



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE

ESTIMATES

**(Budget Estimates)**

THURSDAY, 28 MAY 2009

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT**

**LEGISLATION COMMITTEE**

**Thursday, 28 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, Back, Birmingham, Bushby, Colbeck, Farrell, Fisher, Heffernan, Hurley, Hutchins, Ian Macdonald, McGauran, Milne, Nash, O'Brien, Parry, Sterle and Williams

**Committee met at 9 am**

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

Consideration resumed from 27 May 2009.

**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 committee will continue its consideration of the 2009-10 budget estimates 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.

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 the rules. 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:

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- (1) If:
    - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
    - (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.
  - (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
  - (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
  - (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
  - (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
  - (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
  - (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).
  - (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

**CHAIR**—As agreed, I propose to call on the estimates in the order shown on the printed program. Other breaks are listed in the program. 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**—No.

**CHAIR**—In that case, we will go straight to the Inspector of Transport Security, and I welcome Mr Palmer and Mr Pearsall.

[9.03 am]

**Inspector of Transport Security**

**CHAIR**—Mr Palmer, do you wish to make a brief opening statement?

**Mr Palmer**—No.

**CHAIR**—Thank you very much, Mr Palmer. I invite questions.

**Senator HEFFERNAN**—I hope you noted that you are first today so you are not waiting around all day.

**Mr Palmer**—We did notice that.

**Senator HEFFERNAN**—The role of the Office of Transport Security is to inquire into, when directed by the minister, a major transport or offshore security incident or a pattern or series of incidents that point to a systemic failure or possible weakness of aviation or maritime safety and security regulatory systems in order to strengthen transport security. Would you agree with that?

**Mr Palmer**—I do not have the act in front of me, but I think that is an accurate reflection of the wording of the act.

**Senator HEFFERNAN**—What do you see is your role as the Inspector of Transport Security and what sort of work have you been engaged in in recent times?

**Mr Palmer**—My role is to conduct inquiries as directed by the minister within the terms of the act, although the minister can obviously direct me to conduct reviews other than those contained in the act without the force of the act. The act creates some protections in terms of protection of information that is shared with us and protection against matters being brought before a court except in exceptional circumstances. So my role is to conduct inquiries as directed by the minister into any area of maritime transport about which there is a security concern.

**Senator HEFFERNAN**—In recent times have you been engaged to do those jobs?

**Mr Palmer**—I have.

**Senator HEFFERNAN**—How many days in the last 12 months would you have spent doing that?

**Mr Palmer**—This financial year I have worked about 65.

**Senator HEFFERNAN**—I know you wear a lot of hats. Are you Canberra based?

**Mr Palmer**—No.

**Senator HEFFERNAN**—Where do you live?

**Mr Palmer**—I now live on the north coast of New South Wales, just south of Coolangatta-Tweed Heads.

**Senator HEFFERNAN**—How often do you come to Canberra? Chair, as you know, this committee and other people often wonder why we have Mick here, so I thought today we would get it all sorted as to what the role is et cetera.

**CHAIR**—The floor is yours, Senator Heffernan.

**Senator HEFFERNAN**—How often do you come to Canberra in this role?

**Mr Palmer**—In this role?

**Senator HEFFERNAN**—Yes.

**Mr Palmer**—I come several times a year for a range of reasons, but I do much of my work from home because of course I am online as part of the secure departmental network. Essentially, the role is very much a mobile one. We go where the inquiry takes us, if you like, so it often involves inquiry work across Australia. It is frequently involved in almost all of the inquiries and international benchmarking assessments to give the government a sort of feeling of comfort or otherwise in terms of how we are going compared to the initiatives being taken in other places. So location itself is not that important, but I do come either here or to Sydney to brief the minister and I intend to do that three or four times a year as a minimum. I will come for quarterly meetings with the secretary and for matters such as this—that is, Senate estimates hearings—when required.

**Senator HEFFERNAN**—Do you have a budget that you have to work within?

**Mr Palmer**—Yes, we do. We have a base budget of \$600,000 per annum, which is intended to cover the basic administration of the office and the things that go to keeping up to speed in terms of an understanding of the environment and the changing nature of it—attending conferences, perhaps commencing inquiries or doing peripheral matters on the either end of debriefing or briefing ministers, groups of the ITS, that sort of thing.

**Senator HEFFERNAN**—So do you generally expend that budget, or does some of it get returned to the department at the end of every year?

**Mr Tongue**—Senator, we basically top the inspector's budget up for whatever budget he needs to complete his tasks, and that is subject to the nature of the inquiries. It is the case that, as Mick does inquiries, facts and issues emerge that he needs to pursue so it is hard to budget. The understanding is that we will just top it up so he is not limited in any way.

**Senator HEFFERNAN**—So what is the annual cost of maintaining the office and where is the office?

**Mr Palmer**—The office is in the department of infrastructure building on Northbourne Avenue. Peter Pearsall can give direct answers in terms of the cost of the office. In addition to that, as Mr Tongue said, we are supplemented with targeted funding for the particular inquiries that we are conducting at the present time. This financial year, for example, we have completed one inquiry that we started in the previous year, we have completed an inquiry that was started and finished in this year, and we are well advanced in the third inquiry.

**Senator HEFFERNAN**—Are you at liberty to tell us what those inquiries were? If you are not—

**Mr Palmer**—Yes, I am at liberty to tell you what those inquiries were. We finished the ferry security inquiry, which was signed off on, and a briefing was given to transport ministers and the Transport Council during this financial year. We completed an internal review into the document-handling security arrangements and document handling for the draft aviation green paper on behalf of the minister. We are well advanced on an inquiry into international maritime piracy and armed robbery at sea as we speak. Mr Pearsall can answer there.

**Senator HEFFERNAN**—In terms of the office, its budget and its staff, how many staff are there?

**Mr Pearsall**—I have, including me, two full-time staff and two part-time staff, and that includes the inspector in a part-time role. We have a budget of \$600,000, which has recently been increased. We started with a \$400,000 budget when we started the office five years ago. In the average financial year, the cost of bringing the inspector here for meetings with ministers, Senate estimates and briefings, plus wages for my staff and maintenance of the office normally takes most of the \$600,000—to run the office.

**Senator HEFFERNAN**—So if there are other things to do, it gets topped up by the government?

**Mr Pearsall**—I seek additional funding through the secretary.

**Senator HEFFERNAN**—I have to say that the atmosphere in recent years has meant that every day or two something goes wrong somewhere in the world. Does it involve much international travel?

**Mr Palmer**—Most of the inquiries have. We have conducted three direct transport security inquiries. The surface transport security assessment, which preceded the formulation of the legislation and the enacting of the legislation, included benchmarking assessments in all of the relevant countries—the UK, Europe, the United States and Canada—and that followed the London bombing and the Madrid rail bombings. The ferry security inquiry, which included benchmarking assessments of relevant countries, on that occasion included those same countries but also Indonesia and the Philippines. In fact, Hong Kong and Singapore were both involved in the surface transport security assessment as well.

In the current inquiry into maritime piracy, obviously we have been to the United Kingdom. We have been to Vienna and met with the UNODC people in Austria. We have been to Interpol in Lyon, France. Peter and another expert panel member seconded to the inquiry have been to Kenya to have a look at the situation on the ground, following discussions with the minister and also at the request of UNODC, with whom we were asked to cooperate during the course of the inquiry. That process is continuing. So we do quite extensive international inquiries. I do not do them all myself obviously.

**Senator HEFFERNAN**—At a convenient time and on notice you might just give us the breakdown of the travel budget.

**Mr Pearsall**—This financial year, Senator?

**Senator HEFFERNAN**—I guess so; since July 2008.

**Mr Palmer**—Sure.

**Senator HEFFERNAN**—It has always been a bit of a mystery.

**Mr Palmer**—I can answer part of that right now, if you wish.

**Senator HEFFERNAN**—You can if you want to.

**Mr Palmer**—So far the expenditure has been \$850,484 for the year, which includes all domestic and international travel, all employee expenses, training and conferences, and the office operating costs, including this current inquiry.

**Senator HEFFERNAN**—You probably are not allowed to answer or do not want to answer this question. How is it that a bloke in a dinghy with a couple of guns can hijack a big ship?

**Mr Palmer**—I guess it shows the vulnerability of many big assets. Essentially, without going into the details, many of the large ships are very heavily laden. They travel slowly. They cannot exceed 16 knots. Because of the amount of cargo they are carrying, they are low to the water, low freeboard. They are not very nimble. They cannot turn or evade smaller ships very easily. So, for people who know what they are about in small nimble ships, it is like forwards trying to catch half-backs.

**Senator HEFFERNAN**—How do they get up the side of the ship?

**Mr Palmer**—There is a range of methods—grappling hooks, ladders. I guess the short answer is that there are a lot of them out there. There are a lot of failed attacks. There is a suspicion that many of them in fact may die at sea. But there are still significant successes.

**Senator HEFFERNAN**—We think of the pirates in sailing ships and we have modern pirates in rubber dinghies! Will you be inquiring into the Sydney airport incident on 22 March 2009?

**Mr Palmer**—I have not been asked or directed to inquire into that incident.

**Senator HEFFERNAN**—Do you think it is within your role if they ask you to inquire into it?

**Mr Palmer**—It is within the role if I am asked to inquire into it, yes. I suspect so on the facts as I understand them.

**Senator HEFFERNAN**—Were you a bit surprised? Maybe you cannot answer that. I am a bit surprised that you have not been asked to take a look at that, because I think it fits perfectly into your role here and your history in your previous job. Given the description earlier on, this fits perfectly into what would be an independent inquiry into what happened at the airport. Mr Tongue, is there a reason that he was not asked to inquire into it?

**Mr Tongue**—We track incidents across the system—minor ones through to major ones—and there are literally hundreds a year. The vast majority of them are benign. The role of the inspector is about system based investigation. That incident was the subject of an AFP investigation, a New South Wales Police investigation and an independent investigation by the Secretary of the Attorney-General's Department. Looking at that number of investigations, the fact that they are still court matters and that the New South Wales Police investigation is ongoing, the question we often face is: what more would we learn? Also, at the moment, Mick is largely full time on the piracy inquiry, which is clearly a matter of strategic international concern. So judgments need to be made about the use of the inspector and the best use of his time. Those judgments are made constantly.

**Senator HEFFERNAN**—I am a worn-out wool classer and welder, as Senator Conroy knows. Is there a chance that that piracy behaviour might come to Australia?

**Mr Palmer**—It is seen by the International Maritime Organisation and the International Maritime Bureau as a global issue that just happens to be showing its peaks in different parts of the world at the moment, including of course particularly off the Horn of Africa. Potentially

it always has the capacity to impact on Australian trade shipping or foreign trade shipping carrying Australian crew—which is of course of concern to the government and the industrial movement here—or foreign registered ships that are carrying Australian cargo. The Malacca Strait and the South China Sea are both areas which have been subject to piracy or armed robbery at sea and continue to be areas of concern internationally for the global community. As you know, criminal behaviour generally begets additional criminal behaviour, particularly when it is successful, so you cannot be complacent about it.

**Senator HEFFERNAN**—So in terms of the Sydney airport incident where there was a loss of life—that is the first incident I want to deal with; I will come to the second airport incident in a minute—as you know, Mr Tongue, I was happy to have an inquiry but we decided not to, and there is some sensitivity around those sorts of issues. I actually think there is a role for you in that because it is a systemic issue. I happened to take the liberty of going to the airport in a casual sort of way. I note that there are a lot more AFP people there these days, but there were four officers consigned to the two terminals that day. One of them was about that big and another one was bigger. It was reasonable for them to say, ‘What am I supposed to do if I’ve got 18 or 20 boofheads there wanting to belt the hell out of someone? Do I pull out my gun and, if I do, do I shoot the wrong person or do I get shot?’ Someone else might say, ‘Well, I have a family and four kids at home. There are two of us and I have to get involved with 16 of them.’ I have to tell you that that was some of the thinking, and I think there is a role for you in looking into that.

I am aware that it is easy to be a smart-arse. But for four AFP officers to be on shift to look after two terminals I think is an unreasonable ask of the AFP. I do not want to get into the silos of communication that had no connection—joining the dots of communication—but I absolutely think there is a role for a bloke with your background to have a crack at that if someone like this committee cannot have a crack at it. There are some dirt-under-the-fingernails issues that layers of bureaucracy will ignore. I have talked to the people on the ground and I have had many discussions with others since, and it is quite obvious that there are not the resources there if someone were to have a serious go sometime. I noticed the other day when I came through Sydney that there were a lot of AFP officers, or whatever they were, around. I would have seen a dozen. I do not know whether the number of resources allocated to the airport has changed as a consequence of what has happened, and I do not need to know. But all I know is that the day that happened resources were very, very light on.

**Mr Palmer**—I cannot speak for the facts of that occasion. But it is important to recognise that when my office was created it was not intended that it replace agencies with front-line responsibility, if you like, or accountability like the AFP and the state police in that situation.

**Senator HEFFERNAN**—I appreciate that.

**Mr Palmer**—My office was created to be an additional resource for governments to consider in situations they thought were appropriate.

**Senator HEFFERNAN**—As the Inspector of Transport Security, the average Australian would be surprised to know that you were not consulted or asked to have a look or do anything with it, given it was a transport security issue. I think the average punter is curious as to how a bunch of boofheads can go to an airport, and everyone know that there is a blue

coming, pull the stunt that was pulled—and unfortunately there was life lost—walk out the front door, get in a cab and go home. That really does not send a strong message on security. If I were having an inquiry—and we are not—I would get down into the dirt-under-the-fingernails issues here because obviously security was inadequate. Anyhow, I will leave it at that. Channel 7 news reported on 8 April an incident on Tuesday, 31 March. Mr Tongue, would you like to tell us about that?

**Mr Tongue**—Senator, I think the incident you are referring to happened in the Customs area at Sydney airport. If it is the one that I am thinking of, it involved at least one individual and possibly some individuals who were not travelling passengers.

**Senator HEFFERNAN**—Could I just give you a little brief?

**Mr Tongue**—Sure.

**Senator HEFFERNAN**—My understanding of this incident was that a group of about a dozen men of Middle Eastern appearance were following two women and entered a restricted zone in the passport clearance area. How the hell did they get in there, for a start? They were approached by a female customs officer who asked them to leave. The men got abusive and threatening. One of them grabbed this woman by the arm and shouted abuse at her. Another picked up several bollards and threw them. Customs contacts say they were thrown at the officers. An official customs statement says they were thrown in no general direction. I mean, if you are having a crack at someone, you would not throw it that way if the person is standing there—and why would you throw them if you were not having a crack? So this is almost corny and inadequate. Several other customs officers then ran over to help. There was no further verbal altercation before the group ran out through the terminal general area into the car park. The incident was over in minutes. By the time the AFP officers arrived, the group had gone.

I understand the officers association was angry and disappointed with the AFP response times and questioned the nature of the security structure at the airport. I understand customs officers were furious that the AFP had not arrested the man who grabbed—that is, assaulted—a female officer. The AFP confirmed that the incident took place and that they were conducting their own investigation but said that it was an insignificant incident. The AFP were angry 7 News aired the report, saying it was not worthy of attention. What a load of rubbish! That could have been another fatal. That was obviously a woman wanting to leave country for God knows what reason and this bunch of boofheads did not want her to leave. They went there to grab her, to stop her from going out of the country. Are you aware of those details?

**Mr Tongue**—I am certainly aware of the incident. I do not wish to make light of it at all. The judgements about what to investigate and an adequate response are judgements for the AFP. I would simply note in that instance that the international terminal in Sydney is a vast area.

**Senator HEFFERNAN**—Yes.

**Mr Tongue**—Even if we deployed 1,000 AFP officers there would still be areas of that vast space where—

**Senator HEFFERNAN**—I entirely agree with that.

**Mr Tongue**—We cannot have hot and cold running police.

**Senator HEFFERNAN**—I entirely agree with you. Have you investigated the incident or seen a copy of the investigation?

**Mr Tongue**—I am not aware that we have investigated it, because it is a matter between the AFP and customs. We would not normally get involved—

**Senator HEFFERNAN**—For God's sake, it is an international airport where people come and go. If one of them had let something off or something—I mean, this sends a signal if you have not investigated it. There is no disrespect in this. I would have thought it made bloody common sense to at least want to know what the hell it was all about.

**Mr Tongue**—We would not normally investigate the AFP's response to an incident. That is a matter—

**Senator HEFFERNAN**—Could the committee have a copy of the incident report?

**Mr Tongue**—I would have to refer that to the AFP and Attorney-General's.

**Senator HEFFERNAN**—Is there an incident report?

**Mr Tongue**—I do not know.

**Senator HEFFERNAN**—This is amazing. This is a bunch of boofheads jumped the barriers into where they were not supposed to be, grabbed a woman and throttled someone who was trying to stop them. You could understand the little policewoman who said, 'If I pull my gun out, I'm dead.' She would be if there are 16 of them. Even if she gets one of them, she is going to get got. We have heard from the earlier incident that there are silo communications. Once that bunch of boofheads came through the front door of the airport, I would have thought someone at the front door, whether it was whatever layer of security, would say, 'Warning! Alert: there's a bunch of boofheads who look aggressive coming in to get everyone lined up.' It is like a bushfire.

**Mr Tongue**—I would make the point that at Sydney international terminal at least 10,000 people a day come through the terminal, through the outwards control—

**Senator HEFFERNAN**—I understand all that, but the difficulty is that it is possible at the international airport to go in and throttle someone, to jump the barrier and say, 'You're not going overseas. Get back to wherever,' and, 'Get out of my road,' to the officers, and then to walk outside, get in a taxi and go home.

**Mr Tongue**—I think it really depends on the circumstances of the particular incident.

**Senator HEFFERNAN**—For God's sake—

**CHAIR**—Senator Heffernan, at least let Mr Tongue answer.

**Senator HEFFERNAN**—Righto.

**Mr Tongue**—I am advised in relation to that matter that one individual has been charged by the AFP with four offences.

**Senator HEFFERNAN**—So I would have thought, given that someone has been charged—now we know that—that there would have been reason for your department to have an investigation, for God’s sake, or at least for the Inspector of Transport Security to be notified about it. Mr Palmer, did you know about this?

**Mr Palmer**—I did know about that incident. We were actually overseas, I would have to say.

**Senator HEFFERNAN**—That is all you have to say. Anyhow, I will leave it there. The travelling public want to know that in that sort of a space there is reasonable safety. You can argue that it is a big space and that there are tens of thousands of people, but if you go—not that I am a bloody jetsetter or anything—to other places and you see it, it is like a speed camera. You are a bloody mug if you do not slow down when you come to a speed camera. If you go to an airport and there is a big bristly bloke standing there with some sort of armament, you think about the fact that he is standing there with some sort of armament. But if there are only four people on shift to look after two terminals and they are too scared to front up—I mean, they are only human—

**Mr Tongue**—With your reference to other places, one of the things that we and the other agencies at international airports do is benchmark ourselves against standards in other countries.

**Senator HEFFERNAN**—Yes, I understand that.

**Mr Tongue**—For any traveller who has been through major international airports there is a vast array of response. Some of it is very tooled up and aggressive; others are lower key. I would describe us as appropriate to the threat at the moment.

**Senator HEFFERNAN**—That is a judgement, and I appreciate that. Australia is a great place. It is the best place in the world to breathe fresh air, drink clean water and raise a family. We are fantastic and we will not appreciate it until we have not got it. But the fact is that if you can go in there and grab someone who you do not think should be going overseas and push everyone out of your road and get in a cab and go home, it just sends the wrong signal. I am pleased that someone has been arrested. Well done, whoever it was—the AFP or whoever. I am pleased to note that there seem to be more AFP people, or whoever they are, walking around the airport. But I just thought this fits perfectly into the Inspector of Transport Security’s bailiwick to be at least consulted. Anyhow, I will leave it there.

**CHAIR**—Mr Palmer and Mr Pearsall, thank you very much for your time. It is nice to be able to see you in the daylight.

[9.29 am]

#### **Office of Transport Security**

**Senator NASH**—I have some questions around the maritime security identification cards. Can you give us a brief on where that is up to and what is happening?

**Mr Retter**—Certainly. The maritime security identification card is currently under review. The scheme has been in place, as you would be aware, and implemented since 1 January 2007. We felt last year that it was timely for a review of the card to ensure that it was meeting

its intended purpose and to see whether in fact we could improve the effectiveness of that regime.

**Senator NASH**—Obviously there has been a bit of concern, which I think has probably been raised in the past as well, that once people actually pass through security no-one is responsible for actually monitoring the MSIC holders to ensure that they display their card at all times, to ensure that no-one sort of slips through who has not been there. Is that actually the case? Are those concerns founded?

**Mr Retter**—There is lots of speculation about what occurs at our maritime wharves. The media have suggested a range of things. Recent publicity in the media, however, is actually to the contrary, suggesting that we have world comparable best practice in terms of the security standards that we have at our ports and port facilities. I would just remind the committee that the purpose of the maritime security identification card regime was one of background checking—that is, to check on the backgrounds of individuals who work unescorted at the port 24/7. It is not intended primarily as an access control management tool. Access is very much the responsibility of the industry participants. So, for example, at a particular wharf it is the authority that is running that particular port that is responsible for ensuring that only those people with a need to go to the secure zone of that port are entitled to do so. I might add that many ports, in addition to patrols by security guards, also use CCTV and other technology to monitor what is going on at their ports. Indeed, many of Australia's ports, as you would be aware, rely entirely on technology because they are highly automated, very complex places where speed of movement of goods and containers on and off ships is critical.

**Senator NASH**—There have obviously been a few media reports lately, just following on from Senator Heffernan, with regard to the bikie gang issue linking bikie gangs to ports. Given that it is only a media report, could you perhaps brief the committee on any concerns that have been happening around that?

**Mr Retter**—I am not sure that I fully understand your question. Is it to do with organised crime or is it to do with the fact that there are incidents that occur at ports and airports from time to time?

**Senator NASH**—As I understand it, there has been a bit of media reporting and, as I say, it is only media reporting. I guess it is just the fact that this is an issue on people's minds at the moment because we have had the issue at the airport. Comparable to the airport issue, is it a threat for ports? Is it something that needs to be managed? Is it something that the office is looking at? Is it a concern?

**Mr Retter**—We take every incident, whether it is media worthy or not, quite seriously. On any given day we can have up to 30 or 40 incidents at an airport. Generally, 99 per cent of those are minor incidents involving people going through a screening point with a prohibited item or whatever it might be. The fact is that we can learn from every incident and we review every incident that occurs. We make conscious decisions as part of that review process as to any weaknesses that might be systemic weaknesses that need to be addressed or mitigated. Indeed, where there is a need to address the fundamental security regime—for example, an airport operator's transport security program—we will go forward and look at what needs to be changed to address a vulnerability that has been exposed by an incident. In terms of recent

incidents involving the bikie gang or the alleged incident that occurred on the 22nd, noting that it is still under investigation by the New South Wales Police, I have reviewed the detailed report done by the Attorney-General's Department and released just recently. This report indicates that, from a policing perspective, the response of the AFP was appropriate in terms of the timeliness of that response. The report also details the nature of the incident and the various movements of various alleged perpetrators at various times during that period.

**Senator HEFFERNAN**—Earlier you said, 'the alleged incident'. You are pulling my leg, aren't you? The incident is not alleged. The incident occurred. You said, 'the alleged incident'. Let us not play games with words.

**Mr Retter**—I am not trying to play games.

**Senator HEFFERNAN**—You will admit the incident occurred.

**Mr Retter**—Absolutely.

**Senator HEFFERNAN**—So how come it is alleged?

**Mr Retter**—I made a mistake.

**Senator Conroy**—I think he just lapsed. It was a legalistic response. I think you are being a little overdramatic, Senator Heffernan.

**Senator HEFFERNAN**—Thank you very much.

**Mr Retter**—Senator, does that answer your question?

**Senator NASH**—It does, thanks. I guess it is just an issue that is on people's minds at the moment, given that it is not something we really expected to happen. I think that is why in the public mind it is something that is of real concern. Given the fact that the New South Wales government are obviously moving towards legislation that they think is appropriate to deal with the issue in general, is there any consideration given by your office to looking at bringing in any kind of legislation that would preclude somebody with links to a bikie gang from obtaining an MSIC? Is that something that is being considered or is that not necessary in your view?

**Mr Tongue**—If I could dive in here, some of those issues are being considered by various state governments, and it has been an issue, for example, that the National Counter-Terrorism Committee has looked at. The point I would make is that bikie gangs are broad in the community and they are a relevant issue for all parts of the community, not just the transport system.

**Senator NASH**—I know, but it is just that the Office of Transport Security is sitting across from us at the table at the moment.

**Senator HEFFERNAN**—But there are known bikie gang members in baggage handling, for instance.

**Mr Tongue**—That assertion has been made.

**Senator HEFFERNAN**—We know about the business of getting the drugs through the airport and all that stuff. We know that one of bikie gangs' main sources of income is the drug

business and we know that most bikie gangs frighten the living daylights out of most regular people and police officers. I have some questions of a very direct nature.

**Senator NASH**—I am happy to accede to my very good colleague for a while.

**CHAIR**—Another middle-aged man pushing the—

**Senator O'BRIEN**—He is old.

**CHAIR**—Sorry, I take that back. I am misrepresenting you, Senator Heffernan: you are an old man.

**Senator HEFFERNAN**—Anyone who wants to step up to the plate and test their strength or their vitality, I invite you to do so.

**Senator Conroy**—What are you going to do? Pull my hair—

**Senator HEFFERNAN**—The only person I will not challenge in this building is Bob Baldwin. Oh, and there is one big security bloke. I think he would yell at me. On Sunday, 22 March a man was publicly bashed to death at Sydney airport in front of horrified passengers and airport staff. At no time did security intervene to stop the event from happening. What is the Office of Transport Security doing to ensure this does not happen again?

**Mr Tongue**—I am cautious about how far we go in answering questions in this matter given that it is before the courts.

**Senator HEFFERNAN**—That is all right. I appreciate that.

**Mr Tongue**—When you refer to 'security', it is not clear to me whether you mean security staff employed by the airport for the passenger screening process, Federal Police staff or other staff.

**Senator HEFFERNAN**—I understand the complexity. But, from the travelling public's point of view, they are security. We know in this building, for instance, there are various grades of security. Some you could confidently run up a flight of stairs a few times without having them have a heart attack; some you would not. So they are graded as to what their capacity is. In terms of a lot of the people you see at airports, if you ran them up a flight of stairs they would be very puffed and I would have no trouble running away from them. But for the public's own peace of mind—and I can appreciate the sensitivity, and there is an inquiry so you should just tell me to shut up at the appropriate time—when you just stand around as security and are spectators to the event, it just does not send the right signal to the public.

**Mr Retter**—To answer your question, the incident and details of the incident, as you would be aware, are contained in the Wilkins report which was commissioned by the government and released publicly I think about the middle of the month. It lays out some facts relating to the incident. Many of them are obviously not releasable at this stage because it is a New South Wales police matter.

**Senator HEFFERNAN**—I understand that.

**Mr Retter**—Notwithstanding that, I think it would be inaccurate to suggest that in the course of the incident nothing was done. There was a range of—

**Senator HEFFERNAN**—No, that is not what I said. I said ‘to stop it from happening’. There was plenty done but no-one actually went in and said, ‘Hang on!’ because they were all too bloody scared—and I do not blame them.

**Mr Retter**—From my perspective, the report issued by the Attorney-General’s Department lays out the facts of the incident that are releasable at the moment.

**Senator HEFFERNAN**—That is fair enough. I will not pursue it.

**Mr Retter**—More facts will come up in due course.

**Senator HEFFERNAN**—If I stepped over the mark, I apologise.

**Mr Retter**—In terms of OTS’s role, we have reviewed that report, we have looked at other factors that relate to the nature of our layered security regime and at this stage—pending what comes out in court in due course—there were no apparent additional measures that we could have put in place. Obviously, issues of policing are matters for the Attorney-General.

**Senator HEFFERNAN**—I do not want to go into why there was no communication when they got on the plane in Melbourne. That is for the inquiry. This is from the travelling public point of view. As I say, it is easy to be wise after the event. How many Federal Police and airport security guards were on hand at the airport at the time?

**Mr Retter**—I could go through the report.

**Senator HEFFERNAN**—Just tell me how many were on duty?

**Mr Retter**—At the time?

**Senator HEFFERNAN**—Yes.

**Mr Retter**—In each of the terminals or across the whole airport?

**Senator HEFFERNAN**—I am talking about the two terminals. There are people who go between terminal 3 and terminal 2. How many were on duty that night? I know the answer and I presume you do.

**Mr Retter**—I have a rough idea what the answer is. Indeed, they are outlined in the Wilkins report.

**Senator HEFFERNAN**—Do not give me a rough idea. You must know. How many people were there?

**Mr Retter**—As I understand it there were two officers who were very close to the incident.

**Senator HEFFERNAN**—That is correct. How many others were on duty?

**Mr Retter**—A second unit of two AFP officers arrived at the scene at around 1.43—that is, about five minutes after the disturbance.

**Senator HEFFERNAN**—But I am asking you how many were on the shift in the two terminals?

**Mr Retter**—I do not know that answer. I would have to get that for you.

**Senator HEFFERNAN**—You do not know that answer. I do.

**Mr Tongue**—Could I also point out that policing arrangements at airports are governed by arrangements with state governments—

**Senator HEFFERNAN**—I understand that.

**Mr Tongue**—such that essentially, depending on the nature of the incident, the AFP merely does what we call cordon and contain. In this instance, the New South Wales Police Force is the responsible response force.

**Senator HEFFERNAN**—I understand that.

**Mr Tongue**—I would not want to leave the impression in the mind of the travelling public that it is simply the AFP.

**Senator HEFFERNAN**—You call in people. That is for the inquiry. I can promise you that we will be having a crack at it when all the other inquiries are over. We will get into the ‘dirt under the fingernails’ side of it. How many AFP police are required to patrol Sydney’s domestic and international airport terminals at any one time?

**Mr Retter**—I would have to take that on notice; I do not know the answer offhand.

**Senator HEFFERNAN**—You’re the boss.

**Mr Retter**—I can give you an approximate figure.

**Senator HEFFERNAN**—And then confirm it.

**Mr Retter**—My understanding is that at any one time there are 30-odd officers of various capabilities available at the airport. I distinguish between community policing—that is, people patrolling around the terminals—and other police doing other duties.

**Senator HEFFERNAN**—I think it would be fair to take this on notice. I think it is an unfair question.

**Senator Conroy**—Most of these questions—and I have not wanted to interrupt your stream of consciousness, Senator Heffernan—are about the AFP. There was an opportunity to ask the AFP these things in the last day or so.

**Senator HEFFERNAN**—I cannot be in two places at once.

**Senator Conroy**—That is the place where you would get the answers.

**Senator HEFFERNAN**—These are the questions.

**Senator Conroy**—As I say, I have not wanted to interrupt you.

**Senator HEFFERNAN**—Thank you very much. I appreciate that.

**Senator Conroy**—You are probably straying a little outside of Mr Retter’s areas of responsibilities.

**Senator HEFFERNAN**—On notice, how many AFP officers are required to patrol the domestic and international airports at any one time? How many airport security guards and Federal Police are on duty at any particular time? You might give consideration to whether these numbers need to be raised. They may well have been. I was pretty impressed with the numbers as I went through Sydney airport the other day. I did not know whether they knew I was coming or whether I looked suspicious or something, but there were plenty of officers

around—and I did not have my pocketknife. Which types of weapons are typically carried by airport security guards and what types of weapons are carried—

**Senator Conroy**—You should be careful what you wish for, Senator Heffernan.

**Senator HEFFERNAN**—Okay.

**Senator Conroy**—You should be careful what you wish for.

**Senator HEFFERNAN**—This may not be a suitable question to ask about weaponry.

**Mr Tongue**—Could we duck the weaponry question?

**Senator HEFFERNAN**—Right. I am aware of the sensitivities and need guidance. Do you believe that if there were a coordinated terrorist attack—and I realise this is a hypothetical question—at one of our major airports the current security arrangements would be able to deal with it?

**Mr Tongue**—That is hypothetical.

**Senator HEFFERNAN**—I refer to the airport security officer program. Airport security officers, colloquially known as sky marshals, have been providing a security presence on selected domestic airlines since 2001 and two years later, according to page 34 of the Australian Federal Police July 2008 edition of its quarterly magazine *Platypus*, on selected international flights. Is that still correct?

**Mr Tongue**—Yes, it is.

**Senator HEFFERNAN**—Are they armed?

**Mr Tongue**—Those operational questions I would refer to the AFP.

**Senator HEFFERNAN**—Okay. I understand that in the 2008-09 budget the government allocated \$8.4 million to continue funding this program.

**Mr Tongue**—Not in our portfolio, but that sounds accurate.

**Senator HEFFERNAN**—Could we be made aware of what the budget is for these people?

**Mr Tongue**—Certainly, we will take it on notice and provide it to you.

**Senator HEFFERNAN**—I note that, in spite of the funding and in spite of the Aviation Legislation Amendment (2008 Measures No. 1) Bill 2008 that was passed last year to clarify the power of sky marshals to lawfully discharge firearms—this might be sensitive, too—there have been persistent reports that the government is cutting this essential security initiative.

**Mr Tongue**—I am certainly aware of the media reports. All I would comment is that there is a Sky Marshal program which operates. I think that is as far as I would be prepared to go.

**Senator HEFFERNAN**—Obviously, this is drawing it to your attention. If it is the case, perhaps you can go back and make a reassessment in view of recent events. Is the government committed to preserving the Air Security Officer Program?

**Mr Tongue**—That is a question for the minister.

**Senator HEFFERNAN**—You might take that on notice.

**Senator Conroy**—I will happily take that on notice for you, Senator Heffernan.

**Senator HEFFERNAN**—Does the government accept comments reported in the media, allegedly made by human services minister Joe Ludwig early last year—in the *Herald Sun* on 15 February 2008—that the number of sky marshals was to be cut by one-third on a number of international flights? Does the government agree with his comments?

**Senator Conroy**—I am not sure that that is an accurate representation of—

**Senator HEFFERNAN**—Can you take that on notice?

**Senator Conroy**—what Senator Ludwig said, but I will take it on notice. If there is any information we have to clarify for you—

**Senator HEFFERNAN**—What cuts has the government made to the Air Security Officer Program or on what basis has this decision been made? Is it based on security assessment or purely a budgetary measure?

**Mr Tongue**—That is a set of questions in the Attorney-General's portfolio.

**Senator HEFFERNAN**—Can you take it on notice?

**Mr Tongue**—We will see what we can do.

**Senator Conroy**—We will pass it across to them.

**Senator HEFFERNAN**—I refer to the aviation security screening review. I understand that this is a review of the screening systems we have in our airports. It is looking at things like national inconsistencies, passengers' experiences of screening, retention and training of security personnel, technological changes and challenges; is that correct?

**Mr Tongue**—I will ask Mr Retter to handle that.

**Mr Retter**—Yes.

**Senator HEFFERNAN**—I note that the minister in June 2008 announced the formation of an external advisory group to assist this review. Is this when the review started?

**Mr Retter**—The review started around February 2008. The advisory panel came together very soon after the minister's announcement and they worked assisting my staff on the review and the subsequent report until December 2008.

**Senator HEFFERNAN**—How many submissions were received?

**Mr Retter**—I will just check that for you, Senator, but it was in the hundreds.

**Senator HEFFERNAN**—That will do as an indication. The minister's media release of 4 June 2008 stated that the review would be finished in December last year. Has it finished?

**Mr Retter**—The report has been concluded.

**Senator HEFFERNAN**—What—it has been drafted?

**Mr Retter**—It has been drafted.

**Senator HEFFERNAN**—Obviously it is to the minister. Has the minister considered the recommendations?

**Mr Retter**—The minister has seen the report and the recommendations and he has directed that those recommendations be reviewed in the context of the national aviation policy statement due to be released later this year.

**Senator HEFFERNAN**—I note that the United States proposes to introduce a 100 per cent screening of cargo transported on passenger aircraft. Is that correct?

**Mr Retter**—Yes, that is correct. There is a law in the United States which outlines the US requirements for 100 per cent screening of air cargo travelling in passenger aircraft.

**Senator HEFFERNAN**—Is it correct that 80 per cent of Australia's domestic air cargo is carried on passenger aircraft?

**Mr Retter**—That is correct.

**Senator HEFFERNAN**—How much cargo—that is, in terms of tonnes or items of weight?

**Mr Retter**—Senator, your question was how many tonnes by weight?

**Senator HEFFERNAN**—Yes.

**Mr Retter**—I cannot give you that answer. I will have to take it on notice and check.

**Senator HEFFERNAN**—In terms of the loaded plane, would the freight be more than the passengers?

**Mr Retter**—I do not know. I will have to take that on notice.

**Senator HEFFERNAN**—That is the sort of stuff I am after—the break-up. The 80 per cent of the freight that is carried on passenger planes; how much of it is screened?

**Mr Retter**—All of the cargo that goes on our passenger aircraft is subject to a variety of security measures but not all of it is screened.

**Senator HEFFERNAN**—So how much is screened—a fifth, a tenth, two per cent, one per cent, every now and then?

**Mr Retter**—What I can say is that it is impossible to screen all domestic air cargo.

**Senator HEFFERNAN**—I understand the logistical problem.

**Mr Retter**—It is not just the logistics; the technology is the problem.

**Senator HEFFERNAN**—But the US is going to do that?

**Mr Retter**—The US is insisting upon 100 per cent screening of imported cargo as well as its own internal measures for domestic. But the US just recently at congress hearings indicated to the congress that it is impractical to produce a 100 per cent solution.

**Senator HEFFERNAN**—Maybe the devil you do not know is better than the devil you do. I mean, it is like this building here. I used to be on the security and I demonstrated very ably a few times how you get into this building without going through screening. You will be pleased to know they have fixed it. But you have sort of got to think like the other side. Obviously I will not progress that, but you know what I mean. Does the government propose to implement the same policies as the US regarding air cargo security screening?

**Mr Retter**—Towards the end of the years, there will be, I think in the context of the national aviation security statement, a discussion of what additional measures, if any, the government will put in place in terms of air cargo screening. We are progressively, as we did under the previous government, implementing a range of measures related to vulnerabilities in the air cargo supply chain and we will continue to do that.

**Senator HEFFERNAN**—I might just give you a heads up: I am going to ask some questions about air space later. How much do you reckon the policy would cost if you do? The US congress might be saying, ‘Hang on, they can’t fund their own health system, let alone their aircraft security. They have got 69 million people retiring in the next four years, the baby boomer generation, and they can’t fund their health care.’ Have we done any estimations on the options and how you would pay for it?

**Mr Retter**—That is going to the heart of what options the government might consider in the future, but the fact is that we have not actually costed a 100 per cent screen—every piece of cargo going on every plane, domestic or internationally—because we do not believe that is a practical solution.

**Senator HEFFERNAN**—But you have costed some options.

**Mr Retter**—We have costed some options and they will be put to the government for a decision down the track.

**Senator HEFFERNAN**—At what stage of the game will we be able to see that stuff?

**Mr Retter**—Once the white paper is released by the government.

**Senator HEFFERNAN**—What sorts of regulatory anomalies and national inconsistencies has the screening review uncovered in Australia’s approach to security screening? You may not want to answer that. There obviously is. Are you able to say that there are? I do not want you to breach the wellbeing of the safety operation.

**Mr Retter**—We have found in broad terms that from a passenger perspective over 93 per cent of passengers were happy with the screening experience. From a security perspective, in terms of whether we could improve, the answer is yes, there are areas that we can improve on. Those are matters for the government to consider as a range of options.

**Senator HEFFERNAN**—Are there national inconsistencies?

**Mr Retter**—In terms of the security outcomes, no. There are obvious differences in approach, slight variations in the way in which screening is conducted because of infrastructure issues and variations in the way in which people approach the job from a day-to-day perspective, but by and large the security outcome is a consistent one.

**Senator HEFFERNAN**—We just need to maintain the speed camera effect, you know. You will not break into a car that has a steering lock on it, you will pick on one that does not—that sort of thing. Are there jurisdictional inconsistencies that cause inefficiencies in the screening processes and what are they if there are some?

**Mr Retter**—I am not sure I understand the question, sir.

**Senator HEFFERNAN**—Between the different states.

**Mr Retter**—Given that the legislation that governs the screening process is Commonwealth legislation, I am not sure what you are alluding to. Are you suggesting that it is because—

**Senator HEFFERNAN**—No, no, no, I am going to come to it. Between the states, is there a national consistency?

**Mr Retter**—In terms of aviation security screening, yes.

**Senator HEFFERNAN**—And when it comes to local government, where an airport is owned by, say, Wagga City Council.

**Mr Retter**—The screening process is governed by the act and the regulations.

**Senator HEFFERNAN**—So the answer is no, there is no inconsistency?

**Mr Retter**—There is no inconsistency in the security outcome demanded.

**Senator HEFFERNAN**—I suppose what I am asking is: can someone who owns an airport, whether it is a council or whoever, tell you they are not going to do whatever it is?

**Mr Retter**—Under the regulations and the act, those airport operators who are running services that require to be screened must meet the requirements of the regulations and the methods, techniques and equipment that we use for screening and they do not have leeway in terms of turning to me and saying, ‘Look, we are not going to do this.’

**Senator HEFFERNAN**—If, for instance, in the case of Tamworth, you decided to screen everyone and do all the things that happen at Sydney airport, they would have no choice but to do it?

**Senator Conroy**—Would that slow down your visits to Canberra?

**Senator HEFFERNAN**—I drive to Canberra.

**Senator Conroy**—We could be in that. We are prepared to look at anything that slows you down, Senator Heffernan.

**Senator HEFFERNAN**—You would have to knock out the McDonald’s at Yass and Gundagai. Then you would slow me down. Senator Back has some questions.

**Senator BACK**—I just want to draw attention to the checked baggage screening initiative for regional domestic airports that was announced in the 2007-08 budget. Since the introduction of that program in December 2007 how many checks have been conducted on checked luggage at those regional airports?

**Mr Retter**—I will have to take on notice the precise number. What I can say to you is that each of the airports that has been required to introduce checked bag screening has been visited numerous times by my staff to check that those systems are operating. Where we have found irregularities or issues that needed to be addressed they have been taken up with the operators of that equipment at each of the airports.

**Senator BACK**—I would appreciate those numbers and percentages. Can you tell me how many regional airports are actually covered by the scheme now?

**Mr Retter**—From memory, 29 regional airports were covered under the decision of the previous government to receive that. I can give you the 29 airports if you want me to list them.

**Senator BACK**—I am actually more interested, in how many that 29 would be as a percentage of the total. How many regional airports in total are we dealing with?

**Mr Retter**—Of the regional screened airports we have a total of 34. Twenty-nine were subject to that particular initiative. The additional five have elected to take on air services which require screening subsequent to the decision of the government.

**Senator BACK**—I am interested as to how you might be able to explain the incident in March of this year, when a young fellow carried a number of weapons, including a revolver and a pistol. I think he commenced his journey in Karratha and went to Perth and then on to Cairns, where I think he was detected. Can you give us some information on that particular exercise—what happened and where it might have fallen apart?

**Mr Retter**—The issue here is that the nature of the screening that is conducted on checked baggage is designed to detect explosives. What was being carried in that checked baggage was, as it now appears—and I understand the individual has been charged and found guilty—a number of weapons and ammunition. The fact that the individual who was on that aircraft had no access to those weapons is one of the mitigation measures which means that we are able to focus on the real threat to checked baggage from a security perspective, which is the issue of explosives. Indeed, the X-ray machines are designed to alarm when they detect potential explosive components or actual explosives. They are not designed to alarm for, nor do the regulations require that operators report when they detect—if they detect—weapons or any other contraband in those bags. Having said that, from time to time where they are detected those matters are brought to police attention at those airports. As I understand it, the laws that would have been broken in this particular case related to dangerous goods laws and, indeed, other laws pertaining to the movement of weapons from jurisdiction to jurisdiction.

**Senator BACK**—I wonder if you could tell us, then, how they were detected at Cairns. Presumably he picked up his checked bags having got off the plane and was walking out of the terminal, was he?

**Mr Retter**—I am not aware of the precise circumstances in terms of how he was picked up at Cairns Airport, other than perhaps he was to go on another flight somewhere from Cairns and they were actually picked up as part of the baggage-screening process at that airport.

**Senator BACK**—I would be interested to learn if that is the case. Are you aware of how many checks under the baggage-screening initiative have been undertaken in Karratha since the program started? Is that information that would be available to us?

**Mr Retter**—We do not collect information on the number of bags, but we can check to see whether that information is available.

**Senator BACK**—Thank you.

**Mr Tongue**—As a general rule, the mathematics of this are that in the airline industry you multiply the number of passengers by 1.2 to work out the number of bags. We will do that mathematics for you as a broad guide.

**Senator BACK**—Thank you. At Karratha Airport do you use your own employees or subcontractors for this exercise?

**Mr Retter**—The Office of Transport Security does not employ screeners; they are employed by the screening authorities. In the case of many of our regional airports, the screening authority is either a company that has been brought in to undertake those duties that subcontracts or indeed a local council that subcontracts.

**Senator BACK**—Who would conduct the security checks of those personnel themselves?

**Mr Retter**—We undertake compliance assurance checks. This occurs on an irregular basis but a basis of risk based compliance. In other words, we focus our efforts on the high-risk locations and then work our way down. As I said before, each of the airports that have introduced checked baggage screening have been visited by our staff from various locations to verify that the procedures have been put in place effectively.

**Senator BACK**—Is it your office that takes responsibility for the conduct of passenger screening at the international airports?

**Mr Retter**—No. Again, it is the same arrangement. Nationally, there is a range of screening authorities that are appointed by the secretary. They in turn either undertake the screening themselves or employ subcontractors to do that work.

**Senator BACK**—In terms of passengers' cabin baggage, is it the case that it is X-rayed and that liquids, aerosols et cetera over a specified volume are identified and removed as they pass through the metal detector?

**Mr Retter**—In the case of international flights—that is, passengers who are leaving from an international terminal and flying overseas—at the screening point they are screened to ensure that their liquids, aerosols and gels that they may be carrying are below the prescribed limit.

**Senator BACK**—Would you have information for us or can you make it available to us—for example, taking the last 12 months—as to how many instances or events there have been that have prevented passengers from being screened for liquids, aerosols, gels et cetera for whatever reason?

**Mr Retter**—I am unaware of any passengers not being screened and leaving Australia through international terminals on regular passenger flights.

**Senator BACK**—Can you tell me what actually happens when aerosols, liquids, gels et cetera are confiscated? What happens to them? Presumably they must be disposed of in some way?

**Mr Retter**—They are disposed of.

**Senator BACK**—Do you have any details as to how that disposal process takes place? Who does it? Is it under your control or the control of delegated officers?

**Mr Retter**—I will check on that answer. My understanding is that the screening authority is required to dispose of the items and we periodically check to see that that has been done.

**Senator BACK**—So there is some sort of an audit process by your office of the—

**Mr Retter**—We confirm that those confiscated items have been disposed of, yes.

**Senator BACK**—You were discussing earlier the fact that the concentration is on explosives—and I can understand that—particularly items that are going into checked baggage. Who is actually responsible for ensuring that these inspections and screenings take place under the legislation?

**Mr Retter**—The screening authority is the responsible entity to ensure that the screening or the security outcomes meet the requirements of the act and the regulations and comply with the methods, techniques and equipment specified by the department.

**Senator BACK**—Is the ‘screening authority’ the screening authority in each state respectively, or it is a federal thing?

**Mr Retter**—They are entities appointed by the secretary. They can vary. Some airlines are screening authorities, such as Qantas, for example. Major airports are generally screening authorities. As you said, there are instances where local councils have taken on that role.

**Senator BACK**—Would the information be available as to how many random checks are undertaken of passengers? For some reason or other, my wife seems continually to be the subject of screening, to which I have absolutely no objection. Would you have any idea at all as to what would be the number or percentage of passengers being randomly checked?

**Mr Retter**—I think you are referring to explosive trace detection screening. Is that the secondary process you are concerned about?

**Senator BACK**—That is what I am asking about, yes.

**Mr Retter**—That is conducted on a random and continuing basis, and the percentages will vary from screening point to screening point but, generally, it is in the realm of five to 10 per cent.

**Senator BACK**—Five to 10 per cent? Thank you. Under what legislative authority do the security guards who undertake the various checks actually do the physical tests?

**Mr Retter**—That is in accordance with the Aviation Transport Security Act—the associated regulations—and referred to in the regulations are the methods, techniques and equipment to be used to support the screening process. That is the more procedural aspect.

**Senator BACK**—I just wonder out of interest if you can give me some idea how you deal with culture and other sensitivities in that particular regard, for example, veiled ladies wanting to leave the country et cetera? Can you give me some understanding as to what facilities and legislative directives we have in place to oversee and undertake that process?

**Mr Retter**—Senator, there has been guidance provided to the screening authorities and to the screening companies that undertake this work to be sensitive to the needs of those people with special needs. They can range from people who are disabled, elderly, or those with particular religious beliefs in terms of how they should be screened. Indeed, as part of the screening review recently conducted, some recommendations have been made to improve that process and that education process. But there is a facility for private screening to be used and on a number of occasions I am aware that that particular facility is availed. Other people are

happy to be screened in the open in front of everybody, but I appreciate that that is not necessarily always the case.

**Senator BACK**—I have two questions in relation to that. The first is: are you satisfied—and ultimately can you satisfy us—that the same standards or equivalent standards of protection for all people travelling are exercised as a result of those events taking place?

**Mr Retter**—The events being—

**Senator BACK**—The alternative ways in which those screenings, or those security checks, are undertaken.

**Mr Retter**—Senator, the way in which those screening activities take place is designed to achieve a security outcome but being sensitive to the needs of the individual passenger.

**Senator BACK**—Thank you.

**Mr Retter**—We have been looking at alternative approaches to the current methods that we are using. Indeed, and as you may be aware, we have recently conducted some trials of alternative technologies that might actually be a better solution. The report on those trials is currently being written. Once it is produced, it will be provided to the government to consider whether or not it wishes to go down an alternative approach. In the interim, and in addressing your particular issue—to do with could we improve the way in which we address people with special needs in terms of screening but still achieve the security outcome—the answer is that I believe that we could and, indeed, my intention is to develop better, more defined guidelines on how we will undertake that work.

**Senator BACK**—In line with that same area, would it be recorded or are you aware of instances—or are there any instances—in which people have actually objected to the process of being screened and, as a corollary to that, can I ask you what is the policy in relation to people who flatly refuse to be screened? Are they simply denied access to an aircraft? The first question is: are you aware of the number of instances—or are there instances—where people have objected to being screened?

**Mr Retter**—I do not have in front of me the number of incidents. I am aware that from time to time there have been incidents involving people who would object to being subject to the screening process, or secondary screening in some instances. We are working with associations like the disability association to produce, as I said, guidelines that will outline better approaches but still achieve a security outcome. In terms of your second question—

**Senator BACK**—Related to what action would be taken if someone refused to be subjected to screening, or subject themselves to screening.

**Mr Retter**—The normal options available to someone, without getting into the legal niceties of where they are in the screening point, is that they will either be denied access into the sterile area or, alternatively, we would call the AFP, if required, to deal with the matter by talking to the individual concerned.

**Senator BACK**—Thank you. I have some questions in the maritime area, but because we were speaking of aviation can I defer to my colleague.

**Senator HEFFERNAN**—Going back to where we left off, how many security staff are employed in screening operations in Australia?

**Mr Retter**—Approximately 5,000, Senator.

**Senator HEFFERNAN**—The current economic crisis aside, if the long-term growth in passenger numbers averages four per cent a year to 2025, as stated in the government's national aviation policy green paper, will there be a shortfall in security screening personnel?

**Mr Retter**—Senator, I think one of the great challenges we face going forward in this particular area is to find suitable numbers of people, together with suitable technology and processes, who are going to be able to address an increase in passenger numbers, to keep the facilitation rates moving forward at the speed that we need so that we do not have bottlenecks at our airports. I am pleased to say that my personal experience, looking at various airports around the world, is that we have one of the slickest security regimes at the moment in terms of facilitation rates. My aim is to keep it there, as is the industry's. We have been working hard together on strategies looking at the training of staff, better processes and better equipment going forward that will allow us to do that. We are cognisant of the numbers—four per cent growth being the optimistic end, I guess, of the growth rates.

**Senator HEFFERNAN**—By the way, we also have the world's greatest airline—Qantas—and if you want to test that, get on American Airlines. Obviously, one of the great problems for air travel is that people now think it is supposed to be cheap. At some stage of the game, as I have said in this place at other times, if you expect to fly from Sydney to Port Douglas for \$99 or \$50 and airlines cop that, which is not the real cost, eventually you either stop the service or the planes will start falling out of the sky. Much the same applies, I suppose, to the level of security that the community demands. There is a cost to it. What is being done to meet the recruitment and training challenges in aviation security personnel so that Australia will have sufficient numbers of aviation security to meet the increase in projected demand?

**Mr Retter**—We have recently put in place some new improved training materials and guidelines in terms of competencies required for screeners. We have looked at, as part of the screening review report—and it is a matter for government to look at—a range of other options to improve the image and the perception of the role of a screening officer at our airports in particular. Indeed, I think the solutions to the problem are both making sure that the image—the culture, the standing of that particular profession—is improved as well as the fact that we need to improve the quality of the training of the individuals and, in some cases, to improve the quality of the attitude in terms of how they regard the passengers they are dealing with.

**Senator HEFFERNAN**—I understand that. It is what we call bedside manner with a doctor. You want a doctor to be friendly but you also want him to be competent in what he does. So the same thing applies.

**Mr Retter**—Yes, absolutely.

**Senator HEFFERNAN**—And drawing out of the pool, I would have to say, is a great challenge, because with most security organisations they often end up with professional boofheads in security. The aviation green paper flags that the government is considering a

central screening authority to run screening operations in Australia's airports. What are the views on such an approach by stakeholders in the aviation sector?

**Mr Retter**—It would be fair to say that the public consultations on the range of options that are available to be looked at as part of the going forward in terms of screening authorities and various options is that there is no agreement. There is a range of views that extend from everybody who loves it at one end of the spectrum—a small group—to a complete opposite view by a range of other players. There is no real consensus, other than the current screening authority regimes, on balance, seem to be working pretty well. They can be improved. I think we all agree on that. The issue is just what the government wishes to do in the future, and that is obviously a matter for the minister in due course.

**Senator HEFFERNAN**—Under the green paper, have you given consideration to what the cost of that would be?

**Mr Retter**—As part of the green paper, in addition to what models we might employ we also said we would look at the costing aspects of those models. So the answer is yes.

**Senator HEFFERNAN**—Obviously there will be a reasonable increase in costs?

**Mr Retter**—That depends upon what the government decides to do. I have no idea what the minister—

**Senator HEFFERNAN**—Anyhow, that will turn up in due course in a white paper. Do you know whether it would be funded by further levies on the industry? Is that a proposal?

**Mr Retter**—That is a matter for the minister. I am not aware of any proposals at the moment.

**Senator BACK**—If I can just stay with that green paper for a moment, Chair, and then I will go on to maritime. Page 87 of the green paper states:

A number of other issues have been identified by industry in response to the Issues Paper and these are:

- inconsistencies between different airports and different screening authorities in the passenger screening process and security outcomes;

This probably follows on from the discussion you were just having with Senator Heffernan. Can you explain what this statement means? What do you understand to be the 'inconsistencies' that the industry is speaking about?

**Mr Retter**—The travelling public's experience at different airports does vary to some degree from airport to airport. It varies based upon sometimes the layout of the airport, the number of passengers who are going through a screening point, how long they are delayed. In some cases, there are minor variations in terms of how an X-ray machine might perform at a particular point on a given day versus how somebody dressed exactly the same might get through a screening point on another day. Those sorts of minor variations in the process or the experience are acknowledged. To some extent, part of me thinks that is a good thing. If I were a bad person trying to look for weaknesses and vulnerabilities, the last thing I would want to know is that there were variations in the approach to screening that is being applied to a passenger. What I would be looking for was a common approach so we could exploit it.

From my perspective, we need to get the balance right and achieve a security outcome which is consistent—that is, we want to get passengers on board an aircraft who do not have prohibited items or weapons or anything else that could unduly interfere with that aircraft. That is the aim. We wish to do that as expeditiously as we can so we do not have the experience of long queues that some other countries have, but at the same time we need to be confident that we are getting a security outcome which is consistent. That does not necessarily mean that I am suggesting we have to do it slavishly the same way at every airport.

**Senator BACK**—All the time.

**Senator BUSHBY**—I have a couple of questions about the security at Hobart airport, particularly in respect of freight. Are you able to tell me how many of the staff at the Hobart airport who deal with air freight have the proper regulated air cargo agent training?

**Mr Retter**—I will have to take that on notice. I do not have that information at hand.

**Senator BUSHBY**—There have been some reports of a lack of security at Hobart airport. Are you aware of it?

**Mr Retter**—Are you talking about a lack of security in relation to air cargo?

**Senator BUSHBY**—Yes.

**Mr Retter**—I am not aware of those incidents. I would be happy to speak to you separately and get that advice and go and chase it up.

**Senator BUSHBY**—I will run through some questions and see if you can answer any of them. If not, if you could take them on notice it would be appreciated. There have been reports that cargo is stored in facilities which are not secured adequately. Can you confirm whether all cargo at the Hobart airport is stored adequately?

**Mr Retter**—I am unaware of any reports or incidents that have been reported to us that suggest that cargo is not being dealt with appropriately.

**Senator BUSHBY**—When was the last time a full security check or audit was conducted at Hobart airport with regard to the storage of cargo?

**Mr Retter**—I can assure you that there would have been checks done at Hobart in relation to air cargo. I cannot give you the precise date but we will take that on notice and give you that date.

**Senator BUSHBY**—Thank you. Is cargo at Hobart airport always stored in sterile cargo storage spaces?

**Mr Retter**—I am unaware that cargo is not being dealt with as it would normally be expected to be dealt with. If there are incidents, I will have that checked and come back to you. It will require me to talk to the officers who actually do those inspections.

**Senator BUSHBY**—Thank you. What is the volume of cargo that comes through Hobart airport? Are you aware of whether it is increasing or declining?

**Mr Retter**—I am not aware of the actual amounts of cargo in terms of tonnage that go through. I will have to take that on notice.

**Mr Tongue**—I would make the point that generally across the system cargo tonnages are declining because of the financial crisis. So trying to separate out what might be a long-term trend may be difficult.

**Senator BUSHBY**—I will take that on board. So, in general, you are not aware of any problems that have come to your attention with security at Hobart airport?

**Mr Retter**—Certainly none that have been reported to me as an incident, which is what is required if there is an issue there.

**Senator BUSHBY**—Have you received any complaints from industry or staff regarding security breaches or cargo not being stored correctly at Hobart airport?

**Mr Retter**—Not that I am aware of.

**Senator BUSHBY**—Have there been any complaints about the way in which airlines store spare parts at Hobart airport?

**Mr Retter**—Not that I am aware of.

**Senator BUSHBY**—If a complaint is received, what would be the process for dealing with it?

**Mr Retter**—Where we detect through an incident being reported, through other sources of information or indeed through our own compliance activity that there are failings or inadequacies in the security regime being adopted, whether it is for broad aviation security aspects, including air cargo, then we will take the appropriate remedial action. We are a responsive regulator. That means that the response is not necessarily a default to an infringement notice or a fine of some sort. We will look at it on a case-by-case basis. If we find, however, that an industry participant is wilfully not complying with the law, then obviously we go to the top end of the responsive regulator model, which is where I start to get quite punitive about how things are dealt with.

**Mr Tongue**—Can I say, too, that under the legislation there is an obligation to report incidents.

**Senator BUSHBY**—On staff?

**Mr Tongue**—Yes.

**Senator BUSHBY**—That does not surprise me. Is it possible that unauthorised staff could have access to air cargo in storage facilities at Hobart airport? I imagine you would probably have to take that on notice as well.

**Mr Retter**—I can answer it in the broad in that each airport in its transport security program is required to provide us with a list of the measures they are putting in place to ensure the integrity of the airside and the sterile areas at those airports. That includes the airside areas, where I think you are implying there are sheds that open on to the airport. As part of that transport security program, Hobart airport together with those other participants—the other companies working in that space—are required to ensure there is no unauthorised access to those areas. If there are instances where that has occurred, I am certainly not aware that it has been reported, but if we were aware of those issues then we would act to deal with them.

**Senator BUSHBY**—If issues along these lines were brought to the attention of a relevant federal government minister, would you expect that you would be notified to look into it?

**Mr Retter**—I would hope that if anybody became aware of an issue that was a security concern we would be advised so that we could take some appropriate action.

**Senator BUSHBY**—Thank you.

**Proceedings suspended from 10.31 am to 10.45 am**

**CHAIR**—We are back on track. Thank you, Minister, and officers of the department. Senator Back, you are in continuation.

**Senator BACK**—Thank you.

**Mr Retter**—Senator, if I may before we start, you asked me a question in relation to the checked baggage screening issue where in Cairns a young passenger had been found with weapons in his bag. Could I correct the record. I indicated that he had been before the courts and found guilty. The fact is that he has been charged but not yet found guilty. He has not been before the courts, so could I correct the record in terms of that evidence.

**Senator BACK**—Thank you. I appreciate that. My only recollection when you leave an airport is the sniffer dogs. I am wondering in all seriousness whether the animal is trained to detect weapons—presumably not, because I think they are mostly trained to detect pheromones from foodstuffs.

**Mr Retter**—It is fair to say that there are dogs used for a variety of purposes at our airports. One purpose is to find explosives. But it really is a question of where the dogs are in relation to where pieces of cargo and baggage are moving at the time. The most foolproof way of finding explosives, we believe, is to use the checked bag screening X-ray systems that we have in place.

**Senator BACK**—I want to return to maritime security and particularly the identification cards. Some questions were asked earlier. I want to come back to the point that if the Attorney-General determined that an applicant was ineligible for a marine security identification card the applicant can apply to the secretary of the department of infrastructure to exercise their discretion to overturn that decision. What role, if any, does your office play in advising the secretary on what might be appropriate action to take in that event?

**Mr Retter**—It is correct that when an individual, prima facie, has been refused an MSIC as a result of a background check invariably that is due to them having committed an offence which is a prescribed offence in accordance with the Maritime Transport and Offshore Facilities Security Act. In terms of what we consider on behalf of the secretary as to whether or not we subsequently agree to provide a card to that individual, we look at the nature of the offence the person was convicted of; the length of the term of the imprisonment imposed upon him or her and, if she or he has served a term or part of a term, how long it is; and his or her conduct and employment history since that sentence was imposed. In the case of where a sentence has been suspended, we also look at how long the sentence was and their conduct subsequent to that period. We also canvass any other information that is provided either by the applicant in terms of the background to the issues that related to the offence and indeed their current employment.

**Senator BACK**—Can you tell us or perhaps take on notice, on an annual basis over the last four to five years, how many applicants may have appealed that decision to the secretary and how many have actually successfully appealed that decision to the secretary?

**Mr Retter**—There were the 39 which were approved unconditionally—that is, a delegate at the assistant secretary level made that determination.

**Senator BACK**—This is in the last financial year?

**Mr Retter**—Sorry, I will have to give you that on notice because, whilst I have some broad figures here, I am sure that they do not relate to the last financial year. They are probably since the scheme was put in place. I can give you those figures in lieu if you wish, or would you prefer—

**Senator BACK**—If you could give me those figures, and I also would prefer the breakdown if you can. You were saying 39 have been approved.

**Mr Retter**—Let me explain that there are two levels of appeal—first at the assistant secretary level and then at the first assistant secretary level, which is at my level. It would appear from looking at the figures I have in front of me that since the scheme was put in place—and you recall that we implemented the scheme from 1 January 2007, albeit from a legal perspective the scheme was in place since September 2005—we have had 39 unconditional approvals at the first level, the assistant secretary level. Where people have been knocked back and then tried again, there have been three successful appeals, meaning a total of 42 people have received an MSIC on appeal. There have been a total of 24 that have been given approval for a card but with conditions. Those conditions can relate to the length of time that that individual can hold the card before their background is rechecked. That is one example of the sorts of conditions that we can impose. There have been a total of 12 people refused a card on appeal, and there are five currently pending.

**Senator BACK**—Just coming to the practicalities, the card is required to be worn all the time if you are in a relevant maritime security zone. That is correct, is it not?

**Mr Retter**—That is correct.

**Senator BACK**—Cardholders are checked at the entrance to the zone to ensure they are legitimately allowed to be unaccompanied on a wharf, as I understand it. Is that correct?

**Mr Retter**—At the various access points into a particular port—whether they are drivers of vehicles taking containers in or out or workers going through to work on the wharves—yes, that is correct.

**Senator BACK**—And who undertakes the checks?

**Mr Retter**—The industry are responsible for access into their secure zones and the industry are responsible for the conduct of those access arrangements. Invariably they employ private security guards or their own employees who are security staff to undertake those checks as part of the normal process of ensuring their ports are free of people who do not have a clear operational need to be there. That is done obviously for occupational health and safety reasons, criminality reasons as well as security reasons.

**Senator BACK**—Presumably, then, the same people—the security guards who are either employees or contractors from industry—would be responsible to ensure that the cards are displayed at all times.

**Mr Retter**—It is an offence, as you stated previously, if somebody is not wearing a card. It would be an obligation of the staff who are employed in that area to wear the card. Indeed, if management or security staff become aware that they were not wearing the card, there is an obligation on them to report the same as an offence. Equally, my staff when they conduct compliance activities at the ports check to see that MSICs are being worn.

**Senator BACK**—Can you tell me how many staff you would have at Australian ports who actually ensure that industry based security guards are doing the right thing—undertaking the checks, the spot checks et cetera?

**Mr Retter**—We have approximately 130 transport security inspectors located around Australia at our five state offices—in fact, six if you count Darwin. We have state offices in Perth, Adelaide, Melbourne, Sydney and Brisbane and a small office located in Darwin.

**Senator BACK**—Are some of those staff actually deployed on the wharves themselves?

**Mr Retter**—The way in which we operate is that they are located at our state offices. They will, in accordance with our national compliance plan, visit ports, airports and other locations as required. That might mean that they visit, for example, a port and conduct a full-blown audit on occasion. They might also visit simply to do a short snap inspection looking at a particular issue which might be, for example, MSICs. We vary the regime and we try to be as unpredictable as possible.

**Senator BACK**—Presumably, if compliance is high then the number of inspections is reduced and if compliance is ordinary or less then you would conduct more frequent audits until such time as compliance was to your standards?

**Mr Retter**—That is broadly correct. There are a number of factors we take into account in developing a compliance plan. One of them is an assessment of the threat and risk that each of those port facilities poses given the nature of the operations of the port and the numbers and types of ships that go through it. The other issue, rightly, is the compliance history. That gives a very good indication of how the industry participant is acting or not acting in accordance with the Maritime Transport and Offshore Facilities Security Act and the associated regulations.

**Senator BACK**—Can you comment in general as to the level of compliance? Is it to your satisfaction? In fact, is compliance across Australian ports increasing?

**Mr Retter**—I can say that recent independent advice that I have received from ASIO, which we have had looking at a number of our larger ports from a vulnerability perspective, suggests that overall they are reasonably pleased with the level of security that is evident—that is, preventative security that is—at our ports. We in turn have recent advice from a number of independent consultants who have worked in the industry who have, having visited other ports around the world and looked at other regimes, suggested that we have a high degree of compliance and that indeed the security outcomes are comparable to those overseas.

**Senator BACK**—If a cardholder is actually convicted of a maritime security related offence for whatever purpose, are they obliged to let their issuing body know that?

**Mr Retter**—Yes, they are. Sorry—I am mistaken. I am just getting some advice. In the case of an ASIC they are, but in the case of an MSIC I am told that they are not.

**Senator BACK**—So there is a difference then between a port and an airport security arrangement in terms of aviation security offences as opposed to a maritime security offence?

**Mr Retter**—At present there are differences between the ASIC and the MSIC regimes. That is a reflection of the different nature of operations of the two sectors and the time difference between the two acts and regulations coming into effect. As I alluded to before, we have just completed an ASIC review and we are doing an MSIC review. One of the intended outcomes of that review is, where possible, to look to align the two regimes and to correct anomalies such that whatever the appropriate reaction might be—so if we agree that it is a good thing for somebody who is convicted of an offence to report it—would apply in both regimes. This is a subject that is under review right now. I think we have had something in the order of 40-odd submissions from industry on the MSIC review and we will consider those throughout this year. The intention is that we will finalise the MSIC review outcomes towards the end of the year.

**Senator BACK**—Thank you for that. Staying with maritime security for a moment—it is very important—I understand that several maritime security plans will come up for renewal on 1 July 2009.

**Mr Retter**—That is correct.

**Senator BACK**—Can you give me some idea of what the average processing time would be for the department to actually assess the security plans of individual port authorities?

**Mr Retter**—It is difficult to give you a precise answer because it does vary with the complexity of the port and/or the nature of the port facility operator's size and shape. We are complicated by the fact that we are actually in the process internally within the organisation and have just approved new arrangements for how we will go through the development and approval of a maritime security plan. The statutory requirement is that it should take no longer than 60 days from submission of the maritime security plan for approval until such time as the plan is approved by the regulator.

**Senator BACK**—With regard to the new program you mentioned, can you tell me what action the department has taken and what sort of expenditure you might have had to put into place to actually make industry aware of the changes prior to them placing or preparing their plans for your scrutiny and approval?

**Mr Retter**—We ran a number of consultative forums with industry. We have a number of standing consultative forums where we have briefed on our intention to improve—and I stress the word 'improve'—and speed up the process, for want of a better word. We ran one particular workshop with industry which probably cost industry the cost of an air ticket to and from wherever it was held. In our particular case, the only expenditure would have been getting appropriate staff there. We have devoted a fair bit of time internally to putting our

effort into getting that guidance material right. Indeed, that guidance material is on the website of OTS and is available to industry to look at.

**Senator BACK**—From an effectiveness point of view, have you had feedback from industry—positive or negative—on the department's success in being able to convey this information to industry?

**Mr Retter**—The answer is not yet and I think it is too early to tell. I would like to think that by about August, as we see many of these plans coming through—and noting that we have only just implemented the new arrangements—we will have some feedback as to whether it is working well or whether we need to do some finetuning. I see this as a continuous improvement issue where we will never actually get to the end state. It is about looking at our internal processes and looking at what industry has to do, and there is a balancing act in all of that.

**Senator BACK**—Sure. I am coming to a conclusion, Mr Chairman. Do you have any jurisdiction over maritime safety on the offshore oil and gas platforms? Is that an area of your responsibility?

**Mr Retter**—No. The safety issues would be handled by AMSA. We do regulate the offshore oil and gas facilities, but that is from a security perspective.

**Senator BACK**—Can you explain to me the difference? When you say you oversee them from a security perspective, what aspect do you then have responsibility for?

**Mr Retter**—Preventative security. We look at each of the facilities offshore. We look at the arrangements that the oil and gas sector have in place in that they are required, just like our ports, to have a maritime security plan; to put in place appropriate measures to restrict access; to confirm identity of workers on the oil rigs; and to report incidents when people who are not authorised to do so come into the exclusion zone. They are very similar arrangements that you would expect to see in any preventative security regime plonked on any sector. It is about: 'What are our vulnerabilities? What do we do to mitigate those?' So it is about tightened access, making sure that only the right people are on board a particular facility, constantly looking at the threats, reviewing the mitigation measures and making sure that the people working on the various gas and oil facilities do have MSICs and the like so there is some control over who is there and who is not.

**Senator BACK**—Is this an area that you are increasing your staffing in? I am thinking of course off the north-west coast of Australia in the state that I represent. Is it an area in which you are investing more funds or are you basically at status quo?

**Mr Retter**—Since August 2007 we have significantly increased our focus on the oil and gas sector. We work in partnership with the various jurisdictional governments that have oil and gas facilities in their jurisdictions and we work with all of the Commonwealth agencies and industry. I think we have a very collaborative and worthwhile exchange of views on a regular basis. We are working through what is, as you would appreciate, a very complex sector and we are looking at the various factors that impact upon the development of what I would call a holistic, whole-of-government and industry strategy for security. This is a work in progress. We also run discussion exercises. We ran one in Perth as recently as two weeks ago. All the advice from industry, from the jurisdictions that attended as well as from other

departments such as Prime Minister and Cabinet—which was present—is that we see that as a very worthwhile activity.

**Senator BACK**—Certainly. I guess one of the reasons why I focused on that is that we had the unfortunate incident recently of the refugee vessel being apprehended, which then, for whatever reason, exploded. As we know, the Front Puffin facility in the Timor Sea became the location from which some of the rescue attempts and removal of people took place. This caused me to reflect at the time that, had the first location that vessel turned up to been the FPSO and had those people, as desperate as they were, decided that they were going to act on that vessel the way they did, we may well have found ourselves with an event of greatest catastrophe. As we start to see more rigs off the North West Shelf and into the Browse Basin into the future, I cannot help but be concerned that that is going to be an area from which real risk is likely to come. Very often, as we know, these vessels are not observed or apprehended prior to them even arriving at Christmas Island. I simply ask you: is it also an area that you are addressing in your risk analyses?

**Mr Retter**—The way I could answer the question of its due consideration of importance is that we spent, at the meeting I referred to earlier, half a day on a discussion exercise dealing with this very issue. We considered: what are the appropriate response arrangements, and what do we do when we do see a particular vessel that we do not know about and that will not respond to communications et cetera? Obviously, I do not want to go into the detail of that.

**Senator BACK**—I do not want you to.

**Mr Retter**—Suffice it to say, we are working with all Commonwealth agencies, industry and state governments to make sure that both our preventative security and our response arrangements are as robust as they can be, given some of the unique vulnerabilities that you have addressed in terms of where these facilities are located.

**Senator BACK**—And, of course, the fact that into the future there are likely to be unmanned facilities—

**Mr Retter**—Correct.

**Senator BACK**—which again will pose tremendous problems.

**CHAIR**—Thank you very much, Mr Retter.

[11.07 am]

**CHAIR**—I now welcome officers from Aviation and Airports.

**Senator BACK**—There are two areas in which I wish to ask questions. One, which I will come to subsequently, is around Perth Airport, particularly with regard to intermodal links and the road network, which I have been asked to defer until this forum. I now want to come to the airport itself. We had some spirited discussion yesterday about the status of Perth Airport at the moment. The last Perth Airport master plan was approved in 2004. Could somebody tell me whether another master plan is currently being negotiated or under consultation? I do not know to whom I should direct the question.

**Ms Gosling**—There is currently a preliminary draft master plan for Perth Airport that is out for public consultation. That will be due with the minister in August 2009. Under the

Airports Act, that goes through a 60-business-day public consultation process. That is already underway. I have the date that it went out. It has only recently gone out.

**Senator BACK**—With regard to expansion or a new terminal, you would be aware that Perth Airport has announced its intention regarding a new \$1 billion domestic and international terminal. There were recent media reports, which caused the greatest degree of concern, that this project could be delayed by at least 12 months. Are you aware of that? Do you have any knowledge of it?

**Ms Gosling**—I am aware that there have been some reports to that effect.

**Senator BACK**—It has been alleged just recently—and our chair also has the dubious pleasure of using Perth Airport as often as I do—that even this would still classify Perth as a C-class airport, defined as minimum standard by IATA. Do you know if that is true?

**Ms Gosling**—My recollection is that it will still come under that IATA standard, yes.

**Senator BACK**—Just for my clarification, what would an A-class—

**CHAIR**—I think Ms Gosling was going to add more to the answer to your question.

**Ms Gosling**—In terms of the different classifications for IATA standards for airports, I do not have that detail with me. So I am not sure that I would be able to take you through each of those classifications and do justice to them.

**Senator BACK**—Right.

**Ms Gosling**—I may be able to get that and see whether we can come back to that.

**Mr Tongue**—We will endeavour to get that while we are going through.

**Senator BACK**—I guess there are two aspects to my question. One is: if \$1 billion of expenditure will only bring it up to a C-class airport, I wonder what it is now. Equally, I am interested to know just what classification some of our other major airports around Australia are. I imagine that Changi and Dubai would probably be A-class airports on that categorisation.

**Ms Gosling**—I am not aware of that. I would not be able to comment on that.

**Senator BACK**—I ask the questions because of a concern as to the fiscal status of the Westralia Airports Corporation. In terms of major capital expansion, I think Moody's have recently said that, in the absence of an improvement in market conditions and an agreement with the airlines, it is not expected to occur and will put pressure on WAC's credit rating. In other words, it causes us in the west enormous concern that there may be some delay or in fact termination of that particular project.

**Ms Gosling**—What I can do is outline some of the works currently underway and what is actually planned with that major upgrade proposal, if that would be of assistance.

**Senator BACK**—It would be. I would be most appreciative. Relating to the airport infrastructure itself—I will not get to the roads yet, because it is very difficult for most people to even get there—in 2007 Perth Airport was the worst performer in the country with 33.6 per cent of flights delayed. I understand this has blown out to 36 per cent. Do you have any more

recent figures? Can you confirm that deterioration of 33 to 36 per cent? Do you have any more recent figures?

**Ms Gosling**—I would have to take that on notice.

**Mr Tongue**—I cannot quote you a number, but my impression is that things had improved at Perth Airport. While I would not want to be in the business of defending commercial entities, one of the things that happened at the height of the boom in the west that I think caught all of us off guard was the huge growth in not regular passenger transport but charter work out of Perth Airport. Ms Gosling can take you through the proposal around Terminal WA and some other developments. In terms of planning, even the most optimistic forecasts had not anticipated that growth. I will hand over to Ms Gosling, who can take you through that.

**Ms Gosling**—In response to that media report in relation to the Moody's rating, the Westralia Airports Corporation issued a letter to key stakeholders saying that it is still committed to the upgrade of the airport, that it is still committed to commencing Terminal WA and that it expects that to be operational in 2011. In addition, there are a number of things that it is currently doing in terms of the existing terminal facilities. By November, Qantas will have completed an over \$50 million modification of the Qantas terminal, which includes an upgrade at key points throughout all of the terminal.

The airport has also commenced redevelopment of pedestrian and vehicle movement areas at the front of the two domestic terminals and the front of the international terminal and this will create dedicated pick-up and drop-off lanes for taxis, buses and the public, including covered walkways. This is about a \$9 million project and will be completed within six months to ensure that for customers arriving at the airport there are safer arrangements than currently with pedestrians having to cross the road. There has also been an additional 350 short-term car parks under construction in the domestic precincts which will be available for use within eight weeks. This is in addition to significant other car park construction over the past 18 months.

In terms of the \$1 billion investment that you referred to, the first stage of that consolidation is still well and truly in planning. That is a \$250 million stage. That involves the construction of the new terminal, Terminal WA, and, as I said previously, it is expected that that will become operational in 2011.

**Senator BACK**—Excuse me for interrupting—is that taking the delay of 12 months into account or would that then push it out by that 12-month period?

**Ms Gosling**—No, that is current. That is current advice from the airport, that they expect that to be operational in 2011.

**Senator BACK**—If I can just come back to the point you made with regard to the increase, the real problems at Perth Airport occurred after we won the America's Cup when there was no international airport terminal. In the stupidity of that time there was an instant decision that we needed an international terminal, which was thrown together with indecent haste. That was 1982—26 years ago. We have still not recovered from it. But you are right, there is no doubt there was an increase in passenger transport, and if Australia is to get itself out of its financial demise one can only hope that we return to that frequency of transport—fly in, fly out, charter, domestic and international travel. Qantas itself was quoted only recently as saying

that due to the delay of this integration that we have been speaking about it is certainly hampering potential growth and that if we do not see consolidation of the domestic and the international terminals by 2017 we will be in strife. Do you have any predictions of passenger numbers out to a period such as 2013, 2017? Do you have those figures or could you take them on notice and give them to us?

**Ms Gosling**—I have got some figures, Senator, out of the master plan that went out for public consultation on 18 May 2009 that I could share. What year did you mention, Senator?

**Senator BACK**—2017 is the year that they are talking about the integration occurring. It would be interesting to see what the projections were from the department.

**Ms Gosling**—I have got projections for 2014 which will be—I am just checking.

**Senator BACK**—Perhaps if you could take it on notice. Actually, if we could see what they were in 2008 we would obviously know that there has been a decline in 2009, but it would be most interesting to see what your projections are, if we could please?

**Ms Gosling**—It is actually in the preliminary draft master plan that is out for public consultation now, which is available on the airport's website. There is actually a table at page 35, table 5.1, that sets out the forecasts from the airport on passenger movements to the period 2029.

**Senator BACK**—Thank you for that. Just with regard to access of aircraft, the senator to my right had the dubious pleasure of flying with his good lady wife to Perth recently, and I think he is still getting over the shock of his approach into the terminal as we sort of made our way around through the barricades. There were 45 aerobridges planned originally for the redeveloped airport and I understand that has been scaled back from 25 to 45; is that correct?

**Ms Gosling**—I would have to take that on notice, Senator.

**Senator BACK**—Excellent. I guess that the aircraft we are speaking of happened to be the one the parliamentarians fly on. Do you know if aerobridges will be available for incoming and outgoing 737 aircraft at some time? Are you able to answer that?

**Ms Gosling**—I will take that on notice.

**Senator BACK**—I guess what I am anxious to know, as you have indicated you will provide, is the number of aerobridges. Do we know if aerobridges service 737s at other Australian airports?

**Mr Tongue**—They certainly do, Senator.

**Ms Gosling**—They do.

**Senator BACK**—I see. Before I come to the whole question of the Perth Airport intermodal links, I really need to share with you a concern. A lady was caught up in this whole exercise, Chairman, and she was actually rushed to King Edward Hospital in labour. At the hospital, they said to her, 'Madam, you really should not have come to the airport in this condition,' and she said, 'As I approached the airport I wasn't even pregnant.' So I can assure you there are fairly long delays in this whole process.

**Senator Conroy**—It is a vet joke.

**Senator BACK**—It was, but a true vet joke.

**CHAIR**—Are you still on Perth Airport?

**Senator BACK**—I am now moving on to the intermodal links, but I am happy if someone else wants to ask a question.

**CHAIR**—On the master plan, could I just ask a quick question?

**Senator BACK**—Please do.

**CHAIR**—Ms Gosling, you gave us an update on the master plan. You said it has now gone to the minister; is that correct?

**Ms Gosling**—Sorry?

**CHAIR**—The process of the master plan.

**Ms Gosling**—No, the Perth Airport master plan that they developed for the airport land under the Airports Act is currently out for public consultation as a preliminary draft master plan. That is due with the minister in August, at which stage it becomes a draft master plan for the minister's assessment and consideration. So it is out for public comment now for everyone to make submissions to the airport in terms of the content, their plans and their forecasts. It is available now for the public to have their input.

**CHAIR**—Great. So there is now a chance for every West Australian that whinges about Perth Airport. That is wonderful. Thank you very much. Sorry, Senator Back?

**Senator BACK**—If I could just then refer again to the *National Infrastructure Priorities* publication, the Perth Airport multimodal link roads were identified as one of the most pressing and significant requirements of infrastructure for the state. As we have tried to indicate, they are critically important to the viability of Perth and the surrounds. I just wonder why it was not funded as a priority project in this budget. Perhaps a question to the minister: are you aware, Minister, why that particular project fell off the perch—\$530 million, I think?

**Senator Conroy**—As was explained at considerable length by Mr Deegan yesterday, there are projects that I have described as priority infrastructure pipeline projects with real potential—they include the Perth Airport multimodal links. I am sure if Mr Deegan were here or you were to put these questions to Mr Deegan, he would explain to you where that project was in terms of developments since then. I am happy to take that on notice.

**Senator BACK**—If you would I would be appreciative because yesterday I was asked by Mr Deegan and, I thought, others to defer the question of this particular project until today.

**Senator Conroy**—No, the question you have just asked is: why is it in one of these two columns? Mr Deegan could have given you some advice on that one. If you want to ask other questions about it, officers at the table might be able to answer, but what you have asked is actually about why is it in which column, and Mr Deegan's organisation put them in the two columns.

**Senator BACK**—Can I then ask or should I have asked of Mr Deegan what the likely fate of that particular project is over time?

**Mr Tongue**—That is a question for the government and I think, as Mr Deegan outlined yesterday, Infrastructure Australia will continue its work with various proponents on some of these—what are known as—pipeline projects.

**Senator Conroy**—I am happy to take on notice for you, Senator Back, what further developments have happened since the classification by Mr Deegan's Infrastructure Australia organisation.

**Senator BACK**—That would be of enormous interest to us in Western Australia, Minister. Thank you very much. A related project is the Tonkin Highway upgrade between Roe Highway and Leach Highway. Are those topics upon which you can comment?

**Ms Gosling**—Senator, I have some basic information. That is actually something that the Nation Building and Infrastructure Investment Division is responsible for. But I do have some information that the Commonwealth government has brought forward \$0.5 million worth of funding into 2008-09 under the Nation Building Program to enable early commencement of a preliminary concept plan for that project. The project is anticipated to be in the order of \$177 million but it is at the concept planning stage.

**Senator BACK**—Still at the concept planning stage?

**Ms Gosling**—Yes.

**Senator BACK**—I do want to ask some questions about regional airports, but at this moment I will defer to others with regard to major airports.

**Senator NASH**—While we continue, I might find Senator Heffernan.

**CHAIR**—I have a question on major airports. I want to talk about the Sydney airport master plan. Can you tell me where we are up to there?

**Ms Gosling**—Yes. The Sydney airport master plan is at the draft master plan stage under the Airports Act. It was submitted to the minister on 16 March 2009 for his assessment. Under the Airports Act we have a mechanism to what we call 'stop the clock'. The minister has 50 business days to undertake that assessment. Currently the clock is stopped while we are seeking further information from Sydney airport.

**CHAIR**—Did you seek or did Sydney airport seek any expert or external advice in terms of the master plan for Sydney?

**Ms Gosling**—As is the case with most airports in the development of their master plan, Sydney airport sought expert advice on a whole range of issues in terms of aviation forecasts and planning considerations that feed into a master plan. In this particular instance the department also commissioned some external advice on the master plan.

**CHAIR**—Could you tell the committee who that expert advice was from or who they are?

**Mr Tongue**—We approached Access Economics to assist us in assessing the master plan.

**CHAIR**—Anybody else?

**Mr Tongue**—No, only Access Economics.

**CHAIR**—Could the committee possibly get the consultant's report?

**Mr Tongue**—That report is commercial-in-confidence. Our preference would be that, because of the sensitive commercial issues involved in that assessment, we not release it.

**CHAIR**—That is fair enough. I do not have any more questions. Senator Heffernan is back.

**Senator HEFFERNAN**—Yes, I am. I want to deal with the noise section of the operation. Do you have officers here?

**Mr Tongue**—Right here at the table, Senator, ready and willing.

**Senator HEFFERNAN**—I have a company which has a Challenger CL-600-1 and in all respects it meets the weight and noise criteria for aircraft inside the curfew hours. It was, as I understand, on the list of aircraft that could come in under that specification. As I understand it, the specification is under 34 tonnes. Is that right?

**Ms Ellis**—That is right.

**Senator HEFFERNAN**—And chapter 3 noise levels?

**Ms Ellis**—That is right.

**Senator HEFFERNAN**—Can I have the list of approved aircraft since these regulations started, in 1995 I think for Sydney and 2000 for Adelaide?

**Ms Ellis**—I do have a copy of those two lists.

**Senator HEFFERNAN**—Can we get them tabled? I take it you have a copy of the copy, have you? Was the CL-Challenger 600-1-A11 type on the list?

**Ms Ellis**—No, my understanding is the aircraft that you are referring to is not actually on the list.

**Senator HEFFERNAN**—Was it on the list?

**Ms Ellis**—I would have to read the list. I am sorry, I have just shared it with you.

**Senator HEFFERNAN**—We will get a copy.

**Ms Ellis**—The circumstances are that the airports that are subject to curfew—Sydney, Adelaide, Essendon and Coolangatta—prohibit most jet movements during the night-time. The circumstances for each of those airports and curfews vary slightly. That said, for Sydney and Adelaide there is a list of prescribed aircraft that are exempt from the curfew requirements. The aircraft in question that you have mentioned is not one of those aircraft and—

**Senator HEFFERNAN**—The act says that it should operate on type and the list says that it should operate on the model. Is that inconsistent?

**Ms Ellis**—Not according to the legal advice that we have received.

**Senator HEFFERNAN**—Could we see a copy of that legal advice?

**Mr Tongue**—We do not normally provide legal advice.

**Senator HEFFERNAN**—We are a bit inconvenienced in that we do not have the list. Is it my understanding that the Challenger CL-600-2B16 is on the list?

**Ms Ellis**—I will have to have the list.

**Senator HEFFERNAN**—Can we defer to the list. The list is coming, is it? So does someone else have a few questions? There is something else I would like to say—just to put it on the record. This is what you call a filler.

**CHAIR**—You do not have to because Senator Nash has reasonable questions.

**Senator HEFFERNAN**—Jess has just had four pups—two boys and two girls. Mum and the pups are doing well, thank you.

**CHAIR**—Senator Nash, Senator Back has a heap of questions, too.

**Senator NASH**—Can I just ask a question around noise insulation for public buildings? Am I in the right spot?

**Mr Tongue**—Yes.

**Senator NASH**—There was a response to a question on notice from February which indicated that the Commonwealth took responsibility for the insulation of eligible buildings including eligible state buildings. Why is the insulation of state government buildings not the responsibility of the state government?

**Ms Ellis**—The noise insulation program for Sydney and Adelaide was established in Sydney in 1995 and Adelaide in 2000 for residences and eligible public buildings. The list of public buildings was limited to hospitals, schools and the like. The federal government program actually involved buildings that belonged to the states.

**Senator NASH**—So why did it become the responsibility of the Commonwealth to do the state buildings? Why did that actually happen? Why was it decided that the Commonwealth would take it over rather than it just being a state responsibility?

**Mr Tongue**—It was a government commitment at the time.

**Senator NASH**—Was it an election commitment?

**Mr Tongue**—I understand it was an election commitment.

**Senator NASH**—Aside from Fort Street High School, has the Commonwealth carried out insulation work on any other state government owned buildings?

**Ms Ellis**—Yes, the Sydney program. As far as the breakdown of public buildings is concerned, I would have to take on notice what were state.

**Senator NASH**—If you could take on notice how much was spent and where, that would be great. Given that the Commonwealth has taken responsibility for the state government owned buildings, is there not any concern that an expensive precedent has been set? Where is the line going to be drawn on what is going to be Commonwealth responsibility for state buildings from here on, outside of the context of election commitments?

**Mr Tongue**—The noise insulation program in Sydney is complete and Fort Street was a specific election commitment.

**Senator NASH**—So there will be no further requirement whatsoever for Commonwealth funding for any kind of insulation activity?

**Mr Tongue**—Unless at some future time a government decides that it wants to reinstate a program, but at this stage there is no thought that that will occur.

**Senator NASH**—There was another response to a question on notice, again from February, which declined to give details of the Fort Street High School insulation work on the grounds that the project for insulation of Fort Street High School has not yet gone out to tender. Is that the case? Has the project gone out to tender? Where exactly is that at?

**Ms Ellis**—As to the status of the Fort Street project, the funding does not actually come online until 1 July. In response to an approach from the New South Wales government in March, the government decided in April that the New South Wales Department of Education and Training would actually oversee the project. Our understanding is that there are additional works to be carried out at Fort Street High School and there are efficiencies to be achieved with the work being done simultaneously. The arrangements will be set—

**Senator NASH**—Sorry, can you just clarify that for somebody who does not do this sort of thing in buildings? What is the simultaneous work that is taking place?

**Ms Ellis**—I am not aware of the full detail of that. I could take that on notice.

**Senator NASH**—Given that you said there are benefits in doing it simultaneously, it would be good to know what that is.

**Ms Ellis**—I will take that on notice. The arrangements will be agreed between the Australian government and the New South Wales government through a national partnership agreement.

**Senator NASH**—So nothing has been done at all yet?

**Ms Ellis**—No. That agreement is actually being developed at the moment.

**Senator NASH**—When do you expect that that will all be finalised and work will start?

**Ms Ellis**—When work actually starts will be a matter for the New South Wales government. Our intention is to have that agreement finalised within the next four to six weeks.

**Senator NASH**—Obviously, the details were not available before because it had not yet gone out to tender; does that mean that you can now give those details?

**Ms Ellis**—The issue was, in order to get a cost of the works required, we enlisted the assistance of a consultant for a scoping study. It is the scoping study that gives some indication of cost and breakdown of the various buildings at the school and the associated costs. It was that finer detail that we were not in a position to release, because we felt it would jeopardise any tender process. I would suggest the same situation actually still applies, because the tender process has not been proceeded with.

**Senator NASH**—You just pre-empted my next question, which was: are we in a position yet to get any detail? But the answer is still obviously not as yet.

**Senator Conroy**—There are a couple of points we need to make, Senator Nash. Fort Street is getting money under the program as part of the Building the Education Revolution.

**Senator NASH**—Do this with your laptop shut, Minister.

**Senator Conroy**—I just want to make sure you get completely accurate information.

**Senator NASH**—I am sure you do, Minister.

**Senator Conroy**—I am sure you have been sitting there with your laptop open—and I am the responsible minister.

**Senator HEFFERNAN**—You notice I have not got my laptop open.

**Senator NASH**—I am sure you are being very responsible in the delivery of accurate information.

**Senator Conroy**—And it makes sense to minimise the disruption of the school to combine the works being done there. But let us be clear: I do not know if you have seen the writing of some of the staff. It is easier to be able to read it in type than the handwritten notes that some members in the Dark Ages still favour.

**Senator NASH**—You could look up the Bureau of Met. There was just one last thing that I wanted to address. In response to another question on notice, the noise contours have recently changed in Adelaide; is that right?

**Ms Ellis**—The department monitors the Australian Noise Exposure Index for Sydney and Adelaide on an annual basis. The contours for Adelaide for 2007 had expanded. That actually identified two additional eligible public buildings, which were two churches. We are organising currently a tender process for the insulation of those two churches. We have preliminary indications from the ANEI for 2008 that suggest there has been no further change in Adelaide, but they are still to be finalised.

**Senator NASH**—So is there any indication or an estimate of what that is going to cost? Or will that just all be part of the tender process?

**Ms Ellis**—The cost for the two additional churches?

**Senator NASH**—Yes.

**Ms Ellis**—Our understanding is around \$3 million, \$3.1 million.

**Senator NASH**—All right. Has that been budgeted for?

**Ms Ellis**—Yes.

**Senator HEFFERNAN**—Can I just ask a follow-up question?

**Senator NASH**—You can just wait one second, because I am just about to say: thank you, I am finished for the moment and I am happy to cede to my colleagues.'

**Senator HEFFERNAN**—Now that we are on aircraft noise—and I am going to come back to airspace later—where are we up to with Tralee? The proposition at Tralee is that we are going to build a subdivision under the landing and take-off, which is just stupid, in my view—and I am a wool classer and a welder. Do we know where we are up to with that?

**Ms Ellis**—My understanding of the current status of the Tralee proposal is that the land has been zoned residential. There is a proposed development. The issue is that where the residences are proposed we fall within the current framework of the AS20/21 insulation standards within the 20 ANEF contour. If residences are established, it will be incumbent upon the developer to comply with relevant standards.

**Senator HEFFERNAN**—So will there be any—

**Ms Gosling**—Senator, can I just add to what Ms Ellis said. It is correct that the land has been zoned and now the decision as to whether to proceed with the development is with the New South Wales government.

**Senator HEFFERNAN**—Can I just get this clear. Obviously there was a disagreement between the operators of the airport and the developer of the land.

**Senator Conroy**—The operators of the airport being the largest donors to the Liberal Party in the ACT—that is the same thing?

**Senator HEFFERNAN**—That is for you. I understand the—

**Senator Conroy**—But that would be a fact, according to Electoral Commission records.

**Senator HEFFERNAN**—I have no idea. I do not give a rat's arse who donates to anything, because I do not think that should have anything to do with good judgment. I understand that the developer of the land might also be a donor and I do not care about that. What I care about is that Canberra has a fantastic facility which they hope to create a transport hub in. I am just wondering and curious as to why we would deliberately—and I do not know who else is in the purse of these people and I do not care, right, but obviously Queanbeyan council has been influenced by some of it. I am interested as to why sane people, where Canberra has a fantastic facility that Sydney and other places do not, who have the opportunity to create a serious hub in aviation—would go ahead with this, knowingly agreeing to a subdivision under the flight path of the take-off and landings of this thing. There might be really good reasons why.

**Ms Gosling**—Senator, it is going to be a question for the state government rather than the Commonwealth government in terms of the development.

**Senator HEFFERNAN**—We do not want to revisit Wollongong. I am wondering: have you have been consulted? I mean, surely people in aviation would be able to say, 'This is stupid.' The guy who has the land, as I understand it—because I have had the discussions; I have not talked to him for three or four years and the AFP will tell you why, if you want to know—obviously has an option on the land. You say it has now been rezoned.

**Senator Conroy**—That is very funny.

**Senator HEFFERNAN**—Mate, you know my point.

**Senator Conroy**—Just sledges someone—just gives us a lecture about probity and then sledges someone for being a crook. I love it.

**Senator HEFFERNAN**—No. Sorry, you are misinterpreting what I am saying. Will there be legal comeback on anyone if this goes ahead with the approval? So if the people who live there, who build houses under the flight path—and, sure, I have heard the argument that the plane will turn and all of that—

**Senator Conroy**—You raise a very legitimate point, Senator Heffernan.

**Senator HEFFERNAN**—Will there be—

**Senator Conroy**—We are happy to take it on notice.

**Senator HEFFERNAN**—On the developer or on the airport? It annoys me that a development goes ahead and then after the development has gone ahead, people decide to live there and then they say, ‘We want to remove the airport.’ That is my question.

**Senator Conroy**—That is a legitimate question and we will take it on notice.

**Senator HEFFERNAN**—God bless you, and I cast no aspersions, nor do I raise—

**Senator Conroy**—Then you should ask the Federal Police.

**Senator HEFFERNAN**—Nor do I raise any allegations

**Senator Conroy**—If you want to, you can.

**Senator HEFFERNAN**—But I am not alleging any impropriety.

**Senator Conroy**—No, just go to the police so they can tell you.

**Senator HEFFERNAN**—Could we then go back to my Challenger aircraft? These are concerns raised by people who obviously have a Challenger 600/1. In the list that you have provided, what I have asked for—and you may be able to give it to me on notice—is the list going back to the beginning of the list in the case of Sydney 1995 and in the case of Adelaide 2000. This list that you have given me supersedes those lists?

**Ms Ellis**—Yes, the two lists I have provided to you. One is a copy of the updated list that was updated by previous Minister Truss in 2005 for Sydney. My understanding is the list for Adelaide dates back to the origins of the curfew regulations for Adelaide, which is dated 2000.

**Senator HEFFERNAN**—So that is two lists, is it?

**Ms Ellis**—That is two lists.

**Senator HEFFERNAN**—So could we have the original list? What I would like to know—and maybe someone who is listening in the department can tell us—is: was the Challenger 600/1 on the original list? Do you know?

**Ms Ellis**—My understanding is that it was not and it is not on the current list.

**Senator HEFFERNAN**—Yes, I am aware of that. The act clearly states that they refer to aircraft types; is that right?

**Ms Ellis**—Yes.

**Senator HEFFERNAN**—Why then do the related regulations and instruments lists refer to all models and variances of types and not to the legal type of definition of them?

**Ms Ellis**—Senator, I am sorry; I would have to take that question on notice.

**Senator HEFFERNAN**—Thank you. You might have to take a few of these on notice. The models and variances described are generally sales and marketing descriptions, not legal definitions of types applied by the manufacturer and national regulatory authorities, including CASA. So if you could give me the answer to that. Why the variation? As I said earlier, the access type and the lists say ‘model’. So if we could have the answer to that. The people who are concerned about this have information that the CL-600 was originally on the approved list

but it has since been removed and the Challenger 600-2B16 model 604 is now on the list but was not before.

**Ms Ellis**—That is my understanding.

**Senator HEFFERNAN**—But I have just said that the Challenger 600 was on the list. You say it was not.

**Ms Ellis**—I am sorry?

**Senator HEFFERNAN**—My information is that the Challenger 600 was previously on the list.

**Ms Ellis**—I will have to take that on notice because that is not my understanding.

**Senator HEFFERNAN**—Okay. If you do answer that the Challenger 600 was on the list, can you advise us why it was taken off the list and the process that made that possible?

**Ms Ellis**—We will do that.

**Senator HEFFERNAN**—Why is it not possible without ministerial intervention, as advised by your department, to reinstate the CL600 as for the CL600-2B, as they are legally on the same type of air certificate and substantially the same aircraft and same compliant noise profiles? It is just like the difference between one type of Holden and another. Why is it not possible to sort that out?

**Ms Ellis**—I am not an aircraft specialist, I am afraid.

**Senator HEFFERNAN**—And neither am I.

**Ms Ellis**—My understanding of this particular situation is that it is a want for a certain operator to use an aircraft in and out of Adelaide or Sydney airport during curfew. The curfew legislation, as I say, specifies, for both Sydney and Adelaide, lists of the jet aircraft that can in fact be exempt from curfew arrangements.

**Senator HEFFERNAN**—I understand that.

**Ms Ellis**—The aircraft in question is not on that list. Changes to those lists, because they are legislative instruments, or changes to regulations would have to go through a legislative process.

**Senator HEFFERNAN**—You are going to tell me how a plane that is on the list comes off the list. What causes it? You might take that on notice. If there are planes that have been on the list that have come off the list, what are the details of those planes and why were they on one minute and off the next? In the government fleet, do we have Challengers?

**Mr Tongue**—We do, actually.

**Senator HEFFERNAN**—What model are they?

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

**Senator Conroy**—That is for PM&C.

**Mr Tongue**—Or I guess we would have to talk to Air Force.

**Senator HEFFERNAN**—I would be curious where that fitted into this—that is, whether one came on the list because the government bought the things and obviously you now have a need to fly inside and outside of curfew hours.

**Mr Tongue**—Generally, in aviation, exemptions are made for state aircraft. I am not sure that is the case here.

**Senator HEFFERNAN**—I would be curious to know what model of Challengers we have.

**Mr Tongue**—Certainly.

**Senator HEFFERNAN**—There are a significant number of Australian aircraft on the register that are fully compliant in regard to the core requirements of the act, including the Challenger 600-1, that are not permitted to operate within curfew hours—that is, under what the act says on type. Why is that so? What is the mechanism that is used to decide who does and does not get on the list?

**Ms Ellis**—I am happy to take your questions on notice.

**Senator HEFFERNAN**—I am happy for you to do that. Why is it that there are three aircraft types—Falcon 200, HS125-700B, Mitsubishi MU300—that are on the list but are no longer operated in Australia but can be operated by foreign operators within curfew hours?

**Ms Ellis**—Again, Senator, I will take your question on notice.

**Senator HEFFERNAN**—What is the mechanism or justification that is used to discriminate on which of the act compliant, Australian registered aircraft types are entered or not entered on the list of aircraft permitted to operate during curfew hours? Do you want me to repeat that?

**Ms Ellis**—No, I will take it on notice.

**Senator HEFFERNAN**—But you did not hear the question.

**Ms Ellis**—I am happy for you to repeat it.

**Senator HEFFERNAN**—It would be more polite if you heard the question then took it on notice. Wouldn't you agree?

**Ms Ellis**—My apologies, Senator.

**Senator HEFFERNAN**—What is the mechanism or justification that is used to discriminate on which of the act compliant, Australian registered aircraft types are entered or not entered on the list permitted to operate during curfew hours?

**Ms Ellis**—Senator, I think it would be helpful if we come back to you with the process. As I say, the issue at stake here is the particular operator's aircraft is not on the list—

**Senator HEFFERNAN**—And it has never been on the list.

**Ms Ellis**—I have taken that on notice to confirm. My understanding is it has not been.

**Senator HEFFERNAN**—This argument revolves around if it was on the list—

**Ms Ellis**—Then why was it taken off?

**Senator HEFFERNAN**—Yes, and was it because it was a newer model.

**Ms Ellis**—My understanding is that it was not and has not been on the list, but we will confirm that for you. We will confirm the process of how and why. The list is about noise and the noise impact of aircraft.

**Senator HEFFERNAN**—I understand that. I understand the issues. It is like some motorbikes or cars have Lukey mufflers and some do not. I understand the issue. Why is it indeed necessary to have a regulation or instrument list when, for Australian registered aircraft that are weight compliant, noise compliance within the act is a condition for Australian registration of the aircraft?

**Ms Ellis**—The purpose of the list is to allow some movement during curfew. The curfews have been established to try to give some balance and respite to surrounding communities. The lists have been established in recognition that there are certain aircraft—for example, freight aircraft—that need to actually move during night-time. The attempt is, as I say, to address less noisy jet aircraft. There are also then provisions within the legislation as to what runways and what approaches and departures can be used. It is all structured around trying to give the local community respite.

**Senator HEFFERNAN**—I am just trying to give these people some respite by getting answers. Unless the regulation and instruments are being used to discriminate against compliant individual aircraft types, the list is not necessary. Is it an unintended consequence or is it intended to be so?

**Ms Ellis**—My understanding is we did receive a detailed and lengthy correspondence from the particular operator you are referring to that was challenging the list and the argument that, because the legislation referred to type, the aircraft that he wanted to be able to use during curfew should be covered. We did seek legal advice, as I have mentioned, to ascertain whether there was substance in the gentleman's position. My understanding is—and, again, I am not a lawyer—that his suggestion was that, because the legislation referred to type, the list of aircraft that could be exempt should be read broader than the actual legislated list.

**Senator HEFFERNAN**—So you have legal advice to the effect that the act, which specifies on type, is not watertight, that you can get around it?

**Ms Ellis**—No, that is not what I am saying.

**Senator HEFFERNAN**—So is the Challenger 600-1 compliant or not under the act?

**Ms Ellis**—It is not included on the list and it is therefore not exempt—

**Senator HEFFERNAN**—No, that is not my question. Is it compliant under the act? I know it is not on the list. Is it compliant to be on the list under the act?

**Senator Conroy**—We will happily take that on notice and get you a precise answer.

**Senator HEFFERNAN**—Thank you. There is a respite period now, Minister, because I will move to Senator Back.

**CHAIR**—Before we go to Senator Back, whose questions are about regional airports, can I ask whether Senator Nash still has questions on major airports.

**Senator NASH**—Just on Sydney airport.

**Senator HEFFERNAN**—But the reason I conceded is that he has to go to another meeting.

**Senator NASH**—Then go for your life, Senator Back.

**Senator HEFFERNAN**—I am generously giving up some time.

**CHAIR**—I am just making sure that middle-aged and old men do not push in front of Senator Nash.

**Senator NASH**—I am quite happy to defend myself if necessary.

**CHAIR**—I call Senator Back.

**Senator BACK**—Just before I go to regional airports, I want to confirm the minister's offer to take on notice the question regarding the possible fate of the priority regarding the intermodal project for Perth. Could the minister in that same response also advise whether there are any mechanisms by which the Westralia Airports Corporation can seek other means of government support to facilitate the development of the planned expansion? I repeat what I mentioned yesterday, and it is in that 2009 report, that the current cost to the Western Australian economy of the deficiencies of the airport is estimated at, I think, \$21 million, but more frightening is the fact that their plan suggests that by 2011-12 the loss to the economy will be \$207 million per annum. I ask if the minister could take that on board, because that is a particularly serious issue, especially—

**Senator Conroy**—I am happy to add that to the issues we have taken on notice for you, Senator Back.

**Senator BACK**—Thank you, Minister. I appreciate that. I now come to a question of the regional airports. Who takes responsibility for the operation of regional airports in Australia now?

**Mr Tongue**—Regulatory responsibility?

**Senator BACK**—Who has regulatory responsibility and also who is responsible for the maintenance and upkeep of those airports?

**Mr Tongue**—The regulatory footprint includes CASA on safety, Airservices for air traffic management and the Office of Transport Security for security. So it is a range of department and portfolio agencies.

**Senator BACK**—Who is responsible for the maintenance of regional airports?

**Mr Tongue**—Partly the department is responsible. We have been working in that space. So fire away and we will see what we come up with.

**Senator BACK**—It is in that particular area that I want to ask some questions. The federal government continues to have an involvement in the operation of some regional airports, does it not?

**Mr Borthwick**—As a general rule, regional airports are owned and operated by local councils. To my knowledge, the federal government does not have a direct role in running any regional airport in Australia.

**Senator BACK**—Is there a capacity then for the government to actually assist some or any local governments in aspects of their operations and maintenance of their airports?

**Mr Borthwick**—The federal government has a number of programs under which airports may be eligible for assistance. We have the Remote Aerodrome Safety Program, which is targeted at remote and Indigenous communities in particular. In the recent budget there was a further Remote Aviation Infrastructure Fund announced, which was really targeted at the airstrips that receive RASS services. Airports were eligible to apply for funding through the Regional and Local Community Infrastructure Program. They are the programs.

**Senator BACK**—Is that particular program a recent initiative that they have the opportunity to apply under?

**Mr Borthwick**—The Regional and Local Community Infrastructure Program is a recent program, yes.

**Senator BACK**—Can you advise how many applications may have come in and how many may have been successful—or is that premature?

**Mr Borthwick**—That particular program is actually administered by the Local Government and Regional Development Division, so it might be appropriate to put your questions to that division when the officers are here.

**Senator BACK**—So the green paper suggestion that the government has not had a direct role in funding ongoing maintenance and capital upgrades relates to airports other than the Indigenous and other remote airports you are speaking of. Is that right?

**Mr Borthwick**—That is correct.

**Senator BACK**—Again, the green paper makes the point:

The Australian Government recognises that the experience has varied following the transfer of aerodrome ownership to local councils.

Obviously there are some who, by nature of the activity—perhaps if they have mine sites nearby or whatever—have actually done quite well out of the process. But my concern is that there are others that have not. The ones I want to focus on are the ones that have not been able to generate sufficient income or simply have not had the mechanism to be able to collect airport landing fees which, as you would understand as well as I do, is very difficult when there are simply ad hoc and unscheduled landings. What is the process by which local governments can in fact fit into this ongoing funding under the remote airports scheme?

**Mr Borthwick**—Under the Remote Aerodrome Safety Program we have a set of guidelines, which are on our website. The government has allocated funding over a four-year period for safety upgrades at those particular airports. We have completed two rounds of those applications, so we have local communities and councils already receiving funding under that program. The third round of funding is currently being assessed. It closed earlier this year. We expect the minister to be able to make announcements in the coming month or so about the successful outcome for those programs.

**Senator BACK**—Can you give me some guidance as to what some of the criteria might be—for example, emergency landings? I am thinking of the Royal Flying Doctor Service and

related aircraft movements. Are they criteria by which you or the minister would consider applications for the upgrading of airstrips?

**Mr Borthwick**—Under the program, the eligibility criteria are spelt out in some detail. The eligible projects are around works to improve aircraft safety, all-weather capability of aerodromes, works to enhance aerodrome safety for aircraft operations and works to enable night-time operations, particularly to accommodate the Royal Flying Doctor Service to those aerodromes. There is an existing mechanism for aerodromes that meet the remote criteria to apply and receive funding.

**Senator BACK**—Are you aware of aerodromes or councils that actually have not been able to get their act together and make application in a way adequate to be assessed? In other words, are you aware of airstrips around rural and remote Australia where they would be at risk of the Royal Flying Doctor Service not being able to land under adverse conditions, conditions sufficient for normal operation of those aircraft?

**Mr Borthwick**—I am not aware specifically of that information. I should add that, as part of our assessment process for the applications, the assessment panel includes a representative of the Royal Flying Doctor Service who brings the direct experience of operations into and out of the aerodromes that have applied. Through that process they could put forward suggestions about aerodromes that they know about which perhaps did not apply, and we would contact that local council and encourage them to apply and provide whatever assistance we can to assist them in framing the application.

**Senator BACK**—Does the department have sufficient funding, in the event that those applications come through, to be able to assist?

**Mr Borthwick**—I think in the most recent round, which has closed, there have been more applications for funding than we have funding available.

**Senator BACK**—In line with that—and I realise you would not have the information now—could you take on notice: is it possible for us to be informed of remote airports and amounts that actually have been successful over the last 12 months, 18 months to two years?

**Mr Borthwick**—That information is currently on our website, but we are happy to provide it to you as well.

**Senator BACK**—Thank you. I ask the question because, regrettably, under the last state government in Western Australia there was quite a drop-off in funding for remote airports. It is being addressed now. I understand that the combination of federal and state government funding is addressing it. Of course, we now have an increased standard of Royal Flying Doctor Service, particularly aircraft whose conditions for safe flight are probably stricter than they were in earlier days. It really is an area of enormous concern, especially—but not only—for remote communities with mine sites et cetera. I am appreciative of any advice you can give us in that regard. That concludes my questions in regard to regional airports.

**Senator IAN MACDONALD**—Can you briefly explain the budget announcement program that you just mentioned?

**Mr Borthwick**—Certainly. The budget announcement was for a Remote Aviation Infrastructure Fund. That program is currently administered by the Local Government and

Regional Development Division because it is closely tied to the Remote Air Service Subsidy Scheme, the RASS Scheme. But, essentially, the fund is designed to bring the ports that receive RASS services up to RPT standard.

**Senator IAN MACDONALD**—What is the funding for that?

**Mr Borthwick**—I think it is \$3 million.

**Senator IAN MACDONALD**—Over how many years?

**Mr Borthwick**—That is for the next financial year, for 2009-10.

**Senator IAN MACDONALD**—How long does the program go for?

**Mr Borthwick**—My understanding is that at this stage the funding has been allocated for one year.

**Senator IAN MACDONALD**—You are not going to do much with \$3 million in one year, are you? Are the administration and all the details in the regional area?

**Mr Borthwick**—They are.

**Senator IAN MACDONALD**—Are you aware of any Commonwealth announcements for funding of the ‘Conroy airstrip’ at Karumba?

**Senator Conroy**—I would like an answer to that question.

**Senator HEFFERNAN**—Are you developing—

**Senator Conroy**—You had to be at the last estimates to understand how important that reference was, Senator Heffernan.

**CHAIR**—At the last two estimates actually. Sorry, Senator, you were referring to Karumba.

**Senator IAN MACDONALD**—Yes. I guarantee that it will be called the ‘Conroy airstrip’.

**Senator Conroy**—That is the name agreed by the Senate committee in terms of delivering the funding.

**Mr Borthwick**—Karumba has applied for funding under the third round of the Remote Aerodrome Safety Program and all of those applications are currently under assessment.

**Senator IAN MACDONALD**—So that is not the program announced in the budget; this is the existing Remote Aerodrome Safety Program?

**Mr Borthwick**—That is correct, Senator.

**Senator IAN MACDONALD**—Do you deal with that or does the regional branch deal with that?

**Mr Borthwick**—We deal with the Remote Aerodrome Safety Program.

**Senator IAN MACDONALD**—Can you tell me the funds that are available in that? You have said that they have applied for the third round. When is the third round assessed and when does it close?

**Mr Borthwick**—The applications for the third round have closed. They are currently under assessment. The applications are for funding in the 2009-10 financial year for which there is

\$7 million available. The assessments are currently ongoing. We expect to finalise the assessment in the middle of June for recommendation to the minister.

**Senator IAN MACDONALD**—Mr Borthwick, I am not sure if you were here, but of course these assessments are made honestly and openly by the department without ministerial intervention. But you are aware that Senator Conroy has a personal interest in this airstrip. It will be named after him if they get good funding, so I do not want to influence your decision-making process at all.

**Mr Tongue**—In his current state, we are keeping him at arm's length.

**Senator HEFFERNAN**—Are you a relative of the other Borthwicks of fame in the Public Service?

**Mr Borthwick**—No, Senator. I have no relatives in the Commonwealth Public Service.

**Senator HEFFERNAN**—What about in the meat game—the Borthwicks in the meat game?

**Mr Borthwick**—No, unfortunately, because I hear they are quite wealthy.

**Senator HEFFERNAN**—And my last question: is that a prostate cancer badge you have on there?

**Mr Borthwick**—No, it is an Anzac Day badge.

**Senator HEFFERNAN**—There you go. Can I go back to where I was? If so, I am reliably informed—and I stand to be corrected—that the government Challengers are the 604s, which are on the list.

**Senator Conroy**—We said we would get back to you on that. We do not know that to be the case.

**Senator HEFFERNAN**—Anyhow, you can still get back to me. With regard to compliance with weight and noise requirements under the act, unless the regulations and instruments have been used to discriminate against compliant aircraft, some people are arguing that the act should define the types that should be on the list. The list is based on the model; is that right?

**Ms Ellis**—The list is based on what, Senator?

**Senator HEFFERNAN**—Not the type but the model.

**Ms Ellis**—I think we are getting into a legal argument and I am definitely not qualified—

**Senator HEFFERNAN**—And neither am I.

**Ms Ellis**—to give you an answer. You have asked if the 600 is—

**Senator Conroy**—We will take it on notice.

**Senator HEFFERNAN**—You will take it on notice?

**Senator Conroy**—Yes.

**Senator HEFFERNAN**—Okay. Simple compliance with the weight and noise requirements under the act should be all that is required, surely. I mean, you either comply or

you do not. If you comply, you should be on the list. Wouldn't that be a reasonable thing to say?

**Senator Conroy**—You are asking opinion now.

**Senator HEFFERNAN**—No.

**Senator Conroy**—Yes, you are. We are happy to take the question on notice.

**Senator HEFFERNAN**—Well, I will assert—

**Senator Conroy**—You can assert it and then you are asking the officer to comment on it.

**Senator HEFFERNAN**—No.

**Senator Conroy**—That does not change the fact that—

**Senator HEFFERNAN**—No, I would never do such a thing. If you complied with the weight and noise requirements under the act, that would have the added benefit of it not being necessary for the minister or the department to modify the list every time there is a new entrant onto the Australian register or a new compliant type certificate added. You are either the right type, the right noise profile and the right weight or you are not, but that does not seem to be the way the system operates. We understand that the act must also apply to foreign registered aircraft; is that right?

**Ms Ellis**—Yes, Senator.

**Senator HEFFERNAN**—Very good. Their suitability will of course be measured against the act and type, but is it true that they are also subject to a separate form of regulatory control for entry into Australia by your department?

**Mr Tongue**—If they are regular passenger aircraft being flown by a foreign airline then they are subject to a whole range of controls to do with safety and security and then they receive a licence to fly into Australia. If you are talking about charter, there are different arrangements. The answer is: it depends on the circumstance but, yes, there are other controls.

**Senator HEFFERNAN**—Obviously, these people are concerned—and our job is to represent concerns—that they are being denied the opportunity to earn regular and export income as a consequence of the interpretation of the act. That is, their Challenger 600/1 is compliant under the act but excluded under the list. They are of the view that the list has the unintended consequence of discriminatory conduct by government, restraint of interstate trade, loss of significant export income, economic loss to the company and inability to hire more staff to service the existing demand currently filled by foreign competitors. So with that in mind, I would be grateful if we could clear up this matter. Obviously if this 600/1 was originally on the list, we have all got a serious problem.

**Mr Tongue**—We will take the question on notice. I would simply note that the intended nature of the list is to protect people under flight paths.

**Senator HEFFERNAN**—Yes, I agree with that.

**Mr Tongue**—We are not really in the business of trying to generate a whole bunch of curfews—

**Senator HEFFERNAN**—No, I appreciate that. That is why I feel a bit sorry for the people who are maybe going to build a house at Tralee. There is plenty of land out there; there are 100,000 acres you could build the damn thing on. So I would be grateful if you would clear that up. With regard to the 604, which it has been suggested is the government Challenger, did it first come on the list when the government bought the Challengers?

**Ms Ellis**—I do not have the history, but my understanding is that state aircraft are exempt from—

**Mr Tongue**—Under International Civil Aviation Organisation arrangements, state aircraft are exempt from civilian—

**Senator HEFFERNAN**—So Air Force One is excluded?

**Mr Tongue**—Absolutely. As much as we would like to regulate them, we cannot.

**CHAIR**—On that, Senator Macdonald, have you finished your questions?

**Senator IAN MACDONALD**—You would like to regulate the staff on board those VIP aircraft, I would suggest, so they do not serve the wrong meals.

**Senator Conroy**—Senator Macdonald!

**Senator IAN MACDONALD**—I do not have any questions, Mr Chairman.

**CHAIR**—Senator Macdonald, you are not going to believe this, but this committee has been running like a clock this morning—there is that much love in the air—and I would encourage you to come and join us in the session.

**Senator IAN MACDONALD**—That is why I have decided to come along, Mr Chairman.

**Senator Conroy**—There is the jar, and for every rude interjection you have to put in \$5. And you have just made the first contribution for the morning.

**CHAIR**—And I have to commend senators on this committee for their professional attitude today. It has been a pleasure chairing this committee. I will rephrase that. Senator Macdonald, do you have any questions?

**Senator IAN MACDONALD**—As I said before, no, I do not, Mr Chairman, not on airports and aviation.

**CHAIR**—Senator Nash.

**Senator NASH**—Is it true that Sydney airport is approaching capacity?

**Ms Gosling**—The Sydney airport master plan, as I mentioned before, is currently with the minister for assessment—that is, the draft master plan for 2009. That deals with projections and arrangements for management of the airport through to 2029. It is difficult for the department to comment on that because it is currently under assessment and consideration by the minister.

**Senator NASH**—So is that a maybe?

**Senator NASH**—Obviously. Given that you cannot answer that, when do you think you will be in a position to answer that? When will all of that be done?

**Ms Gosling**—As I mentioned before, the statutory clock for the minister's assessment is currently stopped because we wanted to give Sydney airport the opportunity to provide some additional information, which is a fairly routine process in an assessment of a master plan. So when that information comes back, there will be a certain amount of time left for the minister to actually formalise his decision. So the short answer is that we anticipate the decision on the master plan would have to be made some time in June, but the exact date—

**Senator NASH**—I wish everybody would answer like that.

**Ms Gosling**—the clock is triggered when Sydney airport comes back to us, and it is important that they have time to respond to all comments and all queries that we have.

**Senator NASH**—That is obviously the reasonably near future?

**Ms Gosling**—Yes. Their forecasts are contained in the master plan, and that is on their website.

**Senator NASH**—All right. Is there any idea how long the minister will consider that for?

**Ms Gosling**—My recollection is that when the clock resumes ticking the minister will have 11 business days left.

**Senator NASH**—On the issue of the second airport, Badgerys Creek is no longer an option? That is completely off the radar?

**Mr Tongue**—Correct, Senator.

**Senator NASH**—What is the government's plan for the land, then? I used to live in the area when all of this was happening and all of the acquisitions were occurring, which was an inordinately long time ago now. If the airport is not going ahead, what is the plan for the land?

**Mr Tongue**—That is a question for the government.

**Senator NASH**—Minister, I suppose you are not—

**Senator Conroy**—I will take that on notice.

**Senator NASH**—In terms of any other site for the second airport, what has been considered?

**Senator HEFFERNAN**—June.

**Mr Tongue**—We are not in a position to speculate. The minister has made clear that as part of the aviation green paper and white paper process and consideration of the Sydney airport master plan he will announce a process to establish a possible site, but we are not in a position to speculate.

**Senator NASH**—Should Richmond air base have any concerns? Are they on the drawing board?

**Mr Tongue**—You are asking us to speculate.

**Senator NASH**—I am, aren't I! How very silly of me. At least it is on the record.

**Senator Conroy**—Yes.

**Senator HEFFERNAN**—I will put it on the record that we will supply the land for nothing at June.

**Senator NASH**—Then I will have to fly in very close to you, Bill. I am not sure that is going to be an attraction. It would be for me.

**Senator Conroy**—Misleading the Senate, \$5 in the jar for Senator Nash.

**Senator NASH**—The issue of the regional slots going into the airports—there is no discussion at the moment around whether any of those arrangements should be changed? I know in the past we have had a push occasionally to get those regional slots out to Bankstown. Can you confirm that it all remains as is?

**Ms Gosling**—That is not under consideration at the moment. In terms of the pricing arrangements for the regional slots, the Assistant Treasurer's direction is in place until 2010 and it will be considered by government at that point.

**Senator NASH**—When in 2010 does that actually come up?

**Ms Gosling**—I do not know the month.

**Senator NASH**—Can you take that on notice and get back to us?

**Ms Gosling**—Yes.

**Senator IAN MACDONALD**—Can I ask one follow-up question on that.

**Ms Gosling**—I am sorry, Senator. I have just been advised, Senator Nash, that it is June 2010.

**Senator IAN MACDONALD**—Under the current arrangements what is the maximum number of movements for Sydney airport?

**Ms Gosling**—In terms of hourly movements there is the 80 movements per hour cap, if that is what you mean. It is difficult to say.

**Senator IAN MACDONALD**—Following up from Senator Nash's question, how do you assess when the airport is at full capacity—when the maximum number of movements have been reached?

**Mr Tongue**—Capacity is an interesting question. You can talk about hourly capacity, which is the 18 movements an hour cap, but it is also how movements are distributed through the day. For example, Sydney airport seems to be peaky—morning arrivals and afternoon departures. Basically, the answer to your question is a complex sort of issue about when capacity is reached.

**Senator IAN MACDONALD**—Under the current operating plan the maximum is 80 movements per hour for 18 hours a day, is it?

**Mr Tongue**—We are having to do the maths.

**Senator HEFFERNAN**—We will not hold you to it.

**Senator IAN MACDONALD**—When does the curfew start? Is it 10?

**Ms Ellis**—Eleven pm to 6 am.

**Senator IAN MACDONALD**—That is seven hours off 24, which is 17 hours a day. So the maximum use is 80 movements for 17 hours. How many of those hours are now at capacity, at 80 movements?

**Ms Gosling**—We will take that on notice.

**Senator IAN MACDONALD**—What I am seeking, and Senator Nash was referring to, is how many movements there are currently in each of those 17 hours.

**Ms Gosling**—We will take it on notice.

**Senator IAN MACDONALD**—That is doable, is it?

**Ms Gosling**—It is a question of whether you are doing actual movements for a set period, whether you are doing an average day or a busy day. We will try to give you some illustration.

**Senator Conroy**—We will try to give you an answer.

**Senator IAN MACDONALD**—An average over a typical week in the last month would probably get us the information.

**Senator HEFFERNAN**—I just want to make clear that you are going to give me a list going back to when the list first started of all aircraft that have ever been on the list?

**Ms Ellis**—Yes, Senator?

**Senator HEFFERNAN**—A former employee of Bombardier, the manufacturer of the Challenger aircraft, is prepared to swear that the Challenger 600 was on list in the late 1990s and was taken off and replaced by the 604 in the context of negotiations between Bombardier and the government for the RAAF tender.

**Senator Conroy**—We appreciate—

**Senator HEFFERNAN**—A swap occurred.

**Senator Conroy**—that piece of information. As we said, we will take it on notice and come back to you with the situation as far as we are able to ascertain.

**Senator HEFFERNAN**—Can I add one other little question.

**Senator Conroy**—You can add as many as you like, Senator Heffernan.

**Senator HEFFERNAN**—There have been some issues raised about the security of aviation staff, pilots, when they come to Sydney airport. Some pilots have secure car parks and some pilots—

**Senator Conroy**—How is that relevant to Senate estimates?

**Senator HEFFERNAN**—It is very much relevant to airport security. With great respect, there are often sensitive documents, swipe cards, all sorts of things in people's possession. Could you, not necessarily in the context of this, let us know the arrangements regarding secure parking for the captain of a 747 or whatever?

**Mr Tongue**—It is not an issue covered in the transport security programs that I am aware of that we regulate. I am happy to take it on notice.

**Senator HEFFERNAN**—It is an issue. There is an incident to back it up. A car was broken into in the public car park. Some airlines make provisions for security for their staff.

**Mr Tongue**—Most airlines make provision for security, but I will see what I can find out for you, Senator.

**CHAIR**—If there are no further questions on this issue I thank the officials from Aviation and Airports and now call those from Airservices Australia.

**Senator HEFFERNAN**—Can I ask whether Mr Peter Cromarty is coming today and if he is not, could he?

**Mr Tongue**—Let me check for you. He does not appear on the witness list but I will talk to our staff. We will endeavour to make sure that there is somebody to answer your questions, Senator.

[12.23 pm]

#### **Airservices Australia**

**CHAIR**—I welcome representatives from Airservices Australia. Mr Russell, do you wish to make a brief opening statement?

**Mr Russell**—No, Chairman, I do not.

**CHAIR**—It is good to see you and your team. It was great to travel over Christmas. Senator McGauran was way off the mark with some wild accusations about everyone being on strike. I do not know what that was all about.

**Senator IAN MACDONALD**—Can you give us an update on the air traffic control certified agreement?

**Mr Russell**—You may remember we have had three certified agreements that we were negotiating with various staff within Airservices. The air traffic control agreement and the agreement with our fire services staff have been concluded. The air traffic control agreement is for 3½ years with a wage increase of 4.3 per cent per annum in return for productivity improvements relating to both sick leave and rostering. I am pleased to say that the terms of the agreement lay the grounds for continuing reform of this part of this organisation which I had sought when we were negotiating it.

**Senator IAN MACDONALD**—Is it possible for you to briefly explain the arrangements regarding sick leave and—what was the other thing you mentioned?

**Mr Russell**—Rostering?

**Ms MACKLIN**—Rostering, yes.

**Mr Russell**—Senator, I will give you the headlines, if I may, and then ask one of my colleagues to perhaps fill out some of the detail. We sought changes to two issues which we thought would provide the greatest improvement in terms of efficiency and productivity within this part of the organisation. That was with respect to sick leave and rostering. The sick leave arrangements that we have agreed upon are to leave sick leave as required but to put restrictions and intervention points within the process so that management can much more closely manage the question of absenteeism. We believe again that that will help us significantly. There have been changes to rostering with respect to shift lengths that will allow more flexibility in the way the organisation goes about its rostering activities and I will ask—and I assume that you will want some more information on that—my colleague Jason Harfield to just explain a little more detail on both, if that would suit you.

**Senator IAN MACDONALD**—I think so. I am not sure that fine detail is what we need, but off you go, Mr Harfield. A general understanding is all I need.

**Mr Harfield**—In regard to sick leave, constraints have been put in in the area of single-day absences. Previously there were unlimited single-day absences without a certificate. At the moment in a 12-month period there is up to eight single days without certificate. For any absences of more than 15 days in a 12-month period there is a management review that is undertaken, and various options apply in that management review. Without going into the particular detail—

**Senator McGAURAN**—Please do. That is what you are here for.

**Mr Harfield**—The detail of the management review is that there is at that intervention point a review undertaken of the sick leave history and the absence from the workplace and then various options can be taken. For example, if the absences have been the result of some longer term illness—for example, you know, breaking their leg or something—then there would be a continuation and a monitoring process. If there are concerns about the absences then the person can be referred to a designated aviation medical examiner, and then if further information comes from that then other action can be taken as a result. That is in regard to sick leave.

**Senator IAN MACDONALD**—The increase in the salary, I think Mr Russell sort of indicated, was a trade-off in a better sick leave regime. That is my take on it. But what were the air traffic controllers seeking in a pay increase?

**Mr Russell**—Senator, originally the log of claims that was served in the guise of a vision document that was given to us in May last year sought an alignment increase in pay that averaged between around 30 to 35 per cent. There were some various grades within that pay structure that were considerably more than that and some below it, and then an increase of five per cent annually over a three-year period.

**Senator IAN MACDONALD**—For good workplace relations, I do not want you to comment upon this except to say it has been reported to me and there has been public comment in the newspapers that there was a culture of taking sickies just as a day off, as an additional part of holidays. I am not asking you about that—

**Senator McGAURAN**—Well, I am. It is a known fact. It is on the record.

**CHAIR**—Senator McGauran, you are out of order. Your colleague has the call.

**Senator McGAURAN**—I am not going to let this be watered down.

**CHAIR**—Order, Senator McGauran.

**Senator McGAURAN**—We say the minister has played a part in this.

**CHAIR**—Senator McGauran, if I can call you to order. Senator Macdonald was asking a legitimate question. He doesn't need you, Senator McGauran, or anyone else, assisting him in his line of questioning. I am waiting for the answer when you have finished the question, Senator Macdonald.

**Senator IAN MACDONALD**—Perhaps I should have asked: the new arrangement is in place?

**Mr Russell**—Yes, it is.

**Senator IAN MACDONALD**—When did that start?

**Mr Russell**—It came into operation today.

**Senator IAN MACDONALD**—Today?

**Mr Russell**—Yes.

**Senator IAN MACDONALD**—That avoids my next question, which was related to that preamble I raised, which I did not want you to comment on, having been through the pain and drama and arguments and having resolved the issue.

**Senator McGAURAN**—Nothing happened in the end. It resolved nothing.

**Senator IAN MACDONALD**—I was going to ask you: since the agreement came in, have you noticed a change in the culture of the air traffic controllers? But as it has only started today I guess you will not have noticed any change at all. Perhaps since the agreement was made, although it came into place today, have you noticed any change?

**Mr Russell**—From the point of agreement in principle, there is quite a process involved in having the agreement written up and then reviewed by, as part of the government bargaining framework, the Department of Education, Employment and Workplace Relations and the Australian Workplace Authority. We have seen since that in-principle agreement was reached some months ago that things have settled with the air traffic group.

**Senator IAN MACDONALD**—In a statistical way, would the number of one-day sickies have decreased in the last two months?

**Mr Russell**—I would need to provide you with more detail on that and I am happy to do so, but we have seen a general decline in the number of sick days taken year on year. I am happy to provide you with further detail if you would like it.

**Senator IAN MACDONALD**—If I could leave that on notice, in a relevant period—I mean, when we last discussed this in estimates. Perhaps that might be an appropriate time, or shortly after. Anyhow, I am just interested in the statistics in some relevant period that I will leave to you. I understand one of the issues in negotiations was the skills shortages in your part of the industry. I am just wondering what plans you have in place to address the issue of skills shortages into the future.

**Mr Russell**—Senator, on the question of numbers of air traffic controllers in the first instance, I have reported to this committee in the past that it is my view that we have about the right number of air traffic controllers—not exactly in each group as we are currently organised, but we do not have them as effectively deployed as we could. It goes to the nature of the way this organisation provides air traffic services. We have been doing it the same way pretty well for 40 years, and technology and other things have moved on. A key part of our reform program is to change the way we do that and to be able to better deploy our people.

In terms of overall numbers, as I say, this issue has settled. Again, I think our overall numbers are about right. Not every group has, within the organisation, exactly the correct number: some have more, some have slightly less. It is an issue that we are addressing. We find that our program of training and recruitment is successful. We have developed a learning

academy at our Melbourne facility to train not just air traffic controllers but also the other parts of our workforce: our fire service, our technical trainees and, indeed, our management. That, together with some recruitment that we have been conducting of experienced controllers who live in Australia and others who want to either return to or come to live in this country, gives us significant confidence that we will not have a problem going forward in this particular part of the organisation.

**Senator IAN MACDONALD**—You mentioned that. Is it possible to get on notice statistics of how many AT controllers have left Australia in the past year?

**Mr Russell**—We can provide with you that information now.

**Senator IAN MACDONALD**—And how many of them have returned or been replaced by ATCs from overseas? Would that information be—

**Mr Russell**—I can provide some of that now and perhaps, if it is not adequate, we can take the rest on notice.

**Senator IAN MACDONALD**—Yes, sure. That will be good.

**Mr Russell**—I will ask my colleague, Caroline Fleming, to respond.

**Ms Fleming**—This year we have seen 50 air traffic controllers leave our business—not all of those for overseas. I do not have the exact number who have left for overseas but, out of that 50, 32 have resigned. So, if you like, they have left of their own volition to do other things. We have successfully recruited a number of air traffic controllers. This year, we are having 93 commence at our college. Our recruitment campaigns have resulted in about 1,000 applications for ab initio controllers and around 250 applications for experienced controllers. Some of those experienced controllers are people wanting to come back from overseas and others are from other countries who want to come and live in Australia. So we have had successful recruitment campaigns and significantly ramped up our training of air traffic controllers.

**Mr Russell**—If I may add, the issue in this organisation—almost across all of our operating groups—is a demographic issue. Like many organisations, we have an ageing workforce and a number of those air traffic controllers who have left the organisation have, in fact, retired. The average age of our air traffic control workforce is between 42 and 43 and without some action similar to what we have taken there could be a problem going forward—not just in the air traffic group but in our technical areas as well. So this area of training and recruitment is a very high priority for the organisation.

**Senator IAN MACDONALD**—Is it right that people who train as pilots often end up as air traffic controllers?

**Mr Russell**—That has been the case in the past, although we see people coming from all sorts of backgrounds, not necessarily from an aviation related background in the first instance, to join us. As my colleague was saying, there is no shortage of people interested in training as air traffic controllers.

**Senator IAN MACDONALD**—The world, and indeed the Australian, airlines market is going through a bit of a bad period at the moment, with the major airlines cancelling services, which means, I assume, cancelling planes and cancelling flight crew. I assume it is happening

more dramatically overseas. I understand global travel is substantially down. Does that mean that there are now more people available to take on ATC jobs in Australia? Are you noticing that?

**Mr Russell**—Certainly we have noticed a decline in growth right across aviation. Of course, the demands that were being made for additional pilots and additional engineers only 18 months ago are no longer relevant. It is our view, though, that this is the time to make sure you continue with your training. Whilst we in Australia have not seen yet a significant decline—in fact, our year-to-date numbers based on tonnage of aircraft flown, both international operators and domestic operators, is still slightly up, over two per cent up, year on year to end of April—we have seen a change in the mix of the aircraft that are currently flying here. The international services to Asia have declined whereas they have picked up in the Middle East. More capacity is going in there. We have seen some capacity come out of the domestic airline industry—Qantas and Virgin. Yet Virgin has introduced their fleet of Embraer jets in the last 12 months. That came off a fairly high capacity number. We have seen the emergence of the low-cost operator, Tiger. So it is a bit of a mixed message, but at the moment we see traffic holding up. We do not believe it is going to continue. We think next year is going to be a particularly tough year.

**Senator IAN MACDONALD**—Does it follow that if you have one aircraft movement an hour, or 20 an hour, or 80 an hour, you still need air traffic controllers? It follows as a matter of course, I guess, that the more movements, the more staff you need to roster for those busy periods. Is that right?

**Mr Russell**—Yes. Generally, the answer is we as an organisation—and it is similar to our counterpart organisations in other parts of the world—are high fixed-cost organisations. You need to man our operations, be it an en route centre or a tower, regardless if traffic drops off five per cent or 10 per cent. There comes a point, though, where you would look very closely at your manning—depending on the number of aircraft movements, of course—and that is something we continually do.

**Senator IAN MACDONALD**—With your rostering, are you able under the new certified agreement to roster a greater number in the morning and evening busy periods and a lesser number in the middle of the day and in the curfew hours at night?

**Mr Russell**—Generally we staff to where the traffic is. It does not necessarily mean that because it is daylight, in our business, that that is where all the traffic is, either. There is a lot of activity in the very early hours of the morning coming across from Europe and Asia into the east coast airports of Australia. We have, I believe, achieved some significant flexibility in the rostering arrangements under this certified agreement. I will ask my colleague, Mr Jason Harfield, if he will comment on that further.

**Mr Harfield**—The main issue is that, with the current collective agreement, we are able to be much more flexible with our rostering and, therefore, better match the traffic patterns with the human resource need at the particular time and we are able to change that as the traffic patterns change.

**Senator IAN MACDONALD**—Since we last spoke, has the number of bases for regionally based air traffic controllers—that is, non-capital city—fallen or increased? Or are there not any? There must be some.

**Mr Russell**—We have our air traffic control staff largely based in Melbourne or Brisbane in terms of our en route operation—the upper airspace—but we have control tower staff based at 24 towers.

**Mr Harfield**—Twenty-six airports.

**Mr Russell**—Twenty-six airports throughout Australia.

**Senator IAN MACDONALD**—They are still classed as air traffic controllers?

**Mr Russell**—Yes, my word, and in addition to that we have what we call four terminal control units. There is one in Cairns, one in Sydney, one in Adelaide and one in Perth.

**Senator IAN MACDONALD**—What do they do?

**Mr Russell**—They manage airspace 40 miles out from major capital city airports and airports like Cairns.

**Senator IAN MACDONALD**—I know we have been through this before, but who manages flights into, for example, Weipa and Thursday Island?

**Mr Russell**—It depends on the class and category of airspace that they are operating in. If it is controlled airspace, we would separate aircraft in that environment. In airports in Weipa and others, they are uncontrolled aerodromes. So in those circumstances—and there are many of them in Australia, particularly in regional Australia—it is a see and avoid self-separation—

**Senator IAN MACDONALD**—It is what, sorry?

**Mr Russell**—‘See and avoid’ applies where pilots self-separate, particularly in the circuits. So they will make radio calls before landing that there are uncontrolled aerodromes, and Weipa fits into that category.

**Senator IAN MACDONALD**—So when you say ‘see and avoid’, if you are landing in Weipa in the middle of a rainstorm and you cannot see anything, how do you see and avoid then?

**Mr Russell**—Normally there is a series of radio calls. This goes to a question of whether there is what is called a CTAF or a CTAF(R)—controlled traffic advisory frequency—where it is mandatory or not to make a radio call before landing at some of these airports.

**Senator IAN MACDONALD**—Surely it is mandatory everywhere.

**Mr Russell**—It is not mandatory everywhere. That is an issue that you perhaps might like to take up with the people who follow me in here today.

**Senator IAN MACDONALD**—That is CASA’s responsibility, is it?

**Mr Russell**—It is a regulatory issue, so it is CASA.

**Senator IAN MACDONALD**—You do not even have to make a radio call?

**Mr Russell**—In some cases the answer is no, but in most of the major regional airports that are not towered it is mandatory that radio calls be made.

**Senator IAN MACDONALD**—If you are flying from Cairns to Weipa or Cairns to the Torres Strait, to Horn Island, do your air traffic controllers in Brisbane not keep an eye on them all the way?

**Mr Russell**—Yes, but—and I will defer to my colleague in a moment—there is a difference here between an aircraft lodging a flight plan, leaving Cairns and flying, say, to Weipa; we have that flight plan in our system. There is then a difference between what happens when that aircraft arrives in the Weipa circuit and what the procedures are for landing in an uncontrolled aerodrome. I might ask Jason Harfield to clarify that a little further if you would like.

**Mr Harfield**—The service that is provided depends on the class of airspace. For example, in Weipa the airspace surrounding that is class G airspace. The provision of service that we apply is that we do monitor the progress of instrument flight rules flights and we provide a directed traffic information statement to those flights on other aircraft that are operating in the vicinity of that aircraft. We will give them a traffic statement on arrival at that particular aerodrome, but when they arrive at that aerodrome and get into the circuit area they will switch to another frequency and make appropriate calls and sort themselves out with other traffic.

**Senator IAN MACDONALD**—In the area?

**Mr Harfield**—In the area.

**Senator IAN MACDONALD**—Do you keep them on radar, though? Do you follow their progress on radar?

**Mr Harfield**—For instrument flight rules flights in class G airspace, if we have surveillance coverage with it we monitor the progress of their flight.

**Senator IAN MACDONALD**—These are self-serving questions, I might add.

**CHAIR**—And we are all listening to them.

**Senator IAN MACDONALD**—Do you have coverage to Weipa?

**Mr Harfield**—At this point in time we do not have any radar or surveillance in the Weipa area. So we manually track the aircraft through the aircraft reporting on the radio that they are at this point and the next point. We monitor it that way rather than a visual on the screen.

**Senator IAN MACDONALD**—And that covers both RPT and general aviation aircraft?

**Mr Harfield**—Yes, in an instrument flight rules category. If they are what we call VFR, or visual flight rules, in class G airspace, they operate what we call transparent to the system.

**Senator IAN MACDONALD**—And going to Horn Island from Cairns, you do have radar coverage there?

**Mr Harfield**—We have radar coverage up to about 250 miles north of Cairns with the radar that is actually based at Cairns. Obviously the lower you are the further away you will go out of that radar coverage. It would depend on what altitude you are as to whether—

**Senator IAN MACDONALD**—Do you have radar in Horn Island?

**Mr Harfield**—There is no radar here to Horn Island. The radar feed for Horn Island would come from Cairns. So it would depend on what altitude you are at when at Horn Island as to whether we could see you or not.

**Senator IAN MACDONALD**—All of the quite significant general aviation activity across the Torres Strait—and it is quite substantial, as you would be aware—is unseen by radar?

**Mr Harfield**—Predominantly, yes.

**Senator IAN MACDONALD**—But seen by voice contact on the radio with Cairns base?

**Mr Harfield**—Depending on the type of operations. In that particular area, Brisbane centre would monitor it and they monitor the traffic in that particular area through that manual method.

**Senator IAN MACDONALD**—Brisbane centre do?

**Mr Harfield**—Brisbane centre—in that Horn Island area.

**Mr Russell**—If it would be helpful for Senator Macdonald, we will provide you with some maps that show radar coverage and what we can see in that part of Queensland.

**Senator IAN MACDONALD**—I am not sure that ignorance might not be bliss in this instance. Finally—and this is not your area but you would know—are all GA aircraft now required to have their own internal radar that sees through rain and cloud?

**Mr Russell**—No.

**Senator IAN MACDONALD**—The one that sees mountains is, though, as opposed to other aircraft?

**Mr Harfield**—It is probably a question—

**Senator IAN MACDONALD**—I should ask CASA.

**Mr Harfield**—They will give you their details, but there are certain requirements for certain categories that have to have the ground proximity warning systems involved. They should be able to give you the finer detail.

**CHAIR**—Earlier this year, Mr Russell, Airservices Australia had a meet and greet upstairs here. I remember having the opportunity, as would a lot of other senators, of looking at some new surveillance technology for Australian airspace. You have got me thinking about this after what Senator Macdonald was talking about. Can you update us on where we are up to?

**Mr Russell**—Much of the continent of Australia has no traditional radar coverage. We provide radar coverage in areas largely around our capital city airports and largely down the east coast of Australia around to Adelaide.

**Senator Conroy**—How long has that been the situation?

**Mr Russell**—A long time. Australia has been amongst the first countries to announce a program of introducing what is called ADS-B, automatic—

**CHAIR**—Data surveillance?

**Mr Russell**—Sorry, it is one of those acronyms. In relation to aircraft suitably equipped with the right transponders, broadcast to satellites which are then broadcast back to our

ground stations, we can pinpoint the location of these aircraft in upper airspace. We have been working on this program for some years. We currently have 16 of these ground stations in place in Australia. Our aim is to roll out a full 28 by the end of the year and then perhaps more of them. This will be the first time in upper airspace, above flight level 250, that we will have radar-like coverage of by far the majority of international and domestic aircraft flying through our airspace. It will allow us to improve efficiency by closing up the long separations between aeroplanes that are currently the case and improve of course the safety of operations. It is a program, as I say, that we have been working on. It is not without some challenges. It has meant we have had to go back and reconfigure the whole digital backbone of communications throughout the country in some very remote areas. By the end of the year I hope to have that program in place.

**CHAIR**—Do you have a list or could you tell us where these 16 stations are?

**Mr Russell**—Yes, I can. I can provide that to you and perhaps a map, again, might be helpful.

**CHAIR**—That will have the 28 by the end of the year? It will have their locations as well?

**Mr Russell**—It will show you what we have active at the moment and what we propose to have connected by the end of this year.

**CHAIR**—You just said above flight level 250.

**Mr Russell**—That is 25,000 feet.

**CHAIR**—I thought it would be a bit higher than that. I just want to lead on to another question that Senator Macdonald touched on earlier in his line of questioning when he asked about training—and I have a vested interest in training in all facets of the transport industry. You said that you have a facility in Melbourne. Would you like to tell us a little bit more about what actually goes on at that facility?

**Mr Russell**—Traditionally, this was a training college for air traffic controllers. As part of a broad reform of this organisation we have set about reforming that part of it right from the point of recruitment—what happens in terms of our training and in terms of the products that we are producing. We have taken a view as an organisation that we want to centralise all of our considerable training activities in Melbourne. As I mentioned earlier, it is not just now air traffic control training but also fire service training, our technical trainees—with the exception of a facility that we have developed in Wagga, which I might come back to—and our management training. At the moment, the organisation has about 160 of our staff in full-time training roles. That number is up considerably from where it was a few years ago.

In the last couple of years, we have spent a considerable amount of money on things that really should have been in place in this organisation quite some time ago. The first was a tower visual simulator so that our air traffic controllers who work in our tower operations can be adequately trained. The second was an upgrade to our en route simulators, where most of our air traffic controllers who work in upper airspace roles throughout the country can be better trained in the latest technology. The implementation of that second capital program is due later this year or early next year.

**CHAIR**—Great. Can you tell us about Wagga?

**Mr Russell**—Due to the demographic issue that we have in our technical area, where over a year ago, before people started looking at superannuation in more detail, a third of our staff in our facilities management area were looking at retirement over the next few years. These are people who keep the national airways system infrastructure throughout the country operating. In most cases, they are pretty specialist technicians—people who work on radar, instrument landing systems and specialist technology. In order to get a critical mass for a TAFE college to consider a course, we needed to centralise all of that activity. We entered negotiations with the Riverina Institute of TAFE in Wagga, the Wagga Wagga City Council, the Regional Development Board, Charles Sturt University and others to set up a course over the next five years to train between 18 and 36 technical trainees to come into our workforce. We have guaranteed them a job if they pass and we are paying them a wage. I can tell you it has been a monumentally successful exercise so far.

**Senator HEFFERNAN**—It is a great institution. I did wool classing and welding there.

**Mr Russell**—I was hoping you would be here to hear me talk about Wagga. We are very proud of the initiative and the support we have had so far. In fact, we are taking it a step further next week with a meeting of a number of people who are involved in training in Wagga to see whether or not there are further synergies to develop aviation related training in that city.

**CHAIR**—That is tremendous. We have one more minute to go, but I have a question about these 18 to 36 recruited trainees.

**Mr Russell**—In the first intake 18 came in, and we started that in February.

**CHAIR**—That is good.

**Mr Russell**—There will be another 18 progressively every semester, so it will ramp up. Each year we will have 36-plus, once we get it really up and running.

**CHAIR**—That is a wonderful initiative. Are they local people?

**Mr Russell**—A lot of them are. Six of them came from the Riverina. Some of the others have come from other parts of Australia. We specifically targeted people with regional backgrounds, and we have been very pleased so far with the result.

**CHAIR**—We have now got to one o'clock. Thank you, Mr Russell. I would like to continue my questioning, and I am sure there will be a lot more questions for Airservices Australia. We will take a one-hour break for lunch and we will be back at two o'clock on the dot.

#### **Proceedings suspended from 1.00 pm to 2.00 pm**

[2.00 pm]

**CHAIR**—Welcome back, everyone. We will continue. Mr Russell, I have just about finished my questions, but we were talking about the wonderful initiatives that Airservices Australia has commenced in Wagga at the Riverina TAFE and you had told me that there are 18 students who have gone in in the first batch and that each semester that will increase and there will be 36 going through, I think.

**Mr Russell**—There will be the 18 each semester. So, in total, by the end of the year we will have 36 in training.

**CHAIR**—That is a wonderful initiative. And of those, you told me, there were six from the Riverina.

**Mr Russell**—That is right.

**CHAIR**—So I take it that the other 12 have come from other parts of New South Wales or other parts of Australia?

**Mr Russell**—Other parts of Australia, with a bent towards young people from regional Australia.

**CHAIR**—Sorry, there is a fellow doing the mobile phone walk out there. He has got something glued on his ear and is shouting. I missed all of that, I am sorry.

**Mr Russell**—Six of the 18 have come from the Riverina, broadly the Riverina area, and the remainder have come from other parts of Australia, mainly with some background in regional parts of Australia. We set out to target that area in particular.

**CHAIR**—That is a wonderful initiative, because this committee has seen similar things happening in other parts of transport in Queensland—Brisbane comes to mind. Would you be able to table more information on the—

**Mr Russell**—Yes, we will be pleased to.

**CHAIR**—Riverina TAFE, the courses you do and where the students have come from. Congratulations. Well done.

**Mr Russell**—Thank you.

**CHAIR**—Are there any other questions? There are. Senator McGauran.

**Senator McGAURAN**—I understand that Airservices is running an air traffic situation awareness trial called Unicom—

**Mr Russell**—Yes, that is right.

**Senator McGAURAN**—to provide alternative arrangements for regional airports. Has Airservices completed its report and analysis of this trial?

**Mr Russell**—Senator, I might just give you a little context, if you would not mind. We have been looking for some time at how we best provide the right level of service in some of these regional airports where currently there is no towered operation. Toward the end of 2007 we funded this trial of our own volition under an exemption from CASA. It is called Unicom Service. It is a radio service that provides weather reports, basic traffic information as to who is using what runway end, for instance, so you do not have aircraft landing at both ends of runways and details of aerodrome facilities. We conducted the trial initially at Dubbo and Wagga in New South Wales and then expanded it in mid-2008 to Port Macquarie, Hervey Bay and to Olympic Dam in South Australia.

We have completed the trial. It ended at the end of April and we have provided a report to CASA. In our view, the trial has been successful and I am particularly mindful that in some of these regional communities where there is a need for some sort of mitigation, potentially, the

difference at the moment is no service or quite an expensive towered service. And our aim was to prove that a mitigation of the type provided by this Unicom Service would work. Now, as I understand it, the report is before CASA for consideration.

**Senator McGAURAN**—So the report basically concludes that it works?

**Mr Russell**—It does, yes. But at the end of the day we are not the regulators, so we provided all the experience that we had with the trial to CASA in a report and it is now being considered, as I understand it.

**Senator McGAURAN**—When will that report be made public?

**Mr Russell**—It is an internal report to Airservices and we have provided it on that basis to CASA. I am prepared to consider, at the right time, the release of it, but I want to make sure that CASA has enough time to amply review the results of that report.

**Senator McGAURAN**—I ask this next question first to get some background. I want to revisit the agreement that you were explaining to Senator Macdonald, the agreement with the union, because, as you know, for years now there has been a dysfunctional relationship with the air traffic controllers. I would say the workplace system is dysfunctional, jeopardising passenger safety—

**CHAIR**—I think that is your opinion, Senator McGauran.

**Senator Conroy**—It is entirely an uneducated and ill-informed view, Senator McGauran.

**Senator McGAURAN**—This sort of dysfunctional workplace produces headlines like, ‘Foreign pilots flying blind’, Minister. Even your own minister—

**Senator O’BRIEN**—What has that got to do with the workplace?

**Senator McGAURAN**—It has got everything to do with it.

**Senator O’BRIEN**—Because foreign pilots cannot speak English?

**Senator McGAURAN**—Yes. It is because of the tactics of the air traffic controllers’ unions, about which your own minister said last year—and I can get out the quote—that there is an obvious industrial tactic in relation to pulling on absentees and sickies. So this is something your own minister has recognised. No self-respecting authority or person would delude themselves otherwise.

**CHAIR**—Senator McGauran, this is your opinion. If you have a question of Mr Russell, I urge you—

**Senator McGAURAN**—It is also the minister’s opinion that sickies and absenteeisms were being used as an industrial tool.

**CHAIR**—Senator McGauran, we sat through a line of questioning from Senator Macdonald to Mr Russell in which Mr Russell explained the workplace agreement and the employee agreement and where it is now. If you have a question direct to Mr Russell and the officers, I urge you to put it to them now.

**Senator McGAURAN**—Actually, I do. There is a question here, a serious question.

**CHAIR**—Good. You have the call, Senator McGauran.

**Senator McGAURAN**—As you realise, Mr Russell, the particular icon issue, if you like, that was held up was Friday, 4 April in peak hour traffic in Sydney Airport last year when very short notice was given when something like three air traffic controllers pulled a sickie and there was absenteeism and it just threw the whole system into chaos. That was used as one of the examples of this sort of industrial behaviour. Therefore, it was vital when you came to settle your agreement, which has been an ongoing saga in itself, that you put a stop to such dangerous behaviour, such negligent actions, given that your first responsibility is to the travelling public. I hope you would agree with that.

**CHAIR**—Senator McGauran, I am convinced you are coming to a question.

**Senator Conroy**—Are you on your way to a question?

**Senator McGAURAN**—Yes.

**Senator Conroy**—Asking the officers to agree with your opinion is not actually—

**Senator McGAURAN**—Do you believe that this agreement meets the ethical standard of your first responsibility? That is, the travelling public. Does this agreement meet that ethical standard?

**Senator Conroy**—What did you do for all those years about this dysfunction that you keep claiming exists? When was this award condition you so rail against actually introduced—under your government.

**Mr Russell**—Senator, if I could just provide some context, as you know, this issue has been raised at these committee hearings now throughout this negotiation over the last 12 months. I have a responsibility, certainly, to the people of Australia in terms of the safety of a national airway system but also to conclude an agreement based on the bargaining guidelines that are set forward for government agencies such as ours and, if possible, without disruption to Australia's aviation system. I make the point that it is not a settlement at any cost. This issue was very closely managed by our senior management, including me and our board, and naturally we kept the minister informed.

It is a fair agreement. Not every side got everything they wanted, but I believe it is the basis now for us taking forward further reform in our air traffic group. I am not sure a lot is to be gained now, during a period when I am seriously trying to re-engage the staff of the organisation, to go back over too many of these issues, given the amount of time and effort that went into getting an agreement. My job now is to build on the agreement that has been made and to continue the reform and efficiency process within Airservices. I intend to do that.

**Senator McGAURAN**—Your job is to come up with an agreement that does not compromise air safety, and the way to stop that compromising of air safety and confidence—the perception of it all—is to stop this past behaviour of ongoing sickies used as an industrial tool against Airservices and the government, for that matter. What I am trying to get at here is: how have you stopped it?

**Senator Conroy**—I think what you are asking is: given your inability to stop it, what would Mr Russell like to do to stop it, but given that you were utterly incapable in nearly 12 years of stopping it—in fact, it blossomed and was introduced under you—you probably

should say, 'I am really sorry we allowed this to happen. Do you know how you can fix it?' That is probably how you should ask the question.

**Senator McGAURAN**—Mr Russell, you went into these agreements wanting to put a cap on sick leave. Is that cap on? That would be the surest sign that you have done something.

**Mr Russell**—There were two principal productivity related issues that we wanted to achieve in these negotiations. The first was to stop the abuse of sick leave, and I believe that we have a system in place now, which we described briefly before lunch, through which we can achieve that. Secondly, we sought to improve and introduce greater flexibility in terms of rostering so that we are able to roster air traffic controllers more closely to suit demand. Again, I believe that we have made some significant progress in that area. All the time, this was about ensuring that the agreement that we have in place now for the next 3½ years provides the opportunity for us to bring forward further reform in our air traffic group, and I have got a high degree of confidence, having been deeply involved in this, that we will achieve that.

**Senator McGAURAN**—Why did you withdraw the cap from the table?

**Mr Russell**—The question of unlimited sick leave was not able to be totally removed. We have put in place, as we have said, a system where there are points of intervention. Management can, first of all, limit the number of single-day sick leave, and when they get to particular triggers, which I am more than happy to describe in further detail, perhaps on notice to you—

**Senator McGAURAN**—Well, no, now would be good.

**Mr Russell**—Well, it depends how much detail you want.

**Senator McGAURAN**—I want the full detail.

**Mr Russell**—There are points in the process where, beyond those eight days, there are intervention opportunities by management to ensure that the sick leave issues are not abused, but we are protecting, equally, the cases of people who have genuine long-term sickness.

**Senator McGAURAN**—Of course, no-one doubts that. You do not even have to say that, Mr Russell. That is condescending.

**CHAIR**—Sorry, Mr Russell. Senator McGauran, I am calling for order. You asked Mr Russell for an answer. You may not like what you are hearing, but I think you should extend the courtesy to Mr Russell to at least let him complete his answer.

**Mr Russell**—There is a specific cap for those people in the category where they have passed through the first eight days and got to the next intervention point where there will be a cap put on the amount of sick leave that they are able to take in any one year. That has been a significant step forward in terms of, in my view, severely limiting the amount of abuse that has been going on in this particular part of the organisation. It is up to management as well to manage it at the same time.

**Senator McGAURAN**—What is the single-day check and balance? That is what they pulled on on Friday, 4 April 2008 at Sydney Airport in peak hour?

**Mr Russell**—There is the opportunity for them to take eight single-day sick leave periods per year. During the course of the last 12 months, the average amount of sick leave was running at over 15 days per year and many of those days were, in fact, single days, which are very difficult to roster around, particularly at short notice. That number has been reduced and there have been intervention points put into that process beyond that time where people who, in the past, may have been able to use and abuse sick leave beyond that particular threshold will be capped.

**Senator Conroy**—So after 11½ years of failed activity by National Party transport ministers, that is a significant step forward, wouldn't you concede, Senator McGauran?

**Senator McGAURAN**—So there is no intervention, if you like, under eight days?

**Mr Russell**—Not under the current arrangements, no. We believe that with the right engagement of our people that this issue can be now well managed, and we think an eight single-day sick leave allocation, in the circumstances, is a major step forward, with the other caveats that I have mentioned earlier.

**Senator McGAURAN**—So it is a free-for-all under eight days. When you get to the eighth day, there is a trigger for an intervention. What is that intervention?

**Senator Conroy**—Do you have a limit on the number of sick days you have, Senator McGauran?

**Senator McGAURAN**—We are not talking about genuine sick days. We are talking about what the union has used as an industrial tool.

**Senator Conroy**—What is your limit?

**Senator McGAURAN**—I do not go on strike.

**Senator Conroy**—That is a matter of opinion.

**CHAIR**—Do you have any further questions, Senator McGauran?

**Senator McGAURAN**—Let us make it clear. This is not about genuine sick days, which you would no doubt wish to dress it up as, Minister. This is about what your own minister has conceded. It is used as an industrial tool, and this is what has got to stop or the agreement is worthless.

**Mr Russell**—I believe that we have laid the ground for ensuring that that is not occurring.

**Senator Conroy**—It is sounding to me like they have made significant progress, Senator McGauran. Far more than 11 years of failed National Party ministers ever made.

**Senator McGAURAN**—But I am a Liberal.

**Senator Conroy**—For most of those 11 years you were a National. I appreciate you are a nat-rat, but you cannot wash away the fact that you were a nat.

**Senator McGAURAN**—I want to know, on the eighth point, what is the trigger? What do you do?

**Mr Russell**—On the ninth day?

**Senator McGAURAN**—On the ninth day.

**Senator Conroy**—Do not say ‘rest’.

**Ms Fleming**—The agreement allows for eight days of single absences without a medical certificate. Any absences above that must be accompanied by a medical certificate, but—

**Senator McGAURAN**—That is it?

**Ms Fleming**—No.

**Senator McGAURAN**—Everyone else in society has to bring in a medical certificate on day one.

**Ms Fleming**—No, they do not.

**CHAIR**—Senator McGauran, Ms Fleming was halfway through her answer. Ms Fleming.

**Ms Fleming**—The other part, of course, is managing the issue. So the eight days is written in as a trigger, but management always has the ability to talk to people at any point if they think there is a problem with their sick leave.

**Senator McGAURAN**—That is it?

**Ms Fleming**—No, that is the first trigger. At 10 days, they will receive a formal letter and then a review will happen. We have the ability to refer them to a medical officer to see if there is an ongoing problem and then, at 15 days, if the problem still exists but we think it is an absenteeism issue, we will revert them to a capped scheme.

**Senator HEFFERNAN**—Can I ask a couple of questions?

**Senator McGAURAN**—You can, but do not stray, Bill, I do not trust you not to stray. I want to keep on this focus. I will just finish that one point. So on the 10th day, you refer them to a medical officer. If the medical officer finds that there is not a problem, certainly not enough to keep them away from work, can you order them back to work?

**Ms Fleming**—Sure. That is right, and to manage closely is the issue.

**Senator HEFFERNAN**—Is sick leave accumulated or do you lose it if you do not use it every year?

**Ms Fleming**—The eight days? It is eight days per annum. No; you lose it.

**Senator HEFFERNAN**—When we took the firemen out of engines—

**Senator McGAURAN**—You are not straying, are you?

**Senator HEFFERNAN**—when there were no fires because they were diesels, the sick leave provisions in New South Wales—which Bruce Baird had to deal with—were these. You got a month’s sick leave, which was fully accumulated on pay, so after 14 years you had a year’s sick leave paid to you when you retired.

**Ms Fleming**—No, not in our system.

**Senator HEFFERNAN**—With that in mind, we did ask some questions. Last estimates I asked a question on absenteeism, ‘Is this trend increasing or decreasing?’ You came back and said, ‘This trend has remained static.’ I asked, ‘Have you mob, Airservices, reviewed your leave policies?’ You came back and said, ‘It is under review.’ I asked, ‘Does Airservices believe this problem is caused by and may be resolved by addressing staffing issues?’ You

said, 'It does not consider issues relating to air traffic control numbers and absentees are directly linked.' Right. So that is that. Then we go to overtime. What is the average sick leave that is actually taken across the workforce?

**Mr Russell**—The average sick leave in the air traffic group, in particular, has come down to just over 13 days a year.

**Senator HEFFERNAN**—That is curious. Then we asked some questions about overtime. The overtime is 43,469 hours, which equates to 46 hours per controller or one shift per controller a month. So there obviously is a little match up of the criterion here of, 'I'll have a day off and then a friend of mine will get the overtime.' So that just makes the perfect point that there is a lurk. You have got to sort it out. Best of luck.

**Senator O'BRIEN**—It actually does not prove that. If someone is away, you have got to replace them, don't you?

**Senator HEFFERNAN**—Yes, but I mean it is a nice little—

**Senator O'BRIEN**—It is an allegation—

**Senator HEFFERNAN**—I have got some other questions.—

**Mr Russell**—I am just not quite sure that there is a direct corollary between what Senator Heffernan is saying—

**Senator HEFFERNAN**—The unbiased person standing at the back of the room would say, 'Ah'.

**Mr Russell**—I do agree, and I have said before that there is a management job—

**Senator McGAURAN**—They are very unbiased!

**Senator HEFFERNAN**—Let Senator McGauran know that we are on the case.

**Senator McGAURAN**—Good on you!

**Senator HEFFERNAN**—There is an issue.

**Senator McGAURAN**—I feel very confident you are on the case. That is great, but there are just a few more questions. So let us transpose this new system of checks and balances on the sick leave to that notorious, dangerous, negligent, foolhardy—

**CHAIR**—This would be one of your crazy assertions, I think, Senator McGauran. Please ask the question.

**Senator McGAURAN**—This really happened. On Friday, 4 April—

**CHAIR**—Ask the question directly to Mr Russell.

**Senator McGAURAN**—during peak hour traffic at the Sydney Airport, several air traffic controllers called in sick at very late notice—I mean just a couple of hours beforehand. That not only threw the airport timetables into chaos but was incredibly dangerous for passengers.

**Senator Conroy**—This was prior to the settlement?

**Senator McGAURAN**—Yes.

**Senator Conroy**—So why is it relevant?

**Senator McGAURAN**—The relevance is this. Using that as an example, if you transposed this new system onto that incident, how would you stop it? That is what you have to stop, because that is what they have been doing. How would it work against that?

**Mr Russell**—The terms of this new agreement, I think, will form the basis of us being able to manage those sorts of situations more effectively. It is not the only answer. There are a range of other issues that are contained within the agreement itself that will assist us in ensuring that there is service continuity and that there are not interruptions to our services going forward.

**Senator Conroy**—You are asking a hypothetical question, Senator McGauran. If you talk about translating those circumstances, it does not get any more hypothetical than that.

**Senator McGAURAN**—No. It was a real incident.

**Senator Conroy**—But you tried to transfer it and asked how it would apply under the new system. The whole point of the new settlement is to ensure that does not happen again. So the point you are making is entirely hypothetical, and as you know officers are not required to answer hypothetical questions.

**Senator HEFFERNAN**—The incidence of flying through unsupervised airspace was quite high. There was an article, which you no doubt read, by Mike O'Connor. He wrote:

On July 16, a northern New South Wales sector on the heavily trafficked Brisbane-Sydney route, suffered the same fate for five hours. The same site shows that in June, there were 98 closures and service reductions declared in Australian airspace.

Is that in decline now? That is all the jiggery-pokery of the contest of what we are talking about.

**Mr Russell**—Senator, very much. To again provide some context, from October 2007 until January this year, for instance—that is, a period of 15 months—we had 241 interruptions to our services. In the 24 months prior to October 2007 we had seven. Since the agreement has been reached—

**Senator HEFFERNAN**—So in the lead-up to the negotiations they got active and pull all the funny business—

**Senator Conroy**—They might have had swine flu!

**Mr Russell**—But the important issue, though, that you ask about is whether the number of interruptions diminished since agreement was reached in principle on this agreement? The answer is yes, they have.

**Senator HEFFERNAN**—So we will expect peace until the next negotiation?

**Mr Russell**—Not totally.

**Senator Conroy**—That is how industrial situations usually work.

**Mr Russell**—Not totally.

**Senator Conroy**—You have a bargaining period. That is when you have—

**Senator HEFFERNAN**—Yes, putting people's lives at risk. I am afraid that I have to say this. There is a 63 per cent increase in airline pilots flying through unsupervised airspace,

where they notify planes ahead of them by saying, 'This is a 737 and, hey, I am coming towards you.' If they forget to say, 'I am coming towards you', you will have an incident—like the one of this character who nearly ran into the mountains out here, which I will get to later—on your hands. I have actually got—

**Senator Conroy**—I am not sure air traffic controllers and the incidents you are describing are necessarily connected.

**Senator O'BRIEN**—But that is your model.

**Senator HEFFERNAN**—I know—but, no; we are going to sort that in a minute.

**CHAIR**—So you are agreeing your model was flawed. Senator Heffernan, do you have further questions for Mr Russell?

**Senator HEFFERNAN**—I have a couple of questions which I think I will put on notice. There is an allegation, and I will seek advice from the secretary on this. I have a couple of questions to lead into it, but—

**Senator McGAURAN**—I have not finished on that Bill. Are you still on this?

**Senator O'BRIEN**—I am jumping in there. I just want to ask one question. If one of the air traffic controllers suspected that they had swine flu—and apparently Senator McGauran would expect them to come to work—would Airservices expect someone with the flu to come to work in the circumstances that exist now?

**Mr Russell**—Senator, I think, as you know, there are fairly strict medical conditions around our air traffic controllers in an operating environment. It is something we respect. On the issue of swine flu, we have some planning in place in the event that this escalates, particularly in our major centres.

**Senator Conroy**—It is a fairly tightly controlled environment, is it not?

**Mr Russell**—It is and I would like to think we were ahead of the game in the planning on this issue.

**Senator O'BRIEN**—So you do not think that they should rush into work, as Senator McGauran—

**Mr Russell**—Clearly, if they are ill, no.

**Senator HEFFERNAN**—I do not know if that is what Senator McGauran said.

**Senator O'BRIEN**—I think it was. He does not believe in sickies.

**Senator HEFFERNAN**—Can I just say—

**CHAIR**—No. Sorry. Mr Russell, have you finished answering Senator O'Brien?

**Mr Russell**—Yes, I have.

**CHAIR**—Okay.

**Senator HEFFERNAN**—I just want to raise this with the secretary—

**Senator McGAURAN**—Point of order.

**CHAIR**—What is your point of order?

**Senator McGAURAN**—I do not want to seem overly sensitive in these estimates committees, where for the last four days it has been very cut and thrust. This I understand. I am not sensitive about Senator O'Brien talking about me at all. But what I do want to put on the record is the absurd accusation of Senator O'Brien that, if someone gets swine flu, I expect them to come into work. It is laughable. It is laughable and ought to be withdrawn. It is a reflection—

**CHAIR**—There is no point of order. Senator Heffernan, do you have a question?

**Senator HEFFERNAN**—I do have.

**CHAIR**—Senator Milne has questions as well.

**Senator HEFFERNAN**—On that very issue. I understand a cleaner was threatened with the sack for refusing to go on board a plane carrying a passenger with possible swine flu. See media release dated 1 May 2009. Could you investigate that on behalf of this committee?

**Mr Tongue**—I will take that on notice—

**Senator HEFFERNAN**—Thank you very much. What was the other one I was going to raise?

**Senator McGAURAN**—While you are thinking, Bill, we were talking about the checks and balances after eight days under the new agreement. What were the checks and balances under the old agreement on sick leave?

**Ms Fleming**—As you know, the system was uncapped. So there was not anything written into the agreement that we could use as trigger points. So it relied very heavily on managers managing issues as they came up. If we did think that there was a significant issue, we did have the ability, of course, to refer employees to a designated medical officer.

**Senator McGAURAN**—So that is not new. The old agreement had that—

**Ms Fleming**—Correct.

**Senator McGAURAN**—and the new agreement has got that.

**Ms Fleming**—But it did not have any trigger points written in formally where we could start some of these actions.

**Senator McGAURAN**—Big deal.

**CHAIR**—It probably is a big deal the way you have been carrying on, Senator.

**Senator McGAURAN**—What about the counselling?

**CHAIR**—If you listen to Ms Fleming answers, you will understand it is a big deal.

**Senator McGAURAN**—Then the counselling service, or the ability to call in the worker, was that in the old agreement too?

**Ms Fleming**—Of course, you do not have to have that written into a collective agreement. We expect our managers to manage their staff, and if that means talking to people when there is an issue, of course we will do that.

**Senator McGAURAN**—So the two new what you call trigger points and checks and balances were in the old agreement.

**Ms Fleming**—No, sir. The eight-day cap on single-day sick leave was not in there. The formal letter at 10 days was not in there, and the ability to revert to a capped system if people took more than 15 days was not in there. So they are the additional things.

**Senator McGAURAN**—But that is just the trigger points, what you act upon, such as talking or counselling, if you like, and the referral to a medical officer, were also in the old agreement.

**Ms Fleming**—Certainly, they were parts of it.

**Senator McGAURAN**—All you have done is put days on it now.

**Mr Russell**—Look, Senator, a much tighter arrangement has been put in place with respect to this agreement. It is a major step forward as far as the organisation is concerned, and it is one where I have a great degree of confidence that we are going to be able to manage this issue, which we set out to do at this beginning of this negotiation—manage it very effectively. Now, it is up to management to do the job, and that is something we do not shirk from.

**Senator McGAURAN**—What role did the minister have in this agreement, the finalising of the agreement or the ticking off of the agreement?

**Senator Conroy**—A constructive one, unlike the lackadaisical, incompetent role performed by the previous ministers over 11½ years, Senator McGauran, who never achieved a significant movement like this.

**Senator McGAURAN**—What do you say—

**Senator Conroy**—A constructive one.

**Senator McGAURAN**—What does—

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

**Senator McGAURAN**—Was the final agreement put before the minister before seeking—

**Mr Russell**—Senator, I am required, under the bargaining provisions of the legislation, to ensure that the minister signs off on this deal. In fact, I need to sign it and, in this case, it had the approval of our board—each one of these agreements that we have negotiated. So there has been a process there throughout.

**Senator McGAURAN**—Was what the board agreed on and what the minister agreed on the same, or did he make changes?

**Mr Russell**—Exactly the same.

**Senator McGAURAN**—Did your officers speak to the minister prior to the board agreeing with the final agreement?

**Mr Russell**—I mentioned earlier that we kept the minister informed throughout and that is what we did, on a very regular basis. He had a great interest in the issue.

**Senator McGAURAN**—Indeed.

**Senator Conroy**—Clearly more interest than the previous ministers in the 11½ years you were in government, Senator McGauran, who all clearly ticked off on the clauses you are so publicly railing against now. So let us be clear: previous National Party ministers, your

government, ticked off on the conditions you are now complaining about that have been in place and put in place under your government.

**Senator McGAURAN**—You know, Minister, this is what these committee meetings are all about.

**Senator Conroy**—I know what it is. This is really an attack by you on your former National Party colleagues, isn't it?

**Senator McGAURAN**—What I am trying to prove is whether this agreement has real muscle or whether it is just paper talk. You cannot blame us for being a little suspicious. You cannot blame us for being a little suspicious or cautious in this matter, because of the saga behind it all.

**Senator Conroy**—Mr Russell, before you answer. Senator McGauran—

**Senator McGAURAN**—We have a right to search out whether it is paper talk or real muscle.

**CHAIR**—If I can assist, Senator McGauran: your questioning is really going round and round in circles. I do not know what you are digging for. The minister and Mr Russell have, I think, answered every question you have put to them—on more than one occasion, two or three different ways. If you have any new questions, I would urge you to put them to Mr Russell.

**Senator McGAURAN**—That is your judgment that I am going round in circles.

**CHAIR**—Actually it was one of your colleagues, Senator McGauran, who asked if could he ask a proper question, because he is sick of it. I have said yes, other senators can ask questions.

**Senator McGAURAN**—I have a question before Mr Russell.

**CHAIR**—Senator McGauran, put your question to Mr Russell, please.

**Senator McGAURAN**—How will you prove to me or show to me or convince me that this is not just paper talk, it is real muscle?

**Mr Russell**—Senator, let me answer that by saying this: I was personally involved throughout every step of this negotiation. I can assure you that it was a difficult and robust discussion, but I think we ended up with a fair deal and I believe it is the basis for us being able to take Airservices forward. I think we have made some very significant ground here and, for me, the job is to ensure now that I bring the organisation together. I do a lot of work on engaging the staff, particularly in the air traffic group, to get them to understand where this organisation is headed. I can say that our board have asked for regular reports on the productivity improvements that are embodied in this agreement. I make the point to you that I think it is a fair agreement.

**Senator HEFFERNAN**—The proof of the pudding will be in the eating.

**Mr Russell**—It will.

**Senator McGAURAN**—The proof will be in the pudding, to which I remind you that Senator Macdonald has asked you for the number of sick leave and absentees, I think, from January through until now. Is that right?

**Mr Russell**—Yes, I think so. I made some notes.

**Senator McGAURAN**—This is from the in-principle agreement, at the time of the in-principle agreement.

**Mr Russell**—We will certainly provide that.

**Senator McGAURAN**—Probably included in that answer, can I have the last 12 months up to date, up to now—going back 12 months—of sick leave of all the capital city airports in each state? Has the demand for air traffic controllers on shifts or rosters decreased because of, if you like, the global economic crisis? Because there is a number of flights?

**Mr Russell**—No, we touched on some of those issues earlier, Senator. These organisations are required to provide service across the whole of the country, across all the towers and airports that we operate in. Whether the demand for our services falls by five or 10 per cent has very limited impact on our staffing. We are still required to be there for particular hours of the day for the volume of traffic that is occurring. At the moment, as I mentioned earlier, in the year to date end April, we have not seen a decline in overall traffic activity. We expect it could happen in the coming financial year, but we have not seen it. So the question, in that sense, is not relevant to a downturn, in particular, in aviation activity in Australia. It has not occurred yet.

**Senator McGAURAN**—Besides sick leave being used as an industrial tool, absenteeism has also been used in the past. What checks and balances have you got in the new agreement on absenteeism?

**Mr Russell**—We have put in place, during the course of last year, an attendance management policy and we have trained our front-line managers in ensuring that they understand how that policy works and how it is to be implemented. Additionally, there is a paragraph incorporated in the certified agreement that we have concluded that talks about the question of reasonable overtime, so that we can, in a 24-hour operating environment, call on people who, at short notice, we may require. I think, again, that is a considerable step forward in terms of how we manage this operation.

**Senator McGAURAN**—Well, you have told me nothing. Tangibly, what is your policy on absenteeism? What is the check and balance to reduce the number of absenteeism?

**CHAIR**—I am sorry, Senator McGauran. We have been patient, Senator McGauran. You are not getting the answer that you so desperately need. In the last two rounds of senate estimates, you were threatening Chicken Little strikes at Christmas and all sorts of stuff that did not eventuate, Senator McGauran. You can have your right of reply in a moment, Senator McGauran. You are asking the same question three, four or five different ways. You are actually, I believe, starting to waste time now. We have given you a fair run. Your colleagues want to ask some very serious questions. On that, I am going to Senator Heffernan.

**Senator HEFFERNAN**—The matter of what constitutes reasonable overtime is scheduled to be heard in the Australian Industrial Relations Commission on 15 and 16 December 2008.

That is an answer to the question, 'Have the parties made progress towards a resolution of this dispute?' Obviously, it is a rort, and good luck to the people who rort if the system allows them, but what happened on 15 and 16 December 2008?

**Mr Russell**—The commissioner ruled on the clause of reasonable overtime and his ruling, in fact, became incorporated in the words of this current agreement, that there was an obligation on our air traffic controllers to undertake reasonable overtime, but, more particularly, to provide a legitimate answer in the event they are not available. That was part of the problems that we had been having over the last couple of years.

**Senator HEFFERNAN**—Just by way of an aside, we had some industrial relations problems of that sort of nature where, if you go to the family doctor and you have been going for 30 years and you want a ticket because you are going to get on the squirt or something for a couple of days, the doctor is usually sympathetic. When they introduced the company doctors for the sick leave ticket, it changed the space all together.

**CHAIR**—That is an outrageous statement, Senator Heffernan, because those of us that have been employed in industrial relations for most of our working life will argue that point with you all day until the cows come home. You are wrong.

**Senator HEFFERNAN**—I have got questions on Lenares Holdings and then airspace for the air traffic controllers and that is the end of my section.

**CHAIR**—Very, very good.

**Senator McGAURAN**—I still have some more questions on the agreement. Can I have, for the last 12 months, the number of days of absenteeism in each capital city airport?

**Mr Russell**—We will take that on notice, Senator. Yes, I would be happy to.

**Ms Fleming**—Could we clarify what you are wanting as absenteeism, as compared to sick leave.

**Senator McGAURAN**—Yes, distinct, separate.

**Mr Russell**—Annual, special leave, as well as people on sick leave.

**Senator McGAURAN**—No, people who just do not turn up.

**Mr Russell**—People take annual leave as well. That would be included under a question asking—

**Senator McGAURAN**—They are entitled to take annual leave.

**Mr Russell**—But if you ask me for some statistics on absenteeism, that would be included. People are not at work for quite legitimate reasons; they are on leave.

**Senator McGAURAN**—Absolutely.

**Mr Russell**—Do you want that included?

**Senator McGAURAN**—No, definitely not.

**Mr Russell**—Okay. So it is about sick leave, in particular?

**Senator McGAURAN**—How do you define 'absenteeism'? You are not absent if you are on holidays.

**Mr Russell**—You are, technically.

**Senator Conroy**—You have said that you would take that on notice.

**Senator HEFFERNAN**—Are there people who just do not turn up?

**CHAIR**—Senator McGauran, do you have any other questions?

**Senator O'BRIEN**—It could only mean people who are absent for no reason.

**Senator McGAURAN**—Yes, people who do not turn up to work without reason. Thank you.

**Mr Russell**—Absent without reason. If I can agree on that, I will be pleased to provide that for you.

**Senator McGAURAN**—Is that possible? Maybe it is not.

**Mr Russell**—It is.

**Senator McGAURAN**—I would have thought absenteeism was self explanatory, but I do thank Senator O'Brien, surprisingly, for his correct definition. But why we went around in circles on that is beyond me.

**Mr Russell**—I thank you, Senator.

**CHAIR**—Senator Milne?

**Senator MILNE**—Thank you. I apologise, because I should have asked this in the aviation and airports section, but to some extent it is Airservices as well. There is quite a lot of concern on the north-west coast of Tasmania about ongoing air services, particularly to Devonport. If you cannot answer this and it relates to the people who were here before, then could you take it on notice. Has there been any discussion—there has been media speculation—about the possible sale of the Devonport Airport, leaving the Burnie Airport as the main airport in North West Tasmania?

**Mr Tongue**—Senator, that is one for the department, and I will happily take that on notice and see what we can find for you.

**Senator O'BRIEN**—The Devonport Airport is owned by Tasports.

**Senator MILNE**—It is owned by Tasports.

**Senator O'BRIEN**—So it is not a federally-owned airport.

**Mr Tongue**—We can endeavour to find out what we can.

**Senator MILNE**—Nevertheless, I would be very interested. If I can just explain, there has been media speculation that Tasports is in negotiation for the sale of that airport. That would significantly alter air services going to the north-west of Tasmania and the mix in Tasmania, and I would just like to know if there has been any discussion about the sale; or, if the airport is sold, are there conditions requiring that it remain as an airport and that the appropriate level of oversight and whatever, in terms of air safety standards, would continue to apply. So any information you could give me about the future of those two airports, Burnie and Devonport, and any discussion about them, I would appreciate that. Thank you.

**Mr Tongue**—I am happy to go hunting, Senator.

**Senator MILNE**—Thank you.

**CHAIR**—Thank you, Senator Milne. Senator Heffernan?

**Senator HEFFERNAN**—This may be one for the department, and I apologise because, like Senator Milne, I think I have missed the boat. Some people have made the following allegation. They state:

The Commonwealth failed, prior to the privatisation of airports in the nineties, to provide existing sublessees adequate opportunity to regularise their lease terms in order to secure a value for their capital improvements ...

We know that argument. They continue:

The Commonwealth has acknowledged its stated aim was to maximise the sale price of airport operations at the expense of the existing leaseholders.

If you are going to sell it, you are going to tell the bloke who has owned it. As has been demonstrated at Canberra Airport, there are lots of opportunities. These people also allege:

The Commonwealth failed, despite provision to disallow airport master plans, to retain adequate control over airport operators, following privatisation, to ensure they act reasonably in respect of existing sublessees.

This company, who I will not name, sought to renew long-term leases on its two sites in the year prior to the privatisation of Canberra Airport in May 1998. They go on to say:

The Federal Airports Corporation failed to give the applications proper consideration prior to the airport's sale. Discussions had been on the basis of a security of 25-year leases in return for significantly increased ground rental. The Federal Airports Corporation also failed to follow up an August 1997 ministerial direction setting out processes to follow where existing lease negotiations were in train. Despite the opportunity, the transport department failed to intervene when notified of this company's concerns prior to the airport's sale. The new airport operator subsequently failed to renew the first of a five-year option on one of the two leases, claiming that the site was shortly required for development purposes.

And we can obviously see some of the spectacular development that has taken place. Further, they say:

The then recently (refurbished) hangar complex was sold at a nominal sum. We otherwise had to demolish it and the airport operator proceeded to rent it out to our competitor. In reality, the hangar remained in situ for the next eight years. The other lease expired on 30 September 2004. The operator extended our tenure on the site at greatly increased rent—

and we have seen all this at Bankstown as well—

until July 2007, when we were given two weeks notice to quit and demolish the buildings. Alternative sites that were offered to us entailed the construction at our expense not only of a hangar and an office complex in a non-general aviation precinct on a remote part of an airfield, but also apron and taxiway. Moreover, the lease offer was for only 12 years, making amortisation of the costs over such a short period virtually impossible. The improvements would have been effectively gifted to the airport operator on lease expiry. Our presence at this airport is now curtailed and we had to relocate, including constructing new maintenance facilities, at another place at great cost and business dislocation.

Our losses, readily quantifiable, through the failure to be granted the new lease is approximately \$4 million to \$5 million. Our original 2002 claims for defective administration and/or an act of grace

payment to redress our losses were rejected by the then transport minister and finance minister respectively, based largely on advice from the Australian Government Solicitor and statements by the particular airport management. The Commonwealth Ombudsman has also examined the matter. He found that we had been disadvantaged by the privatisation process, the Federal Airports Corporation and subsequent treatment by the new airport operator, but he was not prepared to intervene on our behalf.

The basis of our now reopening the matter is that we have had the opportunity to read the 2003 Attorney-General's legal opinion that was relied upon by the former minister in declining our original defective administration claim. Our detailed April 2008 submissions addressed to the Attorney-General identify significant areas. The Attorney-General referred the matter to the federal transport minister, who passed it on to the finance minister to consider an act of grace application. This was followed up with a letter on 15 January to the minister, pointing out the department's responsibility to reconsider the defective claim. We have received no response, nor to a later letter of 5 May, addressed to the acting departmental secretary. We would like acknowledgement ... our matter was mishandled ... an undertaking from department officials that they will immediately refer our 2008 submissions to the AGs, in order that the AGs might reconsider the merits of our defective administration claim and, whilst they are at it, the act of grace application, albeit that the grant or not of this is a decision for the finance minister or his delegates.

I will fill you in with the names that are missing at an appropriate time, because there is a feeling by some of the people involved in this that they can be intimidated and their business life made difficult by naming the various bits of it in public.

**Mr Tongue**—Senator, it sounds like a complex matter and I am happy to take it on notice. The question you are chasing is the current state of the matter?

**Senator HEFFERNAN**—I think the best thing I can do is to follow it up personally with the department and bring it to the minister, because it seems that these people might have a case. If it was you that had the problem, I would be trying to help you too. So that is that matter. Now, on the matter of air traffic controllers and class E airspace, as we know, the air traffic controllers are not keen to have the class E come down under 8½ thousand feet; is that right?

**Mr Russell**—Senator, that is not so. I am aware of a particular commentator in the industry that thinks that, but it is not so.

**Senator HEFFERNAN**—All right. So that is what I want you to put on the record. So the air traffic controllers are quite happy to—

**Mr Russell**—This organisation is happy to look at changes to airspace that are recommended or agreed to or implemented by the Civil Aviation Safety Authority, who are now the regulators of airspace.

**Senator HEFFERNAN**—These will be matters that I will address later. Would you agree that the policy statement that Mark Vaile signed on 28 June 2007, the National Airport System, NAS, which is people at the time—and I can deal with this in CASA—

**Mr Russell**—I think so.

**Senator HEFFERNAN**—This would mean more work for the air traffic controllers, by the way, because the class E will come down, so that that plane that crashed in Benalla would actually have been under control. As it was, that plane was on radar. There was no obligation

for the air traffic controllers to tell them that they were going to fly into a hill. Then there was the plane that nearly crashed in Canberra, which involved Canberra airspace when the approach radar is closed—not that there is much difference with the approach radar. In the case of the 737 incident, in a near collision with Tinderry Peak, are you familiar with that?

**Mr Russell**—I am familiar with what I think the incident is you are referring to.

**Senator HEFFERNAN**—The aircraft flew out into uncontrolled yellow airspace, where it is the pilot's responsibility not to go below the minimum legal altitude, not the air traffic controller's responsibility. That is right, isn't it?

**Mr Russell**—Senator, if I could just go back. The incident at Benalla some time ago is still an open subject with the Victorian Coroner. Whilst the hearings have finished, there is still a report from the coroner to come.

**Senator HEFFERNAN**—I do not want to interfere with the coroner's inquiry.

**Mr Russell**—No, but I make the point, because it is an important issue. We, in Airservices, are of the view, and it is not a view shared by the commentator you may be talking to, that our radar coverage is not reliable below 5,000 feet in that area and, therefore, the aeroplane could not be subject to air traffic control below that height. That was the point of view we made.

**Senator HEFFERNAN**—But you would agree, generally, between Melbourne and Cairns the bulk of the airspace is in radar?

**Mr Russell**—It is, above particular flight levels. It does not always go down to the ground.

**Senator HEFFERNAN**—In Canberra here, for instance, where there is the radar on the hill here, that can be read from Melbourne, can't it, out of hours?

**Mr Russell**—The Mount Majura radar, yes, it is. It is plugged into the system in Melbourne.

**Senator HEFFERNAN**—So this bloke that nearly flew into the mountain out here, if he had come down lower, would have been controlled by the bloke in Melbourne. Instead of that, he was flying on his own and he bloody near put that 737 into the hill.

**Mr Russell**—I am happy to take that issue on notice, because I think there is more to it than perhaps either you or I, at this present point, have in front of us. So I am happy to take it on notice.

**Senator HEFFERNAN**—I do not want to interfere with any inquiries, but was there any inquiry?

**Mr Russell**—As I understand it, there was an inquiry.

**Senator HEFFERNAN**—What did it conclude?

**Mr Russell**—I do not have the details with me, but I am happy to take it on notice.

**Senator HEFFERNAN**—Right. I am happy to come back.

**Mr Russell**—It may equally be a question for some of the other agencies in the portfolio as well.

**Senator HEFFERNAN**—All right. I will deal with CASA in the overall context.

**CHAIR**—Are there any further questions of Airservices Australia? If there are not, thank you very much, Mr Russell and your officers, and I now call the Civil Aviation Safety Authority.

**Mr Tongue**—Chair, perhaps while CASA is coming in, I have got some supplementary information for Senator Bushby's question about Hobart Airport. Can I read that into the record, please?

**CHAIR**—Absolutely, Mr Tongue.

**Mr Tongue**—One of his question was when was our last audit, inspection or compliance activity at the airport. Our Victorian-Tasmanian office has undertaken regular compliance activity on a quarterly and ad hoc basis. A supplementary airport audit was conducted between 21 and 23 January 2009. That included a review of access control measures at the airport that overarch air cargo operators. No findings were observed in respect of deficient access control. Australian Air Express at Hobart Airport was subject to an air cargo audit on 27 October 2008 as part of the nationally networked audit program. No deficiencies were recorded. We have been able to find one incident of a possible breach in respect of air cargo security. This incident was followed up with Hobart International Airport and Australian Air Express on 29 February 2008. We are not aware of any inadequacy for air cargo handlers, and if I could just note that under the Airports Transport Security Program all aviation industry participants, including lessees and other occupants of the airport, are responsible, where applicable, for compliance with the transport security program in relation to their operations. In particular, they are responsible for the security of their facilities and the areas specifically allocated for their use, ensuring their staff and operations do not compromise or diminish the integrity of airside areas and airside and landside security zones and a range of other areas. I think that addresses some of the senator's concerns.

**CHAIR**—Thank you very much, Mr Tongue.

#### **Civil Aviation Safety Authority**

**CHAIR**—I welcome the Civil Aviation Safety Authority and, in particular, Mr McCormick, the new CEO. Congratulations on your appointment. I will take this opportunity, Mr McCormick, to invite you to make an opening statement, if you wish.

**Mr McCormick**—Thank you. Mr Chairman, I would like to thank you for allowing me a few minutes to make an introductory address to the committee. I will say at the outset, it gives me great pleasure to appear here in my capacity as the recently appointed Director of Aviation Safety at the Civil Aviation Safety Authority. I would also like to take the opportunity to acknowledge the significant amount of effort expended by my predecessor, Mr Bruce Byron, in furthering the operations of CASA. I, indeed, have a hard act to follow.

Further, as one person starts, so another finishes, and I would also like to inform the committee of the impending departure of the Deputy Chief Executive Officer, Strategy and Support, Mr Shane Carmody. Today is, in fact, Shane's second-last day with CASA and I, more than most, am acutely aware of the contribution made by Shane over the last 2½ years to the development of CASA. He and his wise counsel and knowledge will be missed by my staff and, as I have said, by me in particular. I thank him and I wish him well in his future endeavours.

If I could, I will give you a short summary of my background, Mr Chairman, and then a few thoughts on what my approach to the position of Director of Aviation Safety will be. I appreciate that time is passing, so I will brief. I commenced flying in 1972. I was fortunate enough to receive a flying scholarship from the RAAF Cadets for my pilots licence. I then proceeded to obtain a commercial licence at some considerable effort and a series of jobs to raise funds, before joining the RAAF proper. I spent 10½ years in the permanent Air Force, flying fighter aircraft as a fighter combat instructor here in Australia and on two tours of duty in Malaysia.

I left the RAAF in 1984 and joined Qantas as a second officer on a Boeing 747 aircraft. In 1987, I joined Cathay Pacific Airways in Hong Kong, flying the same aircraft, and rose through the ranks to captain on the Tristar, flying/training manager of the Tristar, flying/training manager of the Boeing 777, an aircraft which I participated in the development of, flying/training manager of the 747-400, manager training for the Boeing fleet, chief pilot for the Boeing 747-400 and the Boeing 777 and general manager of operations. This last position included inter alia responsibility for regulatory compliance and the upkeep of numerous air operator certificates.

In 2006, I returned to Australia as a senior training captain on the Airbus A330/A340 aircraft based in Brisbane. I have in excess of 10,000 hours of command and have flown extensively worldwide. I have a master's degree in aviation management from Griffith University and I currently fly my own light aircraft. In broad summary, during my tenure I intend to ensure that CASA refocuses on its core activity—the regulation of aviation safety—that the governance arrangements within CASA are strengthened, that the staff of CASA are trained and properly deployed to strengthen CASA's oversight and surveillance functions and that regulatory reform is completed in a most expeditious manner.

If you could indulge me a bit longer, Mr Chairman, I would like to offer some early observations. I have travelled to all our field offices with the exception of Darwin and Tamworth, where I physically have not been able to arrange a visit to my staff due to time and travel constraints. I will address this shortcoming in the near future. Whilst in a location that CASA has a field office, I have taken the opportunity to speak to various sectors of the aviation industry. Since I commenced in this role on 1 March 2009, I have met with the CEOs of Qantas, Jetstar, Virgin Blue, Tiger Airways, V Australia, Rex and Cobham from the high-capacity end of town, and with the CEOs and MDs of Airnorth, Air South and others in the low-capacity sector. I have also met with numerous other aviation identities, such as Boeing Australia, in the manufacturing sector and Lloyd Helicopters, in the offshore oil and gas personal transport area, as well as with business managers of some airports, such as Perth and Canberra.

I have met with representatives of organisations such as the International Federation of Airline Pilots' Associations, Recreational Aviation Australia, the Gliding Federation of Australia, the Aerial Agricultural Association of Australia, Defence, AOPA and the Transport and Logistics Industry Skills Council. As well as that, I have been addressed by numerous individuals and, in particular, I have encouraged contact from internal CASA staff and from the industry and individuals at large via email direct to my inbox. I am pleased to report that

this has been well patronised and that the majority of the inputs I have received have been positive, although I by no means would say that all inputs have been ones of praise.

What impressions have I formed? I have been very encouraged with the organisation that I have joined. The staff are dedicated people, possessing strong professional skills, and I have no doubt they can execute the job of regulator to a world-class standard. If I were to comment otherwise, the area where I feel CASA may be a little lacking is in the area of governance and direction.

Firstly, as we prepare for the arrival of our new board, we have a unique opportunity to put some boundaries around our activities. As a regulator, we should be able to be approached and all our activities should stand the test of scrupulous probity. It is not that I think our activities do not do that at the moment; it is that I believe we could better document our policies and processes such that the standard of our regulatory activity is enhanced, and so that our successors can easily see the evolution of our corporate and regulatory position. It will allow the industry to receive more consistent interpretation of legislation and directives.

Secondly, standards in the regulatory activities are like the life blood of our existence. I will stress: this is no criticism of anyone past or present. To further these aims, we are in the process of writing a governance manual for all parts of CASA. Beneath this manual will live all our policy and procedure manuals, going a long way to ensuring consistency. To facilitate this, some rearranging of our structure will be necessary.

Some functions which are currently performed but perhaps do not have the profile I would like them to have, such as internal quality assurance, will be raised from their current position to the office of the director. I will ensure that our structure clearly defines where legislative responsibilities lie and where our duties are discharged. These changes, such as the increased emphasis on governance, will directly address some concerns raised by the Senate inquiry in the aviation green paper. For the majority of CASA staff, it will be business as usual, and approximately 85 per cent of our permanent staff will have unchanged functions.

My aim is to refocus CASA on our core function, which is regulating aviation safety. I have delivered the message to our staff that CASA is a regulator, that 'regulator' starts with the letter R and that, in my opinion, it is a capital R. That means neither that we bully all until they submit, nor that we abandon consultation with the industry. Indeed, consultation is specifically required by the act. But it does mean consultation, and not endless attempts to reach consensus. We are committed to full and frank consultation and discussion with all and every comer, but in the end the regulator must make a decision. That decision must be legal, in the interests of the Australian public, and must be a decision made with the thought in mind that CASA and the associated processes decide, not the industry.

However, regulatory development cannot be allowed to drag into years, as has been the case for some particular decisions, while consultation descends into stalemate and eventual unsatisfactory compromise. That result pleases no-one, as we are aware. However, when CASA is wrong we should not push doggedly ahead. Obviously, as a regulator, we are not given the luxury of doing what we like; we have to do what we should. Having said all that, can I complete regulatory reform in the next six months? The answer is no, but we are making progress and will make more significant reform. For my part, I have knowingly got involved

in this. I am here because I wanted the job and because I wanted to make a substantive input to Australian aviation and Australian safety, aviation safety in particular. If we have made a decision having considered all possibilities and probabilities that a risk assessment requires and if that decision proves to require modification or change, then we will modify or change it. Again, I will stress that I intend no criticism of anyone past or present.

Turning quickly to surveillance and oversight, CASA had made a long-standing determination to close the CASA field office in Townsville. That decision, when it was first made, was made for what were determined to be the right reasons. However, according to the ATSB, Queensland has had the largest number of aviation fatalities in the last 10 years of any Australian state, and a large number of those fatalities have occurred in North Queensland. CASA is required to carry out surveillance which, on one level—that is the level that is best generally understood—involves physical presence on an aerodrome and the actual inspection of aviation activities that are being undertaken. Given this fact, and viewing all information at arm's length, I am unable to reconcile a decision to close Townsville with the superior desire to increase surveillance. Therefore, I reversed the decision to close the Townsville facility. This decision was welcomed by the staff in Townsville.

Moving a bit further afield, the Northern Territory and north-west of Western Australia both have large amounts of aviation activity, particular mining operation related, tourist sightseeing flights and aerial cattle mustering. CASA surveillance of these activities, even given our focus on safety related operations of public transport operators, should be enhanced. To that end, we are about to commence a surveillance sweep across the north of Australia, from the east coast to Broome. This is not going to be a one-off exercise, and an additional purpose is to identify sites for CASA work offices for the use of CASA officers where aviation activity is high. All these initiatives will be funded from internal cost savings in our present budget.

Lastly, CASA faces a situation where most technical personnel joined late in life. I am one of them. Basically, our age profile is not good. I recently spoke on a morning radio program in Brisbane conducted by the ABC where a number of high school students asked aviation related questions. I am sure that you and your members are more familiar with this sort of thing than I, and I do not have to tell you they were very well informed and very direct. These students are representative of a great talent pool which may be going to escape the aviation world due most probably to costs and opportunity. This, coupled with CASA's ageing profile, led us to decide to attempt to introduce a graduate management program and to look to increase our sponsorship involvement of young licensed aircraft maintenance engineers and young commercial pilots. If we can involve a younger person in our organisation, show them a clear path and retain them, that would be to greater good of CASA. Even if they were to join CASA but leave and go to the industry, at least we have aided the industry by putting someone out there who has seen the regulatory side and knows standards means—and, who knows, they may come back to us at a later date. I say 'attempt' due to the fact that I am cognisant of my spending limitations under the act.

The future of aviation in Australia relies on the success of general aviation. To be blunt, if we kill GA, we kill aviation and many other activities that rely on it. In summary, I look forward to contributing to the ongoing success of aviation in Australia. I cannot do anything

about the past, but I can do a lot about the future, and that is what I intend to do. Thank you for your polite indulgence.

**CHAIR**—Thank you. What we can take out of your opening statement is that you know a little bit about flying! You certainly have a view of the role of the regulator and you mean business. When you were talking to those young students, did you get the question of how much you earned?

**Mr McCormick**—No.

**CHAIR**—Well, you are not in our league yet.

**Senator O'BRIEN**—Thank you, Mr McCormick, for your opening statement. It was refreshing to hear the regulator talk about the role of the regulator in the terms that I would expect of the regulator. I think you have been diligent with the task ahead, and you have been very kind in comments about what has gone on before—but you know that this committee has had its criticisms. I look forward to a rigorous exchange, which normally takes place at this committee. You would understand that we all have a very vested interest in aviation safety. We probably travel as much as, or more than, anyone who ever comes into this room, and on aircraft of all types, in all circumstances, right around the country. Welcome to Senate estimates.

Are you aware of the Ben Sandilands articles about the ICAO audit of Australian air safety oversight, which reports some significant criticisms of our regulatory regime and talks about our agreement to put things right. Can you elaborate on what needs to be done and what has been put in train?

**Mr McCormick**—Yes. The ICAO universal safety and oversight program, as you know, is conducted worldwide by ICAO. ICAO undertook the on-site audit of Australia's safety on 18 to 28 February 2008. That report was released publicly on 13 February 2009. There are quite a few issues around whether we did very well or whether we did not. There are some criticisms contained in that, and I will address those shortly. On the issues that the ICAO audit team looked at, and specifically in primary aviation legislation—the score that ICAO uses is out of 10—on primary aviation legislation we scored 10, on specific operating regulations we scored seven, and on state civil aviation system and safety oversight function we scored nine. The one we scored lowly on was technical personnel qualifications, specifically training, where we scored five. On technical guidance, tools and provisions of safety-critical information we scored nine. On licensing, certification, authorisation and approvals we scored nine. On surveillance obligations we scored nine. On the resolution of safety concerns we scored nine.

The shortcomings identified were that we did not have a comprehensive formal training program in place which included initial on-the-job, recurrent and specialised training. We undertook that as an audit finding. We agreed with the finding. We put in place a proposal to address that in particular—which ICAO received. CASA will develop and implement a comprehensive initial on-the-job, recurrent and specialist training program for technical staff. Our estimated completion date or implementation date is 31 December 2009. CASA will implement the training program for technical staff and include continuous monitoring review and evaluation. Again, the implementation date advised to ICAO was 2009, and CASA has a detailed plan to support this corrective action.

On the issue of training, even though we scored five, we are well above world average in that category. In the restructurings that I have just alluded to in my introductory address, I mentioned training. I have not gone into any great depth about that, at this stage, with the committee. However, all training functions in CASA will be centralised under one person, under a central area, and we will improve in that area.

**CHAIR**—Would you like to tell us about the new structure in CASA?

**Mr McCormick**—The structure that we had in place in CASA represented field officers and support functions more or less here in Canberra, supporting the operational headquarters which, as you are most probably aware, Mr Chairman, is in Brisbane. Those physical locations have not changed other than, as I mentioned in my introductory statement, the establishment of work offices. As far as the structure goes, I consider that a lot of our areas which had become very task-specific are more a function than a specific operation. What I mean by that is, for example, if a flying operation inspector is inspecting an aeroplane, it does not matter, to some extent, whether it is a small aeroplane or a large aeroplane; he is inspecting an aeroplane. Over the years we have tended to get that into a stovepipe situation. I intend to say that surveillance is a function—it is directly linked to a part of article 9 of the act, where it says it should be carried out—and put that under a functional head, so that we get better coverage of the staff we have and also so that we help introduce new people and bring them up through little aeroplanes to big aeroplanes in their regulatory function, if need be. Some functions, such as legal and human services, are basically unchanged. But we have raised the importance of our management of our delegates, our authorised personnel who operate on behalf of CASA. We have raised the security of the state safety system and, as I said, QA and some of those issues, to my own office. Then, of course, I have to allow for the fact that Mr Carmody is leaving. So, in that respect, we are aligning ourselves more around identifiable areas where the responsibilities lie and how we are discharging our responsibilities under each part of the act.

**CHAIR**—I know it has only been a short time, but have you had the opportunity to have feedback from industry about your new changes?

**Mr McCormick**—We have not put the changes to industry other than me addressing the industry at numerous forums, such as the strategic consultative committee—and all the people I mentioned earlier. I have told them what I am going to do in broad concepts—putting it around the functions or around the requirements of the act, and I have had no negative feedback whatsoever.

**CHAIR**—What are the big positives with your new structure compared to the old structure?

**Mr McCormick**—It will give us more direct responsibility and accountability for where a certain standard is in place. Previously, CASA had a very large number of people involved in writing standards and regulations. Over the years—and, again, this is no criticism of anyone in the past—that has died away. It has led to a few cases of inconsistent interpretation of regulation within our organisation. There has been inconsistent application of regulation in the industry at large. We will try and get rid of this history of inconsistency, by centralising those functions, putting them under the responsibility of one person and then having someone

specific in charge of, for instance, the maintenance regulations, the flying regulations, the small aeroplane regulations.

**CHAIR**—It is very important. I was enlightened by your opening statement. I have read the CASA media release of 7 May, ‘Air safety in Northern Australia strengthened’. You touched on the importance of not only not shutting down the Townsville office but increasing it. And, importantly, the staff were rapt; I bet they were rapt. Have you had any feedback from industry up that end of the world?

**Mr McCormick**—The industry that I have managed to speak to, and I will admit that I spent some time speaking to my staff when I was there, has also been positive.

**CHAIR**—That is great. Of course, I, like Senator Back, have a vested interest in what happens north of Perth. Western Australian senators spend a lot of time up in that part of the world, and a lot of it is charter flights. It is common to be sitting in a very small plane up there, a four seater, and another one will dart just to your left or to your right. It is a very busy airspace up there. Would you like to tell us why you are strengthening the surveillance and regulatory functions in Northern Australia?

**Mr McCormick**—There is a lot of aviation activity up there. Unfortunately, there have been some accidents. There were a few girls killed in a helicopter crash a couple of years ago in that area. There was a midair collision between two mustering helicopters in the last couple of weeks. There is a lot of flying, of course, associated with both the offshore oil industry and the mining industry inland in Western Australia, and this congregates through a relatively few number of airfields. So on one hand we could say that we should focus on the big end of town, so to speak, the high-capacity regular public transport. But, by the same token, we are not only looking at the operations which do not have quite as many people in them; we are also looking at the equipment, because a lot of those helicopters, particularly ones used in mustering and those sorts of things, will eventually find their way back into general use somewhere else. I am not by any means saying that those helicopters are not maintained to an acceptable standard—I do not want to give that impression at all—but it behoves us to know what is going on and get a better feel of where aviation is. It is a large part of what has made Australia what it is, and we should have a presence there on the ground.

**CHAIR**—I wholeheartedly concur, because I was on the Gibb River Road last year when one fell out of the sky at a little place called Imintji—that might not even rate on the map. Fortunately no-one was killed, but there were some pretty serious injuries. Where is the work up to? Give us some places, give us some figures and let us know exactly what is on the ground now.

**Mr McCormick**—I do not have the disposition of the staff to the Darwin office and Perth office in front of me. Our offices in the whole northern region comprise Townsville, Cairns and Darwin, and then Perth is the next nearest. I can take that on notice. I will get back to you with those numbers.

**CHAIR**—That is great, because you mention about Karratha and Broome, so that is going to be very interesting. Would you like to talk a little about Karratha and Broome?

**Mr McCormick**—Our regional manager for the North Queensland area has just been in Karratha and Broome. Obviously, there is a lot of activity in the Karratha, Broome,

Kununurra area. We will eventually put our work office somewhere there. It will be decided by this upcoming surveillance. That surveillance activity will take place in June—July at the latest—taking advantage of the dry season. Because we require an aircraft and a pilot—we do not own those ourselves—we have to arrange that. So we are in the process of arranging that and making a suitable date to send a property specialist, an aerodrome inspector, two flight operations inspectors and an airworthiness inspector. We will continue until we are finished at Broome. They will bring their reports back, and we will decide what the best office space is that we can find. Modelled off what the traffic is in that area, we will decide where the best location for us is. At this stage we do not have the real numbers on the ground yet.

**CHAIR**—That is great, Mr McCormick. Could you tell us how the office will operate?

**Mr McCormick**—The office will be manned initially from Cairns, Townsville and Darwin. We will man it for a minimum of two weeks of a month. How those actual staff rotations work will depend very much on how successful we are at recruiting people. It is no secret that we have difficulty recruiting, say, helicopter pilots, with extensive heavy helicopter experience because the industry desires those as well. And as you were speaking of pay, Mr Chairman, we cannot match what the industry offers people with those qualifications. We are extensively advertising. We are looking to advertisers outside of the country if we can so that we can bring in the right sort of expertise. That is basically where we are at the moment—trying to muster the people.

**CHAIR**—Thank you, Mr McCormick. I wanted to clarify that talk about pay, because when we politicians go to meet a group of kids that is the first question we always get asked. I did not mean we are in some stratospheric level there. Could you give us an update on where the Qantas review is up to?

**Mr McCormick**—I do have the details on the Qantas review, as such, Mr Chairman, but as I am new to this, I would like to call another CASA officer, Mr Mick Quinn, the Deputy Chief Executive Officer Operations, who will be able to answer your questions in more detail.

**Mr Quinn**—Mr Chair, on the status of the Qantas review, you will recall that I spoke about this at the last session of estimates, that there were three main areas that we focused on in the Qantas review, that of requiring them to put a project plan together to correct their technical performance, which had been identified as not meeting their own design targets that they had set for themselves; secondly, to organise the structure of the organisation, to better meet the regulatory requirements and also the new regulation requirements that are on the horizon; and, lastly, to conduct a significant review of airworthiness directives. We picked one tail of each particular type that they operate—a 737, a 767 and a 747—and I am in the process of completing that just now.

If I start at the end, the AD review is probably the best place to start. The good news is it is being completed this week as we speak. The 737 and 767 audits have been done over the last few months. The 747 tail audit, if you like, recertification of the aircraft: basically, what we have done in layman's speak is got the aircraft, got the technical data for the aircraft and basically recertified it. So we looked at all the airworthiness directives that have been applicable to the aircraft over its life, gone through to make sure what is required from a documentary point of view is actually in place on the aircraft, but also looked at the

documentation and how that documentation has been maintained and how they are confident they are actually in a compliant state.

During this process we identified a number of areas that we believed required some attention, and we have issued approximately 15—I think 13 to date on a 737 and 767—requests for corrective action. These are areas—not critical safety areas of non-compliance—where CASA believe the process needs some attention to detail. They have been responding to them. The numbers associated with the 747 I cannot comment on at this stage because, as I say, it is just in completion at the moment.

On to the technical performance side of it, we have had monthly meetings and monthly updates regarding the organisation's performance and the organisation's ability to turn around the situation we had last year, which was identified during the review and just prior to the review, particularly following some industrial action in the organisation. In many areas, one of the key technical components that is an industry standard is a subject called the technical 15. It is a 15-minute dispatch reliability of the aircraft. On several of the fleets they were well below their own targets and struggling to actually improve performance back to where the world average is and, also, to where their own targets are.

I am pleased to say that that—in particular, the tech 15—has been improved for the majority of their fleets, alongside of a whole lot of other technical performance aspects that we identified, including the use of their delegations to dispatch their aircraft. We have had monthly meetings, we have been monitoring it closely and we believe the program they have put in place has adequately turned around the performance of the organisation. I think that has probably been reflected by the fact that you are not hearing as much about it as you did this time last year in the media.

Lastly, I should comment upon the organisational structure, which is probably the key part to this. I am pleased to report that I have had two meetings with a senior executive of Qantas—one on 7 January this year, another two weeks ago—regarding how they are posing this new structure and, particularly at the moment, considering the industry is in turmoil from a financial point of view and particular airlines are looking at redundancies and lay-offs here and there, and whether that going to have some impact on what we had agreed as to the way they were going to go ahead with their structure to satisfy CASA from a regulatory perspective.

The new chief executive, Mr Joyce, has put in place a model which largely resembles what is a legacy airline model, significantly less complex than the previous model which was a segmented business model. That organisation aligns much better from a regulatory point of view. There is a lot of transparency, a lot of clarity, for us to identify how the organisation works in terms of day-to-day compliance with the regulations, and, also, it streamlines the processes in which their business runs on a day-to-day basis, particularly in the areas of maintenance, continuing airworthiness monitoring, flight operations and flight training.

They were the key areas that were identified during the review. All of those are on track. They are unaffected by the recently announced redundancies in that group, and the agreement with the structure that was in place in January is still in effect today. They are the three prime

areas of the review. We are satisfied that it is on track, however, we are keeping a close watch and continual surveillance on that organisation and the performance to meet its agreed targets.

**CHAIR**—That was very good, very informative. Thank you very much, Mr Quinn. Senator Heffernan?

**Senator HEFFERNAN**—Thank you very much and, once again, congratulations on the hard work and thankless task you all do. I still think Qantas is the best airline. I was recently in America, and I looked out the window as I was boarding an airline, that I will not mention, and it had a bald tyre down to the canvas. I drew it to the attention of the pilot and he came out and went, ‘My goodness.’ I do not know what you do about tyres that are bald to the canvas, but I would imagine they would be some sort of a risk. So, yes, they had to deal with that matter. Fortunately, we do not have to be, hopefully, that observant here. Mr Cromarty, are you familiar with the Australian Airspace Policy Statement 2007?

**Mr Cromarty**—Yes, Senator.

**Senator HEFFERNAN**—Do you have it with you?

**Mr Cromarty**—I do, Senator.

**Senator HEFFERNAN**—Do you also have with you the national airspace Australia summary 2001?

**Mr Cromarty**—No, I do not have that.

**Senator HEFFERNAN**—I can give it to you. Do you also have with you the new draft airspace policy statement, which is a nine-page document?

**Mr Cromarty**—Yes. I have that, the 2007 version.

**Senator HEFFERNAN**—Just to make sure we are on the same page, I will give it to you. Are you familiar with that?

**Mr Cromarty**—Yes, Senator.

**Senator Conroy**—Can you clarify what that is?

**Senator HEFFERNAN**—Thank you very much. In the first—

**Senator Conroy**—Before your start, could you clarify that for the rest of the committee, so they know what the document is?

**Mr Cromarty**—It appears to me to be a draft of the Australian Airspace Policy Statement. It is not dated.

**Senator Conroy**—Is there a final version, if that is the draft?

**Mr Cromarty**—No, there is not a final version at the moment.

**Senator HEFFERNAN**—I am going to talk to the draft, because that is the draft.

**Senator Conroy**—I was wanting to make sure, for the committee’s benefit, whether or not there was a final version.

**Mr Cromarty**—Senator, I am not quite sure which version this is of the draft. There were several drafts.

**Senator HEFFERNAN**—We will get to that. Just for background, in the first half of 2007 the government moved the responsibility of airspace allocation and regulation from Airservices Australia to the Civil Aviation Safety Authority. Do you agree with that?

**Mr Cromarty**—We took the power from Airservices on 1 July.

**Senator HEFFERNAN**—This was under the Airspace Act 2007. This act says:

As provided for by Section 11A of the Civil Aviation Act—

Do you know what it says?

**Mr Cromarty**—Section 11A of the Civil Aviation Act deals with the safety aspects of—

**Senator HEFFERNAN**—It says that:

... CASA must exercise its powers and perform its functions in a manner consistent with this Policy.Statement.

Correct?

**Mr Cromarty**—Yes.

**Senator HEFFERNAN**—The policy statement attached, which you have, signed by Mark Vaile on 28 June 2007, on page 5 clearly states:

#### **The National Airspace System**

In 2002 the Australian Government instituted a reform process where Australian airspace management would be modelled on the US National Airspace System (NAS). This was to align our airspace classification system with the ICAO system and also to model our system on the proven US system.

The National Airspace System changes have brought benefits to aviation in Australia, and the Government remains committed to its reform objectives, particularly greater flexibility and the allocation of air traffic management services on the basis of risk.

Are you happy with that?

**Mr Cromarty**—Yes.

**Senator HEFFERNAN**—In the Australian airspace policy document, on page 19, which lists the safety priorities of the government, which was given to you nearly two years ago, it says:

NAS The National Airspace System used in the United States and which has been adopted as the model for reform of the Australian airspace system since 2002.

Could you confirm that that is still the government's policy?

**Mr Cromarty**—That is correct, Senator.

**Senator HEFFERNAN**—I refer to the *Australian Airspace Policy Statement*, 28 June 2007, under the signature of Mark Vaile. Is the NAS policy as listed in this document still the policy CASA is acting on?

**Mr Cromarty**—Senator, can I just clarify that? Are you talking about this particular document?

**Senator HEFFERNAN**—The 2007 Mark Vaile document.

**Mr Cromarty**—Sorry, what is your question?

**Senator HEFFERNAN**—Is the National Airspace System as listed in that document still the policy CASA is operating on?

**Mr Cromarty**—Yes, that is correct.

**Senator HEFFERNAN**—Which is the US system?

**Mr Cromarty**—It depends how you—

**Senator HEFFERNAN**—The US system, I am aware, is changing to satellite from ground.

**Mr McCormick**—I am new to this position—but that is not to say I am not responsible for it. This document does say it will be modelled on the US system; it does not say we will adopt the US system. There are a few other issues, I think, particularly on page 15 of the document to which you refer—the airspace policy statement signed by the Hon. Mark Vaile—which says:

5.5 How major changes to airspace will be made

... These steps will include:

- risk management analysis consistent with the CASA Risk Management System and the Common Risk Management Framework (see below);

And there are further references to that common risk management framework. My own inquiries have discovered that that common risk management framework has never reached a final version.

**Senator HEFFERNAN**—This document has, by and large, been ignored. Paragraph 5.4 on page 15 of the policy statement says:

The Government expects CASA to establish a work programme that is inclusive of the Government's priorities for airspace reform to progress NAS implementation as outlined in this Statement.

Is that fair enough? CASA established this work program and is it clearly to progress the NAS reforms?

**Mr McCormick**—Yes, Senator.

**Senator HEFFERNAN**—Can we have a copy of those documents?

**Mr Cromarty**—Yes, Senator. We have supplied them to the minister as well.

**Senator HEFFERNAN**—So you can supply them to us?

**Mr Cromarty**—Yes.

**Senator HEFFERNAN**—When is it planned to have the NAS reforms completed?

**Mr Cromarty**—Senator, the airspace policy statement, as Mr McCormick has just pointed out, is not, 'Do NAS; copy the United States system.' It is, 'Do NAS, subject to analytical process and cost-benefit analysis.' And I would draw your attention to paragraph 5.2 on page 14, where it says:

Future stages of the NAS will be implemented subject to the results of an enhanced analytical process, including cost-benefit ...

That is what we have been doing.

**Senator HEFFERNAN**—On page 19 of the policy statement it states:

The Government has determined a number of NAS airspace reform priorities that it wishes CASA to pursue over the period 1 July 2007 to 31 December 2008.

Do you agree with that?

**Mr Cromarty**—Yes, Senator.

**Senator HEFFERNAN**—

In line with the Statement of Expectations issued to CASA on 12 March 2007, CASA is to develop a detailed implementation programme for these reform priorities for submission to the Minister by 30 September 2007.

**Mr Cromarty**—Yes, Senator.

**Senator HEFFERNAN**—Was this submission of a detailed implementation program given to the minister by 30 September 2007?

**Mr Cromarty**—It was, Senator, yes.

**Senator HEFFERNAN**—Can you provide the details of how and the fact that it was handed over then?

**Mr Cromarty**—Yes, Senator.

**Senator HEFFERNAN**—Confirmation by way of paperwork.

**Mr Cromarty**—Yes.

**Senator HEFFERNAN**—In paragraph 6.1, CASA is to finalise:

... the criteria for the establishment and dis-establishment of CTAF(R) aerodromes or other suitable means of mandatory compliance—

and this is to be:

finalised and put in place by November 2007.

Has that happened?

**Mr Cromarty**—No, Senator.

**Senator HEFFERNAN**—Why not?

**Mr Cromarty**—Because under the airspace policy statement requirement to work on a risk based process, we did a substantial study of the difference between the compliance with CTAF and CTAF(R) at various aerodromes around Australia and we found that there was insufficient evidence and we could not reach a firm conclusion about this. So we decided that what we needed to do was to review the procedures that pilots use when they fly to non-controlled aerodromes.

**Senator HEFFERNAN**—Which would be, say, Armidale, would it?

**Mr Cromarty**—I do not know whether Armidale is controlled or not. I do not think it is.

**Senator HEFFERNAN**—No, it is not.

**Mr Cromarty**—The outcome of this was that, before we could establish on a risk basis what the dis-establishment and the establishment criteria would be, we had to make sure that pilots understood what procedures they should be using. That was not clear to us and it was not clear to the people who did the research. So we decided to proceed with a training and education program to establish a baseline so that all pilots, as far as we could establish, knew what the proper procedures were. Unfortunately, the AIP and the regulations differ on what procedures should be used. That was one of the reasons that there was some confusion. So we have to review the documentation and make sure it is all in conformity with one another. One of the requirements of the policy statement was a post-implementation review of NAS 2(c), which was conducted, and CASA accepted the recommendation of the NAS 2(c) review, which was that there should be a certain number of mandatory radio calls at non-controlled aerodromes.

**Senator HEFFERNAN**—That is fair enough.

**Mr Cromarty**—Before we could set the criteria for what people should do at a CTAF or a CTAF(R), we also had to establish what mandatory calls would be made. So CASA went through a lengthy consultation process which was polarised by industry on two sides and that work has almost concluded.

**Senator HEFFERNAN**—When might that be completed, by the way?

**Mr Cromarty**—You might direct that question to the CEO rather than me. The CEO has requested that the work be put on hold for the moment whilst we review the whole of the mandatory calls, circuit procedures and which aerodrome should be CTAF and CTAF(R). We are going to review the whole again, as I understand it.

**Senator HEFFERNAN**—Is that in order to reconfigure what will be the NAS implementation?

**Mr McCormick**—The situation was that there had been a very lengthy consultation period with the industry through the strategic consultative committee, which is a very large body when it is in plenary and it represents a great many of the sectors of the Australian industry from—

**Senator HEFFERNAN**—That is not the body that Angus Houston is on?

**Mr McCormick**—No. This is the body which, at the moment, has the subcommittees which do the work on advising us on regulatory development, such as the maintenance regulations which we are just putting out. That is our primary body which we consult with industry and get industry feedback. Now, I will say it is a very unwieldy device, and that is my opinion.

**Senator HEFFERNAN**—I gather that.

**Mr McCormick**—The subcommittees do a great deal of work and I would not like to belittle anybody who is on the SCC, but, like I said earlier on, it tends to be consultation endlessly trying to reach consensus. The decision about these CTAF(R)s—the R standing for ‘radio’ versus straight CTAFs, which is more an element of the US system of NAS; they do not have the CTAF(R) in their system—reached a consensus of a fashion, where radio calls were mandated at a certain distance from an airfield. Obviously, for safety, the distance away

from the airfield was not based so much on the performance but was based on the number of radios that you carried, which, to me, seemed quite an odd measure to use to judge safety.

**Senator HEFFERNAN**—So coming in three times the speed of a 172, distance is not the issue?

**Mr McCormick**—Yes. That is the logic trail, but, of course, if one of your radios unserviceable, do you now fall into the ‘one radio’ criteria or are you in the ‘two radio but only one radio at the time’ criteria? So the practicality of it was that this progressed, to my knowledge, after five years of discussion. It came out to what was a notice of post rule making then the notice of final rule making. It, to me, was an unwieldy document. The instant feedback from the industry, from all sectors other than perhaps the regional aviation people, who are very keen on having radio calls mandated, was that this was unwieldy. The questions that arose, immediately, were like I was just saying about radio: how far away was an aerodrome? What is the definition of an aerodrome? The Royal Flying Doctor Service has the ability to land on stretches of road in Western Australia. Is that, therefore, an aerodrome? Do you have to make these radio calls?

**Senator HEFFERNAN**—That is a furphy. Let’s stick to what—

**Mr McCormick**—This was the feedback from the industry, Senator. To me, we had not reached a point where we could say that we were definitely improving safety by going ahead with that notice of final rule making. Hence, I have held that notice of final rule making and have directed the Office of Airspace Regulation and our regulatory development people to go back to the Standards Consultative Committee. We are not going to go through another five years of this, but, as I said, we will take written submissions. This is our plan. We have not actually gone to them yet, because we are finalising the details. This will be most probably next week that we inform the industry.

We will ask for written submissions and, to be frank, we know exactly what they are going to say, because they will have the same argument that they had last time. We will have a short period where we will have a meeting, perhaps not as the whole plenary of the SCC, but certainly representatives of all the groups, some of which I mentioned in my introductory statement, and the regional airlines. We will take it under advisement and then I will make a decision, based on the safety case. This is draft-type information. The whole reason that you mandate radio calls is so that you naturally ensure compliance. There is some difficulty about whether we could actually ensure whether anyone was compliant, but our consultants, and I will say these are draft figures, have indicated that the compliance rate where we have mandated radio calls is about 98 per cent of the people who fly there.

The compliance rate for CTAFs that do not have the R—the compliance rate for the voluntary radio calls, which is as per the US system—is about 96 per cent. When you have a two per cent difference, you could quite rightly argue: ‘Is this a demonstrable increase or decrease in safety either way?’ I am not sure, at this stage, that you could, because compliance rates of those numbers are very, very high in the aviation industry.

The issue about whether we mandate the calls or not is central to the proposal of US based NAS, if we were to adopt the entire model of the US—and I will refer to Mr Cromarty’s statements about the risk-based assessment process. So it was pointless to mandate the notice

of final rule making, as it stands at the moment, where it appeared to please very little, in total, of the industry, when, in actual fact, the whole reason for having the CTAF(R) may disappear. So that is a work in progress. It will not take forever, but we will come to a decision.

**Senator HEFFERNAN**—It is roughly two years or 18 months off the pace? It was supposed to be done by November 2007?

**Mr McCormick**—The radio calls around the CTAF procedure started before that. As I said, to my knowledge, I think the consultation period was five years.

**Mr Cromarty**—I do not know the exact consultation period. I was not here then either.

**Senator HEFFERNAN**—I appreciate that. CASA was to finalise a criteria for the establishment, et cetera, of CTAF(R) or other suitable means of mandatory compliance and put in place by November 2007. So you are off the pace. This is why it has not happened: you are still arguing amongst yourselves.

**Mr McCormick**—As I alluded to at the start, we have been very industry focused in CASA over the last five years. I am not saying that is a fault, but we have got very close to the industry. Some, not I, would use the term ‘industry capture’. It is not in my lexicon, but, suffice it to say; we have to look at some of these issues which we have deliberated over, when, in actual fact, if we were being more of the regulator, we perhaps would not have deliberated over.

**Senator HEFFERNAN**—Have you ever given yourself a decent fright when you are flying?

**Mr McCormick**—Numerous times, Senator, yes; not in a CTAF(R), though, by the way.

**Senator HEFFERNAN**—I can recall a couple of things that I did that gave me a fright. Why have we not followed the US NAS procedures in CTAFs?

**Mr McCormick**—This goes to the heart of the argument of whether we have a CTAF(R) or not. When we talk about ‘have we done’ or ‘are we doing NAS’, I will admit myself that I have asked the question of the speed at which we are doing NAS. The difficulty arises that there are a hundred different elements of this at any one time. We are constrained by manpower within the Office of Airspace Regulation that Mr Cromarty heads and there are various parts of NAS which we continue to do, and I think Airservices may have spoken earlier about class E airspace up around Northern Queensland.

**Senator HEFFERNAN**—We will get to airspace in a minute, yes.

**Mr McCormick**—These issues involve very detailed studies. They take time and the question really comes down to where we put the resources at any particular moment. The issue with CTAF(R)s and the CTAF system that exists in Australia—again, I have flown all around the world and extensively in the US where the system that we are talking about is the US model; I know that system very well—

**Senator HEFFERNAN**—The degree comes down a lot lower.

**Mr McCormick**—I know that system very well, Senator.

**Senator HEFFERNAN**—Do you think it is good?

**Mr McCormick**—My personal view is that for the US and the airspace and the demography that the US has, it works.

**Senator HEFFERNAN**—It is different in the UK. It is a lot smaller and there is a lot more radar. But you could run it easily from Melbourne to Cairns, couldn't you?

**Mr McCormick**—I am not qualified to talk on the actual airspace modelling, Senator.

**Senator HEFFERNAN**—You have experienced the E class airspace under US conditions, and it works well?

**Mr McCormick**—The US conditions and the constraints from the US?

**Senator HEFFERNAN**—Yes?

**Mr McCormick**—It would be to deny fact not to say that it works well.

**Senator HEFFERNAN**—You do not have to directly answer this. There is a view by some that there is resistance in CASA to what was established by Mark Vaile as the policy, NAS. There is a view in CASA by some that, in fact, the NAS American system is outdated—and I can tell you it is not. NAS is not obsolete. Do you think NAS is obsolete?

**Mr McCormick**—No, I do not, Senator.

**Senator HEFFERNAN**—And you accept that they are going to change it to satellite?

**Mr McCormick**—The change to satellite, to my understanding, does not affect the designations of airspace.

**Senator HEFFERNAN**—You are right on the money. Except for minor adjustments, these airspace classes are not affected by NAS?

**Mr McCormick**—That is my understanding, Senator.

**Senator HEFFERNAN**—So what is the answer? Why have we not followed?

**Mr McCormick**—If I could just backtrack to the question that you quite kindly let me off—do I detect within CASA that there is foot-dragging or an inbred hatred of NAS or what it stands for? No, I have not detected that. When I arrived there was a draft policy statement, and that is currently being drafted by us and will eventually be done with the department. It will go to the minister to replace the particular document we are looking at. As I say, it is a work in progress. There is nothing that I could table here to show. Do I think that we intrinsically think that NAS is unsafe? I think to say that would fly in the face of the facts. As we have just said, in the US situation, with a lot of movements and a lot of aircrafts, it works well.

**Senator HEFFERNAN**—I am pleased to hear you say that.

**Mr McCormick**—Do they have more radar coverage? Looking at ADS-B or any of the space based things such as GPS, even now the US has a lot more surveillance ability than we have. The actual levels they can see down to and so on is a question for Airservices. I would not like to speak outside of my area.

**Senator HEFFERNAN**—Are you familiar with the near miss a while ago here in Canberra, where the plane nearly flew into the hill?

**Mr McCormick**—Could you refresh my memory on that, please?

**Senator HEFFERNAN**—There was a near collision with Tinderry Peak. Are you familiar with that?

**CHAIR**—You can ask me. I am familiar with it—QF718.

**Senator HEFFERNAN**—Yes, it was a Western Australian plane.

**Senator O'BRIEN**—I do not know if it was a Western Australian plane, but it was a Qantas flight.

**Senator HEFFERNAN**—Would it have caused a few preselections if it had gone in!

**Senator O'BRIEN**—I do not know who was on it!

**Senator HEFFERNAN**—Isn't it a fact that that plane inadvertently flew out into uncontrolled airspace?

**Mr McCormick**—I do not have those facts in front of me, sorry.

**Senator HEFFERNAN**—Well, it did.

**CHAIR**—In all fairness, I think you should at least give Mr McCormick a heads up. It was about four years ago, I think.

**Senator HEFFERNAN**—If NAS had gone ahead and if we could lower the airspace, that plane would have still been under air traffic control. Instead of that, he flew out into no-man's-land and, for whatever reason, figured there was something wrong and turned away and just missed the hill by a few hundred feet. Is there resistance, from what you can detect as the new boss, by the traffic controllers? There will be a bigger load for air traffic controllers if we take class E airspace below 8½ thousand feet. Do you think it would be a good idea to somehow approach the American system, where the airspace is a lot lower in control?

**Mr McCormick**—As for the effect on the workload of air traffic control, I am in no position to comment on that, but I think Airservices would be.

**Senator HEFFERNAN**—I appreciate that.

**Mr McCormick**—On the safety that is provided by the airspace, there is safety provided by differing levels of airspace because it is generally provided by different amounts of control. But the safety of the operation of flying from one point to another does not necessarily rely on the safety of the airspace. A good example of that happened not so long ago between Germany and Zurich over airspace which was completely controlled, and at a very high level they had a mid-air collision.

**Senator HEFFERNAN**—Do not ask me—they might have been having morning tea. It just seems extraordinary to me that a planeload of these fellas from the west nearly flew themselves into a hill here in a circumstance where the space they were flying in could have been controlled. It does not seem feasible that just outside of Canberra you are flying in no-man's-land.

**Mr McCormick**—I imagine you are talking about radar coverage and such.

**Senator HEFFERNAN**—They are certainly in radar coverage, but the difficulty is it is late at night. The mob in Melbourne can see what is happening. I do not think they even have radio contact with this up here, and it is not their responsibility, or is it?

**Mr McCormick**—The actual breakdown of work within the ATC is a question for Airservices. I do not know about the question of the safety level of that airspace and the modelling of it because I do not have it in front of me. Peter, are you prepared to speak on that?

**Mr Cromarty**—There is one thing I would like to say. The aspect of NAS to which you refer is specified in paragraph 6.2, and it actually specifies ‘less dense airspace’.

**Senator HEFFERNAN**—6.2 states that:

In consultation with Airservices Australia, CASA should also ensure that an assessment is made of extending air traffic control services to areas that are served by radar but in which no air traffic control service is currently provided.

**Mr Cromarty**—Are you referring to characteristic 44?

**Senator HEFFERNAN**—I am referring to the last paragraph of 6.2.

**Mr Cromarty**—Characteristic 44 deals with ‘less dense airspace’. As Mr McCormick already said, the OAR is a small team. We are very constrained in what we can do, so we prioritise our workload on a risk basis.

**Senator HEFFERNAN**—I appreciate that.

**Mr Cromarty**—Less dense airspace is de facto going to be less busy airspace.

**Senator HEFFERNAN**—At 11 o’clock at night when half the airspace is pretty well empty, the air traffic blokes in Melbourne can see what is going on here in Canberra. Why can’t they have responsibility for it?

**Mr Cromarty**—To start with, they do not man the tower at those times of day.

**Senator HEFFERNAN**—I understand that, but they can actually monitor the approach so that that mob there does not fly into a hill.

**Mr Cromarty**—I do not know why. You would have to ask Airservices that one.

**Senator HEFFERNAN**—I will ask the department to give consideration to why this is so. The new CEO, who is obviously very experienced, might give consideration to that.

**Mr McCormick**—I will take that on notice and I will pass it to Airservices and the department.

**Senator HEFFERNAN**—Mr Chairman, obviously this will not be the finish of this deliberation.

**CHAIR**—No, we are going to take a break soon.

**Senator HEFFERNAN**—This committee and the likes of Senator O’Brien for many years have pursued air safety, confidence in the system et cetera. Who is the CASA expert on the NAS CTAF procedure? Are you considered to be the guru?

**Mr Cromarty**—I am considered the person responsible.

**Senator HEFFERNAN**—In 6.2, the policy states:

CASA is to undertake by June 2008 the assessment of the following NAS 3(b) Characteristics, and determine as appropriate an implementation programme according to the outcome of the analytical and consultative process outlined in Part 5 of this Statement.

Have we complied with that undertaking in the policy?

**Mr Cromarty**—Yes.

**Senator HEFFERNAN**—Is there a chance that we can bring class E down to 1,200 feet?

**Mr Cromarty**—Yes.

**Mr McCormick**—In 6.2 25, it says:

Low level Class E corridors: *this NAS characteristic deals with low level Class E corridors, where required, above 1,200FT ...*

We cannot go around making corridors between nebulous places, and I do not think there has been an industry requirement or a submission to us requesting a corridor of class E airspace at that height. That may go somewhat to the work program of the Office of Airspace Regulation.

**Senator HEFFERNAN**—I understand the issues, the workload and the priorities, but this is the beginning of this exercise, not the finish of it. I understand that characteristic 23, 'Class E terminal airspace to be introduced at specific locations,' could mean that in places like Port Macquarie the airspace would be upgraded from uncontrolled G to controlled E and the airlines would be given full air traffic separation, whereas at the moment they fly in uncontrolled space. Has anything been done about this?

**Mr Cromarty**—Yes.

**Senator HEFFERNAN**—What has been done?

**Mr Cromarty**—We consider the use of NAS characteristics on every review that we do. For example, at Karratha we are specifically looking at this solution.

**Senator HEFFERNAN**—Which is quite a busy place.

**Mr Cromarty**—Which is similar to Port Macquarie.

**Senator HEFFERNAN**—So Port Macquarie is likely to be done?

**Mr Cromarty**—Port Macquarie will be on our work program. I cannot tell you exactly where it is on our work program at the moment, but I could take that one on notice for you.

**Senator HEFFERNAN**—Yes, fair enough. This is obviously investigating some anxieties from a number of sources in the flying world, as it were. Under that system there is no need for a tower, is there?

**Mr Cromarty**—I beg your pardon?

**Senator HEFFERNAN**—Is there a need for a tower?

**Mr Cromarty**—Under which system?

**Senator HEFFERNAN**—Under what you are prepared to do at Karratha and Port Macquarie.

**Mr Cromarty**—The process at Karratha is unique since Airservices gave us the responsibility for air space regulation, because it is the first place where Airservices has come forward with an air space change proposal on the basis of their own study rather than one in which we have approached them. So this is a slightly unusual situation.

**Senator HEFFERNAN**—They must have had a few frights too, I would say. It is pretty scary at times there. It is so busy and you have got 172s coming in with 737s.

**CHAIR**—It is four o'clock and we will take a 15-minute break and resume at 4.15 in continuation, Senator Heffernan.

**Proceedings suspended from 4.01 pm to 4.15 pm**

**Senator HEFFERNAN**—Paragraph 6.3 mentions an assessment on all the regional airports and says:

The assessment should be done against the background of the government commitment to the NAS objective of introducing the US model Class E airspace over Class D locations.

Do you agree with that?

**Mr Cromarty**—Yes.

**Senator HEFFERNAN**—You are the guy that is in charge of this now. Do you have any doubts about the wisdom of that?

**Mr Cromarty**—No.

**Senator HEFFERNAN**—You are a full supporter of the full implementation of the NAS class E over D airspace in Australia?

**Mr Cromarty**—I am a full supporter of a risk-based approach and if that is the appropriate cost-benefit solution then I am a full supporter.

**Senator HEFFERNAN**—That is a very good bureaucratic answer. You will never get the sack while you answer questions like that.

**Mr McCormick**—Senator, if I could interject just to add to that reply. Where you refer to introducing model class E airspace over class D, I think one of the issues we do look at is that in some areas class E will provide sufficient safety but in some areas it will not and we could actually require class C, which is a higher level of airspace over D.

**Senator HEFFERNAN**—What I am trying to make sure is in people's minds here is that there is not a conspiracy in CASA to dump the Mark Vaile version of events for some other change of events because the difficulty that some people see is that there is a document, which is the draft document, which takes out all the air safety stuff. It has all been deleted—but, anyway, I will come to that. Mr Cromarty, is there some resistance by well-meaning people in CASA to the US model of E over D?

**Mr Cromarty**—Not that I am aware of, Senator.

**Senator HEFFERNAN**—Is everyone happy with that answer?

**Mr McCormick**—I am sorry, Senator, I missed the question.

**Senator HEFFERNAN**—Is there any resistance? You are entitled to have resistance—we have lots of arguments—in CASA over the wisdom of the US model of E over D?

**Mr McCormick**—I will have to admit, Senator, since I have been in this position in CASA I have had lengthy discussions with Mr Cromarty and the Office of Airspace Regulation and others, including very interested individuals in the general public. I have not detected an overwhelming dislike of class E airspace if that goes to help with the question.

**Senator HEFFERNAN**—Yes, but you would be less than human if there was not someone that thought—

**Mr McCormick**—I think it would be unhealthy if we did not have a reasonable amount of discussion.

**Senator HEFFERNAN**—Yes, I appreciate that, but, by and large?

**Mr McCormick**—By and large I have not detected any resistance or any deep-seated hatred of class E airspace, Senator.

**Senator HEFFERNAN**—This is obviously a US airspace system and you have experienced it professionally and it works well. The criticism that we do not have the radar coverage here—I have to say that Australia is a big place and more people live in the western suburbs of Sydney than all of rural Australia so there is a lot of empty space with no radar in it but, by and large, from Melbourne to Cairns we have pretty good radar coverage. That would be a fair statement, wouldn't it?

**Mr McCormick**—Certainly at the altitudes that—if you are worried about aircraft such as Qantas and Virgin Blue—they fly at, yes, there is certainly world class coverage.

**Senator HEFFERNAN**—And in pockets where there are hills and things you could lower E, couldn't you?

**Mr McCormick**—Again, I think that goes to the risk assessment.

**Senator HEFFERNAN**—Have you had an expert of the US airspace system working with the Office of Airspace Regulation in the last couple of years?

**Mr Cromarty**—No, Senator.

**Senator HEFFERNAN**—Would that have been a good idea if you had the money and the budget?

**Mr Cromarty**—I do not think it would, Senator, no. We act in a professional and thorough manner in the way that we do all of our—

**Senator HEFFERNAN**—So if I was to ask you why haven't you, you would say, 'We didn't need to.'

**Mr Cromarty**—I would say that is the case.

**Senator HEFFERNAN**—Fair enough.

**Mr Cromarty**—Two years ago we did not have a risk assessment process. We did not have a cost-benefit process. We did not have a fully staffed Office of Airspace Regulation. In those two years I believe we have built up those processes. We have become fully staffed and now we are acting and, I would say, establishing a good reputation for reliable work.

**Senator HEFFERNAN**—So are you going to be allowed to have a holiday in the meantime?

**Mr Cromarty**—I have had a week's holiday, yes.

**Senator HEFFERNAN**—In the last two years following government policy on NAS, have you had experts on NAS address your unit?

**Mr Cromarty**—Have I had experts?

**Senator HEFFERNAN**—On the American NAS system address your mob?

**Mr Cromarty**—We have. We have had visits to the United States where we have discussed issues of mutual interest with the Americans, yes, and the Europeans and the Canadians and other states. In fact, I am going to New Zealand next week on the same process.

**Senator HEFFERNAN**—I'll come with you if you want someone to carry your bags. What have these experts had to say about the safety improvements of the NAS system?

**Mr Cromarty**—Nothing in particular that I can remember, Senator.

**Senator HEFFERNAN**—They are not saying there is anything wrong with it?

**Mr Cromarty**—No.

**Mr McCormick**—Senator, if I could add to that reply from Mr Cromarty. The issue, I think, is not that anyone—that is, anyone in Australia and particularly the Office of Airspace Regulation—does understand NAS. As this document says—and I cannot put my hand on it right now—very early on, and I think you quoted it, it mentions about this being a basis of ICAO regulation. That is the ICAO regulation of airspace, classifications of airspace, at NAS derives from. We have a good understanding of NAS. I agree with you that if we had understood NAS then it would have been imperative to get someone to tell us—

**Senator HEFFERNAN**—Thank you very much for that. You are a goddamn pom, aren't you?

**Mr Cromarty**—I am English, yes.

**Senator HEFFERNAN**—You still barrack for England, I hope, in the tests?

**Mr Cromarty**—I do not, Senator.

**Senator HEFFERNAN**—You don't!

**Mr Cromarty**—I will probably be a bit torn between Australia and England in the Ashes next year.

**Senator HEFFERNAN**—You are allowed to barrack for the old country if you want to. Obviously things are a lot different. You have got a lot shorter airspace with a lot more people and things happening in it.

**Mr McCormick**—It is different.

**Senator HEFFERNAN**—Has it been a challenge to understand the distances and the air routes with nothing much in them here?

**Mr Cromarty**—No. It has been an interest.

**Senator HEFFERNAN**—So, given that you hail from there and they do not have NAS, do you have a solid knowledge of the US National Airspace System that is current government policy?

**Mr Cromarty**—I have a solid knowledge of the current government policy, yes.

**Senator HEFFERNAN**—Do you support that policy?

**Mr Cromarty**—I do.

**Senator HEFFERNAN**—God bless you. Paragraph 6.5 says:

CASA should set up a Programme with Defence to assess and consider implementation of the following NAS Characteristics:

**36** – Change from Danger to Alert areas.

**38** – Warning areas replace Restricted Areas.

**39** – Establishment of Military Operating Areas.

Have these three items been addressed?

**Mr Cromarty**—Not specifically in terms of changing the designations, and for two reasons. One is that the airspace policy statement—I cannot find the paragraph at the moment—does require us to comply with the ICAO classification system, and these terms are not ICAO terms.

**Senator HEFFERNAN**—Yes, that is right.

**Mr Cromarty**—So we are torn between compliance with ICAO, which is a government requirement, as opposed to a policy statement which says that we should comply with NAS. The second reason is that we have undertaken work in these areas, again on a risk basis. The change in nomenclature to us is not a high risk activity, and I am glad you mentioned item 37, because one of the items which is of interest to some members of the public is military restricted airspace, and we have withdrawn seven restricted areas. We have assessed and improved a further 30 and we have 45 more in progress for the end of the year.

**Senator HEFFERNAN**—Very good. Some might say that NAS is not in the US airspace classification system, but on page 23 of the minister's airspace policy statement it is clearly set out there what our position should be. There is now a new draft policy statement, which I think you have got.

**Mr Cromarty**—Yes.

**Mr Tongue**—Senator, can I just clarify: is that the draft that was released on 2 December 2008, with the aviation green paper.

**Senator HEFFERNAN**—As I understand it, it is the latest draft.

**Mr Cromarty**—No. That is not correct, Senator. This is the one that was released for public consultation; it is not the latest version.

**Senator HEFFERNAN**—Could we have the latest?

**Mr Cromarty**—You would have to seek that from the department.

**Mr Tongue**—Certainly, Senator, we will get that for you.

**Senator HEFFERNAN**—That one there, which is not the latest one, removes any reference to NAS or upgrading the airspace in any specific way. Why is that?

**Mr Cromarty**—The reason that—

**Senator HEFFERNAN**—It is a single document that replaces a much larger document.

**Mr Cromarty**—I understand, yes.

**Senator HEFFERNAN**—And it has taken out—

**Mr Cromarty**—The airspace policy statement from 2007, Senator, was an excellent document for doing what it was designed to do, which was to cover the transition from regulation of airspace by Airservices to CASA. And I fully understand and support that document because it set out, in some considerable detail, how we should operate. The drawback with that is that within this document there are several differences of requirement, some of which we have already touched on. So, for example, it says ‘Do NAS, but do risk based.’ It says to take public transport operations as our first priority, and yet we should also consider other aspects of equitable access and efficiency. So there are various aspects of this which are difficult to reconcile on occasion. In the new draft what we are trying to do—

**Senator HEFFERNAN**—Which is the one I have not got, is it?

**Mr Cromarty**—Even in this particular version what we tried to do was to allow CASA the flexibility to do what was best for Australia in any particular circumstance.

**Senator HEFFERNAN**—By having no guidelines at all.

**Mr Cromarty**—There are principles in here, in the same way that there were in the original policy statement.

**Senator HEFFERNAN**—But there is no reference to NAS in there.

**Mr Cromarty**—No, there is not.

**Senator HEFFERNAN**—That is curious, is it not?

**Mr Cromarty**—But similarly, in the present policy statement it says—

**Mr McCormick**—Senator, while Mr Cromarty looks for the page number, that draft that we are referring to—

**Senator HEFFERNAN**—Which is the second latest version.

**Mr McCormick**—Indeed, or the one that you have. I have not released that or signed off on that document, which will require my signature before it went to—

**Senator HEFFERNAN**—You will put your wise head to it before it—

**Mr McCormick**—To the department.

**Senator HEFFERNAN**—In due course, and at the appropriate moment, you will make that available to this committee.

**Mr McCormick**—That is correct, Senator.

**Senator HEFFERNAN**—Thank you very much for your assistance.

**Mr Cromarty**—Senator, I cannot find the exact reference but the gist of the text is that not only will we take into consideration NAS, but we will challenge the work that we do through the use of other jurisdictions such as Eurocontrol, and that is what we do.

**Senator HEFFERNAN**—We just want to make sure you are not going to impose some pommy system on us.

**Mr Cromarty**—No. I would not do that. The UK system also has—

**Senator HEFFERNAN**—I appreciate your cooperation, and this is a very serious matter, but we like to keep it a bit light. It does not refer to upgrading the airspace in any specific way, but it does set some sort of motherhood statements in place. So in due course that policy draft, which is nine pages, which is not the latest one, will be built into a document with nuts and bolts?

**Mr Cromarty**—You would need to address that with the department, Senator.

**Mr McCormick**—Senator, are you talking about the final version to go forward from the department?

**Senator HEFFERNAN**—Surely it will have the NAS stuff in it.

**Mr McCormick**—That draft that you have, Senator, and the draft that Mr Cromarty has, are both works in progress. If I could get back to the CTAF, that is to be—

**Senator HEFFERNAN**—So the reason it has removed any mention of NAS safety upgrades is that you think that is a work in progress and you are not too sure of the conflict between the various competing bits of policy?

**Mr McCormick**—We have a situation in the greater CASA where we are required under the Act to consult with the industry. Certainly, at least one individual very strongly feels we should adopt the NAS system holus bolus from the US without doing any of our own risk modelling, and an argument can be made for that; I will admit that. However, we are also, as I get back to the Act, under the consultation process, required to consult with everyone in the industry. Again, I do not want to go back through the CTAF because I hope I have answered that sufficiently at the moment, except to say that all my experience worldwide has shown me one thing about the Australian aviation industry, and that is that even though it is relatively small by a lot of world standards, people and parts of it hold extremely strong positions. While that is laudable, and I make no comment about it, they are prepared to fight to the last man standing on some of these issues, so we do have to consult with the industry before we write that particular document.

**Senator HEFFERNAN**—So what you are saying is that you would like to take as many people with you as possible.

**Mr McCormick**—Yes, Senator.

**Senator HEFFERNAN**—This is one for the department. The new draft Australian Airspace Policy Statement, which is attachment D, which was issued as part of the aviation green paper makes no mention of NAS safety upgrades. From the department's point of view, why is there no mention of the increase in class E controlled airspace to protect airline traffic? Is that part of just leaving the space until we get everyone on the page?

**Mr McCormick**—Again, without the actual control of airline traffic at the levels that we are talking about, you would have to ask Airservices, Senator.

**Senator HEFFERNAN**—It is a changed position. I wonder, should I ask them why they have changed their position?

**Mr McCormick**—Without that document, Senator, I am afraid I cannot put it in context.

**Mr Tongue**—Can I make the point that the document released with the aviation green paper was a consultation document designed as a basis for consultation with the industry, CASA, Airservices, Defence, a whole range of players. Mr Cromarty has made the point that the existing statement by Mark Vaile is a transition statement. One of the things that we are certainly conscious of is that now that the Office of Airspace Regulation is established in CASA, and we have a very well qualified CASA CEO, we do not then want to be in the position of telling them how to do their job. What we are trying to do is seek a balance around what is appropriate to require of CASA in conducting its function, but not telling CASA how to do it. Then we are impinging on the independence of the regulator.

**Senator HEFFERNAN**—We are not saying that Angus Houston and that committee are not right; they are still on the money.

**Mr Tongue**—And we have gone back to Defence, for example, as part of the consultation process. And there is the aviation policy group that senior officers from the Air Force sit on as part of the consultation process, so we are not trying to throw the baby out with the bath water. We are trying to reflect a contemporary evolution of the role of the new office within CASA.

**Senator HEFFERNAN**—And I suppose the balance and the tension in the office between a very experienced mid-career ex-airline pilot and a pommie, or I should say an English supporting—

**Mr Tongue**—A well qualified officer.

**Senator HEFFERNAN**—It is an interesting dynamic, we can expect good results.

**Mr Tongue**—I would think so.

**Mr Cromarty**—We are bound by the Airspace Act, and the Airspace Act, in section 13, says we are to conduct regular reviews and regulation 15 tells us that we have to do these reviews at least once in every period of five years. The reform process continues over that period. So we are driven by that

**Senator HEFFERNAN**—Yes, but that document that I have got here and you have got there, signed by Mark Vaile, is the policy which CASA supports?

**Mr Cromarty**—Correct.

**Senator Conroy**—Perhaps you would like to put a submission into the review, Senator Heffernan.

**Senator HEFFERNAN**—I am doing the food inquiry, the fire inquiry, the fertiliser inquiry.

**Senator Conroy**—I cannot think of anyone more appropriate, along with my friends. You are well qualified to do the fertiliser inquiry, Senator Heffernan

**Senator HEFFERNAN**—And there is the human gene patent inquiry, now. You should take an interest in that because there are 4,000 patents being taken out on the human body and do not ask me how that is possible. So just to finish, and I thank the committee for its indulgence, there are claims that have been made that the US is moving away from the NAS airspace classifications attachment C, which you have got.

**Mr Cromarty**—No, I do not have attachment C.

**Senator HEFFERNAN**—Right. I will read from attachment C. I think I have got it here somewhere. Just to put this to bed, this is from a recently retired Deputy Director, Air Traffic Service at the FAA:

Indeed, the USA, just as Australia is moving away from ground based aides like NDBs at airports and going to satellite based aids, this will have no affect on the allocation of airspace.

Do you agree with that?

**Mr Cromarty**—On the allocation of airspace—I do not know what—

**Senator HEFFERNAN**—Yes, but it need not interfere with NASs allocation of airspace because we are going to satellite or—

**Mr Cromarty**—It may do; I do not know.

**Mr McCormick**—But Senator, I think if that has come from a retired FAA person, I do not know what the status of that document is. But it is our understanding that the FAA, as far as nomenclature goes, ABCD/EMG airspace, is that is to remain. That is our understanding.

**Senator HEFFERNAN**—Yes, and that is exactly what this says here.

**Mr McCormick**—Yes.

**Senator HEFFERNAN**—I just want to put that on record:

Except for minor adjustments, these airspace classes are not affected by NAS.

**Mr McCormick**—That is our understanding of that, correct, but of course this nomenclature change is not necessarily reflecting substantive changes.

**Senator HEFFERNAN**—I am grateful for your assistance. Welcome aboard. I am sure we will have a lot of fun.

**Mr McCormick**—Thank you, Senator.

**Senator IAN MACDONALD**—Just with your colleagues in Airservices I was asking whether people travelling in remote parts of Australia are required to have—this is general aviation—radar that will detect mountains coming up in front of them or other planes the area. It was suggested I might ask you about that.

**Mr McCormick**—I think in respect of terrain awareness and warning systems, I think it is a generic term—they used to be called by various other terms, like a GPS ground proximity warning system et cetera. If I could just refer to my notes so I do not get this completely wrong myself, from July 2005 TAWS-A, which is terrain awareness and warning system, which is a sophisticated device, is required to be fitted to turbine powered, regular public

transport or charter aircraft in instrument flight conditions, in other words in cloud, for any aircraft that has more than 10 passengers or greater than 15,000 kilos maximum mass.

TAWS-B plus is a slightly scaled down version, and of course some of these systems scale down purely because, as you say, GA is light aeroplane, small aircraft. TAWS-B plus is for turbine aeroplanes engaging in RPT or charter which are under instrument flight rules. It also applies for less than 500,700 kilograms but more than 10 passengers at the same time, and that has been required from July 2005. TAWS-B plus is a TAWS-B, which is the most simple system that we can get for an aircraft, only it has got a visual display fitted to it. So these aircraft require that system. And we have just completed a notice of proposed rule making, February 2009. The consultation period closed in April 2009, and that was proposing to mandate the fitment of TAWS-B for turbine and piston aeroplanes engaged in regular public transport or charter operations under the instrument flight rules, if they had six to nine passengers. I think most of the aircraft you would be talking about would be in that six to nine passenger area.

**Senator IAN MACDONALD**—The Titans would be borderline. Barons would be under that.

**Mr McCormick**—Yes, a Baron would be under that ‘from six to nine passengers’ certainly. Getting down to the six to nine passenger level is coming down quite low in passenger numbers. We are in the process of analysing the responses to that notice of proposed rule making, and our early look at the data indicates that there is a fair bit of a push back against this from the industry. A lot of that will be obviously around the costs of the equipment itself, the fitment of the aircraft, the time the aircraft will be out of revenue service and the fact that, for a lot of the aeroplanes that are flying, as you say, out in the remote Australia areas, their whole values have depreciated quite considerably by now and, in some instances, some of this equipment will almost equal the price of some of the aircraft.

That may be a little facetious but it certainly is expensive and they see it as a direct hit to the bottom line. A lot of the operators out in these areas that provide services to a lot of the remote communities do not work on very large profit margins. We know that from our review of the air operators certificates. I do not believe in not regulating on economic grounds. We will never take economic grounds as a reason not to regulate. But we do have to take the industry input under advisement and, as I say, we are still collecting what all those responses are. We will analyse it, we will do the safety case and then we will put out a notice of proposed rule, and go through the process of eventually a notice of final rule making.

**Senator IAN MACDONALD**—Do you or any of your team have an approximate price of the cost of the supply and fitment of these devices?

**Mr McCormick**—For the TAWS-B proposal—the one we have just done the notice of proposed rule making on—we do not have a cost. But I can perhaps get you an industry average cost, if we take that on notice.

**Senator IAN MACDONALD**—Yes. But are we talking \$10,000, \$100,000, \$1,000? Does anyone have any approximate idea?

**Mr McCormick**—I am afraid we will have to take that on notice. I would not like to mislead you. Mr Cromarty may have some information.

**Mr Cromarty**—Yes. I can answer that one. The cost of TAWS-A is approximately \$60,000 and fitting is about another \$55,000. So the total cost to install a TAWS-A in the specific aircraft type that we are talking about—it might be different on different aircraft—is \$105,000.

**Senator IAN MACDONALD**—So that is going to apply to any charter aircraft with the ability for six or more passengers? I just want to know which aircraft to book on my next charter. That would be the Titan, would it, Mr Cromarty?

**Mr Cromarty**—I do not know specifically which type it is, but we are purchasing one so that we can install it in an aircraft which we use for instrument approach checks. It will give us the ability then to measure where there are approaches which give TAWS alerts, which are what you might call a nuisance alert.

**Senator IAN MACDONALD**—I heard Mr McCormick, but did not really understand. What is the difference between TAWS-A and TAWS-B?

**Mr McCormick**—TAWS-A is a more sophisticated equipment fit that you would expect to see on a larger aircraft. Perhaps, Senator, just to clear up the ambiguity about this, I could give you a written reply of approximate cost at the TAWS-B.

**Senator IAN MACDONALD**—No, do not waste your time. That is close enough for me. I was just interested whether it was a couple of thousand or whatever.

**Mr McCormick**—I would not like to mislead you, Senator. That was talking about TAWS-A, and the aeroplanes I think you are talking about are down at TAWS-B, which we do not have the figures for.

**Senator IAN MACDONALD**—Well, then get me that. Thank you. So TAWS-A is what is used on RPT aircraft. Is that generally the case?

**Mr McCormick**—Much larger aircraft. Yes, that is correct.

**Senator IAN MACDONALD**—Wasn't it RPT or is it only—

**Mr McCormick**—RPT charter, if greater than 10 passengers or greater than 15,000 kilograms max take-off.

**Senator IAN MACDONALD**—The weights do not mean much to me. So more than 10 passengers, whether it is RPT or charter, has the TAWS-A and the TAWS-B is six passengers or more?

**Mr McCormick**—I have got two conflicting figures in front of me about whether it is six passengers or six seats fitted to the aircraft. If I could take that under notice, I will get an answer back to you.

**Senator IAN MACDONALD**—Okay. But it is six something versus 10 something. You have said it more precise, but what does it actually mean? If you are flying straight at a mountain in cloud with TAWS-A, how far out will that tell you? Is it radar or is it just a beam? What is it?

**Mr McCormick**—There are numerous systems. TAWS is a generic term, 'terrain awareness and warning system' The original definition was 'ground proximity warning

system', GPWS. However, the American company, Honeywell, had developed GPWS and although that was the term generally used, even by ICAO—

**Senator IAN MACDONALD**—Mr McCormick, you are giving me a lot of information I do not want. What I really want to know is: as we are heading to the mountain, how far out will TAWS-A alert me to the fact that my time on earth is short?

**Senator Conroy**—In your case, too soon. Only teasing, Senator Macdonald.

**Senator IAN MACDONALD**—I thought it was a compliment.

**Mr McCormick**—TAWS-A is a specification of what the equipment has to do. There are very complicated algorithms in the equipment about the position from GPS, the speed you are going—

**Senator IAN MACDONALD**—Just satisfy my mind, Mr McCormick, and tell me: is it about a kilometre away?

**Mr McCormick**—Sorry, TAWS-A or the TAWS-B system?

**Senator IAN MACDONALD**—I am really interested in both. Are they forward as well as down?

**Mr McCormick**—The TAWS-A enhanced ground proximity warning also looks closer to the aircraft than the original system does. It gives you a warning that you are approaching the ground and it has an oral warning in the cockpit which says 'pull up' and it displays 'pull up' on the primary flight display in front of you.

**Senator IAN MACDONALD**—I have heard that when they are landing and they have forgotten to turn it off.

**Mr McCormick**—It is somewhat intuitive, and most training organisations require people to act without thinking about it. As to the actual distance you get away from the actual obstacle, there is no set number you can put your hand on. That is a black box operation inside the equipment. It is in the order of—and now I am guessing—of, say, five or 10 miles.

**Senator IAN MACDONALD**—Sorry?

**Mr McCormick**—Possibly five to 10 miles, depending on your speed.

**Senator IAN MACDONALD**—Oh, so it is in that order—five to 10 miles?

**Mr McCormick**—We are talking large aircraft here, though. I would not say that is for all aircraft.

**Senator IAN MACDONALD**—Mr McCormick, I declare an interest. This is a very selfish series of cross-examination questions, but I regular charter small aircraft—most of which are older than me, and that is saying something—across Cape York.

**CHAIR**—Hopefully, in better nick, Senator Macdonald.

**Senator IAN MACDONALD**—Yes, hopefully in better nick. Around the Gulf and western Queensland. I have relaxed in the thought that that thing up the front with wavy lights going on it was, in fact, a radar, but I am distressed to hear from your colleagues at Airservices that perhaps that is not right. I have worked out that in aircraft above 10 seats or

passenger capacity, you have got this A device, and I am wanting to know whether it looks forward five to 10 mile or something in that order?

**Mr McCormick**—I do not think you would get an alert to the pilot, but the actual systems that you are talking about in the aeroplanes that you are talking about—

**Senator IAN MACDONALD**—What is the point in having an alert if it is not to the pilot?

**Mr McCormick**—It depends how it displays—visually, orally, on a separate display, on the same display as the weather radar, which I think you are most probably referring to.

**Senator IAN MACDONALD**—It says, ‘Please bring out rosemary beads,’ to me, and I am not even a Catholic!

**Mr McCormick**—If you could give us a rough idea of what sort of aeroplane you are talking about, I could give you more specific data on notice.

**Senator IAN MACDONALD**—The last one I was on was a Titan and the one I am booked on next weekend is, at the moment, a Baron—but it might be being changed. I take it from what you say that the Baron would not have either?

**Mr McCormick**—At this stage, there is no rule that says that the equipment has to be fitted, but there are many people that have fitted this equipment voluntarily.

**Senator IAN MACDONALD**—So I should ask: ‘Does this aircraft have a—

**Senator BACK**—A bullbar?

**Senator IAN MACDONALD**—This is not funny, Senator. It is my safety we are dealing with here, and everybody else’s, of course. I am really asking this on behalf of my constituents rather than myself. As well as detecting the terrain, do they also detect other aircraft in the sight of the equipment or whatever it is?

**Mr McCormick**—Whether a Baron has it adequately fitted, I could not say, but detecting other aircraft airborne is not done by a TAWS system, it is done by what is called TCAS, which is traffic collision avoidance system, and that is a different system to TAWS.

**Senator IAN MACDONALD**—But it is some sort of radar up the front end of the 737, is it?

**Mr McCormick**—It requires something to display the information on. It may be a navigation display. It may be a separate instrument, depending on the sophistication of the aeroplane.

**Senator IAN MACDONALD**—Yes, but it is a radar based thing that you get on all RPT aircraft?

**Mr McCormick**—It is based on the transponder; not the radar, as I think you are referring to. Radar transmits out and sees—it is based on a separate part of the transponder for the aircraft.

**Senator IAN MACDONALD**—Mr McCormick, I am not testing you on your knowledge of these things.

**Mr McCormick**—Thank you, Senator.

**Senator IAN MACDONALD**—You are talking to someone that does not understand these things. I understand that on Qantas and Virgin they have something up the front that, if they are running into another plane or a mountain, something shows to them. That is all I am interested in, and, I suggest, all that most of the flying public is interested in. I accept that as being the case on Virgin, Qantas and other RPT carriers. But I am wondering how far down that goes. We have talked about the terrain things. Do your requirements require those 10-seater GA aircraft to also, as well as having the terrain things, have the ability to see another aircraft in front of them in poor visibility conditions?

**Mr McCormick**—There are three separate systems we are talking about. There is the weather radar. There is a requirement in the Civil Aviation Orders for aircraft of a certain size to have a weather radar fitted.

**Senator IAN MACDONALD**—That is everyone, isn't it? Even the Baron has a weather radar.

**Mr McCormick**—I believe the requirement to have the traffic collision avoidance system fitted applies to aircraft which have 30 seats or more, but I will take on notice. I do not have that in front of me. There are three systems that we are talking about. One is the weather radar, one is the traffic collision avoidance system and one is the ground proximity warning system or the TAWS system. With some aeroplanes, if you pay enough money, you can get an instrument that will show you all three of those on the one instrument. Some other aeroplanes will have a separate instrument for each one and they work on different readings.

**Senator IAN MACDONALD**—What I am really after is: what requirements does CASA put on which aircraft owners to have all three of those systems? That is really what I am after. If you do take an answer on notice, please do not answer in technical terms. I am assuming, and your officers at the table must know this, that everyone has the weather radar?

**Mr McCormick**—I will take the first part on notice. We will provide you with a detailed breakdown of the numbers of passengers, seats et cetera. They are all in the Civil Aviation Orders, but I will admit they are not something that can be committed to memory. They are far too prescriptive. As far as the weather radar goes, I will take it on notice.

**CHAIR**—To assist Senator Macdonald: there are three warning systems. If we could just see what size aircraft has all of them and whether they are separate or whether they are all on one screen?

**Senator IAN MACDONALD**—What do CASA's rules, require of the three warning systems?

**Mr McCormick**—Operating in charter, I assume, or is that a regular—

**Senator IAN MACDONALD**—Operating in charter. I am assuming that all the RPT ones will have them.

**Mr McCormick**—As I say, they are very detailed specifications, and no-one commits them to memory. I do not have that knowledge, but I will take it on notice and I will get you that answer.

**CHAIR**—Senator Macdonald aged even more today since we started talking about North Queensland and small planes.

**Senator BACK**—Mr McCormick, I have some questions regarding random drug testing, which I imagine is under your control? Can you give us an idea, firstly, who actually gets tested for drugs?

**Mr McCormick**—I will ask Mr Carmody to give you a detailed answer.

**Mr Carmody**—There is a category called ‘safety-sensitive personnel’. There are about 120,000 safety-sensitive personnel that we have identified. Everyone from pilots, flight crew, cabin crew, maintenance crew, baggage handlers to people who are manufacturing parts that are going onto aircraft can be tested. It is the whole spectrum of people who can be airside or can influence something that occurs airside. They are all subject to testing.

**Senator BACK**—Does that mean that when they are performing a task related to this activity they must be free of drugs?

**Mr Carmody**—Correct.

**Senator BACK**—Can you give me an idea, just in general terms, what sort of drugs you would be testing for? Alcohol?

**Mr Carmody**—I might seek some more detail in a moment. But alcohol is one. Cannabis is certainly another. There is a range of other illicit drugs. I might ask Mr Denby if he can jump to the table. He might be able to give you some more detail.

**Senator BACK**—So it could even be medications that might have an influence on speed of reaction, reaction time et cetera? That leads me to the question: would there be different requirements for different personnel? For example, antihistamines might not be of great concern to a baggage handler, but the drowsiness from antihistamines may be of concern for someone in air crew. Would that be correct?

**Mr Carmody**—We have thought long and hard about this in putting the program together. People should not operate heavy machinery if they are taking particular drugs and they should check that. We look at people in the aircraft industry in exactly the same way. We have considered within the drug-testing program the possible impact of over-the-counter prescription drugs, as you would expect.

**Senator BACK**—As there is such a vast number of people, could you give us some idea of the number of random tests conducted in a year in Australia—just to give us some kind of understanding?

**Mr Carmody**—We have only just started the program. We expect next year to do about 12,000 random tests—that is, about 10 per cent. But the program, essentially, has only just begun. In terms of testing, it has taken about 18 months or so to get to this point, in terms of developing legislation, developing testing regimes, training personnel to do the testing and educating the industry.

**Senator BACK**—Has there been any resistance within the industry to the introduction of this testing regime?

**Mr Carmody**—To my knowledge, the industry has been very supportive of it. The industry recognises that drug-and-alcohol testing regimes exist in most other industries—for

example, road transport and rail and maritime industries—and I think most people would recognise that we are a little bit behind.

**Senator HEFFERNAN**—They should randomly test here in parliament, too. Some of the guys in the press gallery did not think that was a good idea, but what's good for the goose is good for the gander.

**Senator BACK**—In terms of your protocols, Mr Carmody, are people given any advance notice of the fact that random testing is likely to be taking place?

**Mr Carmody**—No; let me clarify that. We would normally advise an operator that we are coming into a location to do some random testing the day before, or at a period prior to that, only so that we can set up and identify a space. We do not identify the personnel and we do not identify precisely where, because we want it to be truly random.

**Senator BACK**—Do you believe that the network would advise people in advance that it is likely you are coming?

**Senator HEFFERNAN**—Of course!

**CHAIR**—They would be in charge of testing cyclists as well.

**Senator HEFFERNAN**—How could you be that naive? That is rubbish.

**Mr Denby**—In general terms, we would actually only give a DAMP supervisor one hour's notice. So, in general terms, there actually is only one hour's notice to the DAMP supervisor, and our regulation guides the DAMP supervisor on what they are and are not allowed to do once that notification has been given.

**Senator BACK**—In the 18 months since you introduced it—perhaps it was less than that—have you had any instance of positive swabs under the program?

**Mr Carmody**—Random testing started on 6 April this year. We completed both drug tests and alcohol tests. At the present time we are continuing with our alcohol-testing program, but we have stopped the drug-testing program, because we had, in testing on 6 April, a statistical anomaly, in other words, more positive tests than we expected. We expected a particular level, and this was higher, so we stopped the testing program and are in the process of reviewing our procedures and doing more testing.

**Senator BACK**—I want to come to an incident on 8 April, which was a couple of days afterwards. I guess it was bad luck that the events occurred so quickly after your introduction. Going back to the method by which tests are taken: how do you actually secure the test itself, physically?

**Mr Carmody**—I might leave that to Mr Denby, if you wish.

**Senator BACK**—Was it secure, the test kit, was it?

**Mr Carmody**—No, not the kit itself, just what fluids are taken.

**Mr Denby**—We use an oral-fluid-testing methodology. The reason behind that is we are looking for immediacy of drug taking, and that is the only methodology that will show us that immediacy of drug testing.

**Senator HEFFERNAN**—So, if you had a shot of heroin or something six hours before, it does not matter?

**Mr Denby**—With heroin, it would show. But with something like cannabis the drug effect diminishes relatively quickly. So, if you were to smoke cannabis on a Friday night and return to work on a Monday morning, oral fluid would not show a positive result for cannabis, whereas urine or blood samples would, because urine and blood samples look for the carrying agent not the active agent.

**Senator HEFFERNAN**—What a bloody joke! You do not really want to catch anyone that is a professional drug-taker, as long as they do not take it on the way to work. That is ridiculous!

**CHAIR**—Senator Heffernan, it is not ridiculous. That sort of testing is in place in numerous workplaces.

**Senator HEFFERNAN**—You might as well go and bite yourself with that.

**CHAIR**—Are you going to pull my hair in the playground again?

**Senator HEFFERNAN**—No. That is stupid.

**CHAIR**—It is not stupid. The question is being answered.

**Senator BACK**—Mr Denby, is this the sort of anomaly that you found when you started the process on 6 April? Are these some of the anomalies that came out of the process?

**Mr Denby**—We have no anomalies where we have not detected drugs and later found that drugs are in use, no.

**Senator BACK**—You have had no false negatives?

**Mr Denby**—We have had no false negatives—and that includes our testing of the machinery using spiked samples. We have control samples provided by laboratories which provide us with controls of both negative and positive samples, and we have had no false negative samples.

**Senator BACK**—I do not want to get into the technicalities as to how you did the controls, because that is a very complex world, where all sort of anomalies occur—children, adults, men, women, pregnant ladies. But I am sure they will be worked out over time. How long after a drug is used do either your control tests or the field evidence show you that you can detect drugs by an oral swab?

**Mr Denby**—Much like alcohol testing, that depends on many things, such as body mass, type of activity undertaken by the person, type of drug used. It is a very complex science. I am happy to submit quite a lengthy document that would give you all those variables, but there is no exact answer for any particular drug or any particular person.

**Senator BACK**—I would be interested to receive that. Do you know of other drug-testing authorities that use oral swabbing, as opposed to urine or blood?

**Mr Denby**—All of the police jurisdictions that are drug testing in Australia are using exactly the same method that we at CASA are using.

**Senator HEFFERNAN**—You do not really want to catch them, do you? As long as they do not take it on the job. You do not mind if they are the biggest boofhead orangutans, as long they are not on the job with it.

**CHAIR**—Senator Back, do you have any more questions?

**Senator BACK**—I do, Chairman. Thank you.

**CHAIR**—We are running short of time.

**Senator HEFFERNAN**—If you hootchy-cootch all the time but not hootchy-cootch on your way to work, you are all right. That is crazy.

**Mr McCormick**—The program as it is and the legislation behind it, to my knowledge, took three years to develop. It is a very complicated program.

**Senator HEFFERNAN**—I'll bet it did!

**Mr McCormick**—It is a cross, perhaps, of enforcement and also a very paternal system. It requires organisations to set up what are called DAMPs et cetera. The legislation is very extensive and the intent is to, of course, catch people who are using illicit substances, whether it be alcohol or anything else, because it would be illicit if it were inside them at the time they were prohibited from using it, under the Civil Aviation Act or the CARs when it comes to pilots, for instance, or air traffic controllers. The issue is: do we think that we have a large drug-taking problem out in the population, versus are we, in other words—

**Senator HEFFERNAN**—That is not the issue.

**Mr McCormick**—certain we have to stop people because we are being swamped by drug addicts? No, I do not think that is the case.

**Senator HEFFERNAN**—That is just not the issue. Can I tell you, when I raised it here—

**CHAIR**—Senator Heffernan, Senator Back has got the call. We are running behind time, Senator Heffernan—

**Senator HEFFERNAN**—Yes, but—

**CHAIR**—And, Senator Heffernan, sorry to cut across, but it has all been negotiated with the employers as well, and the employee representatives. Senator Back.

**Senator BACK**—Thank you, Chair. I just want to ensure that we are talking about drug swabs, rather than the breathalyser, when we are speaking of alcohol testing.

**Mr Denby**—Actually, Senator, we take an oral swab. In fact, when we return to testing later this month, we will have two devices. We have a drug wipe. It is a device that is best described as something that looks quite like a pregnancy kit. I cannot describe it any other way. It has a small piece that snaps off. It is wiped on the tongue and on the cheek. It is applied back to the device and a small ampoule is broken. That device immediately detects if there are drugs in the system, but it is not forensically sound. If that gives a positive test result, we then move to a device called a Cozart DDS, which is a forensic device. That gives us a sample that could be used in court if needed at a later date.

**Senator BACK**—Sure. That was going to be my next question. If you do get—let us call it a positive indication—what do you then do of a secondary nature? Is that person then required to be subjected to a further analysis—blood analysis, urine analysis?

**Mr Denby**—Senator, we do not use blood or urine whatsoever. When the secondary oral swab is taken for the Cozart DDS it is split into two samples, very much like an athletic or sports commission sampling. Sample A goes in the Cozart DDS. That gives out a printout. We keep a copy; the donor keeps a copy. Sample B goes to a laboratory in Melbourne, an accredited laboratory, or a laboratory of the donor's choosing—which can actually be anywhere in the world, if they so choose—for further confirmatory testing, and that is an absolute, 100 per cent no-failure testing.

**Senator BACK**—So I guess that begs the question: have you had false positives?

**Mr Denby**—We have had two false positive tests, yes.

**Senator BACK**—And would one of those be the experience that I referred to earlier, this 8 April at the Victorian Aero Club at Moorabbin?

**Mr Denby**—Senator, it would.

**Senator BACK**—Right. My understanding there was that a number of negative results were recorded, but the chief pilot recorded positively for cannabis?

**Mr Denby**—That is correct, Senator.

**Senator BACK**—Can you give us an idea of what happened? I understand it was only two days after you got started, but can you give us some explanation as to what actually happened and what protocol was adopted?

**Mr Denby**—We commenced testing at Moorabbin on 8 April, as you stated. We had two machines with two separate testing operatives running. On the fifth test on machine 1, the chief pilot of the Royal Victorian Aero Club showed an initial positive on the Cozart DDS device for cannabis, so at that point he was requested, as the legislation states, to stand down from safety-sensitive activities until such time as we could get a confirmatory test from the laboratory. The second sample was actually hand-couriered in this instance to the laboratory. The testing took place roughly in the early afternoon on the 8th, and the chief pilot was advised at 11 am on the 9th that he could return to his normal activities.

**Senator BACK**—And did he or the club suffer any financial embarrassment or any other sort of negative effect as a result of this? Was the whole thing able to be contained?

**Mr Denby**—The person in charge of the alcohol and drug testing program and I had a three-hour post-incident review with this person. He advised that the only immediate impact was that he had to cancel a couple of flights where he was taking students out, but he was actually able to cover those with other instructors. What I would add is that the safety-sensitive work does not preclude the chief pilot from carrying out his administrative duties or financial duties or anything of that nature. It is purely that he could not fly or interact with an aircraft or do anything with an aircraft that could cause a safety incident at a later date.

**Senator BACK**—What action were you able to take to actually protect his reputation? I imagine the industry is full of civs. I imagine it would not have taken long around Moorabbin Airport and therefore Victoria and Australia for this circumstance to have become known.

**Mr Denby**—We test in a private room, in this instance, the only two people that got the result were the individuals themselves and their DAMP supervisor. No-one else in Moorabbin was advised by CASA or any of my officers that this person had tested positive. There certainly was a very public incident post this testing, in Moorabbin Airport, but it was not one of CASA's making.

**Senator BACK**—Can I ask you, as a result of that exercise and no doubt the study you preceded, what actions have now been taken to minimise the possibility of, or to ensure that you do not have, a recurrence of a false positive?

**Mr Denby**—We have 12 Cozart DDS machines. All 12 were immediately sent to Cozart in Australia for forensic testing and calibration. They gave us a report that suggested that it may have been some form of organic substance that interfered with that particular test, but they sent the machines away to Siemens Cozart in the UK, the parent company, for further testing. On receipt at Siemens Cozart, we did not get any further results, but Siemens Cozart has replaced all 12 machines. I cannot tell you why, but we have been advised that is operational efficiency on their part.

What we have done is brought in a second device, which is the drug wipe, so we now have a two-stage initial test, identical to the Victorian police and South Australian police, but essentially, if you test positive on the drug wipe, you go to the DDS. If you test positive on the DDS, you go to the laboratory. That gives us a level of confidence of false positives down at the 0.25 per cent, so one in 400 tests potentially could be false positive. That is way under any testing regime. If you go and have a test for cancer or something at your GP, you are around about the five per cent likelihood of it actually being a false test.

**Senator BACK**—So I guess it begs the question: if you have had a false positive, do you know that you have not had false negatives?

**Mr Denby**—Senator, the only way we can track false negatives is through the control samples.

**Senator BACK**—Well, the other way, of course, to control false negatives—and perhaps Senator Conroy might learn here—is actually to set up mock exercises, not for someone who is going to be airside but control personnel—

**Senator Conroy**—I heard you are an expert on false negatives!

**Senator BACK**—Thank you very much, Senator Conroy. I have had a big influence on it in a different animal species.

**Mr Denby**—Senator, we are currently going through what we call practical consolidation training of our testers, where we are doing 1,000 tests exactly as you mentioned there.

**Senator BACK**—Thank you very much. So I guess you are really saying to us that you are satisfied that false negatives have not slipped through the system.

**Mr Denby**—That is correct, yes.

**Senator BACK**—And so how long before you actually intend, then, to resume? Have you now got that confidence, and when do you actually intend resuming to test for these other prohibited type substances?

**Mr McCormick**—Senator, if I could answer that. I mentioned earlier on that we were going to conduct surveillance in Northern Queensland, across northern Western Australia, and we will recommence the drug testing simultaneously with that. So we are anticipating end of June or early July to return to drug testing, which will give us enough time to complete all our protocols and make sure we are correct.

One thing I could add is that the act allows quite a wide amount of testing and protocols, and it has taken three years to get to this, I realise, as I said. However, within the regulations themselves that we wrote, we have a fair bit of scope and we have a natural review point in this program of three months, so we will be reviewing it in three months, and that will look at the efficiency of the program and everything that goes around it. So I would like to say that the next time we appear here, if I could, Senator, we will be in a much better position to speak authoritatively about the results and to understand the numbers better.

We are up to over 500-odd tests now. We have a breakdown by category of persons we have tested. It did not start well—there is no denying that—but we think the program is back on track as best required by the legislation, and we will review it in three months.

**Senator BACK**—Just in terms of transparency, is it intended that you include in your annual reports into the future the number of swabs taken and the number of positives? I will not say ‘or the number of doubtfuls’. Let us be confident.

**Mr McCormick**—We expect to be required to include that, so we will voluntarily include that information in our annual report.

**Senator BACK**—Finally, Mr Carmody, I congratulate you on your retirement and hope it is long and successful.

**Mr Carmody**—I am moving to another portfolio, Senator.

**Senator BACK**—Oh, you are not retiring.

**Mr McCormick**—Mr Chairman, I do have the answer to the question on staff numbers that you requested earlier on, if I could give you those numbers now.

**CHAIR**—Yes, please.

**Mr McCormick**—In the Cairns office we have 14 people. In the Townsville office we have nine. In the Perth office we have 29, and in Darwin we have 11.

**CHAIR**—Thank you very much. On that, I wish you well, Mr McCormick. Mr Carmody, it has been an honour and a pleasure—for you and us. I wish you well in your new job.

**Senator HEFFERNAN**—This testing, Mr Carmody. You said there were anomalies. What was the nature of anomalies that you had to stop testing? Have you already answered that?

**Mr Carmody**—We have already answered that, Senator. We have already answered it.

[5.18 pm]

### Australian Transport Safety Bureau

**CHAIR**—I welcome officials from the Australian Transport Safety Bureau.

**Senator NASH**—Could you give us a bit of an update on your activities?

**Ms Macaulay**—We have a full workload of investigations on our plate. In aviation we have 94 investigations. Thirty-five of those are complex or very complex, and three, in particular, are very significant investigations requiring significant resources. In rail we have approximately 12 investigations under way. The two most significant of those are where we are chairing investigations on behalf of the Queensland government into two major level crossing accidents. And in marine we have approximately 14 investigations under way. The most significant of those involve the recent loss of containers by the *Pacific Adventurer* off Queensland and a supplementary report into aspects of the *Malu Sara* accident. In addition to that, we are dealing with our transition to a separate statutory agency.

**Senator NASH**—So you have not got much on, really.

**Ms Macaulay**—No.

**Senator NASH**—How many staff do you have?

**Ms Macaulay**—At the moment we have approximately 93. With the transition on 1 July, our staff count will be somewhere in the vicinity of 109.

**Senator NASH**—What is the transition?

**Ms Macaulay**—On 1 July the Australian Transport Safety Bureau will become a separate statutory agency. It will remain within the portfolio of the minister. We will obviously be a prescribed agency under the FMA Act and the Public Service Act, so we will have both operational independence under our Transport Safety Investigation Act and we will have functional independence by virtue of being a separate statutory agency under the Public Service and FMA Acts.

**Senator NASH**—When was that originally announced?

**Ms Macaulay**—I recall that it was announced on 2 December with the release of the aviation policy green paper, Senator.

**Senator NASH**—The budget: did you sustain any cuts or any changes to any of your arrangements?

**Ms Macaulay**—Our budget had to be worked out in preparation for this transfer to become a separate statutory agency. What we have received is the same operating budget that we had last year. On top of that, the department has worked out, using a machinery of government guideline, I suppose, the corporate parts of the transfer of money, including staffing and the incremental costs of being a separate statutory agency.

**Senator NASH**—What are the biggest challenges that you are facing at the moment?

**Ms Macaulay**—Managing our workload is one of our biggest challenges. The very nature of what we do is you do not know when the next accident will happen. You have to keep

diverting your resources and changing your priorities. So managing that workload is a continuing challenge for us.

**Senator NASH**—What is the audit process for the work that you do?

**Ms Macaulay**—I am sorry?

**Senator NASH**—Is there an audit process, a check and balance for the work that you do? I am not all that familiar with your particular section. Who audits the work that you do? Who says you are doing a good job? Who says you are doing a bad job?

**Ms Macaulay**—Ultimately, it is the government and the public and, I suppose, the transport industry as well. We rely on our credibility. We rely on being able to make a credible argument in the analysis of our investigations and in the findings that we make so that we can facilitate safety action. If we are not able to make a good argument in those areas, then we have difficulty. Separate to that, we are caught up in international audits. You may recall that CASA spoke earlier about the International Civil Aviation Organisation. The aviation investigation function of the ATSB was audited as part of that process. Separately, the International Maritime Organisation also did an audit of Australia, including the maritime function of the ATSB.

**Mr Tongue**—Senator, I should also point out that in the process of conducting investigations, the bureau's reports go out in what I would call draft form to directly involved parties and they get a chance to comment on the reports. Secondly, as part of the move to having a commission sitting over the top of the bureau, there is another layer of internal critique and quality control on audit reports. I think, generally speaking, the bureau performs very well at the top end of international benchmarking for the quality of its reports.

**Senator NASH**—Ms Macaulay, I know you are acting executive director. Have you got some changes of staffing arrangements underway?

**Ms Macaulay**—Our substantive executive director, Mr Kim Bills, has been offline since early January. He is offline as part of a two-man team conducting an independent inquiry into the gas pipeline explosion off Western Australia, the Varanus inquiry.

**Senator NASH**—Yes.

**Ms Macaulay**—He is hoping to wrap that up in the next few weeks and be back on board.

**Senator NASH**—I have a question on road safety, surface safety. Mr Foley, I do not know if this one goes to you? No?

**Mr Foley**—Not any more.

**Senator NASH**—Not any more. Where does that lie?

**Mr Tongue**—We would have covered that yesterday, Senator, as part of—

**Senator NASH**—We would have if we had had more time. That would have been in that. That is all right. I put some questions on notice. I was just wondering if it fitted in here as well. What does surface safety actually involve?

**Mr Foley**—Would you like me to speak?

**Senator NASH**—I think so. It is under your name.

**Mr Foley**—It is marine and rail investigations at the present. So surface safety is solo shipping, which is our primary focus in marine, and in rail we investigate accidents that occur on the Defined Interstate Rail Network.

**Senator NASH**—Are there any significant cases you are looking into at the moment with regard to that?

**Senator IAN MACDONALD**—I would expect that you would just about be living in Queensland at the moment, wouldn't you?

**Mr Foley**—The most significant rail investigation we have got running at the moment are the two level crossing accidents we are chairing up there. We are not only chairing. We have provided an investigator to chair those investigations, but we have also provided a range of investigation support services and other investigation expertise for those Queensland transport investigations. The ones in marine that have the highest profile at the moment, I suppose, are the *Pacific Adventurer* loss of containers overboard, and the Queensland oil spill. That is an ongoing investigation. We released a preliminary investigation report which was factual in nature around about a month after it occurred. It occurred on 11 March, and we released the report on 14 April, I think. And the other one is, as Kerryn suggested, our investigation into aspects of the search and rescue flowing from the coronial inquest into the *Malu Sara* tragedy up in Torres Strait in 2005.

**Senator NASH**—Some of these came up yesterday, I think, in some of the other agency areas. What sort of cross-agency work do you do? I imagine what you do would cross paths often, looking at aviation safety. What sorts of relationships do you have with other agencies or other parts of the department?

**Ms Macaulay**—The important point to make is that the ATSB is the independent investigator. The whole notion of that independence means that we are independent from the industry and the players that may be involved in accidents and incidents that we investigate, but also we need a level of independence from relevant transport regulators and even the makers of transport policy. But whilst saying that we are independent, we are in constant dialogue with those parties in relation to the progress of the investigation that may be relevant to them and at times in relation to safety issues that we may identify that go to their responsibilities.

**Senator IAN MACDONALD**—Can I just ask you what further work you have to do with the Queensland oil spills?

**Mr Foley**—The investigation is ongoing. As I suggested, we have released a preliminary factual report. Those reports we generally release into more significant occurrences within about a month. They contain only factual information, but they indicate the directions that we will be taking in respect of the investigation. They contain almost no analysis. What we are doing at present is not only soliciting some more information but analysing and preparing a final report, which is a full systemic investigation report which analyses all of the factors that we have identified in that Queensland oil spill, or the lead-up to it. In terms of the spill itself, it is not going to be a very large focus of the investigation; it is a consequence. We are interested, if you will, more on the decision-making process, the actions of the crew on board, the risk assessment process of that particular voyage: whether or not it should have sailed at

the time, the lashing equipment and the adequacy of the lashing equipment on board which led to the containers being lost.

**Senator HEFFERNAN**—That is the *Pacific Adventurer*, is it?

**Mr Foley**—That is the one.

**Senator IAN MACDONALD**—Is that factual report publicly available?

**Mr Foley**—Yes, it is.

**Senator IAN MACDONALD**—I have not seen it, obviously.

**Mr Foley**—I have a copy here if you would like me to give it to you.

**Senator IAN MACDONALD**—Is it easy to read?

**Mr Foley**—It is about eight pages.

**Senator IAN MACDONALD**—If you could table that for the secretary, that would be good. Did any authority have any say in whether or not the ship set sail? It is not a judgment question; this is a factual question.

**Mr Foley**—No. When the ship sailed from Newcastle it was seaworthy and consequently there was no reason for AMSA to detain the vessel. So if you are asking whether or not the ship has to refer to an Australian authority or any other authority as to whether or not they decide to sail, the answer is no.

**Senator IAN MACDONALD**—Well, decide to sail into a cyclone?

**Mr Foley**—In this particular case, no. There is not an authority that can intercede. It comes down to the judgment of the master, with reference to his company.

**Senator IAN MACDONALD**—Factually, does it show that they were aware that there was very inclement weather on the route of their path?

**Mr Foley**—Yes. They were aware that they were sailing into some bad weather. They also took some extra precautions, if you will, in terms of adding additional lashings to the containers that were on deck. They had a system on board where they paid a third-party provider for weather routing, which means that they were given a better route, if you will, to try and avoid the bad weather.

**Senator HEFFERNAN**—They did not get value for money then!

**Senator IAN MACDONALD**—Who does that sort of thing?

**Mr Foley**—I am not aware of the name of the company.

**Senator IAN MACDONALD**—No, but what sort of people do that?

**Mr Foley**—Experts in meteorology who can assess the track of the ship and pick the most conducive track. The master took precautions like slowing the vessel down, altering the course to try and alleviate the rolling. They also took other measures like trying to adjust their ballast, for example. The ship was what we call in marine terms very stiff, which means that its roll period was very short and the rolls that it was experiencing in the very bad weather were very rapid. They obviously have an impact on the ability of the lashings on the containers to withstand those sorts of forces.

**Senator IAN MACDONALD**—Did you speak to the crew of that ship?

**Mr Foley**—Yes, we did.

**Senator IAN MACDONALD**—You have taken statements from them?

**Mr Foley**—Yes, we did. That is what we routinely do.

**Senator IAN MACDONALD**—There were media reports, as I recall, of some crew members saying they thought their time had come. I gathered from the media reports—heaven forbid, you would never put too much faith in them—that there was a suggestion that the crew were very unhappy with the captain's decision to continue on. Did that come out through the interviews you conducted?

**Mr Foley**—I cannot divulge what the crew have told us; it forms restricted information. But you are right: that is what the media reports stated. But, having said that, the ship was in very bad weather and was rolling very rapidly through quite a wide range. They were rolling up to 45 degrees either side of the vertical. From all reports—and it is recorded in our factual report—the crew were having difficulty even standing up. So it would be natural for them to express unhappiness at that, I would think.

**Senator IAN MACDONALD**—Perhaps unhappiness that the captain did not see this and turn around and head back to Newcastle or somewhere else. But you cannot talk about that, you are telling me?

**Mr Foley**—Not the content of the actual interviews, no.

**Senator IAN MACDONALD**—Does your investigation go into the clean-up afterwards?

**Mr Foley**—It includes some bare, factual details in terms of making the story complete. We will talk about how long it took to clean up and the costs of the clean-up and—

**Senator HEFFERNAN**—Who gets the bill for that?

**Mr Foley**—It is not really a question for us, I suggest. In rough terms, it is generally the ship's insurer that will pick up the costs of the clean-up.

**Senator HEFFERNAN**—Not the federal government?

**Mr Foley**—I would say not, in this case. It would normally be the ship's insurer, and their ships are insured for these things by what are called protection indemnity clubs, which are an insurance company.

**Senator HEFFERNAN**—Is that insurance mandatory?

**Mr Foley**—Yes, it is.

**Senator IAN MACDONALD**—Do I take from what you are saying, that it is not really your role to look at the clean-up but you are reporting on it to complete the story?

**Mr Foley**—If there are some safety issues to be learned or if there is anything to be gained in a safety sense from examining aspects of the clean-up or aspects of the spill or what led to the spill, of course we will have a look.

**Senator IAN MACDONALD**—Safety to human beings or safety to the environment?

**Mr Foley**—Safety to human beings, I suggest.

**Senator IAN MACDONALD**—Okay. So issues of safety to the environment are not part of your—

**Mr Foley**—No, they are not part of our remit, as it were.

**Senator IAN MACDONALD**—I seem to recall that, when the Senate called for a royal commission, we had an answer from either the state or the federal government, or perhaps both, saying that there are many investigations going on into this—one of which would have been yours. Are you aware of other investigations going into those things?

**Mr Foley**—There are a range of others, including an AMSA investigation into potential breaches of the Navigation Act, a Maritime Safety Queensland investigation into potential breaches of their various acts. I think, ultimately, AMSA will conduct a review of the oil spill and oil spill clean-up. Because they administer the national plan, they will conduct a review of the entire. I understand the terms of reference have been written and are on their website. So they will review how the clean-up went, learning the lessons there are to be learned from that clean-up exercise and—

**Senator IAN MACDONALD**—As far as you know, AMSA have not started yet?

**Mr Foley**—I understand that they are debriefing various aspects of the oil spill. Maritime Safety Queensland are debriefing on various aspects of the clean-up and have ongoing briefing sessions as we speak. The exercise is now complete, but they are debriefing. A part of that debriefing process involves AMSA officers putting together the report under the national plan and under the terms of reference that they have written.

**Mr Tongue**—Senator, do you mind if I just dive in there and put something on the record? The shipowner has set up an internet site to facilitate contact by individuals and businesses to register the type of loss considered to have been incurred from the incident. The final determination of total clean-up costs by the Queensland government and AMSA may take six to 12 months to finalise. The Queensland government has indicated that its costs are approaching \$25 million, and both AMSA and the Queensland government are seeking to recover costs from the shipowner.

**Senator IAN MACDONALD**—Thanks for that, Mr Tongue. That is useful. I am concerned as to the course of the recovery. Emergency Management Queensland or whoever was responsible—perhaps Maritime Safety Queensland—were very slow to get on to it. And there are reports, media and direct reports to me, of Brisbane City Council having people there ready to start work but no-one to direct them to do it. But, Mr Foley, you would not be looking at that sort of thing.

**Mr Foley**—No.

**Senator IAN MACDONALD**—We have missed AMSA, I assume, Madam Deputy Chair?

**Senator NASH**—Yes. That was last night.

**Senator IAN MACDONALD**—I must just, if I could, put a question on notice to AMSA asking them to update their investigations into this oil spill of the *Pacific Adventurer*.

**Senator NASH**—Can I just ask, under your purview, of course, is fostering safety awareness. Under that, what do you do, what sort of programs do you run? I am assuming you to do it right across the range of areas.

**Ms Macaulay**—The primary vehicle that we have for doing that is through the release of our investigation reports. All reports of our investigations are publicly released. We take opportunities to present the findings and the lessons learned from those investigations in a range of different fora here in Australia, industry related and internationally. We produce a number of brochures. We conduct research and also publish the findings of that research. We also, when resources permit, conduct training of some industry players in things like human factors, accident site fundamentals et cetera for those industry participants who may be involved in this sort of work for their particular employer. They are our main vehicles.

We occasionally work collaboratively with other parties like CASA to present at flight safety forums, for example. We present at marine pilot training seminars—mostly case based scenarios on the findings of our investigations and the learnings from those as well. Those are some examples of the sorts of things that we do.

**Senator NASH**—In terms of that education component, how do you measure how successful you are being in educating the broader community and different interests right across the sector that you are involved with?

**Ms Macaulay**—It is not easy. Fundamentally, if you take a step back in relation to our investigation findings, part of that education is again going back to that whole issue of making a strong argument about what we believe the safety issues are and being able to convince those people that are in the best place to take safety actions, that there is a safety issue that they may need to deal with and facilitating that process. In terms of the broader audience, it is probably much more difficult. We have a brag book, I suppose, where we get very positive feedback from both industry and the public in terms of the sorts of material that we put out there and how well presented it is. We also have a very high hit rate on our website. So people have a lot of interest in coming to see the material that we have on that site. They are some of the measures, but I would have to agree: it is very difficult to measure very accurately.

**Senator NASH**—I imagine it would be. This is probably a difficult question but, of the work that you do in reporting the incidents and that sort of thing, how much time would you say goes into things like education as a proportion of the overall work that you do? Obviously you are extremely busy just doing your core business type work.

**Ms Macaulay**—Yes, Senator. I would only be making a professional guess here. I think it is probably 20 per cent of our time.

**Senator NASH**—Thank you, Chair. I am done.

**CHAIR**—Thank you, Senator Nash. Senator Heffernan has said that he has questions but he is just caught short for a second, so if you want to take a deep breath. I guarantee that Senator Heffernan said he would only be a minute or two at the most.

**Senator NASH**—I was just going to ask about the reports that you do. This might come under the way you earlier described how you have ordered the process. When there is

negative response or if there is comment that your reports have not been done in a timely or appropriate manner, where does that come from and what do you then do?

**Ms Macaulay**—There are two opportunities for that, Senator. One, as Mr Tongue pointed out, is through our process of our draft reports being released to the directly involved parties. So that is the first opportunity for any of those parties to provide submissions. And what we are seeking from them on those occasions is to make sure that we have our report factually accurate.

**Senator NASH**—Do they make submissions often?

**Ms Macaulay**—Yes, they do. Sometimes it is to say we have nil response. Sometimes the information that they are providing to us is not significant, but we take everything seriously, assess it, determine whether it has relevance and there is evidence supporting any claims, and determine from that whether we need to make changes to the report and/or in some instances do further investigation. There is that opportunity. That also provides a measure of natural justice to those parties as well, because they may have been directly involved in that incident or they may be affected by the findings of our report. So that is the main place where there is opportunity for people to make both positive and, sometimes, negative responses. At other times it may occur simply after our report goes public, when somebody may take issue with a particular finding that we have made. At times that comment may be out of context and without a full understanding of all the issues that were considered during the investigation.

Another forum in which it at times comes out is during the coronial process, where we may be assisting, but that is generally more to do with other parties jockeying for position for downstream litigation and in those instances they may choose to criticise the ATSBs investigation because they have a different agenda to follow.

**Senator IAN MACDONALD**—Did you say where the investigations into the two Queensland railway accidents were at?

**Mr Foley**—Essentially, we are chairing and providing assistance in the Queensland Transport investigations. They are being performed under Queensland legislation. They are well on the way, but at this stage we cannot pre-empt a release date on behalf of Queensland Transport—and I would prefer not to.

**Senator IAN MACDONALD**—You are not actually doing the investigation; you are simply giving advice?

**Mr Foley**—No. We are chairing the investigation under the terms of reference. So we are providing a senior investigator who chairs the investigation and we are providing other investigators who provide various investigation expertise. They are also providing personnel who are working on those investigations and the actual investigations are occurring under their legislation.

**Senator IAN MACDONALD**—Yes. Much as we love you and all the work you do and are glad with your expertise, I wish we never saw you in Queensland. Regrettably, you could have just about lived there, as I said.

**Senator HEFFERNAN**—Senator Macdonald, do you have to make a declaration?

**Senator IAN MACDONALD**—What for?

**Senator HEFFERNAN**—Do you have swine flu?

**Senator IAN MACDONALD**—I think so. But I got it from Senator Conroy!

**CHAIR**—Senator Heffernan, we are running close to—

**Senator HEFFERNAN**—I know we are. So we have gone through the discussion. Has the CEO been appointed?

**Ms Macaulay**—No, Senator.

**Mr Tongue**—Not yet, Senator.

**Senator HEFFERNAN**—Have the two part-time commissioners been appointed?

**Mr Tongue**—No, Senator.

**Senator HEFFERNAN**—When do you think that will be?

**Mr Tongue**—We are working on that process at the moment and that will need to go through the usual government processes.

**Senator HEFFERNAN**—So how much will you pay the CEO?

**Mr Tongue**—The salary of the CEO is set by the Remuneration Tribunal and I anticipate that it will come out at around the deputy secretary level.

**Senator HEFFERNAN**—What is that?

**Mr Tongue**—In excess of \$300,000, Senator.

**Senator HEFFERNAN**—Can I apply?

**Ms Macaulay**—Too late, Senator!

**Senator HEFFERNAN**—The applications are closed?

**Mr Tongue**—Yes, Senator.

**Senator HEFFERNAN**—Has the tail strike incident at Melbourne Airport on 20 March 2009 been discussed?

**Ms Macaulay**—No.

**Senator HEFFERNAN**—As you know, an Airbus commenced takeoff roll on runway 16 at Melbourne Airport on a scheduled flight to Dubai. The tail made contact with the runway. It subsequently returned. There were no reported injuries. I understand the investigation is still continuing. When can the public see a report?

**Ms Macaulay**—Senator, we have already released a preliminary factual report on that and I expect that we will have that out by the end of the calendar year.

**Senator HEFFERNAN**—How often does this type of incident occur?

**Ms Macaulay**—Not often, but there have been other instances of it—not in Australia, though, I believe. And certainly it has happened at least once before with the same airline.

**Senator HEFFERNAN**—Is that right? What is the cost to the damage at Melbourne Airport and who pays for it?

**Ms Macaulay**—I cannot answer that question.

**Senator HEFFERNAN**—Who can?

**Mr Tongue**—I think it would be subject to a set of commercial arrangements between Melbourne Airport, the airline and, in the first instance, possibly Melbourne Airport's insurers, but I will endeavour to get you a more solid answer. There was some significant damage to various aeronautical equipment at Melbourne Airport.

**Senator HEFFERNAN**—I was at Kununurra and we had an incident—a tail strike—before we took off when someone got in the back of the plane. The plane tipped up. We told him to get in the front door. He got in the back door, and she just went clunk.

**CHAIR**—A rather large person?

**Senator HEFFERNAN**—It was a rather large person. We will leave it at that. In the midair collision on 18 December 2008, a Cessna 152 and a Liberty XL collided in midair, tragically and sadly, over Casula. The Liberty remained flyable and landed approximately six minutes later. The Cessna descended on the ground and was destroyed. Sadly, both occupants were fatally injured. I understand the investigation is still continuing. When can the public see a report on that?

**Ms Macaulay**—I will ask our director of aviation safety, Mr Ian Sangston, for a comment on that.

**Mr Sangston**—That investigation is ongoing. It is difficult to predict at the moment.

**Senator HEFFERNAN**—Why is it hard to predict? Is it because you cannot interview people or you cannot make up your mind?

**Mr Sangston**—No, Senator, it is difficult to give a definite time. I would certainly say by the end of the year. It is but one of a number of midair collisions that have happened over the recent past.

**Senator HEFFERNAN**—So it is a question of resources as much as the investigation?

**Mr Sangston**—It is always a fact of resources, priorities and the expertise of the team members for each investigation. If a particular expertise is managing an investigation and that expertise is required for another higher priority investigation, it would be allocated to that.

**Senator HEFFERNAN**—So did those planes meet at the meeting point? I got my air licence before the CEO did. He was in the seventies. I was in the sixties when it was £4.10 an hour.

**CHAIR**—But, Senator Heffernan, let's look at his history compared to yours. I think you are comparing apples with crabs.

**Senator HEFFERNAN**—Yes, I know. You would be much better off with him than me. And I no longer do that, by the way. I have given myself enough frights. But it seems to me that that is a potential failing in the air traffic control system there where you actually funnel people, as it were, into a pipe, and this tragically occurred because of the funnelling requirement to line up the planes for the runway. Are you looking at that and whether that should be changed as a consequence of this accident?

**Ms Macaulay**—Senator, there are pros and cons about that, and it is probably how long is a piece of string to talk about that right now.

**Senator HEFFERNAN**—Let me tell you, it is not like a piece of string. It is just whether you want to be fair dinkum with the air traffic controllers and whether the air traffic controllers want to take the load which should be their responsibility as opposed to only happening to monitor the blooming thing as you are more or less over the airport instead of on your way in. And this is all about, by the way, the airspace coming down to a lower altitude. If you have an executive jet flying into Bankstown Airport, you get in the end of the pipe together with a 152 that is probably doing 110 or 120 knots with something that is doing 310 knots, and it is pretty scary. It is sight of vision; it is VFR.

**Senator Conroy**—Senator Heffernan, I was just wondering if you might have been approaching a question at any point?

**Senator HEFFERNAN**—I am trying to make the point, Senator, with great respect, that as part of this tragic accident—

**CHAIR**—Yes, he is in a circle pattern.

**Senator HEFFERNAN**—Whether consideration will be given in the investigation to changing the approach arrangements at Bankstown Airport.

**Ms Macaulay**—Certainly part of our investigation will be to look at the risks posed by those arrangements. More importantly, Senator, what came out of particularly the Casula tragedy, which followed at least one previous to that and then one in Parafield following that, has been quite an extensive review, I think commissioned by the Office of Airspace Regulation, into two specific and significant aspects of arrangements around those types of airports where these collisions have occurred. One focuses on training around those airports and a report on that has been submitted on 31 March, I believe, containing 11 recommendations focusing on improved training of pilots around what they call GAAP airports, midair collision avoidance issues, and the provision of additional educational material from CASA for the flight training sector.

There is a second review complementing that. I do not believe that has been finished yet, but it is not far off, I understand, which is actually called the GAAP utility review. Again, this is looking more into aspects of the airspace and the airspace arrangements around those airports and whether they are seen as appropriate or whether there is a need to change them and those things are underway at the moment.

**Senator HEFFERNAN**—We will come back to that. Thanks very much, Mr Chairman.

**CHAIR**—Thank you very much, Senator Heffernan. And to the officers of the Australian Transport Safety Bureau, thank you very much.

[5.55 pm]

#### **Local Government and Regional Development**

**CHAIR**—I welcome officials from Local Government and Regional Development.

**Senator NASH**—If we could just go to the Better Regions program, that would be great. How many funding contracts has the government entered into under the Better Regions program?

**Ms Foster**—We currently have 20 funding contracts.

**Senator NASH**—How many applications have there been? This is still under the first round?

**Ms Foster**—There are no applications under the Better Regions program.

**Senator NASH**—That is right, of course. They were all election commitments, silly me. So how many projects? There was only the 20?

**Senator Conroy**—You know we are very keen to deliver on our election commitments.

**Senator NASH**—Except fixing the hospitals, I note, Minister. That one has fallen by the wayside.

**Senator Conroy**—I am particularly keen to deliver on our election commitments.

**Senator NASH**—Apparently, not that one. So there are 20 projects. What are they? Can you just run through the list of them for us?

**Ms Foster**—Sure. I will get the relevant official to come up and help us.

**Senator NASH**—Just while we are waiting for him to come up, as these were election commitments, there were 20 election commitments, and these are now the 20 projects?

**Ms Foster**—No, there are 20 for which we have entered into contract, and 68 altogether which have been approved for release of funds.

**Senator NASH**—So there is another 48 to actually enter into a contract then?

**Ms Foster**—That is right.

**Senator NASH**—Okay. Were any not approved?

**Ms Foster**—Of those we have put forward, we—

**Senator NASH**—I will ask the question in a different way.

**Ms Foster**—Yes.

**Senator NASH**—Of the 68, did they all go to the minister as recommended?

**Ms Foster**—That is advice to government which I cannot go into.

**Senator NASH**—Okay. Of all the projects put forward to the minister, I am assuming they were all approved, the 20—there were none that the minister knocked back?

**Ms Foster**—Again, I think what we put to the minister and what he approves is not something that I can answer.

**Senator NASH**—No, I am sure it is not. If you can just go to the individual projects.

**Mr R Wood**—Certainly. So just listing the 20 projects.

**Senator NASH**—If you could just do the project and the electorate.

**Senator Conroy**—I am not sure that they necessarily know the electorates. Unless the minister specifically requested it, I doubt they were supplied by the department in that description.

**Senator NASH**—That is unusual, minister, and on my recollections of all of the—

**Senator Conroy**—It may be unusual for the National Party. I am not saying it is not true.

**Senator NASH**—I am addressing the electorates written there, but I am happy just to go with the project name, if that would assist the department.

**Mr R Wood**—The project name?

**Senator NASH**—Or the location? We will just have the location.

**Mr Wood**—Certainly. Starting at the top, I do not actually have a project title for these. These are available on the website, I should say. But it is a project purpose, so I can read that. But it will be a slightly lengthy process. The first one is the Barcaldine Regional Council.

**Senator NASH**—In the interests of the committee and moving through, seeing that there is not a project title, perhaps we can just run the 20 locations that they are in.

**Mr R Wood**—Certainly.

**Senator NASH**—And if you could take that on notice and provide that to the committee for the entire detail.

**Mr R Wood**—Okay, yes. Starting off Barcaldine in Queensland; Bathurst, New South Wales; Ulverston, Tasmania; Davoren Park, South Australia; Grafton, New South Wales; Norlane, Victoria; Rockhampton, Queensland; Rockhampton, Queensland; Waroona, Western Australia; Leichhardt, Queensland; Booval, Queensland; Yamba, New South Wales; Moorooka, Queensland; Bannockburn, Victoria; Erina, New South Wales; South Grafton, New South Wales; Lake Macquarie, New South Wales; Launceston, Tasmania, Townsville, Queensland; and Dennes Point in Tasmania.

**Senator NASH**—There is normally, I would imagine, the need for a fairly rigorous process to look at projects of this nature that come forward.

**Senator Conroy**—These were election commitments.

**Senator NASH**—That is my question, Minister; just give me just one moment to finish it. Given that they were election commitments, what work could possibly have been done on those projects before they were recommended for funding?

**Ms Foster**—Senator, what we do in this instance is a risk analysis. We look at the proponent's viability, the project viability and the project sustainability.

**Senator NASH**—The thing I am having a little bit of trouble just getting my head around, though, is that these were election commitments, as the minister quite rightly says they were, that were to be funded before anybody had actually assessed whether or not they were worthy projects. So, if at the time the funding commitment to these projects was rock solid, ironclad and would absolutely, absolutely be there, how could there possibly have been any assessment of whether or not these projects were worthy? Was there any scope whatsoever for the department to say, 'No, this is not a worthy project', and how would you deal with that when the minister had already said, 'By hook or by crook, under no circumstances are we not going to fund these projects'?

**Ms Foster**—Senator, we developed guidelines for the program which articulated, amongst other things, what is necessary for appropriate expenditure of Commonwealth money and—

**Senator NASH**—When did you develop those?

**Ms Foster**—They were developed in the course of 2008, Senator.

**Senator NASH**—Okay.

**Ms Foster**—And as I said, we then—

**Senator NASH**—So when was the program, over 2008?

**Ms Foster**—Yes, it was in the first half of 2008, Senator.

**Senator NASH**—And they were guidelines for?

**Ms Foster**—For the Better Regions program.

**Senator NASH**—So you developed the guidelines after the funding was announced for the initial projects?

**Ms Foster**—That is right.

**Senator NASH**—Is that not a little odd, to develop guidelines for something after it has already had its funding committed?

**Ms Foster**—In the case of election commitments, that is the position that we are in.

**Senator NASH**—I just find that a little unusual that—given there are—

**Senator Conroy**—What you find unusual is that there are criteria at all, according to the Auditor-General.

**Senator NASH**—Nice try. This is a lot worse. This is, Minister, just extraordinary stuff.

**Senator Conroy**—Let me read it to you.

**Senator NASH**—Let me finish. Let me finish, Minister.

**Senator Conroy**—Let me read to you.

**Senator NASH**—Let me finish, because I do not even go down that road because I have all the answers and there is not point and we have done that before, so there is no point. What I am trying to ascertain is whether the fact that the guidelines came after the commitment of the funding is unusual, perhaps—or obviously not, in the context of election commitments? That is, the department has to do as it sees fit.

**Ms Foster**—Senator, what the guidelines allowed us to do was, as I said, to do that risk assessment, and part of any risk assessment would be to look at, for example, risk mitigation strategies. So what we would be in a position to do would be to recommend to government that this is an appropriate use of funding, taking into account these factors.

**Senator NASH**—Okay. So through the guidelines process you were assured that all of those projects met the guidelines, having written them, for funding that has been committed? Actually, is it—

**Senator Conroy**—Perhaps I can help you, Senator Nash.

**Senator NASH**—Sure.

**Senator Conroy**—The department, I believe, wrote to the ANAO in 2008—

**Ms Foster**—We did, Senator.

**Senator Conroy**—with the Better Regions guidelines, asking for advice. The ANAO Acting Auditor-General, Steven Chapman, wrote back on 19 September 2008 and essentially endorsed the guidelines, and this is what he said: ‘The guidelines published for the Better Regions program provide for the department to seek and enlarge relevant information from project proponents in order to provide the ministerial decision maker with an assessment of project results, proponent viability, and project viability, and to identify associated risks.’

**Senator NASH**—I am completely of the understanding that the department would do a very good in developing the guidelines. They do actually do an extremely good job in this area and have done for a very long time. My point was not whether or not the guidelines were appropriate; my point was the time line for the guidelines—their being crafted and drafted after the commitment of the funding for the projects. So it just seems a little unusual, to say the least, I would say, colleagues.

Now, I know at the time when the Better Regions program was announced—actually, during the campaign and not long after—there was a significant amount of interest from the community who had previously been able to access funding grants. There was a significant amount of interest from the community about when they would be able to submit proposals for the funding that was going to be, obviously, available under the new Better Regions program. How many of those have you received and when will funding be available for projects that were not election commitments?

**Ms Foster**—Senator, the Better Regions program is a program of election commitments.

**Senator NASH**—Is it?

**Ms Foster**—Yes, Senator.

**Senator Conroy**—We have a range of other things that we are doing.

**Senator NASH**—That is extraordinary, because I think the last time we had this conversation there was going to be funding available, I think, in—was it mid-2010? I will have to check, and I think the argument was at the time that it was just that there was going to be such a lengthy period to wait for any projects that—

**Senator Conroy**—Perhaps—

**Senator NASH**—just let me finish the question—that were not actually election commitments. So now there is no capacity at all, at any point—there is no funding earmarked for the future—for any projects for regional communities other than those that were election commitments?

**Mr Tongue**—Senator, I would point you to the \$800 million Committee Infrastructure Program.

**Senator Conroy**—Perhaps you are mixing two programs up. That is probably what I suspect is happening.

**Senator NASH**—No, my—

**Senator Conroy**—We have been through this over a couple of estimates now—

**Senator NASH**—No, we have—

**Senator Conroy**—and you know, and I have said before, with the Department of the Senate, and I have said it again today that Better Regions is election commitments. That is it.

**Senator NASH**—Maybe I missed this discussion in the last lot of estimates but I am particularly clear—I am happy to be corrected—that about a year ago we had the discussion around the fact that it would be a period of time before projects other than election commitments would be considered under this program.

**Ms Foster**—I have no knowledge of that, Senator.

**Senator NASH**—You have no knowledge of that? All right. Well, I might—

**Senator Conroy**—I am not sure you did miss the discussion, I am advised. I could possibly get you some *Hansard* of yourself, if you like.

**Senator NASH**—All right. We might just go back and have a look at that.

**Senator Conroy**—There are a couple of different programs, and I understand why you might have genuinely—

**Senator NASH**—Yes, and you are talking about—which other program are you talking about, Minister, that I might be confusing it with?

**Mr Tongue**—The Regional and Local Community Infrastructure Program, Senator.

**Senator NASH**—And when were they announced? When did that—

**Mr Tongue**—Senator, the first block of funding was announced at last year's first meeting of the Australian Council of Local Government.

**Senator NASH**—When was that?

**Ms Foster**—In November, Senator.

**Mr Tongue**—November.

**Senator NASH**—In November last year?

**Mr Tongue**—Yes, and then subsequently that money was topped up as part of this government's fiscal stimulus measures to create a bucket of funding, if you like, of around \$800 million.

**Senator NASH**—Yes, and I do understand that—

**Senator Conroy**—There is also CIP, which is available for regional communities.

**Senator NASH**—No, no; I do understand that that bucket of funding is there, but I find it extraordinary to think that I might have got it confused with that program that was not actually in existence.

**Senator Conroy**—I am struggling—

**Senator NASH**—No, no; hang on, Minister.

**Senator Conroy**—to know how you could be confused about it when you voted against it in parliament.

**Senator NASH**—Just hang on a sec, Minister. If you are saying that I am confusing the two programs—that I may have been a year ago when we were discussing this—that is,

obviously, highly improbable, given the program you are talking about that I was confusing this with did not actually eventuate till later in the year. But how about we leave it at that? I will go back and clarify my recollection and put some questions to you on notice and perhaps raise it again in the next estimates if I am, indeed, correct.

**CHAIR**—I have heard that loud and clear, Senator Nash; thank you. Senator Williams.

**Senator WILLIAMS**—Thank you, Chair.

**Senator Conroy**—Sorry, Mr Williams, just before we go on. Senator Nash, you make an important point, but the budget papers last year, I understand, did flag a commitment for this budget now, so it is possible that you were looking at that stated commitment and talking about it then. I think that is possible.

**Senator NASH**—You give credit to my forensic nature of going through the budget papers—

**Senator Conroy**—I do. I give a lot of credit to your forensic nature.

**Senator NASH**—in a mere 14 days between the budget and estimates. Minister, I think you give me too much credit for that.

**Senator WILLIAMS**—Mr Pahlow, I have some questions about local government's involvement with the building of halls et cetera for schools and the \$42 billion package. Is it true in New South Wales—

**Senator Conroy**—Very exciting projects. You did vote against them, though, didn't you?

**Senator WILLIAMS**—Minister, save your voice.

**Senator Conroy**—You did vote against them.

**Senator WILLIAMS**—Have you finished?

**Senator Conroy**—Over to you.

**Senator WILLIAMS**—Thank you. Is it correct that in New South Wales local governments have been left out of the building process by the state government when it comes to the planning of things such as halls at local schools?

**Mr Pahlow**—I am not aware of the arrangements around schools programs. That is not part of our purview.

**Senator WILLIAMS**—I have just got a note here from a friend of mine that says:

In the quest to have schools spend their allocated funds quickly on halls et cetera, local government has been left out of the building process by the New South Wales government.

**Senator Conroy**—Generally, what are you referring to by the building process?

**Senator WILLIAMS**—What am I saying is, when it comes to the planning for building projects—

**Ms Foster**—Senator, we are not administering a program building schools in New South Wales so we have no information or knowledge on that.

**Senator Conroy**—It would be PM&C or Senator Arbib, the parliamentary secretary, or DEEWR possibly.

**Senator WILLIAMS**—So we cannot raise this issue about building and local government here now?

**Senator Conroy**—We are not actually administering the project.

**Ms Foster**—I understand, Senator, that that is a program that is administered by Education, Employment and Workplace Relations.

**Senator WILLIAMS**—We will move on to some other things and I will seek those answers in another room.

**Senator Conroy**—It is possible equally that they actually are the responsibility of the New South Wales government. You may find that there is nobody here who is responsible for that particular interface between local councils and the schools. Generally, I think you may discover—and you are welcome to hunt around in the other departments—

**Senator WILLIAMS**—So you are saying that it is the situation that, when you went out to build these halls quickly, the New South Wales government said, ‘Stand aside, local government. We are coming through in one hell of a hurry.’

**Senator Conroy**—I am suggesting that possibly that is the process that is being followed, which would mean that no-one at the estimates table would actually be able to give you an answer, from of the departments, but please feel free to ferret around.

**Senator WILLIAMS**—That is fair enough. The government is going back on its pre-election pledge to expand the role of area consultative committees because that network will be shut down. Correct?

**Ms Foster**—The government’s commitment, as I understand, was to establish a Regional Development Australia network and to transition the area consultative committees into that RDA network. That is in process at the moment.

**Senator WILLIAMS**—So the area consultative committees will be going. Or will they be included in the new network?

**Ms Foster**—There are a range of arrangements taking place within the new RDA. In some cases the area consultative committee structure within a state is transitioning into the RDA. In some cases there is a different establishment being set up but there is coordination and discussion between the ACCC network and the new RDA network on those arrangements.

**Senator WILLIAMS**—Will there be any jobs lost in that changeover, do you know?

**Ms Foster**—We do not employ the staff in the ACC network. They are employed by the ACC entities themselves. They are incorporated bodies.

**Senator WILLIAMS**—Yes.

**Ms Foster**—We are encouraging the RDAs to transition staff from one entity to the other where that is feasible and possible and we understand that most, if not all, have expressed support for seeing how many staff they can transition.

**Senator WILLIAMS**—You will be encouraging them to keep the staff on during that transition period. Is that what you are saying?

**Ms Foster**—Or to pick up the staff from the ACCs to help staff the new RDAs.

**Senator WILLIAMS**—How far are we through that process at this stage, the transition process from the ACCs to the RDAs?

**Ms Foster**—Either we have MOUs with each of the states to establish the new RDA or we are very close to finalising that MOU.

**Senator WILLIAMS**—You would expect it to be completed in a matter of months, would you?

**Ms Foster**—Yes.

**Senator WILLIAMS**—You have no idea what job losses may occur during that transition period at this stage?

**Ms Foster**—No, because we are not the employer. We are not responsible for those decisions, either to terminate the employment or to re-employ them.

**Senator WILLIAMS**—Just give me a briefing. What is the role of Regional Development Australia. In your words, what is its role, its aim, its goals?

**Senator Conroy**—Mr Crean, who was our spokesman in this area before the election, was quite clear in our election policy document. He said:

Labor will build on the existing regional structure, the area consultative committees—which Labor established—to create Regional Development Australia.

So what we have been doing is actually expanding the role that they play. But just to address your concern about job losses—and there is a bit of a scaremongering campaign going on out there which we have become aware of—

**Senator WILLIAMS**—Public concern more than anything.

**Senator Conroy**—Mr Kim Fuller, the Chair of the Outback New South Wales Area Consultative Committees said it on the ABC Broken Hill, just on 25 May.

**Senator WILLIAMS**—Did you hear him?

**Senator Conroy**—He said:

There will be no jobs lost at all between the Area Consultative Committee and the Far Western Region Development Board. What we are concerned about is the region. As I said, one body for the region working with the State and the Federal Government is going to be better for our region. For our region it seems ridiculous that we had two regional development boards and on a submission to the current Government we suggested a single board for regional development in outback New South Wales. To their credit we have come up with the one board for our region.

**Senator IAN MACDONALD**—Minister, perhaps it is not your area and I will not accuse you of deliberately misleading the committee, but perhaps Mr Tongue or Ms Webster might just explain the difference between the ACC and Regional Development Australia, in that one, of course, dealt with money. The new arrangement was just simply an—

**Senator Conroy**—It has a much more expanded role.

**Senator IAN MACDONALD**—On the contrary, Minister, it is a much constricted role. Now it is just an advisory role, as I understand, but perhaps Ms Foster can tell us.

**Ms Foster**—Certainly.

**CHAIR**—Senator Williams did ask: what is the role of Regional Development Australia? We can incorporate those two answers.

**Ms Foster**—Certainly. In summary terms, the role is consultative and community engagement, regional planning, promoting government programs, community and economic development and employment generation. So we are asking them to assist the government by taking on a role.

**Senator IAN MACDONALD**—But they do not have any money, do they? It is purely advisory?

**Ms Foster**—They are advisory.

**Senator IAN MACDONALD**—Whereas, under the ACC—

**Mr James**—It is a bit more complex in that, because of the integrated arrangements in a number of states, the new bodies will actually take on regional development functions that are also being delivered by state governments as well. So the new bodies will administer a range of programs that are running through some of the state government development programs, as well as playing a number of advisory roles and consultative roles for the federal government.

**Senator IAN MACDONALD**—But the ACCs had certain allocations that they could spend in their area. Now, admittedly—

**Mr James**—No. That is not correct.

**Senator IAN MACDONALD**—Once they spent them they recommended to the minister that those projects be adopted, but they worked on a basis that they had a hands-on role in assessing and promoting projects that were put forward for government funding. Is that correct

**Mr James**—Not strictly. Their role was to facilitate applications to the Regional Partnerships program. They had no specific allocation of funding. They had operational funding to undertake this, among other advisory roles, and it was a facilitation role. They could indicate how worthy they thought a project, but they did not have an assessment role.

**Senator IAN MACDONALD**—Weren't all Regional Partnerships projects done through them for advice and recommendation?

**Mr James**—They were asked for their views, but the recommendations actually came up through the department to the ministry.

**Senator IAN MACDONALD**—From them, yes.

**Senator WILLIAMS**—But it was reliant upon—

**Mr James**—It took into account their advice.

**Senator IAN MACDONALD**—Is the new arrangement different?

*Senator McGauran interjecting—*

**Senator Conroy**—Let us talk about the Auditor-General's view on this.

**CHAIR**—Sorry, there is a point of order from Senator Williams.

**Senator WILLIAMS**—A man is speaking and we have got the minister speaking over him.

**Senator Conroy**—He is answering on my behalf. I am just choosing to—

**CHAIR**—Minister, I will just take that. I just want to talk to the point of order before you go. Actually, Senator Williams, there is no point of order because Senator Macdonald asked the question, Mr James was answering, and the minister supplemented the answer, then Senator McGauran came over the top. So there is no point of order.

**Senator Conroy**—All questions come through me and I pass them—

**CHAIR**—Minister, you have the call.

**Senator Conroy**—I can choose to take the answer back at any moment. Let us not pretend, Senator Macdonald and Senator McGauran, particularly, that there was some sort of process involved. A 1,200-page report in November 2007 stated:

The manner in which the program had been administered over the three year period to 30 June, examined by ANAO had fallen short of acceptable standards of public administration. A feature of the program's administration was the frequency with which practices departed from the published program guidelines and documented internal procedures.

So do not try and pretend that—

**Senator McGAURAN**—What are you reading from?

**Senator Conroy**—The Auditor-General's reports.

**Senator McGAURAN**—Into what?

**Senator Conroy**—Into Regional Partnerships. I am responding to the comments being made by—

**Senator IAN MACDONALD**—No. Sorry, we were talking about the area consultative committees.

**Senator Conroy**—Senator McGauran may have tuned out—and I will understand why, Senator Macdonald—but Senator McGauran started talking about the role that they played in Regional Partnerships.

**Senator IAN MACDONALD**—I actually mentioned that they used to assess the projects of Regional Partnerships.

**Senator Conroy**—And I was pointing out that the Auditor-General does not seem to agree with that.

**Senator IAN MACDONALD**—Is this the disgraceful effort of the Auditor-General during the election period? Is it that one?

**Senator Conroy**—That is the one, on November 15 2007.

**Senator IAN MACDONALD**—Fancy having the hide to raise that! The Auditor-General should bend his head in shame—

**Senator Conroy**—You know you will be made to apologise, Senator Macdonald.

**Senator IAN MACDONALD**—for entering into the political system during an election campaign with an outrageously partisan report.

**Senator Conroy**—You know you are going to have to apologise for these outrageous, untrue attacks on the Auditor-General, a statutory independent organisation. You know you are going to be made to withdraw. Mr Turnbull will give you a ring and say, ‘Look, Macca, you just can’t say those things.’

**CHAIR**—Order, Minister!

**Senator IAN MACDONALD**—It is a disgraceful partisan—

**CHAIR**—Senator Macdonald, if I may, I think you might just want to withdraw that comment about the Auditor-General.

**Senator IAN MACDONALD**—I certainly do not. I have said it publicly many a time.

**CHAIR**—I think you are out of order, Senator Macdonald. You are certainly reflecting on the Auditor-General. I am asking you to withdraw, Senator Macdonald.

**Senator IAN MACDONALD**—Thank you, Mr Chairman; I appreciate your concern, but this is—

**Senator Conroy**—Put \$5 in the jar and just withdraw, Macca.

**Senator IAN MACDONALD**—Can I continue my questioning?

**Senator Conroy**—I had not quite finished my answer.

**Senator IAN MACDONALD**—I said this in the chamber. I have said this publicly before. I do not intend to—

**CHAIR**—There are a lot of things said in the chamber, Senator Macdonald. I can probably be accused of just as many, if not more, in my short time compared to yours which I have had to withdraw, and there are some I have not had to withdraw.

**Senator IAN MACDONALD**—That is good. Someone can move—

**CHAIR**—In all fairness, Senator Macdonald, you did cast aspersions on—

**Senator IAN MACDONALD**—I have already told you my answer to that, Mr Chairman. Can we go on now?

**Senator Conroy**—Put \$5 in the jar and withdraw so we do not waste any time having an argument on that.

**CHAIR**—I am happy. I accept that that is the precedent we have set for this evening; that is fine.

**Senator IAN MACDONALD**—Thank you.

**CHAIR**—Let the battle begin.

**Senator Conroy**—I was actually interrupted in the middle of my answer, so I will just keep going with my answer.

**CHAIR**—Minister, you can.

**Senator Conroy**—Thank you very much.

**Senator IAN MACDONALD**—This is the answer to me, is it?

**Senator Conroy**—To both of you. I said that the issue raised was the ACCs' role in regional partnerships, and I am now just going through a factual discussion about the administration of the Regional Partnerships program as evidenced by the Auditor-General, but I would also like to draw to the attention of the committee what happened when the previous government came to power. I have here a press release from, I think, 17 July 1996, where Mr Sharp, the new minister in charge—

**Senator IAN MACDONALD**—Point of order, Mr Chairman. How can this possibly be relevant to the 2008-09 estimates committees inquiring into the 2009-10 budget?

**Senator Conroy**—It is very relevant. Perhaps, if you let me finish, you will understand why.

**CHAIR**—To be honest with you, Senator Macdonald, I am listening to the minister's answer.

**Senator Conroy**—Mr Sharp, in a press release, stated that—

**Senator IAN MACDONALD**—Mr who?

**Senator Conroy**—Mr Sharp.

**Senator IAN MACDONALD**—Good heavens!

**Senator Conroy**—He stated:

The changes will involve the loss of approximately 220 jobs within the Department of Transport and Regional Development. Mr Sharp personally advised employees in Canberra today of the Government's decision.

Current arrangements for Regional Development and Urban management overlap with State and local Governments which have their own urban infrastructure and local Government reform programs.

There is no clear rationale or constitutional basis for Commonwealth involvement.

So that is what happened when you took over regional programs when you came to government. You caused 220 people in this department to lose their jobs.

**Senator IAN MACDONALD**—Would you now answer my question.

**Senator Conroy**—Let us not try and pretend that your government was not involved in cutting jobs in regional policy when you came to government.

**Senator IAN MACDONALD**—I am not pretending anything. I did not even raise the issue. What I sought was to get you to honestly answer Senator Williams' question on the difference between ACC and RDA. In 1996 we inherited a secret annual budget of \$10 billion and a total debt of \$96 billion and had to make savings to pay for it. Heaven knows what we will have to do when we take over again with \$300 billion worth of debt.

**Senator Conroy**—And you cut \$150 million from regional programs, costing 220 jobs.

**Senator IAN MACDONALD**—We cut a lot of moneys on a lot of things. We had to make up a \$96 billion debt.

**Senator Conroy**—I have completed my answer.

**CHAIR**—I would like to know the difference between the ACCs and Regional Development Australia.

**Senator IAN MACDONALD**—As I would, which was my question.

**CHAIR**—I will pass back to Ms Foster or Mr James, who were having a discussion as well.

**Senator IAN MACDONALD**—Thank you. It is important to have someone who can answer who knows what they are talking about.

**Ms Foster**—Senator, the ACC network was not assessing the projects in the sense of making an assessment to provide advice to government. They were assisting the proponents—the community groups or the councils—to formulate an application for funding which came to the department for assessment, and it is that role which the government is no longer requiring of RDA.

**Senator IAN MACDONALD**—Right. Didn't they also assist the department with recommendations on whether they were good, bad or indifferent projects?

**Ms Foster**—My understanding is that, whilst they might express their opinion, that assessment is made by the department.

**Senator IAN MACDONALD**—I am sorry. There were other conversations going on. I did not quite hear you.

**Ms Foster**—Whilst they might express their opinion or put forward their view on the applications that came forward, it was the department's independent assessment of the project that went forward to government.

**Senator IAN MACDONALD**—It is always the minister's decision. It always has been and always will be.

**Senator Conroy**—He was not in the room for half of it. The minister was not there half the time. That has all been played out in the newspapers.

**Senator IAN MACDONALD**—Again, I have absolutely no idea what the minister is talking about, but it is quite irrelevant to the question anyhow. You say that the RDA is now not going to pursue that same role. I think you nicely said that it is not required to perform that role any more. That is correct?

**Ms Foster**—That is correct.

**Senator IAN MACDONALD**—Is it true that they are to be simply an advisory body to the minister?

**Ms Foster**—Their primary role is to provide advice to government.

**Senator IAN MACDONALD**—To the minister or to the department?

**Ms Foster**—To government—I think to the minister.

**Senator IAN MACDONALD**—To the minister—not to the department?

**Ms Foster**—No.

**Senator IAN MACDONALD**—That is a bit of a change, then, isn't it? You are telling us now that the proposals went to the department for assessment. Their interaction—

**Senator Conroy**—I think you may have identified an area of difference.

**Senator IAN MACDONALD**—Continue.

**Ms Foster**—The primary position—

**Senator IAN MACDONALD**—I think if we ignore the interjections from the peanut gallery, as one might say, we might all be better off.

**Senator Conroy**—A Queenslander referring to the peanut gallery!

**Senator IAN MACDONALD**—Curiously, if you are talking about peanuts, most of them are now grown in the Northern Territory.

**Ms Foster**—I understand the primary function of the ACCs was in providing assistance to the proponents on their grant applications. That is not a function of the RDAs.

**Senator IAN MACDONALD**—Okay, thank you. The function of the RDA is purely to give advice, not to the department but to the minister—on what?

**Ms Foster**—It is to liaise and coordinate within their community and to provide advice on regional economic development opportunities and on the priorities of that region.

**Senator IAN MACDONALD**—Okay.

**Senator WILLIAMS**—When you talk about local communities—

**CHAIR**—Sorry, Senator Williams. We are going to lunch in two minutes.

**Senator IAN MACDONALD**—Actually, I interrupted.

**Senator WILLIAMS**—I have the call. I want to ask two questions.

**CHAIR**—I am so sorry, Senator Williams.

**Senator IAN MACDONALD**—I was trying to clarify for Senator Williams the answer, which was incorrect.

**Senator WILLIAMS**—You must chastise Senator Macdonald. You know those—

**CHAIR**—Senator Williams, you have 1½ minutes.

**Senator WILLIAMS**—Will the RDA have the same local impact as the ACCs? Are the local people there—

**Senator Conroy**—You may need to refine your question. Asking whether they will have local impacts is asking an opinion. Do you want to ask: what is the process of local community involvement?

**Senator WILLIAMS**—My friend, the minister, has probably put it in better words. What is the local community input exactly?

**Ms Foster**—In each RDA there will be local government representation and community representation.

**Senator WILLIAMS**—Is there still an office of the Department of Infrastructure, Transport, Regional Development and Local Government in every capital city?

**Ms Foster**—I do not believe—

**Mr Tongue**—Senator, could I handle that one? Dealing with what exactly? For example, we have offices of the Australian Transport Safety Bureau and offices of the Office of Transport Security. We have a range of structures across capital cities.

**CHAIR**—I will help you out, Mr Tongue. We may have time to think about that for the next hour, because it is 6.30 pm. We will now take an hour break and be back at 7.30 pm. Thank you.

**Proceedings suspended from 6.31 pm to 7.30 pm**

**CHAIR**—Welcome back, everyone. In continuation, Senator Williams.

**Senator WILLIAMS**—Thank you, Chair. I believe your Better Regions funding program is underway?

**Ms Foster**—That is correct.

**Senator WILLIAMS**—How many applications has it received and where has the money been spent?

**Mr Tongue**—This is the program we were talking to Senator Nash about.

**Senator WILLIAMS**—Okay. I will move along. Is the government committed to its promise to provide an ongoing specific regional development funding program?

**Senator Conroy**—Sorry, have we?

**Senator WILLIAMS**—You have a specific ongoing regional development funding program?

**Senator Conroy**—We probably have the community—

**Mr Tongue**—The Community Infrastructure Program that we were talking about before the break, the \$800 million program?

**Senator WILLIAMS**—Right. In its ‘Regional development for a sustainable future’ election policy statement, Labor committed to require the individual portfolio budgets and the federal budget to identify how much they spent in each region. Where is this information available from?

**Mr Tongue**—I think in our budget documentation there is a publication on regional programs and initiatives.

**Senator WILLIAMS**—Is it available online?

**Ms Foster**—It was released with the budget paper.

**Senator Conroy**—It is a Treasury thing, but I am sure it is publicly available.

**Ms Foster**—And it is online.

**Senator WILLIAMS**—Wonderful! What is RDA’s capacity to support local projects as required in Labor’s ‘Regional development for a sustainable future’ election policy statement?

**Ms Foster**—I think what we will see is RDA providing general advice and support to regions in terms of priorities and opportunities.

**Senator WILLIAMS**—Who is going to select the people that actually run the RDAs? Is it local input, advice from local people? How do you hand-pick these people in these regional areas and on what grounds—what qualifications?

**Ms Foster**—There is a process of expression of interest for these boards and, at least for the chairs and deputy chairs, an application process. Then the applications go forward to ministers and, in the Commonwealth's case, the parliamentary secretary Gary Gray, and the relevant state ministers make a decision on the chair and deputy chair. I might get Mr James to talk about the rest of the process.

**Mr James**—As Ms Foster said, there is an EOI process—expression of interest—being implemented under the arrangements currently agreed with a number of states, then public expression of interest processes, and then the recommendations are being put to the respective ministers. In the case of New South Wales, the agreed process publicly is that the chairs, deputy chairs and two local government representatives will then make recommendations to ministers on the balance of committee members.

**Senator Conroy**—The previous process under the former government was simply that the government just picked whoever they wanted to be on that ACC. We are, as you have heard, going through a process where there are expressions of interest and people can apply, as opposed to the hand-picked process that the previous government used.

**Senator WILLIAMS**—Yes. That is it for me, Chair.

**CHAIR**—And actually working and engaging local governments too, I believe.

**Mr Tongue**—Correct.

**CHAIR**—Good. Senator Macdonald.

**Senator IAN MACDONALD**—Thank you, Mr Chairman. I am going back to the arrangements for Regional Development Australia. You have just gone through the appointment of the chairs and the deputy chairs which would be made by the minister—on the recommendations of whom?

**Ms Foster**—We are simply providing the applications to the minister.

**Senator IAN MACDONALD**—So people have been required to apply for the jobs of chairman and deputy chairman?

**Ms Foster**—That is correct.

**Senator IAN MACDONALD**—Are you sending recommendations to the minister?

**Ms Foster**—No.

**Senator IAN MACDONALD**—Are you doing any probity checks of any sort on the nominations to make sure they are not bankrupt or criminals or something? I am sure none of them will be, mind you.

**Mr James**—In the New South Wales process, which is the most advanced, there is a checking process where statutory declarations have to be filled out before any final offers are made.

**Senator IAN MACDONALD**—Before what, sorry?

**Mr James**—Before final decisions are made.

**Senator Conroy**—The checks are done as required.

**Mr James**—Yes.

**Senator IAN MACDONALD**—By the department?

**Mr James**—Between ourselves and the New South Wales department, in that case.

**Senator IAN MACDONALD**—And in the other states?

**Mr James**—Those processes are being finalised at the moment, but they will be similar.

**Senator IAN MACDONALD**—So they are not being done solely by the Commonwealth department?

**Mr James**—No. There are joint arrangements in place.

**Senator IAN MACDONALD**—There is in New South Wales, and elsewhere you are looking at joint arrangements—is that right?

**Mr James**—Yes.

**Ms Foster**—In that case, the state will work with the parliamentary secretary.

**Senator IAN MACDONALD**—This all happens from 1 July—is that correct?

**Ms Foster**—That is correct, though there may be some short periods of transition in place post that time.

**Senator IAN MACDONALD**—What does that mean? What is the transition related to?

**Ms Foster**—Where, for example, the RDA cannot be up and running on 1 July, the ACC may continue to function for a period of a couple of months until that can be handed over.

**Senator IAN MACDONALD**—When are they going to know that?

**Mr James**—Most have been notified. Once agreements have been finalised between the governments concerned, they are being notified.

**Senator IAN MACDONALD**—You say ‘most’. What about those that do not form part of the ‘most’?

**Mr James**—We have been keeping ACCs informed as we have gone along about the status of negotiations, as far as we are able, and indicating what is likely to happen going forward.

**Senator IAN MACDONALD**—Does funding for the ACCs stop on 30 June 2009?

**Ms Foster**—We work with the ACCs to make sure that they are able to conclude their arrangements effectively. For example, if they have incurred liabilities, then we will work with them and assist with funding if necessary.

**Senator IAN MACDONALD**—Do you have a budget appropriation for that?

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—Where will I find that in the—

**Mr James**—It is within the RDA appropriation in the papers, within the amount that is provided there.

**Senator IAN MACDONALD**—It is not specially marked?

**Mr James**—No. It is provisionally earmarked within the overall appropriation.

**Senator IAN MACDONALD**—It is written somewhere in the budget documents?

**Mr James**—No, it is within the overall amount. It is within the department's administration of that money. It has money that it has identified that it can apply to exceptional circumstances.

**Senator IAN MACDONALD**—So out of what the department has for Regional Development Australia, you will be able to continue funding the ACCs should you choose.

**Mr James**—We have sufficient there, we think, to cover the transition period.

**Senator IAN MACDONALD**—Okay. For what period of time will that money last? Are you expecting this will be a week, a month, half of them for a month, a third of them for two months? On what basis have you got this money put aside and what have you assessed it at?

**Ms Foster**—We have an allocation going out over the forward estimates period for RDAs. We are expecting that we will have most of the transition arrangements concluded within a short period. I am thinking two or three months.

**Senator Conroy**—We would like to make sure we give you the exact information on that, Senator Macdonald. We are happy to take it on notice and make sure we get you a more exact response.

**Senator IAN MACDONALD**—Senator McGauran tells me he has a question on that exact point.

**Senator McGAURAN**—It is about costings. The budget papers are showing that Regional Development Australia saves \$4 million a year in comparison to the ACCs. Is that correct?

**Ms Foster**—That is correct.

**Senator McGAURAN**—Where is that saving coming from?

**Ms Foster**—In establishing the RDA network we are concluding agreements with each state and territory on the operation of the RDA network. We are entering into a collaborative arrangement with each of the states and territories. We are in the process of finalising the funding arrangements between us and the states and territories and we will allocate the money that we have available for the RDA network in that process.

**Senator McGAURAN**—But it is confirmed that there is a \$4 million saving. You are telling me that you are finalising everything now, but you are already noting you have saved \$4 million. Where is that?

**Senator Conroy**—We are forecasting to save \$4 million.

**Ms Foster**—We are forecasting that. We have allocated an amount of money and we—

**Senator McGAURAN**—You are guessing you will save \$4 million.

**Senator Conroy**—No, we have a target of \$4 million that we have to reach.

**Senator McGAURAN**—Where will that saving come from?

**Senator Conroy**—The indication from the officer is that they have not been made yet because we are in consultations with the state governments, but we will happily provide you that information of targets more specifically over the next estimates. We are happy to take it on notice. They have not been made yet, Senator McGauran.

**Senator McGAURAN**—Will there be a smaller number of centres than the ACCs and will there be a smaller number of employees than the ACCs?

**Senator Conroy**—We have already been through the employees issue with Senator Williams. I am happy to go back through it if you like.

**Senator McGAURAN**—I do like.

**Senator Conroy**—Sure. I will happily read it out again.

**Senator McGAURAN**—Will there be fewer? That is pretty simple.

**Senator Conroy**—Shall I go with the centres first?

**Senator IAN MACDONALD**—Clearly, if there is not the same money in the program, following on from Senator McGauran, they are going to do less. You indicated that earlier on.

**Ms Foster**—They are going to have a different role. That sort of hands-on role of providing assistance with funding applications will go. Because we are striking a different arrangement with each state and territory, there are differing numbers of officers that are coming up in the RDA network, but in very broad terms it will not be dissimilar in number from the 54 ACCs.

**Senator IAN MACDONALD**—It cannot be the same because you have got \$4½ million less to spend on it.

**Senator Conroy**—No. That is making the assumption that all the savings are coming from one spot, which we are clearly indicating is not the case.

**Ms Foster**—Additionally, through forming agreements with the states, we expect that we will get some synergies and some savings. For we will collocate staff with state regional offices.

**Senator IAN MACDONALD**—Let me put this scenario to you. Although it is hypothetical, it is a better way to ask my question. There is a state regional development group with 10 people in an office the size of this and next door there are 10 ACC people in an office the size of this. Are you now going to put the 20 people into the same office?

**Ms Foster**—That is an issue for each RDA to work out. They are responsible for allocating their funding towards staff or activities.

**Senator Conroy**—Let me address that issue specifically, and I did address this with Senator Williams earlier. To give you an example of why this is just another shameless scare campaign—Senator McGauran, you already heard me say it—Kym Fuller, the chair of the Outback New South Wales Area Consultative Committee, on ABC Broken Hill on—

**Senator IAN MACDONALD**—Minister, I heard you say—

**Senator Conroy**—But Senator McGauran asked me to repeat it. Sorry, he actually asked me to go ahead. This is Mr Fuller—

**Senator IAN MACDONALD**—Could you do that when Senator McGauran is asking you a question?

**Senator Conroy**—No. He has already asked a question. You have interrupted his question. So I will add to the answer. There will be no jobs lost—

**Senator IAN MACDONALD**—The answer is in *Hansard*. You are wasting—

**Senator Conroy**—No. I actually said to Senator McGauran, ‘If you would like me to go there again, I will,’ but I said, ‘I’ve already dealt with this.’

**CHAIR**—That is correct.

**Senator Conroy**—Senator McGauran then specifically said, yes, he did want me to go there, Senator Macdonald.

**Senator McGAURAN**—But my question was across the board, not one particular—

**Senator Conroy**—No. I am giving you a very specific example to demonstrate that the scare campaign that you are trying to engender here is utterly baseless, Senator McGauran. Mr Fuller, the chair of Outback New South Wales Area Consultative Committee, said: ‘There will be no jobs lost at all between the area consultative committee for Far Western Regional Development Board. What we are concerned about is the region. As I said, one body for the region working with the state and the federal government I think is going to be better for our region. Well, for our region it seems, you know, ridiculous that we had two regional development boards and in our submission to the current government we suggested a single board for regional development in outback New South Wales. To their credit, we have come up with one board for our region. I repeat, there will be no jobs lost at all.’

**Senator IAN MACDONALD**—Thank you for that assurance, Minister. I take it that, where there is an ACC and a regional development group in the same locality, there will be no job losses. Each one of those current staff of both boards will be guaranteed their job on 1 July. Thank you for that, Minister. That will make a lot of people very happy.

**Senator Conroy**—No. Senator Macdonald, what you are not going to be able to do is verbal me. What I have done is read to you from one of the ACC managers. What the department has already said to you is that those issues are for the individual new RDAs.

**Senator IAN MACDONALD**—Minister, you were saying there will be no job losses.

**Senator Conroy**—No. I have just read out Mr Fuller. I will happily read him again if you would like me to. Do not try and put words in my mouth. Do not try and put words in the department’s mouth. What I have said is following up to the evidence you were given, which was that this is a matter for the individual area, and the individual RDAs make those decisions. To give you an example of how baseless the campaign you are trying to generate is, I quoted from one specific RDA that is coming into force. So do not try and put words in my mouth, Senator Macdonald.

**Senator IAN MACDONALD**—So, Minister, if you are endorsing that statement and using that as—

**Senator Conroy**—No, I am not endorsing it. I am just pointing it out to you.

**Senator IAN MACDONALD**—Can you let me finish, as I let you finish. You have read it out three times now, assuring everyone that there will be no job losses. Why are you endorsing it and using it as an example if you do not believe what it is going to say?

**Senator Conroy**—Senator Macdonald, do not try and put words in my mouth. The department's evidence was that this was a matter for the individual new RDAs.

**Senator IAN MACDONALD**—Okay.

**Senator Conroy**—It could not be more simple or plain than that.

**Senator IAN MACDONALD**—It shows the baselessness of the article you have read out three times.

**Senator Conroy**—You will have to take it up with Mr Fuller.

**Senator IAN MACDONALD**—You will not support it, yet you are using it to support your argument. Ms Foster, I take it from that that there is no guarantee that all of those currently employed in the ACCs will have a job after 1 July.

**Ms Foster**—We are not in a position to make those guarantees. As I said before, we are not the employer.

**Senator IAN MACDONALD**—Thank you. Regrettably, in spite of my great job when Senator Conroy mentioned that, I again share the distress of many people in many regional parts of Australia who are now petrified that come 30 June they will not have a job. When will they know whether or not they will have a job?

**Senator Conroy**—Senator Macdonald, you are trying to generate a baseless scare campaign, and it has been exposed as exactly that.

**Senator IAN MACDONALD**—When will they know whether they will have a job after 30 June, Ms Foster?

**Ms Foster**—The ACC staff were on contracts which expired on 30 June 2009 in any case. In some cases, the transition arrangements had already been agreed within each state and territory, so those staff know what arrangements are going to be in place post 30 June. In other cases they are still being negotiated.

**Senator IAN MACDONALD**—Can you tell me about those? No?

**Senator Conroy**—I am not sure that the department is able to give you any further information about the negotiations and what is going to take place because we have indicated it is for the RDAs.

**Senator IAN MACDONALD**—Minister, listen to what your officer is saying. She just said that the Commonwealth and the states had negotiated arrangements and so some of the people knew what they were going to do. Now I am asking details of which people in which states know what is going to happen on 30 June.

**Ms Foster**—We have MOUs signed with New South Wales, ACT and Queensland. I might ask Mr James to run through the specific answer to that question.

**Senator IAN MACDONALD**—Thank you.

**Mr James**—In the case of New South Wales, the new RDA bodies will be established and the new boards appointed before 1 July. Then they will consider what their business plan and staffing arrangements will be. The current approach is that new boards have been encouraged to maintain their staffing to the end of this calendar year, but that is still a matter for the boards in question.

**Senator IAN MACDONALD**—Okay, so in New South Wales there is no arrangement except that they will look at it?

**Mr James**—Basically continue.

**Senator Conroy**—We are happy to get you any further information from the state government.

**Senator IAN MACDONALD**—Mr James is doing a very good job, thank you. Continue, Mr James.

**Senator Conroy**—We are happy to take on notice and get you absolutely up-to-date information from the state governments. If there is anything more the officers can give you, they are welcome to, but you are asking about a series that are almost hypothetical issues that have not been settled. If there is more information that the department can give then we are happy to.

**Senator IAN MACDONALD**—Minister, thank you. It has already been given. I have been told that there are three states that have these arrangements in place. I have now heard about the New South Wales arrangements. Can you tell me what the arrangements are in the other two states.

**Ms Foster**—We do not have precise details of what each state will agree in terms of staffing.

**Senator IAN MACDONALD**—I thought you said you had the agreement with each state.

**Ms Foster**—What I said was we had memorandums of understanding signed with the state to establish the RDA, but it is then the business of the RDA to work forward.

**Senator McGAURAN**—But you are paying the salary.

**Ms Foster**—We are not paying the salaries.

**Senator IAN MACDONALD**—Are these MOUs public documents? Can we have a look at them?

**Mr James**—Yes, they are being published as they are being finalised. They are on the web.

**Senator IAN MACDONALD**—So those three are already on the web?

**Mr James**—New South Wales is. The ACT is which has been agreed. Queensland has just been announced this week. It should be up on the web shortly.

**Senator IAN MACDONALD**—Okay. Naturally, as a parochial Queenslander I am very interested in Queensland. Tell me what the arrangements are in Queensland. Which regional development body—

**Senator Conroy**—There is a computer right there. You can log on and look.

**Senator IAN MACDONALD**—is joining with the former ACCs?

**Mr James**—Sorry, could you repeat the question please?

**Senator IAN MACDONALD**—Which Queensland regional development bodies are joining with the former ACCs to form Regional Development Australia?

**Mr Tongue**—Do you mean individual ACCs with relevant regional development organisations?

**Senator IAN MACDONALD**—Yes.

**Mr Tongue**—Can we take that one on notice?

**Senator IAN MACDONALD**—I would have thought you would have come prepared for that, knowing my particular interest in, for example, Townsville Enterprise, which comprises the regional development body which is funded jointly by Ergon Energy, an agency of the Queensland government, by the Townsville City Council, which is certainly not an agency of the Queensland government, by individual members like Senator Ian Macdonald who pay \$150 a year to Townsville Enterprise, and lots of other companies in between. Are you telling me that in Townsville the federal government is weaving the ACC into my organisation, Townsville Enterprise and, what, giving us some money?

**Senator Conroy**—You do not really believe that we should all be quite as focused on your interests as you are, Senator Macdonald, but even I did not guess that you would want to go to this depth of detail and, as Mr Tongue has offered, we are happy to get you the information and pass it on to you; but you are going to quite a degree of detail and just because, ‘Hey, Macca’s coming,’ we do not automatically assume that you are going to want that level of detail.

**Senator IAN MACDONALD**—Do you mean to tell me no-one in your department, Mr Tongue, knows what is happening? I have mentioned Townsville. The same applies right up and down the coast.

**Senator Conroy**—And we said we would take it on notice and get you the information, Senator Macdonald.

**Senator IAN MACDONALD**—I would like the information now, thanks, Minister, and someone in the department must have that information.

**Senator Conroy**—We have offered to take it on notice. You are asking a degree of detail that is quite substantial. He does not have it in front of him now.

**Senator IAN MACDONALD**—They have done the agreement with Queensland and I assume one of the officers at the table has been involved in that agreement-making with Queensland. They must know what is happening with regional development groups in Queensland and with the ACCs. I want them to tell me they do not know.

**Mr Tongue**—I think what we have described is a process at the macro level to establish MOUs with state governments. An MOU was so established with Queensland. What I would simply like to do is take the time, if you wish, to go to the level of individual transition arrangements between ACCs and new RDA bodies at the specific regional level. As we have said, the MOU is on the website. Our energy to date has been at that level.

**Senator IAN MACDONALD**—Isn't it true that there will now be 12 so-called regional bodies in Queensland? I can read the minister's media release. I certainly hope—in fact I know—your officers can help. Why they are being gagged I am not quite sure.

**Mr Tongue**—I will refer that to Mr James.

**Senator IAN MACDONALD**—You and I can both read the minister's press release but you have been part of the negotiation, so you must know that there are 12 ACCs in Queensland—is that right? Sorry, there were 13 ACCs; there are now 12 Regional Development Australia projections.

**Mr James**—That is correct.

**Senator IAN MACDONALD**—You are not aware of what is going to happen with the Cairns, Townsville, Mount Isa, Rockhampton and Gladstone ones?

**Mr James**—They are not involved. Sorry, are you talking about the ACCs?

**Senator IAN MACDONALD**—Yes. They are going into RDAs.

**Senator McGAURAN**—The minister does know. He is now wondering whether he should answer it.

**Senator IAN MACDONALD**—No, keep out of it, please.

**Mr Tongue**—Senator, we have said we will take the detail on notice.

**Senator IAN MACDONALD**—But, Mr Tongue, this occurs in five weeks time.

**Mr Tongue**—Certainly, Senator.

**Senator IAN MACDONALD**—And you are suggesting to me that your officers, who are daily working with this—I am not sure why you are telling me this, because I know it not to be true—do not have enough detail to tell this committee at this time.

**Mr Tongue**—Given the concern that you are evincing for the various arrangements in Queensland, I am simply keen that we endeavour to get you an accurate answer.

**Senator IAN MACDONALD**—I am not expressing any concern. I am simply asking some questions.

**Mr Tongue**—Certainly, and we are endeavouring to answer them.

**Senator IAN MACDONALD**—And I am saying there are 12 in Queensland and your officers do know what the arrangements are. Why will you not let them tell us?

**Ms Foster**—I think some of the confusion might be because, whilst the MOU, for example, will establish the broad arrangements—and as you noticed, the press statement notes that there will be 12 RDAs within Queensland—an EOI, expression of interest, process will actually start at the end of May to start the appointments to those RDAs.

**Senator IAN MACDONALD**—But what is the RDA? It is joining with which Queensland regional development organisation in the cities of Rockhampton, Mackay, Gladstone, Townsville and Cairns?

**Ms Foster**—I do not know. We will need to find that information.

**Senator IAN MACDONALD**—This is five weeks away and you do not even know—

**Senator Conroy**—Senator Macdonald, there are a number of states who have not even concluded, so stop this incredulous act that you are putting on. It is a work in progress. There are a number of states who have not even completed yet.

**Senator IAN MACDONALD**—It is five weeks away, Minister.

**Senator Conroy**—Stop sitting here, wringing your hands with this incredulousness. There are a number of states who have not got this far yet.

**Senator IAN MACDONALD**—It is five weeks away.

**Senator Conroy**—And to suggest that the officers at the table have got to have in-depth detail because you happen to live in Townsville and ask questions about it—which is a worthy thing to do—and to expect the officers to be able to give that information—well, they have offered to get you the information.

**Senator IAN MACDONALD**—Do you know why they cannot, Minister? They will not tell me, but I will tell you: it is because this is a complete pakapoo ticket that has not been thought through by the Rudd government. It is a complete shambles. It will not start on 1 July, people will lose their jobs and the regional development organisations in Queensland are doing quite well without any involvement from the Commonwealth, and they do not want it. It is a complete shambles. It is typical of your government and its media release way of running the country—without any of this detail being done. Any of the officers will confirm with you what I am saying because they do know what is happening in Queensland and they do know that it is an absolute pakapoo ticket. I invite any of the officers to tell me that I am wrong.

**Senator Conroy**—Senator Macdonald, that was a diatribe of inaccurate and politically-laced statements masquerading—if I can give it that pretence—as a question. The officers at the table are not going to respond to you inviting them to agree with your opinion. If you would like that information, we will get it for you, or provide it on notice.

**Senator IAN MACDONALD**—I am very happy for them to challenge my opinion and tell me that I am wrong. I know they will not because they agree with me 100 per cent—they could not do otherwise.

**CHAIR**—I know your colleague Senator Back does.

**Senator IAN MACDONALD**—I have a lot of questions, as I indicated earlier.

**CHAIR**—I urge you to ask the questions, rather than go into a late-night rant.

**Senator Conroy**—We have offered to give you the information. We will take it on notice.

**Senator IAN MACDONALD**—Can you tell me why it was that the Torres Strait ACC was shut down?

**Ms Foster**—I would have to take that on notice. I do not know.

**Senator IAN MACDONALD**—Nobody knows? Do you know where the Torres Strait is?

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—It is up in the north of Queensland. It had its own area consultative committee because it is a special area. It is some distance, quite remote from Cairns. You are aware of that?

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—As I understand it, Torres Strait and Cairns are being joined together in an RDA. I am not sure who they are partnering with, but we will find that out in the next five weeks, I guess. Is that the intention—that Torres Strait is to join with Cairns?

**Senator Conroy**—We have just had a discussion about Townsville—and I appreciate you have a legitimate question about Cairns and Torres Strait, but the same applies. That level of detail the officers do not have at the table, and they are happy to take it on notice and get you the information. It was only completed in the last few days. They are now working, I am sure, hard on the ones that are not complete. It is a perfectly reasonable question that you are asking, Senator Macdonald, and we will get you the information. We are happy to take it on notice.

**Senator IAN MACDONALD**—I repeat the question: is it the fact that Torres Strait will now be incorporated into Cairns? If you do not know, please say you do not know.

**Ms Foster**—I do not know.

**Senator IAN MACDONALD**—Do any of your officers know?

**Mr James**—Yes, that is correct.

**Senator IAN MACDONALD**—Thank you. You see, it is not difficult, Minister, when you let the officers answer. I know they know what is happening, although I have never spoken to them before today and probably they will not speak to me ever again; it is nothing personal. I know you are there to try and make bad policy work. I understand your constraints.

**CHAIR**—Is there a question, Senator Macdonald?

**Senator IAN MACDONALD**—Are you aware if any of the Torres Strait Island board members of the ACC will be incorporated into whatever transpires in Cairns?

**Ms Foster**—I would imagine, as with the other arrangements, that those things are currently being worked out.

**Senator IAN MACDONALD**—Can you assure me that you have sufficient money, should arrangements not be ready by 1 July, to continue funding the operations and wages of former ACC staff—they will then be called RDA but they will not have a partner in many instances—through to whenever they do come to some new arrangement?

**Ms Foster**—We will continue to work with the ACCs where necessary, but I would reiterate that we are not actually paying salaries. We fund the ACC and it makes decisions about what to do with that money.

**Senator IAN MACDONALD**—Sure. You will continue funding to enable them to continue with their present staff—

**Ms Foster**—That is right.

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**Senator IAN MACDONALD**—until the new arrangement comes.

**Mr James**—That is correct.

**Senator IAN MACDONALD**—That much is a bit of a relief. Minister, you might have to answer this one. Are you aware of why the parliamentary secretary, who is also the parliamentary secretary for Northern Australia, has reduced the number of ACCs/RDAs in Northern Australia by one?

**Senator Conroy**—I believe that that is correct. It is an outcome after negotiations with the Queensland government.

**Senator IAN MACDONALD**—My question really was why the only minister in the government who has a special interest in Northern Australia has in fact reduced benefits to Northern Australia by one. That is why I have asked you, rather than the officers. Do you have any idea why someone who is allegedly promoting Northern Australia is actually taking away a benefit from Northern Australia?

**Senator Conroy**—The list of endorsements from those involved all over Australia is quite substantial. I have got a long list of them here, Senator Macdonald and I am more than happy to share them with you. Your allegation of taking away a benefit is nothing more than an unsubstantiated allegation. So I reject utterly the basis on which you are making this allegation.

**Senator IAN MACDONALD**—Minister, can I take you through it? There used to be four ACCs in Northern Queensland. There are now three. Tell me that that is not reducing the benefits.

**Senator Conroy**—We have agreed on the maths. What I am rejecting is your assertion that benefits are being reduced.

**Senator IAN MACDONALD**—So having their own ACC in a part of Northern Australia before and not having their own now is not a diminution of benefits?

**Senator Conroy**—It is a result of negotiations with the Queensland government. If you want to talk about diminution of benefits, I have already explained tonight. When you came to power in 1996, the first thing you did was cut \$150 million from regional programs and sack more than 200 staff, so do not sit here and try and suggest that we are taking away benefits. You took away 200 jobs and \$150 million.

**Senator IAN MACDONALD**—I will not even glorify that stupid comment with a response, Chair.

**CHAIR**—It hurts, does it? Does the truth hurt?

**Senator IAN MACDONALD**—Okay, Chair, if you are inviting me to: the number of people working in regional Australia substantially increased under the coalition government. At the same time we were paying off a secret \$10 billion current account deficit in the 1996 budget and paying off a debt of \$96 billion left to us by the last Labor administration and savings had to—

**CHAIR**—Is there a question, Senator Macdonald, or another rant?

**Senator IAN MACDONALD**—They are the same sorts of comments, Chair, that you readily allow Senator Conroy to make, and for as long as you allow him to make them you will get them back from me.

**CHAIR**—So is there a question or another rant? I take it you are agreeing that that is a rant, Senator Macdonald. So if you have a question—

**Senator IAN MACDONALD**—You call it what it is, Chair.

**CHAIR**—A late-night rant.

**Senator IAN MACDONALD**—Just show your fairness in chairmanship—

**CHAIR**—Truth hurts.

**Senator IAN MACDONALD**—by making derogatory comments—

**CHAIR**—Have you got a question, Senator Macdonald, or are you just going to sit here and listen to your own voice? I hope you have a question. Put it to the officers or the minister please, Senator Macdonald, or we will go to your colleague.

**Senator IAN MACDONALD**—Thank you for your fairness in your chairmanship, Mr Chairman.

**CHAIR**—You are welcome.

**Senator IAN MACDONALD**—Typical Labor stuff, so I appreciate that. These are clerical questions, which I will put on notice, about things like staffing presently, funding presently. Will you be able to get me that information, if I put those on notice?

**Mr Tongue**—We will endeavour to answer them. Without having seen them, I cannot guarantee that we will have answers to them—

**Senator IAN MACDONALD**—Things like what staff have been right across Australia. Before I finish on this and pass over to my colleagues, who might have questions on Regional Development Australia—and good luck to them; I hope they do better than I did—what have these ACCs been doing since the election in November of 2007?

**Mr James**—They have conducted, last year, a range of consultations as part of inputting design of the future arrangements. The first consultation was on RDA arrangements going forward and what community views were about those. The second was about priorities for designing any new infrastructure programs, community infrastructure programs, and the third was about those priorities. They were all public consultation processes.

**Senator IAN MACDONALD**—You told me earlier that, in the past, a major part of their work was assisting people make applications for funding.

**Mr James**—Correct.

**Senator IAN MACDONALD**—I take it they have not been doing that since November 2007.

**Mr James**—No, they have not. They have also been continuing to run workshops, as they do for communities, to participate in regional planning activities with local government and other agencies, and continue to administer contracts that they may have with state or other government agencies, as well as ad hoc consultations.

**Senator IAN MACDONALD**—These are contracts put in place under formal federal government programs?

**Mr James**—And/or state government.

**Senator IAN MACDONALD**—In state government programs?

**Mr James**—Yes. They are independent bodies. They can take work and tender for work from all levels of government.

**Senator IAN MACDONALD**—Did they generate their own funding outside of federal government grants?

**Mr James**—Some from other contracts, but it does not form a large proportion of their budgets.

**Senator IAN MACDONALD**—You are saying that they would have got them from state governments, being the administrator, so to speak, for state government projects?

**Mr James**—In the main, yes.

**Senator IAN MACDONALD**—Is there anywhere else where they would have got money?

**Mr James**—Not to my knowledge, but I could take that on notice.

**Senator IAN MACDONALD**—Certainly. You have said that their main job, all the way through, has been assisting people complete applications for grants. They have not been doing that since November 2007, so a substantial part of their work has been taken away from them for the last 18 months, and you say that they have continued with their normal consultation and administration that they always did as well?

**Mr James**—That is correct.

**Senator IAN MACDONALD**—That sounds like another valuable use of the taxpayers' money in these areas. I will put the rest of those on notice. I do have, Chair, a lot more questions on regional development issues apart from RDA, and on local government and Northern Australia—which really would flow into this, I would suggest—but if others want to talk particularly on RDA, I will pause for a moment.

**CHAIR**—Thank you, Senator Macdonald. Senator Back, on RDA?

**Senator BACK**—Yes, thank you, Chair. I have sat somewhat wistfully listening to the discussion about Queensland. Could you tell me, in my state of Western Australia, what role the Commonwealth has played in this regional development mix or transition?

**Mr James**—Negotiations are continuing with the Western Australian government about arrangements that could operate in Western Australia for Regional Development Australia.

**Senator BACK**—What is the status quo now?

**Ms Foster**—There is no status quo. The arrangements are yet to be finalised.

**Senator BACK**—But in terms of area consultative committees, what is the status in Western Australia now?

**Mr James**—They have been advised that agreement is imminent with the Western Australian government, and they should be preparing for that basically.

**Senator BACK**—How many committees are there in Western Australia now? Do you know?

**Mr James**—There are currently nine.

**Senator BACK**—Is it your expectation that that would be replaced by nine regional development bodies?

**Mr James**—I cannot give an indication.

**Mr Tongue**—We would be only speculating until we have concluded our negotiations with the Western Australian government.

**Senator BACK**—Typically, would the Commonwealth then have a role in appointing board members to each of the new bodies or is that—

**Mr Tongue**—Same process as Ms Foster outlined.

**Senator Conroy**—Yes. We have been through that a little earlier.

**Senator BACK**—But I am just asking would it be the same scenario in Western Australia as it would be in the other states and territories?

**Ms Foster**—We will know that once the agreement is concluded.

**Senator BACK**—So that is, presumably, the subject of some negotiation between the Commonwealth and the states?

**Ms Foster**—As it is with every state.

**Senator BACK**—Thank you. My other questions, Chair, relate to delivery of local government services and they are not specifically to RDA.

**CHAIR**—I will just check with Senator McGauran. Was your one question on RDA, Senator McGauran?

**Senator McGAURAN**—No.

**CHAIR**—You may as well, in continuation, give your colleagues a chance to have a cup of tea or something. Senator Back, do you want to carry on?

**Senator McGAURAN**—Are you staying on RDAs?

**CHAIR**—No. He has finished on RDAs.

**Senator BACK**—Do you wish to continue the RDA/ACC thing?

**Senator McGAURAN**—No.

**Senator BACK**—Fine. Are you familiar with what I guess would be regarded as a keynote address by the Prime Minister at the Australian Council of Local Government meeting in November of last year?

**Ms Foster**—Yes

**Mr Tongue**—Yes.

**Senator BACK**—For the benefit of those who might not be, the Prime Minister, I think, acknowledged at that time the contribution of local government—

**Senator Conroy**—I have asserted that.

**Senator BACK**—Thank you. I think he mentioned that something like 650,000 kilometres of roads are under administration by local government, \$214 billion of assets which were under strain, and I think he mentioned that PricewaterhouseCoopers, as a result of a 2006 in-depth study, has said that at that time there was about \$1 billion per annum of underspending. Quite rightly, I think he went on to outline the importance of local government and the need for long-term reform, which does bring me to my question, Chair. He also, of course, made mention of the need for a significant improvement in both asset management and financial management, and those of us who have been involved in local government administration would have no difficulty in agreeing with that. But he went on to say that, before we can actually get a handle on these things, we have got to know what the assets are, what their condition is, and what sort of expenditure needs to be undertaken to bring them back up to an acceptable level for the community. I would think that that probably gave them encouragement to make a submission to government for the 2009-10 budget. Are you aware that the Australian Local Government Association did make a submission in the budget for funding?

**Ms Foster**—Yes.

**Senator BACK**—Do you know what those levels of funds were that they were seeking?

**Ms Foster**—From memory, it was some \$30 million—is that right? \$13 million.

**Senator BACK**—The figure I had was less than \$30 million. The figure I had was \$20 million, over four years, but I do not know if that is accurate.

**Ms Foster**—I thought that it was \$13 million over four years.

**Mr McRandle**—I think the ALGA submission in the budget was \$13 million for one component and a further \$7 million for data collection, which gave a total of \$20 million, but the asset management and financial planning aspects, in my understanding, was \$13 million of that \$20 million.

**Senator BACK**—Can you tell us what the fate of the application was? Were they successful fully or partially in either the \$13 million or the component of the \$13 million or the \$7 million?

**Mr McRandle**—That is a decision for the government.

**Senator BACK**—Yes, I know. But the budget is down, and I am asking do we know what the outcome was?

**Mr Tongue**—There was no specific budget allocation in these terms, but it is always open to the government, in the vast range of programs that it has, to pick up those issues. In terms of what we are doing with local governments, for example, we are currently in a tendering process for the \$8 million Centre of Excellence for Local Government, which I expect will, amongst other things, touch on those issues. So we have a fairly broad engagement with local government from our portfolio, and local government in turn has a much broader engagement

across the whole Australian government. Whilst it is not in there, there are a range of buckets for local government.

**Senator Conroy**—From a government perspective, all of these issues are still under active consideration.

**Senator BACK**—Excuse my ignorance; I am new at this process. Because there is no evidence in the actual budget papers of an allocation—and I cannot find it either, so I am pleased to the extent that at least I am not that ignorant—you are saying that—

**Senator Conroy**—It is still under consideration.

**Senator BACK**—it is still under consideration and it is possible that there may be—

**Senator Conroy**—I could not speculate.

**Senator BACK**—Sure. When would local government be likely—

**Senator Conroy**—Could I take that on notice and ask the minister to give you some further information on that?

**Senator BACK**—Yes, of course. That is the thrust of the question. Many of us do have an association with local government and we know the pressure they are under. Thank you, Minister, for taking that on notice. I will be most appreciative. Do you, as an organisation, have any involvement in rationalisation of local governments in Australia? Do you give any advice?

**Mr Tongue**—No, that is a state government issue.

**Senator BACK**—Totally state government?

**Mr Tongue**—Totally state government.

**Senator BACK**—Without any involvement?

**Mr Tongue**—None from us.

**Senator BACK**—Even if you thought there might be savings to be made or rationalisation or better use of assets?

**Mr Tongue**—Not us, no.

**Senator BACK**—Not in any way at all? Chair, thank you, those were the questions I wanted to ask with regard to asset management.

**CHAIR**—Thank you, Senator Back. Do you have any other questions in this area?

**Senator BACK**—Not at the moment.

**CHAIR**—Okay. Senator McGauran?

**Senator McGAURAN**—I will just quickly finish with Eric Abetz's last question. It is to do with the Jobs and Training Compact fund.

**Ms Foster**—Yes,

**Senator McGAURAN**—It is in the portfolio budget statements, and I need clarification. The administration expenses in 2011-12 are zero, yet the departmental expenses are \$126,000. Why is it zero?

**Ms Foster**—It is a two-year program. It runs over the next financial year and the year after.

**Senator McGAURAN**—Thank you.

**CHAIR**—Thank you, Senator McGauran. Senator Macdonald?

**Senator IAN MACDONALD**—I want to talk generally about regional development. In relation to the \$16.2 million announced by the minister on 30 April for the Flinders Street Mall redevelopment in Townsville, what funding is that coming out of?

**Ms Foster**—That sounds to me like the Community Infrastructure Program's strategic projects.

**Senator IAN MACDONALD**—Is that administered by your department?

**Mr Tongue**—Yes.

**Senator IAN MACDONALD**—Can you tell me what happens to those announcements when they are made? Do they go up on a website? How are they progressed from when the minister announces them?

**Senator Conroy**—They certainly were in the *Townsville Bulletin* the next day.

**Senator IAN MACDONALD**—They certainly were.

**Senator Conroy**—The local mayor, who I am sure is very well known to you—Councillor Tyrell—said:

This will change the whole tapestry of Townsville and give us an excellent entry to our city ...

He also said:

It is fantastic news, this is the third part of the jigsaw that we have been putting together over the last 12 months ... There is no doubt this is the project in Townsville that is on top of everybody's list.

**Senator IAN MACDONALD**—With respect, Minister, I know all that.

**Senator Conroy**—He said:

The council is grateful to Minister Albanese and the co-operative way he has worked with us on the proposal and his tremendous help guiding us.

**Senator IAN MACDONALD**—This is not an answer to my question.

**Senator Conroy**—I just wanted to make sure we were talking about the same project.

**Ms Foster**—We enter into a contract negotiation and, once that contract is finalised, we are then required within seven days to put it on our website.

**Senator IAN MACDONALD**—So you need the contract signed before you can put it on the website?

**Ms Foster**—That is right.

**Senator IAN MACDONALD**—Okay. I was a bit concerned. I could not see it on the website and I was hopeful that that did not mean that it was just another smoke and mirrors thing. That is good. How are the contract negotiations going? Are we close to a finalisation of the contract?

**Ms Foster**—I do not know for that specific project.

**Senator Conroy**—We believe the release is on the website.

**Senator IAN MACDONALD**—Not the release, Minister. I have got the release here, thanks. I do not need it on the website.

**Ms Foster**—The project is up on the Nation Building website.

**Senator IAN MACDONALD**—Is it?

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—My advice was Tuesday, 26 May, that it was not, so I am pleased to hear that.

**Ms Foster**—We will check, but my understanding is that all 137 projects are up on the Nation Building website.

**Senator IAN MACDONALD**—That will be under [www.economicstimulusplan.gov.au](http://www.economicstimulusplan.gov.au)?

**Senator Conroy**—You could be at the wrong one. We did have a discussion about this yesterday. There are a couple of different websites and it is possible that your office checked the wrong one, Senator Macdonald. What is the name of the other one?

**Mr Tongue**—I think the other one is [nationbuilding.gov](http://nationbuilding.gov).

**Senator IAN MACDONALD**—Okay. When someone asks the question, I will have a look on my computer for [www.nationbuilding.gov.au](http://www.nationbuilding.gov.au).

**Mr Tongue**—I think that is it.

**Senator IAN MACDONALD**—If my computer were as speedy as the minister's, I could do that while we talk.

**Senator Conroy**—I am sure your office will be able to do it for you and you can keep going.

**Senator IAN MACDONALD**—I unfortunately do not have the staff you have, Minister, to do those things at my beck and call these days. My question was: when do you expect the contract will be close to finalisation?

**Ms Foster**—We are hoping within a short period—a matter of weeks.

**Senator IAN MACDONALD**—You do not need me to tell you that it is a much-wanted project in Townsville.

**Senator Conroy**—The mayor said:

There is no doubt this is the project in Townsville that is on top of everybody's list.

And:

The council is grateful to Minister Albanese ...

**Senator IAN MACDONALD**—Thank you, Little Sir Echo. I do not need you to repeat what I just said. Could I ask about the Better Regions program?

**Senator Conroy**—Can I just clarify: you voted against that funding, didn't you, Senator Macdonald? You voted no to it. So did you, Senator McGauran. Senator Back gets a leave pass, because he was not there.

**CHAIR**—Minister, at this late hour of the night, Senator Macdonald is getting through his questions now, and I would encourage hearing the questions and coming straight to the answers so that we can progress.

**Senator IAN MACDONALD**—Thank you, Chair. I will just ignore those ridiculous interventions. With Better Regions, I think Senator Nash asked you how many funding contracts the government has entered into. Did she ask you that?

**Ms Foster**—She did.

**Senator IAN MACDONALD**—And you said you would take that on notice?

**Ms Foster**—No, we said that there were 20.

**Senator IAN MACDONALD**—And did you take on notice exactly what those projects are and what electorates they are in?

**Senator Conroy**—We did not know the electorates. We read out the names and then we took on notice—

**Ms Foster**—To get more detail.

**Senator Conroy**—to get more details on the ones she asked about.

**Senator IAN MACDONALD**—Okay, I do not need to ask that if Senator Nash has gone down those lines. I want to talk briefly about the Regional and Local Community Infrastructure Program. If I can refer you to the budget paper at pages 78 to 89 that outlines funding for outcome 3.2, Local government. This funding—\$490 million—is being spent in 2008-09 on the \$800 million Community Infrastructure Program works, with about \$310 million allocated in the 2009-10 year. Will the \$490 million earmarked for this year actually be expended in the 2008-09 year?

**Ms Foster**—That is made up of both the competitive process—the \$550 million—and the \$250 million program which was done on an allocation basis to each council. That allocated money has already been spent. All \$250 million has been entered into contracts and transferred to local governments. Of the remaining money for the strategic projects component of the program, we believe we are still on track to make the initial payments this year.

**Senator IAN MACDONALD**—That means in the next five weeks.

**Ms Foster**—That is right.

**Senator IAN MACDONALD**—So there is no requirement for the recipients to spend it in the 2008-09 year; it is just the requirement for the Commonwealth to get rid of the money out of its bank account by 30 June.

**Ms Foster**—This means that we need to expend that money, and we would do that by paying the states when, for example, contracts are signed.

**Mr Tongue**—And there are specific contractual requirements for councils in terms of the expenditure, such that on the \$250 million program all of it is spent between now and September. Then for the other component there will be specific milestone payments.

**Senator IAN MACDONALD**—We are talking about the same thing, though, are we? That is for the \$800 million Community Infrastructure Program?

**Ms Foster**—That is right. There are two components.

**Senator IAN MACDONALD**—There are two components of it, yes. You are saying that the \$250 million going to individual councils has been expended because you have got rid of it out of your bank account and councils have to spend it by 30 September.

**Mr Tongue**—Yes.

**Senator IAN MACDONALD**—What happens if they don't? Can they apply for extensions?

**Ms Foster**—We will work with them to ensure that they are in a position to complete their projects. One of the conditions of that program was that the projects were ready to start and were able to be completed by September.

**Senator IAN MACDONALD**—Can you tell me the date on which the first funding agreement with the local authority was signed?

**Ms Foster**—I would have to take that on notice.

**Senator IAN MACDONALD**—I appreciate that. Can you tell me about when it was signed?

**Ms Foster**—Yes, I can. It was about the time of our last estimates hearing.

**Senator IAN MACDONALD**—February?

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—Thank you. Can you also, perhaps on notice, tell the committee the date of the first payment to the local government authorities under that program. So we want date of signing and date of payment.

**Ms Foster**—It was very shortly after that.

**Senator IAN MACDONALD**—Okay. How many agreements for expenditure of that \$250 million remain today to be signed, or are they all signed?

**Ms Foster**—They are all signed. We need to sign the agreements before we can transfer the funds, so all of the agreements were signed and all of the funds have been transferred.

**Senator IAN MACDONALD**—None of the councils have refused funding under the government's announcement?

**Ms Foster**—No.

**Senator IAN MACDONALD**—Everyone has taken them?

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—There is no local authority still waiting for its money? I take it that that follows from what you are telling me.

**Ms Foster**—That is correct.

**Senator IAN MACDONALD**—Therefore, is it right that the \$79.3 million funding allocated to New South Wales has been actually distributed to all of those local governments?

**Ms Foster**—That is right.

**Senator IAN MACDONALD**—And the total \$50 million for Victoria has already gone?

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—Okay. I will not go through each state. Clearly, it has all gone in each state. Have any projects been withdrawn or modified since that deadline that I understand was placed of 30 January 2009 to have those submissions in?

**Ms Foster**—Yes. For example, we made special provisions for the councils that had been affected by floods or fires and offered them the opportunity to change their projects should they have different requirements to respond to the impact of those disasters. Several councils took advantage of that opportunity.

**Senator IAN MACDONALD**—Have any councils contacted you to say that unfortunately their projects are not shovel-ready?

**Ms Foster**—Not to my knowledge.

**Senator IAN MACDONALD**—The strategic projects, the 550 which you spoke about before, is the competitive part, I take it?

**Ms Foster**—That is right.

**Senator IAN MACDONALD**—How many council applications have been rejected or—I guess that means—not successful?

**Ms Foster**—There were a little over 480 applications and 137 were selected.

**Senator IAN MACDONALD**—And the cost of each project? These have now been released publicly?

**Ms Foster**—All of these are, again, on the Nation Building website.

**Senator IAN MACDONALD**—Okay. Were those that were not successful given reasons for the rejection?

**Ms Foster**—They were advised that they were not successful.

**Senator IAN MACDONALD**—And reasons given?

**Ms Foster**—No, I do not believe so.

**Senator IAN MACDONALD**—Usually you do—

**Ms Foster**—They were offered the opportunity to contact us. We have a helpline that relates to this program.

**Senator IAN MACDONALD**—The helpline will explain to them what they did wrong, or why they did not fit the criteria, or just that they were all good projects but there wasn't enough dough?

**Ms Foster**—Ultimately it was a matter for government.

**Senator Conroy**—It has been suggested to me that these ones may be under economicstimulusplan.gov.au rather than Nation Building.

**Senator IAN MACDONALD**—Which? The \$550 million?

**Senator Conroy**—The ones we are discussing. The suggestion has been made to me that you will find them on the Economic Stimulus Plan rather than the Nation Building.

**Ms Foster**—Thank you, Senator.

**Senator IAN MACDONALD**—The ones we were talking about half an hour ago?

**Senator Conroy**—No.

**Senator IAN MACDONALD**—These ones here? Okay.

**Senator Conroy**—I did not want you to go to the wrong place, that was all.

**Senator IAN MACDONALD**—I have not even asked about this place yet, but thank you, Minister.

**Mr Tongue**—I misled you, Senator, I am sorry. I think I said ‘Nation Building’ and I should have said ‘Economic Stimulus Plan’.

**Senator IAN MACDONALD**—I see. All right. Are you aware of what, if any, of the projects that have been approved for this funding have actually been sod-turned—construction has started?

**Ms Foster**—We are just in the process of negotiating the contracts with those proponents, with those councils.

**Senator IAN MACDONALD**—That means none of them would have started?

**Ms Foster**—Not the stage we are funding. It is possible that we might be funding a stage in a project which is already under way.

**Mr Tongue**—Can I just clarify: that relates to the 550, not the 250.

**Senator IAN MACDONALD**—Yes, I know, the 550. The deadline for applications under that 550 program, if I can call it that—you see, I am picking that up too: saying ‘550’ instead of saying ‘550 million’ or ‘billion’.

**Senator BACK**—We need to get back to some honesty in some of those—

**Senator IAN MACDONALD**—Yes, okay. I will still use the ‘550’. I have been taught by my Prime Minister. In that program, the deadline for applications was set at 6 March. Were there any applications received after that date?

**Ms Foster**—My memory is—and I am just trying to make sure I have got the right program—that we made, again, some special arrangements for the disaster affected councils.

**Senator IAN MACDONALD**—It might be better to take that on notice.

**Senator Conroy**—Yes, we are happy to take that on notice.

**Senator IAN MACDONALD**—What, if any, came in late? Were they dealt with? If so, why? For the ‘Why?’ it would be ‘Because they were’, and perhaps you could just give us details of which ones they were.

**Ms Foster**—Certainly.

**Senator IAN MACDONALD**—Again, my question—perhaps it is out of date—is: can you tell me why these projects are not listed on the department's website [www.economicstimulusplan.gov.au](http://www.economicstimulusplan.gov.au)?

**Senator Conroy**—These ones are possibly on the Nation Building one.

**Senator IAN MACDONALD**—You wouldn't think, Minister, that this almost seems like people do not want people to really follow all these through?

**Senator Conroy**—I would love to tell you we have this degree of organisation to frustrate you, Senator Macdonald, but I actually do not think we do.

**Senator IAN MACDONALD**—That is good to hear. That is about all I have there. Chair, unless my colleagues have other areas, I now want to go into Financial Assistance Grants and then that would just about take me on to Northern Australia.

**CHAIR**—Senator Macdonald, it is all yours.

**Senator IAN MACDONALD**—Excellent. Thank you, colleagues. Thank you, Senator McGauran. At page 20 in the budget paper, it draws forward the quarterly payment of the Financial Assistance Grants from next financial year into the current financial year. Could you tell the committee what the rationale was behind that? We have just debated this in the parliament and I raised it there, but I am not sure that we got any sensible response from the duty minister at the table. Perhaps you can tell me why that was brought forward.

**Ms Foster**—That was a decision of government to bring that forward.

**Senator IAN MACDONALD**—But why? They must have given some reason for it.

**Senator Conroy**—It was about bringing forward a stimulus for economic activity. It was about responding to the global recession that we are being dragged into, Senator Macdonald. I do not think it was any more cunning than that.

**Senator IAN MACDONALD**—Have they got their cheques yet? I do not think they have. The bill just passed through parliament a week ago.

**Mr Pahlow**—That is the issue. The bill has only just received royal assent.

**Senator Conroy**—I would describe it as 'imminent receipt of cheque'.

**Senator IAN MACDONALD**—Minister, I do not want to enter into a debate, but your comment that it was economic stimulus means that they get them this month rather than next month. I am not quite sure how stimulus is the package. Mr Tongue, could it have possibly been that by bringing forward that \$480 million it just means the projected deficit for next year did not quite reach \$58 billion?

**Senator Conroy**—Senator Macdonald, firstly, you are asking an opinion there. Secondly, I am not sure why you would think—

**Senator IAN MACDONALD**—Could I ask you then.

**Senator Conroy**—I am not sure why you would think a \$57.8 billion deficit was going to be more politically difficult for us to manage from your perspective than a \$58.3 billion deficit in terms of—

**Senator IAN MACDONALD**—That makes sense, Minister.

**Senator Conroy**—I do not know why you would think that, if we are going to be having an argument about why this country needs all this infrastructure investment, that individual figure would make a difference. The country needs this money now. It needs it urgently. We are investing 70 per cent of all of our economic stimulus in these sorts of infrastructure packages. That is the government's stated policy.

**Senator IAN MACDONALD**—That makes sense, Minister, but I can only think of two reasons. I have to say that bringing it forward by three weeks will not help with the stimulus. So that reason is not there. If it is not for keeping it below \$58 billion, what could it possibly be?

**Ms Foster**—If we had not brought it forward the payment would not have gone out until August. There are quarterly payments throughout the year.

**Senator Conroy**—I think you will find it was about assisting councils rather than any cunning conspiracy to hide the difference between \$57.8 billion and \$58.3 billion.

**Senator IAN MACDONALD**—Thank you, Minister. Can the officials tell me which council or which local government authority actually requested that it be brought forward?

**Senator Conroy**—I can help you with that, Senator Macdonald.

**Senator IAN MACDONALD**—Good. Thank you.

**Senator Conroy**—Let me quote you from the Australian Local Government Association, 'Local government funding weathers tough budget', 12 May 2009:

Councils will also welcome early payment of the first installment of \$479.7 million of \$1.9 billion in Financial Assistance Grants to local government. As Local Government Minister Anthony Albanese said tonight: 'No community in Australia is immune from the impacts of the global recession'.

That was the Australian Local Government Association.

**Senator IAN MACDONALD**—Thank you, Minister. But, I am sorry, you did not answer my question. My question was not which council welcomed it but which council or local government authority actually asked for it to be brought forward? Do not bother looking, Minister, because I can tell you the answer is 'none'.

**Senator Conroy**—No. I have got the entire press release. I can read it all to you. I can repeat myself if you like.

**Senator IAN MACDONALD**—No, Minister, can you please listen to the question. I am not asking who welcomed it. I am saying which council asked for it before the government made the decision? It is a rhetorical question. The answer is 'none'.

**Senator Conroy**—I know it is a rhetorical question.

**Senator IAN MACDONALD**—The answer is 'none'.

**Senator Conroy**—Perhaps you would like to ask a non-rhetorical question.

**Senator IAN MACDONALD**—Your suggestion earlier that councils were demanding is also blown out of the water, because not one council or local government association actually

asked for it. They are happy enough to get it, but not one of them asked. It makes you wonder, and it must come back to the \$300 billion—

**Senator Conroy**—I guess you spent too much time on conspiracy theories in the past, Senator Macdonald. That is all I can offer you at this point.

**Senator IAN MACDONALD**—I have been around the Labor Party for 18 years now, Minister. I am almost beginning to work out how you work. Can I suggest to you, too, that next time you and Senator Carr start discussing preselections in western Victoria you should not do it while I am in the room, because I do not like eavesdropping, but I could not help but listen yesterday lunchtime. Talk about conspiracy theories. I heard one happening, Minister.

**Senator Conroy**—I am sure it was illuminating.

**Senator IAN MACDONALD**—It was. After 18 years, I am now a little bit wiser on how the Labor Party works.

**Senator Conroy**—I am sure it was illuminating—not!

**Senator IAN MACDONALD**—Walls have big ears, but you were sitting in front of me. It is your fault, not mine. Perhaps you wanted me to hear it so that I could—

**Senator Conroy**—It is another cunning conspiracy plan. We cannot believe that you have not told the people we wanted you to tell yet.

**Senator IAN MACDONALD**—I was not quite sure which of the factions in Victoria, or I would have given them a ring. I am not sure who the other lot is.

**Senator Conroy**—Guilty as charged, Senator Macdonald. You have got me.

**Senator IAN MACDONALD**—I am not sure if there are any still alive.

**Senator Conroy**—Moving on. Northern Australia.

**CHAIR**—Before we get on to Northern Australia: Senator McGauran?

**Senator McGAURAN**—Chair, I want to lay the groundwork here. The backdrop to my questioning and inquiry is a very serious misuse, misappropriation of—

**Senator Conroy**—I thought we weren't going to get onto the Tree of Knowledge.

**Senator McGAURAN**—and false pretences of raising government funds, or applying for government funds. That is the backdrop. So you will understand that—

**Senator Conroy**—Can you just ask the question?

**Senator McGAURAN**—It will not be just questions. There has to be a backdrop to the questions.

**CHAIR**—No, sorry, Senator McGauran—

**Senator McGAURAN**—The government paid over money—

**Senator Conroy**—This is Senate estimates. I am happy for you to ask questions, Senator McGauran.

**CHAIR**—I am going to assist you here. Sorry, Senator McGauran, but we do want to get onto the Office of Northern Australia. You will get to ask your question, but could you just put the question to the minister or the officials.

**Senator Conroy**—We do not mind a little bit of commentary, but the threat of a backdrop from you has brought us to our knees.

**CHAIR**—Minister, do not encourage Senator McGauran. We will just get the question out and then the officers can answer.

**Senator McGAURAN**—I am going to say that government money has been handed over under false pretences by all those that have paid into the Barcardine monument—the Labor sacred site—so I would ask the officers this question: why was \$2.6 million paid from the federal aspect?

**Senator Conroy**—Was it an election commitment?

**Ms Foster**—It was an election commitment.

**Senator McGAURAN**—On what grounds?

**Senator Conroy**—It was an election commitment. It is not what grounds. It was an election commitment that has been supported, as I have explained at considerable length, by National Party MPs and Liberal MPs in the area. You are Robinson Crusoe on this one. Even Senator Macdonald cringes.

**Senator IAN MACDONALD**—Be careful.

**Senator Conroy**—Even Senator Macdonald cringes.

**Senator McGAURAN**—We know it was an election commitment.

**Senator Conroy**—Yes.

**Senator McGAURAN**—But why was it given? What does the tree represent?

**Senator Conroy**—We believe it is a significant historical site in Australian political activity.

**Senator McGAURAN**—They sat under the tree.

**Senator Conroy**—I am positive I have got some quotes here.

**Senator McGAURAN**—This is the point I am trying to establish. This is why the money was handed over.

**Senator Conroy**—I found them.

**Senator McGAURAN**—It is a myth, perpetuated knowingly by the Labor Party, that this is where the Labor Party began. They actually sat under the tree during the shearers' strike. In fact, I would even like to say that national heritage have listed it as one of Australia's national heritage places.

**Senator Conroy**—Government placed it on the National Heritage List.

**Senator McGAURAN**—That is right. Here are the grounds that they placed it on the National Heritage List:

... meeting place for shearers during their unsuccessful strike in 1891

On those grounds it takes its place up with the Flemington Racecourse, the Sydney Harbour Bridge, the Sydney Opera House, Mawson's Hut, Eureka Stockade Gardens, Melbourne Cricket Ground, with all those great Australian monuments or establishments.

**Senator Conroy**—Greg Hunt said that the 150-year-old tree 1,000 kilometres north-west of Brisbane had played a major role in Australia's political and regional history.

**Senator McGAURAN**—So along with Sydney Harbour, we have got that. That is what they have built in Barcaldine. They ought to be ashamed of themselves. What a mockery the town has been reduced to. But my point is this: it has been placed in the National Heritage List on the grounds that it was a meeting place for the shearers. The Labor Party have perpetuated this myth, knowingly, and so has the local council, knowingly—the mayor—

**CHAIR**—Could I have a question please, Senator McGauran.

**Senator McGAURAN**—let alone the pub owner.

**Senator Conroy**—Senator McGauran, if I could offer a suggestion: if you believe that it has been incorrectly listed, could I invite you to take it up with National Heritage? They may have an appeals process, and I am sure that—

**Senator McGAURAN**—I have.

**Senator Conroy**—I am glad you have. So while you may disagree with its listing, this is not the place to raise questions.

**Senator McGAURAN**—Here is the point: the council, let alone the Labor—

**Senator Conroy**—Take it up with the council.

**Senator McGAURAN**—The Barcaldine Reg Council.

**Senator Conroy**—I think they are probably a National Party council, aren't they?

**Senator IAN MACDONALD**—It is inappropriate, Minister, to label anyone as a member of any particular party, particularly when these councils do cherish their independent status in the bush in Queensland.

**CHAIR**—I can help you out, Senator McGauran. I do not think that is a secret.

**Senator Conroy**—That is your sterling defence of Senator McGauran?

**CHAIR**—Please hear me out, and then I will give you the right of reply. It is just that this is the third set of Senate estimates, Senator Macdonald, where we are going down the same line continually.

**Senator Conroy**—I think Senator McGauran is moving to a question finally.

**CHAIR**—And I am sure that there are a lot of questions that might want to be asked of the Office of Northern Australia in the time we have left.

**Senator IAN MACDONALD**—Mr Chairman, I have this ability that people do not listen to me, which distresses me sometimes. I was not commenting on this project; I was commenting on the minister's portrayal of the Barcaldine Regional Council as being a National Party council. I do not know whether it is true or not.

**Senator Conroy**—Oh, you know everything, Macca!

**Senator IAN MACDONALD**—Hang on! I think you might be surprised. But, whatever, I am just making the point that people should not be labelled as being members of any political party when they are in councils that do cherish their independence and non-political nature.

**CHAIR**—I accept that. Let's get on with the questioning. Senator McGauran has a question.

**Senator Conroy**—Quickly, Senator McGauran, before you lose the call.

**Senator McGAURAN**—The council knowingly have claimed that this tree was a meeting place for the shearers, and under that false pretence they applied for money from the Commonwealth. The point is: no shearers ever met under that tree.

**CHAIR**—Senator McGauran, do you have a question?

**Senator HEFFERNAN**—Did you poison the tree?

**Committee member interjecting**—He has no alibi. I checked.

**Senator McGAURAN**—You know it, and the Labor Party know it.

**Senator Conroy**—That is an issue that you should take up with National Heritage. I am not denying you the right to have the debate but it is not a relevant issue here.

**Senator McGAURAN**—It is relevant, and I will tell you why: before the money was spent, the Labor Party and the local council knew that this claim about this tree was false.

**Senator Conroy**—So Mayor Rob Chandler, who said that there has been a positive reaction to the 18-metre timber and steel structure. He said:

“We've got wonderful feedback from visitors who have had a look at it prior to its opening,” he said.

“I think people will grow to love it and take ownership of it.

“The whole idea of this exercise was to create a new attraction for outback Queensland.:

You are saying he is involved in a fraud?

**Senator McGAURAN**—He knew very well before the opening of that that no shearer ever met under that tree. Do you know the former federal politician, Queensland ALP state secretary and party historian Manfred Cross? Are you aware of this gentleman?

**Senator Conroy**—I think I was a staffer when he may have just been in his last term or two, but I cannot say that I—

**Senator IAN MACDONALD**—A good man, Manfred.

**Senator Conroy**—I cannot say anything other than good things about him but I do not know him well.

**Senator McGAURAN**—He claims that the historians, Peter and Sheila Forrest, who did the investigations on this—on behalf of the council I should add; that is how this has come out—are right. He said they are right; no shearers met under this tree, ever, and it is not the birthplace of the ALP. What is more, Denis Murphy—who has since passed away, but Mr Cross quotes him—the former ALP state president, also said the same. Both of them are noted Labor historians. We have a scandal here. We have a fraud.

**Senator Conroy**—You are saying that Mayor Rob Chandler—

**Senator McGAURAN**—We have a fraud.

**Senator Conroy**—and the local council are involved in a fraud.

**Senator McGAURAN**—I am saying the Labor Party—

**Senator Conroy**—You said they knew this beforehand and they are saying these things—

**Senator McGAURAN**—Well, they do!

**Senator Conroy**—So they were engaged in this fraud?

**Senator McGAURAN**—The council were aware of Mr Forrest's—

**CHAIR**—I think that is what Senator McGauran—

**Senator Conroy**—Do not beat around the bush. You are not a shy man. You are saying Mayor Rob Chandler and the local council are involved in this fraud.

**Senator McGAURAN**—The council who commissioned the historians Peter and Sheila Forrest were aware that there was no evidence whatsoever that this tree ever hosted a meeting of shearers; in fact, there was evidence to the contrary. They were aware of that, and so was the ALP. This tree—

**CHAIR**—Senator, either put a question to—

**Senator Conroy**—Senator McGauran, I am not denying you the right—

**CHAIR**—I do not like history either, Senator McGauran, because I still suffer the heartburn of watching Hawthorn beat Geelong last year, but I cannot overturn that unfortunately. Do you have a question?

**Senator Conroy**—And I am still getting over Chelsea being beaten by Barcelona, if you want to talk about daylight robbery.

**Senator McGAURAN**—Having stated that, are you aware of it, Minister? Are you aware of this claim about the findings by the historians and the book that is about—

**Senator Conroy**—I have to confess, Senator McGauran, I was not aware of your claim that the mayor and council in Barcaldine were involved in a fraud. No, I was not until you brought that to my attention.

**Senator McGAURAN**—There is a book coming out called *Bush Battleground*, which those historians—as commissioned by the regional council—Peter and Sheila Forrest—

**Senator Conroy**—Senator McGauran, could I seek a ruling on whether these questions are relevant to Senate estimates?

**Senator McGAURAN**—Yes.

**Senator Conroy**—Could I seek a ruling.

**Senator McGAURAN**—It is \$2.6 million of relevance.

**Senator Conroy**—This is a debate for you to take up with National Heritage.

**Senator McGAURAN**—Everything about this tree is a fake. We have established the history is a fake, and this is conceded by Labor historians and the council themselves—the

mayor is well aware of it. I guess the pub owner knows it too. They all know it, they have all been in on this fake history.

**CHAIR**—The gardener at school, yes, they are all guilty.

**Senator McGAURAN**—So that is fake. Now let's get to the tree, the tree itself. How fake is it?

**CHAIR**—I hate to disappoint you, Senator McGauran, but you have 15 seconds and then we are going to a break.

**Senator McGAURAN**—Why? I will continue my questions afterwards.

**Senator Conroy**—No, not unless your questions can relate—

**Senator McGAURAN**—It is misappropriation.

**CHAIR**—This is a ridiculous waste of the senators' time.

**Senator McGAURAN**—It is not a ridiculous waste.

**Senator Conroy**—Senator McGauran, you have had your chance. You have put your case and we have given you a fair run. I will even, for *Hansard*—

**Senator McGAURAN**—This is what stands in Barcaldine.

**Senator Conroy**—say that Senator McGauran is waving a picture of the monument.

**Senator McGAURAN**—Over \$5 million. I am not letting the Labor Party get away with this. It is misappropriation. It is fake history.

**CHAIR**—It is now nine o'clock, Senator McGauran. You still have not made a point, but anyway—

**Senator Conroy**—Senator Macdonald, Northern Australia?

**CHAIR**—Fifteen minutes, thank you.

**Senator McGAURAN**—No, Mr Chairman, I will not have you overrule me.

#### **Proceedings suspended from 8.59 pm to 9.11 pm**

**Senator McGAURAN**—My question is to Mr Tongue, or the minister if he wants to jump in. My claim about the tree being part of the Labor Party history, or even being a meeting place for the shearers—

**Senator Conroy**—'Claim'.

**Senator McGAURAN**—I have reports. Have you seen those reports that the history—

**Senator Conroy**—No, not until you raised it this evening, and now I have some information that has come to me. But they are just claims.

**Senator McGAURAN**—If I were to forward to you—

**Senator Conroy**—Believe me, I have now got extensive information on the claims.

**Senator McGAURAN**—Would you investigate those claims?

**Senator Conroy**—No.

**Senator McGAURAN**—Why not?

**Senator Conroy**—If you would like to dispute the national heritage, take it up with national heritage.

**Senator McGAURAN**—Minister, I think you ought to investigate those claims, because both the Labor Party and the council have admitted that they are true.

**Senator Conroy**—I think you indicated that there is a book about to be published. There will be plenty of debate. I do not think we need the department to waste its valuable resources, which should be better directed to helping Australians who live in regional and rural Australia, when there is going to be a full-blown public debate, which has already started—and you have clearly done that—and there is a book about to be published on it.

**Senator McGAURAN**—What part of the tree is real?

**Senator Conroy**—I think it has been universally agreed that, notwithstanding you do not have an alibi for the night it was poisoned, the tree is dead.

**CHAIR**—I missed that. Sorry, Minister.

**Senator Conroy**—I think the tree has been officially categorised as dead.

**CHAIR**—Yes, but it is more than dead.

**Senator McGAURAN**—It has got fake limbs and a fake trunk. It is a stump. All that is wood is a procured stump—

**Senator Conroy**—It is not as thick as the space between your ears!

**CHAIR**—Minister, you might not get an argument there, but you might want to reconsider that.

**Senator Conroy**—I will put \$5 in the jar and I will withdraw.

**CHAIR**—Thank you. Do not let that put you off, Senator McGauran. Ask another question.

**Senator McGAURAN**—The locals hate what has been built by the architect. How much was the architect paid? Was there a tender process or a competition process, and how did that win?

**Mr Tongue**—I do not think we have that information to hand. We would need to take that on notice.

**Senator McGAURAN**—How was that design chosen and how much was the architect paid?

**Senator Conroy**—We will take it on notice.

**Senator McGAURAN**—What we have established is that the tree is a stump, the history is fake and the building is ugly.

**Senator Conroy**—And you do not have an alibi.

**Senator IAN MACDONALD**—Mr Chairman, in support of Senator McGauran's question, if there is any legitimacy in the claim that this did not happen, which would then mean—

**Senator Conroy**—The department is not in a position to make an historical adjudication. I am not disputing that there are claims. All I am suggesting is Senator McGauran, as I think he has indicated, needs to take it up with the Australian Heritage Council, who are in a much better position to be able to make the judgment.

**Senator IAN MACDONALD**—Could the department do that with the Heritage Council?

**Senator Conroy**—No. Senator McGauran has indicated he has already done it.

**Senator McGAURAN**—No, I have not.

**Senator IAN MACDONALD**—The council answers to the department.

**Senator McGAURAN**—I said I would.

**Senator Conroy**—Yes. I am saying he is going to do it. It is going to be raised, a book is about to come out and, Senator Macdonald, I am sure deep down you would agree that it is far better for the officers to be working on delivering valuable projects to regional and rural Australians than engaging in a history war, which is already taking place.

**Senator IAN MACDONALD**—We are probably in the wrong area. We probably should have dealt with this when we were dealing with the Australian Heritage Council in the estimates committee. But could you take on notice a question to the Heritage Council—

**Senator Conroy**—Certainly.

**Senator IAN MACDONALD**—referring them to that and getting their investigation.

**Senator Conroy**—I think Senator McGauran will get there first, but we will take the question on notice.

**Senator IAN MACDONALD**—Good.

**Senator Conroy**—And we can hopefully now move on.

**Senator McGAURAN**—Just confirming: there was no more than \$2.6 million spent of federal government funding, and that would include the procurement and the trip to Brisbane that it took.

**Ms Foster**—The funding that we provided was \$2.6 million.

**Senator McGAURAN**—And that includes the procurement of the stump and the transporting of the stump to Brisbane, does it—the preserving of the stump?

**Ms Foster**—I will have to take on notice the detail of what that \$2.6 million funded.

**Senator Conroy**—Thank you, Senator McGauran.

**CHAIR**—Are there any further questions?

**Senator IAN MACDONALD**—Mr Chairman, we are still in this section, and I have missed a couple, which will be very quick. The Australian Council of Local Government was spoken about by the Prime Minister. I understand the next meeting is to be 25 June 2009. Is that correct?

**Ms Foster**—That is correct.

**Senator IAN MACDONALD**—Has a venue been selected for that? Will it be here?

**Ms Foster**—Yes, it will be.

**Senator IAN MACDONALD**—Apart from mayors and the Prime Minister, will other parliamentarians be invited?

**Ms Foster**—I think that is a decision for the minister.

**Senator IAN MACDONALD**—I assume the minister will be there. Will he be inviting the shadow minister, do you think?

**Ms Foster**—I do not know.

**Senator IAN MACDONALD**—Could you take that on notice to him, please, Minister?

**Senator Conroy**—We will certainly take that on notice.

**Ms Foster**—Actually, yes, we do know that he is inviting the opposition leader, the shadow minister and one other.

**Senator Conroy**—It could even be you, Senator Macdonald.

**Senator IAN MACDONALD**—I certainly hope so, Minister.

**Ms Foster**—Mr Truss.

**Senator Conroy**—Missed out again!

**Senator IAN MACDONALD**—It is not me. What a pity, after my long association with the local government! Will all mayors and shire presidents be invited to attend?

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—Who will pay for their travel and participation costs?

**Ms Foster**—They will.

**Senator IAN MACDONALD**—The councils themselves pay?

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—The government is not supporting that at all?

**Ms Foster**—Not supporting their travel or accommodation.

**Senator IAN MACDONALD**—What will be the duration of that meeting? Is it just a single day?

**Ms Foster**—It is being held in conjunction with the ALGA national assembly so that mayors and shire presidents can maximise the value of their travel costs to Canberra.

**Senator Conroy**—There are no extra costs if they are already coming to ALGA.

**Senator IAN MACDONALD**—Except for an extra day, but that is all right. That is fine. I am sure they will just pay the extra day's accommodation.

**Senator Conroy**—I am sure they will. Can I just indicate that we did invite the shadow minister last year and he did come, Senator Macdonald. The Leader of the Opposition and the leader of the Nats were also invited, but they did not come.

**Senator IAN MACDONALD**—With over 500 in a room, is it possible for everyone to have their say? Will it operate the same as the one last year?

**Senator Conroy**—I attended the entire event last year, or almost the entire event, and certainly the feedback I got was that people were very comfortable with the structure and the role and there was a reasonably positive response. I moved around a fair bit and I talked to lots of people, and I had no idea what their political affiliations were.

**Senator IAN MACDONALD**—Thanks for that. That is important to know.

**Senator Conroy**—I thought you might have suggested, in another conspiracy theory, that I had only talked to Labor people, who would of course say it was great. I had no idea what their political affiliations were.

**Senator IAN MACDONALD**—If you are talking to the Barcaldine people—

**Senator Conroy**—I will draw to their attention Senator McGauran's claim that they have been engaged in a fraud.

**Senator IAN MACDONALD**—please don't accuse them of being members of any political party. It would be rude for any of us to do that. In the budget papers at page 91, the government referred to the conduct of competitiveness process prior to the establishment of the Centre of Excellence for Local Government during 2008-09 and then the establishment and commencement of operations for the centre in 2009-10. Can you tell me whether the stated closing date for applications in relation to this centre was maintained as at 22 April 2009?

**Ms Foster**—Yes, that is correct.

**Senator IAN MACDONALD**—So you had to have your bids in by then?

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—Late applications were not considered?

**Ms Foster**—No.

**Senator IAN MACDONALD**—Were there any?

**Ms Foster**—I do not believe so.

**Senator IAN MACDONALD**—Can you tell me how many applications were received?

**Ms Foster**—I am not sure that I can do that while the process of considering the applications is under way.

**Senator IAN MACDONALD**—No, I am not asking you to tell me who they were or what they were. I am saying: can you tell me how many were received?

**Senator Conroy**—No. We do not necessarily reveal the number either while the process is under way, Senator Macdonald. I never publicly confirmed how many people bid for the broadband tender.

**Senator IAN MACDONALD**—I would not go there, Minister—I just would not. Take my advice. Can you tell me if there was more than one?

**Ms Foster**—Yes.

**Senator Conroy**—No.

**Ms Foster**—No.

**Senator IAN MACDONALD**—No, there were not more than one or, no, you cannot tell me.

**Senator Conroy**—No, we cannot tell you.

**Senator IAN MACDONALD**—I cannot see what the secret is.

**Senator Conroy**—It is just a normal tender process rule. I am actually not trying to be—

**Senator IAN MACDONALD**—Hang on. I suppose it is a tender, but—

**Senator Conroy**—You just described it as one.

**Senator IAN MACDONALD**—I mean, it is for a centre of excellence for the Labor government. Was it enthusiastically pursued, Minister, if you do not want to give me numbers? There was a bit of interest in it, was there?

**Senator Conroy**—I am sure there was, but I will happily take that on notice and give you any further information that the minister can provide.

**Senator IAN MACDONALD**—I am quite sure that, when you take it on notice, there will be no problem in saying you have got six or whatever.

**Senator Conroy**—Considerable interest.

**Senator IAN MACDONALD**—Okay. Did they all come from universities, or did any bodies other than table A universities submit a stand-alone application?

**Ms Foster**—We cannot comment on the applicants at this stage of the tender process.

**Senator IAN MACDONALD**—If, for example, Monash were to get it—

**Senator Conroy**—We are not answering hypotheticals, Senator Macdonald.

**Senator IAN MACDONALD**—What assurance can councils have, who do not end up living adjacent to the successful applicant, about accessing the work of the centre of excellence?

**Senator Conroy**—We will take that on notice, Senator Macdonald.

**Senator IAN MACDONALD**—I am only using a hypothetical to demonstrate what my question is. If it were Monash, how would Broome council interact with it? It is a long way from Monash.

**Senator Conroy**—I am sure that, given a national broadband network, it will be like being in the same room.

**Senator IAN MACDONALD**—That is what I am worried about, Chair—if we ever get national broadband. Had OPEL been going, we would have had it by now. Minister, just before we get off this, I have typed in ‘[www.economicstimulus.com](http://www.economicstimulus.com)’. Do you know what I got?

**Senator McGAURAN**—A porn site!

**Senator IAN MACDONALD**—No, not a porn site. I am grateful to you, as communications minister with your great expertise—

**Senator Conroy**—I am sure it directed you to the departmental website.

**Senator IAN MACDONALD**—I started reading about—

**Senator Conroy**—I am sure it directed you to the departmental website.

**Senator IAN MACDONALD**—No. It talked about an economic stimulus package of \$789 billion. I know you are a profligate spender, but how did it get from \$47 billion to \$976 billion?

**Senator Conroy**—I am not sure. I think that is a question for Treasury next week, Senator Macdonald.

**Senator IAN MACDONALD**—You have referred me to it. Here, let me click on it while we are here. You do the same, Minister, on yours—[www.economicstimulus.com](http://www.economicstimulus.com). You have told me and everybody else that this is where we should look. Mine is so slow!

**Senator Conroy**—Really? Then I know I will have your vote when we get to the national broadband plan.

**Senator IAN MACDONALD**—Two years of your government and look what we have got.

**Senator Conroy**—Really you should not go there, Senator Macdonald.

**CHAIR**—I agree, you should not.

**Senator IAN MACDONALD**—You have kindly given it to me and it says, ‘Economic stimulus, American Recovery and Reinvestment Act.’

**Senator Conroy**—Unfortunately, you probably needed to add ‘.gov.au’.

**Senator IAN MACDONALD**—You told me ‘dotcom’.

**Senator Conroy**—Apologies—‘.gov.au’.

**Senator IAN MACDONALD**—I hope you are telling the Australian public a bit more accurately. I did do the other one—[www.nationbuilding.gov](http://www.nationbuilding.gov). Do you want to go to that with me, Minister?

**Senator Conroy**—Do you have a question?

**Senator IAN MACDONALD**—You have told me that at [nationbuilding.com](http://nationbuilding.com) I would see the Townsville mall mentioned.

**Senator Conroy**—I am sure it is .gov.au as well.

**Senator IAN MACDONALD**—First of all, there is no such site. You simply click on it and it goes to the department’s website.

**Senator Conroy**—I think I said that to you a moment ago.

**Senator IAN MACDONALD**—Why didn’t you just use the department’s website, Minister? Wasting a bit more money perhaps? No response? Why did you get an address [www.nationbuilding.com](http://www.nationbuilding.com) if, when you click on it, it just goes straight to the—

**Senator Conroy**—I will take that on notice, Senator Macdonald.

**Senator IAN MACDONALD**—Thanks. I will be fascinated. I know you will be, too, as communications minister. But then I was told I would see the list there. I have seen Mr

Garrett's press release, but I had that anyhow. Is that the only reference I am going to see to the Townsville mall, or am I missing something on the website?

**Ms Foster**—I understand that the press releases are on Minister Albanese's website.

**Senator IAN MACDONALD**—No. I wish my machine was quick enough to be doing this as we talk. When I do 'nationbuilding.gov.au', it goes to your website, and on your website I cannot see anything about the Townsville mall. I type in, in the search thing, 'Townsville mall', and it brings up Mr Albanese's media release. Is that all we can expect?

**Senator Conroy**—All the releases are on the minister's site. We can provide projects on notice, if they are not on the economic stimulus site already.

**Senator IAN MACDONALD**—No. Minister, please listen.

**Senator Conroy**—I have listened, and I have just given you the answer.

**Senator IAN MACDONALD**—I have asked for this list—

**Senator Conroy**—I know. I have just said that they are on the minister's website.

**Senator IAN MACDONALD**—Why did you tell me 'nationbuilding.gov.au'? You are the communications minister. At least I expect precision from you, Minister.

**Senator Conroy**—I plead: this is my fourth day straight, Senator Macdonald. If I have given you the incorrect website addresses, I apologise.

**Senator IAN MACDONALD**—You were very helpful to give them to me and to all the millions of people who will be watching this on television.

**Senator Conroy**—Oh, dear!

**Senator IAN MACDONALD**—So I will just type that—

**Senator Conroy**—What was in that tea you had at the break?

**Senator IAN MACDONALD**—I click 'nationbuilding.gov' and it comes up 'www.infrastructure.gov.au', and then it has 'department of infrastructure'. Ms Foster, we accept that the minister is tired after four days. Can you tell me, and I will go back to the question I originally asked: Townsville mall; it is not on the website list, or is it?

**Ms Foster**—I think the list of the \$550 million projects, of which that is one, was tabled in parliament yesterday, as you probably know. I believed it was on the website, but I may be in error. It may not be on the website yet, but it was certainly tabled in parliament.

**Senator IAN MACDONALD**—None of your staff who are watching this came in to tell you you had made an error? Perhaps I have made an error. I hope I have.

**Ms Foster**—The list, I believe, of the \$250 million projects is on the economic stimulus website.

**Senator IAN MACDONALD**—Is on the what?

**Ms Foster**—The \$250 million program is on the economic stimulus website, I believe.

**Senator IAN MACDONALD**—What about the \$550 million?

**Ms Foster**—I am not sure that the \$550 million is there. I know it was tabled in parliament yesterday.

**Senator IAN MACDONALD**—If I am right—

**Senator Conroy**—It perhaps has not been uploaded yet, Senator Macdonald.

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—So we can expect it any day, you are telling us?

**Ms Foster**—I do not know. I will have to check when that is programmed to be uploaded. I had incorrectly assumed that, once it was tabled in parliament, it was being uploaded to the website.

**Senator IAN MACDONALD**—You mentioned the \$250 million one on yet another website address. Which one was that?

**Ms Foster**—On the economic stimulus website, so the same website that you were looking at.

**Senator IAN MACDONALD**—No, this was the nationbuilding.gov.au website, which reverts to your departmental website.

**Ms Foster**—Yes. I think Senator Conroy referred you earlier to an economic stimulus website.

**Senator IAN MACDONALD**—Yes. That goes to President Obama's package.

**Mr Tongue**—The economicstimulusplan.gov.au.

**Senator IAN MACDONALD**—Okay. As I say, I hope all those people listening to this are—

**Senator Conroy**—I thought you indicated you had some questions on Northern Australia, Senator Macdonald.

**Senator IAN MACDONALD**—I do. But, Minister, you are so helpful in giving me all this information on your computer, because of your great expertise, and I cannot find any of it. And it is not me: your department are agreeing with me. They cannot find it either.

**Senator Conroy**—I think we have all—

**Senator IAN MACDONALD**—Can someone—

**Senator Conroy**—We are in what they describe as screaming agreement, Senator Macdonald.

**Senator IAN MACDONALD**—Okay. Thank you. I am not trying to make you seem silly as communications minister, Minister. I am just trying to get the facts for my constituents and I. So I will get my staff, minuscule though they are, just to check the [www.economicstimulus.gov](http://www.economicstimulus.gov)—

**Mr Tongue**—[www.economicstimulusplan.gov.au](http://www.economicstimulusplan.gov.au).

**Senator IAN MACDONALD**—Plan, all one word—[www.economicstimulusplan.gov.au](http://www.economicstimulusplan.gov.au). You have done that, Minister, and you can say—

**Senator Conroy**—I have not done that.

**Senator IAN MACDONALD**—You do not need to listen to these questions, so why don't you do that and keep yourself busy while I do this?

**Senator Conroy**—I will do my best. So Northern Australia.

**Senator IAN MACDONALD**—Yes.

**Senator Conroy**—Thank you. The officers may just need to change.

**Senator IAN MACDONALD**—Yes, and I can guarantee, unless Senator Heffernan—if he is listening—wants to come in and ask some questions, I will not be here more than half an hour. I have asked previously about staffing in the Canberra office, the roles and responsibility. Has that changed since the last estimates? This is the Office of Northern Australia.

**CHAIR**—We have not called them yet.

**Senator IAN MACDONALD**—Sorry.

**CHAIR**—Thank you, and we will call the Office of Northern Australia.

**Senator IAN MACDONALD**—I have asked, at every estimates since the election, how many staff are currently employed in the Canberra Office of Northern Australia—and indeed the Townsville and Darwin offices—as well as their roles and responsibilities. If that has changed from the last time you gave me the information, which was in February, could you tell me? If it is the same, just tell me the same.

**Ms Foster**—It is essentially the same.

**Senator IAN MACDONALD**—What funding is set aside for those staff in the budget? Can you just identify that for me?

**Ms Foster**—Yes. It is \$3.54 million.

**Senator IAN MACDONALD**—\$3.54 million over how many years?

**Ms Foster**—That is the 2008-09 budget.

**Senator IAN MACDONALD**—For 2008-09. I detect an increase, do I?

**Ms Foster**—That incorporates the Darwin and Townsville offices.

**Senator IAN MACDONALD**—And the Canberra office?

**Ms Foster**—Yes.

**Senator IAN MACDONALD**—But, even so, I thought there was only \$2.5 million in previous years.

**Ms Foster**—It was \$2 million for the Canberra office.

**Senator IAN MACDONALD**—Right.

**Mr Angley**—To add to Ms Foster's answer, there is \$2 million that you have mentioned for the office, \$0.69 million for the Northern Australia Land and Water Taskforce and \$0.85 million for the Townsville and Darwin offices.

**Senator IAN MACDONALD**—I see. Is that last year or this year?

**Mr Angley**—That is for the current financial year.

**Senator IAN MACDONALD**—What was it last year? Do you remember? Do you have the figures there?

**Mr Angley**—No. This is the first year of funding for the Office of Northern Australia. It was funded in the last budget, in the 2008 budget.

**Senator IAN MACDONALD**—Yes.

**Mr Angley**—So 2008-09 is the first financial year.

**Senator IAN MACDONALD**—And that is the \$3.54 million?

**Mr Angley**—Yes, it is.

**Senator IAN MACDONALD**—No, what I was looking for was 2009-10, the estimates we are dealing with now.

**Mr Angley**—No, we have not finalised that. It will be departmental; there is \$2 million definitely in the budget for the Office of Northern Australia.

**Senator IAN MACDONALD**—So there is no line item. It just comes out of internal departmental—

**Mr Angley**—There was an original appropriation of \$2 million a year for four years to establish the office. The funding for the two offices in Townsville and Darwin are part of our departmental budget and the other funding to be resolved is for the task force, but they have not been finalised yet for next year.

**Senator IAN MACDONALD**—Sorry. So the \$3.54 million is the current financial year?

**Mr Angley**—Yes, correct.

**Senator IAN MACDONALD**—And there is no figure for the 2009-10 year. It is just included in general departmental running expenses?

**Ms Foster**—We are still finalising our internal budgets for 2009-10.

**Senator IAN MACDONALD**—Yes. But you agree with me you cannot give me a figure because it is part of the general departmental running expenses?

**Mr Tongue**—Like all of our departmental costs associated with all of our business, once it is allocated it goes into the forward estimates and comes into the department. So it is the same as any of our other activities. But we can point to you—

**Senator IAN MACDONALD**—But last year in the budget there was a figure of \$2 million?

**Mr Tongue**—Yes, that is right, and going out in the forward years.

**Senator IAN MACDONALD**—And this year there is no figure at all—

**Mr Tongue**—Like all of our—

**Senator IAN MACDONALD**—that you can see in the same place as it was last year?

**Mr Angley**—Yes. There was a measure in the budget last year, for four years of \$2 million a year, and so that has gone into our departmental budget. So it would not be mentioned again individually in the budget that has just been published because it is not a new measure.

**Senator IAN MACDONALD**—But you do not only publish new measures in the budget, do you? I thought you published all measures?

**Mr Angley**—But it is now part of the departmental budget, as Mr Tongue has said.

**Senator IAN MACDONALD**—Sorry?

**Mr Angley**—It is now part of the departmental budget, as Mr Tongue has said.

**Senator IAN MACDONALD**—If you have set out to confuse me you have succeeded, and if you did not then it is late at night. What are the roles of the staff in Townsville and Darwin? Has that changed since last time? Let me not put you in a difficult position. Last time you told me they were generally an office of the department, with some of the staff dealing with Office of Northern Development matters and doing other things for the department as well. Has that changed?

**Ms Foster**—No. It is still essentially the same role. They divide their time between supporting regional programs and supporting Mr Angley's efforts in the Office of Northern Australia.

**Senator IAN MACDONALD**—Regional programs everywhere in Australia?

**Ms Foster**—Regional programs within their region.

**Mr Angley**—Northern Australia.

**Ms Foster**—Within Northern Australia.

**Senator IAN MACDONALD**—Only Northern Australia?

**Ms Foster**—For example, contract management of the Regional Partnerships program within that area.

**Senator IAN MACDONALD**—We do not have Regional Partnerships any more, do we?

**Ms Foster**—The program funding for Regional Partnerships goes into next year.

**Senator IAN MACDONALD**—Yes.

**Ms Foster**—So we are still finalising a number of projects under that program.

**Senator IAN MACDONALD**—Again, I suppose the same answer will apply to the funding for the Northern Australian Land and Water Taskforce? There is no separate line item? You can tell me what it was last year, but not for the current year until you have done your budgets?

**Mr Tongue**—That is right.

**Senator IAN MACDONALD**—On notice, can we get details of the expenses of travel and accommodation for the task force?

**Mr Tongue**—Certainly. We will provide that on notice.

**Senator IAN MACDONALD**—Those of the task force members who are not otherwise employed by the Commonwealth government get a per diem allowance while they are on task force business. Is that correct?

**Mr Angley**—Yes. They are certainly offered it, but it is variable whether they take it or not.

**Senator IAN MACDONALD**—Yes. And the departmental people, they just do whatever the department generally does?

**Mr Angley**—They are the secretariat.

**Senator IAN MACDONALD**—Sorry?

**Mr Angley**—They are the secretariat, so they just take their normal wage.

**Senator IAN MACDONALD**—There are no honorariums paid to anyone, are there? There is no honorarium paid to the chairman?

**Ms Foster**—Not that I am aware of.

**Senator IAN MACDONALD**—In February 2009 the task force eventually delivered its mid-term report, which I think any fair observer would say was just a summary of the work undertaken by the previous task force, so well led by my colleague Senator Heffernan. The report had quite some comment about process and what was planned. What has the task force actually done since the mid-term report was released?

**Mr Angley**—The task force has met three times since the new terms of reference were published late last year, and that includes two times this year. They met in Canberra the first time, then in Brisbane and recently in Weipa. They have also agreed on a work plan to guide them in what work they want to consider for their final report, which is due to government by the end of calendar year 2009. They have agreed for a forward meeting plan which includes meetings in Broome in early July, Katherine in August, Darwin in October and a final meeting in Canberra in mid-December.

**Senator IAN MACDONALD**—To prepare that final report?

**Mr Angley**—Yes, to agree on the final draft. I presume that is what they will be planning to do for that one. They have also agreed—and we as a secretariat are organising this with the chair at the moment—to a series of consultations with Indigenous communities in Queensland, the Northern Territory and WA and a series of other forums with a mix of people from different groups, including the Indigenous, industry, agriculture, conservation and education sectors.

**Senator IAN MACDONALD**—That is great. Does the task force take as one of its roles the promotion of the potential of Northern Australia in the minds of other Australians, like the former chairman so magnificently did? Is that part of its role?

**Mr Angley**—No, not officially. They have terms of reference, which we have certainly discussed before, which direct them to what their purpose is, and the chairman has certainly attended a few different forums and conferences as the chair, but he has not got a role in promoting development in the north as such.

**Senator IAN MACDONALD**—CSIRO has been working on a report on what water is available in the north as part of the sustainable yields water program being funded by your department. When is that report going to be complete?

**Mr Angley**—That is the NASY, the Northern Australia Sustainable Yields, project. I think that is due in July this year. It is actually funded by the Department of the Environment, Heritage, Water and the Arts, I think as part of their Northern Australia Land and Water Futures Assessment.

**Senator IAN MACDONALD**—Sorry. I said that, didn't I, and then I accused you of being the department of the environment. Yes, that is right. There was a preliminary presentation at what was called the True North conference in Darwin earlier this month. It seems to be taking a very conservative, or a very cautionary, approach to Northern Australian potential. Are you able to comment on that at all? Is there any direction on the approach to take?

**Mr Angley**—Sorry, I am not sure which address you are referring to at that conference.

**Senator IAN MACDONALD**—They were talking about the CSIRO Sustainable Yields report.

**Mr Angley**—Sorry; I do not know enough about that to comment. CSIRO might be able to do it next week.

**Senator IAN MACDONALD**—Are there any plans in the Office of Northern Australia to commission another study based on water opportunities in the north or opportunities for harvest and usage of water that is available?

**Mr Angley**—We have certainly come to a contractual arrangement with the CSIRO. The task force has to do some work as input to the material that the task force wants to consider for its report by the end of this year.

**Senator IAN MACDONALD**—Apart from the East Kimberley project, which is a bit more colloquially stage 2 and perhaps 3 of the Ord River scheme—and I want to come back to that—was there anything in the budget specifically related to Northern Australia that the office can tell me about?

**Senator HEFFERNAN**—Getting rid of Land and Water.

**Senator IAN MACDONALD**—Apart from getting rid of Land and Water Australia. I was more after positives, Senator Heffernan.

**Mr Angley**—The funding in the budget was related to the East Kimberley package, the new measure.

**Senator IAN MACDONALD**—Yes, I want to come to that. There is nothing else you can really point me to?

**Mr Angley**—No, not through the office.

**Senator IAN MACDONALD**—Or anything that might have an impact on the north, apart from pensions and hospitals and defence and that sort of thing?

**Mr Angley**—Yes.

**Senator IAN MACDONALD**—One hundred and ninety-eight million dollars has been set aside potentially for the Commonwealth's share of stage 2?

**Mr Anglely**—Of the Kimberley package?

**Senator IAN MACDONALD**—Yes.

**Mr Anglely**—One hundred and ninety-five million dollars.

**Senator IAN MACDONALD**—Is that committed in the budget?

**Mr Anglely**—Yes, it is. It was funded in two parts. The Prime Minister announced the Commonwealth's role in the December nation-building project, so the funding for this year, 2008-09, was funded in the AEs.

**Senator IAN MACDONALD**—In the what?

**Mr Anglely**—In the additional estimates. That can only fund the current year, so the rest of the funds, the other \$178.8 million, was funded in the budget.

**Senator IAN MACDONALD**—Sorry, the Prime Minister announced in December how much?

**Mr Anglely**—In December the Prime Minister announced, as part of his infrastructure project, that the Commonwealth would invest \$195 million in the East Kimberley Development Package, subject to some conditions, and in the additional estimates, which came at about the same time I think—just after Christmas—funded \$16.4 million of that \$195 million. The rest of the funds were appropriated in the budget just gone, two weeks ago.

**Senator IAN MACDONALD**—Those announced in the December stimulus package have not yet been spent, I take it?

**Mr Anglely**—One of the conditions of the Commonwealth's investment was that the Commonwealth and the Western Australian government would work together on an assessment of what would be suitable projects for the Commonwealth to spend its \$195 million on. Our parliamentary secretary, Gary Gray, led that joint project with the Western Australian government and we worked at officials level to put together a report for the Prime Minister and the Premier.

**Senator IAN MACDONALD**—That is interesting, but it did not actually answer my question. Is any of the \$16 million allocated in the additional estimates likely to be spent in the current financial year?

**Mr Anglely**—Yes.

**Senator IAN MACDONALD**—Can you tell me about that.

**Mr Anglely**—The details are still being finalised on the report between the Premier and the Prime Minister, but we expect to spend that appropriation this year.

**Senator IAN MACDONALD**—But you have only got five weeks.

**Mr Anglely**—Yes.

**Senator IAN MACDONALD**—Are you going to hire some bulldozers to start digging channels in the next five weeks or something, or is it going to be on engineering reports or—

**Mr Anglely**—It will vary with the projects. The recommendations to the Prime Minister and the Premier range across quite a few projects. Some, in the business cases, are ready to start and some will take longer to get up.

**Senator IAN MACDONALD**—It was subject to this joint assessment, which I gathered from the Prime Minister's media release in December would be a public document, but I understand to date the assessment is not a public document.

**Mr Anglely**—No, it is still advice to the Prime Minister and to the Premier of WA.

**Senator IAN MACDONALD**—Do you know if it is intended to be released at some time?

**Mr Anglely**—I assume that. Certainly the projects will be announced.

**Senator IAN MACDONALD**—Did the secretariat of the ONA deal with that report or was it the Western Australian government? Who was the secretariat?

**Mr Anglely**—It was the Office of Northern Australia in coordination with the Western Australian Department of State Development, who are the coordinators of the Western Australian effort.

**Senator IAN MACDONALD**—I would like you to be very precise about this: when exactly was it delivered to the Premier and the Prime Minister?

**Mr Anglely**—It was delivered to the Prime Minister on 31 March and Parliamentary Secretary Gray put out a press release that day announcing it.

**Senator HEFFERNAN**—Is this Ord 2?

**Mr Anglely**—No.

**Ms Foster**—This is the \$195 million East Kimberley package that was announced as part of the economic stimulus.

**Senator HEFFERNAN**—Macca, is that Ord 2 money?

**Senator IAN MACDONALD**—Yes.

**Mr Anglely**—It is Ord 2 related money.

**Senator IAN MACDONALD**—One hundred and ninety-five million dollars from Western Australia and \$195 million from the Commonwealth. I am just about finished, Senator Heffernan. I just want to clarify that. The parliamentary secretary put that notice up on his website on 31 March.

**Mr Anglely**—It was certainly dated—

**Ms Foster**—It was either then or very close to then.

**Mr Anglely**—Yes, it was certainly that day or the next day.

**Senator IAN MACDONALD**—There must be something wrong with my computer, Minister, because I attended a conference in Darwin where I criticised the government for not discharging that promise to have that report done and we searched everywhere, high and low—Albanese, Gray, Perth Premier.

**Mr Anglely**—Yes. I have a copy.

**Senator IAN MACDONALD**—What date is it?

**Mr Angley**—It is 31 March 2009.

**Senator IAN MACDONALD**—Where did you get that from?

**Mr Angley**—Off the net under Gary Gray's site.

**Senator IAN MACDONALD**—We could not find it when I was in Darwin, which was a couple of weeks ago.

**Mr Angley**—Yes.

**Senator IAN MACDONALD**—Yes what?

**Mr Angley**—I saw your comment.

**Senator IAN MACDONALD**—I could not find it then. When did you actually get that off the website?

**Mr Angley**—I got a clean copy off today, but it was certainly there back at the start of April.

**Senator IAN MACDONALD**—There must be something wrong with my computer then, because we could not see it. I think that is all I have.

**Senator HEFFERNAN**—Mr Angley, what did you do before you got that job?

**Senator Conroy**—I am not sure that is relevant.

**Senator HEFFERNAN**—It is relevant.

**Mr Angley**—I led the Local Government and Regional Development Division.

**Senator HEFFERNAN**—Out of where?

**Mr Angley**—In the department.

**Senator HEFFERNAN**—Here?

**Mr Angley**—Yes.

**Senator HEFFERNAN**—So you were Canberra based. How many acres are involved in the \$195 million and \$295 million commitments to Ord 2?

**Mr Angley**—I think it is doubling it.

**Senator HEFFERNAN**—It was originally 14,000 hectares. There are 14,000 hectares in Ord stage 1—334 gegalitres. There is a similar amount in Ord 2. Right?

**Mr Angley**—I am not sure.

**Senator HEFFERNAN**—But you are the boss. You ought to know.

**Mr Angley**—The Western Australian government is investing in the expansion of the irrigation facilities.

**Senator HEFFERNAN**—It is in your bailiwick.

**Mr Angley**—Yes, it is, but—

**Senator Conroy**—We can take it on notice and get you the answer, Senator Heffernan.

**Mr Angley**—It is doubling it from 14,000 hectares—

**Senator HEFFERNAN**—To 28,000 hectares.

**Mr Angley**—to 28,000 hectares.

**Senator HEFFERNAN**—The first 14,000 is a very lazy irrigation scheme where they had the failed sugar event. They are now turning that into an MIS for sandalwood, and I hope they all go broke. If Ord stage 2 does not include the planning for Ord 3, are you aware of what they are going to do with the lead mine in Ord 3?

**Mr Angley**—The Western Australian government is still discussing that.

**Senator HEFFERNAN**—But a third of the scheme is across the border in the Northern Territory. As part of the \$195 million from the Commonwealth there is about a \$50 million touch-up for the Indigenous settlement of Ord 2 in the Territory. There is a similar amount because the drainage from this is going to go down the Keep River in the Northern Territory. Have we overcome the sovereignty issues with the Northern Territory government as part of this generosity here?

**Ms Foster**—The \$195 million is allocated in a joint arrangement with the Western Australian government.

**Senator HEFFERNAN**—But is it going to include tidying up the sovereignty issues with the Northern Territory? It is a third of the scheme, and the ultimate figure in the scheme is 80,000 hectares if they become compliant to the National Water Initiative—that is, the separation and the tradeability of the water within the scheme. Do you know if Ord stage 2 is going to be National Water Initiative compliant?

**Ms Foster**—It is one of the conditions of the funding.

**Senator HEFFERNAN**—What have they done about Ord stage 1, which is not compliant, where they still put the tail water back into the system?

**Mr Angley**—Part of the conditions were that the Western Australian government would have to follow up on its responsibilities under the National Water Initiative.

**Senator HEFFERNAN**—So the \$195 million and whatever that comes to—three-hundred-and-whatever million dollars—

**Mr Angley**—Yes.

**Senator HEFFERNAN**—Three hundred and ninety million dollars. Is the tidying up of Ord 1 included in that money to make it compliant?

**Mr Angley**—We have not seen all the final details of the plans of the Western Australian side.

**Senator HEFFERNAN**—But hang on! The Commonwealth is half funding this. Do you mean to say you do not know what you are funding?

**Mr Angley**—We do.

**Senator HEFFERNAN**—Are you funding bringing Ord 1 into compliance with the National Water Initiative—because, at the present time, if you did in New South Wales what they do up there then we would put you in jail?

**Ms Foster**—The issues to do with the Ord 2 are the purview of the Western Australian government.

**Senator HEFFERNAN**—Der! But we are funding it to half the extent, with \$195 million.

**Ms Foster**—No.

**Senator HEFFERNAN**—What are we doing with that? Is that fantasy money or something?

**Mr Angley**—This is for social and economic infrastructure that will be accessible to the whole community.

**Senator HEFFERNAN**—Yes, obviously. We had that argument ages ago.

**Senator Conroy**—You are asking a genuinely detailed question—

**Senator HEFFERNAN**—Yes, I am.

**Senator Conroy**—and we are happy to take it on notice and come back to you with an update on that information.

**Senator HEFFERNAN**—Do we know whether they are going to include the lighter soils in Ord 2?

**Senator Conroy**—I am sure that the officers—

**Senator HEFFERNAN**—What is the point of coming to estimates if we cannot get answers?

**Senator Conroy**—If you are going to ask a detailed question like that, Senator Heffernan—

**Senator HEFFERNAN**—No, but this is—

**Senator Conroy**—If there is any information available, we are happy to give it to you.

**Senator HEFFERNAN**—They have to report at the end of the year. They are not going to report anything, because I am aware of what is going on in the system—‘no can do any more’.

**Senator Conroy**—We will take that on notice.

**Senator HEFFERNAN**—Do I just give up, do I? Have we made some contingency arrangements for the drainage down the Keep River? Do you know that?

**Mr Angley**—The Western Australian government is still finalising the details of the expansion of the irrigation side of it. The Commonwealth has offered its funding to build the social infrastructure in the region.

**Senator HEFFERNAN**—Yes, I know all that.

**Senator Conroy**—We will take that on notice, Senator Heffernan.

**Senator HEFFERNAN**—Can we get some people who know the answers along at some stage? That would be better. It is patently obvious that if you are going to do Ord 2 of 14,000 hectares and you intend to maximise the whole scheme to 80,000 hectares—which includes the lighter soils which were excluded under the tender document for Ord stage 2, which was

scrapped because it was a con job—and if you have not made the contingency for the lighter soils as you go, as you obviously have not because it is still at 14,000 hectares, and if you have not made the contingency for the channel sizes and the capacity of the system to also supply Ord 3 down the same supply line, and if you do not know what you are going to do about Ord 3 because you do not know what you are going to do about the lead mine, then this is all a farce. Do you know what I am talking about?

**Senator Conroy**—I think that is a rhetorical question.

**Senator HEFFERNAN**—It is not, mate. I know—

**Senator Conroy**—We have said we will get you the information you have asked on notice, Senator Heffernan.

**Senator HEFFERNAN**—Do you understand these issues?

**Mr Anglely**—I certainly do.

**Senator HEFFERNAN**—Do you know what I am talking about?

**Mr Anglely**—Yes.

**Senator HEFFERNAN**—So do you know what they are doing about it?

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

**Mr Anglely**—I said to you that the Western Australian government is finalising its details on the expansion of the irrigation infrastructure and the way they are going to expand the extra 14,000 hectares.

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

**CHAIR**—He did. He has said that on a number of occasions.

**Senator HEFFERNAN**—I will go and talk to Gary about it, because this is a waste of time.

**Senator Conroy**—Good idea.

**CHAIR**—That might be more helpful, Senator Heffernan.

**Senator HEFFERNAN**—Can I then move to the ‘wild rivers’ legislation?

**Mr Tongue**—‘Wild rivers’ legislation is not us.

**Senator HEFFERNAN**—The northern task force?

**Mr Tongue**—Okay.

**Senator HEFFERNAN**—And their involvement in the study of the development of a bit of country the size of Victoria, with a whole lot of good country scattered through it?

**Senator Conroy**—Do you have a question?

**Senator HEFFERNAN**—Yes, I am getting to the question. That country, for political purposes, is supposedly going to be locked up against the inventory of the global food task and the changing weather in the south here—and I have just been in the other room arguing about the lack of water and the catastrophic failure of the southern system this winter.

**Senator Conroy**—Do you have a question?

**Senator HEFFERNAN**—Is the northern task force including in their study the development potential of Cape York Peninsula?

**Mr Anglely**—We certainly visited—

**Senator HEFFERNAN**—No, I am not asking about your visit. I heard all about the visit. I have got a background on it. You have got all these academics who are saying: ‘We no can do, mate! We want the blackfellas up here to get their picture taken with a spear, but we don’t want them to get an economic opportunity.’ That is what your mob are saying—the academics in your mob.

**Senator Conroy**—I think that is a rhetorical question.

**Senator HEFFERNAN**—It is not a rhetorical question. It is a fact.

**Senator Conroy**—It is a point that the officer cannot answer.

**Senator HEFFERNAN**—It is a bloody disgrace!

**CHAIR**—I am going to come in here now, Minister. Senator Heffernan, you might not like the answers you are getting.

**Senator HEFFERNAN**—I am not getting any.

**CHAIR**—It has been a long four days and I suggest to you: if you do not like them then take it on notice or whatever and move on to your questions. We do not need your opinion and your language to go along with it, thanks, Senator Heffernan.

**Senator HEFFERNAN**—You sook!

**CHAIR**—You have been an model of consistency today. Don’t ruin it!

**Senator HEFFERNAN**—What are the plans of the task force for the development of the potential of the rivers from the Gilbert River north?

**Mr Anglely**—I think it is too early to forecast what—

**Senator HEFFERNAN**—You have no idea?

**Mr Anglely**—The task force—

**Senator HEFFERNAN**—You have no idea, and they have no idea either!

**Senator Conroy**—It has not been finalised.

**Senator HEFFERNAN**—They have to report by the end of the year, for God’s sake. They have closed down Land and Water, who were assembling the silos of knowledge. Have you a mission statement?

**Senator Conroy**—They have indicated that they have not finalised—

**Senator HEFFERNAN**—Can we see your mission statement? Do you have a mission statement?

**Mr Anglely**—What for?

**Senator HEFFERNAN**—The purpose of the task force these days, because it has altered its purpose.

**Mr Anglely**—We certainly have the terms of reference, and there is a work plan—

**Senator Conroy**—We will make them available to you.

**Mr Anglely**—for what is going to happen over the next six months.

**Senator HEFFERNAN**—Is it your plan for the task force to assess—with the assessment, which reports, I presume, still in 2011? Is that right?

**Mr Anglely**—The assessment, yes, 2012.

**Senator HEFFERNAN**—I am not too sure what the purpose of the task force is, given that they have gutted your budget et cetera and they have filled it with bureaucrats and the already existing infrastructure of the northern development officers who are up there and retitled them. That is fair enough; that is the prerogative of government. But is it the intention of your mob to look at the potential for infrastructure development in the north which value-adds to the development downstream of the minerals, the gas opportunities, the tourism opportunities and the agricultural opportunities? Is that in your terms of reference?

**Mr Anglely**—Yes, it is.

**Senator HEFFERNAN**—Can you tell us where you are up to with that?

**Mr Anglely**—The task force has met a couple of times and agreed on a work plan for the things it wants to—

**Senator HEFFERNAN**—Can you give us a work plan?

**Mr Anglely**—I can certainly tell you what they have asked the CSIRO to do and the task force to invest in.

**Mr Tongue**—We are happy to take that detail on notice and provide it to you.

**Senator HEFFERNAN**—I think I had better—

**Senator Conroy**—You said you wanted to go and chat with Gary. I think that is a very good idea.

**Senator HEFFERNAN**—Do you know if there have been active discussions by your mob, because that is what we were doing, with the Northern Territory government on the sovereign issues surrounding the Ord scheme to take it into the third of the potential of the scheme which is in the Northern Territory? Have you had those sovereign discussions?

**Senator Conroy**—We have said we will take that on notice.

**CHAIR**—Thank you very much, Minister. Are there any further questions?

**Senator IAN MACDONALD**—I am again having trouble with my website, because—

**Senator Conroy**—If only this country had a decent broadband plan for those wasted 12 years.

**Senator IAN MACDONALD**—Minister, you have been there two years so far and it has gone backwards.

**Senator Conroy**—Eighteen months actually.

**Senator IAN MACDONALD**—I am looking for that media release of 31 March and I find it under the website of the minister for infrastructure, which is not the Parliamentary Secretary for Regional Development. It is in Mr Gray's name.

**Senator Conroy**—My apologies if we have directed you to the wrong page.

**Mr Angley**—I found it on Mr Gray's site.

**Senator IAN MACDONALD**—It comes up under the minister for infrastructure website.

**Mr Angley**—I will show you afterwards, if you like. I did find it there again today.

**Senator IAN MACDONALD**—I will continue looking, do not worry. That is all I have, Chair.

**CHAIR**—Thank you, Senator Macdonald. Minister and Mr Tongue, thank you very much, and thank you to the officials of the department and to the staff once again—a sterling job, well done!—and to the secretariat. That now concludes today's hearing.

**Committee adjourned at 10.06 pm**