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Official Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

WEDNESDAY, 26 MAY 2010

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT

LEGISLATION COMMITTEE

Wednesday, 26 May 2010

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, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Abetz, Adams, Back, Brandis, Eggleston, Heffernan, Hutchins, Joyce, Ludlam, Ian Macdonald, Nash, O'Brien, Siewert, Sterle and Williams

Committee met at 9.02 am

INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT PORTFOLIO

In Attendance

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

Department of Infrastructure, Transport, Regional Development and Local Government Executive

Mr Mike Mrdak, Secretary
Mr Andrew Wilson, Deputy Secretary
Ms Lyn O'Connell, Deputy 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

Nation Building—Infrastructure Investment

Mr Richard Farmer, Acting Executive Director
Mr Alex Foulds, General Manager, South East Roads
Ms Cheryl Johnson, General Manager, North West Roads/Investment Coordination
Mr Neil Williams, General Manager, Rail and Intermodal
Mr Troy Sloan, General Manager, Major Infrastructure Projects Office
Mr Geoff Thompson, Director, Major Infrastructure Projects Office

Infrastructure and Surface Transport Policy

Ms Leslie Riggs, Executive Director
Mr Mark Terrell, Acting General Manager, Vehicle Safety Standards

Mr Michael Pahlow, General Manager, Maritime Policy Reform
Mr Michael Sutton, General Manager, Road Transport Policy Reform
Mr Stewart Jones, General Manager, Road Transport Policy Reform
Mr Joe Motha, General Manager, Road Safety and Programs
Ms Donna Phillips, General Manager, Heavy Vehicle Regulatory Taskforce

Australian Maritime Safety Authority

Mr Graham Peachey, Chief Executive Officer
Mr Mick Kinley, Deputy Chief Executive Officer
Mr Brad Groves, General Manager, Maritime Standards
Mr John Young, General Manager, Emergency Response
Mr Allan Schwartz, General Manager, Maritime Standards

Policy and Research (incorporating the Bureau of Infrastructure, Transport and Regional Economics)

Mr Brendan McRandle, General Manager, Policy Development Unit
Dr Gary Dolman, General Manager, Bureau of Infrastructure, Transport and Regional Economics

Local Government and Regional Development

Mr Tony Carmichael, Executive Director
Mr Richard Wood, General Manager, Regional Development Programs
Ms Elizabeth Wilde, General Manager, Regional and Local Government Policy
Mr Gordon McCormick, General Manager, Local Government Programs

Office of Northern Australia

Ms Robyn Fleming, General Manager

Aviation and Airports

Mr John Doherty, Executive Director
Mr Scott Stone, General Manager, Aviation Environment
Ms Karen Gosling, General Manager, Airports
Mr Stephen Borthwick, General Manager, Aviation Industry Policy
Mr Jim Wolfe, General Manager, Air Traffic Policy
Mr James Collett, General Manager, Sydney Aviation Capacity

Airservices Australia

Mr Greg Russell, Chief Executive Officer
Mr Jason Harfield, General Manager, Air Traffic Control
Mr Richard Dudley, General Manager, Corporate and International Affairs
Mr Kenneth Owen, Senior Adviser, Environment and Climate Change

Civil Aviation Safety Authority

Mr John McCormick, Director of Aviation Safety
Mr Terry Farquharson, Acting Deputy Director of Aviation Safety
Dr Jonathan Aleck, Acting Associate Director of Aviation Safety
Mr Peter Cromarty, Executive Manager, Airspace and Aerodrome Regulation
Dr Pooshan Navathe, Principal Medical Officer

Office of Transport Security

Mr Paul Retter, Executive Director
Mr Peter Robertson, General Manager, Aviation Security

Ms Nicole Spencer, General Manager, Supply Chain and Screening
Mr Chris Appleton, General Manager, Analysis and Operational Support
Mr George Brenan, General Manager, Transport Security Operations
Mr Steve Dreezer, General Manager, Maritime, Identity and Surface Security

Australian Transport Safety Bureau

Mr Martin Dolan, Chief Commissioner
Ms Kerryn Macaulay, Deputy Chief Executive Officer
Mr Peter Foley, Director, Surface Safety Investigations
Mr Ian Sangston, Director, Aviation Safety Investigations

CHAIR (Senator Sterle)—I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2010-11 and related documents for the Infrastructure, Transport, Regional Development and Local Government portfolio. The committee is due to report to the Senate on 22 June 2010 and has fixed 21 July 2010 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business next Friday, 4 June 2010.

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 extract read as follows—

Public interest immunity claims

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
 - (1) If:
 - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
 - (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

- (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
- (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
- (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
- (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.

[9.04 am]

Department of Infrastructure, Transport, Regional Development and Local Government

CHAIR—I now 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 Mike Mrdak, Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government; and officers of the department. Minister, do you or Mr Mrdak wish to make a brief opening statement?

Mr Mrdak—If I may, with your agreement. I would just like to provide a brief outline of the key initiatives set out in the budget which highlight some of the key directions for the portfolio in the year ahead. For the committee's information, the portfolio budget statement for the portfolio reflects a number of key government decisions that confirm and set out the portfolio's key directions for the year ahead, particularly in relation to infrastructure investment and long-term infrastructure planning, which are key reform agendas for the portfolio, regulatory reform and also the work we are undertaking on single national market reform and single national regulatory arrangements in transport.

A number of new measures were announced in the portfolio budget statement by the government. The budget continues the increased investment in infrastructure by the portfolio. The government has now committed to invest some \$37 billion on land transport infrastructure over the six-year period to 2013-14 to fund national projects in rail, port and road infrastructure. The most significant additional initiative in the portfolio budget is the provision of \$996 million to the Australian Rail Track Corporation for seven productivity-boosting projects across rural and regional Australia, and this remains a key microreform agenda of investment in Australia's national rail freight system. The 2010-11 budget provides for \$5.9 billion for the portfolio in the year ahead for major infrastructure investment projects, with \$849 million being brought forward for payment before the end of 2009-10 to facilitate and speed the completion of a number of key road projects.

The Nation Building Program is progressing in accordance with expectations. The year 2010-11 will be very busy for the portfolio as investment activity increases, with a number of scheduled projects commencing. The department is also completing a number of elements of the government's Nation Building Economic Stimulus Plan, which are all well advanced. The majority will be completed by the end of this financial year.

In the budget the government has also decided to proceed with the next stage of the critical Sydney intermodal freight facility at Moorebank. Seventy point seven million dollars has been allocated to complete the detailed planning for the relocation of defence facilities and the negotiations with the private sector and planning for detailed investment in the Moorebank intermodal freight facility in Sydney's south-west. The terminal will provide a significant opportunity for an intermodal freight facility in Sydney by enabling the freight and road industry to work much better, particularly in relation to the growing demand through Port Botany.

The government in the budget is also resourcing our major regulation reform agenda. As the committee is aware, the Council of Australian Governments has agreed that national regulators for maritime safety, heavy vehicles and rail safety will be fully operational by 2013. National partnership agreements for the three reforms are to be presented to COAG over the next year or so for its consideration. This year we will present the national partnership agreement for the single national maritime regulator; by the end of the year, a single national heavy vehicle regulator national partnership agreement; and rail safety by the middle of next year. The Australian Transport Council of ministers two weeks ago agreed to the progressing of the national framework in relation to these three reform agendas. Eight point three million dollars has been provided in the budget by the government in 2010-11 to establish national regulators in heavy vehicles, rail and maritime and for an expanded investigatory function by the Australian Transport Safety Bureau.

In relation to aviation, the budget contains funding for a number of initiatives which were set out in the government's national aviation white paper released in December last year. Additional resourcing is being provided to the Civil Aviation Safety Authority to support its aviation safety activities. Following the February 2010 announcement 'Strengthening aviation security', the government has allocated \$139 million to the department for the implementation of transport security measures, including the introduction of new screening technology at major international airports, an enhanced aviation cargo regime and screening at additional

regional airports. These measures include assistance to introduce a range of screening technologies at passenger screening points in international airports and to bring forward screening at a number of additional regional airports that are currently served by large turboprop passenger aircraft. In addition, funding is being provided to the department for an air cargo regulated shipping scheme which will be introduced and assistance to the cargo industry to introduce screening technology at selected locations for air cargo. The 2010-11 budget has also allocated the department \$8.5 million to develop an aviation strategic plan for the Sydney region. This study is the first time there will be a joint Commonwealth-state study to examine airport capacity for Sydney which is integrated with land use and transport planning in the Sydney region. Additionally, the government in the budget is providing additional resourcing for the provision of remote aerodrome services in remote Australia, particularly to service remote Indigenous communities.

Finally, the government in the budget has taken the decision to continue the very successful Indonesian Transport Safety Assistance Package, which is administered by the department. That is a brief overview of the budget initiatives as they relate to this portfolio, and we look forward to assisting the committee in their examination of the budget. Thank you.

CHAIR—Thank you, Mr Mrdak. We will go to questions.

Senator NASH—Good morning, all. How many staff are in the department?

Mr Mrdak—Our current staffing is around 1,050.

Senator NASH—All right. Just for a couple of moments before I pass to the shadow minister here, I want to ask about questions on notice. They were due, according to your records, back to the Senate committee on what date?

Mr Mrdak—They were due with the committee on 14 April.

Senator NASH—What date did you start getting the responses to the questions on notice to the committee?

Mr Mrdak—Once the questions are taken here at hearings and then once we receive the follow-up written questions, we have a process within the department to have our business divisions complete draft answers within 10 working days.

Senator NASH—Excellent. We can assume then that the department has done their job and done it in the 10 working days. Unfortunately, though, the Senate committee did not receive a single solitary response to a question on notice until last Wednesday, 18 May. I think anybody with any sense and sensibility would realise that there is a significant gap between 14 April, when the Senate required them, to 18 May, three working days before the committee began its work of estimates. Would you see that as an appropriate time frame for the Senate to be able to duly consider responses to questions on notice?

Mr Mrdak—We make every effort to try and meet the timetable of the Senate. I do apologise again for the delay in providing those answers.

Senator NASH—When were your draft responses sent to the minister's office?

Mr Mrdak—We provided draft responses for clearance on 25 March.

Senator NASH—Minister, you might be able to help here, given that obviously Mr Mrdak cannot answer on behalf of the minister. Do you see that 18 May, three days before the beginning of estimates, is an appropriate time frame for the minister to provide the responses to the committee?

Senator Conroy—I am very pleased to see that all of the answers, from what you are saying, were actually received in advance of the committee.

Senator NASH—No. I will actually just check that because I do not believe they were.

Senator Conroy—No, you had not said we had not returned any, so I was actually taking from that that we had actually—

Senator NASH—I have not actually got to that point yet. We were so surprised to actually receive any that I am working from that end first. The first responses that we got were 18 May.

Senator Conroy—Having experienced many years—it felt almost endless—of Senate estimates, I think it is quite an achievement to have got all the questions to a committee well in advance, defining three or four days as well in advance, compared to what I endured for 11½ years, which was regularly questions not supplied at all, or on the morning.

Senator NASH—As well you know in your capacity now, we are dealing with this set of estimates and, perhaps for a moment, you could leave your past behind, which obviously has hurt you desperately; scarred you. It would not be payback, would it?

Senator Conroy—It has scarred me deeply. I suspect Minister Albanese is scarred by the way he has been treated. But no, he is a fair-minded individual. I have known him for many, many years and the first thing I think of when I think of Albo is fair minded.

Senator NASH—That might be your view. We could not possibly comment. In all seriousness, it is really treating the Senate with contempt for the minister not to provide answers to the questions on notice within the time frame required. We can only assume there must be a particular reason, but it is entirely inappropriate to treat the Senate committee in this way. In the last lot of estimates, answers from the October 2009 estimates were due on 11 December. I am sure the department was entirely diligent in getting their draft responses to the minister. If I can just point out for the committee, from the last estimates, 197 answers were received at five o'clock on Wednesday, 3 February; one answer was received on Friday, 5 February. We began those estimates on Monday, 8 February. It is a bit of serial pattern here, Minister. It is not a one-off accident. The minister is thumbing his nose at the Senate committee and it is entirely inappropriate that he continue to do so. He is treating the Senate with contempt.

Can I just also go to another issue—Minister, this one will not surprise you either, I am sure. In the answers that we have received, yet again, we have the very, very detailed response of, 'We refer the committee to the website.' Minister, probably about four estimates ago, you very kindly undertook to discuss with the minister that perhaps it was not appropriate for responses to questions on notice simply to refer the committee to the website. If that is the best that the department and the minister can come up with time and time again, it is an indictment on the minister. Can I just read you a couple of those:

Can the department explain why five of the 14 infrastructure projects relating to national road projects are yet to commence? How were the projects prioritised? Why were the projects yet to commence deemed a lesser priority?

Answer:

A list of all projects and their status is on the department's website.

Can the department explain why 127 black spot programs out of 607 are yet to commence? How were the projects prioritised? Why were the projects yet to commence deemed a lesser priority?

Answer:

Details of these projects are on the Economic Stimulus Plan website.

Can the department explain why 137 boom gates for rail crossing projects are yet to commence?

Very important, particularly in the regions:

How were the projects prioritised? Why were the projects yet to commence deemed a lesser priority?

This one says to—**CHAIR**—Senator Nash, is there a question in this?

Senator NASH—There is. It is very important, 'NB 230'.

Senator Conroy—To be fair, I think Senator Nash is entitled to raise these points.

Senator NASH—Thank you very much. The answer to this one is a little bit different. It says:

Refer to NB 230.

That is National Building 230. That answer says:

The details of these projects are on the Economic Stimulus Plan website.

They could not even say that one again. They actually had to refer us back to the last one that referred us to a website. With 1,050 staff in the department, you would think it would be rather more appropriate for them to be able to spend some time providing the committee with at least an attempt at some detailed answers. We can just give up the whole process. We could all just stay home, Chair, do you think, and all just trawl through a few websites for a few days. Maybe that would be the answer?

Senator Conroy—I would recommend some of that for you, but you probably cannot stay at home and trawl your website because you have not got any decent broadband in rural New South Wales.

Senator NASH—It is embarrassing for your minister that he continues to treat the committee in this way. We would hope that, once again, you might undertake to discuss with your ministerial colleague his appalling behaviour when it comes to the treatment of this committee.

Senator Conroy—I think that is a little strong.

Senator NASH—I do not think so.

Senator Conroy—I promise you that I will undertake to raise the issue again with the minister's office.

Senator NASH—Thank you, very much.

Senator Conroy—I would say, having some experience with this myself, that events are sometimes fast moving and I, myself, have had to delay responding past the date because new information has come to light after the original answer by the department was drafted. I have had, on a number of occasions, to send answers back for an update because, by the time the information is ready to be forwarded, it has actually become outdated. Rather than send outdated information to the Senate, I would rather wait and get the updated information. I have been criticised for that, but I think I am actually performing a valuable service by making that decision.

Senator NASH—Absolutely.

Senator Conroy—Minister Albanese obviously likes to consider at length, and thoroughly consider, those answers before he passes them on. I think, overall, that you have a valid point.

Senator NASH—Thank you, Minister.

Senator Conroy—As I said, I will promise that I will take it up with him personally and directly.

Senator NASH—Thank you very much. I do appreciate, obviously, your diligence to your department that you are referring to. It is a little tricky to understand why you would need to go back to the department to come up with an answer of reference to a website, but I do appreciate that you have undertaken to speak to the minister responsible. Thank you.

CHAIR—Thank you, Senator Nash. Senator Joyce.

Senator JOYCE—Looking at the budget, you have got \$976 million of funding under the Nation Building Program and it has been brought forward to this financial year. When are these payments precisely being made to the states?

Mr Mrdak—Those payments are generally paid under national partnership agreements and that is done by the Treasury at regular payment intervals. My understanding is the next payment schedule is for around 7 June.

Senator JOYCE—They are going to be busy boys, trying to spend \$976 million in what would look like 23 days. How do you reckon they will go?

Mr Mrdak—A number of these payments are for road projects, which are accelerating ahead of schedule and for which the jurisdictions have already, or are now, incurring expenditure. This would be payments made to those jurisdictions for those projects. They are all projects which are under construction or about to commence construction, and this is consistent with normal practice.

Senator JOYCE—I know you borrow over a billion dollars a week, but do you reckon you can spend this \$976 million by the end of the financial year, or are you just fudging the books by bringing the numbers forward, so you can keep to your two per cent increase in spending commitment?

Mr Mrdak—I cannot comment on how the states manage their expenditure profile to that extent. Certainly, this expenditure has been brought forward to facilitate, as you will see from the list of projects that are being done, speedier construction. In a number of situations, such as the Ipswich Motorway, projects are well ahead of schedule and the states have been

incurring expenditure. This provides an avenue where the Commonwealth has decided to enable that expedited process to continue.

Senator JOYCE—That money will be spent. Is that the guarantee of your department?

Mr Mrdak—The money will be spent.

Senator JOYCE—By the end of the month?

Mr Mrdak—I cannot give you a time frame as to over what profile it will be spent by the jurisdictions, but it is being drawn down.

Senator JOYCE—It is being drawn down, but will it be spent, because I do not want to be paying interest to the Chinese, the people in Japan or the Middle East unless we have to. I just want to know if the money is going to be spent.

Mr Mrdak—These are all projects which are underway.

Senator JOYCE—They are all underway, but is the money going to be spent?

Mr Mrdak—It will be spent.

Senator JOYCE—It will be spent by the end of the financial year?

Mr Mrdak—I do not know about spent by 30 June, but certainly—

Senator JOYCE—It might not be spent by 30 June?

Mr Mrdak—the money is going to projects which are underway.

Senator JOYCE—Why are we borrowing more money than we need to if it is not going to be spent?

Mr Mrdak—But we are only paying payments to jurisdictions that have works underway where they are able to legitimately claim money.

Senator JOYCE—Are they going to spend the money?

Mr Mrdak—They will spend the money but, as I say, I cannot give you the profile at this stage as to when they would spend that money. But they are incurring costs now on all those projects.

Senator JOYCE—It is a pretty expensive trek if you are borrowing money from overseas just to fudge the books to get you to your two per cent figure.

Senator Conroy—Where would you like to borrow money from?

Senator JOYCE—No, I prefer you do not borrow money at all if you do not need to borrow it.

Senator Conroy—There is a good reason why you were dumped from finance: it is that sort of argument.

Senator JOYCE—Are you giving a commitment, Senator Conroy, that this money will be spent by the end of the financial year?

Senator Conroy—I think Mr Mrdak has made the point that they are state government projects, but we are happy to take on notice and make sure that you—

Senator JOYCE—It did not take long for that defence to come out.

Senator Conroy—Given that we do not have the information you are seeking, we are happy to take that on notice and see if there is any information—

Senator JOYCE—Maybe I could look it up on the website.

Senator Conroy—You probably could actually.

Senator NASH—The answer would come back saying it is not available on the website, so do not worry about it.

Senator Conroy—Except I am sure the broadband is not good enough in St George for you to get on line.

Senator JOYCE—It is good enough for me to know that you borrow in excess of a billion dollars a week.

Senator Conroy—We will take it on notice, and if there is any information that the state governments can make available to us we will provide it.

Senator JOYCE—So you are relying on the state governments to spend the money?

Mr Mrdak—Senator, if I may—

Senator JOYCE—By the end of the month?

Mr Mrdak—If I may answer, if that is all right. Can I just take you through the list of projects that have been brought forward?

Senator JOYCE—I have got them. How about I take you through them? Let's go to the local government payments—accelerating payments. You had—what?—half a billion dollars sitting out there in 2010-11 and you are bringing that into 2009-10. Are the local governments going to actually spend that money?

Senator Conroy—The money being supplied is actually confirmation that the projects are underway and being delivered.

Senator JOYCE—No.

Senator Conroy—And people actually do require to be paid on a regular basis for these projects.

Senator JOYCE—No, money being supplied is a mechanism for you to keep with your so-called two per cent—no better than two per cent—increase in expenditure.

Senator Conroy—Why don't you stick to regional and leave the finance to the finance shadow spokesman, Mr Robb?

Senator JOYCE—So you are giving a guarantee that this money is going to be spent and you are not just fudging the books?

Senator Conroy—No, as I said to you, we will seek the information from the state governments.

Senator JOYCE—Take it on notice. Put in on the website.

Senator Conroy—And I am sure if you went to the state government's website you could get these answers. But as I said, I am sure by the fact you keep asking these questions it is clear you cannot get access—

Senator JOYCE—What was the rationale for bringing forward these payments?

Mr Mrdak—We worked pretty closely with the jurisdictions in relation to the project scheduling. A number of projects are well advanced or ahead of schedule, such as the Ipswich Motorway, Douglas Arterial, South Road in South Australia, Northern Expressway and Tiger Brennan Drive in the Northern Territory, and this bring-forward enables the commencement of the Holbrook bypass, which is the last remaining project to complete the duplication of the Hume Highway. The bring-forward of the money actually facilitates the early commencement of the Holbrook bypass and that is a very important project which we have been seeking to have commenced early. So all of these funds are for projects which are underway or about to commence, and this expedited that process of commencing that work or continuing the projects. As I said, projects like the Ipswich Motorway are some six months ahead of schedule.

Senator BACK—Are they local government projects?

Mr Mrdak—They are all state government major national projects on the national network.

Senator BACK—I thought the question related to the \$511.6 million of local government payments that have been brought forward?

Mr Mrdak—Sorry, I thought we were also talking about the Nation Building Program.

Senator JOYCE—No, I specifically said the \$511.6 million of the local government payments, accelerating payments.

Senator BACK—Page 270.

Mr Mrdak—The government has made a decision to provide that funding to local government to enable them to continue various investment programs as well.

Senator JOYCE—Now, I just noted at the note:

This will ensure local government is able to take maximum advantage of the global recovery and prepare for future challenges.

Are you standing by the statement that we now have a global recovery? I have been watching the news lately and I am seeing something else.

Mr Mrdak—I think all of the economic indicators have been that the Australian economy has weathered the global downturn last year very well—much better than most—and is going through a recovery. Obviously this is a recovery which is still very difficult, and as we have seen in the last few weeks around the world there are a number of economic difficulties on the horizon but the government has taken a decision to provide additional funding support to local councils.

Senator JOYCE—In your statement it talks about the global recovery. Dr Henry told me last time that the global recession is over. It is going to be fascinating to see if he sticks to that position. So you are pretty happy that the global recovery is going along all right?

Senator Conroy—Are you going to be allowed to ask him questions?

Mr Mrdak—What I was saying to you is that I think all of the indicators are that the Australian economy is doing much better than other global economies, but we always recognise that the world has got a number of difficult economic circumstances at the moment.

Senator JOYCE—What is the rationale for—

Senator Conroy—Sorry, if I can just add something to Mr Mrdak's response

Senator JOYCE—As long as it is worthwhile.

Senator Conroy—The ALGA President, Councillor Lake, has welcomed the government's decision to again bring forward the first quarterly payment of the 2010-11 financial assistance grants with an estimated \$511 million:

Bringing the first quarterly grants payment forward from August to June will help to smooth out the cash flow, especially in rural and regional councils which rely heavily on the Financial Assistance Grants," Cr Lake said.

"The last thing small communities need as we emerge from the downturn is a reduction in the cash available because of a reduced cash flow for the council."

So the national body representing council has welcomed this, Senator Joyce.

Senator BACK—Minister, with respect, it is not the first quarterly payment for the next financial year. Is there an expectation that they have got another three of these payments coming? Have they? I cannot see it in the forward estimate beyond 2010-11, with a reduction of \$511 million back into this financial year. I think you are commenting on an expectation of this being the first of four more. Could you just advise us of that?

Senator Conroy—I am just pleased that Barnaby has finally acknowledged that there was a global financial crisis.

Senator BACK—That was not the question.

Senator Conroy—I am just commenting on Senator Joyce's commentary that he now finally accepts that there was a global financial crisis.

Senator JOYCE—If you cannot answer the question, just say that you cannot answer it.

Mr Mrdak—The local government financial assistance grant payments will continue to be made quarterly. There will be a reduction of the amount that has been brought forward across the four payments next year.

Senator BACK—The \$511 million, is that a one-off into this financial year? And have they a full expectation of full payment in the coming financial year, 2010-11?

Mr Mrdak—No, the 2010-11 payments—the quarterly payments—will be reduced by amounts equivalent to the 500 or so million dollars brought forward to 2009-10.

Senator JOYCE—Who gets the interest for the money that you send across to them? Who gets that? Do they invest it and keep the interest?

Mr Mrdak—That is a matter for local government. These are untied financial assistance grants.

Senator JOYCE—So they just stick it in the bank account and they get their five per cent while we are paying interest to the Chinese, to the Japanese and the Middle East for the money we borrowed.

Mr Mrdak—It very much depends on—

Senator Conroy—Would it be okay if it were Americans?

Senator JOYCE—I notice that the Chinese are the biggest source of funds.

Senator BACK—They are also borrowing from the same sources.

Senator JOYCE—Yes, they are heading down the same path that we are heading.

Mr Mrdak—It would depend on the circumstance and the decisions of the council. Councils may choose to invest a proportion of it, but I think, as the minister has outlined, a number of councils have significant capital works programs or investment programs and they are seeking to continue those.

Senator JOYCE—I notice that the RBA keeps on putting up interest rates, so there must be a stimulatory effect on the economy. Don't you think it is counterintuitive, and that if you really do believe that they are going to spend \$976 million in 23 days, that might have a bit of an upward pressure on interest rates, or you put that rationale aside—

Senator Conroy—You know that that is an absurd question based on a whole range of hypothetical assumptions—the sort of assumptions that led to you being dumped.

Senator JOYCE—Did you receive any requests from states to bring forward these payments?

Mr Mrdak—We work very closely with jurisdiction authorities—

Senator JOYCE—Did you receive any request to bring forward these payments?

Mr Mrdak—Certainly in relation to a number of the road projects, yes, we worked very closely and in relation—

Senator JOYCE—A number or all?

Mr Mrdak—To all of those road projects.

Senator JOYCE—All of them?

Mr Mrdak—Certainly, we do have the opportunity to accelerate and bring them forward.

Senator JOYCE—No, I will go back to the question: did you receive any requests from the states to bring forward these payments? Did they make the first contact with you in requesting these amounts?

Mr Mrdak—I am aware that in relation to at least a couple of the road projects that is the case.

Senator JOYCE—A couple. Which ones?

Mr Mrdak—I will take the full amount on notice.

Senator JOYCE—Which ones? You said a couple. That is on the record. Which ones?

Mr Mrdak—I am personally aware for projects such as the Ipswich Motorway, the Northern Expressway and the Holbrook bypass that we have received—

Senator JOYCE—Hang on, did they—

CHAIR—Sorry, Senator Joyce, I know you have a lot of questions but I would encourage you to hear Mr Mrdak out then ask the next question if you could.

Mr Mrdak—Thank you. In relation to those projects I am personally aware that they are projects which we have had discussions with the states about where there is opportunity to bring forward funds to accelerate them. In relation to the full list of projects I will take that on notice.

Senator JOYCE—Okay. You said that you received a couple. Okay. And then you mentioned the Ipswich Motorway and the Holbrook bypass and another one.

Mr Mrdak—The Northern Expressway.

Senator JOYCE—Okay—those instances. For the rest I imagine that they actually did not approach you to accelerate the payments forward.

Mr Mrdak—No, I said to you I would check the record as to what contact we had. I am personally aware of those three projects because they are projects which I have discussions with the relevant senior executives about.

Senator JOYCE—Did they contact you, or did you contact them?

Mr Mrdak—We talk to our state colleagues on a daily basis in our programs area.

Senator JOYCE—Did they make the request, or did you offer it?

CHAIR—I encourage committee members to always try their best to at least let the officers answer. You will be given as much time within the agenda as you need, Senator Joyce.

Mr Mrdak—Thank you. In relation to those projects, I am aware that discussions took place, including with me and the relevant senior people in those agencies at state level. There were opportunities identified to accelerate the projects or continue the pace at which they were ahead of schedule. In relation to the full list of road projects, I will take on notice as to what contact took place. But in all those circumstances my programs people are, almost on a daily basis, talking to the various state officers, tracking the project schedules and identifying opportunities to, where possible, accelerate project work.

Senator JOYCE—You can identify all the local government programs, can you, that you have taken this money forward for?

Mr Mrdak—In relation to the local government payments, they are untied fiscal grants to local government.

Senator JOYCE—So you cannot actually track them.

Mr Mrdak—They do not relate to any particular project. They are not tied Commonwealth grants.

Senator JOYCE—So it is half a billion dollars and you do not quite know where it is going to end up.

Mr Mrdak—They are untied financial assistance grants to local government. That is a longstanding program that has been—

Senator JOYCE—Did the local—

Senator Conroy—Longstanding under your government. If you are going to make the accusation that this government does not know where they were, then you are making the accusation that Peter Costello and John Howard did not know where these grants went.

Senator JOYCE—So did the local governments approach the department, Minister? Did they approach you prior to you sending them the money, or did you just send them the money, and then they send you a thank you letter, sort of like some endeared Christmas gift?

Senator Conroy—As I said, I have read out their support for it. Which part did you not understand of that sentence I read out?

Senator JOYCE—Take me to the section where it says, ‘We request you send us this money early.’

Senator Conroy—I have read out to you that they welcomed it.

Senator JOYCE—No, take me to that section.

Senator Conroy—I have read out how much they welcomed it. It is just disappointing you are so out of touch with local government.

Senator JOYCE—Is it not there?

Senator Conroy—It is disappointing to see how out of touch you are. You used to be a fairly grass roots, in-touch politician.

Senator JOYCE—The point is that they did not actually make a request. You just sent them the money and they sent you a thankyou card. I do not find that surprising at all! How often did the states send you reports on the progress of projects funded under the Nation Building Program?

Mr Mrdak—We receive monthly formal reports from each of the jurisdictions in relation to the Nation Building Program, which enables us to track expenditure. We also, as I outlined earlier, have ongoing discussions with the jurisdictions on project schedules.

Senator JOYCE—Will you be able to assess whether the money you have transferred early will be spent before the end of the financial year? Do you expect the states to spend the money transferred early by the end of the financial year?

Mr Mrdak—As I outlined earlier, I will take that on notice. My understanding is a number of those projects have already incurred the expenditure or are in the process of it. I would anticipate that a large proportion of it would be expended, but I cannot give you the exact answer until I check with the states as to whether that is the case. Some of it may well be expended in 2010-11 as they pay invoices which are now being accrued.

Senator JOYCE—You will able to tell me how much of the \$976 million was actually spent by 30 June?

Senator Conroy—We said we would take it on notice. If there is any information that the state governments are able to supply, we will pass it on to you. We have said that three or four times now. You can keep asking the question.

Senator JOYCE—You will be able to find that for me?

Senator Conroy—No, what we said was that we would take it on notice. If there is any information that the state governments can supply, which presumably will be after 30 June, by definition—I am not sure whether that means that we are complying with the deadline that has been set—we will pass it on to you. To go back to the question of council grants, these were grants introduced in 1974. They survived two periods of your government and you did not complain about them then, saying, ‘You don’t know where the money’s gone!’ It is just a nonsense.

Senator JOYCE—I asked you a question which you were unable to answer: did you get instruction from local governments to pay early?

Senator Conroy—We have a regular dialogue and a genuine partnership.

Senator JOYCE—You cannot table it and you cannot answer that question because you never received it.

Senator Conroy—We have a regular dialogue and a genuine partnership, unlike the way you used to treat the local government community.

Senator JOYCE—That is an amorphous answer. That is just a nonanswer. Let us go to Anthony’s Cutting and Western Ring Road. Are they going to be able to complete that by 2009-10, out of the \$150 million you brought forward?

Ms O’Connell—In terms of those bring-forward amounts, they are not necessarily full amounts for all of the projects, in terms of completion. Some of them are—for example, the Northern Expressway in South Australia. That recognises the concluding amount to complete that project. A number of them are brought forward to reflect progress that is taking place, but they are not necessarily the complete amount to conclude an entire project. So it recognises progress to date. In some circumstances they do conclude the project.

Senator JOYCE—Did you have any discussions with Treasury, Finance and PMC about these expenditures?

Mr Mrdak—Yes, these expenditures were decisions taken in the budget context, so the central agencies were involved in those processes.

Senator JOYCE—So you did have discussions with Treasury, Finance and PMC about it.

Mr Mrdak—Yes.

Senator JOYCE—When did those discussions take place?

Mr Mrdak—They took place in the budget process, during the consideration by the Expenditure Review Committee of cabinet and the cabinet process.

Senator JOYCE—Was any instruction given by Treasury, Finance and PMC to bring forward the payments?

Senator Conroy—You cannot comment on advice given to government and it is improper to ask the official to comment on advice given to government.

Senator JOYCE—During the budgetary process, you had discussions with Finance and PMC. That might be the source of our accelerated programs. Can I just take you to the Douglas Arterial Road? Under this project, \$15 million was to be spent in 2012-13, noting now we are in 2009-10, but now it will be spent in 2009-10. Will the Queensland government actually spend this \$15 million, considering you are taking it two years forward?

Mr Mrdak—My understanding is that this is a project which is being accelerated. Its construction is underway. My understanding is the expenditure is being incurred. I will take on notice exactly what their expenditure profile looks like, but certainly the advice we have is the money will be expended, predominantly in 2009-10, 2010-11.

Senator JOYCE—Did they ask you to accelerate the payments forward for them?

Mr Mrdak—Again, that is one I will check. I am not personally aware of that one, but my understanding is that is right.

Senator JOYCE—I can see a lot of answers are going to be, ‘I am going to check that.’

Senator Conroy—Could I just clarify for the committee’s benefit, following Mr Hockey’s budget response—and you would not have been involved in that, Senator Joyce, so you might be able to cast some light on this—the deficit will last longer under the coalition’s budget response. Under our proposal, Australia has lower debt and lower deficits than any of the major advanced economies, a key reason behind our AAA rating. Would you like to comment on that? I know you have been stripped of this area.

Senator JOYCE—I will see what your proficiencies are like. What is our current debt?

Senator Conroy—It will be coming down to—

Senator JOYCE—What is our current debt?

Senator Conroy—It will be coming down to—

CHAIR—Senator Joyce, you have asked your question.

Senator JOYCE—You have not got a clue!

Senator Conroy—And your party thought you were so good in finance they sacked you!

CHAIR—Order! Senator Joyce, you have asked the question—

Senator Conroy—Is it a billion, a trillion or a dillion?

Senator JOYCE—You have not got a clue, have you?

CHAIR—Order! Minister and Senator Joyce!

Senator Conroy—Quite right, Chair.

Senator JOYCE—Look it up—Australian Office of Financial Management.

CHAIR—Senator Joyce, if you do not cease interjecting after each question, I am going to have to call a private meeting, which I do not want to have to do. If you ask the question, could you at least give the officers or the minister a chance to answer. Minister, do you wish to answer Senator Joyce?

Senator Conroy—I was asking a question of Senator Joyce: was it a billion, a trillion or a dillion?

Senator JOYCE—They way it works is I ask the questions; you answer them. And, seeing you have opened the agenda of what our debt is, what is our debt?

CHAIR—This is becoming very Heffernanesque.

Senator JOYCE—Someone in the Labor Party must know.

Senator Conroy—If you are allowed to ask any questions at Treasury next week, you should go along. You are probably not going to be allowed to ask any, after they sacked you.

Senator JOYCE—How does the \$15 million, which was originally not to be spent for at least another two years, accelerate commencement—

Senator Conroy—They sucked you on to the frontbench as shadow finance minister and then just spat you out. It was hilarious!

Senator JOYCE—and what does ‘accelerate commencement’ mean?

Senator Conroy—I am not sure we actually heard the question.

Senator JOYCE—That is because you were talking.

Senator Conroy—Senator Nash was laughing loudly; we could not hear.

Senator JOYCE—Okay, I will repeat the question for you because you were babbling on. How does the \$15 million, which was originally not to be spent for at least another two years, accelerate commencement? What does ‘accelerate commencement’ mean?

Mr Mrdak—Is this in relation to the Douglas arterial?

Senator JOYCE—Yes.

Mr Mrdak—We are just checking. I will get you a detailed schedule in relation to that. My understanding is this will enable them to from pre-construction works into letting of tenders and start construction.

Senator JOYCE—Hang on. They are also getting the money on 7 June?

Mr Mrdak—That is correct.

Senator JOYCE—You are going to send them \$15 million and they have not really actually started yet?

Mr Mrdak—I will get you the exact details of the construction stage this morning.

Senator JOYCE—What are they going to do with \$15 million in 23 days.

Mr Mrdak—As I outlined earlier, in many cases, the jurisdictions have actually expended funds in relation to projects.

Senator JOYCE—They have started this? If I went up there, would I actually find it?

Mr Mrdak—Funds have been expended on the Douglas arterial. I will get you the details of the schedule.

Senator Heffernan interjecting—

Senator Conroy—It probably means ‘start quicker’.

Senator JOYCE—Given that the funding for the project has been brought forward two years, can we now expect it to be completed two years early?

Mr Mrdak—My understanding is that it will be completed earlier. I will find out exactly how much earlier for you this morning.

Senator JOYCE—All these other funds that we are bringing forward, are we now going to have an earlier completion on all these projects?

Mr Mrdak—That is the intention, yes.

Senator JOYCE—Is reconciling cash flow payments to progress of project all on track to be brought forward and expended in the proportion that you brought the funds forward?

Mr Mrdak—In relation to these projects that have been brought forward, yes. Under our MOUs with the various state governments, we require payments to be drawn down as required, according to milestones. These are all payments which are on projects which are underway and, as the government has outlined, these will enable the acceleration or early completion of a number of projects.

Senator JOYCE—How is this tender process going to work? Have you got the tenders in? How did it actually work? You are talking about a project and, obviously, there is a limited amount of capital in the economy and now we are saying that, all of a sudden, there is going to be this miraculous creation of dozers, scrapers and earthmoving equipment and it will all descend from heaven and build this project. Do you have the capacity in the economy to absorb this?

Senator Conroy—Barnaby, your question is incoherent. Could you just slow down and ask it?

Senator JOYCE—No, your answers are incoherent. In fact, your answers are not even answers, Minister. You are still smarting from the fact that you do not know what your own debt is. How are you going to find the—

Senator Conroy—I am smiling because I am looking upwards to see if a tractor is about to drop on my head, according to your question. Could we just have a sensible question?

Senator JOYCE—I will ask you, Minister. Do you believe the economy has the capacity to absorb the capital requirements of you bringing forward all this infrastructure expenditure?

Senator Conroy—I am confident that the Treasury’s budget predictions are correct, unlike you who just vacates the economic field by saying, ‘Ken Henry and Treasury are liars.’

Senator JOYCE—You are confident?

Senator Conroy—You just vacate the field of all credibility. It is one of the reasons you were demoted.

Senator JOYCE—You know, do you?

Senator Conroy—What I do know is your friends in the Liberal Party white-anted you from the first day.

Senator JOYCE—Have you got more diligent information than your confidence, or is that what we have to rely on?

Senator Conroy—I am confident in the Treasury forecasts. They have certainly been more accurate than yours over the last couple of years, or Joe Hockey's.

Senator JOYCE—I will enlighten you on your Treasury forecasts. A couple of years ago, you said we would have a \$17.7 billion surplus and now we have got a \$57.1 billion deficit.

Senator Conroy—I know this is a coalition member; not a member of the National Party, but Peter Lindsay has actually been critical of us for not starting the work earlier and now you are being critical of us for starting it earlier. I do not mind what the coalition's position is, but could you just work it out?

Mr Mrdak—Can I just add to my answer?

Senator Conroy—Should we do what Peter Lindsay wants, or do what you want, Senator Joyce?

Senator JOYCE—You should just answer the question.

CHAIR—I tell you what we should do, Minister and Senator Joyce. Why don't we let Mr Mrdak help you out with an answer there?

Mr Mrdak—Senator, the Douglas arterial is under construction. The sod turning on the construction phase took place in April, so this is a project which is under construction. This additional bring-forward recognises the revised cash flow of the Queensland government in relation to the project.

Senator JOYCE—Good. You have some information on the Douglas arterial, so let us drill down to that. They turned a sod back in April, and I hope that is not what we are paying this \$15 million for. What part of completion are we at, in percentage terms?

Mr Mrdak—I would have to take that on notice. I do not have that information with me here today.

Senator JOYCE—Have we started any major earthworks?

Mr Mrdak—My understanding is earthworks are underway.

Senator JOYCE—Major earthworks?

Mr Mrdak—That is my understanding, but I will take that on notice and give you further details.

Senator JOYCE—Even on the Ipswich Motorway, how far ahead of program is that?

Mr Mrdak—It is around six months ahead of schedule.

Ms O'Connell—It is six to eight months ahead of schedule on the Dinmore to Goodna section of the Ipswich Motorway.

Senator JOYCE—In our bringing forward of payments, have we brought forward six months of payments, or have we brought forward two years? How many years of payments have we brought forward?

Mr Mrdak—This brings forward a proportion of what would have been paid in 2010-11, not the full—

Senator JOYCE—How many years have we brought forward on the Ipswich Motorway?

Mr Mrdak—We will take that on notice and we will come back to you.

Senator JOYCE—No, you do not have to. It is in front of you, for goodness sake.

Mr Mrdak—I do not have the detailed cash flow projections of the project with me.

Senator Conroy—If you would stop interrupting and adding commentary, you might get the information you are after.

CHAIR—That is probably a good point. I have been trying to say that. Thank you, Minister, for helping me out.

Senator JOYCE—It is six months ahead of schedule and you are confident that we have only brought forward six months of payments?

Mr Mrdak—No, what I indicated was we have brought forward a part of what would have been our payment in 2010-11 to pay for the works that have been done ahead of schedule and, also, some of the costs incurred by Queensland to this point to bring forward the Commonwealth contribution. What I indicated to you is I would come back to you with an indication of what stage that is at and what proportion of 2010-11 funding has been brought forward on Ipswich.

Senator JOYCE—Going back to the Douglas arterial, you have brought forward \$15 million in tender costs. Why was \$15 million allocated for tender costs in two years time?

Senator Conroy—Didn't Peter Lindsay tell us to bring it forward? Wasn't he criticising us for not starting it? Senator Joyce, can I just understand what the coalition position is? I know the coalition position was to dump you, but what is your position on the Douglas freeway—start it or not start it?

Senator JOYCE—You have to go ad hominem because you just lack so much depth, Minister! It is just incredible.

Senator Conroy—You've been demoted, not me!

Senator JOYCE—Oh my soul's been afflicted by the barb of Senator Conroy!

Senator Conroy—No, I think the knife in your back is what has afflicted you!

Senator JOYCE—Oh dear, you are like child.

CHAIR—Senator Joyce and Minister: apart from putting you both on the naughty mat, I am not quite sure that we are going to get anywhere with this exchange of thoughts and ideas on who has been demoted and who has not. For the purposes of not wasting the Senate's time, if we ask questions, please wait for the answer because I think, Senator Joyce, your colleagues may have some questions and we are on a tight timetable.

Senator JOYCE—Have we estimated the increased interest expenses that the Commonwealth will incur due to the approximately \$1.5 billion that we have brought forward?

Mr Mrdak—They are not matters for this portfolio; they are matters for the Treasury. These are commitments which are already in the forward estimates and in the government's budget.

Senator JOYCE—The Treasury, of course, will have brought forward the interest expenses because it has brought forward the payments, wouldn't it?

Mr Mrdak—I am not in a position to comment on that.

Senator Conroy—That is a question to ask Treasury, I would expect.

Senator JOYCE—Did the Queensland government specifically request the \$15 million into the Douglas Arterial Road be paid this year, or that any of the transfers under this program be brought forward to this year?

Senator Conroy—Peter Lindsay kept demanding that we bring it forward.

Senator JOYCE—Is Peter Lindsay the premier of Queensland, is he?

Senator Conroy—No, he is a member of your party. What is the coalition's position?

Senator JOYCE—This is incredible. Is Peter Lindsay—

Senator Conroy—What is the coalition's position?

CHAIR—Minister, I can understand your frustration, but—

Senator JOYCE—I should answer that question: the coalition's position is to rid this nation of your appalling management. That is the coalition's position.

Senator Conroy—So Peter Lindsay is wrong; we should have brought it forward?

Senator JOYCE—Did you have any discussions with the Department of Prime Minister and Cabinet, the department of finance and the Department of Treasury on these accelerated payments? You have said you had. Did these departments request that these payments be made in this financial year?

Senator Conroy—Sorry, did the departments, did you say?

Senator JOYCE—Did these departments request that these payments be made in this financial year?

Senator Conroy—I am sorry. You cannot ask the officer questions about advice to government, Senator Joyce. It is a longstanding position. You can ask about policy. You can ask about dollars. Well, actually you cannot ask about policy, but you certainly cannot ask officers to comment on advice to government.

Senator JOYCE—What is the total cost of the Ipswich Motorway? You have brought forward half a billion dollars; that is correct?

Mr Mrdak—Yes, that is correct.

Senator JOYCE—Page 272. You have told me that you are six months in advance; that is correct?

Mr Mrdak—On that particular section, yes.

Senator JOYCE—But you have brought forward payments from 2010-11 and 2011-12. You have brought forward two years of payments, but you have already admitted that you are only six months in advance? Why would you do that?

Mr Mrdak—The original project scheduling has been accelerated because they have been able to undertake the works much more quickly. So the Commonwealth has brought forward its funding to complete the project.

Senator JOYCE—You have already given this Senate estimates evidence that you are six months ahead and the tabling document here, the budget papers, says that you have brought forward payments from two years. That, to me, smells of a fix to the books.

Senator Conroy—That is an opinion, Senator Joyce; it is not a question. Would you like to ask a question?

Senator JOYCE—Why did you bring forward two years of payments when you are only six months ahead for the Ipswich Motorway?

Senator Conroy—Peter Lindsay told us to.

Senator JOYCE—Is that correct? Is that your evidence, that Mr Lindsay asked for it to be brought forward on the Ipswich Motorway? Is that right? Is that what he said?

Senator Conroy—Have you cancelled the \$500 million upgrade to Warrego Highway?

Senator JOYCE—Is that what he said?

Senator Conroy—Have you cancelled that?

Senator JOYCE—No, I am asking you the question.

Senator Conroy—Did you cancel \$500 million to upgrade the Warrego Highway?

Senator JOYCE—I am asking you the question.

Senator Conroy—Bruce Scott made that commitment.

Senator JOYCE—No, see, you answer the questions; I ask them. That is how it works. You have just said that Mr Lindsay asked for that.

Senator Conroy—Have you really cancelled the \$500 million promise?

Senator JOYCE—I am asking you, Senator Conroy: did Mr Lindsay ask for the payments to be brought forward on the Ipswich Motorway?

Senator Conroy—Why do you hate regional Queensland?

Senator JOYCE—Can you answer a question? Why can't you answer the question?

Senator Conroy—\$500 million to upgrade the Warrego Highway, cancelled.

Senator JOYCE—You said on evidence that Mr Lindsay asked for the payments to be brought forward. I am now asking you again: did Mr Lindsay ask for the payments to be brought forward on the Ipswich Motorway?

Senator Conroy—I will check to see if he included that in his comments.

Senator JOYCE—Even you cannot be that absurd!

CHAIR—Senator Joyce, the minister has answered your question. Mr Mrdak was in the process of answering your first question.

Senator Conroy—Is it true you have cancelled your commitment to the Warrego Highway—\$500 million? Is it true?

Senator JOYCE—You used to be sharp; you are losing it!

CHAIR—I tell you what, that mat is getting closer! Senator Joyce, Mr Mrdak was going to answer your original question.

Mr Mrdak—Senator, the Wacol to Darra section of that project has been completed and the Dinmore to Goodna section is running at least six months ahead of schedule. The Commonwealth is bringing forward its payments that would have been made in those out years, recognising the project is now going to be completed much earlier than was originally anticipated. This is not an additional payment over and above what was the Commonwealth commitment to the project. It is recognised in the cash flow expenditure of the Queensland government on the project ahead of schedule.

Senator JOYCE—This is substantial. This is half a billion dollars. You have brought forward half a billion dollars worth of expenditure two years. You are telling me now that it is six months ahead of schedule. Why would you bring forward two years of expenditure when you are only six months ahead of schedule?

Mr Mrdak—That particular section, Dinmore to Goodna, is six months ahead of schedule, but there has been a completed, earlier section, Wacol to Darra—

Senator JOYCE—How much is it ahead?

Mr Mrdak—It has been completed.

Ms O'Connell—Ahead of schedule again.

Senator JOYCE—How much ahead of schedule?

Mr Mrdak—I will find out. I will get you a definitive answer.

Ms O'Connell—I will find out.

Senator Conroy—Senator Joyce, one of the reasons we are seeking this information is because you are asking your questions to the wrong section. These are questions that should be going to the Nation Building Program's Infrastructure Investment Section. The officers are trying to help you as best as possible, and I know you are getting frustrated, saying people should know this answer, but you asking them in the wrong section at the moment. We are happy to keep trying to help, but you might want to save time by waiting until the right section.

Senator JOYCE—Wouldn't bringing forward the project accelerate costs? Is this going to increase costs, by bringing it forward? Are we going to be starting to create a crowding-out effect in the capacity of capital to be employed in the construction of these projects, which, of course, will bring an excess premium that the contractors can charge because you are looking to expend the money?

Mr Mrdak—No.

Senator Conroy—That is a more macro question that is more appropriately addressed, if you are allowed, to the Treasury officials. The officers at the table are here to talk about the implementation of the programs that they are responsible for, and you are asking a macro question. Feel free to, if you are allowed, ask Treasury.

Mr Mrdak—In relation to these projects, the Commonwealth and state contributions are fixed. This is a fixed price. This is a project which commenced some time ago, as a commitment of the government in 2007 when it was elected. This project has been underway for some time, and in fact has taken advantage of the slow down in some parts of the construction industry over the last year or so to accelerate at the work because resources have been available. This project will be completed ahead of schedule.

Senator JOYCE—The Tiger Brennan Drive, you have brought that forward. Is that going to be completed this year?

Mr Mrdak—It is about to be completed. I think the works are just at the final stages.

Senator JOYCE—Right. When will it be completed?

Mr Mrdak—Again, I will check, but I think it will be in the next month or so.

CHAIR—Just to help Senator Joyce out there, Mr Mrdak, would these questions be better asked of infrastructure investment and nation building.

Mr Mrdak—Yes.

CHAIR—Just so Senator Joyce does not get all wound up, thinking he is not getting—

Mr Mrdak—I can have the officers who deal with these projects available in that section. Ms O'Connell and I can help you, at this point, with the overall program, but the specific details of individual projects, I would need to draw on my officers from that division.

CHAIR—Thanks, Mr Mrdak. Senator Joyce, would that assist you in your line of questioning, to dig down later with the correct department?

Senator JOYCE—It will probably elaborate it more than Senator Conroy is.

CHAIR—Let us not go down that path. Senator Conroy has been quiet for the last two minutes, so do not wind him up, Senator Joyce. The minister is quiet.

Senator JOYCE—He is supposed to be sick!

CHAIR—Imagine if he was well!

Senator Conroy—You are just lucky, Senator Joyce, that I like you.

Senator BACK—The two of them can have a private meeting.

CHAIR—Yes, it would go on for about four days! Senator Joyce, would that assist you?

Senator JOYCE—Yes, that would assist me, but there are still other questions I want to ask. I am just about to wind up.

CHAIR—You have the call.

Senator JOYCE—Okay. Going back to the local government one, all these payments have been transferred, the \$511.6 million. That is correct, is it?

Mr Mrdak—Not as yet, but they will be before the end of this financial year.

Senator JOYCE—They will be before the end of the financial year. On 7 June, I imagine?

Mr Mrdak—I do not think they will go in the 7 June payment.

Senator JOYCE—When will they go?

Mr Mrdak—I will find out the exact date for you, but we will make that payment before 30 June.

Senator JOYCE—Will you give a schedule of exactly where they are off to, exactly which local governments are going to get them?

Mr Mrdak—Yes. The way the financial assistance grants are provided, there is a formula, which has been long established, done through state grants commissions, which allocate funding across the various local governments in Australia, based on a formula, which includes issues such as population, road length, those types of issues. There is a set formula. Councils are advised by the state grants commissions of their allocations and the money is paid.

Senator JOYCE—Have these people been informed that they are about to receive a certain amount of funds?

Mr Mrdak—Yes. In each of the council budgets, they would have, in their forward estimates, an approximate amount that they would receive under federal financial assistance grants each year, going forward, based on what they would have received in the past, with an escalation factor which is applied each year.

Senator JOYCE—They have said they are going to be able to spend this money by the end of the financial year?

Mr Mrdak—These are untied financial assistance grants.

Senator JOYCE—They could just put it in the bank?

Mr Mrdak—Some councils may wish to, depending on their financial circumstances and what their capital works and operational budgets are for the year ahead.

Senator JOYCE—Would it not be better, to save our nation money, to say, ‘We’ll give you the money, but we’ll give you the money when you need it and not earlier because we’ve just got to go out and borrow the money if we give it to you earlier’?

Mr Mrdak—No, in the sense that these are financial assistance grants which are built into the local council budgets. They are, for many councils, particularly smaller, rural councils, a significant part of their annual income. If this money was not available to them, they would effectively not be able to operate.

Senator JOYCE—They would not have been budgeting for it until 2010-11. If we give it to them in 2009-10, they have not got any hope of spending it now. It would be in their forward budget; not in this year’s budget.

Mr Mrdak—It would depend on what commitments they have at the moment and how they would be placed, but it is also important to recognise that the government, last year, did make some additional payments to councils. This, effectively, does smooth the payments

across the quarters now going forward. This is something that is not going to cause an issue for most local governments. They would have built it into their base budgets going forward.

Senator JOYCE—They have got it in their forward year budgets. They have got it in 2010-11 like you had it in 2010-11. Now you are bringing it into 2009-10. They have not got it in 2009-10 and they have got not capacity, to be honest, to expend it in 2009-10, but because we give it to them in 2009-10, we have got to borrow the money from overseas to give it to them. Would it have not been more prudent to say, ‘Look, you’ve still got the money, but we’ll give it to you when you need it, as proposed in your budgets’, in the local governments’ budgets?

Mr Mrdak—As I think the minister has outlined, local government is always appreciative of getting this money whenever they can. Obviously, over the last year or so, the bring-forward of the financial assistance grants has been very important to a number of councils because of the increased expenditure they have faced under the global financial crisis to fund projects in their communities. This has been a very welcome advance of funds.

Senator JOYCE—If they know they are going to get it, what difference does 23 days make?

Mr Mrdak—The normal payment would occur around the September quarter. This is bringing it forward to a payment now.

Senator JOYCE—They are going to go out and spend half a billion dollars in a month or so? I would love to be in that local government area.

Mr Mrdak—No, that would depend on the budgets of the council, as to how they treat it and how they choose to invest the funds.

Senator JOYCE—Mr Mrdak, let’s be serious, they are not going to expend that money by the end of this financial year.

Mr Mrdak—The government is not asking them to.

Senator JOYCE—In prudent cost management, you would draw down the facility as required in the expenditure. That is how you save yourself interest costs in any major project, from the paucity of information that I still retain from my accountancy days. Why would we be drawing down all these funds, sending it to a person, knowing that they are just going to sit it in the bank account? They are probably going to get whatever the return is at their local bank, yet we have to pay the interest to the people we borrowed the money off?

Mr Mrdak—These are untied grants which are generally paid each quarter. They are not drawn down by virtue of any expenditure profile provided to us. They are matters for the council. This is a decision of the government to provide an additional amount this year which essentially, as I have said earlier to the question from Senator Back—

Senator JOYCE—Have you got one letter from one local council saying, ‘Please, send me all my money before the end of the financial year’?

Mr Mrdak—Local government are always happy to receive Commonwealth financial assistance grants whenever they arrive.

Senator JOYCE—From all those local councils spread out across our dear nation, has even one local government authority sent you a letter saying, ‘Please send me my money early’?

Senator Conroy—This allows local councils a head start in their planning for their 2010-11 works programs. It gives certainty. That is why the ALGA welcomed it last year and that is why they welcomed it this year. The fact that it was so positively received last year and that, other than you, there has been no criticism of it through last year and again this year may have given us a hint that it was a popular thing to do—and worthwhile, importantly.

Senator JOYCE—How much did we bring forward last year?

Senator Conroy—We would have to take that on notice.

Senator JOYCE—That was just the premise of your statement. How much did we bring forward last year then, Senator Conroy?

Senator Conroy—Here is a newsflash. This is not my portfolio, but the officers may have the information.

Senator JOYCE—You should not answer it like you know it.

Mr Mrdak—It was a similar amount. It was a quarter payment.

Senator Conroy—There you are.

Senator JOYCE—How much did you bring forward last year?

Mr Mrdak—It would have been of a similar order, around \$500 million.

Senator JOYCE—For the local government?

Mr Mrdak—That is right.

Senator Conroy—Last year. What did they not tell you when they gave you this portfolio?

Senator JOYCE—What date did you bring that forward from?

Mr Mrdak—It was paid in 2008-09.

Senator JOYCE—When did they expend that money by? Has the money expended?

Mr Mrdak—These are untied financial grants provided to the councils. That is a matter for the council.

Senator JOYCE—That money could be sitting in their bank accounts as well?

Senator Conroy—Are you suggesting that you are going to introduce a tied grants system?

Senator JOYCE—That money could be sitting in their bank accounts as well, could it not, Mr Mrdak?

Mr Mrdak—I think that is unlikely. Councils have a mix of investment strategies and expenditures.

Senator Conroy—Are you seriously putting the proposition of a tied grants program—GAGS, as it is affectionately known?

Senator JOYCE—Who is answering the question, Mr Mrdak or Mr Conroy? Is Mr Mrdak or Mr Conroy answering the question?

Senator Conroy—The minister is entitled to add information at any stage, Barnaby. One day maybe you will get that privilege. Are you seriously arguing that you believe that there should be a tied grants program? If you are, that would be a new policy. It has lasted longer than the \$500 million to upgrade the Warrego Highway that got axed last week or the week before. If that is your criticism, that you do not know where the money has gone, it is called an ‘untied grant’. If your criticism is that they should be tied, come out and say it.

Senator JOYCE—No. What I am saying is that in trying to be diligent in the precarious economic environment that we find ourselves in and with a nation that has got a government that is going of its head borrowing in excess of a billion dollars a week, we must make every endeavour to be prudent with the finances at our disposal. When a government, just by desire to try and fudge the books, bring forward in excess of a billion dollars worth of expenditure that they cannot prove is actually going to be expended and that money has to actually be borrowed from overseas, that exacerbates the debt crisis we find ourselves in, then I have a right, in fact, a duty to ask the questions.

Senator Conroy—The fact you did not even know this had happened last year renders your question nonsensical.

Senator JOYCE—Why would you send some of the money when they have not actually requested it, unless you are just trying to fudge the books so that you can keep to your two per cent promise?

Senator Conroy—We did it last year. The fact you did not know demonstrates that your questions are nonsensical.

Senator JOYCE—I will explain that to you, because you are doing the same thing. You made the two per cent commitment and now you are on this wild, manic fudging of the books to try and get your baseline up as high as possible so that you can say, ‘I have stayed within my two per cent criteria.’ You have this manic expenditure, even though the money was not even required. That completely debunks the essence of your party’s statement of fiscal conservatism because it is the height of fiscal irresponsibility.

Senator Conroy—Thank you for that stream of consciousness.

CHAIR—Senator Joyce, I do not want to cut you off but there are a lot of opinions there. We do not have a lot of time left. There are only about 20 minutes before we break for morning tea.

Mr Mrdak—Can I just add to my earlier answer. Just to clarify, the payment made in 2008-09 was \$479.7 million, which was paid in June 2009 to local government. That was very much a critical payment for a number of local councils dealing with the global financial crisis.

Senator JOYCE—Dr Henry said at the last estimates that the global financial crisis was over for Australia. That is his statement. Why are you bringing forward in excess of \$1.5 billion, when the Secretary of the Treasury says the global financial crisis was over for Australia?

Senator Conroy—It was very positively received last year when we did it.

Senator JOYCE—It was the global financial crisis last year and this year it is just bonhomie?

Senator Conroy—It was very positively received last year.

Senator JOYCE—Last year it was the global financial crisis; this year it is just bonhomie?

Senator Conroy—Senator Joyce, your economic critique is incoherent. That is the reason your own party dumped you.

Senator JOYCE—That is interesting coming from a senior minister who does not even know how much his own government owes. Have you found out how much your government owes yet, Minister Conroy? Have you desperately looked around the internet and found that answer yet? Have you managed to dig that up with your lightning fingers?

Senator NASH—Somebody will send it to him, don't worry.

Senator Conroy—Yes, someone has sent it to me.

Senator JOYCE—What is it? I will tell you where to go. Go to the AOFM website. How much is our debt?

Senator HUTCHINS—It is on the website, is it?

Senator JOYCE—Yes, of course.

Senator Conroy—Not that he has a responsibility for it any more.

Senator JOYCE—What is it? You must have found it.

Senator Conroy—The government's debt forecast, just to entertain you: net debt per cent of GDP, 2009-10, \$41.8 billion—

Senator JOYCE—No, what is the Australian government's—

Senator Conroy—2010, \$78.5 billion. Australia has the lowest debt and has lower deficits than any of the major advanced economies, a key reason behind our triple-A rating. There is a key reason why you were dumped.

Senator JOYCE—What is the Australian government's securities outstanding at this point in time?

Senator Conroy—You were incoherent in your economic critique.

Senator JOYCE—Are you scared of answering that question?

Senator Conroy—The fact this committee has to put up with you trying to prove or demonstrate it again is sad for this committee, but do you have any questions to the officers at the table because you are wasting everybody else's time.

Senator JOYCE—Since we are talking about the global financial crisis and all the maladies from it, now that means that you would have brought forward payments in 2008-09. Did you bring forward any payments in 2008-09?

Mr Mrdak—Yes.

Senator JOYCE—You did?

Mr Mrdak—Yes.

Senator JOYCE—How much did you bring forward?

Mr Mrdak—I will get you that answer, but there was an amount from our Nation Building Program which was brought forward into that year.

Senator JOYCE—Do you have a rough idea how much you brought forward, because that was the eye of the storm?

Mr Mrdak—I would not want to give an inaccurate answer. I will take it on notice and come back to you as quickly as I can.

Senator JOYCE—You are certain you brought forward payments in 2008-09?

Mr Mrdak—Yes.

Ms O'Connell—Certainly. In December 2008, there were the 17 major road projects that were accelerated as part of the fiscal stimulus response.

Mr Mrdak—As part of the first stimulus response on a number of major projects.

Ms O'Connell—Subsequent to that there were additional payments in the February 2009 package in relation to black spot initiatives and boom gates.

Mr Mrdak—From memory—and I will check in more detail—I think it was of the order of \$700 million, or \$740 million or so, brought forward out of the National Building Program to accelerate 14 road projects, as Ms O'Connell says.

Senator JOYCE—No, in the 2008-09 budget.

Mr Mrdak—You asked about the 2008-09 year.

Senator JOYCE—Yes, 2008-09. No, the 2008-09 budget. Did you bring forward any payments?

Mr Mrdak—I am not aware at that stage, but certainly at the end of that period. We did, in 2008, bring forward projects into that year. I will get you the exact details.

Senator JOYCE—They were delivered in May 2008, were they not?

Mr Mrdak—Certainly, but the global financial crisis really started—

Senator JOYCE—If they were delivered in May 2008, they would not be in the 2008-09 period. They would not be there.

Mr Mrdak—You are right in the sense that they were brought forward in 2008, sorry, for the 2009-10—

Senator JOYCE—That is right. The answer to my question is: nothing was brought forward in the 2008-09 budget, yet that was the height of the financial storm.

Mr Mrdak—No. The May 2008 budget was brought down before the collapse of the major financial institutions later that year.

Senator JOYCE—If things were precarious, would I not be seeing payments being brought forward in the 2008-09 budget?

Mr Mrdak—No. The May 2008 budget was put in place prior to the major collapse of the financial institutions in the US, which precipitated the global financial and economic crisis.

Senator JOYCE—Just so we are clearly on the record, in the 2008-09 budget did you bring forward payments, yes or no?

Mr Mrdak—In the May 2008 budget, no.

Senator JOYCE—No, not the May 2008 budget; in the 2008-09 budget.

Mr Mrdak—No, but we did bring forward projects in 2008, which was December 2008, following the global financial crisis.

Senator Conroy—You do know when that started, don't you?

Senator JOYCE—Do you know what the debt is? I found out. I think \$141.2 billion is what we owe at the moment.

Senator Conroy—Gross or net?

Senator JOYCE—Your Labor mates in the states: 164. Over \$300 billion—

Senator Conroy—That is right, of course—because we are going to default, aren't we? That was the reason they sacked you, wasn't it—you kept trying to tell everybody in the country we were going to default.

Senator JOYCE—You do not care—\$1¼ billion but you do not care.

Senator Conroy—Go on, say it again, Barnaby—we're going to default.

Senator JOYCE—You cannot even find your own debt.

Senator NASH—He has a point.

Senator Conroy—Are we going to default?

Senator JOYCE—Even when I tell you where to look you cannot find it.

Senator Conroy—Are you so scared of being sacked in this position you will not say what you think? Go on, say it; don't be shy.

Senator JOYCE—Why can't you find your own debt? Why won't you say your own debt?

Senator Conroy—Say it again: the country is going to default. Go on, say it. It is what you believe.

Senator JOYCE—Why don't you tell the Australian people how much you owe them.

Senator Conroy—Or has Tony told you you are not allowed to say it anymore?

Senator JOYCE—You are puerile. That is it.

CHAIR—We do have 17 minutes before the morning tea break. As there are no further questions, I thank the officers from corporate services.

[10.14 am]

Infrastructure Australia

CHAIR—Welcome, Mr Deegan.

Senator IAN MACDONALD—Chair, could I just go back to the previous session for one second just to inquire of the minister how many pot plants he actually did have in his office?

Mr Mrdak—We provided an answer on notice. Eleven pot plants were identified in the ministerial office.

Senator IAN MACDONALD—You still have a cold, despite of living in that—

Senator Conroy—No, that is Albo's office. I have only one in mine.

Senator NASH—Only one? You should be outraged.

Senator Conroy—Seriously, I think I have only got one. I could be defaming my own department, but I think I have only got one.

Senator IAN MACDONALD—Could you ask Mr Albanese why he is entitled to 11 and we backbenchers are entitled to none?

Senator Conroy—I only have one more than you.

Senator O'BRIEN—Probably carbon accounting.

Senator IAN MACDONALD—There is a lot of hot air in my office. I need plenty. Thank you, Mr Chairman.

Senator Conroy—'Potplantgate'.

CHAIR—Now to the business at hand. We have 15 minutes before the morning tea break.

Senator NASH—Mr Deegan, we had a discussion last time about the cost of the floor space for the premises where you are. You have come back to me on that. I think it was \$1,299 per square metre for the building you are in, which is the Infrastructure Australia Major Cities Unit together, which is about \$950,000 a year. You came back to me—thank you very much—and said you had another in office in Sydney, which is the Rosebery office. That was only \$270.44 a square metre. Given that Rosebery is not that far from the centre of Sydney, what is the benefit for paying the rather more significant amount of \$1,299 a square metre compared to \$270.44 at Rosebery?

Mr Deegan—The department, rather than Infrastructure Australia, are responsible for the answers that were provided. We were not involved in the negotiations at any stage. I think the department had entered the contract on behalf of the Commonwealth.

Senator NASH—Maybe Mr Mrdak can answer that for me.

Mr Mrdak—The offices we hold at Rosebery are shared with a number of other Commonwealth agencies, particularly the Australian Quarantine Inspection Service. They are located in an area that has a completely different type of office facility to that provided—

Senator NASH—AQIS do not need a view?

Mr Mrdak—There is a view.

Senator NASH—It is just not of the harbour?

Mr Mrdak—No. It is a facility we share with AQIS. We take advantage of the fact that they had an existing lease on the property. We were able to take up a facility which suits our operational needs. That office is where we locate our Office of Transport Security staff, who regularly have the need to be very close to the airport and Port Botany or on-site. For that office to be located there provides easier access.

Senator NASH—How much further is it to the airport or Port Botany from Rosebery than it is from the centre of the city?

Mr Mrdak—Rosebery is just adjacent to the airport itself. I think it is about eight kilometers to the CBD from that area. The CBD location, obviously, is more what we would call ‘office accommodation’ in comparison with what we have at Rosebery, which is very much more an operational location for our transport security staff.

Senator NASH—I have the per-square-metre figure for Rosebery. Would you mind taking on notice for me what the total annual cost of the Rosebery office is?

Mr Mrdak—Certainly.

Senator NASH—Mr Deegan, I do not think we really got to the bottom of this last time because I am still a bit unclear about the cost of the building that you are in. The reasoning for that is:

... that government wanted to send a clear message about their engagement with the cities and thought it appropriate to have the Major Cities Unit both co-located with Infrastructure Australia and in the nation’s largest city.

I think we might have run out of time last time. I am still trying to get an understanding of what the ‘clear message’ actually is; what that means and why the ‘clear message’ necessitates such a significant amount of spending.

Mr Deegan—I think the government took the position that, as it wanted to re-engage with our capital cities and major cities, it wanted its policy unit based in the nation’s largest city. It wanted to send a clear message to those involved in cities policy that this was a different style of approach on a major policy area, and also indicating that the government decided they wanted it in Sydney rather than Canberra.

Senator NASH—I do not have an issue with the city. It was more the specific building that you were in. I think we were discussing why it had to be—

Mr Deegan—They were decisions taken before my appointment.

Senator NASH—I know but, being in the position now, you are the one who gets to answer the question.

Mr Deegan—To the extent that I can.

Senator NASH—To the extent that you can. Having inherited the decision to send a clear message, how do you measure if that has been successful—if spending nearly a million dollars a year is actually sending that clear message? How do you actually measure the financial benefit of spending all that money?

Mr Deegan—I think in any investment you look for the sorts of return that you might get. The sorts of people that we have had into our Sydney office, who have found that more convenient, include deputy prime ministers from other countries, foreign affairs ministers, ministers from other governments and other countries interested in the infrastructure proposals and the rigour of our approach to the investment in this country. We have had major private sector groups, again from around the country and from overseas, interested in the work that we are doing. Sydney is a convenient location for many of those meetings, more

convenient, often, than Canberra. We are dealing with people within the CBD, particularly of Sydney, but also people from other cities who also work in central business districts. To that extent, I think it is a valid position for the Commonwealth to consider an office in Sydney, as indeed, I understand, ministerial offices and many parliamentary offices are based in the Sydney.

Senator NASH—Absolutely.

Mr Deegan—The decision about the particular building was, again, taken before my time.

Senator NASH—Before your time. Exactly. I completely understand the view about Sydney but I am trying to get an understanding of whether this clear message could have been just as clearly passed on to those people, or been entertained, if it was in George Street, King Street or something like that? Would you expect that they would not come if you were located somewhere with a lesser view?

Mr Deegan—The decision to locate in those premises was made before I was appointed. I think there has been considerable value for money in the proposition that the Commonwealth took forward. That was reflected even yesterday. One of the international presidents of Cisco, who had not been to Australia before, was located for a number of hours in our office and he said: ‘This is a stunning opportunity for us to do more business. How do we do this sort of work?’ It is a different environment to what you might see, for example, in the Commonwealth parliamentary offices.

Senator NASH—Are you saying that if they did not have the view of Sydney and your offices were not that plush they would not be so impressed and you would not be able to do business?

Mr Deegan—We are trying to present a professional image. The decision about the offices was taken before I arrived. You asked about value for money. In my opinion, it does represent value for money.

Senator NASH—I know it is your perception that it is value for money, but for the taxpayers that are spending nearly a million dollars how do you actually quantify that value for money?

Mr Deegan—I think I have answered that previously: by the type of people we have had into the office and by the sort of environment in which we work and provide professional image for Australia’s position in the international market.

Senator NASH—Okay.

Senator BACK—I just want to direct some questions, Mr Deegan, to the Oakajee Port project north of Geraldton. Is it not the case that the Commonwealth committed \$339 million as an equal contribution to the state for the development of the outer port facilities at Oakajee?

Senator Conroy—Do not forget the announcement about the new broadband link up to Geraldton which supports the Oakajee project.

Senator EGGLESTON—Magnificent.

Senator Conroy—That is just the word I was thinking of, Senator Eggleston!

Senator IAN MACDONALD—It might have to be shut down because of the mining tax!

Senator Conroy—Have they really thrown away your promise to upgrade the Outback Way, the road between Laverton and Winton, Senator Macdonald?

Senator BACK—Chairman, I thought I was asking some questions about Oakajee.

CHAIR—Senator Back did have the call. In all fairness, your colleagues did start the interjections.

Mr Deegan—There was provision made in last year's budget for the allocation of funds from the Commonwealth to the Oakajee project based on further advice being required from Infrastructure Australia once the bankable feasibility study was presented. Last night I received advice from the Western Australian government on the current status of Oakajee. I might just read a short note from the advice given to me by the Western Australian government.

Senator BACK—Please do. I would be appreciative.

Mr Deegan—The advice was:

OPR—

that is, Oakajee Port and Rail—

submitted its draft bankable feasibility study to the WA government at the end of March 2010. The state will now undertake an extensive review and due diligence of the information presented in the draft bankable feasibility study to ensure that the final investment decision committing the government—

that is, both the Commonwealth and the Western Australian governments—

to the project and their funding contribution is made on a sound basis.

This process will involve extensive technical, legal and financial value for money due diligence for the common user port infrastructure in particular, as well as the overall port and rail developments to the extent that they impact on the performance of the common user infrastructure.

The estimated cost of the common user infrastructure remains as previously estimated and the costs will be further refined through OPR's final bankable feasibility study and the state conducts due diligence on the information provided by OPR.

Senator BACK—That was based on the end of March. It certainly sounds the sort of document I would expect from the Barnett government—very sound and very logical. That was an end of March appraisal?

Mr Deegan—The draft bankable feasibility study was lodged to the Western Australian government at the end of March. This advice is from the Western Australian Treasury regarding the process that they are currently undertaking.

Senator BACK—Are you aware of any changes or updates as a result of that? For example, on Tuesday or Monday of this week Premier Barnett conceded that the \$4 billion Oakajee Port and Rail project could be threatened by the Rudd government's proposed resources superprofits tax. Have you any updated information subsequent to 31 March as a result of the events of the last two to three weeks on the impact on that project?

Senator Conroy—Isn't that the Premier who said that he was approached on his beach holiday by mining executives to say that they should pay more tax? Isn't that the same bloke?

Mr Deegan—Yes.

Senator Conroy—Didn't he say that in parliament in Western Australia?

Senator IAN MACDONALD—It is actually, yes.

Senator Conroy—I just wanted to make sure we were talking about the same Colin Barnett.

Senator BACK—Senator Conroy, as things are—

Senator Conroy—I just wanted to make sure it was the same Colin Barnett. It might have been a different Colin Barnett.

Senator BACK—It will not be all that long before you are on this side and we are back on the government benches.

Senator Conroy—It could have been a different Colin Barnett.

Senator BACK—My question was to Mr Deegan. If Senator Conroy can contribute by telling us that this stupid tax is about to be removed—

Senator Conroy—No, I just need to clarify it with Mr Deegan.

Senator BACK—and Oakajee goes back on track, I would be appreciative.

CHAIR—Senator Back, that is an opinion.

Senator BACK—Could Mr Deegan please answer my question.

CHAIR—Senator Back, that is an opinion, but in all fairness you did have a question to Mr Deegan.

Senator Conroy—And I was just seeking to clarify whether it was the same Colin Barnett.

CHAIR—I can help you out, Minister: yes, it was.

Senator Conroy—Thank you.

CHAIR—Can we move on to Mr Deegan to answer Senator Back's question—not his opinion but his question.

Senator Conroy—Trouble has arrived in the form of Senator Williams, but we will press on despite that.

CHAIR—Senator Williams is always welcome.

Senator BACK—In answer to Senator Conroy's question, Mr Barnett spends his recreational time at his farm at Toodyay, not at the beach. Mr Deegan, I would be appreciative of any update you could tell me on the Oakajee project as a result of the recent government announcement.

Senator Conroy—I will just add to the answer before I pass to Mr Deegan. I will get Mr Barnett's claims in the *Hansard* of the Western Australian parliament for you, Senator Back. The Oakajee Port and Rail boss has been quoted by the *West Australian* newspaper as saying there was no indication the tax affected the plans of their foundation customers.

CHAIR—Thank you, Minister.

Senator BACK—And a spokesman for one of the foundation companies, Murchison Metals, said it agreed with Mr Barnett that the tax made financing more difficult, but said Murchison remained confident. Thank you, Mr Deegan, I would appreciate your answer.

Mr Deegan—Thank you. The advice that I read to you was received at about eight o'clock last night from the Western Australian government—clearly that the draft bankable feasibility study produced for the government of Western Australia at the end of March will, no doubt, be looking at all sorts of cost of capital issues and other issues as they move to the next stage. That is the normal course of events. I am not able to give you specific advice about the issue of that particular taxation proposal.

Senator BACK—Thank you. Could you tell me about the Commonwealth's \$339 million committed but not yet expended in part or in full.

Mr Deegan—It is a provision made in the budget subject to this process being completed. We have a very good relationship with the WA government in this work—

Senator BACK—You do indeed.

Mr Deegan—and we seek to foster that. And as you saw even from the note at eight o'clock last night, we were communicating about this project.

Senator BACK—Could you just give us some advice. Would you now be waiting on further clarification from the Western Australian government in terms of the conversion of a provision into an actual allocation?

Mr Deegan—Yes.

Senator BACK—And when would you expect that you would be able to move forward on that, or are you in the hands of the Western Australian government?

Mr Deegan—To a large extent in the hands of the Western Australian government, but we know they are committing considerable resources to their due diligence look at the work from OPR.

CHAIR—I am sorry to interrupt you, Senator Back. We will come back to you in continuance.

Senator BACK—Thank you very much.

Proceedings suspended from 10.29 am to 10.47 am

CHAIR—Yes, please, Mr Mrdak.

Mr Mrdak—Thank you, Chair. Just in answer to Senator Nash's question in relation to our office space at Roseberry, the total floor space is 1,000 square metres and the annual rent is some \$270,000 per annum.

Senator NASH—Thank you.

Senator BACK—I just have one question of Mr Deegan and one of the minister when he returns. Mr Deegan, if I could just continue with a final question to you: could you just take us through what would be the Commonwealth's approach or commitment should there be a delay in the decision to proceed with Oakajee and what sort of delay would cause the Commonwealth to actually then withdraw its funding provision?

Mr Deegan—The funding decision is a matter for the minister rather than for Infrastructure Australia. Our position is to provide advice on the bankable feasibility study that will work with our colleague from Western Australia. At this stage I do not see that as an issue, but it is a fair one to raise. It is probably better for the minister at the table to take that on.

Senator IAN MACDONALD—Could I ask you about the national ports development plan which was announced, I think, in this year's budget, was it? There was a recommendation and Infrastructure, as far as National Infrastructure Priorities Project, also discussed it. There is the statement, 'The budget announced that this year one of the department's Infrastructure Australia priorities would be to finalise the national ports development plan.' Does that mean you can tell me anything about that, or is that a matter for the department?

Mr Deegan—We have a draft National Ports Policy out for consultation at the moment that is available to anyone in the community, and I am happy to make a copy of that available to you. Submissions close this Friday. There has been extensive discussion with major customers, both bulk and container, customers using ports, the port associations themselves, the port operators, the stevedores, the shipping companies, trucking companies, rail providers, and state and territory governments where appropriate. Quite a lot of work has gone into it.

The principal element of the ports policy at this stage—and subject to final government consideration—is to encourage long-term planning around our port precincts. It is not just the wharf itself, but the hinterland connections for intermodal or other activity—Dalrymple Bay, Hunter Valley—and getting the road and rail connections working hand in hand, and having that as a long-term planning approach instead of what has tended, in some cases, to be a shorter term view.

For example, Gladstone has a 50-year plan which is an impressive piece of work. Fremantle are working up their 50 year plan. A number of other ports are doing that. It is to have a national consistency about what we are doing and also look for opportunities to make sure best practice is happening in each and every one of our major ports. There are about 20 of the ports that do the bulk of the activity for our international gateways—either iron ore or coal, or other bulk goods, plus containers.

Senator IAN MACDONALD—That would not include the Townsville port access road and the rail relocation proposal around Townsville. That is being—

Mr Deegan—Yes. It is dealing with that planning principle, trying to get those things right. Bunbury has similar issues. It is getting all of that in play so, as a nation, we can look at where our ports are developing and what issues might need to be addressed as part of that.

Senator IAN MACDONALD—Is there any port around Australia that has not participated in the consultation?

Mr Deegan—Not that I am aware of. That may be the case. I am not aware of that. We have had very, very good cooperation from all the ports we have dealt with.

Senator IAN MACDONALD—You say the submissions close shortly.

Mr Deegan—Friday.

Senator IAN MACDONALD—When do you expect the plan will be released?

Mr Deegan—We will then put together a report to the Infrastructure Australia Council who will consider that work and then report to government on a series of recommendations about the ports policy. Some time this year is the very firm expectation.

Senator IAN MACDONALD—That is for the submission, the handing over of the plan?

Mr Deegan—No, the government has indicated that it intends to announce the plan this year.

Senator IAN MACDONALD—Yes, okay.

Mr Deegan—It is a serious piece of work and I think all the players have taken it that way.

Senator IAN MACDONALD—Yes, but what you are saying is that the plan will be handed over. What work is done in accordance with the plan is a matter for government to decide in the never-never.

Mr Deegan—No, I think it has been clear that they intend to release their plan as a government proposition this year.

Senator IAN MACDONALD—Sorry, their plan, your plan?

Mr Deegan—We will give our report to government.

Senator IAN MACDONALD—Yes.

Mr Deegan—They will consider it and the government will issue its position. What they are saying is they will issue their position on that this year.

Senator IAN MACDONALD—So as we have learnt from Infrastructure Australia you simply advise into the process. The government takes your advice, draws its own plan as a result of your advice and they have indicated they will release it by the end of this year.

Mr Deegan—That is right.

Senator IAN MACDONALD—Okay.

Mr Deegan—And we would certainly welcome any discussions or submissions from you on that. I met, as part of another process last week, with Barry Holden, the guy who is involved in the Townsville port, and he is very engaged in this and I think he is a part of the meeting today with Ports Australia, which is their national peak body working with us on this.

Senator IAN MACDONALD—And I do not suppose you can answer this. You submit your advice before the government determines its plan. Do you know if it will be again checking and consulting with the various state governments before it comes out?

Mr Deegan—No, it is the intention as part of this process that there will be formal consultation with the states from the Commonwealth.

Senator IAN MACDONALD—After you have delivered your plan?

Mr Deegan—And, indeed, that is happening at the same time as well.

Senator IAN MACDONALD—Okay.

Mr Deegan—There are currently discussions going on between the Commonwealth and the states about this port policy. So there are no surprises in this.

Senator IAN MACDONALD—Thanks, Mr Deegan.

Senator EGGLESTON—You mentioned the Port of Fremantle. There is a proposal, of course, to redevelop that and relocate it in Cockburn Sound. Are you involved in that planning process?

Mr Deegan—Not directly. The nature of our work is to encourage that the discussions about those sorts of issues be drawn at a national level and that the port planning considers those various options. Both you and I know the Western Australian government has been giving consideration to those other options for some time.

Senator EGGLESTON—Yes, it has indeed. What federal support might be available to the Western Australian government to develop that?

Mr Deegan—At this stage the policy is about trying to take a national view of how our ports are developing. This is not at the stage of financial support other than particular propositions that have been considered.

Senator EGGLESTON—So you would be looking upon Fremantle as a major port which would attract your interest from that point of view of being a national port?

Mr Deegan—Absolutely, all sorts of things around Fremantle of the planning principles, the residential development going in and around the port, which is a major industrial area—which is an issue that affects many other ports—the long-term environmental approvals in and around our ports, dredging issues associated with a host of our ports and the cost of those and alternative strategies for dealing with dredging. There is the whole host of activity in and around the ports and then, again, as you know well, in Fremantle there are the road and rail issues associated with going in and out of that port. It is trying to deal with all that as a holistic view instead of just piecemeal.

Senator EGGLESTON—Also, in the same vein, in Western Australia there are two very big ports in the north-west, the port of Dampier and the port of Port Hedland. Again, are you involved in over-viewing them from a national infrastructure point of view? The port of Port Hedland has undergone very rapid development and is on its way to being the biggest port in the world by tonnage shipped, I have heard. That would make it a major port in terms of national considerations, I would have thought.

Mr Deegan—Absolutely. Hedland and Dampier are both very important parts of the work we are doing and, as you know, at Hedland there is a host of dredging issues, a host of issues with different iron ore supplies and access and who does what when and who pays for that and how that is managed. Again, as you know, there are the proposals for new ports further in the north-west, from BHP and others—possible new ports, so how they might operate. There is a new port proposal for Port Bonython in South Australia. It is how we work as a nation to try and best manage those sorts of issues.

CHAIR—Senator Eggleston or Senator Back, I will just ask some questions in following on while we talk about Western Australia and the other port, and please correct me if I am wrong. I am fully aware of the challenges that we are faced with in Western Australia as to

our access and egress around the Port of Fremantle. But isn't the Cockburn Sound one a private proposition?

Senator BACK—James Point.

CHAIR—Yes, that is a private proposal—isn't it?—rather than a state government one.

Senator EGGLESTON—There is a private proposal. But also the state government, I believe, has a plan. It is not my role to talk about it, obviously, in this situation.

Senator BACK—James Point is just one within the greater plan for the Cockburn Sound area, as I understand. Mr Deegan, would you confirm that?

Mr Deegan—That is right. And we have been neutral about the ownership issues and looking at the long-term planning and, indeed, at that proposal and others across the country.

CHAIR—And that has clarified that for me. Thank you, Mr Deegan.

Senator BACK—If I may, Minister, I was just asking Mr Deegan, prior to you returning, what the situation would be if there were longer delays on the Oakajee project and I do have a question for you. It follows on from the comments of the Rio Tinto boss, Mr Albanese, referring to the resources superprofits tax saying that it is his No. 1 sovereign risk around the world.

Senator Conroy—That is just an—

Senator EGGLESTON—An understatement!

Senator Conroy—outrageous assertion.

Senator BACK—I do not know if he is related to the minister for infrastructure. Is there a relationship between them?

Senator Conroy—And I do not think—I will triple check.

Senator BACK—If I could come to my—

Senator Conroy—He has referred to him as 'Uncle' a couple of times, but I am sure he was joking.

Senator BACK—My question really goes to this commitment to Oakajee and now the question mark over its future. And could you just explain to us this. Where is the common sense in putting into place a policy such as this proposed resources supertax which then puts in danger the viability of a project like Oakajee? Can you explain that to us?

Senator Conroy—Are you familiar with the term 'hypothetical question'?

Senator BACK—I am familiar with the term 'hypothetical question'.

Senator Conroy—Good. You would know that—

Senator BACK—That is not what I am asking.

Senator Conroy—You would know that hypothetical questions are not relevant in a—

Senator BACK—I have quoted to you the head of Murchison Metals.

Senator Conroy—I have quoted to you the Premier.

Senator BACK—I have quoted to you the head of Rio Tinto.

Senator Conroy—I have quoted to you the Premier.

Senator BACK—How hypothetical are all of those?

Senator Conroy—Very, very hypothetical. You are entitled to ask officers at the table and me questions about estimates, questions about a range of things, but we are not going to speculate on hypothetical claims by you.

CHAIR—You may have to reword your question, Senator Back.

Senator BACK—The question then becomes, since you will not answer that one, this. Are there other projects now at risk of government changes in policy that could cause capital projects to not proceed? Can you advise us of any others?

CHAIR—I think you might be asking a matter of an opinion there.

Senator BACK—It is the minister that I am asking, Chair, not Mr Deegan.

Senator Conroy—Sorry, could you just repeat the question?

Senator BACK—My question to you is: since Oakajee is now at risk as a result of a recent government policy decision, are there other major capital projects around Australia that in the future will be at risk from a similar change of policy? Are you aware of any?

Senator Conroy—Chair, despite your efforts to invite him to reword his question as it was another hypothetical one he was unable to do so.

Senator BACK—You are not aware of any, Minister?

Senator Conroy—So I would again say—

CHAIR—Point taken, Minister.

Senator BACK—Okay, thank you. Can I return to Mr Deegan then, please? I refer to the proposed port of Anketell between Dampier and Cape Lambert. Mr Deegan, can you give us any indication from your viewpoint as to where it now lies in the planning process?

Mr Deegan—I will take the specific port question on notice, but simply indicate that what we are trying to do at a national level is better understand how our competitive international gateways operate and how they might fit into a better regime of national thought about the sorts of issues that are important in north-western Western Australia, as, indeed, they are in other parts of the country. But specifically about Anketell, let me take that on notice and I will come back to you.

Senator BACK—Would Infrastructure Australia, for example, undertake modelling yourselves? Would you engage with possible financiers or, as in this particular case, would you rely on the state government to actually undertake those works?

Mr Deegan—We would rely on both the proponents and the state government to do that work.

Senator BACK—So you, yourselves, would not undertake independent modelling?

Mr Deegan—Not at this stage, but certainly when there are proposals for expenditure of Commonwealth money then we go through a very rigorous assessment of those proposals at

that stage and we do that independently. But we are not doing that necessarily on each and every proposal that people are currently considering.

Senator BACK—Is that expertise that you would have in house to undertake that sort of work, or is that something you would outsource to consultants to independently validate the conclusions?

Mr Deegan—A combination of both.

Senator BACK—Certainly. I do not have any more questions on port activities, but perhaps I have got the call—

Senator Conroy—Do you have any views about the cancellation of Senator Macdonald's promise about the upgrade of the Outback Way between Laverton and Winton? Was that made in writing?

Senator BACK—I am at the moment, Senator Conroy, addressing myself to issues of ports of Western Australia, which, if successfully undertaken, will continue to underwrite the wealth of this country.

Senator Conroy—Was that made in writing? Was it gospel, or was it not made in writing?

Senator BACK—If I could then direct my next question—

Senator Conroy—Do you support that cancellation? I have got a long list that we are going to be discussing later today.

CHAIR—Minister, I am sure we will look forward to that later today.

Senator Conroy—I thought that you, as a Western Australian senator—and I know you passionately care about this—might have had a view about the opposition's decision to not upgrade the Outback Way.

Senator BACK—Is this 'time out', Chair?

CHAIR—I am just going to call order. I am sure there will be some debate about that later. I am looking forward to hearing all Western Australian senators' points of view. Senator Back, you do have the call.

Senator BACK—Mr Deegan, my question now goes to infrastructure into the future for air transport around Australia. We have addressed ourselves to port and there has been some discussion of road and rail. Could you tell us what Infrastructure Australia's view is in terms of advice to government for future infrastructure at airports, particularly regional ones but metropolitan as well?

Mr Deegan—It is an issue raised with us by a number of the mining companies as well: access to workforce and how people might get in and out. That is as well as, of course, the local community issues. To date, that is not an area that we have specifically focused on. The department is responsible for advice on aviation matters to the Commonwealth. I think the white paper on aviation is clearly a responsibility of the secretary of the department. It is an area that we have not yet focused on. The department has the primary carriage of it. I think it will continue to be an issue affecting infrastructure developments and will attract more of our interest in working with the department on those sensitive issues.

Senator BACK—I wonder, since the topic is on the table, whether the secretary might be able to assist us. There is a concern expressed, Mr Mrdak, that it was hoped particularly by the aviation industry that the white paper would be visionary over the next 40 to 50 years. There is a perception that the white paper fell short of actually espousing that vision. I wonder if you would care to comment on that and advise us as to what the department's advice to government is in terms of future air transit infrastructure?

Senator Conroy—Did it include an upgrade to the Outback Way, that road, in this report?

Senator BACK—Senator Conroy, I am attempting to be serious about this. If you want to turn it into a nonsense argument, I am quite happy to put our questions to one side and debate you on pink batts.

Senator Conroy—I think cancelling your promises is very serious. I think cancelling your commitments is a very serious policy issue.

Senator BACK—I am more interested in asking your secretary to respond to a legitimate concern expressed to me by members of the aviation industry.

Mr Mrdak—The aviation white paper, I think, does contain a very strong vision and objectives for the aviation industry. I think it is fair to say, given the disparate nature of the various entities in the aviation industry, there is a disparate range of views about what that vision should be. What is sometimes failed to be recognised by a number of players in the aviation industry is when you actually look at the white paper it actually contains, for the first time, long-term objectives for the industry, which is something that the industry has called for. I have been involved in the policy side of aviation for a long time. It is something that I have heard industry call for, for a long time. I think most of those people in the industry who have read the white paper closely actually do agree. It does actually contain long-term objectives and right up front, for the first time, an Australian government has set long-term vision objectives for the aviation industry.

Senator BACK—Given your knowledge, could you point us to some of those?

Mr Mrdak—Certainly. Right up front it contains long-term objectives such as creating an investment climate for continuing aeronautical investment in aviation infrastructure. It contains long-term objectives in relation to continuing liberalisation and also long-term objectives in terms of safety regulation and the like, which are, for the first time, actually encapsulating what an Australian government objective is. I am happy to provide you with a copy of that section of the white paper which draws those out. I do not agree with that criticism that there is not a long-term objective vision. I think that is there. It may not be to the liking of some elements of the industry in terms of how that vision sits.

Senator BACK—Would you say that vision applies regionally as well as in metropolitan areas?

Mr Mrdak—It does, and the government has clarified its position in relation to supporting in particular aviation to remote and rural areas through the way it has redesigned its program funding. This budget, in particular, includes additional funding for airport infrastructure for remote communities. That is a program which we, in the department, see as quite critical and have argued for for some time.

Senator BACK—Yes, so do I.

Mr Mrdak—I think the government has recognised the reality that there are a number of aerodromes, particularly servicing remote communities, which are not going to be viable under a normal user-pays system.

Senator BACK—That is right.

Mr Mrdak—Hence the government is providing additional funding in this budget, around \$5.9 million, to upgrade those aerodromes in remote areas. In relation to regional aviation, the policy platform sets out a direction—a vision—to support the growth, and there has been growth of regional services, as we have seen. Even five years ago who would have imagined that we would have 737s and A320s servicing the regional communities that are now happening? Five years ago people were arguing whether they would continue to be serviced by small turboprop or piston engined aircraft. We have seen fundamental changes in those markets and the government's policy position has been to provide for that through removing unnecessary economic regulation, strengthening safety regulation and, as necessary, putting funding into aerodromes which would not be supported by RPT passengers to ensure essential service delivery. I think that is clearly encapsulated in the policy direction.

Also in relation to aviation infrastructure, the government has set some clear economic regulatory parameters in continuing the current economic regulatory settings, which I think have been very successful, post the privatisation of Australia's major airports, in encouraging investment and providing certainty of investment signals for the aviation industry. One of the things which have not been recognised is that our airport privatisation has, I think, been one of the more successful, globally, because we have created an economic regulatory regime which has actually enabled the investment to take place in a way which has enabled the airlines and the airports to actually commercially negotiate contracts. This has obviously been difficult and, Senator, you represent a state where there has been an issue in relation to the timely expansion of airport infrastructure, particularly in Perth. But I think we have now seen that corrected and I think the airport themselves have now reached a commercial outcome with the airlines largely although that continues in relation to the new terminal development. Those types of issues are being dealt with, I think, through the economic regulatory framework, also, again, set out in the aviation white paper.

Senator BACK—I want to ask some questions about the outsourcing of the airports themselves. I do not know whether this is the appropriate time to do that.

Mr Mrdak—We might do that when we reach the airports division.

Senator BACK—That is fine. I think that would be more appropriate, from my point of view. Thank you for that answer. I appreciate it. Thank you, Chair.

CHAIR—Thank you, Senator Back. In all the excitement I overlooked other members of the committee.

Senator WILLIAMS—I will raise the issue about a level crossing later on during national building if that suits you?

Mr Mrdak—Yes.

Senator WILLIAMS—Wonderful. In relation to some of the water programs I have raised before, have you had an application from Tamworth for an upgrade of Chaffey Dam?

Mr Mrdak—That is probably one for Mr Deegan. We have not in the department.

Mr Deegan—Infrastructure Australia's remit is in four areas: telecommunications, energy, water, and transport.

Senator WILLIAMS—Telecommunications, energy, water and—

Mr Deegan—Transport—to ensure rigorous assessment of proposals before us. We are focused principally on transport and water areas. I would need to check with my office as to whether we have had an application from Tamworth. I could take that on notice and come back to you.

Senator WILLIAMS—Yes. Has there been any progress as to Barraba? I have raised this issue before about the town of Barraba in desperate need of a proper water supply from Split Rock Dam. Has that progressed anywhere? Do you know?

Mr Deegan—We have not taken it any further at this stage.

Senator WILLIAMS—What stage is that? It is just sitting in the pile, is it?

Mr Deegan—There are a group of projects that have been assessed and we have given our advice to government on priority. There is a deeper issue behind Barraba and much of regional Australia about water security, supply and quality, and we are undertaking some work on those issues currently. It will give a better framework for how these investment decisions might be taken.

Senator WILLIAMS—They have not progressed any further?

Mr Deegan—Individual projects have, but that has caused us to look at some of the issues behind the issues you have raised about Barraba and others.

Senator WILLIAMS—The point I make is: if towns like Barraba and Tamworth do not have a regular and reliable water supply, and we look at the population growth and the future of Australia and we are stacking people on top of each other in the cities, what incentive is there to move out to regional areas to grow the population where we actually have room for the people if we cannot water them?

Mr Deegan—I met recently with the National Farmers Federation. You may know Peter Corish, who at one stage had been appointed to the National Water Commission. He and that organisation were asked for funds for various projects and, like Infrastructure Australia, he said: 'So where is the plan? Where is the national plan for water?' That is the sort of work we are currently undertaking to make sure there is a framework for exactly the issues you raise.

Senator WILLIAMS—So you are undertaking this plan. How long before decisions will be made on this plan?

Mr Deegan—We are a small office. We are working as quickly as we can in this area, and there is obviously consultation with groups like the National Farmers Federation, local communities, Commonwealth and state departments and others. I am not able to give you a definitive timetable at the moment, but we are working to produce material for the Infrastructure Australia Council this year.

Senator WILLIAMS—I raise another area: water in the Scone-Aberdeen area. The water augmentation is a \$20 million project involving the construction of a pipeline from Glenbawn Dam to Scone and a water treatment plant and upgrade of the pipeline back to Aberdeen. It is another growing area with all the activities up there, especially, in the Scone area, the thoroughbred industry. The project funding involves approximately 40 per cent from the New South Wales government under the Country Towns Water Supply and Sewerage Program and the balance from council. The problem is with the New South Wales government, who announced the funds in the 2008-09 budget. Then they did not cash up and worse, did not fund again in the budget. So the project was left in limbo waiting for the New South Wales government to honour their promises. Is this a project that your organisation could look at?

Mr Deegan—I am not aware of that project.

Senator WILLIAMS—They had the commitment from the New South Wales government in the 2008-09 budget, and there was no money forthcoming. Once again, we get back to this watering of the regional areas—the regional towns especially. I come back to the distribution of population throughout Australia. I just think it is farcical that they are talking about an extra 1.7 million people in Sydney in the next 15 years or whatever, and they already have all these sorts of problems with water, transport, rail and roads—you name it—yet out in the regional areas most people would welcome an increase in population to boost the local businesses and the shops and secure their jobs et cetera. If we do not have water in these regions, how the hell are people going to have any incentive to go out there? I think that this is a very serious issue and I think Infrastructure Australia should come out and hopefully make decisions in the near future, get the funding—because the states have left it behind—and get these programs underway.

Mr Deegan—I agree entirely about the importance of this area, and the work that we are undertaking is reflective of the discussions that we have had at this table. There is a need to understand the water security, water supply and water quality issues associated with regional Australia, both for those people who are currently there and the prospective opportunity that might exist.

Senator WILLIAMS—I just hope this does not drag on for years—

Mr Deegan—No, it is not—

Senator WILLIAMS—and in 10 years time people are not still talking about these towns that are running out of water. Barraba is in a state now where it has three bores, I think. They are relying on the bores. If the bores go dry—and they have had problems with them—they are going to have to truck the water in from Tamworth or Manilla or somewhere on a daily basis. I will have other questions when we get to nation building, but that is about it from me for the time being.

Senator JOYCE—How many staff does Infrastructure Australia employ?

Mr Deegan—Sixteen, including the Major Cities Unit.

Senator JOYCE—Are there any plans to increase or decrease this amount in the future?

Mr Deegan—There are no plans to increase or decrease at this stage.

Senator JOYCE—So there are 1,050 in the department and you have 16?

Mr Deegan—Yes.

Senator JOYCE—Can you provide details on what different divisions these employees work in within Infrastructure Australia?

Mr Deegan—There are not a lot of them, so I can do it at the table. The Major Cities Unit has four staff, and they are focused on the preparation of national urban policy. As for my other staff, there are a number of SES, split across investment reform, investment analysis and some long-term planning issues associated with both.

Senator JOYCE—That is the other 12?

Mr Deegan—That is right.

Senator JOYCE—Is there any further break-up of that?

Mr Deegan—Yes, I am getting to that now. They focus in three areas: investment analysis of projects that are coming in and the sorts of rigour that we apply to the assessment of those projects; long-term planning against what we believe is the capacity of the country to fund infrastructure from government sources and the opportunity then for the private sector to take more work on—

Senator Conroy—You are not advocating they have any more staff, are you?

Senator JOYCE—I am not. I am just trying to get answers. Go back to sleep!

Mr Deegan—I am happy to respond. The detail of that work, the long-term planning, is looking at taking the Treasury work on intergenerational issues and then tying that back with some detailed modelling on the capacity of the country to pay for infrastructure.

Senator JOYCE—How many were in the SES?

Mr Deegan—There are five SES in that 16.

Senator JOYCE—In the budget, the government announced:

Infrastructure Australia will continue to develop our National Infrastructure Pipeline to help inform investment by the private sector and governments.

Can you please outline how you are going about developing this pipeline.

Mr Deegan—Yes. You would be aware that last year, released with the Commonwealth budget, was a report from Infrastructure Australia about the prioritisation of projects across the nation. That work is continuing and the Infrastructure Australia Council will release a report on 30 June this year, and then on that date in subsequent years.

Senator JOYCE—I might come back to you on that. How does the development of the national infrastructure pipeline differ from the work you did last year on the national infrastructure priorities? Has the way in which you are developing the pipeline changed as a result of the government's announcements in the budget?

Mr Deegan—We are using the same process.

Senator JOYCE—When will you complete the development of the national infrastructure pipeline? Will this work be delivered to the Australian government or to COAG as a whole?

Mr Deegan—Our reports are through the Prime Minister to COAG on 30 June of each year.

Senator JOYCE—Will the national infrastructure pipeline be publicly released? Will you or the government control its release? When do you plan for it to be released to the public?

Mr Deegan—On 30 June of each year.

Senator JOYCE—It will be publicly released as well?

Mr Deegan—That is our intention, yes.

Senator JOYCE—Can you comment on the quality of the state submissions that you have received in your assessment of the infrastructure priorities this financial year? Has the quality of these submissions improved from last year because of the criticisms last year of the quality of some of the submissions?

Mr Deegan—Certainly last year was the first time that this exercise had been attempted. There had been significant improvement in the quality of the process and the thinking behind the submissions that have been put to us, which I think is a great thing for the country.

Senator JOYCE—Has this given us a greater capacity to target certain outcomes or certain areas?

Mr Deegan—Certainly the Infrastructure Australia Council has taken the view that it should be looking not only at submissions that are made by individual premiers or chief ministers but also at other opportunities across the regime. For example, in the national freight policy and national port policy work, are there other opportunities for the country to take investment that might reap a greater reward than some projects put up by premiers?

Senator JOYCE—My understanding is that, with the Infrastructure Australia Fund, there is only \$705 million that has yet to be committed in the Building Australia Fund, or BAF. To what purposes will your advice in the infrastructure pipeline be put, given that there is not a lot of money left in the fund?

Mr Deegan—There is significant focus within the Infrastructure Australia Council along the lines of other reforms that would lead to greater productivity improvement. The funds that have been made available have been suitable for some projects that are, we believe, nation building, but a host of other activity and regulatory reform would provide a sharper investment profile for the private sector. There are complicated issues around water pricing and issues around the operation of road pricing and, potentially, congestion pricing.

Senator JOYCE—You are looking at the mechanism of combining some of that \$705 million with private money to bring about an outcome?

Mr Deegan—That is right.

Senator JOYCE—What is the mechanism of you doing that?

Mr Deegan—Again, looking at the opportunities that the private sector might be considering, also setting a framework in building and environment—as the secretary has just indicated in relation to airports, building an environment where the private sector is able to take long-term investment decisions and provide this infrastructure capacity for the nation.

Senator JOYCE—You could do it in water as well, with offload agreements in water?

Mr Deegan—Indeed. There is potential for that, yes.

Senator JOYCE—You could build a dam, put in some of the money and the private sector puts in the rest of the money?

Mr Deegan—Look at the way the desalination plant in Sydney was built. The desalination plant in Victoria is a public-private sector partnership. It is a model that we have been very keen to encourage.

Senator JOYCE—Away from the politics, is it more cost-effective to build dams or desalination plants?

Mr Deegan—I would have to take that question on notice. I think there are some figures available, but I will take that on notice.

Senator JOYCE—The on-costing of such areas as power and desalination plants is exceptional, isn't it?

Mr Deegan—I will get you the breakdown of the costs of the various forms of water supply. I do not have that available today.

Senator JOYCE—Do you have any dam sites in mind that you are currently still looking at, or perusing or considering?

Mr Deegan—Not from our perspective.

Senator JOYCE—Why not?

Mr Deegan—We are an organisation that has been around only for a short time. Some of the work Senator Williams was asking about, the long-term water supply and our water security issues, will be part our next round of work that is currently underway.

Senator JOYCE—When will that work commence?

Mr Deegan—We are hoping to provide advice to the Infrastructure Australia council later this year on that work?

Senator JOYCE—On water?

Mr Deegan—Particularly regional water.

Senator JOYCE—That is good. In that pricing matrix, is there an acknowledgement that different outcomes require different pricing? Obviously, urban water has an urban pricing, but if you put urban water pricing on agricultural water then no one is going to grow any food.

Mr Deegan—It clearly has to be a market related pricing structure.

Senator JOYCE—Right. We are a big nation and there are a range of areas that we have do something about, like the collection of water. There is strong public support about the construction of dams. It has been coming out in all the surveys; I am sure the government is as aware of that as we are. In reflecting the aspiration of the Australian people, how do we identify these dam sites? The big issue in so many areas is: 'I want to be able to turn on a sprinkler in my town and I want to be able to feed myself by irrigating crops.'

Mr Deegan—As you know, that is a piece of work that we are looking at the moment. There are a range of issues associated with that, but it is important and it needs to be done.

Senator JOYCE—It is important that it is. Who in your department, of the 12 staff you have got, would be working on that?

Mr Deegan—There are two of us working on that with a consultancy firm at the moment.

Senator JOYCE—Are you able to tell me who they are?

Mr Deegan—The consulting firm?

Senator JOYCE—The consultancy firm.

Mr Deegan—Yes, the consulting firm is AECOM.

Senator JOYCE—Who are the two staff members that are working on it?

Mr Deegan—One of my SES and me.

Senator JOYCE—Do you provide advice to the government on infrastructure investments from funds other than the Building Australia Fund?

Mr Deegan—No.

Senator JOYCE—I note that, in conjunction with the National Transport Commission, you recently released a draft National Ports Policy. The content of this report seemed to be a plan to develop a plan. Can you tell us a little about how you envisage the future planning of ports to work and how will they be better than what we have currently?

Mr Deegan—Thank you. There were some questions from a number of your colleagues about the same issue earlier. Without wanting to unnecessarily repeat that, the Infrastructure Australia council has identified, as one of its seven major themes for the nation, the development of the international competitive gateways. In terms of our seaports, what are the sorts of issues that we, as a nation, need to consider about their development and operation, both container ports, some of which are in major, metropolitan areas, and bulk ports that can be either in or near major metropolitan areas, or in regional parts of the country—and the road and rail linkages that affect, and operate to, those ports and the sorts of issues associated with that. I indicated previously to the committee that there are a number of ports with detailed, long-term 50-year plans about their proposals for building that major infrastructure which, as an island nation, we need to make sure is in the right place.

Senator JOYCE—What are your views with regard to ports; do you believe they are at capacity at the moment? Are some ports at capacity and some ports not at capacity?

Mr Deegan—That is certainly the case. We want to make sure that investment is driven by the demand for that activity rather than providing surplus capacity too early or, indeed, in some ports, where capacity is already a critical issue.

Senator JOYCE—Which ports are at capacity and which ones are not?

Mr Deegan—There are clearly issues with capacity at Sydney and Melbourne container ports. There have been issues about the Hunter Valley Coal Chain, which is a combination of issues with rail, coal loaders and the shipping. That has been identified and managed by the private sector through their Hunter Valley Coal Chain Logistics Team.

Senator JOYCE—Is Newcastle at capacity?

Mr Deegan—There have been some issues with their handling because there is a focus on how that whole system operates. From our level, dealing with this National Ports Policy and, as the Prime Minister has announced, there is a need for a Commonwealth focus with the states and the private sector on the operation of our ports.

Senator JOYCE—The report mentioned concerns access regulation and its effect on investment in port capacity. What are your views on the effectiveness of existing access regulations? Will the National Ports Policy seek to address issues with existing access regulatory regimes?

Mr Deegan—There are some issues associated with the national access regimes. There have been a series of reviews undertaken by the Department of the Prime Minister and Cabinet about access regimes in and around the ports. Our work is more focused on what the operational and long-term planning needs are around the ports, so that those issues are identified in the planning arrangements, so that you can have some confidence, not only about access, but the price at which you get into those ports.

Senator JOYCE—How does the National Ports Policy integrate with the national freight strategy that you are also developing? There would appear to be some overlap between these two areas. Do you have some staff working on both these reports?

Mr Deegan—The work on the internationally competitive gateways around our ports is the first step in our national freight network. There has been work done previously on the corridors in which goods and services might operate. What we are trying to do is link that more closely to the ports. The first piece of work is on the ports, and submissions close this Friday. We are well advanced in our work about the freight network, so that the ports and freight strategy will become one document.

Senator JOYCE—There has been \$1 billion invested in the previous budget in rail upgrades, and a lot of that is on a corridor that would likely go onto an inland rail corridor. Wouldn't it make sense that, if we were going to spend maybe a couple of billion dollars on extending the capacity of Melbourne or Sydney, it would be more prudent to have the internodal port capacity dealt with by a rail strategy that has the capacity to take off loads and move them to other ports?

Mr Deegan—Certainly. I think the common-sense strategy would include both road and rail access to those issues.

Senator JOYCE—Seeing that we are spending a lot of money in the upgrade that I have noted here on the corridor, which will become the inland rail that we have now got from Geelong up to Albury—then there is another lot from Cootamundra up to Parkes—wouldn't it make sense to go from Albury-Wodonga up to Cootamundra, then from Coonamble across to Narrabri and then continue it up and complete the inland rail? I say that because there is a costing in there of about \$3 billion, and it would probably be a vastly better return for our buck, give us 24-hour turnaround, increase the capacity of all our ports and give us real competition and real internodal access? Are these one of the considerations of what you are looking at?

Mr Deegan—Thank you. I met with Everalld Compton earlier this week, and we have an ongoing engagement.

Senator JOYCE—He meets with everybody.

Mr Deegan—One of the issues that we have sought to address in our work, particularly on the east coast, in freight movement and part of the work in the national freight network, is, where particular proposals come in, we have asked to see the demand forecast, whether it is the inland rail, the coastal rail route, managed by ARTC, and then compare that to the base case of either the Newell or the Pacific highways. We are comparing apples with apples before a recommendation is made about an investment decision. I do not believe that has occurred before. Indeed, there is some argument as to whether you can consider the coastal shipping routes as well as part of that assessment.

Senator JOYCE—Yes.

Mr Deegan—If you want to get—to use the Americanism—the best bang for the buck, you need to do that cost benefit analysis in a serious fashion and make sure, for example, that the demand forecasts are common. They are not. That is an issue about how we manage this. Then it is about the cost and time of moving, whether by road or by rail, and the sorts of issues that are associated potentially with inland rail. Why does that connect to the ports? If, for example—and this is possible—the Port of Brisbane and Port of Newcastle, for reasons of their own long-term planning, decided not to take grain, then as a nation we would need to look at the connections to either another port in Queensland or, alternatively, Portland and Geelong, which would open up that whole strategic discussion in a more sensible way about the inland rail. They are the sorts of issues we are trying to pull together.

Senator JOYCE—Obviously, with the offload agreements that are available with coal mines opening up on the inland that are not on the coast—and I think people would get rather excited if we talked about opening up coal mines along the beaches—with that capacity inland and with the capacity of grain inland and with the capacity of cotton and all other produce inland, and with 1,600 container trucks a day going down the main street of Moree, it would seem to suggest the natural progression, if it found its natural corridor. You can see it now: they are tearing up the roads, tearing up the Newell Highway, and one only has to fly over it to see truck after truck after truck, each with one driver and 40 tonnes on board. Why don't we get it all onto a rail network and start paying for it?

Mr Deegan—Yes. They are the issues we are tasked with addressing—looking at the cost benefit analysis of each of those various proposals. What we have said to the road and rail industry is that we do need to compare like with like and do that assessment to provide advice to government, to whomever is in government on the day—a serious economic proposition about the best way ahead. That may well be inland rail, but at the moment that discussion is what we are continuing to have with ARTC and others.

Mr Mrdak—Senator, one of the issues is the Australian Rail Track Corporation will conclude the final volume analysis of the inland rail corridor. The Australian government has funded the Australian Rail Track Corporation to the order of about \$15 million. Two volumes of that work are now available and are on our website and the ARTC's website. They have actually looked at a lot of the issues you have outlined in relation to the corridor, traffic flows

and demand projections, including the potential for opening up new markets in relation to resource extraction and the growth of the grains industry. As I said, the final volume of that economic analysis which Mr Deegan referred to by the ARTC will be available by the end of this year, which will then enable government to consider those issues of the inland corridor.

Senator JOYCE—I very much look forward to that report and I hope it is brought forward in an unbiased way. It is marvellous to see the traffic that goes across the Trans-Pacific. I sat back and watched the trains going back and forth to Western Australia—a rail network that actually pays for itself. It just stands to reason that, if a vast majority of that infrastructure is already in place, as a nation we should be clever enough to join the dots and complete it.

Mr Mrdak—Certainly the second volume of the ARTC's work has been very good. It has looked at some alternative corridors. Rather than using the existing rail corridor, there are some efficiencies from looking at a new corridor—

Senator JOYCE—Coonamble through to Narrabri.

Mr Mrdak—It is up through Narromine and to Coonamble and then across. There are some real savings there. It also looked at the projections in terms of modal share and the like. So there is some very good work being done at the moment about those sorts of issues.

Senator JOYCE—I saw that. It makes sense that you would fill in the missing links. I know that the costing of Moree to Toowoomba has the capacity to have offload agreements. I look forward to that report. I hope it is not swayed in any way back to another rail corridor where there would be extensive slots that have to run into major metropolitan capitals and deal with the inconvenience of a suburban network crossing over a major freight network. If we have got a freight network, let's get the freight moving along it and get the trucks off the road. When do you think you will complete the national freight strategy? What are the arrangements for the release of this report?

Mr Deegan—As I indicated earlier, the consultation phase on the national ports policy closes this Friday. We have received quite a range of submissions. We hope, in the same way we have approached the ports policies, to release a draft national freight strategy in the next two to three months for public consultation, with a view to finalising that this calendar year.

Senator JOYCE—What is your role expected to be in the delivery of funding under the proposed state infrastructure fund?

Mr Deegan—They are matters for the Commonwealth department.

Mr Mrdak—The details of the state infrastructure fund are yet to be settled. It is clearly part of the discussions the government is having with the resources sector and future arrangements for the funder are to be settled. That is being handled by the Treasury portfolio.

Senator JOYCE—Have you been approached by the government to provide advice for the projects under this fund? If so—

Senator Conroy—You did have 12 years to build this if you wanted to.

Senator JOYCE—Back to sleep!

Senator Conroy—No, seriously: you had 12 years. You were asleep for 12 years.

Senator JOYCE—Have you been approached—

Senator Conroy—No, that is not fair. You did build that fantastic Adelaide to Darwin railway, which is such an economic success.

Senator JOYCE—Thank you very much, Minister. Yet another of your faux pas! We built the railway from Adelaide to Darwin. Is that correct? Was that it?

Senator Conroy—The Rudd government has double-spending and quadruple rail spending on the Howard government? It was a brilliant project. It has earned so much money. You voted for it.

Senator JOYCE—More to the point, you would have seen recent studies that said that, with some minor upgrades, it actually will make quite a bit of money.

Senator Conroy—So how much has it lost so far?

CHAIR—I would not go there.

Senator NASH—Phone a friend! Your laptop will be able to tell you.

Senator JOYCE—I am still waiting for you to tell us about your gross debt, but you won't.

Senator NASH—Gross what?

Senator JOYCE—Gross debt. Have you been approached by the government to provide advice for the projects under this fund? If so, would you assess the projects in the same fashion as you do currently?

Mr Deegan—I understand there are discussions going on between the department and Treasury about those issues.

Mr Mrdak—The details of the fund are subject to the discussions the government is now having with the resource sector as part of the tax announcement. It is not, at this stage, settled as to how those details will operate.

Senator JOYCE—What about the capacity of Dalrymple Bay. Have you done any studies into that?

Mr Deegan—We have not undertaken any particular studies, but, as part of our work in both the ports policy and freight work, Dalrymple Bay is an important part of that. We have certainly met with a number of the players on the Dalrymple Bay logistics approach and the range of issues that they are currently dealing with.

Senator JOYCE—The government has announced its intention that resource-rich states will receive relatively more funding. If you were asked to provide advice under the state infrastructure fund, how would you modify your assessment process to comply with that objective?

Mr Deegan—We are not in that position yet.

Senator Conroy—This is the fund you are going to abolish, though, isn't it, Senator Joyce?

Senator JOYCE—In your *National infrastructure priorities* report last year—

Senator Conroy—The \$500 million to upgrade Warrego Highway.

Senator JOYCE—you listed the north-south rail freight corridors project as a priority infrastructure pipeline project with real potential. Have you done additional work to assess whether this project can move to the ‘actions ready to proceed’ column?

Mr Deegan—We are undertaking further work at the moment on that.

Senator JOYCE—To move it to the ‘actions ready to proceed’ column?

Mr Deegan—We are looking at whether it would qualify for that category.

Senator Conroy—The Coffs Harbour bypass.

Senator JOYCE—In the budget the government announced a \$996 million equity injection to fund the development of parts of the north-south rail network. Were you consulted about this decision?

Mr Deegan—Sorry—is this the ARTC money?

Senator JOYCE—Yes.

Mr Deegan—That was managed through the department.

Senator JOYCE—Managed through the department?

Mr Deegan—That is my understanding.

Senator JOYCE—Just going on to further infrastructure. Can you explain to me the idea of wider economic benefit and how it applies to the assessment of urban transport projects?

Mr Deegan—I can, but it is quite a complex technical issue. We may be better to take that on notice and provide it in writing to you.

Senator JOYCE—Can you have a punt at it and try to explain it?

Mr Deegan—It is a complex area. I would prefer to take that on notice and put it in writing.

Senator JOYCE—How do you estimate the benefits of wider economic benefit for Australian cities?

Mr Deegan—I will include that assessment in my answer on notice.

Senator JOYCE—How do you differentiate wider economic benefit that is provided in cities of different sizes?

Mr Deegan—Again, the agglomeration effects will be part of the written answer I can provide.

Senator JOYCE—Has Infrastructure Australia done any work on assessing the infrastructure needs of regional Australia? If not, why not?

Mr Deegan—Yes, we have done a lot of work on impacts on regional Australia. I have outlined to you that we are currently engaged in three major pieces of work that will affect regional Australia. There are water policy issues for regional Australia, focusing on water security, and supply and quality. Work on both ports and freight has a direct and immediate impact on regional Australia and the work we have undertaken, and we have considered and are continuing to consider specific projects on road, rail and water, in particular, from regional parts of the country.

Senator JOYCE—In your assessment of a corridor, does your assessment of a corridor go from Melbourne through to Gladstone, or Melbourne through to Brisbane, or Melbourne through to Mackay?

Mr Deegan—We are looking at the range of opportunities that exist there. Typically, we would look at a whole corridor effect—for example, a similar project would be the Pacific Highway—then relevant sections and what the cost-benefit might be of each of those, so doing it both holistically and then looking at each of the parts.

Senator JOYCE—I might let someone else have some questions because I know there are other people waiting.

CHAIR—Thanks, Senator Joyce. I do appreciate you giving other senators the option of having some question time, too. Senator Ludlam, I know you do have some questions, but we have got time restraints upon the committee and permanent members of the committee. I am happy to accommodate you, but we will have to go to Senator Back by no later than 12 pm.

Senator LUDLAM—I have to be out of here before then.

CHAIR—Even better. Go for it, Senator Ludlam.

Senator LUDLAM—Much appreciated. I thank the committee for the opportunity to jump the queue, so to speak. I have just got a couple of quick questions for Mr Deegan relating to Infrastructure Australia. Can you tell us if there are any restrictions on IA, or the minister, making the states' and territories' submissions publicly available so that the public can examine the rationale behind the expenditure that is proposed?

Mr Deegan—In the first round of submissions that were called—and again, prior to my appointment, but I quite understand why it was done this way—a number of the states put a reasonably well-thought-through position about the confidentiality of a number of their projects. Often, these are projects that are being considered in the longer term and there are a host of political sensitivities that they are trying to deal with. It is on that basis that a number of the projects were treated on a confidential basis. In many cases, states did publish their submissions and they felt that was better handled in the public debate. There are a range of approaches to those issues.

Senator LUDLAM—Okay, but it sounds like the onus really is on the state or territory to decide whether or not they disclose?

Mr Deegan—It is a discussion that is held between ourselves and the states and we have asked them to justify the position about confidentiality, which we consider, and then advise them whether we think that is appropriate or not.

Senator LUDLAM—That is interesting. There is one instance that I am aware of. The Victorian submission of 2008 was eventually made available under a freedom of information request from my colleague Greg Barber in the Victorian parliament. There is not really an argument of a threat of jurisdictions being competitively disadvantaged, or anything along those lines. Their submission, in that instance, was treated as being in the public interest and it was revealed. Do you have a view on whether it would be simpler for all of those submissions to be put into the public domain? Thinking through your comments, I still do not understand what the public interest is in keeping them confidential?

Mr Deegan—There are a range of issues put about those, including some commercial issues, where there can be competing projects being put before us?

Senator LUDLAM—By the same state government?

Mr Deegan—Indeed, sometimes by the same state government; often, by private proponents in the same area. For example, we have a proposal from a state government for a port project. We have separate proposals from the private sector in that same port space. Clearly, there are issues about the public benefit and the value for money in our consideration of those projects.

Senator LUDLAM—Do you play a role in getting those parties to talk to each other before they put submissions to you?

Mr Deegan—If and where necessary, yes.

Senator LUDLAM—I am actually guessing I know which one you are talking about, as a senator from WA.

Mr Deegan—I would not like to guess. I am sure you are very close to the mark.

Senator LUDLAM—Yes, I sense I might be. So you do not think there is a general public interest across the board in having at least submissions from state parties, where the proposal is for taxpayers' funding to go into projects?

Mr Deegan—Let me put that differently. We treat the public interest issues very seriously and handle the submissions on a case-by-case basis.

Senator LUDLAM—Can you just step through your approach? Again, maybe more from a WA perspective, I understand you received a number of submissions in the last round from local government authorities. In WA, the state government has been very reluctant to provide any applications for public transport funding, for example. There are not any that I am aware of, so certain local government authorities and regional associations of councils have started putting proposals to you. How do you evaluate those, in the absence of clear support from a state government?

Mr Deegan—Certainly the Northbridge project is a major public transport project that was supported by the Western Australian government.

Senator LUDLAM—I think that is arguable. We are dropping a railway line 20 feet or so. We are not actually introducing any new capacity.

Mr Deegan—The operational benefits of that are likely to be significant.

Senator LUDLAM—All right. I will let that go through.

Mr Deegan—I think it would be unfair to characterise the WA government as not having an interest in these issues, as they have advocated very strongly for this particular project. In terms of dealing with proponents other than state governments, again, we deal with those on their merits. If there is an opportunity, as you raised before, to encourage discussion between a state and local government, we do so. Sometimes it is obvious that is not going to be a useful outcome. We deal with the particular proposals on their merits.

Senator LUDLAM—It is good to know that at least that dialogue occurs. In the case of Western Australia, if those local governments are putting forward a public transport plan, with the lack of integrated proposals coming from the state, are they being disadvantaged or are they still being evaluated—

Mr Deegan—They are evaluated on their merits. Clearly, we have three stages in our assessment. In the profiling work, is this a project of national significance, and the criteria that would sit around that; is it part of an integrated plan and does it fit; and does it look like it will work within an operating paradigm? They are the sorts of issues we would address, whether it was a local government or a state government proponent. Again, those things are treated on their merits.

Senator LUDLAM—To read between the lines, in WA we do not have such a plan. Does that mean that we are not likely to see funding for public transport initiatives proposed by local government authorities?

Mr Deegan—That is not a conclusion I think you can draw. It depends on the merits of the project.

Senator LUDLAM—What is being proposed by the South West Group certainly has merit, so I guess we look forward to it being—

Mr Deegan—All projects have merit. It is how we, as a nation, prioritise those projects.

Senator LUDLAM—I am not sure about that port, but that is probably a conversation for another time. The 2009-10 federal budget allocated about \$360 million to the Gold Coast light rail project. There was confusion about whether the Commonwealth's contribution was as an equity contribution or not. Is that a decision that was made at a political level, or is there anything you can tell us about—

Senator Conroy—I think Mr Mrdak might be able to help you with that.

Mr Deegan—The role of Infrastructure Australia is to provide advice about which priority projects. Once that advice was decided upon, the delivery and funding issues are associated with the department. We are not involved in the delivery or funding.

Mr Mrdak—In the budget last year the Australian government indicated its support for the Gold Coast light rail project, based on some criteria being met in relation to the project proceeding, in terms of its route selection, design, and also the scope of the project to be delivered, as a public/private partnership, with the Commonwealth providing an equity injection into a special-purpose vehicle. A lot of work has been undertaken with Queensland. In this budget, the government has decided to meet its commitment of payment this financial year, but has made it as a conditional grant rather than an equity injection into the project. The Queensland Premier this week has announced the three parties who have now been short listed for the build and operate franchise for the project.

Senator LUDLAM—That is moving forward now?

Mr Mrdak—It is moving forward, very much so. In fact, already, preliminary works have taken place. A station development, as part of the redevelopment of the hospital, is already underway. Major road works are already underway and, as I said, this week the Queensland

government has announced the three short listed tenderers for the build and operate franchise from the private sector.

Senator LUDLAM—What was the decision making behind that change of position, which I presume has been welcomed by everyone participating in that project?

Mr Mrdak—Firstly, the Commonwealth had a commitment to keep the project going forward, which it has done by making the payment in 2009-10. We did a lot of work with Queensland to see if we could create a vehicle which would bring together some of the benefits, which the Infrastructure Australia Council was particularly keen on, to see if we could get some urban redesign taking place as part of the public transport project, which would provide revenue streams for an equity vehicle. At the end of the day, the analysis did not indicate that equity was an appropriate form of investment, given the lack of return available to a public transport project, in terms of revenue streams. In the end, the government has decided to make it as a conditional grant to enable the project to move forward, recognising there are considerable CSO payments which will be required by the Queensland government for this project over the 30-year franchise life.

Senator LUDLAM—As I say, that has been greatly appreciated. It allows that project to move forward. Can we see that as setting the benchmark for future applications for public transport funding, that we will not go through this rather awkward, eight- or 10-month period, where the other project participants are not sure what the Commonwealth's stake is going to look like?

Mr Mrdak—No, I do not think I would characterise it that way. The Commonwealth and the state were very keen to see whether we could maximise revenue opportunity from development around the site through things such as increasing density and also doing redevelopment which would provide revenue streams to enable such public transport projects to proceed. I think that has been valuable in the sense that, for both us and Queenslanders, a lot of very good work was done to try and optimise revenue streams which would minimise future public subsidies to public transport.

I think what we will see, as Mr Deegan has indicated, is governments around the country are looking for innovative ways to finance the next generation of infrastructure required. Particularly given the increasing cost of urban infrastructure, we need to look at options for financing. This is one option we looked very closely at. In the end, the government went for a conditional grant, but, as I say, in the future, as projects are brought through Infrastructure Australia, both the council and also subsequently governments will look at financing options.

Senator LUDLAM—My time is short, so I will put one more question to Mr Deegan. I know you would be disappointed if I did not ask you, as I always do: in your process of assessing transport projects specifically, what update can you provide us on your modelling of future oil costs when you are assessing the merits of a road project against a rail project with a limited Commonwealth spending? You have been a little hesitant in the past to provide much detail on how you assess likely future oil prices.

Mr Deegan—I do not want to show you any disappointment or hesitation. We consider these issues as part of our appraisal assessment. We have not gone down the route of the detailed modelling, principally because of time and cost. We continue to consider that issue.

Senator LUDLAM—Are you just reading the transcript from last time?

Mr Deegan—I do not have a transcript in front of me. I am giving you the position where we stand. It continues to be a difficult area for us to consider. We do not ignore it. We consider it as part of our appraisal—

CHAIR interjecting—

Senator LUDLAM—No, it was not a whack in the head. Sorry, I am being a bit cheeky, but I suspect you were as well. I still find it a bit odd, because in the past you have gone a bit further than that. Apart from acknowledging that it is a complex area, you have said that you were doing some work on deciding how to evaluate these sorts of things.

Mr Deegan—Yes, we still do that. We have not resolved the best way of managing that. We have looked at some other means of the public transport space, rather than necessarily just the detail about an individual project and its individual people or issues, and we have spoken to the people in your state who have a passionate interest in this area.

Senator LUDLAM—They sure do.

Mr Deegan—We acknowledge that. We have gone back to providing some advice to the government about the public transport space more generally and the opportunity that the Commonwealth might engage in further public transport funding. I think, significantly—and no doubt the minister will recognise this—this latest round is the biggest funding of public transport by the federal government ever.

Senator LUDLAM—I am not detracting from that.

Mr Deegan—That discussion and optimisation of those opportunities is what we are looking at.

Senator LUDLAM—I am certainly not detracting from that spending. I noticed that there was none in this year's budget, but I respect that is within the larger picture of where you are going. However, I would have thought that, while there is less for public transport, for road funding, of which there have been significant appropriations, your most important foundation variable on future traffic projections and so on is how much people are going to be paying for petrol.

Mr Deegan—It is a variable, yes.

Senator LUDLAM—Is it not in the top three, at least, of the most important principles?

Mr Deegan—It is a variable. Demand projections themselves give us cause for concern as they currently are put forward.

Senator LUDLAM—What sort of concern?

Mr Deegan—The reality of the travel models that sit behind it.

Senator LUDLAM—The reliability of those models?

Mr Deegan—The reliability of it and the source data. Simply collecting data by survey, which is the traditional method, has considerable flaws, as you would understand.

Senator LUDLAM—It does not tell you much about what is going to be happening in 20 years.

Mr Deegan—There are other projects underway I am aware of that the World Bank is doing with GPS locators as a more sophisticated travel demand indicator and then working forward with future patch numbers. That is a very significant issue in any public transport or road project about that demand modelling.

Senator LUDLAM—But, in terms of the takeaway message, you are not exactly modelling explicit impacts of people in the next decade or anything like that?

Mr Deegan—We are currently still considering the best way of doing it.

Senator LUDLAM—Okay, I will take that away. Thank you very much—and thanks, Chair, and other senators for the opportunity.

Senator BACK—I have a very much easier question for you, Mr Deegan, in which I am sure you will be able to assist. I want to ask you about the WA Gateway project around the Perth airport precinct. Are you familiar with that project?

Mr Deegan—Yes.

Senator BACK—I think it has been identified by the Barnett government as one of their top infrastructure priorities. Could you tell us where it is in your radar?

Mr Deegan—Yes. It is certainly one of the projects that we have given detailed consideration to. We have had a number of discussions with the Western Australian government, both the line agency and the premier's department, about the potential for that important project and whether the project as presented by the line agency is of such a huge size over a long period that there are other options that might be considered in the short term. Part of this is we get proposals in and people say, 'We would really like this with bells and whistles.' We say, 'Do we need the bells and whistles? Are there some other things that we can do within that framework?' That is part of the discussion we are having with the Western Australian government.

Senator BACK—Nothing was been allocated in the recent budget, I do not think, for Commonwealth expenditure.

Mr Deegan—No, not that I am aware of.

Mr Mrdak—In relation to that program, there is funding of the order of \$350 million for Perth major projects. We have currently got a Perth airport transport master plan being developed. That work is due to be completed shortly, which will guide that investment. I will just check with my colleague—I think in the order of \$350 million is in the forward estimates for Perth for those major—

Senator BACK—For that project?

Mr Mrdak—For those major projects, including those major freeways around Perth airport.

Ms O'Connell—It is dependent on the master planning work that is underway, as the secretary said. That master planning work, the Perth Airport Transport Master Plan, is expected to be finalised around the middle of this year.

Senator BACK—Upon its completion, if it matched your expectations et cetera, would you give us an indication as to if any and how much of that \$350 million may be allocated to commence the project this coming financial year?

Mr Mrdak—We would have to see the study. I am not in a position at this stage to say how much work could be done in the 2010-11 year at this stage.

Senator BACK—So it is not a question of the project receiving or having the capacity to receive no funding in 2010-11?

Mr Mrdak—No, that is right. We do have some projections at this stage in relation to it, but, as to how much we would actually be spending in 2010-11, I am not in a position to tell you at this stage.

Senator BACK—I draw attention to a Perth airport master plan that predicts that, by 2012, if we do not get on and do anything, there will be a loss of possibly some \$200 million per annum just in road user cost. Accelerating further forward, my fear is that we will get to the stage where the cost of addressing the issue will just have to escalate over time against the value or the loss of value of doing nothing. That is particularly where my concern lies.

Mr Mrdak—Certainly. I think the government has recognised that by the moneys provided for the plan in terms of the freeways. We recognise that while a large proportion of the traffic is not airport generated, the reality is it creates issues around the airport access which have to be addressed.

Senator BACK—In contrast to the Moorebank project around Sydney Airport, is it the fact that the Perth Gateway project is just not as far advanced in a planning perspective? Is that the reason why Perth has been delayed in the allocation?

Mr Mrdak—Certainly. We have been waiting for the detailed planning works. As Mr Deegan has indicated, the Infrastructure Australia Council has looked closely at this issue and has identified it as a major pipeline project. We have been waiting for the further detail of this planning study and will then work with the Western Australians to determine how best to allocate the available funds in the Nation Building Program for, as Mr Deegan says, some immediate works and then a longer term strategy around the two freeways.

Senator BACK—You mentioned the 354 major road projects around Perth. Is one of those the Great Eastern Highway east of the city on the way to the airport and the Great Eastern Highway itself? Is that one of those projects identified as requiring major works?

Mr Mrdak—Let me check. I will get the paperwork.

Mr Deegan—Yes, I think it is.

Mr Mrdak—I think it is, but just let me check and we will get you the answer.

Senator BACK—That particular one, I think, goes back to perhaps 2007 or 2008. I think there is a very high expectation, again because of just the incredible delays on a daily basis in that area. We would be very, very keen to get that happening. You would be familiar, Senator Sterle, with the area we are talking about: Kooyong Road East.

Mr Mrdak—Certainly in the Nation Building Program the upgrade of the Great Eastern Highway from Kooyong Road to the Tonkin is provided for with an amount of \$180 million Commonwealth contribution. So that is in the program.

CHAIR—And was announced, I believe, late last year.

Mr Mrdak—Yes. But we will get you the exact details of the status of that project, Senator.

Senator BACK—That was the question I wanted to ask. Thank you.

CHAIR—Are there any other further questions of Mr Deegan? If there are not, Mr Deegan, thank you very much. We will see you in November.

Mr Deegan—Thank you.

Mr Mrdak—I can provide some further information to Senator Back in relation to that road project. I am advised that, in relation to the government's \$180 million commitment to the upgrade of the Great Eastern Highway between Kooyong Road and Tonkin Highway, planning and preconstruction works commenced early last year and we expect a contract for detailed design will be in place in the next few months—certainly before the end of this year. My advice is that a significant number of issues have been identified in trying to move to the detailed design. There has been some discovery of higher service relocation costs relating to power and Telstra costs. Land acquisition costs have proven to be greater than we initially envisaged and there has also been some further work done on bus priority facilities at the intersections, which has also led to some rethinking on the design. We are envisaging going out for detailed design in the coming months.

Senator BACK—That road you speak of is not associated with the \$350 million?

Mr Mrdak—No, that is a separate allocation of \$180 million.

Senator BACK—Because my recollection was that the WA government's estimate of this latter one was about \$600 million. The \$350 million would be a preliminary contribution by the Commonwealth—or would you be looking to that balance being picked up by the state?

Mr Mrdak—It is the contribution in the Nation Building Program at present for those Perth roads.

Ms O'Connell—And the Western Australian government has made an equal contribution of \$350 million.

Senator BACK—So that \$600 million is not what the Western Australian government was seeking from the Commonwealth. That \$600 million, you think, was their estimated cost of the project.

Mr Mrdak—Yes. It was our commitment at that stage and what WA, as Ms O'Connell says, is matching at this stage. When we see the detailed plan, which is now due, we will understand then how much of the projects would be available—

Senator BACK—The total cost will be available then. And you think that could be mid-year.

Mr Mrdak—We anticipate mid-year, yes, so it is not too far away.

Senator BACK—Excellent.

[12.05 pm]

CHAIR—I welcome officers from the Nation Building—Infrastructure Investment Division.

Senator IAN MACDONALD—In view of some erroneous statements that Senator Conroy made recently, I might start off with the Outback Way and find out what funding is being allocated for the Outback Highway.

Senator Conroy—Is it cancelled? Have you cancelled it? Did Joe Hockey announce your funding was cancelled? Is that factually the case, Senator Macdonald?

Senator IAN MACDONALD—With \$83 billion of debt—

Senator Conroy—Is the \$500 million—

CHAIR—Minister, for those of us that are not aware of that statement, you may want to tell the rest of the committee.

Senator Conroy—My understanding is that Joe Hockey announced that the upgrade to the Outback Highway between Laverton and Winton promised by you, Senator Macdonald, had been terminated. It is no longer operative; it has been discontinued. It is a discontinued promise. Is that right?

Senator IAN MACDONALD—I am asking the questions, but in asking these questions—

Senator Conroy—I have the speech here. I have the press release.

Senator IAN MACDONALD—In asking these questions, can I point out that the previous government provided \$10 million for the Plenty Highway, which was part of the Outback Highway, in its last budget.

Senator Conroy—So it is right? It has been discontinued?

Senator IAN MACDONALD—And it was criticised at the time by opposition senators—that is, Labor Party senators—for spending that money on the Outback Highway. So I am just wondering what is happening now.

Senator Conroy—So that is a yes? Did you put that out in writing? Was that gospel? So your gospel is not gospel?

Senator IAN MACDONALD—No, in asking the question on what the current government is doing, I point out that the last Howard budget had \$10 million for the Outback Way. I know it has sort of faltered a bit since then with the current government.

Senator Conroy—It has been discontinued by you.

Senator IAN MACDONALD—We do not happen to be in government.

Senator Conroy—But you promised.

Senator IAN MACDONALD—I am interested in what the officers have to say about the Outback Highway.

Senator Conroy—What about the \$500 million that Bruce Scott promised for the Warrego Highway? That has been discontinued as well, hasn't it?

Senator IAN MACDONALD—Mr Chair, could you get Senator Conroy to come over and sit here so we can ask questions.

Senator NASH—I want to see if he brought his laptop today!

Senator Conroy—No, I am reading off a bit of paper. What about the Bruce Highway between Cooroy and Curra? This is a record.

Senator IAN MACDONALD—When you run up \$300 billion, as opposed to a \$40 billion credit—

Senator Conroy—Warren Truss, on 6 May this year, promised an upgrade to the Bruce Highway. Fifteen days later—

Senator IAN MACDONALD—The Labor government has managed to get from a \$40 billion credit to a \$300 billion deficit in two years—

CHAIR—Order, Minister! Order, Senator Macdonald! Minister, you have made your point.

Senator Conroy—Not yet. No, I have not.

CHAIR—Minister, you have made the point on the funding of the Outback Highway, I am sure.

Senator Conroy—I will come to the Bruce Highway later.

Senator IAN MACDONALD—Chair, you are not stopping him. I continue to say that the Labor government has taken us from a \$40 billion credit to a \$300 billion estimated deficit in—

CHAIR—Senator Macdonald, I was in the process of calling order, and you are not adding to it.

Senator IAN MACDONALD—You do not stop him.

CHAIR—If you just be quiet, I have called the minister to order on a number of occasions—

Senator IAN MACDONALD—Yes, but you do not do anything about it.

CHAIR—Then you start coming in and making a goose of yourself. I would ask the minister—

Senator IAN MACDONALD—You do not do anything about it. This is Labor Party favouritism.

CHAIR—Do you want a private meeting?

Senator IAN MACDONALD—I will not stand for it.

CHAIR—If you stop gobbing off, you will get the call.

Senator IAN MACDONALD—I will not stand for it. Call him to pay.

CHAIR—Stop gobbing off and you will get the call. I was supporting you, Senator Macdonald, so I suggest you take a little chill. Wait. Minister, thank you very much for

ceasing your interjections. Senator Macdonald, if you have questions of the officers, you have the call.

Senator IAN MACDONALD—I have asked them three times already. The Howard government, in its last budget, provided \$10 million for the Outback Highway. What is the current state of funding for the Outback Highway?

Mr Mrdak—We do not have a project identified as the Outback Highway as such in the current program. We have a range of projects, including a contribution of \$52 million to the Northern Territory. One of the projects there is the upgrade of the Plenty Highway, which is an Australian government contribution of \$8 million, but we do not have a project called by that name. We have a number of projects which provide linkages and the like on the off-network projects, but not something called that project of itself.

Senator IAN MACDONALD—The Plenty Highway is part of the Outback Highway, and it is the part to which the Howard government's \$10 million contribution to that highway was made in its last budget. Can you just tell me the status of the \$8 million.

Mr Mrdak—Certainly. With the \$8 million contribution, I am advised that construction commenced in August last year and is due to be completed next month.

Senator IAN MACDONALD—And that is being done by the Northern Territory government?

Mr Mrdak—That is right. It has been provided as part of our \$52 million package for the Northern Territory Community, Beef and Mining Roads Package.

Senator IAN MACDONALD—And did anything go to Western Australia for any roadway between Giles and Laverton?

Mr Mrdak—Not that I am aware of. We will check and come back to you, but not that I am aware of in the program. The focus has been on the Plenty.

Senator IAN MACDONALD—I have inquired before about money to assist the Boulia Shire Council upgrade, which is in fact a state road but which the Queensland government refuses to put any money into. It is between Boulia and Tobermory on the Queensland/Northern Territory border. Is there any Commonwealth funding going into that at all?

Mr Mrdak—I would need to check that. No, I do not think so. I will check that, but obviously it may be. I do not know whether the council has decided to apply any of its R2R money or any other funds to the project.

Senator IAN MACDONALD—The council is using any funds that it has from its council sources for this road, which is in fact a state road.

Mr Mrdak—It may well be Roads to Recovery funding being applied too.

Senator IAN MACDONALD—The \$8 million was out of last year's budget, clearly, if the work is about to finish next week or something.

Mr Mrdak—That is in the current year; that is right.

Senator IAN MACDONALD—So what is provided in the year before us?

Mr Mrdak—I am not aware of any further projects for the Plenty Highway beyond what has been provided. There is no further funding in the current program.

Senator IAN MACDONALD—And nothing provided for anything from Winton to Tobermory?

Mr Mrdak—Not that I am aware of, but I will take that on notice if that is okay.

Senator IAN MACDONALD—Okay. And in Western Australia from Giles to Laverton, nothing shows in this year's budget on that.

Mr Mrdak—Nothing is in the program for this year.

Senator IAN MACDONALD—It seems, effectively, the Labor government has axed that Outback Highway program. That is all I have at this moment, Mr Chair. I might want to ask some questions later on.

Senator Conroy—I just want to add, I have got Mr Robb's press release here and he says, 'Any other past commitments have been discontinued.' Did he really discontinue you, Macca? He did, didn't he?

Senator IAN MACDONALD—Minister, can I ask you why have you discontinued the program this year? You have just heard from your officers; there is not a cent going towards it. It has been a program funded by a previous coalition government. We get to a Labor government and they have stopped it.

Senator Conroy—You put this out in writing.

Senator IAN MACDONALD—They have stopped it. You have stopped it.

Senator Conroy—This is gospel. You have put it out in writing.

Senator IAN MACDONALD—Never mind about that, Senator Conroy; you have just heard your officers say there is not a cent from the Labor Party in this year's budget for the Outback Highway. You have already axed the program.

Senator Conroy—It is gospel if Tony Abbott says it, but it is not gospel if you put it in writing?

Senator IAN MACDONALD—You have already axed the program.

CHAIR—Senator Macdonald and Minister, I think the point has been made. There are other senators wishing to ask questions. Senator Macdonald, have you finished your questions?

Senator IAN MACDONALD—Just on that aspect. I want to come back later, but my colleagues have other questions. I just wanted to clear that up while the issue was hot.

Senator NASH—At the last estimates, I put in a written question on notice which was about, I think, the Commonwealth Coordinator-General's progress report and I was just asking for an update on the National Building Economic Stimulus Plan. I asked if you could give me an update of the 17 projects under the plan, how many had started, when will they finish. I got back:

Details of the progress and expected completion dates of the 17 projects are available on the Department's website.

I did, indeed, do my duty and go and have a look on the website, and it is probably my lack of techno—

Senator Conroy—Fantastic! We were hoping we would be able to train you about modern technology.

Senator NASH—I knew you would be impressed, Minister.

Senator Conroy—I am seriously impressed.

Senator NASH—I found the 17 rail projects—and again, it may just be my inability to navigate my way around the website—but I certainly could not find the completion dates or which ones had started. Could you just give me a bit of an update now?

Mr Farmer—Of the 17 rail projects, seven have been completed. They are Hunter Valley, St Heliers to Muswellbrook duplication—

Senator NASH—Hang on.

Senator Conroy—Slow down. She can write that fast, but not type.

Mr Farmer—Of the 17 in total, seven have now been completed. The first one is the Hunter Valley, St Heliers to Muswellbrook duplication.

Senator NASH—Yes.

Mr Farmer—The second one is also in the Hunter Valley, the bidirectional signalling between Maitland and Branxton.

Senator NASH—Yes.

Mr Farmer—The Seymour to Wodonga track upgrade.

Senator NASH—Yes.

Mr Farmer—Cootamundra to Parkes track upgrade.

Senator NASH—Good news.

Mr Farmer—Sydney to Brisbane new, extended and upgraded loops.

Senator NASH—Yes.

Mr Farmer—The Queensland border to Acacia Ridge track upgrade.

Senator NASH—Yes.

Mr Farmer—The Western Victoria track upgrade.

Senator NASH—Okay.

Mr Farmer—In addition, the trial of ATMS, which is the advanced train management system, a non-construction project, is underway and achieving progress milestones. That leaves seven projects which are currently under construction and two projects which are in planning and preconstruction, and they are both in Hunter.

Senator NASH—Running through the list, can you just run through and give me the completion dates for each of the ones that are yet to be completed.

Mr Williams—The Adelaide to Kalgoorlie new and extended loops are under construction at the moment. They commenced in June 2009. Four of the five loops have already been completed, and the Bates to Ooldea loop is under construction. That should be completed fairly soon.

Senator NASH—What is fairly soon?

Mr Williams—I will have to come back to you with an exact date on that one.

Senator NASH—Do not do that.

Mr Williams—The Cootamundra and Crystal Brook new and extended loops; the scheduled completion for that is in August 2010.

Senator NASH—Yes.

Mr Williams—The Minimbah Bank third rail line; the scheduled completion for that is October 2010.

Senator NASH—Yes.

Mr Williams—The Hunter Valley-Ulan line, passing loops and duplication, is scheduled for completion in December 2011. The Melbourne to Adelaide extended loops; completion is scheduled for December 2011.

Senator NASH—Just on that one. How many of the loops have already been completed? Have any been done?

Mr Williams—In that one, only one so far. The Coomandook loop is complete and the remaining five loops are under construction. The Melbourne to Junee passing loops, both the loops are under construction, scheduled for completion mid-2010. The Wodonga bypass duplication is scheduled for completion in July 2010.

Senator NASH—How is that looking? It is only a few weeks away, really.

Mr Williams—Pardon?

Senator NASH—Is that on track to finish in July 2010?

Mr Williams—Yes, that is my understanding. It is well underway. I think the actual track is complete. They are doing the station at the moment. Those are all the ones under construction. Obviously, the advanced train management system is a trial which takes place until early 2012.

Senator NASH—Where are we at with the Sydney to Brisbane new, extended and upgraded loops? I might have missed that, sorry.

Mr Farmer—That project is one of the seven that has been completed, Sydney to Brisbane new, extended and upgraded loops.

Senator NASH—That is one of the ones that are done? Okay. The Hunter Valley to Liverpool Range new rail alignment?

Mr Williams—That one is currently in planning. Works are scheduled to commence on that in November this year and be complete mid-2014.

Senator NASH—What about the Minimbah third rail line?

Mr Williams—The third rail line, Minimbah to Maitland, scheduled to commence works in October this year, with completion in March 2012.

Senator NASH—Thank you for that. Can I just ask you about the Melbourne to Adelaide extended loops. The ARTC, are responsible for that, and the stimulus funding that is allocated for the loops which are on the Adelaide to Melbourne corridor has gone to that. ARTC are apparently constructing an entirely new 2.1 kilometre crossing loop at Ambleside in the Adelaide Hills. I am asking you because ARTC are not able to appear, so just whatever information you can help me with would be really useful. Is that a separate bucket of funding they are doing for the crossing loop at Ambleside, or are they using funding out of the stimulus package from the seven loops to transfer over to Ambleside?

Mr Williams—They are using the funding through the economic stimulus to construct the loop at Ambleside. The original intention was to construct, or extend, the loop at Mount Lofty. Having regard to geotechnical and technical issues surrounding the site, the ARTC determined to build the new loop at Ambleside.

Senator NASH—But they applied for funding under the stimulus package and that was granted for the seven loops, so there has obviously been a variation in the project since they applied. What criteria apply if a proponent wants to change the project, if you like, halfway through, after the funding has been allocated?

Mr Williams—The money provided to ARTC was via an equity grant. That went through equity to the company. As I said, they determined, having regard to looking at the works near the Mount Lofty range, that, due to the geotechnical issues and the funding available, they could not construct the extended loop at Mount Lofty. Within the funding cap that they had provided, they are now constructing the Ambleside loop.

Senator NASH—Within the actual economic stimulus plan, the funding that was provided to any of these proponents is not tied to the project that they put forward to you? They are all at liberty to vary their projects as long as they are within that funding bucket?

Ms O'Connell—No. They are specifically for projects, but where there is, for example, additional information, then it is normal practice that money is allocated and then studies are done, such as geotechnical studies, and other work is undertaken. If, as a result of that work—

Senator NASH—Sorry—can I just ask on that: wouldn't that work have been done before the proponent applied for the funding? Wouldn't they have known what they could or could not achieve?

Ms O'Connell—It is a matter of the detail. The very detailed geotechnical work takes a lot of time. Of itself, it requires some of that funding. Geotechnical work at the detailed level is usually done as part of preconstruction, which is done from an overall funding envelope once there is agreement to do a particular piece of work. If there is a variation in terms of a commitment to do a particular piece of work and then as a result of further studies or preconstruction activity there is a need to change that, then there is an approach back to government in terms of seeking approval for that.

Senator NASH—So it is not unusual for part of that type of funding to go the work that needs to be done to determine if something is actually feasible or not?

Ms O'Connell—That is right. The funding looks at some of the detailed preconstruction activity that needs to be undertaken, which includes things like geotechnical work and surveys. They are part of the funding.

Senator NASH—What is the process for a proponent to come to you if they want a variation? What did ARTC do to come to you and say, 'There is no longer going to be these seven passing loops completely, as we put to you before. Geophysically, this isn't going to work. We want to do it over here.' What is the process and who gives the tick-off to the change in the funding?

Ms O'Connell—In terms of the normal process, it is subject to project proposal requests where the proponent responds with more detail in terms of the detailed project proposal. That is what I was talking about in terms of the general case. I will ask Neil to talk to the ARTC specific case.

Mr Williams—I would have to take on notice as to exactly what approaches ARTC made to the government in terms of the change of the project.

Senator NASH—Would you have a rough idea of what they would have had to have done? How much funding went to this one? I know it is seven loops, but how much funding actually went to the Melbourne-Adelaide extended loops?

Mr Williams—The total for the five or six loops was \$76 million.

Senator NASH—When they brought the proposal to you at \$76 million, had they identified the funding required for each of the seven loops?

Mr Williams—I would have to take on notice as to whether that specific information was there at that time.

Senator NASH—Wouldn't that be fairly self-explanatory, though—that if they are going to do seven different things, they would need to tell the department where the funding was going and how it was going to be spent?

Mr Williams—I would have to take it on notice.

Senator NASH—In terms of the criteria—because this package obviously sits separately to the general run of the mill department type things, because of the nature of the nation-building stimulus package from the government—what conditions and criteria were in place for proponents in terms of applying for funding for these projects? What criteria did they have to meet? What conditions have been placed on them?

Mr Williams—It is a different process, as Ms O'Connell mentioned, in terms of this being an application by the ARTC for additional equity funding. So it did not go through the—

Senator NASH—Sorry, I might have been a bit confusing then. With the nation-building stimulus plan for rail, what were the conditions and criteria that were set for proponents to have to meet before funding was granted? Was there a range of—

Mr Mrdak—It was not a grants program, per se. The government identified that the Australian Rail Track Corporation in its forward works program had a number of projects which were at various stages of development, and the government decided to essentially fund those through a special equity injection on the basis that those projects could be delivered in a

reasonably short time to provide a fiscal stimulus. Essentially, the ARTC had a forward works program and a business strategy, and the government took the decision as part of the GFC response to fund a number of those projects earlier than it otherwise might have.

Senator NASH—Thanks, Mr Mrdak. That is very helpful. So one of the criteria was about having to complete these works within a certain time frame.

Mr Mrdak—They were projects that were identified as being of certain readiness. As Ms O'Connell and Mr Williams have indicated, as ARTC subsequently worked them through there have been some changes. But, essentially, they were in a state of readiness and a state of preparedness by the ARTC to be able to be in a position to get a fiscal stimulus happening more quickly than they might otherwise have been programmed under the normal ARTC capital works strategy.

Senator NASH—With the Melbourne to Adelaide loops, what time period did the ARTC indicate to you that that entire project would be finished? I know you have said completion date is December 2011, but is that the date they gave you or is that now a varied date, given the change to the geophysical nature, or whatever, and they have had to obviously alter the project? What was their initial completion date that they gave you for those initial seven loops?

Mr Williams—I would have to take that on notice and hopefully come back to you during the course of this hearing.

Senator NASH—If you could get back today or tomorrow, that would be really useful.

Mr Mrdak—From recollection, those were the dates that were being provided at the time the government considered the fiscal stimulus. As Mr Farmer has indicated, a number of rail projects have been able to be completed within 12 to 15 months of the fiscal stimulus, and a number of them—not too many of them—were extending into 2011, but not by much.

Senator NASH—Just on that, what was the total bucket of money for this—for the rail?

Mr Mrdak—For the loops?

Senator NASH—No, sorry—for the whole rail economic stimulus plan.

Mr Mrdak—It was \$1.2 billion.

Ms O'Connell—At February 2009.

Senator NASH—And of that, so far what has been spent?

Mr Farmer—It was broken into three payments. The first equity payment, \$422 million, was paid on 21 April 2009. The second payment of \$678 million was paid on schedule on 7 July 2009. The third payment of \$88.9 million was paid on 30 April 2010.

Senator NASH—Can you explain for me the equity payments and how that works?

Mr Williams—ARTC is a Corporations Law company. The Commonwealth provides funds in exchange for shares in the company to the tune of \$1.2 billion worth of \$1 ordinary shares in the company, and then the company applies those funds to projects across its network.

Senator NASH—As they are doing the projects. Out of that \$1.2 billion—obviously it is sitting in a bucket for the ARTC—how much have they actually utilised and spent?

Mr Williams—To 30 April 2010, \$749 million.

Senator NASH—Obviously this is an economic stimulus plan. There is the Hunter Valley-Liverpool Range new rail alignment and the Hunter Valley-Minimbah Bank third rail line. One is scheduled to commence in November and the other in October this year. When were those projects ticked off as projects to be included in the plan?

Mr Williams—During the course of the government's deliberations for the stimulus package.

Senator NASH—Can you just refresh my memory with a month and year?

Mr Williams—In December.

Mr Mrdak—It was announced on 3 February last year.

Senator NASH—Last year. I am just having a little difficulty with those two. I understand the principle, but if they have not even commenced yet, what would be the benefit in having those two particular ones as part of the economic stimulus plan if there was no money to be spent?

Mr Mrdak—We will get some more clarity for you particularly in relation to the Liverpool Range. Some of that is conditional on reaching agreement with the coalmining companies in relation to that project—their willingness to pay and the like in terms of future capacity. Those negotiations have been continuing. Certainly, these projects were in the ARTC forward work schedule subject to those sorts of negotiations taking place. Obviously, if those negotiations could be completed earlier, the government saw an opportunity to deliver this infrastructure as part of the fiscal stimulus, but that has not proven to be the case so far, as I understand. We will get you some further details in relation to the Liverpool Range project.

Senator NASH—That would be good because it would seem that, within this particular plan, the target and the focus were obviously to have money spent quickly. If there are plans in there that have not even started yet, they do not seem to be necessarily appropriate for what the government was trying to achieve.

Mr Mrdak—As I say, in relation to certainly the Liverpool Range, there was a clear requirement to settle some further commercial negotiations with the coal producers, but we will get you some further details on those. The others, as Mr Farmer has outlined—

Senator NASH—Wouldn't that have been taken into account, though, before that particular project was ticked off on, that there might be some potential issues with the negotiations?

Mr Mrdak—Certainly, and it was well known that was one of the issues. The Liverpool Range project has obviously been considered for many years. This was an opportunity the government saw to make an investment in ARTC which would accelerate that work, which would not otherwise have been available.

Senator NASH—Refresh my memory. Where is that line potentially going? Is it out across the Liverpool Range out to—

Mr Mrdak—I will get some further details. My understanding is that it is to service the potential opening up of new coalmines around the Gunnedah region. We will get you some further details over the lunch break in relation to that project.

Mr Williams—Yes, ARTC have put out an alignment, or a number of alignment options for industry, so we will get you the details.

Senator NASH—They have, indeed. That would be very useful.

CHAIR—Did you check this with Clive before you start gobbing off about antimining, Senator Williams?

Senator WILLIAMS—I am looking after our good farming land.

Senator NASH—I would be very interested—and perhaps you could take this into account when you bring back the information after lunch, which would be very useful. Given that a lot of that mining is only at the exploration stage and a lot of it has not been ticked off as yet, it is a bit of a chicken and the egg situation in that, if this particular project is reliant on the tick-off from state government to a lot of that mining activity in that area, it would seem quite difficult as to how this could be a quickly-facilitated project to sit under the economic stimulus plan.

Mr Mrdak—I am not too sure of the status of the coal producers' plans in that one. Let us get some information as quickly we can and we will come back.

Senator NASH—But do you see my point?

Mr Mrdak—Yes.

Senator NASH—If this is to be for quick projects that are going to put money into the economy, and this particular project here with the Liverpool Range is contingent on negotiation with the mining industry and where that particular mining industry is up there within the northwest, then it would not seem, necessarily—and, again, I will be happy to receive the information—an appropriate project to put within the fiscal stimulus plan.

Mr Mrdak—I think the government is thinking, in the absence of this funding, that we would not have been in any position to have discussions with the coal producers, because the ARTC would not have been in a position to even commence the preliminary work with them. The government saw it in that context. This has been a project that has been long sought by people in the region. The government has taken the opportunity, through the fiscal stimulus, to fund this in the capital works program earlier than it might have otherwise done. It has given the opportunity to the ARTC to actually start those negotiations, which would not otherwise have been available. We will get you the further detail.

Senator NASH—I certainly do not misunderstand the merit of that, but within the point of it getting money quickly out onto the ground, it does not necessarily seem appropriate, but if you get the information back after lunch then we will—

Mr Mrdak—As I have said, and as Mr Farmer has outlined, we have completed a large number of the rail projects to this point.

Senator NASH—Okay. We will have another look then. That is all I have on the rail projects.

Senator JOYCE—How many staff does the department employ to work on infrastructure issues—that is, under program 1.1 Infrastructure investment of the Department of Infrastructure, Transport, Regional Development and Local Government?

Ms O'Connell—Approximately a hundred staff. I can get you the exact number, but it is around a hundred staff.

Senator JOYCE—Can you provide information of the total funding for the following programs: the Nation Building Program, including its components, one, Nation Building Program investment?

Ms O'Connell—For clarification, do you want that for this financial year, or are you talking over the full six-year envelope of 2008-09 to 2013-14 of the full—

Senator JOYCE—No, this financial year.

Mr Mrdak—If you can give us the list of programs we will get that.

Senator JOYCE—I will give them to you: Nation Building Program investment, Nation Building Black Spot projects, Nation Building heavy Vehicle Safety and Productivity, Nation Building Roads to Recovery, Nation Building Off-Network Projects and Nation Building Plan for the Future.

Ms O'Connell—Certainly, for the 2010-11 financial year?

Mr Farmer—Is that for the financial year 2010-11?

Senator JOYCE—Yes, 2010-11.

Mr Farmer—For the financial year 2010-11, the Nation Building Program investment is \$2,768.5 million, the off-network program is \$225.4 million, the Black Spot Program will be \$59.5 million, Roads to Recovery is \$350 million, the Heavy Vehicle Safety and Productivity Program is \$20 million and the Nation Building Plan for the Future is \$57.3 million.

Mr Farmer—Was that the completion of your list?

Senator JOYCE—Can you please also separately provide how much has been spent and how much has been allocated to specific projects under this program?

Senator Conroy—I am just reading your transcript with Helen Dalley.

Mr Farmer—Yes, we can. There are a significant number of projects, including the Black Spot Program and Roads to Recovery. We would have to take that on notice.

Senator JOYCE—You are going to take that on notice?

Ms O'Connell—It is a very extensive list of projects.

Mr Farmer—It is a very large list.

Ms O'Connell—For example, there are thousands of black spots.

Senator JOYCE—I am just searching for information. I am not engaged in a political debate.

Senator Conroy—You were searching for information with Helen Dalley. It was very entertaining.

Senator WILLIAMS—He has been playing up like a second-hand Victa all day.

Senator JOYCE—It is like a nightmare.

CHAIR—You have been waiting all day to use that, Senator Williams.

Senator Conroy—Your nightmare is reading the transcript of Helen Dalley.

CHAIR—Senator Williams has been waiting all week to use that line and I missed it—something about a Victa.

Senator JOYCE—Can you please provide a list of the Commonwealth contributions to infrastructure projects under the Building Australia Fund? In this list, can you please provide the name of the project, the state or states in which the investment will occur, the size of the contribution, the estimated total cost of the project, and the type of infrastructure that it is—that is, rail, freight, public transport et cetera?

Ms O'Connell—Certainly.

Mr Mrdak—This is for 2010-11, or overall for the project?

Senator JOYCE—For 2010-11.

Mr Farmer—I will start with the BAF projects. The first one is the Gawler line modernisation in South Australia. For 2010-11, the BAF contribution is \$62.1 million. The total contribution under the BAF is \$293.5 million. The second project in South Australia is the Noarlunga to Seaford rail extension. The contribution in 2010-11 is \$90 million. There is a total BAF contribution of \$291.2 million. The O-bahn city access is—

Senator JOYCE—How about you just take them all on notice.

Mr Farmer—Yes.

Senator JOYCE—How much of the Building Australia Fund has not been allocated to specific projects?

Mr Farmer—The fund, in its entirety, would be a matter for Treasury. Certain allocations have been made to projects, as announced by the government in the budget previous to the one we have just had. As to what is left in the Building Australia Fund, that would be a matter for Treasury.

Senator JOYCE—It is \$705 million, isn't it?

Ms O'Connell—I think that is broadly right. In the 2009 budget, \$8.5 billion worth of projects were announced under the Nation Building for the Future plan. I think \$705 million is approximately right, once it takes account of accumulated interest et cetera.

Mr Mrdak—It is probably worth pointing out that a number of the projects announced, as Ms O'Connell said, were funded from BAF; others were not. If I could just take you through the ones that were BAF and non-BAF, the Gawler line modernisation is a BAF-funded project, the Noarlunga rail extension is a BAF-funded project at \$90 million next year and at a total cost of \$291 million. The West Metro preconstruction, which is now not proceeding, was a BAF-funded project and funds have been returned to the Commonwealth. The Hunter Expressway was a BAF-funded project, which has got funding this year of a \$1.4 billion contribution. The Kempsey Bypass was a BAF-funded project, with \$65 million this year of

618 contributions. The Regional Rail Link in Victoria was a BAF-funded project with \$348 million scheduled this year.

Ms O'Connell—Yes. Of a \$3.2 billion project.

Mr Mrdak—That is right. The Melbourne Metro tunnel project is BAF-funded but does not have expenditure against it this year. The Gold Coast Rapid Transit was a BAF-funded project, as was the Ipswich Motorway. The Oakajee Port and the Darwin Port expansion were also BAF-funded projects out of that major projects list announced in the budget last year.

Senator JOYCE—What arrangements are in place for the Commonwealth monitor projects for which it has made contributions to? Is the Commonwealth consulted on the project management or the commercial negotiation of contracts for these projects? What guarantees does the Commonwealth have that the states will use its money wisely and mitigate risks appropriately?

Mr Mrdak—We have put in place extensive program and project oversight in relation to each of the projects. I might ask Mr Farmer to give you some detail, but essentially we have established arrangements whereby we receive monthly reports. Mr Farmer will give you some detail of what we receive. We also oversight through project control groups and the like the overall project delivery. Mr Farmer might give you some further detail on how we do that.

Mr Farmer—Following on from what Mr Mrdak has said, the states report monthly to us. Those arrangements are set out in the memorandum of understanding with the state, the national partnership agreement. The reports are quite detailed. They contain all kinds of project information on the progress of the projects, what stages the projects and the difficulties and risks that the states are encountering. We have weekly, sometimes even daily, contact with the states in relation to certain projects and our officers are very well apprised of progress. So the Commonwealth has a very close involvement with the projects and has an intimate knowledge of how the projects are progressing at any time.

Senator JOYCE—Was the Sydney Metro to be done under the BAF?

Mr Farmer—The West Metro?

Ms O'Connell—The West Metro project in Sydney?

Senator JOYCE—Yes.

Mr Mrdak—There was an amount provided for the study of the scoping study, the next stage of the scoping work. With the decision not to proceed that money has been—

Senator JOYCE—Did they send the money back?

Ms O'Connell—That is correct.

Mr Farmer—That returned—

Ms O'Connell—\$80 million.

Mr Farmer—\$80.14 million has been returned.

Senator JOYCE—So why did we fund it in the first place, if they did not want to it?

Mr Mrdak—The Infrastructure Australia Council, in their advice to government, identified it as a priority project but one in which a lot more work needed to be done and the

government took the decision to fund the next stage of the project development of the West Metro and provided \$91 million to enable that work to take place. With the decision by the New South Wales government to not proceed, the Commonwealth immediately sought a return of the unspent funds and that has now taken place.

Senator JOYCE—Do you see that there is a bit of confusion as to how we could select a project as a priority project, send the money off to them and then they send the money back to us because they do not want to do it?

Mr Mrdak—Certainly, at the time it was identified as the major New South Wales initiative that they sought funding for through the IA process. Subsequently, the New South Wales government has reached a view not to proceed with that project. The IA Council advice was that the project had merit but needed a lot more work before it could proceed to full funding. The Commonwealth did not decide to provide full funding for the project of West Metro. It only provided funding for the next stage of the scoping and design work, conscious that it was not at a stage where the Infrastructure Australia Council or the Federal Government felt it would proceed to full funding. Subsequently the New South Wales government did decide not to proceed with the project.

Ms O'Connell—Senator, the point too of a government decision around funding that project, albeit that the preliminary next stage is a feasibility study, is that both the Commonwealth and the state entered into an agreement under a memorandum of understanding that flagged commitment to do that particular piece of study work on that project, so at that point in time there was support from both governments to undertake that next stage of study work on that project.

Senator JOYCE—Does this bring an inference of the politicisation of the process rather than the transparency and the best possible outcome for Australia?

Ms O'Connell—No. I am responding to your question about how a decision could be made where the project is not then supported.

Senator JOYCE—Yes, it is a priority project and then they send the money back.

Ms O'Connell—That is not the circumstance that took place.

Mr Mrdak—Certainly Infrastructure Australia provided advice that the project needed a great deal more work.

Senator JOYCE—As Senator Williams said, do you know what happened to the \$10 million that went west?

Senator WILLIAMS—You sent \$91 million and got \$81 million back; what happened to the other \$10 million?

Mr Mrdak—New South Wales expended that funding in the studies that were being done on the design.

Senator JOYCE—Studies from whom? Did they give you any sort of reconciliation of where our 10 million gorillas went?

Mr Mrdak—Yes.

Ms O'Connell—Yes, certainly, Senator. There were a number of studies done as part of the project. The New South Wales government had established a projects office that was undertaking those studies. A number of them—

Senator JOYCE—Is this like an internal state government—

Ms O'Connell—A number of them were about the design and the technical work associated with it, which is what the funding was intended for. That funding, at the point at which it was decided not to continue with the project was ceased and returned to us. The reconciliation of exactly that amount of the less than \$10 million difference is the subject of a reconciliation that is still taking place.

Senator JOYCE—So we do not really know where the \$10 million went?

Ms O'Connell—We know that it was applied to studies. What we have asked for—and are entitled to see as part of our agreement—is a full reconciliation of that spending to ensure that none of it occurred after the announcement of the stopping of the project.

Senator JOYCE—This is fascinating, There was \$10 million worth of studies put into a project that never went ahead. Were those studies publicly advertised or open to tender?

Mr Farmer—Yes, to the best of my knowledge they were.

Senator JOYCE—They were. Where were they advertised?

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

Senator JOYCE—Do you know anyone who did them? Can you nominate any company?

Ms O'Connell—There were a number of companies involved in providing advice and doing studies and work in terms of the West Metro.

Senator JOYCE—Could you nominate a couple of them?

Ms O'Connell—I would have to take it on notice.

Senator Conroy—I can name a couple. The Coffs Harbour Bypass was a promise made by Luke Hartsuyker on 27 October.

Senator WILLIAMS—Chair—

Senator Conroy—Hang on, I have got the call

ACTING CHAIR—Just proceed in an orderly fashion. Thank you, Minister, but I do not think that was an answer. Order! Were the officers about to answer a question?

Mr Mrdak—Thank you, Chair. The New South Wales government, as Ms O'Connell indicated, had a West Metro and Metro project team. That has since been disbanded, I understand. A large number of consultancies were let by the New South Wales as part of their design and examination both of the inner-city Metro and the West Metro projects. We will get details for you in relation to what firms were contracted, but it would be a large number. They were at a very detailed stage of geo-tech design.

Senator JOYCE—Mr Mrdak, I am confused by what the minister just said. Was the Coffs Harbour—

Senator Conroy—You are confused by the definition of net—

Senator JOYCE—Was the Coffs Harbour Bypass any part of the West Metro system where studies were being conducted?

Senator Conroy—You are confused about the definition of net—and Helen Dalley—

ACTING CHAIR—Order!

Senator JOYCE—No, I want an answer, because the minister has just said that \$27 million was part of the Coffs Harbour Bypass. Was that any part of the West Metro system?

ACTING CHAIR—Order! I suggest that we get back to the subject at hand. This is, I regard, as banter between the minister and Senator Joyce.

Senator JOYCE—I just want to know if it is part of the West Metro system.

ACTING CHAIR—If Senator Joyce wants to encourage that then Senator Williams should not object or we will end up going down that wrong path again. I suggest we get back to questions about the estimates.

Senator JOYCE—Because he has made a fool of himself again.

ACTING CHAIR—Order! Are there any questions?

Senator JOYCE—We have got lots of questions.

ACTING CHAIR—Minister!

Senator Conroy—Sorry, Chair, my apologies.

ACTING CHAIR—Are there any questions of the officers at the table on the estimates?

Senator JOYCE—Yes, very much so. Can you explain why the government proposed to provide \$365 million to the Queensland government for the Gold Coast Rapid Transit project as an equity contribution?

Senator Conroy—We have already had that conversation. I am actually being serious.

Senator Conroy—No, Scott Ludlam asked all those questions earlier.

Senator JOYCE—Fair enough. I was at the Bureau of Meteorology talking about the weather. What has led the government to back down and now provide the \$365 million as simply a grant?

Senator Conroy—We did actually have, again, that conversation. Fiona will probably be able to give you an answer.

CHAIR—Do you want the answer again?

Senator JOYCE—Yes, just briefly.

CHAIR—Can we have the answer again, please?

Mr Mrdak—The Australian and Queensland government undertook a range of work to identify whether the project could be better delivered with a lower community service obligation, through trying to do a public/private partnership with a special purpose vehicle with equity. The aim was to try and identify revenue streams through urban renewal or land development projects along the route to see if we could create an SPV with a revenue stream. The work we did, over the many months, identified that we could not, in a way which would

satisfy the definition of 'equity'. Accordingly, the Australian government has met its commitment by providing the money as a conditional grant to Queensland to enable the project to move forward. The Premier, this week, has announced the three short-listed parties of private developers and investors who are looking to tender for the franchise to build and operate the rail system over the 30-year concession period.

Senator JOYCE—Can you explain to me how an equity contribution could even work for a public transport project? My understanding always is that public transport systems, generally, do not make a return. From what funds would the distributions to the Commonwealth government paid?

Mr Mrdak—The work we did was to identify whether there would be potential revenue streams from things such as commercial space along the corridor, or from the redevelopment of land that the Queensland government was acquiring for the route, which may have provided revenue streams through redevelopment along the route, which would enable the project to meet commercial returns, in the event a lot of work took place and we moved a long way to identifying various commercial revenue streams which would minimise the future CSO. In the end, the Australian government decided to proceed to a conditional grant.

Senator JOYCE—What is the grant conditional on?

Mr Mrdak—It is conditional on the project proceeding as a PPP franchise.

Senator JOYCE—Can you please confirm how much the Commonwealth has funded from the Building Australia Fund? I will go to the next section then.

Mr Mrdak—The commitment is \$365 million in this financial year.

Senator JOYCE—With the public/private partnership, has there been any progression with possible participants in that?

Mr Mrdak—Yes, the Queensland Premier, on Monday, announced three short-listed consortiums who will then go to the next stage. My understanding is they had six expressions of interest from major consortiums to build and operate the rail line. That has been narrowed to three short-listed tenderers, who will now go to the more detailed evaluation stage.

Senator JOYCE—Just on another issue, because I was up in that area the other day, as we are building the light rail—this one goes from Varsity down, doesn't it?

Ms O'Connell—From the University Hospital, yes, that is right.

Mr Mrdak—Down to Broadbeach.

Senator JOYCE—It is great that we are building the light rail down, but why are we shutting the one down to Murwillumbah? There was another rail line spur to Murwillumbah that we shut down? It has been closed. If all that is going to be part of a corridor, would it not be better to try and link all these rail corridors and make it an effective program, rather than having one state shutting down railways lines, where we are opening them up mere kilometres away?

Mr Mrdak—I am not familiar with that. I would have to take that on notice, I am sorry. I do not know the details of that.

Senator WILLIAMS—With that \$365 million you have committed to the Queensland government in this joint project, how much of that money have you put forward to the government now? I ask the question on the grounds of what happened to New South Wales, because you sent \$91 million there and you got \$81 million back. Have you put money forward for that project now, and what if Queensland decides to pull out of that one?

Mr Mrdak—It is a conditional grant, on the basis that if the project does not proceed then Queensland would be obliged to refund the full amount of \$365 million.

Senator NASH—Why was New South Wales not required to refund the full amount?

Mr Mrdak—It was provided the money for studies which were done, and the government recouped what was still unexpended from that fund.

Senator Conroy—It was a decision of the New South Wales government.

Senator NASH—I am just trying to figure this out. You might have already answered this. Within the \$365 million, there was no study component of the \$365 million?

Mr Mrdak—No, that work has been completed in the past. This is a project which is now at the stage of moving to the development stage. In fact, works have already started in relation to stations, the hospital redevelopment and some of the road works.

Ms O'Connell—There was a major tender let last week for \$110 million worth of road works as part of that project. It is at a different stage.

Senator JOYCE—Just on that reconciliation of the \$10 million that my colleagues are talking about, are you going to publicly release that reconciliation?

Mr Mrdak—We will wait to see what details we get from New South Wales. It would be a matter for the government, then, as to what it wished to provide.

Senator JOYCE—It is a substantial amount of money. A lot of people will want to know where their \$10 million went. Can you please confirm how much the Commonwealth government has funded from the Building Australia Fund for freight rail?

Mr Mrdak—I do not think there is any funding from the Building Australia Fund for freight rail. That has been funded on budget for the equity injections which have taken place into the ARTC, although the regional rail link in Victoria does provide for a substantial increase in capacity for both the regional and metropolitan systems into Melbourne. The regional rail link in Victoria is a \$3.225 billion Commonwealth contribution.

Senator JOYCE—How much has the Rudd government contributed to freight rail projects?

Ms O'Connell—A very significant amount. We were just talking earlier about the projects that were part of the economic stimulus back in February 2009, which was a \$1.2 billion equity injection for ARTC for freight rail. In this budget, there is an additional \$996 million for equity injection for ARTC projects.

Senator JOYCE—Last year, Infrastructure Australia classified the north-south rail freight corridor project as a 'priority infrastructure pipeline project with real potential'. Has the government received any further advice from Infrastructure Australia on this project?

Mr Mrdak—No. The government is awaiting the next report from Infrastructure Australia in relation to its project priority list, but, building on that advice which we received from Infrastructure Australia last year, as Ms O’Connell has indicated, the government has made two substantial equity injections. The \$1.2 billion was part of the fiscal stimulus and now the \$996 million, which has been provided in this budget for a number of projects, many of which are on the north-south rail corridor.

Senator JOYCE—Have you received advice from any other departments, agencies, or outside sources on the merits of the project?

Mr Mrdak—As part of the work we do with the ARTC on their forward capital works program, we receive advice from them on projects and provide advice through this portfolio to the government on those projects.

CHAIR—Thank you, Mr Mrdak. It being one o’clock, the committee now shall take a one hour break, recommencing at two o’clock with Senator Joyce in continuation. Thank you.

Proceedings suspended from 1.00 pm to 1.59 pm

CHAIR—To coin a classic, there is no time like the present. Welcome back, Mr Mrdak and officers. Senator Joyce is not here to continue his questioning. Senator Back, do you have questions of Nation Building—Infrastructure Investment?

Senator BACK—You caught me a bit short, Chairman.

CHAIR—Sorry, Senator Back. Take your time. Senator Williams, I know you will have some questions.

Senator WILLIAMS—I do. Mr Mrdak, I want to talk about the New England Highway. At Scone there is a railway level crossing on the north side of the town. By 2018, 50 million tonnes of coal will be brought down that railway line. The serious problem is that the trains are about 1¼ or 1½ kilometres long. If a train breaks down or stops as it is going through the middle of the town, there is no way that emergency services, which are situated on one side of the town, can get to the other side of the town. So if the train has blocked both crossings in Scone and someone on the western side of the town had a heart attack, for example, and called for an ambulance then the ambulance would have to travel, I think, 32 kilometres to get around the blocked crossings. I know that local government has questioned the possibility of having an overpass built over this train line. I think about \$30 million is required. The ARTC say that it is not their department, yet I think they have built bridges as far as crossings are concerned. The federal government says that New South Wales has to do an application. New South Wales says that the New England Highway—National Highway 1—is a federal government issue. What can be done about fixing this problem, considering the huge increase in rail freight that will occur in the next decade or in less than a decade?

Mr Mrdak—We will certainly seek some advice. I might ask Ms O’Connell to give you what we understand at this point. But we do not have anything in the current program for this area.

Ms O’Connell—I think the proposed crossing there was part of the Lower Hunter Transport Needs Study that was commissioned jointly by the Australian and New South Wales governments. It is proposed that an improvement work proceed in the short-term period

nominated as part of the study. So there is no funding committed to do that work as part of the Nation Building Program, but I would just ask Neil if there is anything in terms of the ARTC's planned works.

Mr Williams—No, there is nothing specific in their program at the moment. I understand they are in discussions with the emergency services authorities regarding access over their train line in emergency situations.

Senator WILLIAMS—If the train has blocked both accesses to cross the line at the town of Scone, how can emergency services access the other side of the town, which is about half the population? If the rail line has the roads blocked, how can emergency services get to the other side of town? This is a big concern for local government there and for the representatives that I have spoken to last week, and that is why I am raising this issue. If both roads are blocked, there is no access to the other side of the town. What I am saying is that I think this is a very serious issue and Infrastructure should have a close look at this problem at Scone. You have the New England Highway. You know the levels of traffic on that road. I think it is 11,000 traffic movements a day through Scone. Then, with the increase of the train movements because of the increase in coal exports, it is going to be one hell of a mess if something goes wrong and someone will seriously have their life in jeopardy if they cannot get emergency services to them. Are your budgets for the next three or four years all spent? Is there any fat left in the system?

Mr Mrdak—No, the funding is committed for the program.

Senator WILLIAMS—For how many years?

Mr Mrdak—To 2013-14. But, having said that, given what you have raised we will seek some advice and come back to you on options and also to get some clarification on the ARTC's position. We will come back to you as soon as we can.

Senator WILLIAMS—The ARTC's position is that they do not fund bridges. The ARTC say that they do not construct road bridges and therefore it is not their problem, though this is inconsistent with recent events. I believe the ARTC has actually helped to fund and construct bridges over railway lines. The New South Wales government say that the road impact is a national highway and federally funded and therefore is not their problem. So we are seeing a heap of buck-passing on a railway crossing that, as I said today, carries 11,000 movements a day. There are a lot of trucks, of course, on the New England Highway, and when we see 50 million tonnes of coal a year coming down there by rail I think this is a very, very serious issue. I ask you to perhaps visit Scone, talk to the council there, see the problem firsthand and try to squeeze some money from somewhere, because I think this is a section of the New England Highway that needs immediate attention for the safety not only of the rail but of the people who use the road—the New England Highway—and the people who live in Scone.

Mr Mrdak—Certainly we will seek some advice, including talking to council and the New South Wales RTA about what plans they have done to this point, and come back to you with some advice.

Senator WILLIAMS—I would appreciate that. On the New England Highway, Bolivia Hill, probably 30 or 40 kilometres south of Tenterfield—I think I have raised it with you before—is a very dangerous stretch of the road. Someone was killed there, probably six or

eight months ago. Overall I think the New England Highway is in pretty good shape. I think what I drive on in New South Wales is in pretty good condition, anyway. There has been a lot of money spent on the road in many areas, but Bolivia Hill is a very dangerous section. Has anyone raised that issue with you to actually look at Bolivia Hill and what is required there to upgrade the road?

Ms O'Connell—We will happily have a look and see whether that forms part of the Black Spot Program.

Senator WILLIAMS—That would be great.

Ms O'Connell—As you might be aware, the black spots are set as a sort of a priority by the states, so it is a matter of whether that has been set as a priority project to cross the state of New South Wales. We will happily take it on notice to find out whether that specific location is a black spot and what the proposed treatment is.

Senator Conroy—Do you support the Coffs Harbour bypass in New South Wales?

CHAIR—Senator Joyce, we welcome you. Good afternoon.

Senator Conroy—I think there is something going on between you and Helen Dalley. You and Helen Dalley—there was more to that interview than there looked.

Senator WILLIAMS—Chair, may I continue with my questioning please?

CHAIR—You may, Senator Williams. It was quite out of order to be interrupted like that.

Senator WILLIAMS—It is very much out of order. He is a very badly behaved minister today. I want to move on to Tenterfield. You would be well aware of the amount of traffic on the New England Highway. Tenterfield has a very narrow main street. All the traffic goes straight through the main street. Perhaps one thing you desperately need to look at as well is a bypass for the town of Tenterfield. As I said, the main street is extremely narrow—probably about as wide as this room, if that, from footpath to footpath. Once again, it is national Highway 1. I know the local government there and Mayor Toby Smith have had concerns about this for many years. Mr Mrdak, I would appreciate it if your department could look at that as well.

Mr Mrdak—Certainly, we will come back to you with some advice on where Tenterfield sits with the New South Wales priorities.

Senator WILLIAMS—I go back to Bolivia Hill. The New South Wales RTA would have to register that as one of their black spots, would they, to seek funding under the Black Spot Program?

Mr Farmer—The black spots are looked at by a state consultative committee that makes recommendations to the minister for funding on a state basis.

Ms O'Connell—So the first step in that is identification of that as a state priority project.

Senator WILLIAMS—I will certainly write to the local state member to request that he bring that to the attention of the RTA. He probably already has. That is a serious issue as well.

Mr Farmer—There is an application form for a black spot project on our Nation Building website.

Senator WILLIAMS—Thanks.

Senator JOYCE—Mr Mrdak, I want to direct you to Audit report No. 31 2009-10: *Performance audit: management of the AusLink Roads to Recovery Program*. At page 17 it says:

Paying up to three months in advance was seen as necessary so that LGAs did not have to transfer funds from roadworks funded from their own resources. However:

- there have been many instances of LGAs being paid more than three months in advance due to factors such as accelerated funding during the last quarter of each financial year (so as to fully spend the annual program allocation) notwithstanding that these payments did not reflect LGA cash flow needs, and LGAs overstating their actual expenditure and/or submitting unreliable expenditure forecasts ...

First of all, are you aware of this report and are you aware of that statement?

Mr Mrdak—Yes, we are.

Senator JOYCE—Have you pursued the ANAO's concern on this issue?

Mr Mrdak—Yes. I will ask Mr Farmer to comment on that. We have accepted the recommendations of the ANAO in relation to the program. In our review of the program we will endeavour to deal with a number of issues. This is a program, again, which is run with a very small amount of resourcing at our end. It is designed to be a program which puts as much of the responsibility for developing projects and processes with local government, and quite rightly. As the ANAO has identified, we do have to deal with some of the issues about the quality of reporting that sometimes comes back. I will get Mr Farmer to comment on that. We do take those recommendations very seriously and we will address them. However, it needs to be recognised that one of the objectives of successive governments has been to get the funding to local government under Roads to Recovery as expeditiously as possible, given how valuable the program is.

Senator JOYCE—How can you be addressing that concern if you have brought funding not so much from three months ahead but from two years ahead?

Mr Mrdak—You are talking about Roads to Recovery.

Senator Conroy—Am I in a parallel universe? We have a National Party senator championing and quoting the ANAO. Is that what is happening? I am in a parallel universe. It is like a wooden stake to a vampire. The ANAO are like a wooden stake to the National Party.

Senator JOYCE—Have a Bex and a quick lie down and it will all get better.

Mr Mrdak—The ANAO report deals with Roads to Recovery projects, which is a different program to the one we were discussing this morning where we are dealing with large national network projects through state governments. I will ask Mr Farmer to give you an update on exactly where we have reached with the ANAO on that report.

Senator Conroy—What period did the ANAO examine in this report?

Mr Farmer—They examined July 2005 to June 2009 and the supplementary Roads to Recovery Program, which was a single payment in June 2006.

Senator Conroy—Quite a fair bit of that was during the period of the previous government.

Mr Farmer—That is correct. In terms of the ANAO performance review with regard to the administration of the two programs, as I have already mentioned, it found overall that the programs, which had funded 20,000 individual projects through Australia at a cost of \$1.537 billion, were effectively administered and there is no evidence in the report to suggest systemic problems on the part of the department or local government authorities.

There were four recommendations made by the Australian National Audit Office, to which the department agreed. Recommendation 1 was that the department strengthen the government's framework for the Roads to Recovery Program, which we have agreed to. Recommendation 2 was that the ANAO recommends that, in light of experience to date with the program, the department review and advise ministers on program design arrangements, which we agreed to. Recommendation 3 was that the department improve accountability to the parliament by the setting of an effectiveness target, which we have agreed to. Recommendation 4 was that, given the importance in Roads to Recovery of councils maintaining their own level of expenditure, the department obtain greater assurance over this accuracy, and that will be done through an amendment to the annual audit report and audit certificate.

Senator JOYCE—But still referring to the cost of advance payments, the report says:

- the cost to the Commonwealth of advance payments remains considerable (up to \$16.3 million over the life of the AusLink R2R Standard Program).

Have you estimated what the cost to the Commonwealth will be of your advance payments?

Mr Mrdak—I think we are talking about two different programs here. R2R is done on the basis that the funding is made quarterly with a reconciliation back from councils. That is the way it has been designed since it was put in place in 2001. The national projects we were talking about this morning are on the basis of paying to milestones and claiming for works. I do not think there is a correlation between the two programs at all in this matter.

Senator JOYCE—So you do not believe the premise that advance payments are costly to the Commonwealth because the lack of capacity to properly structure project costs to expenditure is lost when the money arrives in advance? You do not think that applies across the board?

Mr Mrdak—I have not seen instances where that has been the case. We are paying to milestones. In the case of R2R, we are making quarterly payments based on a schedule of works which have been agreed with the councils. I do not think there is an issue here.

Senator JOYCE—That is the key issue, isn't it? You are paying in milestones. You are not paying in milestones when you give them all of the money for the whole project upfront.

Mr Mrdak—Certainly in relation to the ones that have been brought forward, they will be accountable to the milestones that we were discussing this morning. But, in terms of Roads to Recovery, since the program's inception it has been on the basis of payments to councils on a quarterly basis, for which there is a reconciliation which then takes place.

Mr Farmer—The other important issue with Roads to Recovery is that the councils must spend the money received from the Commonwealth or commit the funds within six months of the allocation.

Senator JOYCE—When you talk about matching to projects, this morning you were telling me that local government programs are not linked to works.

Mr Mrdak—No, there are two separate programs. There is Roads to Recovery, which is paid and there is an acquittal process around that. The financial assistance grants, the \$2 billion per annum, is untied, and that is paid as essentially a fiscal equalisation process with local government. Apart from the allocation mechanisms through state grants commissions, there is not a reconciliation back to the Commonwealth for that. It is just treated as general purpose grants.

Senator JOYCE—What was the term you used about—

Senator Conroy—Can I just be very clear, just in case whoever has prepared this work for you did not explain it—

Senator JOYCE—How about I finish my question and then you can ask yours.

Senator Conroy—This is your program that you are referring to and these are criticisms of your program.

Senator JOYCE—What was the term that you used, Mr Mrdak, about having to meet key—what did you say, key requirements?

Mr Mrdak—Milestones.

Senator JOYCE—So you are comfortable that the Ipswich Motorway has met all of its key milestones since we have moved half a billion dollars forward right up to 2011-12?

Mr Mrdak—It has met milestones to enable us to make payments, and it will continue to meet milestones. The project is running ahead of schedule.

Senator JOYCE—But where have you transferred that half a billion dollars to?

Mr Mrdak—It will be paid to the Queensland government.

Senator JOYCE—So it has gone, hasn't it? And that is it.

Mr Mrdak—But for works incurred or about to be incurred.

Senator JOYCE—So in the budget program you have moved forward that half a billion dollars. So that \$500 million has been moved forward and you are happy now that those milestones, as you pointed out, will be met?

Mr Mrdak—Certainly on the basis of the reporting we have had to date from the work in progress at Ipswich, we are comfortable that the work is being undertaken in accordance with the milestones required.

Senator JOYCE—So what percentage of project completion are they at right at this moment?

Mr Mrdak—Is the Ipswich Motorway at?

Senator JOYCE—Yes, the Ipswich Motorway.

Mr Mrdak—As I said, they have completed Wacol to Darra and there are—

Senator JOYCE—So what percentage of the total project do we have?

Ms O'Connell—On the Wacol to Darra section, it is complete. It is finished.

Senator JOYCE—So the whole—

Ms O'Connell—Then there is the Dinmore to Goodna section, and I do not have a percentage that is complete there.

Mr Mrdak—We will get that for you.

Senator JOYCE—For the whole of that project, how much is complete? Is it 50 per cent complete, 70 per cent complete?

Mr Farmer—There are four sections: Ipswich to Logan Motorway—

Senator JOYCE—Let us look at them en globo.

Mr Farmer—There are four sections in the motorway: the Ipswich to Logan Motorway interchange, which was completed in November 2009; Wacol to Darra, as you have heard about, which was opened to traffic on 18 April this year; Dinmore to Goodna, where the \$500 million will be applied; and Darra to Rocklea, and the government has committed \$10 million to the initial planning for this section of the motorway.

Senator JOYCE—What is the percentage of completion on all of those? I know it is 100 per cent for the first one, but what is the percentage completion for the rest?

Mr Farmer—Wacol to Darra is open to traffic. I do not have a figure for Dinmore to Goodna. Darra to Rocklea is in planning.

Senator JOYCE—So how do we get the confidence that they have met the milestones that allow them to get half a billion dollars upfront?

Mr Farmer—We have regular updates from the Queensland government. We are in constant contact with the government in Queensland and the project reports are received monthly. We are very close to the construction and the activities on the Ipswich part.

Senator JOYCE—What do they give you in those reports—if they are not telling you what percentage of completion they are at?

Mr Farmer—I do not have a percentage figure in front of me. I will have to take it on notice.

Mr Mrdak—We will endeavour to get that this afternoon for you.

Senator JOYCE—What information do they give you when you talk to them?

Mr Farmer—They give us a range of information, but I do not have the percentage that you asked for in front of me.

Senator JOYCE—I am just interested in what sort of information they have given you that premised the decision to give them half a billion dollars.

Ms O'Connell—In their progress reports, they provide an updated progress against milestones for the particular project.

Senator JOYCE—I just asked about where we were with those. So you do have them there, do you?

Ms O'Connell—We do not have them here with us—not on that detailed section. As we said, there are four sections: two of them are complete, one of which was opened to traffic last month; one is under construction; and one section is in planning. We do not have the added detail in terms of each individual section and its milestones.

Mr Farmer—In terms of a percentage.

Ms O'Connell—But we will endeavour to get that for you.

Senator JOYCE—What basis does the government have for the \$996 million contribution to the Australian Rail Track Corporation?

Mr Mrdak—The Australian Rail Track Corporation provided its capital works program and part of its strategic plan, so we have quite detailed project information in relation to each of those projects that were provided to the Australian government. Essentially, this is the next stage of its 10-year capital works program.

Senator JOYCE—So what is the ultimate goal of that 10-year capital works program?

Mr Mrdak—The ARTC has set a number of performance outcomes on the national freight network, including reducing train table times, increasing reliability, increasing productivity and the like. There are some quantitative measures that they have presented in their strategic plan. We can get you details of some of that.

Ms O'Connell—We can give you details, if you like, and take you through the seven projects that were part of that \$996 million investment.

Senator JOYCE—I will take that on notice rather than chew up time.

Ms O'Connell—Okay.

Senator JOYCE—Is there a grand vision in this plan to connect the dots in the inland rail network to actually head towards completion? When I looked at your map of exactly what you are doing there, it would seem to imply that you are heading off in a certain direction. Am I grasping at straws here, or is that what you are actually doing?

Mr Mrdak—No, there is a strategic plan and a capital works program which takes them towards that. As I said, it has actually got performance outcomes quite specifically in each segment in relation to reducing train table times, increasing capacity on the line, increasing reliability of the line, as you know. This has been a key issue for, say, the resleeper program—to enable them to take heavier axle loads—as well as having reliability improvements on the network. So those sorts of things are set out in the ARTC forward works program, and these projects will all dovetail into that—meeting that—for the existing ARTC network.

Senator JOYCE—Are these studies publicly available?

Mr Mrdak—I will check that.

Mr Williams—I believe their forward works program is on their website.

Mr Mrdak—I think it is on their website, as is their strategic direction plan.

Senator JOYCE—In its response to the Henry review, the Australian government announced the establishment of a state infrastructure fund. To what extent was the department consulted on the development of the state infrastructure fund?

Mr Mrdak—That was a matter for the government's consideration during the budget process.

Senator JOYCE—Were you consulted in regard to the Henry review and the state infrastructure fund?

Mr Mrdak—Not directly in relation to that specific point of the proposal.

Senator JOYCE—Do you find that the nation-building infrastructure investment—do you find it peculiar that you were not consulted?

Mr Mrdak—This is a proposal by the government which is obviously closely aligned to its proposal for tax reform. These are matters for the Treasury and senior ministers to deal with. It is not unusual that taxation matters are not necessarily matters which would be consulted on with my department.

Senator JOYCE—But do you not find it a little bit peculiar that seeing they have the word 'infrastructure' in there and 'infrastructure fund', they have not bothered to talk to the body that is responsible for infrastructure?

Mr Mrdak—Certainly we have an ongoing discussion with Treasury about the need for infrastructure investment. They are well aware of the views of this portfolio in relation to needs for investment. The level of detail in relation to this fund is yet to be settled. That is happening as the government works its way through these proposals. But certainly there is no secret to the fact that we have put advice and intend to put advice on infrastructure-funding requirements.

Senator JOYCE—But they have promised an amount that they are going to spend on infrastructure. What is that amount?

Mr Mrdak—My understanding is the fund is around \$5.6 billion over the 10 years.

Senator JOYCE—So annually around—

Ms O'Connell—It is \$700 million in 2011-12, I believe.

Senator JOYCE—\$700 million.

Senator Conroy—This is the fund that you are going to cut?

Senator JOYCE—Give me an idea of how many kilometres of freeway we would build for \$700 million.

Mr Mrdak—It varies. The costs of projects vary a lot on location and complexity—

Senator JOYCE—Ipswich Motorway?

Mr Mrdak—The Ipswich Motorway work, total commitment, is around \$3 billion.

CHAIR—Take it on notice.

Senator JOYCE—And how many kilometres do we get for that? Seven, do we?

Mr Mrdak—I would have to come back to you with an exact amount. It is a complex process because it is an operating inner-city motorway and it has complexity to it.

Senator JOYCE—So you are not going to build much urban infrastructure for \$700 million every year, are you?

Senator Conroy—Ipswich is more complex than most—

Ms O'Connell—Most of those major projects involve a commitment over more than a single financial year. So there may be a number of projects over a number of years. It is not necessarily solely road. It may be rail investments that are part of it.

Mr Mrdak—Port.

Ms O'Connell—Port.

Senator JOYCE—Give me another project, like the Toowoomba range crossing. How much would that cost to build?

Mr Mrdak—I think the last estimates that were done of that project—some work was done a couple of years ago which costed it at that stage at around \$1.7 billion.

Senator JOYCE—So you would not build that—they talk about investing back into regional Australia. Really, when you look at it you are not going to—

Senator Conroy—The Bruce Highway.

Senator JOYCE—If that is the lolly that sells it, you are not actually building a terrible lot with this money, especially if you are spreading it across every state.

Mr Mrdak—As I say, the details of the fund and the expenditure have got to be determined in terms of future decisions there. I am not really in a position to give you a view on that. We are not in that stage of decision making.

Senator JOYCE—So, if we have all the states and territories—any state that has resources gets the money back. If a state has resources the only thing that stops them—for instance, Queensland has resources. Why can they not just spend the money in Brisbane?

Senator Conroy—What about the Coffs Harbour bypass?

Senator JOYCE—Anyway.

Senator Conroy—That has been cancelled.

Senator JOYCE—Would they be able to spend the money in Brisbane under the current guidelines? If you look at a place like Brisbane, it has got infrastructure. Instead of spending it up in Senator Macdonald's area, they could just go and spend it in Brisbane.

Mr Mrdak—It is my understanding that the government has not settled the guidelines for the fund.

Senator Conroy—You are cancelling this fund and you have cancelled your own projects.

Senator JOYCE—But they are stating that they are actually—

Senator Conroy—You cannot even keep your own promises.

Senator JOYCE—a regional sort of emphasis to help infrastructure in the regions, but there is absolutely nothing that suggests, when you really drill down to it, that they need to spend it in the regions. All they have to do is spend it in the state with the infrastructure. So in Western Australia they can spend it in Perth. In Queensland they can spend it in Brisbane. In New South Wales, the Hunter Valley—they can spend that in Sydney.

Mr Mrdak—The wording that the government announced in its statement by the Prime Minister and the Treasurer was that approximately one-third of the package will directly assist the resources sector. A resource state infrastructure fund will make infrastructure spending a permanent feature of Commonwealth and state budgets. It will deliver \$700 million in 2012-13 and more than \$5.6 billion over the next decade, particularly for mining states. I think it is fair to say that the discussions are still taking place.

Senator Conroy—If you want to talk about the credibility—

Senator JOYCE—What in that determines if they are going to spend it—

Senator Conroy—If you want to make accusations about the government's credibility—

Senator JOYCE—What in that determines if they are going to spend it in regional areas?

Senator Conroy—Sorry, Senator Joyce, the minister at the table gets to add to information—

Senator JOYCE—You are going to add to it; good. You tell me why they are going to spend it in regional areas.

Senator Conroy—You are suggesting a credibility issue of the government. Frankly, I think the people with the credibility problem are those with all of these promises that were just discontinued—\$500 million for the upgrade to the Warrego Highway promised by Bruce Scott; \$300 million to build 500 additional rest stops over 10 years along the nation's highways, promised by Warren Truss, on 23 April.

Senator JOYCE—Point of order. Has this response of the minister got anything at all to do with the government's program of where they are going to spend the money they collect from this super tax? Does anything he has said so far have any relevance whatsoever to that question?

Senator Conroy—On the point of order, if Senator Joyce had simply asked that question, then I would agree with him. But I was not. However, Senator Joyce chose to throw in a whole range of imputations about the government's credibility, about how we could say we were going to spend it somewhere where we would not. So he actually raised the issue of credibility. If he could keep his commentary to zero and just ask for factual information—

Senator JOYCE—I will ask the question of the minister.

Senator IAN MACDONALD—On the point of order, Mr Chairman, Senator Joyce's point of order, I think, is very well founded. Senator Conroy has been lying to this committee all morning.

Senator Conroy—Sorry? These are discontinued promises. I have Andrew Robb's press release right here where he says it.

Senator IAN MACDONALD—Can you table it, Minister?

Senator Conroy—Yes, I am happy to table Andrew Robb's press release.

Senator IAN MACDONALD—This is the one that mentions the Outback Highway?

Senator Conroy—This is the one that says:

In view of the massive \$57 billion deficit, the \$100 million that this government is borrowing every day and the net debt reaching up to \$120 to \$130 billion ... any other past commitments have been discontinued.

So he gives a list of the things that will be continued and any other past commitments, including yours, have been discontinued.

Senator IAN MACDONALD—I maintain my point of order that this minister has been lying all morning in saying that we have said we would slash the Outback Highway. There is no comment about that.

Senator Conroy—It is discontinued.

Senator IAN MACDONALD—If he wants to table that, it will prove that he has been lying to this committee all morning and should apologise to this committee for an outright lie

Senator Conroy—It is a direct quote. You have been discontinued by your own finance shadow.

CHAIR—On the point of order, Senator Macdonald, the minister will table the information that he has in front of him. He has said that. That can be distributed to the committee. As for the term 'lying', we will wait to see where that goes. It is a rather strong word, Senator Macdonald, but I am not going to start getting into a sledging match with you on that.

Senator IAN MACDONALD—They were sledging me.

CHAIR—Senator Joyce has the call. Senator Joyce, please continue in your questioning of Mr Mrdak.

Senator JOYCE—So in your view, Mr Mrdak, from what the government has presented to you so far, is there anything to suggest that any of the money that they will get from the money they collect from the infrastructure fund will actually be spent in regional areas?

Senator Conroy—That is actually asking an opinion. If you tidy up your question, I am sure it will be okay.

Senator JOYCE—I will be more direct. Can you please direct me to the specific clause that directs the money to regional areas.

Mr Mrdak—I think the senior ministers have been very clear in their discussion on this matter over the last few weeks that their intention is that the fund will, as I have said, particularly be focused on resource states and mining states.

Senator JOYCE—Resource states and mining states. You see, Queensland produces coal and New South Wales produces coal. So that means we have Sydney and Brisbane eligible to get the money. South Australia—

Senator Conroy—New South Wales is more than just Sydney.

Senator JOYCE—South Australia will produce uranium, unless they completely botch it up. So that means Adelaide can get the money. Tasmania produces a whole range of gold—

Senator Conroy—Iron ore.

Senator JOYCE—So that means that Hobart can get money, and Western Australia produces iron ore; that means Perth can get the money. So you tell me what clause says that this money actually gets spent in the regional areas as opposed to the metropolitan capitals, which is where it was going to get spent in any case.

Mr Mrdak—Senator, I can only refer you to the public statements by senior ministers. I cannot give you a view on these matters. The guidelines for the fund are yet to be determined.

Senator Conroy—If you want to go on kicking the government—

Senator JOYCE—And going into the costs—

Senator Conroy—If you want to accuse the government and if your commentary is going to be added to accuse the government of misleading the Australian public, I am going to go to the deliberate misleading by Senator Macdonald and you about your now discontinued promises. So just be very clear that, if you want to toss integrity and misleading into the debate rather than ask factual questions—

Senator JOYCE—I asked a factual question—

Senator Conroy—then I will go to this list.

Senator JOYCE—And I got a factual answer—that is, that your government has not made any distinct promise about funding in regional areas, but they have made the assertion with a wink and a nod that if you somehow—

Senator Conroy—Any other past commitments are discontinued.

Senator JOYCE—rip the resources and rip the royalties out of regional areas, they will miraculously appear back. But of course there is absolutely nothing—nothing—that backs that up.

CHAIR—Can I just help out the committee here. Senator Joyce, some of your statements entice the minister to come on the attack. I would honestly welcome the opportunity for direct questions, without making accusations or sharing your thoughts with the officers, so that the officers can get the answers that you desire back to you as soon as possible.

Senator JOYCE—The government has announced that the funding from the state infrastructure fund will be ‘distributed in a manner that recognises that resource-rich states face large associated infrastructure demands’. Does this mean that resource states will receive priority under the fund?

Mr Mrdak—I am not in a position to give you any position on that. The government is still to determine those types of issues. The government is obviously still engaged in a consultation process with the resources companies in relation to the resource tax and the fund.

Senator Conroy—We will take that on notice and when the government has made a decision—

Senator JOYCE—On the resource tax?

Senator Conroy—No.

Senator JOYCE—You are thinking about changing your decision on the resource tax, are you?

Senator Conroy—That is not what I said, Senator Joyce.

CHAIR—Senator Joyce, you know the minister did not say that.

Senator Conroy—If you want to talk about credibility and backflips and changing—

Senator JOYCE—No. Are you about to change your decision on the resource tax?

Senator Conroy—I have a list right here of all the projects that you have discontinued.

Senator JOYCE—I think you have just made the news.

Senator Conroy—The best of these, I have to tell you—

Senator JOYCE—You have just made the news. Congratulations. How will the department decide which projects will receive funds under the state infrastructure fund? Will the department rely on the advice—

Senator Conroy—Just a few days before Joe Hockey, Tony Abbott promised to build on- and off-ramps on the Bruce Highway at Murrumba Downs.

Senator JOYCE—Will it use competent analysis and will the competent analysis be made publicly available?

Senator Conroy—Senator Joyce seems to—

CHAIR—Order! Gentlemen—and I use that term in the loosest possible way I can—it does not help when you yell and scream over each other. I would encourage that we show a little bit of decorum in this committee at least for the rest of the day if we can. Senator Joyce, you have the call, but if you entice the minister with certain accusations then I cannot stop the minister from reacting to those. I would encourage you to keep your questions direct to the officers.

Senator JOYCE—How will the department decide which projects receive funds under the state infrastructure fund? Will the department rely on advice of Infrastructure Australia?

Mr Mrdak—Again, I can only reiterate that those details of how the fund will operate are yet to be settled by the government.

Senator JOYCE—It seems strange that we have such a major section of policy that is occupying the whole premise of the government's budget—

Senator Conroy—Is there a question?

Senator JOYCE—yet they seem to be completely devoid of the acumen to talk to the department on how they will spend this so-called infrastructure fund.

Senator Conroy—So as to comply with the request of the chair, I will take that as a rhetorical flourish, Senator Joyce.

Senator JOYCE—I notice that \$70.7 million has been reallocated for the implementation study on the Moorebank intermodal terminal. Can I confirm that there is no new money for this study?

Mr Mrdak—This is money that has been allocated from the provision in the Nation Building Program for Moorebank.

Senator JOYCE—Sorry?

Mr Mrdak—Yes, this is drawn from the \$300 million—

Senator JOYCE—That is a yes.

Senator Conroy—Let him finish his sentence, Senator Joyce.

Senator JOYCE—I am.

Senator Conroy—No, you interrupted after one word, virtually.

Senator JOYCE—Go back to sleep. You are a lot better when you are tucked up.

Senator Conroy—Were you in your pyjamas when you did that Sunday program? I tell you what: Helen Dalley and you were something special. I reckon you were in your pyjamas. You had to be.

Senator JOYCE—Governments get like this when they are fractious, when they are on the edge and when they look like they are about to tip over.

Senator Conroy—That Helen Dalley interview should be compulsory YouTube viewing.

Senator JOYCE—They become rather petulant.

Senator Conroy—It should be compulsory YouTube viewing.

CHAIR—Minister—

Senator WILLIAMS—I raise a point of order, Chair. Quieten the minister down, please.

CHAIR—Sorry, Senator Williams; I missed that. Minister, the thought of Senator Joyce in pyjamas may alarm a few people. If we can leave those statements until after 7 pm, it would be appreciated. But, in all fairness, Senator Joyce does have the call.

Senator JOYCE—So there is no new money for this study?

Mr Mrdak—This is drawn from the commitment already in the Nation Building Program for the Moorebank project.

Senator JOYCE—In the budget the government announced that Infrastructure Australia will continue to develop a national infrastructure pipeline to help inform investment by the private sector and governments. Can you please outline how this pipeline differs from the work that Infrastructure Australia is already carrying out?

Mr Mrdak—As Mr Deegan outlined this morning, this is the next report from the Infrastructure Australia council to COAG which will be provided by 30 June. I think that is the evidence he gave this morning. It is a continuation of the assessments that they commenced last year and have more recently sought additional information and new project information. So this reflects an update of the work they commenced last year and have continued on with.

Senator JOYCE—What is the department's role in developing the national infrastructure pipeline?

Mr Mrdak—The national infrastructure pipeline is advice received by COAG from the Infrastructure Australia Council. We provide support services to Infrastructure Australia. The staff of Infrastructure Australia are officers of the department. So we provide that through funding the government has provided. But apart from that, the pipeline itself and the reports of Infrastructure Australia are those of the council—the independent advisory council.

Senator NASH—Apologies if I was not in the room when you were discussing this earlier, but what is the funding allocated to the infrastructure pipeline?

Mr Mrdak—There is no specific funding. There is a budget allocation of \$6.5 million per annum provided to support the work of Infrastructure Australia.

Senator NASH—What does that actually entail? Again, I am sorry if I was out of the room.

Mr Mrdak—For that money?

Senator NASH—Yes.

Mr Mrdak—It essentially pays the staffing costs and the overhead costs of Infrastructure Australia's officers.

Senator NASH—And they have, I think, 16 or so—

Mr Mrdak—Sixteen staff. Mr Deegan outlined that.

Ms O'Connell—It is \$6.5 million plus \$1 million for the Major Cities Unit. So his 16 staff—I think Michael was talking to that—included the Major Cities Unit component.

Senator NASH—How much is actually allocated to the Major Cities Unit itself under all of this?

Mr Mrdak—It is \$1 million per year.

Senator NASH—And how many staff are allocated to that?

Mr Mrdak—Four.

Senator NASH—How long has that been going?

Mr Mrdak—The Major Cities Unit was established early last year.

Senator NASH—Thanks.

Senator JOYCE—In summary, what you had was slightly in excess of \$10.4 billion, most of it allocated except for about \$700 million. Is that correct?

Mr Mrdak—This is the Building Australia Fund?

Senator JOYCE—Yes, for BAF.

Mr Mrdak—I would have to check exactly how much was in the Building Australia Fund, but I think you are right. The current figure of uncommitted funds is around that \$705 million.

Senator JOYCE—So how much were you spending a year? What has your expenditure generally been annually?

Mr Mrdak—On infrastructure?

Senator JOYCE—Yes.

Senator Conroy—A lot more than yours!

Mr Mrdak—It varies. As the minister says, over the last decade it has increased quite substantially. In the forthcoming year, 2010-11, it will be around \$5.6 billion for the infrastructure investment program.

Senator JOYCE—So you spent \$5.4 billion this year; you have \$700 million left. So you will be sort of wound up by next year—

Mr Mrdak—The \$5.6 billion is what is in 2010-11 on the program. There is \$37 billion overall over the six years of the Nation Building Program.

Ms O'Connell—And I think there is a difference between funds allocated and the spend—

Senator Conroy—Did you say \$37 billion?

Mr Mrdak—Yes.

Senator Conroy—Goodness gracious! What a number!

Senator NASH—It is close to \$43 billion, isn't it?

Senator Conroy—No, I am afraid the \$43 billion still tops it, I am proud to say.

CHAIR—Senators, Ms O'Connell was halfway through an answer to a question.

Ms O'Connell—Thank you, Chair. I was just explaining that in the 2009 budget the government allocated \$8.5 million from the BAF—

Senator JOYCE—Did you say \$8.5 million?

Ms O'Connell—It allocated \$8.5 billion from the BAF—

Senator JOYCE—It is a common mistake.

Ms O'Connell—over a range of projects and it covered a number of years. So it was not one year; it was an allocation for a range of projects over a number of years until 2013-14. The Nation Building Program from 2008-09 to 2013-14 is \$37 billion over those six years. Approximately, it represents about \$6 billion a year in terms of expenditure, but it varies from year to year.

Senator JOYCE—Is the BAF the main source of infrastructure funding?

Ms O'Connell—It is not the sole source of funding.

Mr Mrdak—No, it is a relatively small component. Most of it is drawn from general budget appropriation.

Senator JOYCE—How much is drawn from general budget appropriation generally?

Mr Mrdak—The balance from the \$37 billion.

Ms O'Connell—So \$37 billion minus the \$8.5 billion over that forward estimates period.

Senator JOYCE—In terms of that general budget appropriation, what are the specific criteria there?

Mr Mrdak—The Nation Building Program has been built in a number of ways. Firstly, on coming to office the government had a range of projects which were already committed and underway from the former AusLink program of the former government. On top of that, the

government came to office with some specific infrastructure commitments which were funded into the Nation Building Program, which were different to projects that the former government had underway or had committed to. Over the last two years the government has committed additional funding under fiscal stimulus for black spots and boom gates. There has also been a heavy vehicle safety program added. Also the government, as Ms O'Connell has indicated, has decided to fund, from the Building Australia Fund, projects which encompass a whole range of transport and port projects. As well as that, more recently the government has made yet again another record injection into the ARTC.

Senator JOYCE—With AusLink, how much of that is currently expended? To get further funding into AusLink, what are we looking at now? We are looking beyond 2013-14.

Mr Mrdak—AusLink no longer exists. The government has renamed the program the Nation Building Program.

Senator JOYCE—Oh, well, the Nation Building Program.

Mr Mrdak—We have a number of projects which are still being completed from the former government's AusLink program which the government continued with. Most of those projects will be completed in this current program to 2013-14. The government will then start to look at what is the next major program beyond 2013-14 over the next couple of years.

Senator JOYCE—So the position we are in at the moment is that, if we are really looking at major infrastructure spending under the current government, we have to look out beyond 2013-14 because that is where the new round exists.

Mr Mrdak—Certainly to this point the current program is committed to 2013-14. Unless the government decides to put additional resourcing into the program in that period we are talking about for new projects—new budget funding—we are talking about a program beyond 2013-14.

Senator JOYCE—Let us put aside the money they brought forward. How much new money did they put in the last budget?

Mr Mrdak—For new projects?

Senator JOYCE—Yes.

Mr Mrdak—The new additional funding is the ARTC.

Senator JOYCE—The billion dollars for the ARTC?

Mr Mrdak—That is correct.

Senator JOYCE—Apart from that, is there anything else? No.

Mr Mrdak—No, that is the only new funding for infrastructure—for the land transport infrastructure.

Senator JOYCE—So we can spend \$16.2 billion on school halls and \$2.5 billion on ceiling insulation but we cannot actually build something that increases the aggregate worth of our nation such as a railway line or a road.

Ms O'Connell—Within that, in terms of the 2010 budget, there is \$5.9 billion in terms of that nation building envelope that has been allocated that will be spent in 2010-11.

Senator JOYCE—Is that the allocation of money already appropriated or is that new money?

Ms O'Connell—That is money set out under nation building in the forward estimates.

Senator JOYCE—So, for the people who are listening to this and wondering when their road and rail infrastructure is going to be built, things are not looking too good unless you want to hang around until 2013-14.

Senator Conroy—Certainly not if they live anywhere near the Warrego Highway or—

Senator IAN MACDONALD—Mr Chairman, can we hear the end of the question.

Senator Conroy—the Princes Highway south of Nowra or the Coffs Harbour bypass. They are certainly not going to see anything given you have discontinued them.

CHAIR—Minister, I expect that you will correct the record if it is wrong, but I would like to just hear the end of the question. Senator Joyce?

Senator JOYCE—Where under the current regime do people look for expenditure on new projects?

Mr Mrdak—There remain projects such as the Black Spot Program—those types of programs.

Senator JOYCE—How much have you got left in that?

Mr Mrdak—That is an ongoing program. Priorities for that are set in the years going forward. Those types of programs remain with some uncommitted funds, but overall in terms of national network program those funds are committed in the forward estimates.

Senator JOYCE—So is the Black Spot Program where we have to look? If we want to fix up one of the beef development roads or do something serious, we have to look to the Black Spot Program?

Mr Mrdak—No. You asked whether there was any scope in the current program. What I was drawing to your attention is that there are some areas where there is an overall commitment in the forward estimates where projects are yet to be finalised, but on the whole the program is committed.

Senator JOYCE—The program is committed. So what are you guys going to do for the next couple of years?

Ms O'Connell—When we say the program is committed, there are a number of projects, for example, that I can take you through that will start in the 2010-11 financial year as significant road projects. There are quite a number of those.

Senator JOYCE—Give me a big one out in regional Australia.

Ms O'Connell—The Kings Road/Calder Highway interchange in Victoria, scheduled to start in late 2010; duplication of the Princes Highway from Waurin Ponds to Winchelsea, Victoria, again starting in late 2010; the Dampier Highway duplication between Balmoral Road West in Karratha and Burrup Road in Dampier, scheduled to start in late 2010; the Great Eastern Highway and Roe Highway interchange programs north-east of Perth, scheduled to start in late 2010.

Senator JOYCE—Is that regional Australia? Which ones are the big ones in regional Australia?

Ms O'Connell—The Great Northern Highway realignment at Port Hedland, scheduled to start in early 2011.

Senator JOYCE—How much is that?

Ms O'Connell—The total project cost is \$188 million, with a federal government contribution of \$160 million.

Senator JOYCE—So it is only the big projects in Queensland and regional Queensland that are coming forward?

Mr Mrdak—There is a program of works now taking place on the Bruce Highway.

Senator JOYCE—Whereabouts?

Mr Mrdak—We have recently started work on the Cardwell Range crossing. So there are some major projects now taking place in Queensland. Cooroy to Curra is the major project happening in regional Queensland at the moment.

Senator IAN MACDONALD—We will come to them shortly. You say that they have started on the Cardwell Range. I drove it yesterday and there is not a sign of anything happening. But we will come to that later.

Senator JOYCE—That is interesting. How much have you expended on the Cardwell Range so far?

Mr Farmer—The commitment on the Cardwell Range—

Senator Conroy—More than you are planning on spending on the Warrego Highway.

Senator JOYCE—That is interesting. Senator Macdonald has brought up a very good point. How much have you expended on the Cardwell Range so far?

Mr Farmer—The commitment on the Cardwell Range on the Bruce Highway is \$115 million.

Senator JOYCE—On the Cardwell Range and the Bruce Highway?

Mr Farmer—No, on the Cardwell Range.

Senator Conroy—The Bruce Highway?

Senator JOYCE—So how much have you expended so far on the Cardwell Range?

Senator Conroy—You have cancelled your promise—

Senator JOYCE—No, this is—

Senator Conroy—for between Cooroy and Curra by 2020.

Senator JOYCE—How much—

Senator Conroy—It has been cancelled.

CHAIR—Minister, we will just hear the answer to Senator Joyce's question.

Ms O'Connell—We have someone here who can answer that question.

Ms Johnson—The forecast expenditure for 2009-10 on the Cardwell Range is \$14 million.

Senator JOYCE—So you have spent \$14 million?

Ms Johnson—Yes, \$14 million.

Senator IAN MACDONALD—You said that was the forecast expenditure for 2009-10. So in another month we are going to spend \$14 million? I can tell you that there is no evidence of anything being done there as of last weekend.

Mr Farmer—The construction of the Cardwell Range realignment is due to commence in August 2010. Planning is being finalised and the construction contract was awarded last month.

Senator IAN MACDONALD—I would almost challenge you—but I will not—to tell me what you told me this time last year. I think I got the same advice then. I am not blaming you for this.

Senator Conroy—Perhaps I could just add a bit of further information for you. There are \$20 billion worth of new works starting next financial year—\$20 billion.

Senator JOYCE—What is the budget for the Bruce Highway?

Mr Farmer—The commitment on the Bruce Highway is \$2.6 billion between 2008-09 and 2013-14.

Senator JOYCE—How much have you expended there?

Mr Farmer—I will just check that for you.

Senator IAN MACDONALD—While you are doing that, can you look for the Gairloch Floodway. There was \$40 million promised in the 2007 election. As I understand it, no work has started yet—all talk, no action. It is just up the road.

CHAIR—Just on that, Senator Macdonald, you are welcome to make those comments, but do not flare up if the minister wants to come back—

Senator IAN MACDONALD—When I get my chance I will flare him up again because he has been lying to this committee and I intend to expose him.

Senator Conroy—I am flared!

CHAIR—You cannot dare to take it seriously.

Senator IAN MACDONALD—I intend to expose him.

Senator Conroy—You have been discontinued.

CHAIR—I am just letting you know, so do not react when the minister does respond to that.

Senator IAN MACDONALD—I am waiting my turn and I will expose the minister for the liar that he is.

Senator Conroy—Given the commitment to release the costings of already announced policies, the following is a table of costings—

CHAIR—Minister, stop. Minister, I have to interrupt you. Senator Macdonald, I do not think those sorts of accusations are helpful. If it is said in the heat of the moment, I understand it.

Senator IAN MACDONALD—They are not. They are said very deliberately—

CHAIR—That was not in the heat of the moment. If you are trying to entice a blue I will let the minister go, so do not start trying to pull points of order.

Senator IAN MACDONALD—I will expose him as soon as I get a chance.

Senator O'BRIEN—We might have a very long meeting.

CHAIR—If you are going to start making accusations like that, do not try and start jumping up and saying that you feel hurt because the minister has had a crack at you. Carry on, Ms O'Connell.

Ms O'Connell—We have not answered the question about the Bruce Highway.

Senator Conroy—Did they not tell you they discontinued it—the \$4.8 billion? Here they are. There is nothing else. All other promises are discontinued. That is what it says.

Senator JOYCE—How much is on the Bruce Highway?

Senator Conroy—Did they not tell you?

Senator JOYCE—He disappears after a while and then we can get through a few things.

Ms Johnson—I can read out the payments up to May 2009-10 year-to-date for each part of the Bruce Highway. I have not got a cumulative figure here right now. The Sarina to Cairns black spot is \$5.39 million. The upgrade to the southern approach to Cairns is \$3.59 million. The Douglas arterial duplication is \$8.71 million.

Senator JOYCE—How much of that southern approach to Cairns has been done?

Senator IAN MACDONALD—Absolutely nothing, I can tell you. There has been a lot of talk.

Mr Mrdak—It has largely been in the planning stage.

Senator JOYCE—It is still in the planning stage. When I get out of politics I am going to go into planning. There is obviously a lot of money to be made in planning.

Ms O'Connell—In the construction of roadworks there is a lot of work to be done beforehand, such as the road alignment, geotechnical work, a lot of planning and preparation work, and environmental assessments. All of those things need to be done. It is not always the case that everything is in complete construction—that is, bulldozers and active work. There are all of those preconstruction works that need to be done for any road project.

Senator JOYCE—The problem we have is that we seem to be spending a lot of money on planning and not much money on the things that cars can actually go on, unless you want to drive them over the reports. What was the other one? We had the entry into Cairns, which is not actually there, but what was the other one?

Ms Johnson—The Townsville Port Access Road.

Senator JOYCE—How much of the Townsville Port Access Road has been built?

Ms Johnson—Some \$0.65 million.

Senator IAN MACDONALD—None of it has been built, though.

Senator JOYCE—It is not built either?

Senator IAN MACDONALD—No.

Senator JOYCE—Let us see if we can find one that you have actually built.

Ms Johnson—There is the upgrade to the southern approach to Mackay, at \$12.78 million.

Senator JOYCE—When was that budgeted for?

Ms Johnson—The payments were made in May 2009-10. They have made those payments up until May.

Senator Conroy—Was that one that was actually built?

Senator IAN MACDONALD—One out of 100.

Senator JOYCE—Congratulations! Hallelujah! The Labor government has actually built one thing.

Senator IAN MACDONALD—You promised 100 before the last election and we have one built. Good on you!

Senator Conroy—There are \$20 billion worth of new promises in the next financial year.

Senator IAN MACDONALD—There is one other, but I am not going to tell you it.

Senator JOYCE—What about the two-lane road across the bridge into Rockhampton—a major city?

Senator Conroy—Is that a question or just a rhetorical flourish?

Senator JOYCE—It is a question.

CHAIR—Is that question directed to Mr Mrdak or the other officers or is it just a passing statement?

Senator JOYCE—It is a hoary chestnut that is always brought up. When are you actually going to fix the road into Rockhampton, since you are relying on that area to collect all your minerals to prop up your debt?

Mr Mrdak—Which end of Rockhampton are you referring to?

Senator JOYCE—The southern end, just after the roundabout.

Mr Mrdak—I do not know whether that is currently on the program.

Senator Conroy—If you mention debt again, we are going to have to go to Helen Dalley and I will read the transcript out. It is comical.

Senator JOYCE—Your debt is not comical; your debt is a Greek tragedy.

Senator Conroy—You cannot even explain net debt. Helen Dalley asked you what net debt was and exposed you for being a complete fraud.

CHAIR—Minister, Australia knows that, so we may as well move on.

Senator JOYCE—I know you are touchy about your debt and you should be too.

Senator Conroy—Are we going to default? Come on, Barnaby. Surely they have not trodden you down that much!

Senator JOYCE—Your debt is obscene. You know that the Labor Party is in excess of \$141 billion in debt.

CHAIR—Order!

Senator Conroy—You cannot speak your mind on that at all.

CHAIR—If I can call the kiddies to order—

Senator Conroy—Joe Hockey—

CHAIR—Take a step back.

Senator JOYCE—Everything he touches turns to mud.

CHAIR—Senator Joyce and the minister, once you have had your fun can we continue with the questioning.

Senator IAN MACDONALD—Chair, on a point of order, could you get Little Stevie to refer to senators by their proper titles.

Senator Conroy—Oh, Macca, you are getting so sensitive.

Senator IAN MACDONALD—Little Stevie—

Senator Conroy—Macca, I will call you Senator Macdonald if it makes you feel better.

CHAIR—Senator Macdonald, any time you call for a point of order now I think that it is going to be something silly, so I may ignore you and I would not like to go down that path. You may want to have another thought about it.

Senator IAN MACDONALD—It is appropriate for the minister to refer to senators by their correct titles.

CHAIR—And likewise, Senator Macdonald, we should refer to ministers in the appropriate way.

Senator NASH—I do not know; Little Stevie kind of suits him!

CHAIR—Senator Nash, do not lower yourself to their standards. You are above that.

Senator NASH—I only do it every now and again.

CHAIR—I have to be honest, these are very Heffernanesque performances today and I am missing the good senator. But I am sure that now I have mentioned his name he will not be far away.

Senator Conroy—That is a terrible reflection on the entire committee.

Senator JOYCE—Seeing as the Labor Party are not really building anything, I have no more questions to ask.

CHAIR—Okay, good.

Senator IAN MACDONALD—I have a few, Mr Chairman.

CHAIR—I call Senator Macdonald.

Senator IAN MACDONALD—Could I challenge the minister to table, to support his allegations about me, where I have promised funding—

Senator Conroy—It has been tabled.

Senator IAN MACDONALD—for the Outback Highway.

Senator Conroy—Sorry, I was referring to this. I will chase that up for you.

Senator IAN MACDONALD—That is not what you said.

Senator Conroy—No, I am happy to chase up where you—

Senator IAN MACDONALD—Can I help you, because I have Mr Albanese's phoney media statement where he says, 'Ian Macdonald's undertakings have failed.'

Senator Conroy—That is our words you are mentioning there.

Senator IAN MACDONALD—This is my undertaking—quoting me; I am honoured—this is the quote, 'I've been so passionate about the Outback Way. It opens up the area from Cairns right through to Perth.' That is listed as the reason why my commitment to build the Outback Way has been undeterred.

Senator Conroy—Sounded like it to me. You were not misleading people—

Senator IAN MACDONALD—I am passionate about the Outback Highway. It does open up Cairns to Perth.

Senator Conroy—Unfortunately, not passionate enough.

Senator IAN MACDONALD—And unfortunately the Labor government, as we have just heard, has stopped funding on that program this year—for the first time by a Commonwealth government in about 10 years.

Senator Conroy—Unfortunately, your passion has, as usual, delivered nothing.

Senator IAN MACDONALD—That has been funded principally by the Commonwealth and it has been stopped this year.

Senator Conroy—Okay. Your passion has been discontinued.

CHAIR—Senator Macdonald and Minister! Senator Macdonald, do you have a question?

Senator IAN MACDONALD—For the Bruce Highway between Benaraby and Rockhampton and Rockhampton to St Lawrence, \$70 million was promised in the 2007 election. Apart from \$4 million of 'safety improvements', what is the completion date for these works? I understand the previous government promised completion by May 2007. Since the new government has come in, I am just interested in what actually has been completed of that.

Mr Mrdak—We will just check if we can answer that at the moment.

Senator Conroy—Just while they are looking for that, if I could just add some information for Senator Joyce that he was genuinely inquiring about before. These are the \$20 million of road projects and rail projects that start construction in the next financial year: the Hunter Expressway; Pacific Highway, Kempsey bypass; Pacific Highway, Sapphire to Woolgoolga; Bruce Highway, Cardwell Range realignment in North Queensland; Kings Road interchange

at the Calder Highway; duplication of the Princes Highway; Dampier Highway duplication, stages 2 to 6; Great Eastern Highway and Roe Highway interchange; Hume Highway, the Holbrook bypass; the O-Bahn city access rail; the Wimmera intermodal terminal at Doon, main north-south line rail capacity improvements; Port Botany rail line upgrade; Kewdale intermodal rail developments in the Gawler rail line modernisation; and the upgrade of the Hobart to Western Junction rail line project.

Senator JOYCE—I can announce tonight to the people of Australia that if you are in the business of doing reports, you are going to make a motza.

CHAIR—Senator Joyce, it has just cost me about 10 minutes of time trying to settle down the situation. I strongly advise you not to start throwing petrol on the fire because, quite rightfully, the minister will come back about the assessment of you in your shadow finance role.

Senator Conroy—I will be happy to go down that path. Just because the officers are still looking, I have some further information about some incorrect assertions made by Senator Macdonald a moment ago. We have extended the project funding in March 2010 for two additional projects on the Tjukururu Road. I am sure you can pronounce it better than I can.

Senator JOYCE—If we are going to formulate that the essence of Labor Party infrastructure is the unpronounceable road, congratulations.

Senator Conroy—No, I am responding specifically to Senator Macdonald.

Senator JOYCE—A road to nowhere.

Senator Conroy—I do not think Senator Macdonald thinks that it is a road to nowhere. He is passionate about this particular road. These projects are scheduled to be completed by 30 June 2010. The final payment of around \$800,000 is scheduled in June 2010. So the Rudd government—

Senator JOYCE—It is a wonder they have to wait until then.

Senator Conroy—Met the original commitment and more. But it is the coalition that has abandoned its commitment. You have decommissioned it.

Senator IAN MACDONALD—Minister, you are reinforcing the point that Mr Mrdak allowed me to make earlier. There is no more funding for that beyond this financial year, which ends in one month. What I was saying was that highway has been funded for the last 10 years principally under the coalition government and your government has continued the commitments we made but it is not committing to the future. You are reinforcing my point, so thank you for that; I very much appreciate it.

I will just mention a series of them and you can start to look them up. I want to ask about the Gairloch Floodway, which I mentioned before. I want to know where we are at with the overtaking lane from Sarina to Cairns—\$60 million was promised in the 2007 election. We have spoken about Cairns. We have spoken about the Bruce Highway. I want to ask about the Wills Development Road. I want to ask about the Dampier Highway on the Burrup Peninsula—\$80 million was promised over six stages. For the Northern Territory, \$160 million was promised in the 2007 election. I know you have done one of those that we have just been talking about. Further in the Northern Territory, I want to ask about Port Keats,

Buntine Highway and the Central Arnhem Road. They are the ones I want you to look up. Could we start with the Gairloch Floodway?

Ms Johnson—Could I just go back to the Rockhampton question for clarification. Is that the Yeppen floodplain study that you are referring to there?

Senator IAN MACDONALD—It was the Bruce Highway improvements from Benaraby to Rockhampton and from Rockhampton to St Lawrence—\$70 million was promised by the Labor Party in the 2007 election. I am just curious as to what happened to that. You mentioned a name?

Ms Johnson—The Yeppen floodplain study is a study that was funded with an Australian government contribution of \$5 million and it will be finalised in early 2011.

Senator IAN MACDONALD—That is south of Rockhampton, is it?

Ms Johnson—No, that is extending north of Rockhampton.

Senator IAN MACDONALD—I do not recognise the locality. How much did you say?

Ms Johnson—It is a \$5 million Australian government contribution.

Senator IAN MACDONALD—When will it be spent by?

Ms Johnson—It will be finalised in 2011.

Senator IAN MACDONALD—Is that for a study?

Ms Johnson—That is for a study to address issues of flood immunity, road capacity, freight movement and amenity of the southern approaches to Rockhampton; capacity of the Bruce Highway through Rockhampton; and an additional crossing or crossings of the Fitzroy River.

Senator IAN MACDONALD—Thank you. Who is doing the study?

Ms Johnson—AECOM.

Senator IAN MACDONALD—So that is \$5 million. What about the other \$65 million that was promised?

Ms Johnson—I will have to keep looking for those ones.

Mr Farmer—Senator, I could take you to the Northern Territory program while we are looking for Queensland.

Senator IAN MACDONALD—Thank you.

Mr Farmer—The Northern Territory program between 2008 and 2014 is \$636.6 million. There are a number of projects. The accelerated Victoria Highway upgrade package includes construction of new bridges over the Victoria River and Joe, Lost and Sandy creeks. The Australian government contribution was \$50 million. Practical completion was achieved in October 2009, two months ahead of schedule. There is the AusLink network widening and rehabilitation, which includes widening and rehabilitation works to rectify sections of old and narrow pavements on the Northern Territory national network. The Australian government contribution for that was \$18.5 million. Construction commenced in November 2005 and it is expected to be completed by 30 June this year.

Senator IAN MACDONALD—That sounds like a commitment of the previous government, not part of this government's \$70 million election promise.

Senator Conroy—It would have been discontinued by now under your new policy.

Senator IAN MACDONALD—It has been completed.

Senator Conroy—So you do understand the difference between completing a project and cutting funding?

Senator IAN MACDONALD—This is completing a Howard government project. In 2005 we were in government, you might recall.

Senator Conroy—That is what we did with the Outback Highway. We completed all of your promises.

Senator IAN MACDONALD—Please keep going. I suspect most of these completions are all Howard government work that the Labor government has tried to take credit for. Anyhow, keep going.

Mr Farmer—Tiger Brennan Drive is the subject of the bringing forward of construction of a new link to Darwin's East Arm Port, extending Tiger Brennan Drive from the Stuart Highway to Berrimah Road. The total project cost is \$110 million, with the Australian government contributing \$74 million and the Northern Territory contributing \$36 million. Construction commenced in April 2008 on the East Arm extension and in July 2009 on the Stuart Highway interchange. Both projects will be completed in December 2010. There is improved flood immunity, road safety and productivity on the Northern Territory highways. This is a package of eight separate projects aimed at improving flood immunity, safety and productivity. The Australian government is fully funding this \$160 million project. Three of the eight projects have been approved to date.

In terms of overtaking lanes on the Stuart Highway between Katherine and Darwin, construction commenced in March 2010 and is due for completion in June 2013. In terms of strengthening and widening across the Northern Territory network, \$63 million worth of work commenced in February 2010 and is due for completion in June 2014. In terms of network infrastructure road safety initiatives, including fatigue management, with works worth \$28 million, construction commenced in March 2010 and is due for completion in June 2012. On the next lot we have touched on some of these already—that is, the Northern Territory Community, Beef and Mining Roads Package. There are seven off-network projects worth \$52 million from the Australian government to the \$82 million program. Upgrade of the Plenty Highway is No. 1, with an Australian government contribution of \$8 million. Construction commenced in August 2009 and is due for completion in June 2010.

With regard to the sealing of the Buntine Highway, the Australian government contribution is \$7 million. Construction commenced in April 2010 and completion is due in August 2010. With regard to the upgrade of the Tanami Road, the Australian government contribution is \$6 million. Construction commenced in August 2009 and is due for completion in June 2010. With regard to the upgrade of the Maryvale Road and Hugh River Stock Route, the Australian government contribution is \$2 million. Construction commenced in February 2010 and is due for completion in December 2010. With regard to the high-level bridge over the McArthur

River at Borroloola, the Australian government contribution is \$3 million. Construction commenced in March 2010 and is due for completion in December 2010. There are two further ones, unapproved currently, and they are improving flood immunity on the Port Keats Road, worth \$11 million—the note here is that there are ongoing issues with the local Indigenous community—and the upgrade of the Central Arnhem Road, worth \$10 million, with the same comment.

Senator IAN MACDONALD—Thank you. That has been very useful. I appreciate that. Who is doing Western Australia?

Ms Johnson—I have some of the other lists here. I will continue on with Sarina to Cairns. The Australian government has approved three projects to address crash black spots on the Bruce Highway. That has a combined value of \$250 million over the period of the Nation Building Program. The three projects are Caboolture to Curra, \$30 million; Childers to Sarina, \$115 million; and the one you are referring to, Sarina to Cairns, \$105 million, with \$10 million allocated in 2009-10 and \$12 million allocated in 2010-11.

Senator IAN MACDONALD—That is \$10 million and \$12 million out of the \$60 million promised?

Ms Johnson—There is \$105 million for black spots from Sarina to Cairns.

Senator IAN MACDONALD—Okay. So that is \$10 million and \$12 million out of the \$105 million?

Ms Johnson—Yes.

Senator IAN MACDONALD—Has any work happened or is it still in planning?

Ms Johnson—I have not got the exact detail but, yes, work has absolutely commenced on those projects.

Senator IAN MACDONALD—Actual physical work?

Ms Johnson—Physical work, yes.

Senator IAN MACDONALD—Bulldozer work?

Ms Johnson—Well, maybe brush cutting; maybe all sorts of things but, yes, some work—

Senator IAN MACDONALD—If you could just take that one on notice and give me some more details, that would be great.

Ms Johnson—Okay. On Gairloch, the government has allocated \$40 million in 13-14 for flood remediation for Gairloch.

Senator IAN MACDONALD—When you say ‘13-14’, do you mean 2013-14?

Ms Johnson—Yes, Senator, I do.

Senator IAN MACDONALD—So the \$40 million promised before the last election will be started sort of after the next election but one. Okay. That is a comment. You have told me what I need to know and I appreciate that. Thank you.

Ms Johnson—On the Dampier Highway in WA, construction of stage 1B between Broadhurst Road and Balmoral West Road commenced in July 2009 and was completed in

December 2009. A request for proposals for construction of remaining stages was issued in January 2010 and closed on 15 April 2010. Construction on the remaining stages is expected to commence in late 2010 and be completed by late 2012. The Australian government contribution is \$80 million and the total project cost is \$100 million.

Senator IAN MACDONALD—Thank you very much for that. I think that is the lot.

Mr Farmer—Senator, if I could just take you back to the Northern Territory to complete that answer on the improving flood immunity, road safety and productivity on the NT highways, there are currently some unapproved projects which are within the envelope. There is the Katherine heavy vehicle bypass, which has an Australian government contribution \$10 million. We are expecting the PPR—the project proposal—in this financial year. There is the Stuart Highway new high-level bridge over the Cullen River, with an Australian government contribution of \$6 million. That PPR is also due this financial year. The Stuart Highway flood immunity improvements have an Australian government contribution of \$15 million and the PPR is due in the next financial year. The Stuart Highway high-level bridge over the King River has an Australian government contribution of \$6 million and the PPR is due in 2011-12. The Stuart Highway rail overpass south of Alice Springs has an Australian government contribution of \$13 million and the PPR is due in 2012-13.

Senator IAN MACDONALD—Thank you very much for that. I just have three quick questions and then I will be away. Senator Joyce raised with you the Ipswich Motorway. You may recall that prior to the last election the current government, that is the Labor Party, promised not to build the bypass. Yet I understand that Minister Albanese has declared that the road set aside for that Goodna corridor, which was the previous government's proposal, will need to be preserved. A letter from Mr Albanese's Mr Pitt states:

At this stage given the growth in population predicted for the Ipswich area it seems likely that an additional corridor will be required between Brisbane and Ipswich towards the end of the decade.

I am wondering if someone could tell me if Minister Albanese is now saying that an additional corridor will be required, when prior to the last election he said it would not be required and he told the voters of the electorate of Blair that it would not be built.

Ms Johnson—It was decided to cease the Goodna bypass project in Queensland and preserve the corridor for up to \$70 million to assist in the corridor preservation; that is correct. That was about giving residents certainty about what is actually going to happen within the area. I believe, although I will need to confirm it, that it is about a 20- to 30-year outlook. Whether or not we will require the bypass is still part of a planning process that we would need to look at into the future.

Senator IAN MACDONALD—The minister's website says that \$70 million has been allocated to reserve land along the corridor between Dinmore and Gales for the possible future construction of the Goodna Bypass. Is that accurate?

Ms Johnson—That is correct.

Senator IAN MACDONALD—That is accurate. In spite of the promises not to proceed, it appears that this is another broken promise and that it is going to happen.

Senator Conroy—If we are going to have commentary then we are going to go back to your press release. I had not finished yet.

Senator IAN MACDONALD—Minister, you have helped all you possibly can with the press release!

Senator Conroy—Excellent. Let us go back to it. I will let you finish your question and then we are going back to it because I have not had a chance to speak to it yet. You asked for it to be tabled.

Senator IAN MACDONALD—Okay. I am very happy—please keep digging a hole for yourself. In fact, it will probably be the most actual construction work your government has ever done if you start with the shovel and start digging the hole deeper.

Senator BACK—Just like broadband.

Senator IAN MACDONALD—Do not start us on broadband.

Senator Conroy—Western Australia, what can I say? I was there just the other day. Just last week I was there, Senator Back.

Senator IAN MACDONALD—I just want to go to the second of my questions.

Senator BACK—Did you enjoy it?

Senator IAN MACDONALD—Thank you for that.

Senator Conroy—I was there with a colleague of mine and his team. They are 100 per cent behind broadband.

Senator IAN MACDONALD—This one is about the Gateway Motorway in Brisbane. I understand that the construction link from the Gateway Motorway at Nudgee to the Bruce Highway will provide widening of 16 of kilometres of that road. Is that correct? I understand that the Commonwealth has committed \$125 million for that.

Ms Johnson—That is correct.

Senator IAN MACDONALD—Is this project, in fact, dependent upon a \$10 million study using Queensland money given to the Queensland government so that they can fund a planning study for that?

Ms Johnson—The Australian government has contributed \$10 million towards a \$20 million urban congestion planning study for the Gateway Motorway, both north and south.

Senator IAN MACDONALD—Okay.

Ms Johnson—But it has a 20- to 30-year outlook.

Senator IAN MACDONALD—Okay. There was a media release—which Senator Conroy will probably have; he seems to have them all—on 20 August 2008 that the current government provided this money, pledging that the study would be completed by 2009. Has it been completed?

Ms Johnson—I have been speaking with Queensland Main Roads. My understanding is that the consultants' reports are indeed done. I believe that the department has formulated a response and it is currently with the Queensland minister's office.

Senator IAN MACDONALD—Okay. The promise in the media release is that it would be done by June 2009. I understand that the minister's website says that the planning study will be finished by late 2010. Does that correlate with the answer that you have just given me?

Ms Johnson—There are some issues around the sale of Queensland Motorways Ltd. I think they are holding back some of the information until that process is sorted through.

Senator IAN MACDONALD—Do you know how the \$10 million is going to be spent?

Ms Johnson—The \$10 million will be spent on the planning study.

Senator IAN MACDONALD—So there is no shovel work yet and it is at least 1½ years late. I suppose that is by way of commentary; I do not need you to comment on that. What involvement does the department have in the implementation of the National Partnership Agreement to Deliver a Seamless National Economy as part of the infrastructure challenge enunciated in the minister's portfolio budget statement? I understand that is in the yellow book somewhere.

Ms Johnson—That is one of the announcements as part of the budget package. The department certainly has a role in terms of the seamless national economy around the transport regulatory functions that are taking place. That is a question we would like to take perhaps for the next section on infrastructure and surface transport, where we can talk about the regulatory reforms.

Senator IAN MACDONALD—So how many of the 27 deregulation priorities and eight major competition reforms fall within your department's purview is a matter for later.

Ms Johnson—It is, for the next section on infrastructure and surface—

Mr Mrdak—The most significant of that 27 is the national rail safety regulation reform agenda. Essentially, when that list was first formulated the agenda was to have model national rail safety legislation enacted across the jurisdictions. That has now been somewhat overtaken by the subsequent COAG decision to move to a single national rail regulator, which we are now progressing. The government recently announced the location of that national rail regulator in the ACT and recently decided on the structure and the governance arrangements for that rail regulator.

Senator IAN MACDONALD—Thanks, Mr Mrdak, for the answer. I suspect that is basically what I needed. I also want to ask what the relevant deregulation and major competition priorities are. If you cannot give me that now and I am not here for the other one, will you take it on notice?

Mr Mrdak—I am happy to give it to you now. Essentially, the major priorities are the three national regulators. The reform agenda is that by 2013 we will have a single national heavy vehicle regulator, a single national rail safety regulator and a single maritime regulator, which would bring together all of the current disparate jurisdiction reforms. That is the major regulatory reform agenda we have in land transport.

Senator IAN MACDONALD—Do you expect that will all happen?

Mr Mrdak—Yes. Often, as you know, with regulatory reform, sometimes it is two steps forward and half a step back, but we are very confident. The Australian Transport Council and

ministers met two weeks ago to reaffirm the timetable. There are clearly a number of outstanding issues in relation to the regulatory legislation and how it will operate, but we are confident that all the jurisdictions are now signed up and we are moving towards the establishment of the regulators. The government has announced that the national heavy vehicle regulator will be based in Brisbane, with legislation enacted through the Queensland parliament, and the national rail regulator will be in Adelaide, utilising legislation through the South Australian parliament.

Ms Johnson—And this budget provided the funding for the project officers for work to be done to establish those regulators.

Senator IAN MACDONALD—And my last question—just to excite the minister—the Jubilee Bridge at Innisfail—

Senator Conroy—The Jubilee Bridge! Warren Truss on 18 February this year—

CHAIR—Minister, let Senator Macdonald ask the question and then we will let you give the answer.

Senator Conroy—The \$8 million for the replacement of the Jubilee Bridge in Innisfail—that is the one we are talking about—abolished by Warren Truss. It is gone, ditched, discontinued.

CHAIR—Minister, Senator Macdonald has not completed his question.

Senator IAN MACDONALD—You would be aware, and we spoke about this at length last estimates committee, that I pleaded with the minister then to make a contribution. The Innisfail council—or as it is now called, the Cassowary Coast Regional Council—is now actually building the bridge with a small contribution from the Queensland government. It will be built. I wonder why it was that the federal government rejected the approach from the Cassowary Coast Regional Council for a little bit of assistance for what was, when that road was built, part of the National Highway. Is there an explanation as to why the federal government would not be involved in that?

Mr Mrdak—The bridge does not form part of the national network any longer. The Australian government's program for the national network is fully committed.

Senator IAN MACDONALD—Are you conscious of the fact that it provides the alternative National Highway when flooding on that particular section of the National Highway makes it impassable? This very ancient and quite dangerous bridge is what people use. It would almost be the alternative Bruce Highway in times of floods. That did not make any difference to the government's consideration of that?

Mr Mrdak—The government has a significant flood-proofing program for the Bruce Highway. This is not one of the projects that the government has decided to fund.

Senator IAN MACDONALD—It is a narrow bridge and it is about to fall down. Would that qualify it for black spot funding? There could be a car on the bridge and it collapses. There would be deaths involved. Would that qualify it for black spot funding?

Mr Mrdak—Black spot funding criteria is generally based on accident rates and the like on a particular piece of infrastructure. I think in this situation the government has been very

conscious of the fact that it has been increasing funding to local government. This should be a priority of the local government and the state government.

Senator IAN MACDONALD—I see we have another one of Mr Albanese's phoney media statements that he was not even bothered to date. I suspect they will all come out tonight.

CHAIR—Stop pinching our words; it is 'Phoney Tony'. You keep stealing our wording.

Senator IAN MACDONALD—I suspect these phoney media statements will all come out tonight, Senator Conroy, after you have had your chop at it.

Senator Conroy—They are all out now, I believe.

Senator IAN MACDONALD—I again make the point that due to a very well run regional council, the Cassowary Coast Regional Council—and dare I be one to congratulate the Queensland government for anything; they have provided money—the bridge will be built, but it will be a huge impost on the ratepayers in the Cassowary Coast Regional Council area. I make the point again that I know that black spot funding depends on the number of deaths in the past—and there would have been a lot of accidents there because it is quite narrow and difficult—but if this bridge falls over there will be a lot of deaths. Is that not something the minister might, in his generosity, consider funding for the Cassowary Coast Regional Council?

Mr Mrdak—As I say, to this point the Commonwealth's position has been that it remains a state and local government responsibility.

Senator IAN MACDONALD—Perhaps I could refer that to you, Minister. You are talking about the Jubilee promise being discontinued.

Senator Conroy—You discontinued it.

Senator IAN MACDONALD—I just emphasise that, in your case, it did not need to be discontinued because you have just refused to fund it. I will give you a chance to make a political point here. Could you plead with Mr Albanese to throw a little money into it? It is costing the regional council about \$60 million. Could you plead with Mr Albanese to put, say, \$10 million or \$20 million into that? Minister, I will promise that if you can do that I will change the name of the bridge from the Jubilee Bridge to the 'Stephen Conroy Memorial Bridge'.

Senator Conroy—I appreciate the opportunity that Senator Macdonald has afforded me. We tabled Mr Robb's press release. I draw attention to it for those who did not get a chance to read it before he issued it. The statement says:

Given the commitment to release the costings of already announced policies following is a table of costings relating to our \$4.8 billion spending commitments—

and he lists them. He then says:

... any other past commitments have been discontinued.

That is Mr Robb. What we have is the Liberals walking away from their promises. Perhaps they were not all written down; perhaps they were just—

Senator Williams interjecting—

Senator Conroy—Senator Williams, I am glad you interjected because, frankly, they have really butchered the National Party, not surprisingly. There was \$500 million to upgrade the Warrego Highway, a promise made by Bruce Scott on 1 July 2009.

Senator IAN MACDONALD—Mr Chairman, I was talking about the Jubilee Bridge, and the minister says—

Senator Conroy—I am coming to the Jubilee Bridge. There was \$300 million to build 500 additional rest stops over 10 years along the nation's highways, which was a promise again made by Warren Truss MP on 23 April 2009. Then there was the promise to provide \$20 million to fix black spots on the Princes Highway south of Nowra, which was a promise made by Joanna Gash on 28 April. Now 28 April is not that long ago, so this promise lasted less than a month before it was discontinued.

Senator IAN MACDONALD—Mr Chair, can I get back to the Jubilee Bridge?

CHAIR—Yes, you can.

Senator Conroy—I am coming to the bridge—

CHAIR—I would ask you to come to the Jubilee Bridge.

Senator Conroy—Then there was the promise to build the Coffs Harbour bypass, which was made by Mr Hartsuyker on 27 October 2009. That is gone, discontinued.

Senator NASH—Actually, no, it has not.

Senator Conroy—There was the promise to upgrade the remaining sections of the Bruce Highway between Cooroy and Curra by 2020. This is a contender for the shortest promise in coalition history. It was a promise made by Warren Truss on 6 May. This promise lasted just 15 days.

Senator NASH—Chair, can I assist the minister here, because unfortunately he has been led up the garden path.

Senator Conroy—This promise lasted just 15 days before Andrew Robb cut Warren Truss off at the knees.

Senator IAN MACDONALD—Can I come back to the Jubilee Bridge, Mr Chair?

CHAIR—Okay, Minister, I will—

Senator Conroy—No, I am sorry. I have not finished yet, Mr Chair.

Senator NASH—You are digging yourself a bigger and bigger hole, Minister.

Senator Conroy—Then there is the promise to build on-ramps, and this is the winner.

Senator NASH—This is hilarious. You might want to pop your shovel away now, Minister, because your hole is getting worse.

Senator Conroy—Then there was the promise to build on-ramps along the Bruce Highway, which was a promise made by none other than Tony Abbott in May of this year. This is the winner for the shortest promise the coalition has made.

CHAIR—Minister, I will bring you to order, if you could come to the Jubilee Bridge.

Senator Conroy—I am two away from the Jubilee Bridge.

CHAIR—Okay, let us get to the Jubilee Bridge.

Senator Conroy—There was the promise to build additional overtaking lanes along the Newell Highway, which was made by Mr John Cobb MP on 12 November—discontinued. There was a promise of \$400 million over 10 years to duplicate the Midland Highway, which was a promise made by Tony Abbott MP on 18 February. Just in case you thought I was teasing you, Mr Chair, there was a promise for \$8 million towards a replacement Jubilee Bridge near Innisfail, a promise made by Warren Truss on 18 February this year.

Senator IAN MACDONALD—Okay, Minister—

Senator Conroy—I have not quite finished. I have almost finished.

Senator IAN MACDONALD—How much are you contributing to the Jubilee Bridge?

Senator Conroy—I am almost finished. There was a promise to duplicate the Princes Highway between Winchelsea and Colac, which was a promise made by the Liberal candidate for Corangamite, Sarah Henderson, on 9 February. We have talked about the Outback Way, so we will not return there. There was also the promise to upgrade the Princes Highway east of Sale, which was a promise made by Darren Chester on 15 February. They were all discontinued. But you have to admire Mr Truss; he is like the black knight in *Monty Python and the Holy Grail*. He has been completely discontinued by Andrew Robb but he has fired back today.

Senator WILLIAMS—Chair, can he get to the question?

CHAIR—Okay, thank you, Minister. I think we have got that. We appreciate that information.

Senator Conroy—He said:

Most of the coalition promises referred to today by Mr Albanese—

CHAIR—Minister!

Senator Conroy—Sorry, this is important. This is absolutely relevant.

Senator WILLIAMS—This is not important.

Senator Conroy—It goes to Jubilee.

CHAIR—Good.

Senator Conroy—He said:

Most of the Coalition promises referred to today by Mr Albanese relate, in whole or in part, to funding to flow outside the current forward estimates and under the funding envelope for future AusLink national transport plans.

Senator IAN MACDONALD—We can all read.

Senator Conroy—It is comical. This is Mr Truss, and it relates to Jubilee Bridge.

CHAIR—Would you like to table that for the committee?

Senator Conroy—I would love to table this. This relates specifically to Jubilee Bridge.

CHAIR—That is good.

Senator Conroy—He is now claiming, ‘We’re going to build Jubilee Bridge but in about five years time outside the forward estimates.’

CHAIR—Sorry, Senator Macdonald, but you did ask.

Senator Conroy—He goes on to say—

Senator WILLIAMS—Okay—

Senator Conroy—This is the final paragraph. He said:

Other projects involve relatively small amounts of money and can easily be funded under the banner of the existing \$26 billion transport construction budget.

There is only one problem: every cent in the \$26 billion construction project is spoken for. So they will just pretend they will do them in five years time.

Senator IAN MACDONALD—Thanks for all of that, Minister.

Senator Conroy—Did you draft this for him? This is one of the Macca specials.

CHAIR—Okay, Minister. You have given us a very in-depth answer. Thank you very much.

Senator IAN MACDONALD—I will just go back to the Jubilee Bridge. Senator Conroy, what have you committed to the Jubilee Bridge? You are able to announce today to this estimates committee meeting that, following my plea, there is going to be \$10 million provided by Mr Albanese! Is that what you are about to answer?

Senator Conroy—No, I was just saying that, despite you being cut off at the knees by Mr Robb, apparently in five years time outside the forward estimates you will be building the bridge.

Senator IAN MACDONALD—No. My question to you—

Senator NASH—Why are you so quiet, Minister? That has always been the promise.

Senator IAN MACDONALD—Yes, he is very quiet.

Senator NASH—This is what is so hilarious.

Senator IAN MACDONALD—My question to you is: how much have you provided for the Jubilee Bridge?

Senator Conroy—Which part of ‘any other past commitments have been discontinued’ do you not understand?

Senator IAN MACDONALD—That is not my question. That is all very interesting but it is not my question.

Senator Conroy—Sorry. To confess, I was responding to an interjection from Senator Nash.

Senator IAN MACDONALD—Can you respond to my question? How much have you provided for the Jubilee Bridge?

Senator Conroy—I will take that on notice and come back to you.

Senator IAN MACDONALD—While you are at it, would you tell me how much you have promised for the Jubilee Bridge?

Senator Conroy—I will have to take that one on notice as well.

Senator IAN MACDONALD—While you are at it, Minister, could you also explain—perhaps you might need to take this on notice—where in my comments on ABC radio where I said, quoted by Mr Albanese, ‘I am so passionate about the Outback Way. It opens up that area from Cairns right through to Perth,’ is there a commitment for funding?

Senator Conroy—Who do you want to believe—Mr Robb or Mr Truss?

Senator IAN MACDONALD—You must answer the question.

Senator Conroy—Robb says the promises will be discontinued and Truss says, ‘No, they won’t.’

Senator IAN MACDONALD—So I can no longer be passionate about the Outback Highway?

Senator Conroy—You are passionate about many things, but clearly not passionate enough for Mr Robb.

Senator IAN MACDONALD—Just get back to us on how much you are putting into the Jubilee Bridge.

Senator Conroy—You are clearly not passionate enough for Mr Robb.

Senator IAN MACDONALD—People can make up their own minds.

Senator Conroy—So what projects do you intend to cut to fit these other projects—

CHAIR—Minister, you may want to take that on notice and come back to Senator Macdonald. Senator Macdonald, do you have any further questions? Your colleagues do.

Senator IAN MACDONALD—I think my colleagues will think that I have had more than a fair go, and that is probably right. I will leave it there.

CHAIR—Thank you, Senator Macdonald. Senator Williams has one question.

Senator WILLIAMS—Yes, I have just one question. Minister, you might be able to help me with this question. Mr Mrdak said earlier on that all the money has been committed to the year 2013-14 in relation to infrastructure.

Mr Mrdak—That is correct.

Senator WILLIAMS—There is no fund available for emergencies. For example, I raised the issue with you about the level crossing at Scone, which I consider to be a major emergency issue. Is there any fund available in your funding through to 2014 for emergency infrastructure?

Mr Mrdak—Not as such. There are contingencies built into some of the projects, but generally we look for opportunities where there are savings or delays in certain projects. There may be opportunities to add new projects, but all—

Senator WILLIAMS—Savings in projects?

Mr Mrdak—Where a project comes in under budget there may be an opportunity—

Senator WILLIAMS—Would there be any chance of any savings out of the BER that they could siphon across to your portfolio, perhaps?

Mr Mrdak—Senator, we operate within the forward estimates for this portfolio.

Senator WILLIAMS—You will be able to build everything then.

Mr Mrdak—We can only look. Where there are project savings—and these do occur—we do look to then use those savings for early commencement of other projects or to meet cost overruns on other projects. We use that type of approach but, absent that, we do not have any flexibility to add new projects to the program at this time in the absence of an additional government decision to add additional resourcing to the program.

Senator WILLIAMS—And you will commit to investigate that level crossing at Scone?

Mr Mrdak—Yes, Senator, we will.

Senator WILLIAMS—I appreciate that, because I have highlighted the urgency of it. As I said, 50 million tonnes of coal are going to come down that track by the year 2018. We have got 11,000—

Senator Conroy—Surely not if the mining industry is gone. Are you gilding the lily about the—

Senator WILLIAMS—Chair—

CHAIR—Senator Williams, before you get all serious with that look and give me the puppy dog eyes, you made a stirring comment to the minister, but he let it go through to the keeper.

Senator WILLIAMS—Okay.

CHAIR—So you don't have to put on the hard-done-by look. You have the call.

Senator WILLIAMS—I just add that in relation to the amount of coal coming down there, it is the New South Wales government's plan to double the exports of coal from 100 million tonnes a year to 200 million tonnes a year out of Newcastle. It is quite ironic when climate change minister Penny Wong is calling for the reduction in the burning of fossil fuels. I have yet to work that one out. Thanks, Chair.

CHAIR—Thank you, Senator Williams. Senator Nash?

Senator NASH—You were going to see if you could get some information for me from earlier in this session about the bypass loops and the Hunter Valley. Did you have any luck?

Mr Mrdak—I might get Mr Williams to the table, if that is okay. We have that additional information for you on the Liverpool Range.

Senator NASH—Excellent, thank you for doing that.

CHAIR—Is that all, Senator Nash?

Senator NASH—No. I have heaps.

CHAIR—I got excited.

Senator NASH—No. I have heaps.

Mr Williams—The Liverpool Range was identified by the ARTC as potentially being a bottleneck on the Hunter Valley coal train system over the next five to 10 years. The current rail alignment in the Liverpool Range services coalmines in the Gunnedah Basin, has a limited capacity of 12 million tonnes per annum along the line and it has been forecast that there will be significant increases in exports of coal over the next five to 10 years. To meet this demand for coal, the ARTC has forecast that the rail line capacity at the Liverpool Range will need to support at least 30 million tonnes per annum.

Senator NASH—And what is it now?

Mr Williams—Twelve, so it will be more than double.

Senator NASH—Is that not a bit presumptuous to assume—I am looking at the application from the proponent—that that would increase that much before the state government has ticked it off?

Mr Williams—There is a range of existing mines and new mines in the Gunnedah Basin.

Senator NASH—The new mines are my point. A number of them have not actually been ticked off. A number of them are still at the exploration stage. Did you take that into account before you gave them the money?

Mr Williams—ARTC has to plan with the coalmines and with the ports for future contingencies.

Senator NASH—So what nature of advice was there to you from ARTC about the potential negotiations that, for any of this funding to be utilised, those negotiations would have to be completed before the funding was utilised?

Mr Williams—I understand that there was a concept report proposed for the Liverpool Range alignment. It was completed in 2007 and preliminary consultation took place with stakeholders, including the coal industry. That commenced in early 2008 and is ongoing as we speak. At the moment, the ARTC is considering two alternatives for the proposed new alignment. The alignment options include two variations of surface options: on the surface with reduced grades—that is, predominantly on the surface—and making use of the existing tunnel at Ardglan.

They are also looking at new tunnel options with reduced gauges to include a tunnel through the Liverpool Range at a lower elevation to the existing tunnel. So they have six options on the table. They are in discussions with the mines at the moment. They are hoping to reduce that to three in the next few months. They are working with a number of mines in a working group. Currently, there is Whitehaven Coal, which is an existing mine. Idemitsu is an existing mine, which is also involved in the negotiations. BHP at Caroon has an exploration licence as a new development. Shenhua Watermark Coal has an exploration licence and these are also in development.

Senator NASH—They certainly do.

Mr Williams—Aston Resources has full approval and is ready to proceed to mining. They are the mines that are in the working group with ARTC, looking at those various alignment options.

Senator NASH—I think you said earlier that this funding was going to assist ARTC in its negotiations. I do not want to get that wrong, but is my recollection correct?

Mr Mrdak—No, it was my point, Senator, in the sense that the government's commitment of this money into ARTC enabled them to start more serious negotiations with the mines because, in the absence of this, they did not have this in the Capital Works Program in the next couple of years.

Senator NASH—Okay, that makes sense. I think you were going to have a look at those seven passing loops for me, in terms of the breakdown.

Mr Williams—I do not have that information at this point in time.

Senator NASH—We still do not have that one. So the funding that has gone to the ARTC for those passing loops is concrete, and nothing like a change of government can change the funding of those projects going ahead?

Mr Mrdak—I think the bulk of those equity injections have been paid.

Mr Williams—The equity injections have been paid to the companies.

Senator NASH—Is that funding then tied to those particular projects? It is getting a bit complicated, is it not? We talked about the variations within the project that come forward to you. Now that they have got that bucket of money, do any variations still have to come back through the department?

Mr Mrdak—At the end of the day, the board as a Corporations Law company makes its own judgments about what it does with its funds, but the board has committed to those projects.

Senator NASH—What I am asking, though, is that if the board decided to rearrange the funding expenditure onto other projects from that bucket of money that you have given them, would they be able to do that?

Mr Mrdak—They would come back to the government and advise of their revised intentions and seek our views.

Senator NASH—Thank you very much for that. This is probably a very obvious and straightforward question but it is not something I have clear in my mind. How much does the government actually intend to spend on transport in 2010-11?

Senator Conroy—Earlier I listed \$20 billion worth of projects.

Senator NASH—I am serious; I am trying to get an overall quantum figure.

Ms O'Connell—In 2010-11 the intention for land transport infrastructure funding, which includes all of the programs we have been discussing, is \$5.9 billion allocated in the budget for 2010-11.

Senator NASH—Can you give me the overall figure for the three out years as well? So it is \$5.9 billion for 2010-11? We have been talking in so much detail about various things; I am interested in the overall quantum of funding.

Ms O'Connell—Certainly.

Mr Farmer—In 2011-12 the total for land transport infrastructure is \$6,654.4 million, for 2012-13 it is \$7,321.3 million and for 2013-14 it is \$5,818.3 million.

Senator NASH—Thank you very much. Senator Joyce was referring earlier to the Ipswich Motorway. I apologise because I was out of the room. I do try to be here all the time so I can follow things and not put you through this. Did he discuss at all the alternative of a bypass? I think in 2007 when this was promised there was an option of a bypass as well which was discounted.

CHAIR—Senator Macdonald covered that in terms of the corridor reservation.

Senator NASH—That was it; thank you very much. Back to New South Wales and the ever-perennial Pacific Highway: I know that during the election campaign the Labor Party promised that it would do ‘Everything it can to get the duplication of the Pacific Highway finished by 2016.’ I think last October Mr Mrdak confirmed that the objective was still to get the duplication by 2016. I want to make sure I have the correct figures. Is it \$3.1 billion towards the upgrade of the Pacific Highway from 2008-09 to 2013-14? Is that correct?

Ms O’Connell—Yes.

Senator NASH—I think the New South Wales government has half a billion dollars committed as well?

Ms O’Connell—That is correct.

Senator NASH—I think that the NRMA has said that it would cost \$6.7 billion to duplicate it, but there is only \$3.6 billion in the bucket to do that. Does that not leave a shortfall of about \$3 billion? Mr Mrdak, I think at the last estimates you indicated it might even be more than \$6.7 million. I am trying to get a handle on the amount of money available and what the actual cost is going to be.

Mr Mrdak—The current program runs from 2013-14. The government has indicated that it will look at the next stage of funding as part of its commitment in its next Nation Building Program. The final cost of completing the duplication is still under consideration. New South Wales is currently completing that.

While a lot of the planning and design has been done, a lot of the environmental studies and the like are still continuing. So it is not possible at this stage to give a completely accurate cost of what the full completion would be—a full duplication. That will be something we will do over the next couple of years.

Senator Conroy—Let us be clear: we are spending \$3.1 billion over six years compared to your previous coalition government, which was spending \$1.3 billion over 12 years.

Senator NASH—Can you just be quiet for a moment, Minister. I am trying to have a sensible discussion with the department—

Senator Conroy—No, these are facts.

Senator NASH—of what the figures are.

Senator Conroy—These are just facts.

Senator NASH—They might be but they are completely unrelated, Minister. I am trying to get an understanding of the Pacific Highway funding—

Senator Conroy—I do not think the level of our spending compared to your spending are unrelated facts.

Senator NASH—Why don't you just toddle off and go and talk about it somewhere else, because we are not particularly interested.

Senator Conroy—You might not be, but the ordinary Australian voter is very interested.

Senator NASH—Sorry, Mr Mrdak. So I understand that that \$3.1 billion is to 2013-14 and then the completion is due by 2016. So there would have to be another bucket of funding made available obviously over 2014-15 and 2015-16 that would have to pick up the shortfall for what the event cost is going to be. Sorry, but I am using layman's terms here.

Mr Mrdak—There would need to be another allocation of program moneys beyond what we currently have; that is correct. The quantum of that is yet to be determined as the work continues. That will be something that government will have to consider in the next couple of years as it starts to look at the next Nation Building Program. As you know, generally with having a five- and six-year program, we need to have the next stage of that starting to be worked through in the next 18 months to two years.

Senator NASH—Yes. Doesn't it make it difficult, though, to commit to a 'Yes, we'll have it done by 2016' if you, firstly, do not know what the total cost is going to be and, secondly, do not know where half the funding is going to come from? Does that not create a huge difficulty in terms of being able to give a commitment of that nature?

Mr Mrdak—The government has given the commitment. The quantum is to be determined. I think that will be determined over the next year or so as the various studies are completed by the state government and we start to get a better handle on what the final cost will be. That work will be done over the next year or so.

Senator NASH—Okay. It just becomes a little rubbery, doesn't it, when we have not got the money and we do not know how much it is going to cost and yet there is a commitment? But I understand that is not your comment to make. That is our discussion to have with others on the other side of the building, but to me it looks very difficult to make that kind of firm commitment without having the funding available or knowing exactly how much it is going to cost.

Mr Mrdak—I can understand there being concern. It is an aggressive timetable given the work remaining. But in terms of the report done for the NRMA from recollection—I am trying to think of the firm that did it—the commentary made in the NRMA report was that 2016 is achievable.

Senator NASH—How much is still there to go? My understanding is that it is only half done and there is half of it still to go.

Mr Mrdak—At the completion of this current program, we will have some 427 kilometres duplicated. About 63 per cent of the Pacific Highway will be duplicated by the completion of the current program.

Senator NASH—And when is that—2014?

Mr Mrdak—2013-14.

Senator NASH—When did that start? When did the work start?

Mr Mrdak—Federal involvement started back in 1995. There has been an escalation of work over the last decade.

Senator NASH—I suppose what I am getting at is if only 63 per cent is going to be done by the end of 2014 and it has taken that long to get 63 per cent of the highway done, then there is 37 per cent left. So you have a third to do in 24 months. Is that even achievable?

Mr Mrdak—Certainly the advice is it is. It is also important to recognise that what has been done to date is some of the more difficult sections. Some of the more, what we would call, higher risk sections of the highway, the more heavily trafficked and dangerous, if I can use that wording, sections are being completed under the current program.

Senator NASH—Because it is a shocker.

Mr Mrdak—For all of us who have driven it recently, a lot of the work has focused on the higher traffic and where we have had more of the terrain issues; they are being done under the current program. So in terms of the remainder of the program—not underplaying the difficulties of completing the program—we think that the program is achievable based on current advice.

Senator NASH—Okay. So in terms of that 37 per cent that will be done in the two years—sorry, but you might have already said this—what is that actually in kilometres?

Mr Farmer—There will be 249.7 kilometres remaining to be duplicated from 2014.

Senator NASH—What is the rough rate of kilometres per year? I know it would differ with terrain and in different areas, but over the last 10 years for the Pacific Highway what would be a rough figure?

Ms O'Connell—In terms of the number of projects that have commenced on the Pacific Highway recently, there has been a considerable escalation. For example, some of the work that is currently underway includes the Ballina bypass, the Cooperook to Herons Creek upgrade and the Karuah to Bulahdelah sections 2 and 3 projects, which were open to traffic in October 2009. Works have commenced on the Banora Point upgrade and the Bulahdelah Bypass, which commenced in December 2009. The Glenugie upgrade started in January 2010. Enabling works have also commenced on the Kempsey Bypass, which is a very significant section and bypass, with the main construction due to commence by mid-2010.

Other works that are going to start on the Pacific Highway during 2010 include some substantial construction for the Kempsey Bypass, which is \$618 million; the Sapphire to Woolgoolga sections of the Pacific Highway; and also the duplication of the Herons Creek to Stills Road section. In terms of project work commencing, completed or underway, there has been a significant increase in recent time on the activity. People who traverse the Pacific Highway see some of that significant increase in activity underway at the moment.

Mr Mrdak—It is fair to say from recollection that when this current program started about 40 per cent was duplicated. So this five- to six-year program will duplicate around 20 per cent

of the highway. As I said and as Ms O'Connell has also said, some of the more complex sections are being done.

Senator NASH—Would you mind taking on notice for me—and I will take it in context, again, of the different nature of where the road is, the terrain and everything else—what length of the Pacific Highway has been done in each of the last 10 years? I want to get an overall picture. Just shy of 250 kilometres in two years seems an awfully big stretch, pardon the pun, of road to do in two years. Notwithstanding any great belief and intent, that is a long, long stretch of road.

Can I go to the Hunter Expressway and, again, I just want to check the figures. I think the government has committed \$1.4 billion over six years from 2008-09 for the construction of the 40 kilometres of dual carriageway which links the F3 and the New England Highway near Branxton?

Mr Mrdak—That is right. It is around a \$1.4 billion commitment.

Senator NASH—I think there are some planning and preconstruction activities going on. Is that correct?

Ms O'Connell—Certainly, we will give you an update, if you like.

Senator NASH—That would be great. Perhaps if you want to give me a bit of background of the quantum of funding and what is actually happening.

Mr Foulds—Yes. I am the General Manager of South East Roads.

Senator NASH—Can I ask south-east of where? Branxton does not—

Mr Foulds—South East Roads.

Senator NASH—Yes, I know. But what is South East Roads?

Mr Foulds—It is New South Wales, the ACT, Tasmania and Victoria.

Ms O'Connell—If I can assist: we have basically divided Australia into two—the north-west and the south-east. So it is a reference to the south-east of Australia. Hence, it picks up New South Wales, Victoria, Hobart et cetera.

Senator NASH—Sorry, go on.

Mr Foulds—The activities that are happening right now include: the development of the community engagement strategy for it; progressing property acquisitions—one property remains outstanding, and that is all for the entire route—and updating the estimate and the program. The alliance which has been engaged is continuing its additional geotechnical investigations which are over and above those done by the RTA. The target outturn cost work is continuing, and that is to determine the final cost when the two aspects of the project come together, which is an alliance in the Sugarloaf mountains and a design and construct section for the second half of it out towards Branxton.

In relation to the power companies, Jemena Gas is working on shifting its gas main near Stockton, and that preconstruction work is happening. The energy company is moving power poles associated with the route and standing up power poles in and around and changing where they have to be where the route of the Hunter Expressway is going. So that kind of

work is going on. There are 90 people employed in the alliance at the moment in their office in Sydney in doing design work and all the associated preparation. The rest of it is going as per schedule and they are now working on the final cost estimate.

Senator NASH—All right. Is there any kind of kick-off date in sight?

Mr Foulds—Sorry?

Senator NASH—Is there a target start date? I understand there is, obviously, from the sounds of that, a lot of work still to be done and one property to be acquired, but is there any target date?

Mr Foulds—Yes, it is starting later this year.

Senator NASH—Okay. I think you said you were one property short of the corridor.

Mr Foulds—Yes, that is a quarry and that is undergoing compulsory acquisition negotiations at the moment.

Senator NASH—Sorry, compulsory acquisition and negotiations sounds like a contradiction in terms.

Mr Foulds—It does, but it is in that process and it is not on a critical path.

Senator NASH—I asked a question in the last estimates relating to the Princes Highway east from Traralgon to Sale. I think there was \$140 million to address what is going to be nearly 50 kilometres—44, I understand from the answer to the question on notice. Six kilometres go through the township, so that will not be replaced. But I did not get a very clear answer, obviously, on the remaining 44 kilometres. The \$140 million; will that cover that whole 44 kilometres or will there be any shortfall?

Mr Foulds—The project is to duplicate the entire distance. In the current funding envelope to 2013-14, approximately 22 kilometres will be duplicated.

Senator NASH—Okay. So that \$140 million is actually only going to do half?

Mr Foulds—It will do approximately 22—about half.

Senator NASH—It will do approximately—

Mr Foulds—It might be a few more, it might be a few less, but it will be about that range. But the planning is for the project, which is the entire distance.

Senator NASH—All right. Is there any planning in place, or any view for planning in place, for the remaining 22 kilometres?

Mr Foulds—That is being worked on by VicRoads, but their planning work is being prioritised on the work that they are doing in this.

Senator NASH—All right. I am happy for you to take this on notice, if you would not mind coming back a little more quickly than last time. Could you perhaps give us an idea diagrammatically of where that 22 kilometres along that 44-kilometre stretch will actually take place?

Mr Foulds—I can tell you that the construction for the Traralgon East section was awarded in January this year. Major construction on that section commenced in February and it is

expected to complete in late 2010. Planning works on the Warwick section between Warwick and Sale are underway at the moment and a design and construct contract is expected to be advertised in mid 2010 and awarded in late 2010. Planning works are also underway for the remaining three sections: Traralgon East to Flynn, Nambrok and Flynn to Rosedale.

Senator NASH—Terrific. That has been very useful. Thank you very much.

Proceedings suspended from 4.00 pm to 4.14 pm

CHAIR—I welcome back officers from Nation Building—Infrastructure Investment. At the behest of the Deputy Chair, Senator Adams has one quick question before we go to Senator Nash.

Senator ADAMS—My question involves the regional projects. I have a question about the \$500,000 for the Red Centre Way in the Northern Territory. That was to attract more international visitors to the heart of Australia. What is the status of that particular project?

Ms O'Connell—Senator, is this a local government project or a road transport project?

Senator ADAMS—This comes out of the Better Regions Program. It is that and something else.

Mr Mrdak—Can we come back to you on that one, Senator? We will come back when we get to our regional—

Ms O'Connell—The local government programs.

Mr Mrdak—I will find out this afternoon where that one is at. That is the Red Centre Way?

Senator ADAMS—Yes.

Mr Mrdak—Let me find out where it is at and we will come back to you.

Senator ADAMS—That would be good, thank you.

CHAIR—Senator Nash?

Senator NASH—Thank you, Chair. I want to ask about the Northern Sydney Rail Freight Corridor.

Mr Mrdak—Yes.

Senator NASH—Can you give me the background to that? It is a dedicated freight rail track, is it, from North Strathfield to Gosford? I think it was \$840 million initially.

Ms O'Connell—That is correct, Senator, but it is not for a dedicated freight line. It is for some additional train paths in terms of freight paths in the Northern Sydney Freight Corridor.

Senator NASH—What is the difference between a freight line—

Ms O'Connell—It is dedicated from North Strathfield to Gosford. Sorry, were you going further than that?

Senator NASH—No, that is what I said: North Strathfield to Gosford.

Ms O'Connell—Sorry, Senator. It is dedicated freight from North Strathfield to Gosford.

Senator NASH—So where is that up to?

Ms O'Connell—We are in discussions with the New South Wales government, transport, around that project and the precise proposals—costing, timing et cetera—for that particular project and how it will be delivered.

Senator NASH—There is some funding, though, for a study at the moment. What is that?

Ms O'Connell—That is correct. There is funding committed for a study and that study is underway. I will ask Mr Williams to talk about the detailed parts of the study.

Senator NASH—How much is the study costing?

Mr Williams—It is a \$15 million study that will be complete by the end of this calendar year. That is looking at the whole of the corridor and looking at a truly dedicated freight track right along the corridor, which runs to several billion dollars, ultimately, to get to an absolutely dedicated freight train.

Senator NASH—Because that is quite a bottleneck, there, I understand, which is the whole reason for trying to get a dedicated line for those particular areas. Sorry, when did you say this study was going to finish?

Mr Williams—At the end of this calendar year.

Senator NASH—And what will that study determine?

Mr Williams—It is looking at the ultimate solution for right along the corridor. It has gone towards, as Ms O'Connell mentioned, looking at a series of projects that would be the expenditure of the \$840 million commitment. We are in discussions with New South Wales at the moment as to those particular projects and when they will commence.

Senator NASH—How was the \$840 million arrived at in the first place, if the study is only being done now?

Mr Williams—That would have been an election commitment and would have had regard to—

Senator NASH—That does not quite answer my question.

Mr Williams—It would have had regard to previous studies.

Senator NASH—With regard to previous studies? That is how they would have come up with funding of \$840 million? Sorry; is that what you are saying? I am just not quite clear.

Mr Williams—There were previous studies under the former government, corridor strategies, and it would have had regard to those studies. As to the exact where the dollar figure came from, I would have to take that on notice.

Ms O'Connell—Senator, that \$840 million is a commitment in the Nation Building Program, over the complete life of the program, 2008-09 to 2013-14, subject, obviously, in terms of a direct commitment to fund the \$15 million to doing the studies to determine the full extent of the corridor.

Senator NASH—So when the \$840 million was announced at the end of 2007, was there any time line put on for when the track would actually commence?

Mr Williams—Not that I am aware of.

Senator NASH—Other than that it was within the Nation Building Program.

Mr Williams—Within the Nation Building Program, and it is the intention to complete by 2013-14.

Senator NASH—So with the completion by when?

Mr Williams—By 2013-14.

Senator NASH—And the study will not be finished until the end of this year?

Mr Williams—That is correct. In 2010-11 there has been an allocation of \$37.2 million towards actual detailed planning of specific projects along the corridor.

Senator NASH—So, at this stage, \$840 million has turned into a \$15 million study. What is the likelihood of the track being completed in three years? What is the length of the track?

Mr Williams—I will take that on notice and get back to you pretty quickly on that one.

Senator NASH—That would be good. Rail is not my bag. In normal rail terms, in an average year if the terrain is reasonably average, how many kilometres of track can you lay?

Mr Williams—Again, as Mr Mrdak pointed out with roads, it is very difficult. This is a very difficult corridor in terms of terrain. There is the Hawkesbury River national park, inner city suburban rail. So the conflict between the rail core lines and getting a dedicated freight path through the rail core system is a very complex project.

Senator NASH—Have you got the corridors through the national park yet?

Mr Williams—Pardon?

Senator NASH—You just mentioned the national park. It is going to go through the national park?

Mr Williams—Yes, the main line goes through the Hawkesbury at the present.

Senator NASH—Yes, it is going through the park. Is this going to be in a new area or is it where a corridor has been set aside—

Mr Williams—No, we are within the existing corridor.

Mr Mrdak—Essentially this 840 is for enhancements to the existing track and corridor. This essentially, as Ms O'Connell said, gets us four train paths per hour over the 20 hours per day for the rail to access the existing line. This is not a new corridor and new track per se. This is trying to do enhancements to the existing rail corridor up to Gosford.

Senator NASH—Given that it is enhancing an existing corridor and it is not a brand new shebang, why is it going to take three years to do a study on it to see how it is going to work?

Mr Mrdak—Part of the difficulty is how this interacts with RailCorp and their passenger system. They have a whole range of work underway at the moment. This is a project which is inherently difficult because the overriding priority for New South Wales is the passenger rail system. They want to ensure that whatever work is done does not conflict with that. One of the real difficulties we have had—and this is the work Ms O'Connell is now doing with the New South Wales government—is to actually get some certainty for us. Before we spend the

\$840 million we want certainty that we will get guaranteed freight paths out of this which are not going to be lost to the Sydney passenger rail system.

Senator NASH—How do you get that certainty, because \$840 million is a lot of money to toss into this if you do not get that certainty? How do you do it?

Mr Mrdak—It is a lot of money, but in the total quantum of New South Wales's rail spending on the Sydney suburban system it is not.

Senator NASH—Did you say 'wasting'? No, sorry, go on.

Mr Mrdak—No, the total quantum of rail money in New South Wales. This for them is not a large project; it is for us. It is quite critical.

Senator NASH—It is a lot for the taxpayers.

Mr Mrdak—It is a large amount of money for taxpayers. In terms of the New South Wales suburban rail system investment program, this is not one of their priorities, but it is for us in terms of getting the freight paths in and out of Sydney which we need for productivity. The major issue for us with ARTC is to get certainty from RailCorp that if we make this investment we will get guarantees for freight paths which we need for the freight system.

Senator NASH—That was my question. How do you get that certainty? How do you get that guarantee to underpin the investment of \$840 million?

Mr Mrdak—Essentially what we are arguing with New South Wales at the moment—this is what Ms O'Connell is doing—is that if we make these expenditures at certain points, like Strathfield and elsewhere, the quid pro quo for us is certainty through a contractual arrangement that those train freight paths will be available to the ARTC.

Ms O'Connell—We want a contractual arrangement, but underpinning that contractual arrangement is a lot of forecasting work that is taking place at the moment—forecasting the passenger train path, growth et cetera. So the planning work is fundamental to ensuring that where we place the money on those specific projects it will deliver the increased freight paths that we are after. We will then enter into a contractual agreement with the New South Wales government for the delivery of those additional freight rail paths.

Senator NASH—Can you see anything that might create any kind of difficulty in getting that certainty and guarantee?

Ms O'Connell—I think the main issue is to do the planning and forecasting work accurately. That is the work that needs to be done to give both parties certainty that it can be delivered and will be delivered.

Senator NASH—I wanted an update on the funding going to the Clyde Road, Berwick, upgrade?

Mr Foulds—The budget for 2010-11 for the Clyde Road upgrade in Victoria is \$2.2 million. Planning is underway. Commencement and completion dates are yet to be determined. It is too early to say when it will commence.

Senator NASH—How big a distance is it? I am sketchy on the details for this.

Mr Foulds—The information I have at the moment is that it is a duplication of Clyde Road to a four-lane divided carriageway from High Street to match into the existing duplication immediately north of Kangan Drive, which is approximately one kilometre in length. There is a retention of the at-grade railway crossing, the provision of separated bicycle facilities along both sides of Clyde Road and the provision of pedestrian facilities along Clyde Road in the form of pedestrian phases at all traffic lights.

Senator NASH—So it was \$2.2 million. Sorry, what was the total distance again?

Mr Foulds—The total Australian government commitment is \$30 million, but \$2.2 million for 2010-11.

Senator NASH—It is \$2.2 million for 2010-11. The overall commitment is \$30 million. And the total length of the road again, sorry?

Mr Foulds—Approximately one kilometre.

Senator NASH—Wow.

Mr Foulds—That is a fair bit of work. It is a duplication of a four-lane divided carriageway for that period, plus a retention and working around an at-grade railway intersection and the provision of the bicycle facilities and the other things. The planning is occurring now, but there is no completion or start date known at the moment.

Ms O'Connell—I think the emphasis is around the junction as opposed to necessarily the length of the road. It involves the complexity et cetera of the work.

Mr Foulds—It is a complex job.

Senator NASH—So there has not been any planning yet. Is it all just federal funding? Is there a state component?

Mr Foulds—There is a state component.

Senator NASH—How much is that?

Mr Foulds—It is \$25 million.

Senator NASH—Who is actually building it?

Mr Foulds—VicRoads.

Senator NASH—You are giving the money to the state to do this?

Mr Foulds—No, what will happen is that it will be under assessment when they put their project proposal in and we will assess that and then a funding level will be approved and then they will commence work. A funding commitment has been given but the actual approval to draw down on that money will then be signed off by the minister and then VicRoads will commence the work that they do and then they will, on milestones, as they accrue the work, bill us and draw down the money.

Senator NASH—What program was this \$30 million given out under?

Mr Foulds—This is nation building.

Senator NASH—It is still the nation building?

Mr Foulds—It is on the Victorian MOU.

Senator NASH—With the \$30 million, you said you have not got the proposal in yet for the road; is that correct?

Mr Foulds—I can let you know in a very short period of time, but it is under assessment at the moment. It is still in planning. I do not think we have the PPR at the moment.

Senator NASH—How do you arrive then at the \$30 million when you have not seen what they are going to do?

Mr Foulds—I believe it was an election commitment at that time.

Senator NASH—This election commitment bucket, Minister, is a doozy, isn't it? It is an absolute doozy. Given it was an election commitment, which means there is no actual figuring out of the legitimacy of the project beforehand—okay, so we have got a bucket of money, and they will now do up a proposal. If their proposal does not require that much funding, will they give some of it back? What is the go there? Obviously the money is not targeted to any particular proposal, because there isn't one.

Mr Foulds—The MOUs with each state indicate that if there are savings then those savings can be redirected by agreement between the government and the state.

Senator NASH—Redirected to somewhere else in the state?

Mr Foulds—Yes.

Senator NASH—So you give them a commitment for \$30 million—I am just trying to follow the process here—which is an election commitment, because that looks like a pretty good area to do some road work and it will make people happy, so then they will come back with the proposal. If they do not need all of that \$30 million, having given it to them for that piece of road, they can redirect that funding to somewhere else.

Ms O'Connell—No, Senator, they cannot redirect it.

Senator NASH—Sorry, I thought that is what he just said.

Ms O'Connell—No, he did not, Senator, with respect. He said that it was by agreement between the Commonwealth and the state in terms of use of any savings. So it is not a unilateral decision by the state.

Senator NASH—But if you agree, they can then redirect it to somewhere else?

Ms O'Connell—By agreement it can be redirected onto another project.

Senator NASH—What would be the criteria to redirect it somewhere else? What would they have to convince you of? Say it was only going to take them \$15 million, or they decided they only wanted to spend \$15 million on this; what criteria do you use if a proponent comes to you and says, 'All right, we are not going to need all that funding. We want to use it on this piece of road over here', or 'We want to improve this'? What are the criteria that you sit that request against?

Ms O'Connell—For a start, it needs to meet the program guidelines in terms of the Nation Building Program guidelines. So, if it is an on-network project it needs to be on the national network, if it is off network it needs to be an off-network project, but there is discretion in terms of additional projects that could be funded if there are savings.

Mr Mrdak—But the nation building act sets out criteria by which the minister assesses the projects.

Senator NASH—Once he has allocated the funding.

Mr Mrdak—No. I think, as Mr Foulds has indicated, there is maybe a commitment but the project proposal starts to be considered and the minister approves the funding to flow down.

Senator Conroy—This is the same criteria—

Senator NASH—But they are honouring all their election commitments, so one would assume that it will go ahead.

Senator Conroy—This is the same criteria, Senator Nash—

Senator NASH—No, let me finish.

Senator Conroy—It is the same criteria that existed under the previous government.

Senator NASH—I have been very quiet all day, Minister. I am just clarifying because, as you have said—

Senator Conroy—It is the same criteria.

Senator NASH—You have said that you will honour all your election commitments, so it is kind of falling off the—

Senator Conroy—You are not honouring all of your commitments.

Senator NASH—Actually we are, Minister.

Senator Conroy—How did you only get \$50 million for Warrego? Some \$500 million was the promise by Bruce Scott.

Senator NASH—Yes, it is funny, isn't it, Minister? I think you are digging yourself a bit of a hole here, Minister. I do not want to waste time, but when we actually get to the end of the day and the facts come out you are going to look a little silly. So we might not keep going down that road. But this today is about our estimates and not about other ministers doing things. So there is no start date and there is no completion date for that as yet.

Mr Foulds—At the moment that is correct.

Senator NASH—When was the \$30 million committed?

Mr Foulds—It is in the MOU with Victoria which was signed in March 2009.

Senator NASH—Again, just coming back to the principle of the fact that this funding was supposed to be going out there to be an economic stimulus, we have another bucket of money that does not have a start date yet.

Ms O'Connell—No, Senator, this was not a stimulus project.

Senator NASH—Sorry, it was part of the Nation Building Program.

Ms O'Connell—This was part of the six-year Nation Building Program.

Senator NASH—Corrected. Absolutely sorry. So when do you think you will have a start date?

Mr Foulds—It will be up to VicRoads to assess when that will fit in with their ongoing work priorities. I need to clarify one thing. It is actually an off-network project and the Australian government contribution is capped at \$30 million.

Senator NASH—I do understand the complexities of the type of piece of roadwork that you are telling me this is, but \$55 million seems an awful lot for a kilometre of road. I understand that you will have to take this on notice, but could you perhaps provide for the committee other instances where there has been work of this nature and the comparative costings?

Mr Mrdak—We will seek to do that. But, as you say, working in a live environment in an inner-city location which has the complexity of rail and other corridors makes these sorts of junction projects very expensive.

Senator NASH—I do understand that, but Australia is a big place with lots of capital cities and I am sure there has been similar work somewhere.

Mr Mrdak—We will endeavour to look at what experience there has been.

Senator NASH—Realising of course the difficulty when you have not actually got a proposal yet of what it is going to look like for the \$55 million. But, if you could get back to us on that, it would be quite useful just to give us a bit of a benchmark. I think, Chair, with that I am finished. Thank you.

CHAIR—Thank you very much, Senator Nash. I know Senator Back and Senator Eggleston have questions.

Senator EGGLESTON—I have questions for Cheryl Johnson from the North West Roads/Investment Coordination.

CHAIR—Is Ms Johnson far away?

Mr Mrdak—On the Western Australia project? Yes, we will get Ms Johnson back to the table.

CHAIR—Senator Back, are you happy to concede to Senator Eggleston? There are only a couple of questions, aren't there, Senator Eggleston?

Senator BACK—Yes, by all means, Chairman. I defer to Senator Eggleston.

Senator EGGLESTON—Ms Johnson, I see you are the General Manager of North West Roads/Investment Coordination. Does the 'North West' refer to the north-west of Australia?

Ms Johnson—Yes, it does.

Senator EGGLESTON—Mention was made earlier of \$6 million for an upgrade of the Tanami Road. Could you tell me a little about that please? I am very interested in the Tanami Road. Tanami Road runs 1,100 kilometres from Alice Springs to Halls Creek.

Ms Johnson—With regard to the information I have, it is part of the government's Northern Territory community, beef and mining roads package. It is the upgrade of Tanami Road, with an Australian government contribution of \$6 million. Construction commenced in August 2009 and it is due for completion in June 2010.

Senator EGGLESTON—Okay. So that was the Northern Territory beef package, was it?

Ms Johnson—Yes, it was.

Senator EGGLESTON—So all of that upgrading has been done on the Northern Territory side of the border, I would presume from that?

Ms Johnson—That is right.

Senator EGGLESTON—Is there anything in the forward estimates for the Western Australian side of the border, do we know? I did not notice it myself.

Mr Mrdak—I think that is the total commitment.

Senator EGGLESTON—Is it? Right, okay.

Ms Johnson—That is my understanding. I am just checking, but I think that it is.

Senator EGGLESTON—All right. It is a very important road, I hasten to add. I am very keen to see the Tanami upgraded to full highway status. Is there other funding for improvements on the Great Northern Highway—bridges, that sort of thing—planned, because I did not see it in the budget?

Ms Johnson—Great Northern Highway, WA? No.

Senator EGGLESTON—No? Under your heading of ‘North West Roads/Investment Coordination’, are there other items that you could tell us about, notwithstanding the fact that I could not find anything much in the budget papers related to roads in the north?

Ms Johnson—I can talk about some of the other projects around the Great Eastern and Roe highways interchange, for example.

Senator EGGLESTON—That is in Perth. It is a long way south. If you go about 2,000 kilometres north I will be interested.

Ms Johnson—There is the Michay to Wooben upgrading. Would you like me to read out each?

Senator ADAMS—Michay—that is—

Senator EGGLESTON—Michay is north of Perth, too, yes. Go on.

Senator ADAMS—I am sure if you go another 2,000 up—

Senator BACK—Just read them out.

Senator EGGLESTON—Just reading them out will do, thank you.

Ms Johnson—For Michay to Wooben, the construction end date is mid-2010. It involves the reconstruction, widening, overlays, realignments, construction of passing lanes and intersection improvements. The total Australian government contribution is \$51,100,000.

Senator EGGLESTON—Okay.

Ms Johnson—And it is currently under construction.

Senator EGGLESTON—That is very good.

Ms Johnson—We have projects that are completed or under construction. Do you just want me to talk through the ones that are in planning or under construction?

Senator EGGLESTON—I am just interested in the ones further north, or any on the Great Northern Highway or the North West Coastal Highway.

Mr Mrdak—I think it is best if we take that on notice and we will come back to you.

Senator EGGLESTON—Could you do that for me.

Mr Mrdak—To have a detailed project schedule for the north-west is probably the easiest way.

Senator EGGLESTON—I do not want to hold you up particularly.

Mr Mrdak—That way we will get a full picture of what the north-west region looks like.

Senator EGGLESTON—It is difficult to find items in the budget, but I am sure that there is some road expenditure there. So could you take on notice that I am interested in road expenditure on the Great Northern Highway from Perth to Kununurra, including through the inland sections—through Meekatharra, Newman and so on.

Mr Mrdak—Yes. We will come back with a—

Senator EGGLESTON—Also the North West Coastal Highway, which runs up through Geraldton to Carnarvon and on to Karratha, Dampier.

Senator LUDLAM—Can I just chip in with one, if I may?

Senator EGGLESTON—Please do.

Senator LUDLAM—The only stretch of road that is not sealed between Kalgoorlie and the Pilbara is the section between Wiluna and Meekatharra. That is dirt and that has been a black spot in that part of the world forever. I think I asked about it the last time we were here. Is there anything? Have you received a request for funding from the state government? That would be the one that I would pick, if I could choose any. It is the only section on that freight route—and it is a very important local road as well for communities in Wiluna and Meekatharra—that is unsealed.

Ms Johnson—I will have to take that on notice. I do not have the information on those roads with me today.

Senator EGGLESTON—All right.

Senator LUDLAM—That is one particular one. It would have been caught by what Senator Eggleston was asking.

Senator EGGLESTON—I do not actually think it would, because it is not the Great Northern Highway.

Senator LUDLAM—It is from Kalgoorlie south up to Wiluna.

Senator EGGLESTON—It is an appalling road; I agree with you. So we should ask for it.

Senator LUDLAM—If there is any chance of that one jumping to the head of the queue—

Senator EGGLESTON—Yes. That is it in that case. All of my questions are on notice, Senator Back, so I will defer to you.

Senator BACK—Ms Johnson, I have just a couple of questions. For the Northbridge Link in Perth linking the city to the suburbs to the north, I think the Commonwealth has allocated

\$236 million. I wonder if you could tell us: has that sum of money now been provided to the state for construction? Where are we with that project?

Ms Johnson—So it is Northbridge? Sorry, it is now referred to as the Perth City Link rail project. I just got that slightly confused for a moment.

Senator BACK—Well, I suppose the Perth City Link rail project is part of rail.

Ms O'Connell—Just before Ms Johnson gives an update: the total funding commitment, as you stated, by the federal government is \$236 million, of which \$7 million was paid in 2008-09, and \$30.2 million will be paid of that overall commitment in 2010-11.

Senator BACK—And beyond that?

Ms O'Connell—Beyond that, in 2011-12, it is \$60.6 million; in 2012-13, \$101.2 million; and in 2013-14, \$37 million.

Senator BACK—Thank you very much. There is no indication that there would be any request or requirement for further funding from the Commonwealth beyond that?

Ms O'Connell—Not from the Commonwealth. That funding is capped for that project. The forward works packages went to tender just a couple of weeks ago, in the week ending 30 April. Things have started in terms of tenders released for the forward works for that project.

Senator BACK—Is it dollar-for-dollar funding between the Commonwealth and the state government for that project?

Mr Farmer—The state is contributing \$207 million to the project.

Senator BACK—Plus any overruns.

Ms O'Connell—That is right.

Senator BACK—Thank you for that. I now want to go to another project. I think \$10 million has been allocated from the Commonwealth at the Reid Highway-Alexander Drive intersection. Can you tell us the progress on that particular project? It is north of the city at Reid Highway and Alexander Drive.

Ms Johnson—Just while I am looking through my notes, I will tell you that the sod turning has actually occurred. They had significant issues with some of the services that are along the road et cetera, and they have all been overcome now so construction has commenced. I will need to refer to my notes to find out when the completion date is planned for that.

Senator BACK—Thank you. Do you want me to pause?

Ms Johnson—No, keep going and I will look for it.

Senator BACK—The other project in the same area is also along Reid Highway. This is quite a severe black spot and it is an area that causes significant hold-ups with traffic. It is the junction of Reid Highway and Mirrabooka Avenue. Can you tell us whether there has been any request for support funding to either create an overpass or in some way address that particular intersection?

Ms Johnson—The only project that we have around the Reid Highway and Alexander Drive intersection is the new interchange. The construction end date is mid-2011. That is a \$10 million Australian government contribution, with a total project cost of \$48 million.

Senator BACK—Of which the Commonwealth is contributing how much?

Ms Johnson—It is \$10 million. The design and construct contract was awarded in February this year. Construction commenced in May and, as I said, it is expected to be completed by mid-2011.

Senator BACK—So it will be completed by this time next year. The second project was the Reid Highway-Mirrabooka Avenue interchange on the Reid Highway.

Ms Johnson—The one that I have just read out is the only project that we have in that area.

Senator BACK—Thank you. Can I then go forward to another one? I think a figure of \$10 million has been allocated but I am not sure of the timing. It is at Hepburn Avenue, where I think \$5 million of Commonwealth support is provided to the City of Swan and \$5 million to the City of Wanneroo. Could you let us know where Infrastructure Australia is in that particular group of projects?

Ms Johnson—We have got two planning projects at Hepburn Avenue. The stage 2 extension currently has an Australian government contribution of \$5 million, and the total project cost is \$5 million. The description of the project is: construction of a second carriageway at Hepburn Avenue from Beechboro Road North to Marshall Road with earthworks for a dual carriageway, installation of traffic lights at the intersection of Hepburn Avenue and Marshall Road, construction of four lanes on the approaches to the intersection of the extended Hepburn Avenue with Marshall Road and the intersection of the extended Hepburn Avenue and the leg to Beechboro Road North.

Senator BACK—The status of that particular project now is?

Ms Johnson—We are currently negotiating a funding agreement with the funding recipient, which is the City of Swan. For the second upgrade we are negotiating funding with the City of Wanneroo. Both of those projects are at the planning stage at the moment.

Senator BACK—And funding is confirmed?

Ms Johnson—Yes.

Senator BACK—I have just one other question and that is relating to the surrounds or the environs of the port of Bunbury and the approaches. Can you tell us whether there is anything in the budget for 2010-11 to contribute funding towards the port or the approaches to the port—road and rail?

Ms Johnson—There are two projects. One is completed and that is the Bunbury Port Access Road stage 1, which had a government contribution of \$17,370,000, which was opened to traffic on 5 February this year. The Bunbury Port Access Road stage 2 and the Bunbury outer ring road stage 1 has a \$118,630,000 Australian government contribution. The construction is expected to commence late 2011 and be completed mid-2013.

Senator BACK—So those two are being taken as a combined project, are they?

Ms Johnson—They are two separate projects. Stage 1 is complete. Stage 2—

Senator BACK—Are stage 2 and the outer ring-road stage 1 being taken as one project?

Ms Johnson—As far as administration is concerned, yes, they are.

Senator BACK—That is \$118,630,000.

Ms Johnson—Yes.

Senator BACK—I think those were the projects that I wanted an update on.

Senator LUDLAM—For some of these you might refer me to ‘Infrastructure and surface transport policy’, so I am just going to try my luck. Can I put questions to you about rail infrastructure development?

Mr Mrdak—You can do that.

Senator LUDLAM—In terms of the Adelaide Hills rail alignment, can you provide us with an update as far as you are concerned and as far as the Commonwealth government’s part in that project is concerned? Can you give us a quick update on where we are up to with that?

Mr Farmer—The Adelaide Hills rail freight movement study is the one you are referring to. The final report is expected to be released at the end of this financial year.

Senator LUDLAM—Quite soon. How much money was spent in conducting that survey?

Mr Farmer—The government provided \$3 million in the 2008-09 budget towards the study.

Mr Williams—About \$1.4 million will be the final cost.

Senator LUDLAM—We have saved half of what we were expecting to spend on the study?

Mr Williams—Yes.

Senator LUDLAM—That is great. So there is nothing in this year’s budget obviously because it is nearly concluded?

Ms O’Connell—The work has largely been done. The receipt of the report is imminent.

Senator LUDLAM—So that is the expected completion date. What becomes of it then? It goes to whom, your minister, and from there to where?

Mr Williams—It will be a matter for the minister but I presume it would be publicly released. There was a discussion paper released in October last year and a public consultation process undertaken. That would be a matter for the minister.

Senator LUDLAM—While the minister is out of the room, are you prepared to give us an idea of when the public might take receipt of that document?

Mr Williams—The report is due by the end of this financial year.

Senator LUDLAM—I meant the public.

Ms O’Connell—We do not have the final report yet. When we do we will make it available to the minister.

Senator LUDLAM—Can you correct me if this is wrong. Was \$76 million of federal funds assigned to upgrade the Adelaide Hills railway line prior to that study being completed? Is there some mismatch of objectives or is that not the case?

Mr Mrdak—There is a project that was brought by the Australian Rail Track Corporation for extending some passing loops through that area. That is the major project. Mr Williams might want to give you an update on where that is at.

Mr Williams—Yes. We had a discussion about that this morning, about the \$76 million Adelaide to Melbourne line.

Senator LUDLAM—I guess what I am asking is: is that work going to have any material impact on matters that were under study for the Adelaide Hills region or is it more or less independent?

Mr Mrdak—It does not in any way pre-empt the study or the findings. The study is very much focused on when the line will effectively cap out in terms of capacity and what some of the options are for future development of the line. This is critical work which is required now for the demand that is on the line for extended passing loops.

Senator LUDLAM—Are you able to tell us any of the findings or anything at all that is likely to come out of that study or is that completely black box at the moment?

Mr Mrdak—We are not in a position to discuss it at the moment. There was a discussion paper which put a range of options for consideration and received a great deal of comment from the community and industry. We are now awaiting the finalisation of the work by the consultants.

Senator LUDLAM—Great, okay. What can you tell us about or how would you characterise the kinds of submissions that you received as far as the public is concerned? Were they swayed toward one option in particular of the few that you put to them? I think there were three major options that you put.

Ms O'Connell—Senator, we can certainly tell you how many submissions were received.

Senator LUDLAM—Yes. This is not to reflect on your thinking, but what was reflected in the receipt of submissions?

Mr Williams—There were 76 submissions, I understand, from memory.

Senator LUDLAM—Do they lean in one direction or another? Is there overwhelming support for one direction?

Mr Williams—I think it would be fair to say that there was a mixture of views.

Senator LUDLAM—Of the three different options, all right. I know that there has been some speculation that particularly the money to be spent on the Ambleside loop would be wasted or superfluous or would be double-dipping if the bypass goes ahead. I am not completely familiar with the geography of that area, being from WA.

Mr Williams—I think, as Mr Mrdak said, there are some passing loops being put in along the Adelaide to Melbourne line at the moment which are addressing immediate capacity issues along the line. This is a long-term study, looking out 20, 30 years, as to the future needs potentially of the Adelaide Hills line there.

Ms O'Connell—So the passing loops are an immediate measure to meet existing demand and the study will look at foreshadowed future demand, current capacity of the lines et cetera.

Senator LUDLAM—But the study is really only looking at the Adelaide Hills bypass? Or is that looking at the entire stretch from Adelaide?

Mr Williams—Mainly the Adelaide Hills and that potential bypass.

Senator LUDLAM—That is probably about as far as we can take that one. Thank you very much for your help. I am interested to know about public transport in Canberra. This is deliberately cross-portfolio, so I am not expecting you to have the numbers to hand, but I want to put a question to you. For the federal government departments that operate in Civic, in the parliamentary triangle in particular, and I will give you a list in a moment; is it possible to calculate the annual amount of funds that are spent on taxis to and from the Canberra Airport, effectively for the Commonwealth Public Service and for people like me who effectively operate as fly-in, fly-out workers when we are sitting or during hearings?

Senator BACK—Except that we don't have the remuneration of the fly-in, fly-out.

Senator LUDLAM—What's that? At half the remuneration. The list is: DFAT, Finance, Treasury, DHA, DCC, ATO, DAF, DRET, Defence, DPS, the Department of the Senate, the Department of the House, MOPS, DEEWR, Department of Infrastructure—there are a huge number of people shuttling between the airport and either this building or the other key public service buildings in the city. Is there any way of finding out, and would you be willing to initiate a program to work out, what that is costing the Commonwealth in taxi fares annually?

Ms O'Connell—Some of those departments you mentioned are not actually in the parliamentary triangle. Our department is not. The main tax office building is not in the parliamentary triangle.

Mr Mrdak—I think it would be fair to say that it would be an enormous amount of resources to try to gather that. You are looking at taking, say, a period of time and looking at what the taxi fares are. In some situations it would be very difficult to determine which of those were actually trips to and from the airport or to and from the parliamentary circle. There would be an enormous amount of resources involved to cross those individual departments. I think in our situation we would have some degree of accuracy in relation to travel to and from the airport potentially but it would require a search of our records which I am not sure the systems are set up to do all that easily.

Senator LUDLAM—You would have an annual Cabcharge bill for the year but it would be difficult to disaggregate and tell us what were airport ones?

Mr Mrdak—Each of our employees has a travel credit card essentially, a travel card, which enables them to use all forms of transport and accommodation. It may be not be readily easy to interrogate the system as to how many of those are taxi trips between particular locations—an airport and the like.

Senator LUDLAM—All right. It could be done, but you are saying there would be quite a bit of work going through databases and pulling that out?

Mr Mrdak—Quite a bit of work. I cannot give you a scope of that or how long it would take, but it would be a considerable amount of work. I do not know what the other agencies do in terms of their systems.

Senator LUDLAM—Presumably every dollar is being tracked, otherwise you would not be able to budget for this kind of thing. I am not asking you to necessarily undertake that now. What I am looking for is an order of magnitude cost of two things. First of all, within Canberra itself, within/without the triangle, between the airport and the city or between the hill and the airport. The second thing is how much the Commonwealth spends on flights in the corridors Canberra-Sydney, Canberra-Melbourne and Sydney-Melbourne on an annual basis.

Mr Mrdak—The travel data, in terms of flights, should be captured by the department of finance. You may wish to put that to them.

Senator LUDLAM—Great.

Mr Mrdak—As you know, they have recently negotiated single contracts in relation to air travel. They may well be able to assist you in relation to that information.

Senator LUDLAM—That might be easier than pulling taxi data apart.

Mr Mrdak—I think so.

Senator LUDLAM—I am not going to let you off the hook quite that easily, though. I am just wondering whether you would undertake for us, on notice, without going back to the database, to come up with an educated guess of the Commonwealth's taxi budget in this city—some idea of either vehicle miles travelled per year or cost. Not to go back into the databases and try to pull out that specific information, but an order of magnitude cost. There must be some way of estimating that?

Mr Mrdak—Can I do it in two parts: firstly, do a bit of work on how easy it would be to estimate and then come back to you with that in terms of what can be done. That would be the easiest. I would not want to give you any guesstimate until I understood what the magnitude of the task would involve.

Senator LUDLAM—You have to guess how long it is going to take to guess. I understand that. I will give you the context now, in that I am not trying to create work for nothing. It has been estimated, for example, that for \$10 million a year you could run a bus service free from the airport to Civic and up to the hill on a three to five minute rotation, like a rapid bus system or a shuttle bus from the airport to the areas where the public servants and people like myself are most likely to travel. There must be some point at which there is a break even, whereby public transport and simply putting on a free service is going to be better for the Commonwealth's bottom line than however big this indeterminate taxi bill is.

Mr Mrdak—I do not think it is as easy as that, in the sense that a lot of travel takes place—certainly I know in relation to a lot of my officers, who travel early morning to do a business trip, who might travel directly from their homes to the airport and not come through their place of work. Generally, we tend to do a lot of day business travel where officers will leave early in the morning and return in the evening, and do so from home to the airport, airport to home. So it may not be simple. There is a bus service running to and from the city with regular services now to the airport.

Senator LUDLAM—How well patronised is that?

Mr Mrdak—I think it is reasonably well patronised, but I do not know the exact numbers.

Ms O'Connell—I think, Senator, we would have to ask the ACT government. It is running that service. We would have to ask them. They would probably have data on their modelling for running the service and existing patronage.

Senator LUDLAM—Okay.

Mr Mrdak—I know the airport, for instance, has worked very closely with the ACT and ACTION Buses in relation to setting up those types of services. We can certainly inquire of the airport and ACTION in terms of what patronage they are getting.

Senator LUDLAM—I would appreciate that, acknowledging that that is not your budget that you would be asking about. The point I am trying to make is that there must be some break-even point with the amount of Cabcharging and travel credit cards that we are using in this city, which was designed to have a rapid transit system embedded in it although that has never been built, and whether with a rapid bus or a light rail system here in Canberra we could actually end up with some net savings. It sounds as though the modelling has not been done and it might be difficult to do, but that is why I am asking you to take it away and come back with some estimates.

Mr Mrdak—We will certainly look at what we can do but, as I say, the local Canberra bus system is a relatively efficient system to and from the airport and to the centrally located areas. I think there already is an effective system.

Senator LUDLAM—What incentives are there in public sector organisations—and just speak for yourself if you like—to encourage your employees to use public transport here in Canberra?

Mr Mrdak—It depends on the nature of the travel. Often our officers are attending meetings at other departments or are coming here to Parliament House, so it very much depends on whether public transport services fit that. Often officers are attending meetings at relatively short notice. That can often happen, particularly when they are attending here on the hill, which may not be all that amenable to public transport.

Senator LUDLAM—Sorry, it was not that so much as what incentives or encouragement do you offer?

Ms O'Connell—In terms of our own department, our physical location is right there at the city bus interchange and that is significantly persuasive for staff to use public transport, because there is immediate access from the front door to the civic bus interchange. That is perhaps serendipitous. In addition to that, we provide extensive bicycle parking underneath the building for people who ride their bikes in, and that is certainly well patronised, and we provide undercover parking at no cost to the staff who are cycling to work as part of that.

Senator LUDLAM—Are the travel credit cards that you spoke about before like cab charges? Do they work on the bus?

Ms O'Connell—If a staff member catches a bus in terms of their work duties—not to get to work but once they are at work; if they needed to go to the airport, for example—then that

travel would be funded by the department. So where it is travel for work purposes and public transport is used, then it would be funded by the department.

Senator LUDLAM—Thank you. I have one more question on rail and then I think the rest of it probably goes to freeways. I understand that might be the next—

Ms O'Connell—No.

Senator LUDLAM—You can talk about freeways, too? I am just wondering whether you are aware that UGL Rail, which is Australia's largest provider of rolling stock, is in the process of closing the Broadmeadow facility near Newcastle, which is going to shed about 200 jobs and more indirect jobs. What action, if any, has the government taken? Can you point us to initiatives that you have taken to retain rail manufacturing in Australia, particularly in regional areas, and either reflect directly on Broadmeadow or in general?

Mr Mrdak—The Commonwealth has tended to make our investment in rail track. Rolling stock investment, particularly in carriages—public transport investment—has largely been done by the states. The Commonwealth has not for some time funded rolling stock for public transport. Having said that, Ms O'Connell is working currently with the rail industry in relation to looking at these issues of procurement.

Ms O'Connell—Yes, certainly and, as part of that, there is a rail industry advocate who has been appointed by the department of industry.

Senator LUDLAM—Sorry, a rail industry advocate?

Ms O'Connell—Yes, who has been appointed by the department of industry. Neil might have the name to hand. He is assisting us also with a working group across jurisdictions—the states typically are the purchasers of particularly public transport rolling stock but potentially other rolling stock—to look at what can be done about forecasting demand for future rolling stock to provide certainty for manufacturers in that area.

Senator LUDLAM—You said before that the Commonwealth is not really in the business of funding rolling stock when you are granting or taking equity positions in rail infrastructure. That is about the rail itself.

Ms O'Connell—Yes, that is about the below-line rail. I am not aware of anywhere where we have taken an involvement in the rolling stock. I will just check with Neil.

Mr Williams—No.

Senator LUDLAM—Neither in incentives or direct funding grants?

Ms O'Connell—Senator, sorry, not through this portfolio. Whether the industry portfolio has done anything, we would need to check with the industry portfolio about rolling stock manufacturing. For example, I did mention that they recently—probably about six months ago—appointed a rail industry advocate.

Senator LUDLAM—Yes, I have that. The Commonwealth did not use to be in the business of funding urban public transport, either. Fortunately, we got over that in the last budget—to a lesser extent in this one. Is there anything in the Constitution or anything that you can point me to that would tell us why we are not interested in rolling stock, apart from

the advocate, as you have indicated? Why are we just funding the rails rather than just what travels on them?

Mr Mrdak—Generally, operational funding issues are matters for the operators of the systems. State governments or the private sector are providing those services. It is not a case of not being interested; the Commonwealth has chosen to focus on the infrastructure investment. Generally, these operational decisions re equipment and the like are taken by the state governments, who are the owners of the train operations.

Senator LUDLAM—All right. Where I am going with this is to try to find out whether the Commonwealth sees that it has a role at all in bailing out Broadmeadow, obviously, whether we have a role at all, whether you think it is strategic to be able to do this kind of construction and manufacturing in Australia or whether there is no disadvantage in your view to that sort of industry going overseas. It is a very specific kind of expertise to have here. The bus industry obviously has quite an established manufacturing base in Australia. We are much less strong in railcars and rolling stock. Is that something that we are happy to see slip away, or can you point me to where we are trying to hold on to that capacity here?

Mr Mrdak—I think Ms O'Connell has outlined some of the work that is now being initiated in relation to some of those issues, but it is probably an issue more for the industry portfolio than ourselves.

Senator LUDLAM—With regard to the rail industry advocate, who was that report to?

Ms O'Connell—It was appointed out of the industry portfolio.

Senator LUDLAM—Really?

Ms O'Connell—The department of innovation, industry and science.

Senator LUDLAM—I think maybe it is not too late to go and talk to them at some point this week. Can you tell us whether a request is expected from the government of New South Wales relating to the \$4.5 billion M5 expansion? I do not know if that is an Infrastructure Australia thing or whether you have—

Mr Mrdak—It is. It is a project which New South Wales has identified as one of its priority projects which I understand has been submitted to Infrastructure Australia.

Senator LUDLAM—Does your involvement in that begin and end there—that is, while that is being assessed by IA, you have no formal role at all?

Mr Mrdak—The Australian government funded as part of one of its studies some work to be undertaken looking at the M5 corridor. That work has now been completed or is about to be completed.

Senator LUDLAM—It was in the 2009-10 budget? It was in last year's budget, was it not?

Mr Mrdak—That is right. I think it was announced in 2008-09. We will give you an update on where that study is at. In terms of future investment in the M5, currently the New South Wales government is progressing that with the Infrastructure Australia Council. Is there any further update on that?

Mr Farmer—Senator, the M5 east duplication was a \$15 million project of which the Australian government contribution was \$5 million. It was completed in the middle of 2009 and was the outcome of a feasibility study to identify a preferred option for expansion of the M5 east corridor. The report identified a number of preferred options: widening the M5 East Freeway east of King Georges Road to four lanes in either direction; four new lanes in the tunnel necks to the M5 east tunnel; and a new arterial service road from the M5 east tunnels to the airports and the industrial areas in inner southern Sydney.

Senator LUDLAM—The total price tag for that—I know this is rough numbers—was in the order of \$4½ billion. Is that your understanding?

Mr Farmer—Ballpark, yes.

Ms O’Connell—Yes, and I think you were reflecting earlier that there is a submission to Infrastructure Australia from the New South Wales government on that road.

Senator LUDLAM—So what is your involvement? While that is being assessed by Infrastructure Australia—and that is for the entire corridor; that is my understanding anyway—what role do you play while that is underway?

Mr Mrdak—At this stage we are delivering the current program. If there is to be any further Commonwealth involvement, that would be for the next program.

Senator LUDLAM—Okay. You are not currently funding assessments? You are not currently thinking about it apart from—

Mr Mrdak—No. We have completed our work through the funding we have provided for this study that has been done.

Senator LUDLAM—Okay.

Ms O’Connell—Senator, can I just answer an earlier question that you had?

Senator LUDLAM—Yes; thank you.

Ms O’Connell—We were talking about the Rail Suppliers Advocate. His name is Bruce Griffiths. My apologies to him; I had forgotten his name.

Senator LUDLAM—Thank you, and I find him in the industry portfolio later this week?

Ms O’Connell—Yes. You can certainly ask about him in the industry portfolio.

Senator LUDLAM—Thank you. I will leave it there.

CHAIR—Do you want them on notice?

Senator LUDLAM—Yes. That is probably it for these folks. Thanks very much for your patience.

CHAIR—Thank you, Senator Ludlam, and I thank officers from Nation Building—Infrastructure Investment and now call Infrastructure and Surface Transport Policy. Senator Nash will have the call.

Mr Farmer—Chair, just to clarify something I was asked previously, the distance of the North Strathfield to Gosford corridor is approximately 80 kilometres.

Senator NASH—Great. Thank you for your assistance.

CHAIR—I welcome officers from Infrastructure and Surface Transport Policy. I call Senator Ludlam.

Senator LUDLAM—To begin, can you give us an idea of your mandate, because we have a number of different agencies and different folk running around thinking about infrastructure and surface transport policy. We have Infrastructure Australia making project-by-project assessments and we have got the Major Cities Unit doing more high-level work about modelling of where our communities are going. Can you just define for me precisely the nature of your mandate and then I will target my questions accordingly?

Mr Mrdak—This is a division in the department which essentially has three major streams. The first is maritime and shipping policy, including the administration of the coastal shipping regulatory regime. The second is what we would call our land transport reform agenda, which is principally focused on single national market reform; rail, heavy vehicles and maritime regulatory reform; and also the productivity reform agenda around heavy vehicle pricing and regulatory reform of land transport. The third area is in relation to vehicle standards. We have responsibility for essentially the Australian standards in relation to vehicles coming into the Australian market.

Senator LUDLAM—If I ask you about electric vehicles, will you send me off to industry, innovation and science and those sorts of folk?

Mr Mrdak—We can help a little bit with vehicle design standards.

Senator LUDLAM—Can we start there?

Mr Mrdak—Yes.

Senator LUDLAM—I will start with the importing of electric vehicles from foreign manufacturers. I know we are not doing any manufacturing ourselves. When are we going to see a large scale rollout of EVs, charging stations and so on, and what kind of role would you play in that?

Mr Mrdak—Our role is largely around the vehicle standards themselves, that they meet the Australian Design Rules for safety.

Senator LUDLAM—What about the charging stations that would have to come along with the vehicle?

Mr Mrdak—That is not really an issue which we would engage in. I will turn to our VSS colleagues but I think our role is largely around the vehicle certification standards: that they meet the Australian design rule standards for importation or manufacture.

Senator LUDLAM—The reason I raise the charging stations is that one of the issues the industry is confronting is how to be able to put a surcharge into these small, very high density batteries without blowing the charging station up. I presume you are going to need to assess not just the vehicle standards but the infrastructure that comes along with it as a package or it will not make a lot of sense. I will throw to you if you like.

Mr Mrdak—I will seek clarification.

Ms Riggs—That is not an issue that we have heard of from the industry so we are not familiar with that. As the secretary has said, the issue of charging stations and how they interface with the car is not directly a responsibility of the division.

Senator LUDLAM—So can you give us some idea of the lie of the land? In terms of manufacturers, are there people coming to you seeking to get accreditation to import cars?

Ms Riggs—All the car manufacturers are aware of the Australian Design Rules that cover cars. The same rules cover the car irrespective of its motive power.

Senator LUDLAM—Are there special hurdles that an electric vehicle is going to need to climb over that do not apply? I am aware, for example, of the little Indian vehicle that there was some controversy about a year or two ago which could not drive around in Australia even though they are rolling them out in India in quite large numbers. I suppose what I want to know is whether the hurdles are the same as those for regular vehicles.

Ms Riggs—The Australian Design Rules apply to all cars irrespective of their motive power.

Ms O'Connell—An electric car that was brought out to Australia and demonstrated, I think it might have been late last year, actually met the certification and design standards. It was the Mitsubishi i-MiEV.

Ms Riggs—The i-MiEV is now being imported in small quantities by Mitsubishi.

Senator LUDLAM—How many different manufacturers are seeking to import or are actually bringing electric vehicles into Australia at the moment?

Ms Riggs—The i-MiEV is the only one that I am aware of that is actually currently being imported.

Ms O'Connell—As a production electric manufactured car.

Ms Riggs—Mr Terrell informs me that the Tesla is also seeking acknowledgement that it meets the rules.

Senator LUDLAM—What is the normal processing time? How long does it take you to assess whether it does or not?

Mr Terrell—For new vehicles in full volume we have a normal processing time of about 30 days.

Senator LUDLAM—Okay.

Mr Terrell—That is from the last piece of acceptable evidence. In general the manufacturers would need to do a lot more work before they put all that in.

Senator LUDLAM—A lot of back and forth, you mean?

Mr Terrell—Not usually too much backwards and forwards unless there are errors in the submissions.

Senator LUDLAM—What I am trying to get is the general lie of the land. If we were having this conversation in five years time, how many different manufacturers would we expect to see? How many manufacturers are now seeking to bring these vehicles in?

Ms Riggs—We have just identified the two that we are aware of. You would have to speak to the manufacturers to get a sense of the lie of that land.

Senator LUDLAM—If only we could call them up. I am just noting the name of the agency—Infrastructure and Surface Transport Policy. Do you do any thinking at all about modelling future energy prices or oil prices?

Mr Mrdak—Our Bureau of Infrastructure, Transport and Regional Economics does do forecasts of demand for each of the transport modes and that information is published.

Senator LUDLAM—When you are thinking about whether to put a freeway in or a railway line in you are using the BITRE modelling on oil costs, are you? You do not do your own modelling?

Mr Mrdak—The BITRE does probably some of the best modelling in terms of transport demand and also greenhouse impacts out of the transport industry and the like.

Senator LUDLAM—From the thinking that you do or the modelling that you import from BITRE—we can talk to them as well—what is your understanding of the medium-term, 10-year horizon oil prices in Australia? Can you show us whether or not that is influencing your thinking?

Mr Mrdak—I think we have the policy group and the bureau appearing later. I do not have those officers with me. I would probably get Dr Dolman to comment on that, if that is okay.

Senator LUDLAM—Can you pass on a heads-up on that? If I am still here at 10.30 at night then we will put that question to them.

Mr Mrdak—Otherwise, we would be happy to take questions on notice in relation to that and give you a more fulsome answer.

Senator LUDLAM—If you like, that would be my question then.

Ms O'Connell—There is also published research work on the bureau's website within our department that we could refer you to.

Mr Mrdak—Let me take that on notice. We will get you a comprehensive answer from Dr Dolman in relation to the assumptions they are using in relation to fuel prices and their current projections for transport demand.

Senator LUDLAM—That is helpful. This is my last question, and then I will pass you back to the chair. Within the whole of the Commonwealth Public Service who is the lead agency with responsibility for assessing and acting on oil price vulnerability or oil vulnerability in Australia?

Mr Mrdak—That rests with the resources portfolio. They are currently working on the government's energy white paper.

Senator LUDLAM—I will put those directly to them. I have no other questions, thank you.

CHAIR—Thank you, Senator Ludlam. I call Senator Nash.

Senator NASH—I want to have a bit of a chat about the national transport regulator that has been established and what it is actually going to entail. Could you give me some background on its purpose and the funding allocation?

Ms Riggs—Three surface transport regulators currently are being developed. The first is in the maritime safety area. In essence, that is fundamentally an expansion of AMSA's coverage from its current big-ships role to cover all commercial vessels in Australia. The COAG agreement about that is that it be in place during 2013 and there is a budget measure which provides some \$5.1 million to AMSA to progress the necessary steps through this coming financial year. The second of those national regulators is the proposed heavy vehicle regulator that is being progressed under what we are calling a state based template law model. As Mr Mrdak has already said, Queensland will be the host jurisdiction for that regulator and for the associated national law. The budget measure for national transport regulators includes the Commonwealth's contribution of \$1.7 million for this coming financial year for the running of a project office based in the Queensland Department of Transport and Main Roads.

Similarly, in the rail safety area, a national rail safety regulator is to be hosted in South Australia under similar state based template law arrangements and there is Commonwealth contribution towards that of some \$600,000 in the coming financial year. To pursue equivalent measures in relation to safety investigations for both rail and possibly maritime, the final element of the measure includes some \$800,000 for the Australian Transport Safety Bureau to develop possible arrangements with each jurisdiction that might enable their role to be expanded to encompass all such investigations in Australia.

Senator NASH—What advice did you give to the government? Were you involved then in determining how these would operate?

Ms Riggs—For example, the Australian Transport Council's communiques of their past three or four meetings and those of COAG meetings of July and December of last year, most notably, record, first of all, transport ministers' progress and, subsequently, COAG's agreement to certain steps of this process.

Senator NASH—Is the funding enough, do you think? I know you are going to say yes, but is the quantum of funding enough to deliver what the objectives are?

Ms Riggs—The funding is appropriate for the work that needs to happen in the next 12 months. This is not funding that has functional regulators in place; this is funding for project offices and for implementation work towards that date of 2013 to have fully operational regulators in place.

Senator NASH—So what are they going to do that has not been done before, and why has it not been done before?

Ms Riggs—They are going to progress work that is already underway in terms of defining the details of the financial model that will support these regulators in the future, the service delivery arrangements between host jurisdictions and possible delivery arrangements through existing other institutions in participating states and territories, and they will progress the development of the national laws, which it will be the responsibility of the regulators to deliver. These are not trivial or fast matters to negotiate in the context of Commonwealth-state relations.

Senator NASH—That I understand. In terms of the slowness of some of this and the conflicting land transport regulations—I know we have discussed this and traversed this at previous estimates—what is that the purpose of it? Is it to try to get some sort of movement in terms of the harmonisation across a lot of these state laws that are just causing so many difficulties?

Ms Riggs—We have said in previous estimates that this is a move beyond harmonisation. Harmonisation is the term that we have used to describe the situation that, for road, we have been progressing down the path of since 1991 and, more recently, in rail, where a model law is developed and each jurisdiction implements it within the context of its own jurisdiction, which might mean some variation around the edges. In some cases it might mean, for various reasons within that jurisdiction, not adopting the model law or making changes to it. This is not going to be the case in the future. The template law model says that the host jurisdiction passes an agreed body of national law and each other jurisdiction passes a law that says, ‘That law in the host jurisdiction is now my law here.’ There will not be an opportunity for variation to exist in that world.

Senator NASH—That sounds sensational. How long till we get to that point?

Ms Riggs—I am delighted that you are happy. It will be in 2013.

Senator NASH—We will not hold our breath but we will look forward to it in anticipation. In terms of the conflicting transport regulation that we have had, is there an estimate of the cost that conflict has put across the industry?

Mr Mrdak—Most recently the Productivity Commission, I think a couple of years ago, estimated that the productivity benefit to the national economy of getting a seamless transport regulatory system is around a \$2.4 billion per annum contribution to GDP.

Senator NASH—It is an extraordinarily high figure. It is not the department’s fault. I mean, from the overall perspective of the industry across the country it is extraordinary. Where are the heavy vehicle driver reforms up to at the moment?

Ms Riggs—Are you referring to the fatigue laws?

Senator NASH—Yes.

Ms Riggs—They are exactly where they were whenever we last talked about them, with perhaps one update that I could give you—that is, I understand, without knowing the details of it, that there is an inquiry in New South Wales into the implementation of the fatigue laws in New South Wales and a set of related issues.

Senator NASH—Was it Tasmania and Northern Territory that were dragging the chain a bit on that?

Ms Riggs—Sorry, I do not have a full set of my previous answers with me. I will take it on notice.

Senator NASH—That is fine. It was not actually an answer, it just would have been whatever the status was last time. If you could perhaps just give us a bit more detail around where the fatigue reforms are up to, because I know that has been quite a contentious issue out there for some of the people I have been talking to.

Ms Riggs—We did take a question very much like that on notice at the last hearings. If it has changed we will update it. If not I think it stands.

Senator NASH—That would be lovely. I do not think you were not here this morning, Ms Riggs, but we did not actually get them until last Wednesday. I have not had an opportunity to go through the answers to the questions on notice yet, so I cannot actually tell you whether it has changed. That is why I am asking it again. Perhaps you could check for me again, and I will see if we can do that.

Ms Riggs—Certainly.

Senator NASH—From the farmer perspective, is it still the case that a truck operator carrying hay bales and stacked to its maximum allowable three-metre width in Victoria will be over width in New South Wales, where the maximum width is 2.83 metres?

Ms Riggs—If that is the answer that we have confirmed for you in the past—

Senator NASH—Nothing has changed? That is my question. I am just seeing if anything has changed since then.

Ms Riggs—Then it will still be the case.

Mr Mrdak—Those variations remain.

Senator NASH—Yes, they do. Is there any sort of move to fixing that anomaly anytime soon? Outside the scope of what I understand is some real intent to get some overarching changes here, is there any capacity to address some of those anomalies in the meantime that might not take three or four or five years and something that creates such a simple, practical change?

Mr Mrdak—Work is continuing as part of the development of the single national regulator. The work we are now doing with jurisdictions is to actually get a common set of regulations that would translate into the regulator. There is a lot of work going on in that space at the moment but there has been no date in terms of the state regulatory requirements.

Senator WILLIAMS—While Senator Nash is talking about those anomalies of widths of trucks carting hay, Ms Riggs is talking about 2013 till the problem of volume loading of cattle and livestock in Queensland is settled.

Senator Conroy—These have been inconsistencies that have existed for 100 years previously, including under the Howard government.

Senator WILLIAMS—Of course they have. But remember the promise by Mr Rudd of the cooperative federalism that was to be the big reform. So if we want to go down the political road, Senator Conroy, that is fine with me. But I get back to the point. As Senator Nash has quoted about the hay from Victoria and New South Wales, the stock trucks are a huge problem in northern New South Wales. I live in a town where there is an export abattoir. I have told you before that they get to the border and they have to unload so much, 10 or 15 per cent of the stock, onto a truck to then bring it into New South Wales, which is so costly. Perhaps that is where we get that \$2.4 billion figure you mentioned, Mr Mrdak. Is there any chance of this being done quickly, so far as some of these inconsistencies about livestock loading and hay loading go, as Senator Nash has mentioned?

Mr Mrdak—We are trying to do that as part of this work. One of the things we are very conscious of is that we do not want to see the whole productivity reform agenda held up while we try to sort out national regulators. Work is continuing, but I think that is probably the best way I can put it. Those differences are retained. The advantage we have had over the last year or so is that jurisdictions are having a close look at where these inconsistencies are and how they might do it as they translate into the single national regulator. But it is fair to say a lot of the work that Ms Riggs and Ms O'Connell are doing at the moment with the states, which is hard work—

Senator Conroy—Is a lot faster, a lot faster than has been done previously.

Mr Mrdak—Exactly. A lot has been happening.

Senator WILLIAMS—And you are probably expected to move a lot faster—

Senator Conroy—Certainly faster than 100 years—

Mr Mrdak—That's true.

Senator WILLIAMS—You will probably see that it will move a lot faster in New South Wales coming into March next year as well.

Mr Mrdak—But there is certainly a view within a number of jurisdictions that would argue for retaining variations. We have constantly got to keep pushing forward to get a single national approach, which lifts productivity and does not just lower it.

Senator WILLIAMS—Hear, hear! Sorry, Senator Nash.

Senator NASH—No, do not be, Senator Williams.

Senator Conroy—You are barracking for another of our policies. It must mean you are not going to vote for it.

CHAIR—Senator Nash, I would urge you to just ignore the banter between the minister and Senator Williams.

Senator NASH—Actually, it is becoming increasingly easy to ignore the minister on this.

CHAIR—And Senator Williams, let us be fair.

Senator Conroy—What is Senator Williams being dragged into this for? There is only one bad boy in this room.

CHAIR—I will not even bite.

Senator Conroy—Senator, you really should not pick on Senator Back.

Senator NASH—The meetings of the ATC, how often do they meet, the transport council?

Mr Mrdak—Generally, twice a year.

Senator NASH—And there was one pretty recently, I think, in—

Ms O'Connell—That is right, 30 April.

Senator NASH—Was there anything specific to come out of that that would be useful for the committee to know, given that it has been since the last estimates? Was there anything of use for the committee?

Mr Mrdak—Very significant. The Australian Transport Council, at its meeting in Perth on 30 April, agreed the process and some of the key governance decisions around, particularly, the use of template law and quite a significant amount of progress in relation to the development of the national regulators. So the ATC communique, which is now available, does highlight the fact that some critical decisions were taken about how template law will apply in relation to the jurisdictions, also the timetables to be provided for the establishment of project officers and the like. Ms Riggs might like to give some more detail to that, but I think they were the critical decisions in Perth.

Ms O'Connell—In relation to the regulators, that is the case. I think ATC also, in Perth, focused on a discussion around road safety and looking at what might inform the road safety strategy for the next decade from 2011.

Senator NASH—Okay. I do want to go into that briefly, but before I do that: the national strategy on energy efficiency, that sits under the ATC, doesn't it? There is a national strategy, or not quite?

Ms Riggs—A small number of measures are the responsibility of the ATC. The rest of it is being predominantly managed through the Department of Resources, Energy and Tourism.

Senator NASH—Okay, I will not ask you about it then. But of the small bit that is part of the ATC, is there consideration given to the types of fuels used for their energy efficiency capacity? It looks like somebody has an interest.

Ms Riggs—There are some elements—and Mr Jones can describe them for you—of the national strategy on energy efficiency that do go to issues about the impacts of fuels and vehicle standards in relation to that. Perhaps Mr Jones can take you through some of those things.

Mr Jones—There are around six or seven transport focused elements within the National Strategy on Energy Efficiency that were agreed by COAG in July 2009 that are being progressed and taken forward. The most significant element of that is a request by COAG to develop regulatory impact statements to consider the scope and possible introduction of CO2 emission standards. Such standards do not exist in Australia currently. That is a project area that the Commonwealth has got leadership of.

There are a number of other elements within there that have got various shades of joint Commonwealth and state ownership, participation and development. There are some that deal with issues of fleets and better information to help them to manage emissions issues. There have been projects relating to information sharing on some of the technologies available in the heavy vehicle industry. For example, there are information sources being developed and guidebooks being prepared by a combination of participants, both industry and government.

There are further issues that deal with information sharing and consumer information. One project to be developed particularly over the next six to 12 months relates to consideration of the scope for including either regulation or self-regulation in the area of improved information by vehicle manufacturers when they advertise vehicles. We are aware of one country, the United Kingdom, which has mandated some information relating to fuel efficiency to be included within manufacturers' advertisements. We will be giving consideration to costs and

benefits of such an exercise in Australia. So there are six to eight in total and, as I mentioned, there are various levels of Commonwealth-state participation.

On the fuels issue, there is not a formal measure in there of that set that was agreed by COAG under the NSEE banner, but there is a range of interest and cooperation between a number of jurisdictions, including colleagues from the environment portfolios, industry portfolios and resources portfolios. They are asking questions around whether there is scope to research, share information and consider issues around fuels. It has not been a formal part of the NSEE but, as I mentioned, there is a range of interest and cooperation among portfolios and jurisdictions on this subject.

Senator NASH—Thank you very much, Mr Jones. I have two more things. Do statistics around truck accidents come under anyone here?

Ms Riggs—Formally, the bureau is the manager of data relating to road safety.

Mr Mrdak—What are you seeking information on?

Senator NASH—When the statistics are collated for truck accidents, I am interested in whether the departmental information actually attributes responsibility for the accident. When we have truck accidents, it certainly seems like everyone assumes that the truck is the cause of the accident, just in general layman's terms. I am interested in whether there are any figures that are published in any way that put the responsibility on the truck or whatever else is involved in the accident with the heavy vehicle.

Mr Mrdak—I will just check with Mr Motha. He looks after our road safety area.

Mr Motha—Yes, there is causal and attribution data available. There is what we call a fatal file that has coroners' data in it, and analysis of that database can tell you who is at fault in many cases. Also the states and the territories do their own investigations in relation to causality—blame, if you like—and responsibility. So that data is available.

Senator NASH—Thank you. Where do I go to find that?

Mr Motha—The bureau will be able to give it to you.

Senator NASH—We will do it through them. That is fine.

Mr Mrdak—If there are certain questions that you have, we are happy to take those on notice with the bureau and come back to you.

Senator NASH—I will just put them on notice in writing, and if you can come back that would be really useful.

Ms O'Connell—The bureau does publish material in terms of road crash data regularly in reports and on its website. I am not sure that the causality factor is published, is it, Joe?

Mr Motha—No. Causality is not published, Senator. There is a heavy vehicle bulletin that the bureau produces periodically, but I do not think causality data is in there.

Senator NASH—Actually, we have got them in later today I think.

Ms O'Connell—We do.

Mr Motha—One of the issues with causality of course is that in the coroner's database there is a time lag, because the coroner's reports typically take about two to three years to be

finalised and therefore there is always a time lag between the data that is available. It is not current.

Senator NASH—To the other end of the scale, I am just interested in overall national policy for young driver education in terms of their pre P-plate education. There seems to be a real lack of consistency or harmonisation across the states. Some are better than others—certainly from a lay perspective—in terms of what some states or territories provide compared to others. I think certainly here in the ACT they have a tremendous system of education before our young drivers hit the road compared to some of the other states. Is there any view towards having some sort of national system in terms of that driver education and training prior to getting in a car with a P-plate on?

Mr Mrdak—There are two major initiatives which we are involved with which Ms Riggs or Ms O'Connell may want to explain—keys2drive and a P-plate driver initiative. Both are aimed at trying to pick up best practice in those areas. Do you want to comment on those?

Ms Riggs—It is fair to reflect on the fact that driver licensing is a state and territory jurisdictional responsibility. I think it is also fair to acknowledge that a group of, if you like, road safety managers in each of the states and territories meets quite regularly to share good practice and to talk about initiatives in both pre driver education and development and also the sorts of strategies that jurisdictions have been using for drivers in their early years, and the sharing of that experience sometimes is influential in policy development in other jurisdictions. The most significant contribution of the Commonwealth in this area is the keys2drive program, which has now been rolled out in all states, with the territories still to come and the ACT tomorrow morning, I think, or maybe it is next Thursday.

Senator NASH—Gosh, we make things happen quickly out of the estimates process, don't we?

Ms Riggs—That is a program that recognises that the influences on learning drivers come not just from formal training through perhaps a driving school—sometimes through parents, as you know—but almost always includes family and friends or some form of mentor or assistant because of the hours of practice that most learners have to do in order to be able to qualify for their licence. That program provides information and support through a website, strategies for supervisors as well as for the individual learner driver themselves and also one Commonwealth government paid for lesson which is focused as much on providing tips and clues to the supervisor—so the parent or the older sibling or the family friend who will be with the learner driver as they do their hours of practice—to help them understand the importance of giving strong, positive reinforcing messages to the learner driver as they develop that experiential part of driving rather than sometimes the not so good messages that inadvertently we as parents have given to learner drivers because over the years we may have developed less than optimal practices ourselves.

That is a program that is being managed on the government's behalf by the Australian Automobile Association and rolled out through using accreditation of driving instructors to participate in the program and is usually managed in each jurisdiction through the member association of the AAA. The novice driver program is being managed on behalf of a small number of jurisdictions by Victoria, and it focuses particularly on the nature of the curriculum

that will best provide a basis for the development of the skills during the learning period and carrying them forward into the future. That is a program that has had a bit of a long gestation period but is moving into its test period now, which will involve doing some comparisons of the outcomes of its processes between groups of learner drivers who have used those materials and curriculum and others who have been through whatever the standard process is in the jurisdiction that they are learning in.

Senator NASH—It is an interesting point that you make about the parent or supervisor and the hours in some of the jurisdictions that they have to do. Is there any discussion within the collective group across the states and territories that you talk about as to whether that is the optimum way to train our younger drivers? Some of our drivers on the road are not necessarily the best people to be training younger drivers. I think here in the ACT they do very much a theoretical course and then a specific number of hours with a professional teacher rather than their 100 hours of random driving with a parent or supervisor. Is there much discussion around which of those is actually providing the optimum learning experience and giving us the best drivers?

Ms Riggs—Senator, that is a little hard to make an evaluation of. What we do know is that the experiential factor is clearly an important part of training a beginning driver. If we look at the numbers, learner drivers are really safe drivers and that is because they have beside them an experienced driver who is being part of their eyes and ears and judgement. As soon as we give them a licence of their own, however they have acquired it—whether it is through doing a test or going down the logbook path, which also involves a lot of supervised hours of experience—and we let them drive by themselves the chance that they will be involved in an accident increases dramatically. It declines over the next five-year period, that is, after they start really to build their experience of having to exercise those judgements on the road every day. So the informed view in the road safety community at the moment is that the more we can help drivers during their learner experience develop those judgements—that is, practice, practice, practice—the more likely we are to give them good ongoing skills that will make them as safe as we can on the road.

Senator NASH—And just finally—the chair is not listening, so I will sneak another one in—I think—

Senator Conroy—Outrageous. You said ‘the last question’ 10 minutes ago.

Senator NASH—Good on you.

CHAIR—She does it to me all the time. Welcome to my world, Minister.

Senator NASH—I just had to prove a point on how correct you are. A few years ago there was a program set up for advanced driver training for young people. It was only set up in a few places. I just have a very hazy recollection. I am sure under John Anderson we set up not an advanced driver but some sort of extra training program that was rolled out in a couple of the states.

Mr Mrdak—This is what essentially became the work we are doing in Victoria.

Mr Motha—Senator, as Ms Riggs mentioned, the P Drivers Project is what I think you are referring to.

Senator NASH—Yes.

Mr Motha—Yes, that is the one.

Senator NASH—Thank you.

Senator WILLIAMS—I have just a few questions. On the regulatory body that will be established: will the federal government be funding that body or will the states contribute to it as well, Ms Riggs, do you know?

Ms Riggs—In the case of the rail and heavy vehicle regulators, those arrangements are still to be determined but fundamentally it will not be a Commonwealth body and so it is highly unlikely that there will be significant Commonwealth input. At the moment all of those functions are carried out by the states and territories. So it will be a combination of the states and territories that will provide the funding in those two areas. In relation to the expansion of AMSA's coverage, there are a number of matters that we still need to work through with the states and territories but, again, as they are currently funding a significant part of the role that AMSA will expand into, those negotiations are about how shared funding arrangements will work rather than be based on a presumption that the Commonwealth will, in effect, lift costs from the states and take them over themselves.

Senator WILLIAMS—So, there would be no forecast of the costs of running that operation at this stage?

Ms Riggs—No, there are not, Senator.

Senator WILLIAMS—I turn now to the flexibility of driving hours for truckies with respect to logbooks. I have a friend who has a livestock truck in South Australia. Just recently he was about 70 kilometres from home and his logbook filled up. Truckies have to fill a work sheet in as they are loading their trucks with stock and unloading their trucks et cetera. He was 70 kilometres from home and his truck was empty. He had to pull up and sleep in his truck for the night or face a \$400 or \$500 fine. To me that seems far too stringent. Some 45 or 50 minutes later he would have been home, he could have had a hot shower and a meal and been in his own bed. I think there is not enough flexibility in those circumstances.

I will give you another example. Once you do so many hours as a truck driver you have to turn your truck off for 24 hours. I know of a bloke who had to have his truck out at 8 o'clock on Monday morning. His logbook was not full. But he had to drive through the night Saturday night when he was very tired to have his truck turned off by 8 o'clock Sunday morning because it has to lay idle for 24 hours. He drove tired so he could have the truck turned off for 24 hours.

These provisions are probably meant to improve safety but because they are so inflexible they are causing a lot of damage in certain circumstances. Why can we not have any flexibility? If someone is 45 minutes from home in country South Australia why can they not drive home without facing a hefty fine and have a good night's sleep instead of sleeping in their truck?

Ms Riggs—I have to preface my remarks by saying I certainly do not, for a moment, pretend to be an expert in relation to fatigue and how it impacts on any worker let alone truck drivers. But there is a real issue in relation to how in a regulatory system you can create

flexibilities, particularly where there are compliance and enforcement issues that have to go with it. One of the things that needs to be contemplated is, if you are going to allow what might, for example, in some cases be constituted as a reasonable steps defence—that is, it was only a another 45 minutes—how long is the only? Is it only another 15 minutes that you are allowed or is it another 45 minutes or is it another hour and 15 minutes? Does that mean that the limits for driving hours under that regime are now 16 hours and 15 minutes rather than 15 hours? I think there are some very real issues in compliance and enforcement regimes. Whether it is about fatigue or the loaded weight of a truck or many other dimensions, there are very real questions about how you build judgment into compliance and enforcement regimes. I do not pretend to be an expert in those either.

Senator WILLIAMS—I did drive semitrailers for many years. I think it is outrageous that someone can be 45 minutes from home but because of the straight-down-the-line regulation they have to sleep in the sleeper cab of their truck that night without having a shower, and having takeaway food instead of going home to proper accommodation and a much better night's sleep, which means they would be much fresher for the next day.

That is the point I wish to make. I spent about eight years driving semitrailers. I do not know whether you have ever driven them. To me it is outrageous to sleep in a truck especially in winter time when it may be minus three and frosty when 45 minutes later you could be home in your bed with your wife and have a good shower and a good feed. I think it is outrageous and some flexibility should be shown when people have unloaded their livestock and they are driving an empty truck out on a country road. Between, say, Burra and Jamestown you would be lucky to see two vehicles on the road at night time. We will have to agree to disagree on that.

Senator BACK—What if the truck is still loaded—

Senator WILLIAMS—I do not know, Senator Back. In the 1970s when I was driving trucks that were fully loaded with livestock we were exempt from filling out the logbook. I think the regulations have changed very much since then.

Senator BACK—Are there exemptions, do you know?

Ms Riggs—If you would like to ask a specific question, I am happy to take it on notice.

Senator BACK—I am just interested.

Ms Riggs—The truck laws are different in every state and territory even though they are based on model laws in some of them and in others they are not. I am really not in a position to answer that question.

Senator WILLIAMS—Senator Sterle might like to fill us in on that. He has spent a lot of time behind a steering wheel.

Senator BACK—I actually want to go back to driving instruction. It is an area of great interest to me. Borrowing from the training of pilots, I will pass by you a possible scenario in which it is compulsory for a student to be under an accredited instructor prior to them being able to sit for their licence. Until the accredited instructor actually signs off on them being submitted for testing, they cannot be. So, in other words, whether they go for one lesson or 100 lessons, until an accredited instructor actually says, yes, that student is now ready for

testing, they aren't. They obviously then proceed to the test and the instructor's annual licence is linked to the success rate of students passing. In other words, it is not in the interests of an instructor to simply say, 'Yes, you're ready, you're ready, you're ready', because the successful outcome of that student being tested by the relevant authority impacts directly on the annual accreditation of the instructor. Can I ask for a comment from those of you with expertise in this area? How does that work? It is an exact borrow from air pilot instruction: you must sign up with an accredited instructor and until that instructor is satisfied that you are ready to be submitted for testing you can't be.

Ms Riggs—Senator, I guess I would make a couple of comments, and again I need to preface it by saying the Commonwealth is not responsible for the law in this circumstance.

Senator BACK—I am aware of that, but it can influence it.

Ms Riggs—I would like to make two comments. I find the addition of the instructor themselves being held accountable for the number of students they, as it were, submit through for testing very interesting. I do not think any jurisdiction has taken it up at this stage, but I do hear those senior road safety managers talk about learning from the aviation industry and I think that is one of the elements they have in mind. The second comment is that one of the initiatives that I think is very powerful in the keys2drive program of the government is the notion of the accreditation of driving instructors. The industry has been one of patchy quality—

Senator BACK—Yes.

Ms Riggs—And the requirement to be accredited in order to be able to offer, as part of a package of driving training and education, the free Commonwealth-paid-for lesson and access to that terrific website with fantastic materials on it both for parents and the young drivers themselves. I think it really will up the game in terms of bringing those who want to be good and seen to be good and have that 'I can offer this program'. I think there is a cachet involved in that and I think it is an important measure towards upping the standards across the nation. It will not happen overnight. I think it is not unallied with your notion of accountability, but it is the carrot dimension of that perhaps rather than the stick.

Senator BACK—I have other questions, if I may, unless my colleague Senator Abetz wishes to continue. They are to do with the department's role in shipping policy and regulation. Who can I direct those questions to?

Ms Riggs—Start with me.

Senator BACK—Wonderful. I will just quote then from program 2.2 under 'Shipping policy':

... and, amongst others, to provide effective policy and regulatory framework for coastal shipping and international liner shipping and to provide advice to government on shipping policy issues in international negotiations to facilitate the growth of maritime trade including International Maritime Organisation Asia Pacific Economic Cooperation.

The shipping industry is of the view that they are being unfairly discriminated against in relation to foreign shipping operating in Australian ports between our ports. Is this something

that you can perhaps provide some advice to us on? What is the nature of the concern by the Australian shipping industry and your belief in its validity?

Ms Riggs—I do not think I would want to speculate about what the nature of the shipping industry's concern is. I am sure that they have expressed it to you but—

Senator Conroy—You cannot ask them to express an opinion.

Senator BACK—I was not. I was more seeking explanation of whether the department were aware of this concern, but thank you, Minister, I appreciate that.

Mr Mrdak—We certainly are aware of the concerns of the Australian shipowners and the Australian maritime industry about the ability of foreign ships to access the Australian coastline through the operation of the permit system and the cabotage arrangements we have in place. This is an issue which the Australian government is looking very closely at in terms of its future maritime policy settings.

Senator BACK—Going back to the original definition of cabotage, I understood that it actually applies to protecting or giving some advantage to the carriers of that nation. For example, the Americans give great preference to their own companies for domestic air travel within the United States, which I understood to be cabotage. That is what interests me or concerns me. If there is a cabotage issue, you would have thought that it would be the Australian shipping industry enjoying a benefit, but from my understanding they complain that they actually are at a disadvantage.

Mr Mrdak—I think the issue is that Australia does have a cabotage regime, essentially where Australian registered and licensed ships operate on our coastline. We operate a permit system which enables that when an Australian flagged vessel is not available foreign ships can carry cargo around our domestic coast. I think the concern of the Australian shipowners is how that permit system operates. It was certainly a large concern of the Australian shipping industry under the former government as to how the permit system operated. This government has a view that there needs to be a revitalisation of the Australian fleet and Australian shipping. They are issues which we are now working on in terms of this government's future policy settings.

Senator BACK—You were saying that you provide advice to government. Would I be in order to ask if I can seek from you that advice, or is that—

Senator Conroy—No.

Senator BACK—Thank you.

Mr Mrdak—The government is yet to finalise its position.

Senator BACK—Can I put to you a view which I was actually trying to come to an understanding of recently. The party was saying to me that if a vessel registered in Australia were transporting a shipload of product from, say, Brisbane to Newcastle it would be financially better from the owner's perspective for it to go by road—that is, it be offloaded from the vessel and go by road down to Newcastle—or for them to go out of Australian territorial waters en route from Brisbane to Newcastle. Could you explain to me what he meant by that latter scenario? How could it be of value and therefore more economical to the owner of that cargo for that vessel to go out of our waters and re-enter them?

Mr Mrdak—Essentially, the Australian shipping industry operates at a higher cost compared to foreign flagged vessels which are able to draw on foreign crew who are paid wage rates below Australian award rates. There is a cost differential in operating ships in Australian waters between foreign flagged and foreign crewed vessels and Australian flagged and crewed vessels because of issues such as wage differentials.

I think the example he would be giving you is that the cargo may be cheaper for him to export using a foreign flagged and foreign crewed vessel through an intermediate port and back to Australia than it may be to operate down the coast because of the price differential of Australian shipping. I think that is what he is referring to.

Ms Riggs—But it is important to note in that example that it is not simply a matter of leaving Australian waters that would make it an international voyage. It would actually have to go to an intermediate port to qualify, otherwise it would still be subject to a permit arrangement.

Senator BACK—An intermediate port outside Australia?

Ms Riggs—Yes.

Senator BACK—And take on more cargo, or that would not matter?

Ms Riggs—No. I do not think the rules would insist on taking on more cargo, but it would actually have to visit an international port.

Senator BACK—And you are saying, without breaking any confidentiality, that the department is giving advice to the government on this issue at the moment?

Mr Mrdak—That is correct. The government is looking to respond to the House of Representatives inquiry into shipping and the maritime industry. The government has a very strong commitment to the revitalisation of the Australian shipping industry and work is now being undertaken for the government to look at options to do that.

Senator BACK—Good. Thank you for that understanding.

Senator SIEWERT—I have been referred to you from the Great Barrier Reef Marine Park Authority; so I am not sure if I am asking in the appropriate area. I was asking this morning around the *Shen Neng I* incident and, in particular, the issue that came up was the antifouling paint.

Senator Conroy—We have not got to that section yet.

Mr Mrdak—Right portfolio. Straight after this division is the Australian Maritime Safety Authority.

Senator Conroy—Yes, which is who you need to talk to.

CHAIR—And we are nearly there.

Senator Conroy—We are almost there.

Senator SIEWERT—I just want to clarify what I am asking though, because they said infrastructure. I am going to ask AMSA some things. I am not asking about routes or anything; I am asking about the antifouling paint and the rules that you use around that. Shall I still ask AMSA?

Mr Mrdak—Yes, AMSA, and they are just outside.

Senator Conroy—Hopefully we will be there in five minutes time.

Senator SIEWERT—That is fine.

Senator ABETZ—I have a few questions about—and it will not surprise—the Tasmanian Freight Equalisation Scheme. Last time round we were discussing who required that original documents be provided for the purposes of processing claims. If I heard correctly, I thought the blame was being put on Centrelink. I went to Centrelink and they put the blame back on you guys, if I can use that term. So whereabouts are we with that, Ms Riggs?

Ms Riggs—Senator, what I said was that we required the original document. What I was unaware of was the requirement for the photocopy. I have reviewed both the transcript from my own evidence and also the transcript from your conversation with Centrelink and I do not think they are at odds at all. I acknowledged in my evidence that we required the original document. The issue of the photocopy was the one that took me by surprise. Although I did not hear all of the conversation Senator Nash initiated this morning, I appreciate that there has not been a long time since the answers we provided in writing from the last hearing have been made available to the committee, but I did describe this in one of the answers that I provided to the committee.

Senator ABETZ—We do live in an age where even the tax office accepts electronically lodged tax returns and pays on the basis of an electronic lodgement. I am just wondering why we still have an issue here in relation to electronic lodgement. I do not want to spend much time on it, but just encourage the department to consider the facilitation of electronic lodgements to facilitate payments.

Ms Riggs—We would be delighted to do that. I understand that that is an issue of Centrelink's and not of this department. My current advice is that Centrelink is not able to accept electronically lodged documents for this program, and we have double-checked that, knowing that you would ask about this. As soon as they are able to tell us they are able to accept it we will be happy, as they move towards that, to develop the policies and approaches that we would be satisfied with. I happily acknowledge that the tax office is well ahead of where Centrelink and we are at in relation to this matter, and there might be guidance for us in that.

Senator ABETZ—So is it the—what?—technological hardware or whatever that they have got in Centrelink that means they physically cannot process it, or are they going to say that somehow the instructions provided by your department do not allow them to do it electronically?

Ms Riggs—I think that is a very good question. As I understand it, the issue goes to how you identify an original document if it has been transmitted electronically. If Centrelink were to say to us that is the only issue involved, then we would be in a position to help work through the answer to that. As I understand it, it is more than that. But if Centrelink would wish to tell me that I am wrong, then I think we are in a position to move quickly to help them find a way for the electronic lodgement of documents that can provide a satisfactory evidentiary standard.

Senator ABETZ—The satisfactory evidentiary standard is one that you require.

Ms Riggs—Yes, and I said that last time, Senator.

Senator ABETZ—Yes, and so Centrelink are basically your administrators and they dance to your tune, if I can use that terminology?

Ms Riggs—We set the fundamental framework for the program.

Senator ABETZ—That is a lot more clinical a description than my layman's terms and I accept that. I encourage you to do whatever you can, along with Centrelink, to resolve this, and I hope to get along to Centrelink to provide them with similar encouragement. Can I now move on to the review, Ms Riggs. Whereabouts are we with that? I understand there was a draft at the minister's office with intended guidelines and they went out for consultation and the minister is still cogitating over it; is that correct?

Ms Riggs—I can give you an update.

Senator ABETZ—Excellent. Thank you.

Ms Riggs—The minister actually announced while attending a community cabinet in Launceston—

Senator Conroy—Burnie.

Ms Riggs—No, in Burnie.

Senator ABETZ—That is why I did not find out. It was in Burnie rather than Launceston. I am from Hobart.

Ms Riggs—My mistake—in Burnie last week that he had decided at this stage not to proceed with any changes to the ministerial directions.

Senator ABETZ—Did he issue a press release in relation to that?

Ms Riggs—No.

Senator ABETZ—So he announced it at the forum?

Mr Mrdak—The minister took a question from the floor of the community cabinet and advised the audience of his decision. He had advised us earlier—some time ago—of his decision not to make any changes to the ministerial guidelines.

Senator ABETZ—No changes at this stage. What is the official wording of this?

Mr Mrdak—No changes to the ministerial guidelines.

Senator ABETZ—Now?

Ms Riggs—I do need to add to Mr Mrdak's answer. The minister's media release of November 2008—

Senator ABETZ—I know it well.

Ms Riggs—announcing a continuation of the program as it then was—but that is, in fact, the announcement that initiated the review of the guidelines—

Senator ABETZ—That is right.

Ms Riggs—did say that the program would be reviewed in 2011-12. So, no change to the MDs at this time but he has not changed that position, as we understand it—a review will be forthcoming.

Senator ABETZ—Sorry?

Ms Riggs—A review will be forthcoming in 2011-12.

Senator ABETZ—Which is next year.

Ms Riggs—Yes.

Senator ABETZ—So when we say ‘no change full stop’, it really is no change at this time subject to yet another review in 2011.

Ms Riggs—An already announced review.

Senator ABETZ—All right. I sort of understand that—no change but subject to an already announced review. That is good news as far as it goes. I then want to ask a question in relation to determining which products are able to benefit from the freight equalisation scheme. It has been put to me, for example, that if you import things into Tasmania for your joinery business you might be able to get freight equalisation because that is all that you do and then you might export the product back to the mainland. Is that correct—for an input into manufacture—

Ms Riggs—If joinery fits within one of the five categories of broadly defined industries that the scheme supports in that regard.

Senator ABETZ—Yes, but then, if that joinery shop is bought by a company that makes reinforced concrete, for example, all of a sudden joinery is no longer the major business of that new-found conglomerate and all of a sudden the freight equalisation scheme no longer applies; is that correct?

Ms Riggs—I would need to check that through. If the shop itself is still engaged in the industry of joinery, I do not think that just the fact that the new holding company is in a completely different industry would necessarily change that, but you are asking a hypothetical question and I do not want to be definitive. If there is a particular case, perhaps you would like to put it on notice and we could give you a clear answer.

Senator ABETZ—I did put it to you as a hypothetical, but, in fact, I understand it is a reality that has occurred and—

Mr Mrdak—We will take that away and come back to you.

Ms Riggs—Senator, if you can provide the details of the names and so on, it would make it much easier.

Senator ABETZ—I will go back to my sources and ask them to do so, Ms Riggs.

Ms Riggs—Thank you.

Senator ABETZ—Thank you very much for that offer. That is appreciated. We also have the definition of manufacturing. I understand the scheme operates under the Australian and New Zealand Standard Industrial Classification; is that right?

Ms Riggs—Yes. We use the codes from that as part of the definition of eligible industries and, therefore, businesses.

Senator ABETZ—As I understand it, these definitions have a fairly wide capacity for interpretation. For example, if a baker or a bakery shop imports product to manufacture bread or whatever, the freight equalisation scheme for southbound would apply because they are value-adding; is that correct?

Ms Riggs—I would have to be very clear about what the purpose of the bakery was. I think that, if its business was simply retail selling in the local area, it might not be eligible irrespective of the import.

Senator ABETZ—Why not? I thought that, if the product was imported for the purposes of value-adding and manufacturing, then it would benefit.

Ms Riggs—If the bakery is a retail business and its business is predominantly in the retail industry, then it is not in the manufacturing industry.

Senator ABETZ—Right. So if it is a baker that sells to retail outlets, it would; is that correct?

Ms Riggs—I think that might be a more clear-cut case.

Senator Conroy—They are the same guidelines, aren't they?

Ms Riggs—Yes. The rules are still the same.

Senator Conroy—These are the same guidelines that have always existed, Senator Abetz; is that right?

Senator ABETZ—Yes.

Senator Conroy—Or are you concerned that there is a change?

Senator ABETZ—But they are being interpreted different ways. I am now being told from my sources that, just because Joe Bloggs down the road gets it and his business is exactly the same as Josephine Jones's business, that does not mean that they will both get the benefit of this scheme and no business that is currently the recipient can be used as a precedent—

Senator Conroy—Are you able to give us the detail of it so that we can examine it for you?

Senator ABETZ—What I am thinking, given that we are getting close to 6.30, is whether there may be a possibility of—

Senator Conroy—Would you like a briefing?

Senator ABETZ—Yes, a private briefing in relation to this because of what is happening in Tasmania. To allow the officials to gather their thoughts—

Senator Conroy—I am happy to provide that.

Senator ABETZ—Bakeries get it but butcheries do not and, if businesses amalgamate, all of a sudden a business that used to get the benefit of it, because they are no longer predominantly a manufacturing business, is dropping out.

Senator Conroy—A valid reason for a briefing, Senator Abetz.

Senator ABETZ—There are genuine issues there. I understand there was a consultation meeting in recent times. That was on 30 April; is that right?

Ms Riggs—A consultation meeting in relation to this program?

Senator ABETZ—Yes, the Tasmanian Freight Equalisation Scheme in Hobart.

Ms Riggs—If there was, it certainly was not managed by this department. Centrelink may have run something as administrators of the program. But I can assure you that on 30 April I was at an Australian Transport Council meeting in Perth and not engaged in matters to do with this program.

Ms O'Connell—Senator, if we can offer a briefing and explore that in terms of the specific circumstance, that might be most useful. Perhaps our Centrelink colleagues could join us for that briefing as well and look at the specific circumstance that you are outlining.

Ms Riggs—I do not think we can promise to do that during the dinner adjournment tonight because I do not know whether Centrelink is even in the building.

Senator ABETZ—No. We can do that during the next parliamentary sitting fortnight. There is no great rush on this. It has been put to me that, if this bakery, for example, simply had an ABN number for its manufacturing out the back and then a separate ABN number for its retailing out the front of the shop, it would be potentially able to claim. So we are putting what seems to be artificial road blocks in the way and making people jump through hoops—creating two separate businesses or forcing businesses not to come together for efficiency reasons because they might then miss out on the freight equalisation. So there do seem to be some problems. From what I am being told—and that is as strongly as I can put it—individual decisions are being made that do not necessarily relate to what some of the people who are in the scheme think are precedents.

Ms Riggs—Senator, I would be delighted to have that conversation with you. It is certainly not that we have changed any rules.

Senator ABETZ—That is accepted—no rules have changed. It is the individual interpretation of the rules leading to circumstances where there appears to be two identical cases where one benefits and one does not. You have to scratch your head and ask why. It seems to be independent decision makers.

Senator Conroy—I thought we were going to get you a briefing.

Senator ABETZ—Senator Conroy, I ring Mr Albanese's office for that?

Mr Mrdak—Yes.

Senator ABETZ—And Mr Mrdak and your—

Senator Conroy—We will facilitate it.

Senator ABETZ—Thank you very much. You will tell me to go to Centrelink in answer to this question no doubt, but you monitor on a monthly basis, I think I was told in a helpful answer to a question on notice. There we go—ISTP04, where it says, 'The department receives monthly reports from Centrelink that include information on the number of claims on hand and has regular discussions' et cetera. How is the backlog going? Is it gone?

Ms O'Connell—I would like to pay tribute to Centrelink in terms of the work that they have done to attack that processing backlog. They have done considerable work to address the

processing backlog and have achieved some good results. Ms Riggs might give you the data as at the end of April in terms of current claims on hand and where they are up to.

Senator ABETZ—Is the turnaround 35 days as at the end of April?

Ms Riggs—Perhaps I could answer your question like this. The advice I have from Centrelink is that as at the end of April there were 199 claims on hand and that, of the claims that were processed during April, 73 per cent of them—so nearly three-quarters—were processed in 15 days or fewer. Nearly 90 per cent—89 per cent is the figure on my bit of paper—were processed within 30 days.

Senator ABETZ—It would be fair to say that when we last met in February it was a lot higher and then it got even higher in March. Is that correct?

Ms Riggs—Senator, I do not have the month-by-month figures with me. I am sorry.

Senator ABETZ—But the trend is getting better and we are—

Senator Conroy—We are in agreement; we are improving.

Ms Riggs—I think we should reinforce that when you first raised these questions in the latter part of last year the numbers were more in the order of 1,500.

Senator Conroy—We are in unanimous agreement—we are improving.

Ms Riggs—We are down to 200.

Senator ABETZ—And are we satisfied that the mechanisms that are now in place will ensure that we do not get those sorts of backlogs again?

Ms Riggs—At the end of the day, those are matters for Centrelink to provide you answers about.

Senator ABETZ—Yes, but don't you contract Centrelink and provide them with key performance indicators saying that unless you process claims within a certain period of time you don't get your payments?

Ms Riggs—Senator, we had a conversation about the nature of performance measures between us and Centrelink last time and I had to acknowledge to you that we ask that they process claims in a timely manner. We did not put greater specificity on it than that.

Senator Conroy—But we are coming down and we are improving.

Senator ABETZ—Well, this is a program which would make it a programmatic specificity that we do need some specificity in relation to the timing because there are a lot of small businesses that hang out for these payments and it has a huge impact on their cash flow on a month-to-month basis. So that is why I make this appeal—because there are lots of them that genuinely do rely on that cash flow. Be assured that it will continue to be monitored and thank you, Minister, for agreeing to facilitate and, Mr Mrdak, thank you very much.

Senator NASH—Sorry, I did miss this one before on the pre-1989 vehicle import scheme. This will be really quick and straightforward. According to DOTARS' information bulletin entitled *Importation of converted vehicles under the pre-1989 scheme*, if a vehicle has been modified or converted after original manufacture so that the vehicle no longer meets original specifications, the date of manufacture is taken to be the later date of conversion. Is that

contrary to how it has been before? If it is, how does an engine swap, brake upgrade or a suspension upgrade change a vehicle's manufacturing identity when it retains its original body chassis?

Ms Riggs—One of the concessional schemes for importing vehicles to this country is called the pre-1989 scheme. A vehicle has to have been manufactured before 1989 in order to come in under that scheme. The major concession that that represents is that those vehicles do not have to meet the requirements of our Australian Design Rules. Now, you will appreciate that those rules exist to ensure the safety and environmental performance of vehicles on our roads. During the course of the latter part of last year it became obvious to the team in our vehicle standards area, during their process of auditing and approving vehicles, that there were some vehicles that were seeking to be imported into the country under the pre-1989 rules that had been so substantially rebuilt that they did not meet the specifications for the vehicle as it had existed when it was originally manufactured.

Senator NASH—Can I just interrupt to make this a little easier. Did they want them imported under pre-1989 because it is less expensive, or what is the reason?

Ms Riggs—They do not have to meet the Australian design laws. It is a huge concession. These are vehicles which we would now regard as unsafe in some cases. In many cases we would regard them as unsafe. It is a major concession to allow these old, old cars into the country. Some of those cars are not the car they were when they were built. They may not even have met the rules then if we had let them in. So we have tightened up our administration. We have not changed the rules but we have tightened up the administration to make it quite clear that, unless the modifications to the vehicle are relatively minor—a change of paint job, whatever—and if they have substantially changed the specifications of the car as it was originally constructed, it is not that car. That is a bit of a con and so we have tightened it up, yes.

Senator NASH—Is the state and territory approach to this the same as the federal one?

Ms Riggs—Fundamentally, you have to meet our rules first to bring a vehicle into the country and then some states and territories will automatically provide registration—maybe in some cases limited forms of registration. Other states and territories in different circumstances might apply some other rules. But they relate to their registration function, not to the fundamental standards of the vehicle.

Senator NASH—Just finally, does that create any issues if there are any differences between the federal requirements and—

Ms Riggs—Nobody can override our rules. Our rules are, if you like, the baseplate. They might tack some extra ones on top.

CHAIR—Thank you, Ms Riggs.

[6.32 pm]

Australian Maritime Safety Authority

CHAIR—I welcome officers from the Australian Maritime Safety Authority, and I call Senator Back.

Senator BACK—I want to reflect on a new protocol creating a supplementary fund which improves the international regime for compensation of victims of oil pollution from tankers. I understand this has taken place as of 13 October 2009. Can you give us some further advice on that protocol?

Mr Kinley—I will have to go and get further information, but basically the supplementary fund relates to the compensation regime that is applicable to oil tankers. It basically is a top-up mechanism to increase the limits of the compensation available in the case of an oil tanker incident where those funds are needed to clean up and compensate people for damage.

Senator BACK—So it does not replace an existing fund, which I think was the 1992 fund, but it makes available additional compensation. Is that correct?

Mr Kinley—Yes.

Senator BACK—I know others want to ask questions so I will go through mine. This question relates to the Montara oil spill. Has the authority reviewed the wash-up from the Montara oil spill, with particular reference to your own activities and those of other agencies with whom you would have interacted in that particular incident?

Mr Peachey—Yes, we have. We have reviewed what went on.

Senator BACK—Have there been any changes to your protocols, or have you recommended changes to the protocols of other agencies as a result of that incident?

Mr Peachey—There are a couple of parts to that. One is that the review that was undertaken was an independent review, as we customarily do after these sorts of incidents. That review involved talking with all of the players in it, and a lot of operational matters were raised in that review. Those matters are being addressed internally within AMSA, and we intend to use the lessons learnt out of that sort of incident in a broader review of the national plan that is coming up later this year.

Senator BACK—Will those be made publicly available? Will we have an opportunity to be apprised of what those changes are?

Mr Peachey—Yes. The reports that we do like that end up on our website. I understand that the incident analysis report for the Montara wellhead issue is published on our website at the moment.

Senator BACK—As a result of that, has there been any further budget allocation for the authority in terms of putting into place changed protocols?

Mr Peachey—There have not been any budget appropriations because we do not believe they are necessary.

Senator BACK—There was a question at the time about the toxicity of the different types of dispersants used. The event in the Gulf of Mexico at the moment has also focused attention on dispersants. Can you advise the committee of any work, results or advice that may have

come to you in terms of the possible toxicity on marine life of the dispersants used in Montara?

Mr Peachey—The dispersants we use have to satisfy a protocol that is agreed in the national plan. There are tests that are done to test the toxicity of it. The dispersants we used met that standard.

Senator BACK—They have met the standard?

Mr Peachey—The dispersants we used met the standards that had been agreed nationally, yes.

Senator BACK—Okay. I just made reference to the BP incident in the Gulf of Mexico. Is that an event that your authority would be taking any sort of active involvement or interest in, apart from the natural interest we all have within the community?

Mr Peachey—It is certainly one that has a great deal of interest for us. We have in fact contacted our counterparts in the United States. We have sought their cooperation to put one of our senior environmental people over there. As you would probably expect, there are probably a lot of countries queuing up to do just that, and our advice is that we will go when it suits them. But we are certainly monitoring what is going on. I learned pretty early in this sort of area that the community involved in these sorts of environmental issues is a pretty close-knit one, and there is a lot of information floating around between various interested parties about what is going on there.

Senator BACK—If I can go away from those incidents for a moment; there is a high degree of interest at the moment in terms of the possible opening up of areas for exploration. The one I wish to ask you about is off the south-west corner of WA, in the Margaret River area. Does the authority have any involvement at all in advising government on offshore areas that may be available for exploration for oil and gas purposes?

Mr Peachey—We do not have a role in that, no.

Senator BACK—You do not have a role at all? And my final question is about the vessel that is currently anchored nine miles north of Yorke Island in the Torres Strait. Following the grounding there has not, as I understand, been any pollution and there is no immediate risk to the vessel or the crew. But I wonder if you could give us an update as to what that situation is with that vessel and the role that the authority is playing in it.

Mr Peachey—The vessel is gone. We did have a role in it. In fact, we sent one of our surveyors out there to get a firsthand view of what was going on. A salvor was appointed. The advice was that that vessel was seaworthy and able to go, and it has left.

Senator BACK—It has?

Mr Peachey—Yes.

Senator BACK—And the impact of the grounding?

Mr Peachey—I cannot answer that. As far as I am aware there is no pollution incident to speak of. There was talk of sheen or something like that, but that only lasted—and I am advised the actual grounding was outside our waters anyway—in PNG waters.

Senator SIEWERT—I want to go to the Montara issue first, you would be surprised! I want to go back to the issue of dispersants first and sort of pick up where Senator Back left off. I asked you previously about dispersants that were used, and they are on the website. You gave them to me and subsequently they have been put on the website. What I still have not been able to ascertain is how much of each dispersant was actually used. At the time you gave me what had been used to date—that was before the incident finished—and you gave me the name of the dispersants that had been used. Can you give me the amount of each dispersant that was used—in other words, the Slickgone, I have forgotten the second one and the two Corexits that were used. Are you able to give me, for each specific dispersant, the actual amounts used?

Mr Peachey—We do not have that information with us, but we would be happy to provide it on notice.

Senator SIEWERT—If you could, that would be appreciated. That is not available on your website, as far as I can tell. Am I correct in that?

Mr Kinley—We are still calculating that, from the actual count of the empty containers. We are just doing an audit to make sure we have exact figures.

Senator SIEWERT—Do you have any preliminary figures?

Mr Kinley—I have only the total figures with me. I can actually say the number of containers at the moment, but that is not going to give you the volumes.

Senator SIEWERT—That will give me a start.

Mr Kinley—For example, we have a total of 43 empty containers of Slickgone NS-205 from one load and then another 48 from another load. So I have numbers here, but they are really meaningless unless we give you the actual size of those containers. We will give you that on notice.

Senator SIEWERT—That is what I was going to ask—thank you. Can we go into the issue around how you determine the toxicity of a dispersant. I did hear you, in answer to Senator Back, say it was according to the national plan. The issue here is how you determine the lethal concentration in a particular dispersant, in a particular toxicity. Isn't it the point that you determined which dispersants were allowed to be used according to what was in the national plan?

Mr Peachey—That is right.

Senator SIEWERT—My question is: have you reviewed how you have established the toxicity of a particular dispersant under the national plan? Because it seems to me that approach is quite generous, in that I think half the adult fish are killed over a period of 95 hours. That is correct, isn't it?

Mr Peachey—We do not have the details of what that toxicity test is, but again we are happy to provide it. When we do the review of the national plan, I dare say issues like that will be looked at. This is probably an evolving science anyway, and why wouldn't we look at that into the future? Having said that, the people involved in this and the science behind it are pretty robust. I would be surprised if there are any doubts about the toxicity and the methodology they have right now.

Senator SIEWERT—I will go back to that in a minute. I would like to ask, though, in terms of whether the particular dispersants that were used have been tested also against fish larvae and coral spawn?

Mr Peachey—I do not have the details of the testing methodology with me, but again we will chase that up and give it on notice.

Senator SIEWERT—The reason I am asking is that I have been chasing this for some time but obviously it has been put back on the agenda because of the incident in Louisiana, and the issue around what dispersants have reportedly—I say ‘reportedly’—been banned for use in that exercise but also, I understand, in America. Two of the dispersants that were used in the Montara spill have been reported to have been banned for use in the Louisiana spill and in Europe.

Mr Peachey—Can I just comment on that. I have heard, like you have, the concerns that have been raised about dispersants in the Gulf of Mexico. I understand there is a direction from the US Environmental Protection Agency on talking about dispersants, which I have not seen but it has been reported to me. My understanding is that that direction does not specifically mention Corexit. There have been concerns about dispersants, as I mentioned, but I would be reluctant to be drawing comparisons with what is happening there and what happened in Montara. As I understand it, the US has used almost three million litres of dispersant in the one month that the oil spill has occurred. We use something like 185,000 litres in three months. So if you are talking about three million in one month versus 185,000 in three months—and of that 185,000, I understand 45,000 litres were Corexit—I think we are talking apples and pears here. We are not talking about a definitive picture in the US either. There is concern and warnings, but as I understand it there has not been a ban on Corexit.

Senator SIEWERT—Okay. What about in Europe? Reportedly—again I say reportedly—the use of Corexit has been banned in Europe.

Mr Peachey—I do not know the answer to that.

Senator SIEWERT—Could we then talk about the process. If a particular dispersant has been banned in other countries, do you then subsequently look again at that dispersant?

Mr Peachey—I would be hazarding a guess, because I have not actually been directly involved in those sorts of discussions, but you would expect the science and the scientists involved in that to have regard to international practice.

Senator SIEWERT—The scientists involved in determining what dispersants are used under the national plan?

Mr Peachey—Dispersants used generally, whether under our national plan or internationally. There is an international community which does get involved in this. They do actually meet regularly and I am sure these sorts of issues will come up. Again, if you want further details I am more than happy to provide information about what sort of testing is done and what regard we have for international standards and practice.

Senator SIEWERT—That would be appreciated. It is AMSA that makes the call in a particular incident on the dispersant that is used—that is correct, isn't it?

Mr Kinley—The use of dispersants has been evolving over years. There are dispersants that we used 10 or 20 years ago which you would never consider now. As the further research and product development is done and under the processes of the national plan, we will continue to look at what the toxicity limits are and what better products are coming on line. If there are better and less toxic products we will use them.

Senator SIEWERT—I appreciate that it is evolving science, and that is why I am asking about the use of Corexit and why I am asking about the toxicology tests that are used. If I understand correctly, the process that is used is going to be looked at under the review of the national plan. Do I understand that correctly?

Mr Peachey—The review of the national plan covers all things. My expectation is that all matters to do with oil spills and how we respond to them will be looked at. Given the public interest in dispersants I would anticipate that there would be some regard for that and it would be picked up as part of the review.

Senator SIEWERT—I just want to go back to when Corexit was banned. Is it your understanding then that Corexit may or may not have been banned in the US after its extensive use to date?

Mr Peachey—My understanding is that concerns have been raised about it. There is a direction, which I have not seen, but that direction does not actually specifically mention Corexit.

Senator SIEWERT—I have been told that it does. I will check that.

Mr Peachey—I will check it too.

Senator SIEWERT—I am not disbelieving you. I have just been told that the two with the code names that we used, EC9500 and EC9527, were both specifically named—not the other ones but those two in particular were mentioned.

Mr Kinley—We are seeking that information. We are aware of those reports and we are actively trying to find out exactly why those directions have been made and exactly what those directions say and we will take those into account.

Senator SIEWERT—I am trying very hard not to cover things that have been covered in the inquiry and that they will be reporting on because I appreciate the issues involved with the commission. I specifically want to go to the issue of the spill going into Indonesian waters and the use of satellite photography. At the time, the community and I were accessing some satellite photography that showed, we thought pretty clearly, that the slick was going into Indonesian waters.

At the time, that was pretty strongly denied by the government and I think by you as well. It has now subsequently transpired that it is acknowledged that the slick did go into Indonesian waters. I am wondering how you use the satellite imagery and how soon you became aware of the fact that the slick had gone into Indonesian waters. I have been reading the transcript from the commission and it does indicate that people were aware, and the government was aware, that the slick had gone into Indonesian waters but it is bit unclear, certainly from what I have read, how soon you knew.

Mr Peachey—From what I recall, there were some reports of sheen around the border. Obviously the sheen is quite different from the oil slick that people would normally talk about. Satellite imagery was used by us regularly, but that is a bit hazardous in itself. Things do interrupt a clear picture from a satellite. I learnt very early on that, when you look at a satellite image and you see something dark on it, that is not necessarily the oil. It is something that is light. Interpretation from that satellite imagery is also up for discussion too. But as to whether or not the slick actually extended into their zone and when it happened, I do not have that information. We could take that on notice.

Senator SIEWERT—If you could take that on notice, that would be appreciated. From the evidence that is out there in the public sphere, the spill was much bigger, the area was much bigger and the area was much more extensive than was reported. We can all say, ‘I told you so.’ What I am more specifically interested in is how in the future estimates will be taken into account and how you will provide data to the community that reflects more accurately what is actually happening.

Mr Peachey—I do not want to debate about how big the slick was or who was informed. It might be a useful discussion to have another day. But some of the images that went to the commission, some of the discussion there, highlighted, ‘This is the extent of the slick,’ but one of the pictures was an accumulation of pictures, if you like, showing the movement of the slick over the length of the oil spill. So it was not necessarily that large at any one time.

Senator SIEWERT—It does go to the impact that it potentially has, though.

Mr Peachey—It gives an indicator of where the slick was. Just going back to your other comment that it is now proven that the slick went into Indonesian waters, I would also like to carefully consider that, because you can only do that if you actually get samples of the oil and test it and you are sure that the footprint of the oil in the Indonesian waters matched the footprint of the oil in the Montara incident. I am not aware of any samples that have done that.

Senator SIEWERT—Sorry, there is a sample that I sent myself—that I received. We have had indications back from the inquiry that it matched the footprint from Montara oil, and I got that information back in January. So there is a sample. The point there is: why weren’t samples taken to establish that, beyond the sample that I received? I am relying on the fact that it was sent to me. I was not out there getting it myself.

Mr Peachey—I do not want to debate this issue unnecessarily, but the fact is that the samples that we accept as true samples do follow some sort of evidentiary steps. It is not a matter of saying, ‘Here’s a bottle that came from Indonesia. It must be the same bottle.’ We would not accept that. I do not think the science would accept it, either.

Senator SIEWERT—I appreciate that. I appreciate the very hazardous process from a scientific point of view that people will say that samples have gone through. My question then was: what samples were taken in a scientifically rigorous process to establish whether the oil that was there in the water was Montara oil?

Mr Peachey—We will take that on notice. I do not have the information with me. I do not have the details of the sample, whether they are from our waters or from Indonesian waters. So I will take that on notice.

Senator SIEWERT—Okay. Thank you.

Senator IAN MACDONALD—Senator Nash will ask some prepared questions I had, but there are two that I want to deal with quickly in fewer than five minutes. You told me in answer to a question that the 12-month pilotage trial—this is the coastal pilot services in the Torres Strait and the Great Barrier Reef—is dependent on the issue of New Marine Orders part 54, MO54. Are they issued yet?

Mr Kinley—No. The development process has taken a bit longer with some further consultations and some further refinements of that marine order. We anticipate having the final draft to go to the interested parties in the industry within the next month or so.

Senator IAN MACDONALD—And then after that when would you expect that they would be adopted and the trial actually start?

Mr Kinley—Again, we would hope to, once we finalise the final draft for consultation, have that in place within two months and then have that trial.

Senator IAN MACDONALD—And then the trial would go for 12 months from there. I will leave that there, as much as I would like to say other things. Finally, the Queensland and federal governments will work together to extend the vessel tracking system now operating—this is coming across Senator Siewert's issue. The northern waters are to embrace that. It is going to be manned by the Queensland transport department maritime safety office, but I understood that the infrastructure is being built by the Commonwealth—is that correct? It is going to be set up in Townsville rather than Hay Point or Dalrymple Bay, where it currently is?

Mr Kinley—The REEFVTS operates under a cooperative funding model between the Australian Maritime Safety Authority and Maritime Safety Queensland, and that funding model is based upon us supplying the hardware sensors that feed into the REEFVTS itself. Maritime Safety Queensland opened the new REEFVTS centre at Townsville officially on Tuesday, I think, and we are undertaking the necessary work for the extension of the REEFVTS boundary further south, as was announced following the *Shen Neng 1* incident. We are undertaking that work to get the sensors and the communications equipment to cover that area in place as soon as possible.

Senator IAN MACDONALD—Where is that funded in the budget—that is, your relocation from Dalrymple Bay to Townsville?

Mr Kinley—That was funded by the Queensland component. We do the sensors for the nav aids network there. So we will be funding, for example, automatic identification system base stations, which is a radio communications system that identifies automatically where ships are, and that is funded under our levy funding basis from the industry.

Senator IAN MACDONALD—But that is already in place. It is just that your base operations are changing—is that right?

Mr Kinley—The base operations were funded by Maritime Safety Queensland. They built the new REEFVTS centre at Townsville. The additional work we are doing at the moment is about extending the southern extent of the REEFVTS and putting those additional—

Senator IAN MACDONALD—So you do not have paid officers working out of this new building?

Mr Kinley—No, they are not AMSA officers there.

Senator IAN MACDONALD—So yours is simply the beacons. The change of base station has no impact on your operations at all?

Mr Kinley—No.

Senator IAN MACDONALD—All right. That is all I had, Mr Chairman. I thank Senator Siewert again and I will keep talking in the other place till you get there.

Senator SIEWERT—Yes, thank you.

Mr Peachey—Excuse me, Senator Siewert, but before you continue can I just go back to an earlier discussion we had around the Indonesian issue. I have just been advised that satellite imagery captured on 30 August 2009 showed that small patches of weathered oil had crossed into Indonesia's exclusive economic zone.

Senator SIEWERT—That is at 30 August?

Mr Peachey—Yes, 30 August.

Senator SIEWERT—So that was pretty soon after the event—30 August?

Mr Peachey—Yes, it was—about a week, I understand. We notified the Indonesians of this a couple of days later.

Senator SIEWERT—Thank you. I was just talking to DEWHA about the national plan and the role of the environment science coordinator. I was asking them about the delay in appointing the environmental liaison officer and they said that they were a bit unclear about their role in the national plan, and I must admit that I am paraphrasing now and not quoting directly. However, they said that they were a bit unclear about the role of that officer and their role in the plan. How is that being picked up? I know you have just told me that the national plan is being reviewed but, in the shorter term, what actions are being undertaken to address the fact that agencies appear to be unclear about their role and the coordinator under the national plan?

Mr Peachey—You are right; there is an ambiguity in the national plan about the role of that position. If you look at the chart showing who does what, you will not see it. But we coped throughout that whole Montara incident and we did collaborate with Environment and in the end it worked out.

Senator SIEWERT—Some of us have a different view on that. Given the fact there was not proper monitoring undertaken, I would say it was not a good outcome. That is my opinion.

Mr Peachey—I am only talking about the outcome from my point of view. We became known as the cleaners and we averted a catastrophic event in that part of the world. So, from my point of view, it worked in terms of addressing the oil spill and doing the cleaning up, if you like. Sure, there are always areas for improvement, and that is why we have an incident analysis team looking at it and they have done a report. They have looked at areas where we can actually collaborate more closely with others, and that cooperation between us and the environment department is on the list.

Senator SIEWERT—Improving that?

Mr Peachey—Yes.

Senator SIEWERT—In the short term in the run-up to the plan being reviewed?

Mr Peachey—Sure.

Senator SIEWERT—In terms of the decisions about when to use dispersants, I appreciate there was an extensive discussion during the inquiry and I do not want to revisit that. However, I refer to the issue around the discussion about how far after the event dispersants can be used. It appears from the reports on what happened during this incident that dispersants were used more than 48 hours after the oil had leaked, which, according to best practice, apparently is not the best process to use.

Mr Peachey—Dispersants were used almost throughout the incident. The issue here is if you are getting fresh oil.

Senator SIEWERT—Yes.

Mr Peachey—And so that is why the dispersant effort was targeted around the wellhead.

Senator SIEWERT—I understand that. The point, as I understand it from some of the evidence, is that oil was sprayed further away from the rig than would have taken 48 hours to get there, so my question is: is that process being reviewed and what is the standard practice? Is it 48 hours or is it longer? And if the standard practice is different will there be modifications to practices and responses in the future?

Mr Kinley—The practices of using dispersant in each incident are actually dependent upon the characteristics of the oil being released. The oil that was being released in the Montara incident was very amenable to being dispersed. Our experience of the impact of the dispersant was that it was very effective on the oil and the conditions were such—it was so benign up there—that the oil maintained those characteristics for quite a period of time. I do not actually have that data about the 48-hour incident, but I will go away and investigate what particular case that was. But my understanding, from those involved in the incident, was that we were very lucky it was very amenable to being dispersed and it reacted ideally to the application of dispersant.

Senator SIEWERT—Thank you. Can I move on to the *Shen Neng 1* incident? I want to follow up a specific part of that. It comes out of some evidence that we received this morning from the Great Barrier Reef Marine Authority relating to the toxicity of the antifouling paint. I discussed with the authority the ongoing issue of it now needing to be cleaned up. From what I gathered this morning it sounds like it was old paint on the boat, not new—I am guessing, which is why I ask the question. It sounds like the new antifouling paint was put on over the old layers. As I understand it, this is at least the second incident in the park. There have been incidents with antifouling paint recently—or in the not-too-distant past—and needing to clean it up. Is it a requirement with the new antifouling paints that the old ones should be cleaned off, or is it acceptable practice for the new layers to be put on the old layers so the ships still actually have TBTs on them?

Mr Peachey—I will open the batting, and pass to Mr Kinley if I get stuck. But as I understand it, Australia ratified the relevant convention some time ago. The convention is the

International Convention on the Control of Harmful Anti-fouling Systems on Ships 2001. The intention of that convention was to actually ban these antifouling paints. There is a part in there that talks about vessels constructed prior to 2003. Those vessels are required, should they enter a port—like a port in Australia, for example—to have a sealant applied to the hull of the vessel to actually minimise the potential impact of the antifouling paint. Our advice is that the vessel, the *Shen Neng 1*, had antifouling paint most recently applied on 4 April 2008. So it would appear on the face of it that it was acting in accordance with the convention requirements.

Mr Kinley—It is permissible under the convention to cover the old antifouling systems containing organotins, which are the system which was phased out, with a sealer coat and to then apply the new antifouling—antifouling are toxic; that is what they do. They are designed to stop marine organisms growing on them. They are lower toxicity with the newer systems, but our understanding of the system that was applied to the *Shen Neng 1* was that that was the new system—sealer coat on old organotin system.

Senator SIEWERT—That is what I wanted to find out.

Mr Kinley—That is legitimate under the convention.

Senator SIEWERT—Was it compliant with the system?

Mr Kinley—Yes.

Senator SIEWERT—So, in other words, we have still got ships coming in such that if they are involved in an accident we end up with some quite significant impact where it is still possible for the old layers to come off?

Mr Kinley—Potentially, in a grounding situation.

Senator SIEWERT—In the other groundings that have occurred—and we were just talking about one earlier—has it been identified as an issue where the old antifouling paint has had an impact on the marine environment in that area?

Mr Kinley—Without going outside of our bailiwick, I am aware that there has been considerable monitoring with the previous groundings that have taken place on the Great Barrier Reef.

Senator SIEWERT—This morning the authority told me there has been at least one other where, as I understand it, they have had some significant impact. I realise that you are only following the rules and only enforcing the rules, but I just want to find out if they were actually consistent with the rules as they apply?

Mr Peachey—As I mentioned, as I understand it they were compliant with the convention requirements.

Senator SIEWERT—Thank you.

Senator NASH—I have a couple of questions which I will run through as quickly as I can. With regard to the National Maritime Safety Plan, what is the current status of progress towards the national maritime safety regime?

Mr Mrdak—Is this the single national regulator?

Senator NASH—I think so.

Mr Mrdak—As we outlined earlier, the Australian Transport Council ministers agreed on the next stages of that. We have a draft national partnership agreement which is ready for submission to COAG for its consideration. That is now in the process for the next COAG meeting, which will enable us to then progress that to a full national partnership agreement. The government has allocated funding in the budget for this year for AMSA to start to set up its administrative systems.

We still have a lot of work to do with the jurisdictions in relation to cost recovery in particular, and how the funding arrangements for the future will go forward. At this stage we have a tentative position in the national partnership agreement, with that work to be settled over the coming months.

Senator NASH—Yes, we did touch on this before, didn't we? In terms of industry consultation, very briefly, who are the stakeholders and who has been consulted about that being set up?

Ms O'Connell—We are working with the jurisdictions in terms of preparing for that single national regulator for maritime. In particular, all of the states and territories are partaking through a maritime group that we have set up which reports through to the senior officials.

Senator NASH—You might have given me this before as well, but when is it going to be finalised?

Mr Mrdak—A single maritime regulator is due to be in place by 2013.

Senator NASH—Will there be a lot of new requirements for the industry to have to deal with around this?

Mr Mrdak—Not necessarily. There will be some issues. AMSA may wish to comment, but we do not anticipate a great deal of change for most of the industry in terms of the regulatory arrangements they will face.

Mr Peachey—If I can add to that: we would expect, as Mr Mrdak suggested, a transitional arrangement for when it comes in.

Senator NASH—That was my next question.

Mr Peachey—But the outcome would be a single national law governing all activities of the shipping industry. So for the first time in our history we would have national consistency and uniform application of laws governing the safe operations of ships.

Senator NASH—Obviously, you have a date for when the transition is going to be finalised. When do you expect this law and the changes to take effect?

Mr Mrdak—We would aim for the beginning of 2013.

Senator NASH—I think you have already covered how much money is going to it. In terms of additional funding for the joint Indonesian operations—and I am not sure if Senator Siewert already covered this—is there \$14½ million for this under the existing MOU? Is that correct?

Mr Mrdak—Yes. The current program has completed. This is a new program which will commence from 1 July. The government is providing \$14 million in our portfolio for that program, of which there is an allocation for the department, and then funding through the department for the agencies involved.

Senator NASH—Finally, how will the safety inspectors and the accident investigators be trained?

Mr Mrdak—We have arrangements in place already where organisations such as the ATSB, AMSA and the Civil Aviation Safety Authority work with Indonesian authorities. AMSA may wish to comment on it from their end. It involves visits by our officials to Indonesia to run courses and training there, and at times we bring Indonesian officials here to work in our agencies.

Senator NASH—What is the scope of Australia's role in the project?

Mr Mrdak—This arose out of the accident at Yogyakarta some years ago. The real aim here is to improve the systems and standards of safety regulation and technical expertise by the Indonesian authorities and the industry.

Senator NASH—Thank you.

CHAIR—I have three very quick questions, Mr Peachey. What is AMSA's staffing level?

Mr Peachey—We currently have 281 staff, of which 223 are in Canberra and the remainder are in our regional offices.

CHAIR—What has the turnover been in the last two years?

Mr Peachey—In 2009-10, 21 left. In 2008-09, 39 left.

CHAIR—So, if you had a staff freeze, what would be the impact on your organisation?

Mr Peachey—If we had one over those two years?

CHAIR—If you had one from now on.

Mr Peachey—AMSA is dependent on its people. We draw people from all walks of life—from the maritime sector, from defence, from the aviation sector. These are, by and large, second career people who come with a lot of experience and knowledge. We deliberately target them. If there were any reduction in staffing or any freezing, I suspect it would severely curtail our ability to deliver national safety programs and to deliver an effective search and rescue effort. If I can just add some figures to that, in the last 12 months our search and rescue area was involved in saving 619 lives. The Montara oil response took some 104 days and averted, as we mentioned earlier, probably a catastrophic event in those pristine areas. We have had two groundings. We undertook 2,994 inspections of foreign vessels. So, to summarise, it is a very, very busy organisation dependent on its people to deliver high-quality but very technical activities. So any suggestions of reducing those figures would severely compromise our ability.

CHAIR—To wrap this up, this is not a question but a statement. I share Senator Siewert's concern about the pristine coast of the north-west. When you see what has happened in America, thank goodness AMSA did act or react very, very quickly. So, well done to your staff, your crew, Mr Peachey.

Mr Peachey—Thank you, Senator.

CHAIR—Thank you very much, Mr Peachey and Mr Kinley.

[7.15 pm]

Bureau of Infrastructure, Transport and Regional Economics

CHAIR—I now call officers from policy and research, incorporating the Bureau of Infrastructure, Transport and Regional Economics.

Senator NASH—Have you had any funding impacts from the budget at all?

Mr Mrdak—I am yet to settle final budgets for the year ahead for the divisions in the department. I will do that. At the moment I have given the divisions their indicative budgets for 2010-11. They are now completing their draft business plans which will enable me to finalise divisional budgets. At this stage, the division will continue the budget that was forecast in the forward estimates.

Senator NASH—How many staff are employed within BITRE?

Ms Foster—Within BITRE there are about 40 and within the policy development unit about half-a-dozen.

Senator NASH—I have this conversation with Dr Dolman every year but I seriously find it of interest. In terms of the research projects that are underway at the moment, can you give us an overview of what you are doing?

Dr Dolman—Sure. Would you like a general overview? I know in the past you have focused particularly on the regional.

Senator NASH—Probably just a general overview and with roughly how many projects you have on the go at the moment.

Dr Dolman—The bureau's research this year includes research projects largely in five areas: infrastructure investment, regulatory reform and pricing, road safety, city and corridor planning and forecasting.

Senator NASH—What are you doing within road safety?

Dr Dolman—An example of what we are doing there is the Black Spot Program. We are evaluating how successful that has been.

Senator NASH—When is that due to be completed?

Dr Dolman—We are in the final stages of completing that work and I guess we would hope to have it out in the next two or three months.

Senator NASH—And what sort of criteria will you use to measure the success of the program?

Dr Dolman—We are looking at a very large number of projects to see what types of treatments have been the most successful. We look at the number of accidents and the number of fatalities at those places, both before and after treatment, to see whether those treatments have been successful.

Senator NASH—That would be very interesting. When did you start doing that?

Dr Dolman—It is actually a project that has been going for, I think, about two years.

Senator NASH—Would you mind informing the committee when that is a public document?

Dr Dolman—Sure.

Senator NASH—That would be very useful. Do you do publications—I am probably in the wrong spot—on the container rates at ports?

Dr Dolman—Yes, we publish the *Waterline* series every six months.

Senator NASH—When did the last one come out?

Dr Dolman—About six months ago. We are actually due for another one shortly.

Senator NASH—Can you give us an indication of trend in terms of container rates and movements at ports?

Dr Dolman—I do not have the report in front of me, but essentially it has flattened off a little bit over the last five years.

Senator NASH—Flattened off from decreasing or flattened off from increasing?

Dr Dolman—It was increasing. Over about the last 10 years it was increasing and it has flattened off a little bit. We have done some further analysis underpinning that. Even though the crane rates have flattened off, the number of containers being moved has increased quite dramatically. So there has been a lot more activity at the ports. So the crane rates have reached, we think, something like a physical limit—as fast as you can go. So they are now using more cranes on each ship.

Senator NASH—I noticed quite a while ago now you did a report, *Greenhouse gas emissions from Australian transport: base case projections to 2020*. I do not have the date when that was done. What work are you doing in terms of transport greenhouse gas emissions at the moment? There is obviously a very significant piece of work you have done with that paper. When was that, by the way?

Dr Dolman—You may be referring to the one that was published in 2005. We did an update of that paper, which was released in December last year.

Senator NASH—2009, yes. That is it.

Dr Dolman—So we probably will do another revision of that work at some point. We also did some modelling with Treasury, looking at the implications of introducing a CPRS last year. We are also doing some work on the efficiency of vehicles and how that is changing over time. We are looking at some parameters—how vehicle fuel efficiency is likely to change over time with increasing oil prices and carbon prices.

Senator NASH—I would love to be able to say that I have not read that because I was so busy reading the answers to questions on notice that have been flooding in, but I cannot use that as an excuse. I have not managed to get through it. Have you done much work on the types of fuels that are utilised in Australia and the energy efficiency of each of the different types of fuels—ranging from your ordinary fuel, your high octane biofuels, and all the types of various fuels that are utilised?

Dr Dolman—I think a few years ago, it was before I joined the bureau, we did do some work with the industry department, I think, looking at that type of issue, I guess looking at the different energy levels of different types of fuel. But we have not done anything recently.

Senator NASH—Can you give me an indication of who would actually be doing work on energy efficiency across the different fuels? Would it be Environment?

Mr Mrdak—Maybe Environment. Environment has responsibility for fuel standards rather than ourselves, so maybe Environment. I think that is the most likely or, perhaps, the department of resources may have commissioned some work given the work that it did on the energy white paper.

Senator NASH—Can you provide for the committee the latest array of figures on road death causes. I am particularly interested in age groups and I guess some statistics or whatever you have over time for the different deaths corresponding to different age groups. I have a particular interest in young drivers, as I think Mr Mrdak might have realised from previous—

Senator Conroy—As any nervous mother would.

Senator NASH—Yes. Spot the mother of the P-plater. I think it is really interesting. I think this is an area we need to do a lot more on in terms of education of young drivers, so any figures you have, if you would not mind taking it on notice and giving me any relevant figures or information you think might be useful in terms of providing some information on young drivers.

Mr Mrdak—Certainly, Senator. We can point you towards the bureau publications that are available on the website, I think, Mr Dolman?

Dr Dolman—That is correct. We do publish monthly updates on road deaths in Australia. We have also recently done a review looking at the period 1925 to 2008 and how that has changed over time. The monthly report, which unfortunately I do not have a copy of, does do a breakdown by age class, gender and also the type of vehicle being driven.

Senator NASH—That would be great.

Mr Mrdak—And the work that the bureau is doing, Senator, was feeding into, as we mentioned earlier, the government which is just about to start the process of the next 10-year road safety strategy. Transport council ministers, two weeks ago, affirmed they are looking quite closely, particularly for the next 10 years, at this age group of the learner drivers, the under-23 drivers, who are a particularly high-risk category group. So quite a strong focus we think will flow into the next 10-year strategy in relation to that group, informed by the work that the bureau has done.

Senator NASH—That is great. Just finally, in terms of the research projects you are doing at the moment and particularly, obviously, any regional ones. I know that the answer on notice will say ‘go and look at the website’, which I am happy for it to do on this occasion, but if there is anything else that you think would be useful for the committee to have in terms of the information about the projects that you are doing that is just not the basic stuff that is available on the website, if there is some more detailed information, that would be really useful.

Mr Mrdak—We can provide an outline of the key research directions.

Senator NASH—That would be great. Thank you very much. Thank you, Chair.

CHAIR—Thank you, Senator Nash. With all due respect, I do not think Senator Nash as a caring mother was all that convincing. Are you all right there, Senator Nash, as a nervous mother of a teenage driver?

Senator NASH—Actually, I have a very sensible teenage driver, thank goodness.

CHAIR—That is good. We all share that concern. I thank the officers very much. Mr Mrdak, your staff and the whole crew, thank you for today. On behalf of fellow committee members, I say a sincere thankyou to our friends in Hansard and Broadcasting, a job very well done today. That concludes today's hearing. The committee now stands adjourned.

Committee adjourned at 7.26 pm