policy changes.

Senator NASH—I think we have discussed that particular piece of work before. Given that, would you be the appropriate body to now do that again in the context of the change in policy in the Murray-Darling Basin?

Mr Tongue—The Murray-Darling Basin has had a significant change in governance arrangements and it crosses a number of portfolios. So BITRE may be a contributor, but I would be speculating there. CSIRO, for example, has done work in that area. There are a whole range of research and analytical agencies that have contributed to that area.

Senator NASH—They have and that is why I ask. I am trying to see if there are any other areas that might have a particularly different slant because, precisely on that, the only work being done at the moment on the impact of the changes to the basin policy arrangements is the

CSIRO. I wonder, within the department itself, if BITRE might not be an appropriate place for that type of work to be done.

Ms Foster—What we find is that the potential projects for us to work on usually exceed our capacity to do them. That certainly is an area we have had discussions about, but where it will come out in the priorities for research, I am not yet sure.

Senator NASH—What are the priorities for you at the moment?

Ms Foster—In broad terms, we have a statistical area which produces data across aviation and other transport fields. We have a focus on local government, cities and regional issues and do quite a bit of research work on the transport sector more generally.

Senator NASH—Senator Colbeck, do you have any questions here? I am happy to keep going, but I am happy to stop if you have any particular questions.

Senator COLBECK—My question is effectively on notice. It is our ongoing argument that goes back to the review done on the Tasmanian Freight Equalisation Scheme. The dispute revolves around the ratios for high-density products and a reference that was made in response to a question on notice to me at the last estimates, which talked about a reference in a Circular Head Dolomite submission to the Productivity Commission, suggesting a 30 per cent density rate rather than one that was current.

They are disputing that. I have a question on an answer to a question on notice that refers to paragraph 5 in their submission. I have both of their submissions and they are still questioning with me where the reference comes from, because their view was that the density ratio should be removed, even if there were a category set up for that particular agricultural product, which is obviously their objective.

Senator Conroy—That is a fairly detailed question. I am just hazarding a guess that they may not be able to give you a fulsome answer.

Senator COLBECK—As I said at the outset, there is a question on notice to another part of the department, who I assume will be coming back to you. So now you have it from me as well and you will have an understanding as to what my issue is. The question that I put to Mr Sutton was asking him to review the answer, because we do not agree that what is in the answer is correct.

Mr Tongue—We will take it on notice.

Senator COLBECK—That is fine. I am happy with that.

Senator NASH—Just a couple of things from me. Could we have a list of the current research projects. You are smiling, Dr Dolman. Why is that?

Ms Foster—He wants to tell you that the current research program is on the web.

Dr Dolman—I am sorry. We did circulate a copy at the last estimates.

Senator NASH—No, I am a Luddite. I am not looking on the web.

Dr Dolman—I can give you a copy.

Senator NASH—That would be great. The other thing is that at the last estimates there was some discussion around some research on the forecasts of container port and port activity.

I think that research was being undertaken at that time. Is that still ongoing or has that been completed?

Ms Foster—I believe that is still ongoing.

Senator NASH—I am very interested in this from the rural perspective—because of the freight task, the bottlenecks that we have seen through the harvest and those types of issues—so it is going to be very interesting to see the research that you produce. Do you have any idea when you might be completing that? How long is a piece of string?

Ms Foster—Yes. We are working across the program and we put resources into the projects as the priorities dictate, so I am a bit reluctant to say we expect to have it done next month or in two months time, but I think the work is relatively well under way. Is that right, Gary?

Dr Dolman—That is correct. There are actually a number of publications that we produce that are relevant. *Waterline* is a regular series that we produce, and there has been a recent release of *Waterline 45*, the latest in that series. There are other projects that we hope to put out before the end of the calendar year that address some of the issues you have raised.

Senator NASH—All right, but I gather this is going to look in a rather more detailed way at some of the issues surrounding that forward activity, rather than just borderline, which gives you current statistics and that type of thing?

Dr Dolman—Yes.

Senator NASH—Excellent.

Dr Dolman—Yes, there is a project we are doing which forecasts demand into the future, and we are adjusting that to take account of the global financial crisis.

Senator NASH—That would be extremely interesting. I look forward to seeing it. Thank you.

CHAIR—That is absolutely wonderful. Thank you very much, Senator Nash.

Senator Conroy—My favourite senator for that!

CHAIR—I thank Mr Tongue and all the officers of the department. I also thank the staff, the Hansard, Broadcasting and the secretariat. That concludes today's hearing.

Committee adjourned at 10.57 pm