



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

ESTIMATES

(Additional Estimates)

FRIDAY, 18 FEBRUARY 2005

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SENATE
RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION
COMMITTEE
Friday, 18 February 2005

Members: Senator Heffernan (*Chair*), Senator Buckland (*Deputy Chair*), Senators Cherry, Ferris, McGauran and Stephens

Senators in attendance: Senators Buckland, Heffernan, McGauran, O'Brien and Tchen

Committee met at 9.05 a.m.

TRANSPORT AND REGIONAL SERVICES PORTFOLIO

Consideration resumed from 14 February 2005

In Attendance

Senator Ian Campbell, Minister for the Environment and Heritage

Departmental Executive

Mr Mike Taylor, Secretary

Mr Peter Yuile, Deputy Secretary

Ms Leslie Riggs, Acting Deputy Secretary

Corporate

Mr Simon Ash, Chief Financial Officer

7. Programs Group

7.1 Local Government Programs

Mr John Doherty, First Assistant Secretary, Transport and Local Government Programs

Mr Adrian Beresford-Wylie, Assistant Secretary, Local Government and Natural Disasters

8. Policy and Research Group

8.1 Regional Policy

Ms Sema Varova, First Assistant Secretary, Policy and Research

Mr Daniel Owen, Assistant Secretary, Regional Policy

9. Programs Group

9.1 Regional Programs and Territories

Ms Leslie Riggs, First Assistant Secretary, Regional Programs and Territories

Dr Leo Dobes, Assistant Secretary, Analysis and Performance

Dr Gary Dolman, Assistant Secretary, Regional Communities – Regional Office Network

Ms Karen Gosling, Assistant Secretary, Operations

Mr Bill Dejong, Director, Sustainable Regions

Mr Andrew Wilson, Assistant Secretary, Territories

9.2 National Capital Authority

Ms Annabelle Pegrum, Chief Executive Officer

Mr Graham Scott-Bohanna, Managing Director, Design

Mr Lindsay Evans, Managing Director, Business

Mr Phil Wales, Director Executive, Governance
Mr Ross Addison, Chief Finance Officer
Mr Ted Schultheis, Principal Planner
Mr George Lasek, Director, National Capital Estate

CHAIR—I call the committee to order. On Thursday, 10 February 2005 the Senate referred to the committee the particulars of proposed additional expenditure in respect of the year ending 30 June 2004 for the portfolio area of Transport and Regional Services. Today the committee will commence its examination of additional estimates with the Department of Transport and Regional Services. The committee is required to report to the Senate by Tuesday, 15 March 2005. I propose to call on the estimates according to the format adopted, completing the printed program for the estimates hearing of Monday, 14 February. We will begin with local government programs, then regional policy, regional programs and territories, and conclude with the National Capital Authority. Answers to questions taken on notice and additional information should be received by the committee no later than Friday, 1 April 2005. The committee has authorised the recording and rebroadcasting of its proceedings in accordance with the rules contained in the order of the Senate of 23 August 1990.

I welcome the Minister for the Environment and Heritage, Senator the Hon. Ian Campbell, representing the Minister for Transport and Regional Services, and officers of the department. Minister, would you like to make an opening statement?

Senator Ian Campbell—Following on from our brief private chat behind closed doors, could I suggest, for the benefit of all of the members of the committee, the officers and me, that we seek to get an indicative schedule so that we know where we are going, and also some indication of a finishing time.

Senator O'BRIEN—NCA will probably not be required until after lunch, and I would estimate a finishing time of between 3 p.m. and 4 p.m.

Mr Yuile—There were a couple of questions on which we undertook to come back to the committee on Monday. The first related to some questions that Senator Bishop asked about the departmental domestic travel spend and also the Canberra-Sydney route. Mr Chandler gave you the overall picture in terms of our departmental domestic travel, but I wanted to clarify that with respect to the Canberra-Sydney route during 2003-04. Our total expenditure was \$200,419, of which \$170,668 was with Qantas and \$29,751 was with other airlines. In terms of the total number of passenger sectors, the figure was 1,618, of which 1,231 were with Qantas and 387 were with other airlines, which is roughly a 76-24 split, in terms of the passenger sectors.

The other question that Senator Bishop asked a little later was in relation to the Productivity Commission review of national competition policy and the Productivity Commission's discussion draft, 'Review of national competition policy reforms', which had a draft proposal which stated:

The Australian government should review cabotage legislation either through the legislation review program or as part of a broader review of coastal shipping.

The commission's reasoning and recommendations, which I think Senator Bishop was asking about, are set out in the discussion draft, which is available on their web site—

www.pc.gov.au—at page 202. The government response to the review will be prepared after the final report is completed. The final report I understand is scheduled for completion by the end of this month. That was the last advice we had, if that is helpful to the committee.

[9.11 a.m.]

CHAIR—We will move to output 7, programs.

Senator O'BRIEN—Under local government programs, will we deal with bushfire report and flood mitigation here?

Mr Yuile—Yes.

Senator O'BRIEN—Starting with the local government section, how many staff are engaged in the local government section of the department?

Mr Beresford-Wylie—The total full-time equivalent figure for local government, at this time of the additional estimates, is 13.1.

Senator O'BRIEN—Are you the head of the section, Mr Beresford-Wylie?

Mr Beresford-Wylie—I am head of the branch that includes the local government section.

Senator O'BRIEN—Are you the first assistant secretary responsible for that section, Mr Doherty?

Mr Doherty—That is right. It falls within the transport and local government programs side of the programs group.

Senator O'BRIEN—What is the staffing profile of this branch?

Mr Beresford-Wylie—In terms of staffing profile, the branch has an FT equivalent of 26.9 staff. As I said, 13.1 deal with local government programs and 13.8 deal with natural disaster mitigation and relief.

Senator O'BRIEN—Could you give me a breakdown by classification?

Mr Beresford-Wylie—I do not have that with me. I could take that on notice.

Senator O'BRIEN—Thanks. In May last year, Senator Ian Campbell delivered what I would describe as a bold statement to this committee about local government policy. He said:

As a federal government, we are probably in a more policy active phase on local government than any other federal government in the history of Australia.

Senator Ian Campbell—That is because I was the minister.

Senator O'BRIEN—Indeed. Would you agree it was a bold statement, Minister?

Senator Ian Campbell—I am renowned for making bold statements and then trying to stick to them.

Senator O'BRIEN—We will not talk about the production of documents in response to orders for the production of documents.

Senator Ian Campbell—It was not bold when I made that statement, as you may know.

Senator O'BRIEN—History shows it otherwise.

Senator Ian Campbell—It was bold when I made it, but it certainly looks bold in retrospect.

Senator O'BRIEN—In relation to the Hawker report—we will pass over the other matter—on reform of local government financing, the minister, Senator Campbell, said:

Last year we were waiting for the Hawker report; this year we are actually seeking to implement it.

Against the backdrop of those comments, I thought the government might have rather more to tell us in this additional estimates round. The department's annual report identifies the establishment of a departmental task force in response to the report. On what date was that established?

Mr Doherty—I cannot provide you with the exact date. I will have to check that up.

Senator O'BRIEN—Roughly?

Senator Ian Campbell—It was pretty shortly after we got the report; it was shortly after it was tabled. Our first action was to pull together that task force, as I recall.

Mr Doherty—That is right. It was established quite quickly. We understand that would have been about the end of 2003.

Mr Yuile—We can give you a more precise date.

Senator O'BRIEN—Given the sweeping reforms recommended in the Hawker report, I expect the department has been involved in detailed discussions with a number of other departments. Last May, Senator Campbell told us there were Treasury and Finance officials on the task force. Can you give us a complete run-down of its membership.

Mr Doherty—The task force was an internal departmental task force, but they would have conducted consultations with Treasury, Finance and other departments. Mr Beresford-Wylie might be able to be more specific about the departments.

Mr Beresford-Wylie—Certainly, Treasury, Finance and the Department of Prime Minister and Cabinet were consulted on the work of the task force, as well as other departments. Those departments included departments involved in the provision of specific purpose payments—in that case, the department of health—

Senator O'BRIEN—But they are not on the task force?

Mr Beresford-Wylie—The task force held regular meetings with them but, as Mr Doherty has said, the task force itself was an internal task force.

Senator O'BRIEN—Senator Campbell told us on 27 May:

All the recommendations are being considered by a task force which we have set up within the department but which, at my suggestion, has Treasury and Finance officials on it.

But you are saying that is not the case.

Mr Doherty—They were certainly involved but, unlike some other task forces, we did not move to an arrangement where there were staff from other departments working full-time on the exercise.

Senator O'BRIEN—So it is not interdepartmental as such?

Mr Doherty—It was staffed only from Department of Transport and Regional Services officers.

Senator Ian Campbell—When I was minister—I cannot speak for the new minister—I wanted them involved in any discussion of Hawker committee recommendations because I thought it would be unproductive for our team to go along with a whole range of what we thought were good ideas if they had budgetary impacts that might be hard to get through the Finance and Treasury—central agency—processes. I thought having the central agencies involved would make sense in the process. It is a sort of implementation point as to whether they were formally part of a task force or were consulted by the task force as and when required.

Senator O'BRIEN—That is different from having them on the task force; that is that point I am making. That is what you told us in May: that they were on the task force.

Senator Ian Campbell—That is clearly what I would have thought at the time. I do not think it makes much difference in practice.

Mr Doherty—Part of the issue is that if you second a particular individual to a task force you are securing advice from that individual only. In this exercise we would envisage consulting a range of people within those organisations.

Senator O'BRIEN—When was it decided that it was appropriate that they not be on it but merely seconded to it?

Mr Doherty—That was something that was kept under review as the exercise proceeded.

Senator O'BRIEN—When were they seconded to it? The answer in May says they were on it.

Mr Beresford-Wylie—That is true. The task force was established very shortly after the tabling of the report on the 24th, and contact was made with those central agencies I have mentioned—Finance, Treasury and the Department of Prime Minister and Cabinet—seeking to engage them in the process. They indicated at the departmental level shortly thereafter that they were happy to be engaged in the process of looking at the Hawker report.

Senator O'BRIEN—So you did not actually ask them to provide for someone to be on the task force?

Mr Beresford-Wylie—I think the letters that went out did invite them to participate on the task force.

Senator O'BRIEN—Did they then decline?

Mr Beresford-Wylie—I would have to check the responses.

Mr Yuile—We will check the responses, obviously, but my experience with task forces in other areas of government administration is that the secondees come, obviously, with expertise within their areas and are part of the secretariat work of the task force, if you like. But the question of policy consideration and reflection by different departments still has to take place separately. I was not directly involved in this, but my presumption is that those departments, certainly in everything I observed, were supportive and active participants in the debate around the recommendations and the approach to those recommendations. But on the

question of the support for the secretariat work of the task force, we had resources within the branch and, I think, perhaps even people outside the branch who were invited in to assist us with that work. I think it was a matter of judgment that the input they could make could be effectively done in an interdepartmental consultative manner, rather than seconding individuals onto the task force because you needed extra bodies. I do not think there was anything more to it than that. Certainly a reflection is the best way to take forward the activity, and that was it.

Senator O'BRIEN—I took it from an earlier incident that they were invited to be on the task force. I take it that they suggested another course, and I just want to be clear on that.

Mr Yuile—I understand that, and I assume that course will—

Senator O'BRIEN—The then minister said they were on it in May, so he clearly had the view that they were on it. I am trying to discern whether there was a different view in the department—whether, as it appears, they were invited but declined. No doubt there were discussions about the appropriate structure. Did Treasury and Finance suggest that, rather than be on it, they be seconded?

Senator Ian Campbell—I think we would have to look back and find out. I do not think we have the information you require here. I am quite happy for the department to give it to you on notice, if that is all right. We do not seem to have the answer to that question; do we?

Mr Beresford-Wylie—No.

Senator Ian Campbell—Is that all right?

Senator O'BRIEN—If you do not have it here, yes, I would like it to be answered on notice in terms of—

Senator Ian Campbell—It is a fair question. I do not see that it is a huge issue; it is just a matter of finding out what happened. We are happy to find out and tell the committee.

Senator O'BRIEN—So I have it right in that something happened and they ended up not being on it other than being seconded? They were not members of the task force; it was a departmental task force?

Mr Doherty—Our recollection is that they were invited to participate on the task force. The uncertainty is about exactly what form that participation would take, whether they were specifically invited to second staff or just to assist in a consultative fashion.

Senator O'BRIEN—Would it be possible to get a copy of the letter written to the departments asking for their participation?

Mr Doherty—We will check out those details and, subject to clearance with the minister, we will provide the information.

Senator O'BRIEN—Thank you for that. When did the task force meet?

Mr Doherty—The task force did not operate through a formal session of meetings. It was established as a working unit within the department but which would then undertake a series of consultations and circulate papers over a period of time. We would not have a series of specific meeting dates.

Senator O'BRIEN—Was someone responsible for calling people together?

Mr Beresford-Wylie—I was the leading person on that task force. A person from the policy group of the department and I formed the core of the unit that looked at the Hawker report recommendations.

Senator O'BRIEN—Was it a task force of two?

Mr Beresford-Wylie—There were two of us who were looking specifically at the recommendations on a full-time basis, but we engaged people throughout the department and people in other departments as required.

Senator O'BRIEN—So there were two core people and you seconded others from time to time.

Mr Beresford-Wylie—Yes.

Senator O'BRIEN—I am trying to understand it. It is described as a task force; it is in the annual report as a task force. It has been the subject of publicity as being a task force. I am trying to understand how it was structured, and you are telling me that there were two core members of this interdepartmental task force—is that the correct term for it?

Mr Beresford-Wylie—Within the department.

Mr Yuile—Intradepartmental.

Senator O'BRIEN—Intradepartmental—my mistake, I am sorry.

Mr Doherty—That is essentially correct. Part of the judgment for us was whether to conduct that policy development work within the existing section resources, and it was considered sufficiently important to establish an offline unit to work on it. Obviously, they drew in the resources of that existing section and others around the department as well.

Senator O'BRIEN—Mr Beresford-Wylie, you said you were full time on this task force.

Mr Beresford-Wylie—Yes, I worked on the Hawker report and on local government issues generally.

Senator O'BRIEN—So you were not working exclusively on this matter. I would be surprised if you were but it was an implication of your earlier answer that I wanted to be sure about.

Mr Beresford-Wylie—I was dealing with the Hawker report and the issues of local government financing and policy that were thrown up for a period on a full-time basis.

Senator O'BRIEN—For what period?

Mr Beresford-Wylie—That period would have been around three months.

Senator O'BRIEN—And the other person on the core task force body—how long would they have been exclusively engaged on this task?

Mr Beresford-Wylie—That person was working almost exclusively on the report for the same period of time.

Senator O'BRIEN—What was the reporting structure from the task force? You reported to yourself, obviously, but where did it go from there?

Mr Beresford-Wylie—I reported to the first assistant secretary responsible for the policy area but primarily to the first assistant secretary responsible for the local government branch.

Senator O'BRIEN—Who was that?

Mr Doherty—That was me.

Mr Yuile—Through them to the minister, obviously.

Senator O'BRIEN—You were reporting to the minister for Mr Beresford-Wylie's task force, Mr Doherty?

Mr Doherty—This was within the normal structure of the department. So, yes, within the departmental arrangements there would have been secretary, deputy secretary, myself and Mr Beresford-Wylie, and from that chain there would have been advice to the ministers.

Senator O'BRIEN—Were you preparing formal written advices to the minister in that chain?

Mr Beresford-Wylie—Yes, I was.

Senator O'BRIEN—You were, Mr Beresford-Wylie?

Mr Beresford-Wylie—Yes.

Senator O'BRIEN—And they were passed to you, Mr Doherty, or did they go direct to the minister?

Mr Doherty—That would have depended on circumstances, I think. On some occasions they would have been cleared with me before they went; in other cases I would have been copied in.

Senator O'BRIEN—Was there a protocol about whether you were in the chain or out?

Mr Doherty—That is part of the normal departmental operations, really. Our intention is that, where practical, branch heads would be involved in providing advice direct to ministers. Obviously, there are issues which are seen as sufficiently complex or strategic in nature that they are passed up the line. On some occasions division heads and on other occasions division heads and deputies would also be involved before advice is dispatched. There is nothing special about this arrangement.

Senator O'BRIEN—Apart from the two who were engaged substantially near enough to full time on this task for three months, what other departmental resources have been devoted to the operation of the task force? You talked about it in general terms; I am trying to get a clear understanding of the resource pull on the department of this work.

Mr Doherty—I am not sure I can quantify the amount. I think the other section that would have had most direct involvement was the ongoing local government section, which continued with the essential ongoing work around administration of the financial assistance grants and issues such as that. I could check that to see if we can get some indication of that. I think their involvement would have been relatively regular rather than just on an occasional basis and that they would have been feeding in a range of information about the practicalities of how the system works.

Senator O'BRIEN—If you could check that and let us know, I would appreciate it.

Mr Doherty—Certainly.

Senator O'BRIEN—Who does the department consider to be the key stakeholders in response to the Hawker report?

Mr Doherty—At the end of the day, I guess the government remains our key stakeholder on these issues. Beyond that, local government, states and the general community all have a strong interest in these issues.

Senator O'BRIEN—How have they been consulted?

Mr Doherty—In relation to local government and the states, the consultation has been through the auspices of the Local Government and Planning Ministers Council. I should add that, in relation to local government, there was also a roundtable meeting established in the middle of last year, chaired by the minister, which included all the state and local government association representatives as well as ALGA. The Australian Local Government Association is the normal representative through the Local Government and Planning Ministers Council. On that occasion, the representation was expanded.

Senator O'BRIEN—So apart from the roundtable, at how many ministerial councils was this matter an agenda item?

Mr Doherty—From recollection, we think it would have been on the agenda for the initial meeting of the council in Darwin, which was just prior, I think, to the actual report being delivered.

Mr Beresford-Wylie—The meeting in Darwin took place in July 2003. There was an item on the Hawker report on that agenda. There was also an item on the council's agenda when it met in Perth in February 2004.

Senator O'BRIEN—So the first meeting was before the report was delivered, was it?

Mr Beresford-Wylie—That is correct. There had been a discussion paper issued by the committee. That had set out some of the parameters of what the committee was looking at.

Senator O'BRIEN—It is very hard to consult about a report before it is delivered.

Mr Beresford-Wylie—The discussion was about process rather than just the content.

Mr Doherty—I think you are right, Senator. In terms of substance, it would have been the Perth meeting and then the roundtable.

Senator O'BRIEN—So one MINCO and another roundtable, effectively, was the consultation.

Mr Doherty—The roundtable was in effect the expanded ministerial council. We should say that that consultation is not seen as closed at this stage.

Senator O'BRIEN—What was the task force doing? I thought it was assisting the government to prepare its response.

Mr Doherty—Mr Beresford-Wylie has reminded me that, apart from the formal consultation through those processes, there was a range of face-to-face consultations with local government representatives and state government representatives separately. He can expand on that if it is useful.

Senator O'BRIEN—That would be good. Over what period were these consultations? Presumably, there was some formality to them, was there, or was it just a matter of conversation that arose from time to time in meetings organised for other purposes?

Mr Beresford-Wylie—As we said, the report was tabled in November and the first opportunity for the Australian Local Government Association to put forward its view was at the local government general assembly, which occurred at about the same time as the report was tabled at the end of 2003. Once the task force had been formed, I contacted and either met or had an extended telephone discussion with the heads of each of the state and territory local government associations to get their feedback on the report.

At the state government level, there is a structure in place which supports the ministerial council, which is regular meetings of officials. The meeting of officials for local government is called the Local Government Joint Officers Group, or LOGJOG. LOGJOG has this item on its agenda. There have been a number of teleconferences but also structured meetings of the Local Government Joint Officers Group where the issue has been discussed and individual state governments have put their views forward on the report and its recommendations.

Senator O'BRIEN—You say a number. How many?

Mr Beresford-Wylie—I could not tell you exactly how many. I will have to take that on notice.

Senator O'BRIEN—If you could, and could you also give us the dates of those discussions.

Mr Beresford-Wylie—Yes.

Senator O'BRIEN—Thanks. Mr Lloyd issued a media statement on 11 February this year which said that securing an intergovernmental agreement to eliminate cost-shifting was high on the government's agenda and that preliminary work on the agreement has begun. What work has been done?

Mr Beresford-Wylie—The June round table in 2004 was convened after an agreement by the February ministerial council that there would be a round table consisting of the members of the ministerial council and also the presidents of the state and territory local government associations. At that meeting, there was agreement that there should be further work done on an intergovernmental agreement, looking at the draft principles which might support such an agreement.

A working group was formed, which consists of members of the Local Government Joint Officers Group—which is us, the Australian government, and state and territory government representatives—as well as representatives of the local government associations. So it is not just ALGA but also the state and territory local government associations. I convened a meeting of that working group on 4 November. The meeting discussed the proposal for an intergovernmental agreement in the Hawker report and what the various parties might look for in such an agreement. Subsequent to that meeting, there was agreement that a smaller group would be formed to look at the draft principles and the structure of an agreement and perhaps the objectives that might be part of such an agreement. That small drafting group has advanced its work and is now looking at a discussion draft.

Senator O'BRIEN—Who is on the small group?

Mr Beresford-Wylie—The group consists of two representatives from the Australian government. They are both from the Department of Transport and Regional Services. I am one of them. There is another member of staff from the local government section. There are two representatives from state government. They are a representative from South Australia and a representative from Victoria. There are also two representatives from local government associations—one from the Australian Local Government Association and one from the Local Government Association of Queensland.

Senator O'BRIEN—Is that smaller group about to report back to the larger group, or has it already done so?

Mr Beresford-Wylie—Yes, it is looking at some work now. I would expect there would be several iterations of the work over the next few weeks before it reports back to that larger working group. That working group will then report through the Local Government Joint Officers Group, LOGJOG, through to a reporting structure which takes it to the next meeting of the Local Government and Planning Ministers Council.

Senator O'BRIEN—So I take it this intermediary larger group is all the states, all the local government representatives and the Commonwealth?

Mr Beresford-Wylie—That is right: state and territory governments, the state and territory local government associations and the Australian government.

Senator O'BRIEN—Do you know when the matter will be back before the ministerial council?

Mr Beresford-Wylie—The roundtable agreed that the ministerial council would receive a progress report at its next meeting. I do not think the actual date for that next meeting has been fully finalised, although the indications are at the moment that it will probably be in June.

Senator O'BRIEN—I take it this work is taking up a large part of the branch's resources?

Mr Beresford-Wylie—It is one of the things that the branch does. There is a focus on that work as well as on a number of other tasks. There are a number of other priority issues that the branch deals with—not least the administration of financial assistance grants and the administration of the local government awards. But as we have said, these two issues—the Hawker report and the intergovernmental agreement—are the two priority policy issues.

Senator O'BRIEN—Can you give us an estimate of the proportion of the resources of the branch that are used on these two issues, as you describe them?

Mr Beresford-Wylie—It would be the local government section that would be dealing with the issues. There are two other sections, which deal with natural disasters, and clearly they would not be dealing with this. I would have to go away and look carefully at the distribution of the resources within that section that were actually dealing with the Hawker report. Clearly, in that section they also deal with other policy issues as they arise, at any given time.

Senator O'BRIEN—So the next step is taking the matter to ministerial council, effectively?

Mr Beresford-Wylie—For the intergovernmental agreement, yes, we are looking at the development of that discussion draft. Then we will provide a report back to the ministerial council in June.

Senator O'BRIEN—No doubt the department is providing advice to the minister separately from that.

Mr Beresford-Wylie—Yes. It was understood when we structured the working group that, while officials would be looking at the development of the draft principles on a no-prejudice basis, each of them would need to go back to respective governments or councils of local government associations to provide advice on the draft and seek guidance.

Senator O'BRIEN—Does Mr Lloyd have carriage of the Hawker report response or does Mr Anderson?

Mr Doherty—Mr Lloyd has day-to-day carriage.

Senator O'BRIEN—Does Mr Anderson have any role?

Mr Doherty—Consistent with the normal arrangements within the portfolio, I think Mr Lloyd would consult Minister Anderson on this strategic issue.

Senator O'BRIEN—Presumably, Mr Anderson would take any matters that required cabinet consideration through cabinet?

Mr Doherty—That would be the normal arrangement.

Senator O'BRIEN—Presumably, Mr Anderson would have some right of veto in the process?

Senator Ian Campbell—I do not think you can characterise the cabinet minister's interaction with the local government minister on these issues. When I was working in that ministry with Mr Anderson it was more of an iterative process on all these policy things. If you wanted to move something strategically that needed cabinet consideration you would talk to him generally with the relevant departmental officers present and work through the issues and get to an agreement. Technically, you are right. If the cabinet minister says, 'Sorry, Jim, we are not going to do that,' that is a veto. But it is very unlike the way John Anderson works. He is someone who wants to tease out the ideas and get to the best policy outcome.

Senator O'BRIEN—Ultimately, it would require his agreement for a matter to be progressed through cabinet.

Senator Ian Campbell—That is a better way of putting it. I think the way you describe it is accurate: ultimately, if you are doing something substantial anywhere in the portfolio that has to go to cabinet, the cabinet minister would have to agree with it, as would the rest of cabinet.

Senator O'BRIEN—It is not really going to get on the agenda if the cabinet minister who has carriage of it is not going to support it.

Senator Ian Campbell—That is right. That applies to all portfolios.

Senator O'BRIEN—Last May the then minister, Senator Ian Campbell, gave this committee a very strong impression that the government's response would be announced in calendar year 2004. That did not happen. Has Mr Lloyd or the department received any representations from local government associations expressing any frustration with the delayed response to the Hawker report?

Mr Doherty—We are not aware of formal representations on that basis. Having said that, we are conscious that it is a matter that local government and others are interested in seeing move forward quickly.

Senator O'BRIEN—You are not aware of any expressions of frustration in any way in a formal sense?

Mr Doherty—I do not think I have seen correspondence relating to that.

Senator O'BRIEN—I would appreciate it if you could check that because it would surprise me given the amount of interest in the matter in the local government sector. 'Interest' is probably a word that does not adequately characterise the feeling that exists about the matter.

Mr Doherty—Right.

Senator O'BRIEN—Please check that because I would find it amazing if there were no agitation about an early response.

Mr Doherty—We are happy to check what correspondence there is on that.

Senator O'BRIEN—When was the draft response to the Hawker report presented to Mr Lloyd for his consideration?

Mr Doherty—I should not go too far into correspondence between us and the minister, but at this stage we have not proceeded to the presentation of a draft response.

Senator O'BRIEN—A draft response has not been completed? Is that what you are saying?

Mr Doherty—That is correct.

Senator O'BRIEN—I understand that the task force is working on the draft response. Is that right?

Mr Doherty—Within the local government and natural disasters branch, that work is proceeding towards a response. Perhaps I should clarify that the actual preparation of a draft response document is probably about the final step and it would draw on a range of decisions on policy issues which have to be resolved first. It is the policy development and resolution process that we are really working on at the moment.

Senator O'BRIEN—Have you any idea how far away we are from the presentation of a draft response to the minister?

Mr Doherty—Again, I am not sure that the presentation of a draft response would be the next step.

Senator O'BRIEN—It may not be, but it is still a question I am asking. You may be 10 steps away, but when do you think we will get to that step?

Mr Doherty—I would be speculating as to exactly when that might be because it depends on so many steps which are not within our control, including the resolution of issues at government level and further consultations through the Local Government and Planning Ministers Council and elsewhere.

Senator O'BRIEN—Would you envisage that it would be this year?

Mr Doherty—Certainly, I would, and we will be doing everything we can to ensure that that happens.

Senator O'BRIEN—You envisage a significant amount of further work within the department before you get to the step of presenting the minister with a draft response.

Mr Doherty—Iterative work within the department and others. That policy resolution process is proceeding now. When that will come to a conclusion that allows us to finalise a draft response document is the part that I am unsure of.

Senator O'BRIEN—I am simply trying to get an idea of whether we are going through a process that simply takes time or a process which will involve a significant amount of work for the department.

Mr Doherty—I am not sure that there is an unmanageable workload in this. I do not think that is a factor bearing on the time. The nature of the policy development work is that, through the task force, we were able to get a good head start on articulating the issues and doing some analysis of them. The process is now around the exercise of identifying the level of agreement to that, the particular decisions which might come from that, the directions which might be followed, identifying where government wants to go and working through with stakeholders as necessary the implications of that. That process does take a certain amount of time, I guess, but we do not feel we are being held back through a lack of resources, if that assists.

Senator O'BRIEN—Independent of this process, has the government acted on any of the recommendations contained in the Hawker report?

Mr Doherty—Announced last year were some increases in local roads funding for South Australia which were identified as an interim response to the Hawker report.

Senator O'BRIEN—When was that?

Mr Beresford-Wylie—That announcement was made in March 2004 by the Prime Minister.

Senator O'BRIEN—Is that the only area in which the government has acted on recommendations from the Hawker report?

Mr Beresford-Wylie—Some of the recommendations dealt with an intergovernmental agreement and, as we have already discussed, there is work under way in looking at a draft intergovernmental agreement.

Senator O'BRIEN—There is no action, yet work is under way. Is that a fair way of putting it?

Mr Beresford-Wylie—When you say action—

Senator O'BRIEN—There is no implementation of an intergovernmental agreement and work is under way. You have actioned the process.

Mr Beresford-Wylie—That is correct—that is, the process of developing a draft.

Senator O'BRIEN—Whereas the other action described was actually an increase in road funding in response to the report.

Mr Beresford-Wylie—That is correct.

Senator O'BRIEN—In December, I asked Mr Lloyd a question on notice about the 2003-04 report on the operation of the Local Government (Financial Assistance) Act 1995, known as the local government national report. It is question on notice No. 279 and remains unanswered. Can you tell me on what date the department provided the answer to Mr Lloyd's office for clearance?

Mr Beresford-Wylie—The department has not yet provided the minister with a proof report of the local government national report for 2003-04.

Senator O'BRIEN—Why not?

Mr Doherty—Sorry, Senator. I was not clear whether your question was about when the answer to your question was provided or when the report was provided.

Senator O'BRIEN—It was the answer to the question that I asked about.

Mr Doherty—I will check that for you. I am not entirely sure exactly where the answer to the question is and, if it has been provided to the minister, when that was done.

Senator O'BRIEN—So you do not know whether Mr Lloyd got it or whether it has not reached him yet? You would normally provide a draft within 30 days—or you would know about it if you did not.

Mr Doherty—I will check that. We have certainly developed a response, but I cannot say for sure that it has cleared the department's processes to get to the minister, and, if so, when that happened. I will need to check the details.

Senator O'BRIEN—How often is it that the department is not able to meet the 30-day turnaround time? That is a broad question. I am referring to this branch.

Mr Doherty—I would hope it was the exception. I do not have detailed figures in front of me.

Senator O'BRIEN—Could you let us know. I am interested to know whether there is some special reason we have not had a response to this or whether it is down to Mr Lloyd's preoccupation with the Central Coast of New South Wales. Perhaps you can take that on notice and let us know.

Mr Doherty—Certainly. I think Mr Beresford-Wylie was able to provide you with the information that was sought in the question on notice, broadly.

Senator O'BRIEN—I am happy for you to provide it now. I take it that you have not provided a proof version. That is right, is it?

Mr Beresford-Wylie—Yes, the proof report has yet to be provided.

Mr Yuile—I did see the question on notice come through, and I am pretty sure that I have seen the draft response for the minister's consideration. We will check the date when that went up to the minister. By way of context, which is important so that there is no misunderstanding on your part—or our part, for that matter—of the issue, I thought Mr Beresford-Wylie should fill you in.

Mr Beresford-Wylie—The act requires the minister to provide to parliament a report on the operations of the act as soon as practicable after 30 June each year. That report needs to include an assessment of the allocation made under the act and the extent of horizontal equalisation that has been applied, as well as the methods of the grants commissions and a variety of other factors. We seek the advice of the state governments and their grants commissions in terms of putting the act together. The actual finalisation of the financial systems grants process does not occur until August each year—that is, the August after the financial year has finished. Then we seek the input of the states.

That input was a little late this year. The deadline for the material was mid-August. Some of the material was not received until mid to late October. Then we put together the report and provide a copy to the minister as soon as we are able. For the 2000-01 report, it was February 2002 when it went to the minister. For the 2001-02 report, it was March 2003 when it went to the minister. For the 2002-03 report, it was in fact December 2003 when it went to the minister. Generally speaking, we try to get the report to the minister by the end of the calendar year, although in the past it has been around February or March when we have actually got the report to the minister.

Senator O'BRIEN—We are more than halfway through February—how close is it?

Mr Beresford-Wylie—We are attempting to finalise it as quickly as we can.

Senator O'BRIEN—Will it be this month or next month?

Mr Beresford-Wylie—I would say it is a matter of weeks not months.

Senator O'BRIEN—So next month.

Mr Beresford-Wylie—I could not give a guarantee about when it would actually be there but I would say that we are quite close to finalising the text.

Mr Yuile—I have just been told that the minister has signed off the answer to your question yesterday, so it will be with the secretariat today, I assume. I think Mr Beresford-Wylie's explanation at least gives you some context over recent years—that the reports have been finalised desirably by the end of the calendar year but typically in the first quarter in the following year. Given the late information that was received, the complication of an election and the follow-up to that, we are endeavouring to get it finished as quickly as possible. It looks like it will go to the minister in March.

Senator O'BRIEN—Is this delay in receiving information a regular if not normal occurrence?

Mr Beresford-Wylie—There will always be some information which is a little bit delayed. We attempt to get the information as quickly as we can. In some cases the organisations providing us with the information will have their own resource or priority difficulties, but we

urge them to provide it when they can and we follow it up. I could not tell you how regular the delay is. I would suspect that there is always some marginal delay, perhaps.

Senator O'BRIEN—So at this stage there has been no involvement of the minister or his office in the matter.

Mr Beresford-Wylie—The involvement of the minister so far has been to send out the formal request for information for preparation of the report. That request would have gone out at the beginning of this financial year, but he has not been involved with the text.

Senator O'BRIEN—Table 1.4 in the portfolio additional estimates statements provides advice about variations to appropriations. Can you explain the variations to local government financial assistance grants?

Mr Doherty—The variation to local government financial assistance grants is part of the standard process under the legislation, whereby they are adjusted and indexed in relation to the movement of normal economic factors and also to population changes.

Senator O'BRIEN—There is additional cost in the current financial year and in each of the three out years. Is there a breakdown which shows where those increases will be allocated to or where increases and reductions have taken place in that context? Is there a public document that I can be referred to which will show it?

Mr Beresford-Wylie—I think you are referring to the table on page 31.

Senator O'BRIEN—I am.

Mr Beresford-Wylie—Under outcome 2 there are a series of figures which I think begin with an additional estimate of \$7,078 million and move across the table. As Mr Doherty has said, each year the financial assistance grants are indexed by a figure which is the sum of the national population growth and the CPI. We are advised of those figures by the Treasury and adjustments are made to the actual amount of money that is provided under the financial assistance grants based on the changes in those parameters. A series of changes are made throughout the year. The additional estimates figure that you see before you in the statement—the \$7,078 million—

Senator O'BRIEN—No, it is \$7,078,000.

Mr Beresford-Wylie—I beg your pardon.

Senator O'BRIEN—I am sure the local government bodies would be very pleased if you would revise that upwards.

Mr Beresford-Wylie—Yes, indeed. These are large figures. The \$7,078,000 figure represents parameter changes which have increased the 2004-05 amount over that estimate which was included in the budget. Since the budget we have had a clearer indication of the outcome for 2003-04 and also an updated estimate for 2004-05. That has resulted in an expected increase in entitlement for the councils of \$7.078 million in 2004-05. That is an across-the-board increase on the financial assistance grants figures, reflecting a change in the parameters. There will have been a change in the parameters which will have impacted equally on the grants being provided for general purpose, which is about two-thirds of the grants—the \$1.5 billion.

Senator O'BRIEN—What about the population factor?

Mr Beresford-Wylie—If you are looking for a breakdown of the parameter, we can obtain that. I do not have the breakdown for what the actual contribution was to the parameter change. I thought you were asking about how it will be reflected in the allocation.

Senator O'BRIEN—I was trying to get a better understanding of it. You have now explained that. In understanding that, the parameter change would be helpful as well. Is there a breakdown of how that has affected individual states?

Mr Beresford-Wylie—There would have been a population estimate, and that estimate would have increased the financial assistance grants. I am not sure if there is an estimate at the state level at present. There would have been a national estimate of the population change, which would then have impacted obviously on the overall grant figure. There will be population movements between the states which will affect the distribution of the grants according to whether they have grown more or a little less than the national average. I would have to take on notice whether those detailed figures are available on a state by state basis. There certainly would be a national figure.

Senator O'BRIEN—Is there a breakdown below a state level, or is that the level at which the grant is allocated and then distributed by the states?

Mr Beresford-Wylie—The grant allocation figure is worked out by the individual state local government grants commissions.

Senator O'BRIEN—Why do we see it increasing—if I understand the figures on page 31—by \$30.96 million in 2005-06? Is that a change in parameters?

Mr Beresford-Wylie—That is correct. There are two parameter changes influencing that figure. There is the parameter change for 2003-04. As we finish the 2003-04 financial year we will have the actual figure by which the population increased during that year, looking backwards, and also the actual CPI figure. Looking backwards, we then make an adjustment to the financial assistance grant for that year. It may be that councils received slightly more than they should have received or slightly less. What happens then is that an adjustment is made to the following year's figure in terms of payments. Also, those possible new population levels will have meant that there is a slightly different base figure to begin with for the next financial year.

In addition to that changed 2003-04 figure there is now an updated figure available for 2004-05. We are now a significant way through the 2004-05 year. We started at the budget with an estimate of what 2003-04 and 2004-05 were. We reached the end of the 2003-04 financial year and were able to look back and get an actual figure for 2003-04 and we still have an estimate for 2004-05. As we have proceeded through 2004-05 we have refined the estimate for 2004-05 and we have a continuing estimate into the future. It is that refined estimate which has also impacted on the figure. In fact, what we have is a change in the estimates which reflects the change in 2003-04, which has flowed through to each of those succeeding years. We also have an additional estimate of what might be paid in 2005-06 from 2004-05 which has increased the figure by \$13 million.

Senator O'BRIEN—By \$13 million?

Mr Beresford-Wylie—There is an additional \$13 million which now may be paid in 2004-05 as a consequence of the better 2004-05 estimate.

Senator O'BRIEN—Perhaps you can give me on notice an explanation of how we get to those figures in the out years.

Mr Beresford-Wylie—I can, Senator.

Senator O'BRIEN—I think I am following you but it might be easier if I saw it and was able to go over it in written form.

Mr Beresford-Wylie—We can do that.

Senator O'BRIEN—It is not the simplest thing to impart orally, I suspect.

Mr Beresford-Wylie—There are a number of different variations at any given time and they impact on each other.

Senator O'BRIEN—On page 61 of the PAES it says that an expected decline in the department's liabilities will be offset by accrued expenses associated with the Local Government Financial Assistance Grants program in the order of \$13.2 million, which I think is the figure you just gave.

Mr Beresford-Wylie—That is right.

Senator O'BRIEN—Can you tell us what those accrued expenses are?

Mr Beresford-Wylie—The latest estimate indicates that the funding we have provided for local government may need to be increased if the parameter estimates now are borne through to the end of the year. They are unlikely to be the same figures but at present in notional terms there is an accrued expense for local government financial assistance grants of \$13.2 million.

Senator O'BRIEN—I want to ask about the regional flood mitigation program. Which minister usually exercises decision making with respect to this program?

Mr Doherty—In the current ministerial arrangements it is Minister Lloyd.

Senator O'BRIEN—Why did expenditure on regional flood mitigation in 2003-04 fall 52.1 per cent short of the budget estimate as reported on page 103 of the department's annual report?

Mr Doherty—I understand that the minister approved projects to the full value of the regional flood mitigation program's allocation in 2003-04; however, payment of the funds is based on progress of the works. Insufficient progress of these projects in 2003-04 meant that there were unspent funds which were rolled over into 2004-05 and 2005-06.

Senator O'BRIEN—In other words, held towards the same projects—

Mr Yuile—The funds are committed—

Mr Doherty—Yes, the funding has been approved but it has not been committed, because progress has not got to the stage where it can be paid.

Mr Yuile—It has not been expensed.

Senator O'BRIEN—The cheques have not gone out from the department yet, but the money is sitting there against them when they do.

Mr Beresford-Wylie—Yes, that is correct.

Mr Yuile—It is not quite in the mail.

Senator O'BRIEN—Not written yet, I suspect. I asked for that information in question on notice No. 247, which was lodged in December. Has the department drafted that response and has it gone to the minister yet? You have effectively given me the answer; I presume it was not hard to draft the response.

Mr Doherty—Yes, I understand we have provided a response on that one, but I will need to check the details.

Senator O'BRIEN—Could you tell me when it was provided. What does the annual report mean when it says, on page 131, 'changes in ministerial arrangements affected funding allocations under this program'?

Mr Doherty—I am advised that the issue related to additional workload arising when there was a change in minister; so efforts within the department were diverted to other tasks at that stage, which meant that our advice on the allocation got to the minister later than it otherwise would have. But it certainly does not relate to delay at that stage, when the advice was with the minister.

Senator O'BRIEN—What additional work was occasioned that delayed the department's work?

Mr Doherty—I am not sure that there is anything specific that we can point to there, other than the normal introductory load of providing an introductory briefing on a range of factors and introducing the minister to the new functions.

Senator O'BRIEN—I am just interested in your answer to earlier questions about what you describe in your annual report as:

Our final result for 2003–04, \$4.7 million, reflected changes in ministerial appointments, which delayed the approval of 2003–04 projects, and further delays starting and completing projects in a number of states and territories.

Mr Doherty—Our understanding is that it is the last part which is the major cause of the issue.

Senator O'BRIEN—It seems that there is a chain of events which commence with the delays occasioned by the ministerial appointments and then, the report says, 'further delays starting'. So in other words you delay the approval in the start and then there are delays in the process further down the line, which means that the cheques do not get in the mail, to use Mr Yuile's analogy.

Mr Doherty—We need to clarify that, but my understanding is that to some extent they probably would compound as issues. If we are later in getting the allocations out then the chance of people meeting the progress to get their payments is equally reduced. We will need to have a look at those two factors.

Senator O'BRIEN—Presumably there is some significance in the delay in getting the approvals out for it to appear in your annual report. We are not talking about inconsequential delays, I take it, when they are reported in your annual report.

Mr Doherty—I need to look at that.

Senator O'BRIEN—Who drafted this section of the annual report?

Mr Doherty—Initial input would have been provided from within the branch. We have a process within the department where that material gets consolidated and edited into a document which is then passed back to the branches for clearance.

Senator O'BRIEN—So this was cleared by the branch.

Mr Doherty—That is correct. That would have come back.

Senator O'BRIEN—What was the timing of the ministerial appointment that occasioned the delay?

Mr Beresford-Wylie—It is not so much the timing of the appointment. The appointment was made I think around September 2003. I could not give you the exact date.

Senator O'BRIEN—I take it it means that some projects, or a significant number of projects, experienced a delay in processing at ministerial level because the work of the department was somehow affected or disrupted by the handover to the new minister.

Mr Doherty—I think the delay was on the department's side, as I understand it from the advice I got.

Senator O'BRIEN—That is what I just said.

Mr Doherty—But that resulted in us being slower in putting the material to the minister to sign off.

Senator O'BRIEN—So there is no change in the time the minister was taking with approvals once they reached the minister.

Mr Beresford-Wylie—No.

Senator O'BRIEN—What proportion of projects would have been affected by the bottleneck in the department, for want of a better term?

Mr Beresford-Wylie—From memory, we would have put most of our submissions up for approval during December 2003 for the 2003-04 year. In part the regional flood mitigation program has in the past experienced some slight delays in approval simply because our ability to put material forward and seek approval from ministers and therefore have projects agreed and announced depends on receiving information from the states and territories. That in turn depends on advertising the programs, obviously, and getting the applications, convening the necessary panels within the states and having approval flowing through state ministers and submissions coming through to the Australian government.

For the 2003-04 year, as I have said, I think the vast majority of those potential projects or proposed projects could have gone forward to the minister in December and been approved very quickly by the minister. Once that issue happens, under the regional flood mitigation program a sum of 30 per cent is payable up front for the actual projects which are approved. The remaining funds depend on work undertaken by in most cases the local government authorities who have put forward the project. The funds are provided on the basis of a dollar from local government, a dollar from the Australian government and a dollar from the state

governments. That means that at any given time we are awaiting a report from the local government or an invoice, if you like, of work that has been done.

As a consequence, it has not just affected the year 2003-04. There have been other years where the regional flood mitigation program expenditure has needed to be rolled over, not because the funds have not been committed to the projects but simply because in some cases invoices have not been received from local government. We have attempted to rectify that in the new natural disaster mitigation program, which provides a slightly higher amount of funding at the beginning, and also we have changed the timing of the advertising for both the regional flood mitigation program and the natural disaster mitigation program this year to bring them forward so that the minister has advice much earlier.

Senator O'BRIEN—Thank you for that information. It is helpful but it is not really an answer to the questions I have been asking. As I have said, the annual report states that this underspend reflected changes in ministerial appointments. You tell me the changes in ministerial appointments put some workload on the department, creating a bottleneck, which delayed its work. I am trying to find out, given that it is significant enough to be reported in the annual report, what the nature of that delay was. Do you want to take that on notice and give me a full answer? Is it possible to get a list of the projects approved and their status during that financial year so that we can understand where the bottlenecks occurred after that initial problem?

Mr Beresford-Wylie—Yes, we can provide you with a list of the status of all of the projects approved in the 2003-04 year.

Senator O'BRIEN—I want to understand, if they have been approved with particulars, what they did not do, which meant that they did not get the money. It might be a simple thing to do.

Mr Beresford-Wylie—We can advise you of the projects that were approved, the amounts of funding that have been provided and therefore the further bills or invoices we have received for work on those projects.

Senator O'BRIEN—Do I understand correctly that the underspend was rolled forward into 2004-05?

Mr Doherty—I think in both years—2004-05 and 2005-06.

Senator O'BRIEN—Were some of them projects which would not in the normal course of events have been completed in 2003-04—in other words, was some of the funding for those projects already in the out year 2004-05 and it has now gone to 2005-06?

Mr Beresford-Wylie—It is difficult for us to put a time frame on projects when you say they would normally be completed. Most of those projects are carried out at the local level by local council work forces, and so it really depends on when the local council programs that work to be done and when, even after the work has been done, they lodge an invoice through the states and that invoice comes to us.

Senator O'BRIEN—I am trying to understand. You have got the funds in year 2003-04. Would the normal approach be to allocate all of the funds for a project in the year it was approved and then roll it forward as needed?

Mr Beresford-Wylie—Correct. We would provide the approval for all of those projects. If they are able to be completed in that year then obviously we pay the funding out during that year. If they are not, we would seek to roll the funding over into the following year or, depending on advice about where the project status might be, it could be that the funding rolls forward to the year after that. That depends on a discussion between ourselves and the state departments and their discussions with local government.

Senator O'BRIEN—Would I find reference to that process or the numbers for that process in the portfolio additional estimates statements and, if so, where?

Mr Doherty—My understanding is that there should be an entry relating to movement of funds between years. We should be able to identify that for you.

Senator O'BRIEN—If you could. Perhaps we can take a break now, and you could let us know after the break.

Mr Yuile—We will talk to our financial people to give you an answer to that question.

Senator O'BRIEN—Thank you.

Proceedings suspended from 10.31 a.m. to 10.45 a.m.

Mr Beresford-Wylie—I can take you to page 30, table 1.4, 'Variations to appropriations'. There is a figure there a little way down the page on natural disaster mitigation. Reading across the column it reads that for 2004-05 additional estimates, zero; 2005-06 budget impact, \$5.153 million. This is the \$5.153 million from the regional flood mitigation program. That program is rolled into the natural disaster mitigation program in 2005-06, which is why funding for the regional flood mitigation program appears as an increase in the budget for the natural disaster mitigation program.

Senator O'BRIEN—So that is where it is. It now appears under a slightly different amalgamated heading.

Mr Doherty—Yes, Senator. It is because the two existing programs are being rolled into one from that date. There is also an adjustment to the current 2004-05 budget figure for the money which is rolled over into 2004-05.

Mr Beresford-Wylie—That is correct, Senator. On table 2.8, 'Administered programs' there are tables there which have details on the funding for the natural disaster mitigation program and the regional flood mitigation program. It is on page 53 of the additional estimates document. If we move down the table, the seventh entry is the natural disaster mitigation funding line and nine lines further down is the regional flood mitigation entry. The regional flood mitigation entry shows the actual expenditure for 2003-04 at \$4.747 million. Funding for the 2004-05 budget for regional flood mitigation is \$12.1 million, which is an original budget of \$9.6 million plus a rollover of \$2.5 million into the budget. That funding disappears and reappears in the 2005-06 line under the natural disaster mitigation funding, which is why the funding there increases from \$17.5 million in 2004-05 to \$26 million for that single year. That reflects the rollover of the \$5.153 million in RFMP funding from 2003-04, and in addition a rollover of funding that had been agreed earlier in the year in the budget of a further \$2.5 million in RFMP funding. So those two figures appear in the 2005-06

forward estimate under natural disaster mitigation and increase the original funding for that program from \$18.6 million to \$26.253 million that you see in that column.

Senator O'BRIEN—Then it rolls back to \$18.6 million—

Mr Beresford-Wylie—That is correct.

Senator O'BRIEN—then it declines to \$15.6 million.

Mr Beresford-Wylie—That is correct. That \$18.6 million then reflects the \$9 million of NDMP funding plus the \$9.6 million of the regional flood mitigation program, which has been merged into the two programs. The new funding that was announced for the natural disaster mitigation program was \$9 million in that 2006-07 year and \$6 million in the following year. So the \$9.6 million in each of those years comes from what was the original regional flood mitigation program.

Senator O'BRIEN—And that declines to \$6 million in 2007-08?

Mr Beresford-Wylie—The natural disaster mitigation program component declines from \$9 million to \$6 million. The regional flood mitigation program remains at \$9.6 million.

Senator O'BRIEN—Thank you for that. Have funds for the dredging of Tumbi Creek at the Entrance, New South Wales, ever been made available from the regional flood mitigation program?

Mr Doherty—No funds were made available.

Senator O'BRIEN—Have funds ever been offered for that project?

Mr Doherty—Funding was considered, but the way that the program works is for a proposal to come through as a shared arrangement between state, local government and the Australian government. In relation to this proposal, the state government was invited to consider whether it would put that proposal forward and declined to do so, so that was the end of the issue.

Senator O'BRIEN—So the Commonwealth asked the New South Wales government to consider whether that project should be put forward for funding under the flood mitigation program, and they declined to put it forward?

Mr Doherty—That is correct. The minister wrote to his counterpart minister in New South Wales and they declined to put it forward.

Senator O'BRIEN—When did that occur?

Mr Doherty—That letter was in December 2003 and I think the New South Wales minister's response was in February 2004.

Senator O'BRIEN—What was the nature of the New South Wales response? Did they give a reason for declining?

Mr Doherty—As I recall, the indication was that they did not see that this proposal should be put ahead of the proposals that they had already prioritised through their process.

Senator O'BRIEN—How would that project fit under the regional flood mitigation program—dredging a creek for access purposes?

Mr Doherty—There would need to be an issue in relation to flood mitigation, so the dredging would need to have the effect of reducing the risk of flood.

Senator O'BRIEN—Did the Commonwealth consider that the project met that criteria when it proposed it to the New South Wales government?

Mr Doherty—Certainly, the material put before the minister indicated that there were flood implications and that the area around the creek would be subject to flooding, which would be assisted by the clearance of the entry. However, at the end of the day, the detailed assessment of these projects runs through the state panel process. So really, it would only have come forward for funding if it had been through that process. There would also have needed to be, for example, environmental checks on the proposal.

Senator O'BRIEN—Certainly. Did the New South Wales government suggest that it did not meet the criteria for the regional flood mitigation program?

Mr Doherty—I do not recall that the response rejected it as a proposal; rather, it was a question of the priority that the proposal might have. Having said that, the response also did not indicate to what extent they had been through the analysis process.

Senator O'BRIEN—Can you tell the committee what role, if any, this department played with respect to the Commonwealth's response to the recent devastating bushfires in South Australia?

Mr Doherty—In relation to the response to the bushfires, as you know, the primary responsibility for response to bushfires is a state matter. The Australian government involvement has been around the natural disaster relief arrangements—where one state's expenditure exceeds a certain level on specified activities they are eligible for a rebate from the Australian government. So NDRA arrangements were certainly initiated for this. The government has also been involved to some extent through the provision of support for the shared funding arrangements for aerial fire fighting over a period of time. Following the incident itself, there was an inquiry established by COAG in relation to the response. DOTARS was asked to lead a working group of Commonwealth and state officials, which was involved in the development of a response to that report. That, on my recollection, was the range of our involvement following the bushfires.

Mr Beresford-Wylie—I can probably expand a little bit on the specific South Australian bushfire issue. Premier Rann wrote to the Prime Minister on 14 January proposing an initial matching contribution from the Australian government of, I think, \$6 million towards a bushfire recovery fund for the victims of the Eyre Peninsula bushfires. In that letter he suggested that departmental officers or officers from both governments meet to discuss the nature of that assistance. As Mr Doherty said, the protection of life and property at the constitutional level is with the states and the federal government provides assistance of a partial rebate through the natural disaster relief arrangements.

Mr Anderson, who was Acting Prime Minister, responded to Mr Rann on 19 January confirming the nature of the Australian government's support in *ex gratia* terms throughout the departments but also through the NDRA. Following that correspondence departmental officers did meet with their South Australian counterparts on 20 and 24 January to discuss the NDRA eligibility status of a range of measures which were being proposed for the Eyre

Peninsula. We have had an ongoing dialogue with the South Australian officials as they have looked to provide some clarification of what assistance they might be seeking outside the natural disaster relief arrangements. We would normally expect a claim to come forward at some point from South Australia for expenses they had incurred.

The determination for the natural disaster relief arrangements sets out the eligibility criteria for a rebate by the Australian government for reimbursement and also sets the parameters for the amount of funding which has to be spent by South Australia or by any state before the Australian government steps in to provide that assistance. South Australia has yet to make a claim on the NDRA for that Eyre Peninsula fire, although it is very early and we would not expect that claim to be made for potentially quite some time. We have yet to receive further formal advice from the South Australian government about what additional assistance they might be seeking. But, as I said, we have an ongoing dialogue at the officials level.

Mr Doherty—I am sorry; I may have pitched my answer at entirely the wrong question. I was talking more in terms of the fires across southern Australia in 2003. If you were referring specifically to the South Australian fires this year—

Senator O'BRIEN—2005.

Mr Doherty—I am sorry.

Senator O'BRIEN—So that COAG response you were referring to was to do with 2003, not 2005.

Mr Doherty—That is right—that followed the 2003 fires.

Senator O'BRIEN—What were the costs associated with this department's role with the 2005 South Australian bushfires? I think you were telling me there was nothing specific other than the administrative work of the department.

Mr Beresford-Wylie—That is correct. As Mr Doherty said, we are awaiting an NDRA claim. Obviously we have incurred some costs just in normal discussions at the administrative level with the state. There is, as Mr Doherty has alluded to, an arrangement in place whereby we provide assistance for aerial fire fighting for the states. Some proportion of that funding is available and has been taken up by South Australia to support some aircraft, although my understanding is that they were not used in that fire incident, so it is not possible to suggest that there was an allocation from that specific funding which was used in the fire.

Senator O'BRIEN—You talked about a letter from Mr Anderson detailing other ex gratia payments. Do you know what they were?

Mr Beresford-Wylie—There have been payments made available by the Australian government to other agencies. Family and Community Services, through Centrelink, provided a number of claims—I think it was 48 claims, totalling approximately \$15,000. That was the initial response until there was an announcement of ex gratia assistance by Minister Hockey on 14 January. Ex gratia payments have been made by Centrelink. I could not give you the exact figure—that would need to be referred to Centrelink—although I understand that, as at 7 February, the total in ex gratia payments was around \$285,000.

Senator O'BRIEN—The Centrelink ones—or does that include the tax ones as well?

Mr Beresford-Wylie—The Centrelink ones amounted to \$285,000, as of 10 or 11 days ago. The tax ones initially totalled \$15,000 before that ex gratia scheme kicked in.

Senator O'BRIEN—So a total of \$300,000?

Mr Beresford-Wylie—As of some 10 days ago, in payments through Centrelink—that is correct. There is other assistance being offered by the Australian government through the ATO. I think the Australian Taxation Office has announced assistance in terms of fast-tracking refunds and providing extra time to pay debts, but that is something that the Australian Taxation Office has put out on its web site. I think the Australian Defence Force made some recent announcements about assistance it would provide concerning a Reserve brigade participating in recovery efforts.

Senator O'BRIEN—Would it be possible, on notice, to get the total cost to the Commonwealth of its response?

Mr Doherty—That would involve us gathering information from other departments.

Mr Yuile—On the understanding that we would need to approach those other agencies, we would be prepared to do that for the committee.

Senator O'BRIEN—Thanks. Perhaps when you find that out you could let me know whether the Commonwealth rejected any requests for assistance from the South Australian government. I am referring to the earlier answer that Mr Rann's request for a \$6 million payment from the bushfire recovery fund has not been accepted.

Mr Beresford-Wylie—If I could just expand a little bit on that, included in that letter, from memory, was an enumeration of some of the things that would be sought. Discussions between officers indicated that some of the funding originally being sought would in fact be available for reimbursement under the NDRA—the payments that we make for personal hardship and distress. It was therefore not entirely clear what the \$6 million consisted of. So what we sought from South Australia was clarifying advice about exactly what they were seeking in terms of that \$6 million package. Our discussions with officials indicated that originally they wanted the \$6 million beyond the NDRA. However, some of the things that they were identifying were falling within the NDRA and would have been reimbursed under the NDRA; thus reducing the \$6 million, unless further things are added into the equation from the South Australian perspective. So there has been no decision on the \$6 million approach. There is simply an effort at the administrative level to clarify exactly what is being sought by South Australia as regards that additional assistance.

Senator O'BRIEN—Do you know—and if you cannot tell me now, can you take this question on notice—whether the Commonwealth sought to recover any costs from the South Australian government with respect to any assistance it provided?

Mr Beresford-Wylie—I am not aware that the Australian government has sought to recover costs.

Senator O'BRIEN—Can you check that and let me know.

Mr Beresford-Wylie—I can take that on notice, yes.

Senator O'BRIEN—Is there any reference, other than the fire trail expense on page 58 of the PAES, to financial matters relating to bushfire mitigation in the PAES?

Mr Doherty—There should be \$5 million for three years—a total of \$15 million reflected.

Senator O'BRIEN—‘The effectiveness of exciting fire trail networks’?

Mr Doherty—‘Existing’.

Senator O'BRIEN—I suppose they could be exciting!

Mr Yuile—They could be exciting. It depends where you are at the time.

Senator O'BRIEN—Is there any other reference in the PAES to bushfire mitigation financial matters?

Mr Beresford-Wylie—The reference to bushfire mitigation that you pointed out comes on page 25, the new initiatives. It also appears on table 2.8, on page 52. There is mention made on that page and in that table as well to the national aerial firefighting support.

Senator O'BRIEN—So it is the \$5 million again—the same figure.

Mr Beresford-Wylie—That is right. It appears on the top line there. A little further down the page, the national aerial firefighting funds that we have talked about appear in that table as well.

Senator O'BRIEN—So that is no change, is it?

Mr Beresford-Wylie—That is correct. So only that \$5 million figure is identified with the bushfire mitigation program.

Mr Doherty—Perhaps I should point out that there were two other bushfire related measures announced, which go to other portfolios. One related to bushfire awareness, which is to be administered out of the Attorney-General's portfolio. That was \$2 million a year for three years. The other related to increasing the capacity of the bushfire CRC, which I think is to go to the industry portfolio rather than education—

Mr Beresford-Wylie—I think it is education.

Mr Doherty—It is the education portfolio—\$1 million a year for three years.

Senator O'BRIEN—Is that in the coming financial year and the next two out years in each case?

Mr Doherty—Our bushfire mitigation program started in this financial year for the next two.

Mr Beresford-Wylie—I think both of those other programs are also in this financial year.

Senator O'BRIEN—So is that \$5 million for fire trail actually \$15 million over three years?

Mr Beresford-Wylie—That is correct.

Senator O'BRIEN—Five million dollars per year.

Mr Beresford-Wylie—That is correct.

Senator O'BRIEN—In November last year, Mr Lloyd told the National General Assembly of Local Government that the department was still developing the details of the program but that he saw local government as having a significant role. How will the program work?

Mr Doherty—I am sorry; are we talking about the bushfire mitigation?

Senator O'BRIEN—Yes. The \$5 million over three years.

Mr Doherty—Current indications are that it will be run very much along the lines of the natural disaster mitigation program, where there is a notional allocation from the pool to each state, and then a state based panel, which draws together state and local government, including agencies that are expert in the business of managing fire trails or fighting fires as the case may be, will look at proposals and come forward with a list of prioritised proposals, which will essentially be aimed at shared funding between state, local and Commonwealth government.

Senator O'BRIEN—One for one for one?

Mr Doherty—I stand to be corrected on this. In relation to the natural disaster mitigation program, the starting point is one for one for one but there is an outlet clause so that, if local government cannot reasonably meet that, there is provision for it to be less for local government with the balance shared by Commonwealth and state.

Mr Beresford-Wylie—That is correct. The original COAG natural disaster review report, which COAG signed off on in 2003, generally agreed in principle that mitigation programs should be funded based on a dollar from local government, a dollar from the state or territory government and a dollar from the Australian government, but with that let-out clause for local governments that would have difficulty meeting their proportion.

Senator O'BRIEN—Who finally approves the proposal—the Commonwealth?

Mr Doherty—Ultimately, it will be the Commonwealth minister who signs off on the proposals.

Senator O'BRIEN—So, in this case, it will be Minister Lloyd whilst he is the minister.

Mr Doherty—That is correct.

Senator O'BRIEN—Local government have a role on the state based bodies, I take it?

Mr Doherty—That is correct.

Mr Beresford-Wylie—That is correct. In the natural disaster mitigation program and the regional flood mitigation program they certainly play a very central role in their engagement on the panels.

Senator O'BRIEN—On a project by project basis as a partial proponent or a proponent?

Mr Beresford-Wylie—In many cases they are the originating applicant. They respond to the invitation to apply for funding under the program. Given that we have a starting point of a contribution from local government, it is local government that usually initiate that application and it is then considered and prioritised by the states. That helps them identify where their proportion of funding will go and what they are prepared to push forward to the Australian government as a recommended project.

Senator O'BRIEN—So when the Australian government has a proposal, the state government has already signed up to it. Is that right?

Mr Beresford-Wylie—Yes. When something comes forward to the minister under those projects, it has usually gone from a panel to a state minister with a recommendation and then come forward from a state minister to the federal minister.

Mr Doherty—So it would be one of a list coming forward. Senator, we have to be a bit careful about the way in which the arrangements that Mr Beresford-Wylie has described would translate from the natural disaster mitigation program to the bushfire trails program. I am conscious that a large proportion of the bushfire trails would be on state owned national parks, reserves and these sorts of things.

Senator O'BRIEN—State forests.

Mr Doherty—Yes.

Senator O'BRIEN—And private forests?

Mr Yuile—Tasmania in particular.

Mr Doherty—The expectation that local government would normally be paying one-third needs to be taken carefully in that context.

Senator O'BRIEN—Indeed, that is one matter I would like to be clear on. Where there is no existing local government responsibility, does that mean that we can expect that the program will become a state and federal one-for-one program?

Mr Doherty—I think there would be scope within this program for some projects to come through on a one-for-one basis, but we would still envisage local government being closely involved in saying, 'Yes, that's a valuable project for our local area.' I think they would still be involved in decision making. The issue is around whether you can expect them to come through with one-third of funding in that situation. There will be other areas where local government does have control of land where there is much more direct interest and they can obviously be expected to contribute.

Senator O'BRIEN—Is this about funding new fire trails or maintaining old ones?

Mr Doherty—I think it is a bit of both. It is about improving the overall fire trail network, which may include the maintenance and upgrading of existing trails; ensuring that there is continued access to existing trails; signposting, so that, during an event, people do not get lost, disoriented and put at risk; perhaps increasing turning areas so that people can get away if necessary; and, in some cases, extending the fire trail network.

Senator O'BRIEN—Is there any breakdown or target for extensions of fire trails versus improvement of the existing trails?

Mr Doherty—Not at this stage. I am conscious that, in the prioritising of these proposals, we are really relying on the expertise of people who are there and involved, so I think local knowledge and local expertise becomes a big factor.

Senator O'BRIEN—On the same day that the Prime Minister announced the bushfire mitigation fund—on 8 September last year—he announced that the government would

allocate an additional \$3 million over three years to the bushfire CRC that you have already mentioned. That is an off-budget fund. It is additional money—is that right?

Mr Doherty—I understand it is, but it is not something that we administer. That funding is not ours.

Mr Yuile—It is with the Department of Education, Science and Training.

Senator O'BRIEN—Is Bushfire Awareness and Preparedness Day, which he announced on the same day, the A-G's project?

Mr Doherty—That is correct. We expect Emergency Management Australia to be the main agency involved in that process for the Australian government.

Senator O'BRIEN—Do you know when Bushfire Awareness and Preparedness Day will be?

Mr Doherty—I do not know how they are proposing to run that program—whether it is a single day around Australia or whether it is a day tailored to local risk areas' risk timing.

Senator O'BRIEN—I will hit A-G's with a number of questions on notice to get some detail on that if I can, if this department cannot help me.

Mr Doherty—I am sorry; I do not have the details.

Senator O'BRIEN—I am not asking you to manufacture an answer that is not within your bailiwick if you do not know. The report of the national inquiry on bushfire mitigation and management is dated 31 March 2004. Is that the date it was transmitted to the Prime Minister?

Mr Doherty—I cannot say if it was exactly that date, but it was certainly by some time in April that it was with the Prime Minister.

Senator O'BRIEN—On what dates were the states and territories formally consulted on the public release of that report?

Mr Doherty—I think that is probably a question that needs to be directed to Prime Minister and Cabinet. As a COAG report it was really under their control, with the management of those issues, such as release of the report. As I have mentioned, we were involved in the working group which developed the substance of the response, but I think the question about release is really for them.

Senator O'BRIEN—In August last year the government argued that an embargo placed on its release prevented the government complying with a Senate return to order requiring its tabling. I assume that the embargo did not prevent the release of the report to this department.

Mr Doherty—I think the embargo would have been subject to normal arrangements—that it could be provided to those who were involved in the work on the response but with the embargo in effect transmitted to apply to any further publication by them.

Senator O'BRIEN—So the department was given it for those purposes.

Mr Doherty—We had a copy for the purposes of preparing the response, yes, and we needed to limit our use and release of information from the document to those purposes.

Senator O'BRIEN—Did the department have the report essentially from its inception?

Mr Doherty—Yes, I believe so.

Senator O'BRIEN—Do you know if any bodies external to government departments received a copy of the report, albeit on a confidential basis?

Mr Doherty—I know that all the relevant state organisations involved in preparing a response had copies of the report. I cannot speak for where they might have been passed on within the state organisations.

Senator O'BRIEN—Do you mean state firefighting organisations?

Mr Doherty—State firefighting authorities—that is correct—or other departments within state organisations, for that matter. I expect there would have needed to be a deal of consultation, so the documents would have been available to other agencies during that process.

Senator O'BRIEN—What role did this department play in formulating COAG's response to the report released on the same day as the report itself was released to the public?

Mr Doherty—I chaired the Commonwealth-state working group which developed a response for consideration by COAG, and DOTARS in effect provided the secretariat for that working group.

Senator O'BRIEN—I want to discuss the report's recommendations, particularly the role of this department in implementation. In his media statement accompanying the release of the report on 24 January this year, the Prime Minister said:

The report includes 29 recommendations to improve bushfire preparedness. Eight of these recommendations have already been implemented.

The COAG response to the report says:

Progress has been made on many of the recommendations of the Report with the Australian, State and Territory governments having already implemented a number of the measures identified.

I must say that given COAG's report is a response to the 2002-03 bushfire season, I am not surprised some action was taken before the 2004-05 season. However, I am concerned about the delayed implementation of many of the recommendations in the report. I do note that some are necessarily long-term measures.

Mr Howard says that eight recommendations have been implemented, but he has not identified those. Let us run through each of them. I would like you to tell me where we are up to and what role, if any, this department has played in implementation, including associated time frame and budgetary impact. Recommendation 1 is implementation of national and regionally relevant education programs for children.

Mr Beresford-Wylie—The involvement of this department is relatively limited in terms of the actual recommendations. In terms of that first recommendation, it is not one in which the Department of Transport and Regional Services is expected to play any major role. It would be the responsibility of other agencies.

Senator O'BRIEN—Is that the million dollars a year?

Mr Doherty—I think recommendation 1 goes quite broadly to education issues, does it is not?

Senator O'BRIEN—Yes.

Mr Doherty—There is an element which relates to formal education within schools which I think would largely be one to be taken up through the Commonwealth-state education forums with involvement by our education department. The issue I think also relates to broader community education, which again relates perhaps to that awareness program and to some of those sorts of issues, which is probably more a matter for Emergency Management and Attorney-General's.

Senator O'BRIEN—Do you know if that recommendation has been implemented or is it a work in progress?

Mr Doherty—I think that is very much a work in progress. To initiate something into the school curriculum will take some time. I think in relation to community awareness activities there are already a range of community awareness activities going on.

Senator O'BRIEN—There have been for some time.

Mr Doherty—Yes, there have been for some time. That has been augmented by the amount that was announced for the bushfire awareness day, but I suspect there will be a whole range of other measures as well.

Senator O'BRIEN—We do not know when bushfire awareness day will be yet, do we?

Mr Doherty—As I said, that is not something that we have control of.

Senator O'BRIEN—Do you know of any day that has been nominated?

Mr Doherty—No, I do not.

Senator O'BRIEN—Recommendation 2 is development and application of a structured risk management process for all aspects of bushfire mitigation and management. Where are we up to on that and what is the role of this department?

Mr Doherty—We expect to be able to contribute to that exercise through some of the work we are doing in relation to the broader natural disaster mitigation program, including some work that we have commissioned from Geoscience Australia relating to risk assessment. I suspect that we would be looking to dovetail with wider work going on in relation to that recommendation.

Mr Beresford-Wylie—In addition, one of the things that was evident in response to this recommendation is that there was a possibility jurisdictions thought there were disaster mitigation projects which could be submitted through the natural disaster mitigation program. We have not received an indication yet that they are moving forward with that, but of course that program resides within the Department of Transport and Regional Services.

Senator O'BRIEN—What did you say after 'of course'?

Mr Beresford-Wylie—That program is with us, so there will be an involvement with the department should the states and territories identify work which they feel should be submitted for funding or recommended for funding under that program.

Senator O'BRIEN—That one is a work in progress, as well?

Mr Beresford-Wylie—That is correct; it is an ongoing response.

Senator O'BRIEN—The third recommendation is the provision of additional resources to:

... accelerate the research necessary for the characterisation of fuel loads and dynamics ...

... ..

... characterisation of fire behaviour and ecological responses, the development of 'burning guides' from this information, and the compilation of this information and knowledge in nationally accessible databases

the establishment of a national network of long-term ecological research sites ...

Where are we up to on that, and what is the department's role?

Mr Doherty—That recommendation is very much a work in progress. In some ways that is typical of a lot of this report, which is about trying to establish a more rigorous framework over a period of time. Our involvement, I suspect, would be very limited on that one. It calls for a range of expertise on matters that we do not have in DOTARS specifically.

Senator O'BRIEN—Recommendation 4 is the provision of additional resources to establish a national program of fire regime mapping. Where are we up to, and what is the department's role?

Mr Doherty—Again, this is a recommendation where a range of work is going on within the states. The focus here will be to bring together information about what they are doing to try to share knowledge and consolidate thinking about the way forward. Our involvement will be very limited unless there is some involvement through the natural disaster mitigation program.

Senator O'BRIEN—That is a work in progress as well?

Mr Beresford-Wylie—Yes.

Senator O'BRIEN—Recommendation 5 is the development of national consistency in data sets relevant to bushfire mitigation and management. Where are we up to on that, and what is the department's role?

Mr Doherty—Again, our role will be limited to what we can contribute from what we glean through the natural disaster mitigation work. Overall, that is very much a work in progress, as well.

Mr Beresford-Wylie—We might have a slightly larger input into that in terms of the relevance of the Geoscience Australia work that is being done, which is also looking at data sets in addition to the early risk assessment work we mentioned.

Senator O'BRIEN—Geoscience is in the Industry, Tourism and Resources portfolio, isn't it?

Mr Beresford-Wylie—I am not quite sure which portfolio Geoscience Australia is in.

Senator O'BRIEN—I think it was in the Department of Industry, Tourism and Resources additional estimates complement the day before yesterday.

Mr Beresford-Wylie—As Mr Doherty mentioned, we have a relationship with Geoscience Australia to do some work for us. Some of the outcomes of that work may be relevant to assist in the jurisdictions in addressing this recommendation.

Senator O'BRIEN—Recommendation 6 is the development of a strategy for sustaining bushfire research and capacity building. Where are we up to on that, and what is the department's role?

Mr Doherty—There is some confusion about the numbering of the recommendations.

Mr Beresford-Wylie—This is what is referred to as recommendation 5.4 in the report, which says:

Australian Government, in partnership with the states and territories and relevant research organisations, develop a strategy for sustaining bushfire research and capacity building ...

Is that correct?

Senator O'BRIEN—Yes, you are right.

Mr Beresford-Wylie—I think this one falls into the basket of work that needs to be done over the next few years to look at the Bushfire Cooperative Research Centre's efforts and also to draw together the bushfire related research which is being done in a range of other CRCs and institutions—academic institutions in particular. I understand COAG will be seeking advice from the augmented Australasian Police Ministers Council as we get closer towards the period after which the Bushfire Cooperative Research Centre will be subject to review.

Senator O'BRIEN—Where are we up to on recommendation 6.1 and what is the department's role? It is about land use planning measures.

Mr Doherty—That issue has been recognised through the Local Government and Planning Ministers Council. States and territories continue to make their advisory and statutory measures more effective. Our advice is that they are doing that.

Mr Beresford-Wylie—This was on the agenda for the Local Government and Planning Ministers Council. Coordinated action is being undertaken by the various states and territories to address the issues that were identified there. I think the matter has been passed down to the Planning Officials Group, which is putting in place a strategy for ensuring that there is that increased effectiveness.

Senator O'BRIEN—So they are putting the strategy in place.

Mr Doherty—I think it is correct to say that they are drawing together information about what is being done with a view to continuing to improve the practices and share knowledge.

Senator O'BRIEN—Is this work in progress or do you consider that that recommendation has been met?

Mr Doherty—We think that the recommendation has been met. But there will continue to be work. It is one of those things where you can continue to improve.

Senator O'BRIEN—Has recommendation 6.2, on the building code, been reviewed as a matter of priority? What is the status of that and what is the department's role?

Mr Doherty—Again, we do not take responsibility for the Building Codes Board. That is in a different portfolio—I think the industry portfolio. There is currently a review going on by the Building Codes Board. I think the thrust of the recommendation here is to move forward to complete that as soon as possible.

Senator O'BRIEN—I take it completion of the code is meeting the recommendation in that context, is it? The recommendation is to be completed by—

Mr Doherty—That is right. I think completion of the review is the recommendation. At this stage the review has not been completed but it is well on the way.

Senator O'BRIEN—So it is work in progress.

Mr Beresford-Wylie—Yes, it is.

Senator O'BRIEN—Recommendation 6.3 is to develop 'a zoning approach to the classification of fuel management areas, with clear objectives for each zone'. Again, where are we up to on that and what is the department's role?

Mr Doherty—Again, that is an area where DOTARS would have a very limited individual role. Work is under way in each jurisdiction as I understand it.

Mr Beresford-Wylie—If I could expand very slightly, given the nature of the zoning issues which are discussed and the implications for land use planning, there is a possibility that that issue will come before the Local Government and Planning Ministers Council, in which case we would be providing support for the council as the issue was considered by them.

Senator O'BRIEN—So that is work in progress.

Mr Beresford-Wylie—Yes.

Senator O'BRIEN—Recommendation 6.4 talks about 'partnership with Indigenous Australians to explore how traditional burning practices and regimes can be integrated with modern practices and technologies'. Again, where are we up to and what is the department's role?

Mr Doherty—Again, it is not a significant role for DOTARS. It is one which individual jurisdictions are taking forward. I think it is fair to say that it is of more critical application in some jurisdictions than in others.

Senator O'BRIEN—It is a work in progress.

Mr Beresford-Wylie—Yes.

Mr Doherty—I am a bit concerned with the 'work in progress' broad formulation. On a lot of these recommendations there has been significant progress, even though it is still ongoing.

Senator O'BRIEN—Yes. I am trying to understand whether a recommendation has been achieved or not. That is why I am asking where we are on it. I am asking for a progress report.

Mr Doherty—I understand.

Senator O'BRIEN—Can you tell me what the state of recommendation 7.1 is and what the department's role is, if any?

Mr Doherty—I understand that agreements are now in place in each state with the ABC for those. We are seeing this as a recommendation which has been completed—which again is not to say that there may not be further enhancements and improvements that can be made over time.

Senator O'BRIEN—What about the protocols with commercial networks and local media? Do you know where we are with that part of the recommendation?

Mr Doherty—I do not know the detail of that other than that the states are moving to discuss that with commercial broadcasters.

Senator O'BRIEN—So you know that they are moving to discuss that.

Mr Doherty—Yes. At this stage I do not know how many arrangements are actually in place with commercial broadcasters.

Senator O'BRIEN—So part of the recommendation has been met and you are not sure about the rest.

Mr Doherty—Yes. I think we are seeing the first part of the recommendation—to make sure there is a broadcasting service available—as the key bit.

Senator O'BRIEN—So it has been met in part?

Mr Doherty—We would say at least substantially.

Senator O'BRIEN—Because the ABC and not the commercials have been done?

Mr Doherty—Yes. I think the way the recommendation is worded, that is put as the primary recommendation.

Senator O'BRIEN—It is their first. It says:

Similar protocols with commercial networks and local media should also be established.

In your terms, is that is an ancillary part of the recommendation?

Mr Doherty—That is correct. I am understanding that to mean that the important thing is to have the arrangement with the ABC, which has general coverage, and then to talk to the commercial networks about whether that can be enhanced by also having the commercials.

Senator O'BRIEN—We cannot mandate listening to the ABC for announcements. You obviously have to use the commercials to reach the audience you want to reach, haven't you? I know a lot of young people listen to FM and very few to ABC, except for Triple J, and not all listen to Triple J—despite my daughter's preferences. I am suggesting that we can categorise that recommendation as 'met in part' at this stage, to your knowledge.

Mr Doherty—We could argue over the interpretation, but I think in substance that is correct. We understand the arrangements are in place with the ABC and that people are working in relation to the commercial broadcasters.

Senator O'BRIEN—Thank you for that. Recommendation 8.1 says:

The Inquiry recommends that implementation of a single Incident Control System for the management of multi-agency emergency incidents be further examined by the Australian Emergency Management Committee, with a view to developing one nationally agreed system.

Where are we with that recommendation and what is the department's role?

Mr Doherty—The AIIMS system has been adopted by some emergency agencies in all jurisdictions, but there will be further work necessary through the AEMC.

Senator O'BRIEN—And this department's role?

Mr Doherty—This department would have no direct role in that. It is essentially a response measure.

Senator O'BRIEN—Is that a work in progress?

Mr Doherty—That is correct.

Senator O'BRIEN—Recommendation 8.2 states:

The Inquiry recommends that the AIIMS Incident Control System be adjusted so that it adequately allows for the identification and integration of local knowledge during ... operations.

Where are we with that and what is the department's role?

Mr Doherty—I think that is really at the same bracket as 8.1.

Senator O'BRIEN—Recommendation 8.3 refers to improvement 'in the flow of information under the AIIMS incident control system to threatened communities, government, police and emergency control authorities'. Where are we on that and what is this department's role?

Mr Doherty—The department would not have a direct role, again, in the implementation or detail of the AIIMS system. We understand that each jurisdiction is moving to implement this recommendation.

Senator O'BRIEN—Does moving to implement mean it is something that is yet to happen—the improvement 'in the flow of information to threatened communities, government, police and emergency control authorities'?

Mr Doherty—My understanding in relation to the AIIMS system is that each jurisdiction uses it to some extent and that there is continuing work to extend it and to refine its operation.

Senator O'BRIEN—You would think that would be something that would be happening on an ongoing basis. Is it a work in progress or has the recommendation been met?

Mr Doherty—No, I understand it to be continuing work.

Senator O'BRIEN—Has recommendation 8.4, 'the adoption of the AIIMS control system by all Australian fire authorities', been achieved? Has the department had a role in that?

Mr Doherty—We understand that all fire services have adopted and continue to use the AIIMS control system in accordance with AFAT guidelines.

Senator O'BRIEN—Recommendation 8.5 says 'that all fire ban advice be conveyed consistently to all states and territories'. Same question.

Mr Doherty—I understand that is still a work in progress to some extent. There is continuing work through the emergency management committee and others to work towards consistency in the use of warning signals.

Senator O'BRIEN—Does the department have a role in this matter?

Mr Doherty—Not a direct role.

Senator O'BRIEN—Recommendation 8.6, 'that final structure of warnings be based on advice from the relevant bushfire CRC report'—

Mr Doherty—We have got a different recommendation as 8.6. The part you have mentioned is the final part of recommendation 8.5.

Senator O'BRIEN—Sorry, yes. Where are we with that and what is the department's role?

Mr Doherty—We would not have a direct role in that. By the nature of its terms, the recommendation is awaiting the completion of some work by the bushfire CRC.

Senator O'BRIEN—So it is work in progress.

Mr Beresford-Wylie—Yes.

Senator O'BRIEN—It recommends in 8.6 that the Commonwealth maintain leadership of support for the National Aerial Firefighting Centre for a further three years until the bushfire cooperative research centre has finalised its research into the effectiveness of aerial suppression operations. Where are we on that and what is the department's role?

Mr Doherty—Our role is to administer the funding as a contribution. The terms of the recommendation have been met in that funding has been allocated for the next three financial years at \$5.5 million a year to support the National Aerial Firefighting Centre. Again, by the nature of the recommendation, it looks forward to further work by the bushfire CRC. There will be further thinking about aerial firefighting approaches down the track.

Senator O'BRIEN—The adoption of an integrated go early or stay and defend approach as a common national policy: where we on that and what is the department's role?

Mr Doherty—I understand that is an issue that will require serious consideration through the augmented Australian Police Ministers Council. In relation to the role, it is not an area where DOTARS would be seen to have expertise.

Senator O'BRIEN—So that is work in progress. Recommendation 9.1 is that the *Australian Emergency Manual—disaster recovery* be updated as a matter of priority.

Mr Doherty—We understand that that has been published. The manual was published in September.

Senator O'BRIEN—The recommendation says it is associated with DOTARS, another department and ALGA. So that has been published incorporating lessons learned from the recovery programs undertaken in relation to recent major bushfires and the outcomes of the Community Services Ministers Advisory Council review of community support and recovery arrangements—is that right?

Mr Doherty—An updated version of that was published in September 2004. It will continue to be reviewed.

Senator O'BRIEN—Sure. I am just asking whether the recommendation has been met in those regards or whether future iterations of that manual will take into account those dot points under recommendation 9.1.

Mr Doherty—My understanding is that the revision does take into account lessons, without saying that is the end of the learning or of the input into the revisions of that manual over time.

Senator O'BRIEN—What about the outcomes of the Community Services Ministers Advisory Council review of community support and recovery arrangements: is that incorporated as well?

Mr Doherty—I am not sure that we have those.

Mr Beresford-Wylie—My understanding is that that review has not been completed.

Senator O'BRIEN—Therefore this one is work in progress as well.

Mr Doherty—It is really one that I guess could not have been implemented any further than it has been at this stage.

Senator O'BRIEN—I want to know whether we can say, 'We don't need to look at that, it has been done,' or, 'There are still things to do to complete it'.

Mr Doherty—I understand. The point I am making is that I think on every one of these recommendations there will continue to be further work.

Senator O'BRIEN—That is understandable. Some have specific provisions such as this one. What you are telling me is that the second dot point of 9.1 cannot have been included because it has not been completed.

Mr Doherty—That is right. There will need to be further work.

Senator O'BRIEN—Recommendation 9.2 says:

... Insurance Council of Australia be asked to review the industry's code of practice in response to the lessons learnt from the claims arising from the 2002-03 bushfires.

I assume that the department or the minister would have made that request?

Mr Doherty—I understand that a request was made, but I am not sure exactly who signed the letter of request in the end. I will need to check that.

Mr Beresford-Wylie—I think the Insurance Council relationship falls under Treasury—

Senator O'BRIEN—You think they have been asked to review the industry's code of conduct—or you want to check that?

Mr Beresford-Wylie—I had better check that, to make sure that they have carried out that request. I understand there have been discussions.

Senator O'BRIEN—Recommendation 10.1 says:

... formalise the coordination of the development of policy on bushfire mitigation and management across Australian Government departments ...

Where are we up to on that and what is the department's role?

Mr Doherty—We are one of a number of agencies that have input. At this stage I do not believe there is any interest in government in bringing together those functions into a single agency. It is really a matter for us as agencies to work together. I think the Emergency Management Committee becomes something of a focus for that. We are treating coordination with other agencies as an important part of our role in this exercise, and we believe that others are as well. So we think this recommendation is being met.

Senator O'BRIEN—What does 'formalise' mean in that context?

Mr Doherty—I am not sure that was entirely clear from the report, but I think the arrangements could have been either bringing the functions together into one agency or perhaps setting up some sort of formal consultative structure between agencies on emergency management issues.

Senator O'BRIEN—Which has not happened.

Mr Doherty—No, that has not happened.

Senator O'BRIEN—So there is informal, rather than formal, coordination and development of policy?

Mr Doherty—The formal elements, I think, are through participation on the Emergency Management Committee and a range of subgroups of the Emergency Management Committee. Our sense is that no further formal structure is required.

Senator O'BRIEN—Recommendation 10.1 had two parts. The second part says:

... and the provision of advice to the Australian Emergency Management Committee and the augmented Australasian Police Ministers' Council.

I think you are saying that that part of the recommendation at least is met by an informal arrangement within the Australian government—is that right?

Mr Doherty—The Emergency Management Committee sits as the officials group supporting the ministerial council and, in support of the AEMC, a range of working groups have been established to bring together agencies on particular areas. I think that provides the structure to meet the intent of this recommendation.

Senator O'BRIEN—I would say you have not formalised it, but you believe the intent is met—if that categorises your answer.

Mr Doherty—I do not think we have formalised it in the way that the committee necessarily envisaged, but the decision has been taken that no further formalisation is necessary than we have at the moment.

Senator O'BRIEN—So the recommendation has not been implemented—something else, in the view of the Commonwealth, suffices.

Mr Doherty—That recommendation has been resolved, if you like. I would not categorise it in the work in progress group, because that is a decision that we have all the necessary formal arrangements in place.

Senator O'BRIEN—The Commonwealth made a decision effectively not to implement the recommendation as proposed but talks about its administrative arrangements involving a number of agencies; it reflects the diversities of functions and skills involved and the government expects these agencies to continue to work collaboratively.

Mr Doherty—They had been sufficiently formalised as they exist.

Senator O'BRIEN—Those words are not in the government's response. They do not say 'sufficiently formalised'—that is how you categorise it.

Mr Doherty—I think it says 'the Australian government expects these agencies to continue to work collaboratively'.

Senator O'BRIEN—I think I said that. You were saying they were sufficiently formalised. That is your categorisation, is it?

Mr Doherty—Yes, that is correct. I am interpolating that that is consistent with that expression of the government position.

Senator O'BRIEN—I accept that is your view. Recommendation 10.2, regarding the cooption of the Australasian Fire Authorities Council as an adviser to the AEMC, have we done that?

Mr Doherty—Yes, that is correct. The operating arrangements agreed by the Emergency Management Committee include express provisions to coopt AFAC where it would assist on discussion of issues.

Senator O'BRIEN—With respect to the establishment of a national safety and security skills council by the Australian National Training Authority, do you know if that has happened, and does this department have any role?

Mr Doherty—No, we do not have a direct role in that. I cannot really comment on where discussions have got to about the appropriate way to ensure that emergency management training is appropriately reflected in those vocational training arrangements.

Senator O'BRIEN—So we do not think this has been met yet. Mr Yuile, do you know?

Mr Yuile—No, I do not but I think that would be another department's responsibility.

Senator O'BRIEN—I know ANTA is not your responsibility. It is a recommendation to ANTA that they establish a national safety and security skills council. I am presuming they have either done it or they have not. Do we know?

Mr Beresford-Wylie—Our advice is consistent with the last line of the COAG response, which was that there was consideration given to what was required to ensure there was a council which provided the coverage that was being sought by the inquiry, and the view was that the existing industry skills council was sufficient to achieve the aims of the recommendation.

Senator O'BRIEN—That sounds like a rejection of the recommendation to me. The recommendation is specific. It says 'establish a national safety and security skills council' et cetera. What the response seems to be saying is, 'That is not necessary,' if I can summarise it. Is that a fair summary of what it seems to say?

Mr Doherty—I think the correct interpretation is that the existing skills council does what is proposed, or this council, by whatever name.

Senator O'BRIEN—I am simply trying to get an understanding of whether the recommendation has been implemented or not. This one clearly has not.

Mr Yuile—I think the response tells you that the existing council is seen to be adequate to fulfil the requirements.

Senator O'BRIEN—With respect to recommendation 11.2—additional funding for registered training organisations to support the development and delivery of training for firefighters—where are we on that, and what is the department's role?

Mr Doherty—The recommendation is directed to the states and territories and ANTA. The department has no direct role. I do not have any update beyond what is in the response itself, which talks about the states considering this.

Senator O'BRIEN—That is work in progress?

Mr Doherty—By the nature of the recommendation, there will always be a question of how much funding can be provided to training.

Senator O'BRIEN—Recommendation 11.3 refers to the development of a national program for professional development for firefighters. Where are we on that, and what is the department's role? They want a coordinated national approach for professional development.

Mr Doherty—I think work has been done on that, but it will need to be taken up and taken further.

Senator O'BRIEN—Okay, it is work in progress. The next recommendation states:

... the establishment of an Australian Centre for Bushfire Lessons Learnt, for an initial period of five years.

Mr Doherty—I think there is agreement about the direction, but the actual form of how that is done needs to be developed.

Senator O'BRIEN—The next recommendation is important. It states:

... reimbursement of out-of-pocket expenses should be available for each volunteer rural fire agency. In addition, the Council of Australian Governments should decide on the question of tax concessions as raised in the paper prepared by PKF Chartered Accountants on behalf of the Western Australian Government.

Obviously, that tax matter is for Treasury in part and not necessarily yours. I am not sure if you have a role in any other part. Can you tell us where we are up to with this recommendation.

Mr Doherty—I think that is right. We do not have direct responsibility for any of the key issues that will arise in relation to support for volunteers. It is a very complex area. The tax issue has been raised on occasions. There are arrangements already in place for a range of reimbursement activities within the states. I think the thrust of the recommendation is that there needs to be an integrated look at what is the best way to provide support for the very important work that volunteers do. I think that is one where there will need to be a lot of thinking.

Senator O'BRIEN—Okay, that is work in progress too.

Mr Doherty—Yes.

Senator O'BRIEN—The next recommendation states:

... agree to a common set of national bushfire indicators of good practice, based on the five mitigation and management factors it has identified—the 5Rs.

Mr Doherty—Again, I think that is probably not one for us primarily in the department. Clearly, it is an area where there will need to be further work to get consistent arrangements in place.

Senator O'BRIEN—The last recommendation states:

... Council of Australian Governments adopt a statement of national principles as the framework for the future direction of bushfire mitigation and management in Australia.

Presumably, this department will have some role in that or has already had some role.

Mr Doherty—We may have some contributing role to that, but I would think a large part of that work will proceed through the Emergency Management Committee.

Senator O'BRIEN—That is work in progress as well.

Mr Doherty—Yes, I believe so.

Senator O'BRIEN—I think we have identified that the recommendation in relation to more effective land use planning measures has been met; that the formalisation of agreements on broadcasts with the ABC has been met, but not with commercial broadcasts, so that has been met in part; and that the adoption of the incident control centre by all Australian fire authorities has been met. We think that the Insurance Council has been asked to review the industry's code of conduct, but you are checking that. There has not been a formalisation of the coordination and development of policy on bushfire mitigation and management across Commonwealth departments, but it is argued that that is not necessary.

Mr Doherty—We believe the intent of that has been met.

Senator O'BRIEN—There is no formalisation, is there? The word 'formalisation' is in the recommendation. What I am suggesting to you is that the Commonwealth does not believe it needs to be formalised.

Mr Doherty—I have used the formulation that it does not need to be formalised further. I believe the contribution by various departments through the AEMC process and the establishment of working groups which draw on various departments under the AEMC process does amount to formalisation to some extent. We then get into arguments about how much.

Senator O'BRIEN—It is arguable in your terms that it has been met. Some would argue that you have not formalised it. That is where we will leave the argument for now.

Mr Doherty—In our terms, we would treat that as having been met.

Senator O'BRIEN—The cooption of AFAC as an adviser has been met, and no other recommendations have been met. They have either been rejected or are works in progress.

Mr Doherty—Without the numbers, I cannot go through that, but my understanding is that there are a couple of others where we had felt that the intent—what it was driving at—had been met and that no further action was required.

Senator O'BRIEN—The government have effectively rejected the establishment of a national safety and security skills council. We established that. You cannot have met or complied with a recommendation if you have rejected it, can you?

Mr Doherty—You can presumably consider that the current arrangements that are in place do adequately meet—

Senator O'BRIEN—You can say, 'This recommendation is not necessary because we already have procedures in place which, in our view, deal with this adequately.' You cannot say, 'We have accepted this recommendation and implemented it.' That is the difference, isn't it?

Mr Yuile—I think the words that are in the response are the words we would adhere to.

Senator O'BRIEN—If the chair were here I would be telling him that I think this committee ought to play some role in looking at this matter closely, in particular at some of the matters we have just discussed. I will not pursue that now, but I want to flag an intention to give this matter some further serious consideration. Page 103 of the department's annual report contains advice that the cost of regional policy advice in the last financial year exceeded—

Mr Yuile—Are you moving on to questions of regional policy?

Senator O'BRIEN—Yes, I am.

Mr Yuile—Before we move to regional policy, I was just concerned about that last exchange we had about the recommendation. I think I heard you say: 'So the government has rejected that?' We just need to clarify that what we are talking about is a COAG agreed response. So it is all governments.

Senator O'BRIEN—That means this government as well, doesn't it?

Mr Yuile—It means all governments, yes, and it means all governments have considered that that recommendation has been or is being met through current arrangements. When you said 'the Australian government' I just wanted to make sure we all understood it was a full COAG response.

Senator O'BRIEN—The point that arises is that there may be others outside of government who do not think that the governments' response is an adequate response to the recommendations, given that it has not been a public document. The report to COAG was not made public until the response of COAG was released. That raises issues about whether it was appropriate for that report to have been withheld and for the consultation to be constrained in the way that it was. Now we are looking at a report and response at the same time. I was interested in teasing out where we were on that report.

Mr Yuile—I understood that but I was—

Senator O'BRIEN—You did not want it just to be the Commonwealth government; you want all governments tarred with the same brush.

Mr Yuile—I wanted it to be clear that it was a COAG response. That is all.

[12.12 p.m.]

Senator O'BRIEN—Moving on to output 8.1, Regional policy, page 103 of the department's annual report for 2003-04 contains advice that the cost of regional policy advice in the last financial year exceeded the revised budget estimate by 70.5 per cent. Soon after the tabling of the annual report, I lodged question on notice 245 asking about this matter. It has not been answered. When did the department provide the draft answer to my question to the minister's office?

Ms Varova—We will have to consult with our chief finance office about the timing of when the question went through those approval processes.

Senator O'BRIEN—So you will take that on notice?

Ms Varova—Certainly.

Senator O'BRIEN—Why did the cost of this advice exceed the estimate by 70.5 per cent?

Ms Varova—That is a composite figure so it encompasses all regional development policy advice in the department. That includes the policy and research group and the bureau and also other areas of the department—for example, the programs group. That is why we do need the assistance of our finance colleagues because they bring those consolidated breakdowns together to make a consolidated total.

Mr Yuile—We will get the answer for your question in terms of when it was supplied to the minister's office. I recall seeing the answer across my desk in the last day or so but I think we can give you an explanation. It is a simple explanation.

Senator O'BRIEN—The costs went up by 70 per cent.

Mr Yuile—I think it is a question of an attribution to that output instead of to another output around territories advice as opposed to regional policy advice. There is a simple explanation. When the CFO comes back he will give you the technical answer, but my layman's answer is that it was attributed to the wrong output.

Senator O'BRIEN—Can you tell me what the estimated cost of this advice will be for the current financial year? Or is that something you will need to take on notice?

Mr Yuile—For 2003-04 or 2004-05?

Senator O'BRIEN—For 2004-05.

Mr Yuile—Do you have the answer, Ms Varova?

Ms Varova—Not for the consolidated estimates. That is a total that includes all the areas of the department that contribute to regional policy advice and also the corporate overheads, so it is a number that is made up of a number of other numbers. The CFO could possibly assist.

Senator O'BRIEN—Mr Ash?

Mr Yuile—He is just trying to find it.

Senator O'BRIEN—The spotlight is shining directly on you!

Mr Ash—The distribution of numbers associated with the various outputs of the department are calculated by effectively taking the direct cost of the various branches of the department and then apportioning corporate overheads based, generally speaking, on the number of people in each of those particular branches. Sometimes, where you can directly apportion a corporate overhead, it is directly apportioned to that area. That may involve some of the communications campaigns or suchlike. In the case of regional policy advice, it appears on review, when we had a look at it, there had been a small allocation from the territories area. When we looked at that particular program group, it had been put into the regional policy advice area when it should have actually gone to the territories allocation. When that was corrected, you had a budget as published in the AEs on page 54 of \$8.4 million, whereas the

annual report had an outcome of \$14.3 million. Once you reallocate that territories money of \$5.5 million, you have an outcome of \$8.8 million. Broadly speaking, the outcome was aligned with the budget. On the territories side, it would have started off with budgets of about \$88 million and then a final revised outcome of about \$113 million.

Senator O'BRIEN—Why was it on the territories side?

Mr Ash—I would have to defer to the territories area. I can say one thing that contributed to that is the \$23.8 million transfer of IRPC housing assets to the department of finance from the portfolio. The transfer of an asset will show up in your profit-loss statement. So if you take the \$23.8 million out, you effectively have an outcome broadly equivalent to the budget, which is about \$88 million to \$90 million. Sorry, I have just been corrected by my colleague. IRPC went to the department of immigration.

Mr Yuile—The processing centre assets transferred across to Immigration.

Senator O'BRIEN—I will not take any more time on that now. We are constrained. I will just think about that.

Mr Yuile—We are happy to give you a bit of further explanation of that transcription error in relation to regional policy, and we can explain the asset transfer for you as well.

Senator O'BRIEN—Does the department have any outstanding financial commitments under the nine programs amalgamated to form Regional Partnerships on 1 July 2003?

Ms Varova—Those are matters for the programs group, which are coming up after our session.

Senator O'BRIEN—We may be going straight to them if that is the case.

Mr Yuile—I thought perhaps there were other questions to do with the Indigenous trial in the Kimberleys.

Senator O'BRIEN—I think that was my intention. Perhaps that will take us through to lunch. Could we get an understanding of this department's role in the COAG Indigenous community trials?

Ms Varova—Yes, the department is the lead agency in the East Kimberley COAG trial site. The secretary of our department is part of the secretaries task force that is part of the governance arrangements for those trial sites. As the lead agency, together with the Western Australian government more broadly and with their lead agency, the Department of Indigenous Affairs, we work jointly with the Halls Creek Shire Council to collaborate in service delivery and negotiations with the community to deliver better outcomes on the ground. Our role as the lead agency is to garner the support, the collaboration and the cooperation of our colleagues in other Australian government departments to ensure that there is a streamlined approach to delivery in that area.

Senator O'BRIEN—Has Mr Taylor visited the sites?

Ms Varova—Mr Taylor has not visited yet. He will be visiting in March. After he commenced as secretary of the department it was the wet season in the area and so not conducive to travel. He was very keen to travel as soon as he possibly could, in order to understand the area and get to know people there, so he will be going in March.

Senator O'BRIEN—What is the financial commitment of the department in its role as a coordinating agency regarding these trial site projects?

Ms Varova—It is a mix. We will spend close to \$1 million in this financial year. That is a mix of departmental funding, but we also supplement that with funding from other departments to deliver programs on the ground.

Senator O'BRIEN—I appear to have received an answer to questions on notice about these matters yesterday.

Ms Varova—Yes, you should have.

Senator O'BRIEN—Our original intention was probably to ask more questions, but because we now have that answer we will rely on that and perhaps deal with it further.

Ms Varova—That question has quite a deal of detail.

Senator O'BRIEN—I will ask questions about the Regional Partnerships matter now.

Mr Yuile—Regional programs? Sure.

Senator O'BRIEN—If I have missed anything we will put it on notice. I do not think I have.

Mr Yuile—I think that answer will have reflected, as I think you know from public commentary, that each of the departments which is taking a leadership role in the various trials is just that—it is sort of a lead agency, facilitating others and contributing as appropriate. So it does not necessarily mean that the funds expended by this department are the totality of the expenditure in a particular region.

[12.24 p.m.]

ACTING CHAIR (Senator Tchen)—We will now move to output 9, Programs group.

Senator O'BRIEN—Does the department have any outstanding financial commitments under the nine programs amalgamated to form Regional Partnerships on 1 July 2003?

Ms Riggs—If by your question you mean do we still have active funding agreements that were signed under those previous program arrangements and still require further program payments to be made, the answer is yes.

Senator O'BRIEN—Can we get a list of those outstanding commitments, please?

Ms Riggs—I will take it on notice. I do not believe I have that sort of detail with me today.

Senator O'BRIEN—Will funding for these projects come from the allocated Regional Partnerships funding?

Ms Riggs—Yes.

Senator O'BRIEN—How much funding will be required? Can you tell us that now or do you need to take that on notice?

Senator IAN CAMPBELL—Are you happy for it to be taken on notice, Kerry?

Senator O'BRIEN—If the officers have got it there, it would be good. I am only asking for a number, not a list.

Ms Riggs—I am sorry. I am sure I have it in my folder somewhere. Why don't I promise to have it for you after lunch?

Senator O'BRIEN—That is good—thank you. I will accept that. What is the Regional Partnerships budget allocation for the current financial year, as revised?

Ms Riggs—As revised for the additional estimates legislation that is currently before the parliament, it is \$103.431 million.

Senator O'BRIEN—How would you describe the four items on page 56 of the additional estimates statement prefaced with the words 'Regional Partnerships'? They are in table 2.11. Are these subprograms?

Ms Riggs—No. They are additional estimates measures.

Senator O'BRIEN—So there is an additional \$12.9 million? Have I done the sums right for this financial year? I could be wrong; do not agree with me without checking.

Ms Riggs—The total that I have for those four measures for this year is \$11.833 million. I appreciate that that is taken to an additional two decimal places.

Senator O'BRIEN—I am looking in the wrong column.

Ms Riggs—If you take \$5 million for the bushfire mitigation measure and \$1 million for the sustainable regions measure away from \$17.8 million, you get \$11.8 million, which is the figure I have just quoted you.

Senator O'BRIEN—I am just looking at those four items that begin with the words 'Regional Partnerships'.

Ms Riggs—I am sorry; I have been focusing on the column headed 'Admin'. You are looking at the column headed 'Total'.

Senator O'BRIEN—Yes. I am looking at the total.

Ms Riggs—Forgive me. If I were to sum those, I would get \$12.9 million. Are we agreed?

Senator O'BRIEN—That is my blackened thumb, back of an envelope approach. Will they continue to be reported separately in future financial statements?

Ms Riggs—No, I do not believe that they will. They are budget measures but they each add to the total sum of funds available to Regional Partnerships.

Senator O'BRIEN—I see that there are out years in those numbers—that is one of the reasons I am asking.

Ms Riggs—That is right. The measure provides money into the out years because the projects to be supported through these measures will clearly flow into the out years, but the appropriation will be a single appropriation for Regional Partnerships.

Senator O'BRIEN—The department has provided the Senate Finance and Public Administration References and Legislation Committee with a document headed, 'Election commitments 2004: likely to use Regional Partnerships program as mechanism' prepared for ACC, 7 January, 2005. The Regional Partnerships projects identified on page 56 also appear to be in this document. Are all the regional projects covered in the additional estimates

statement the same projects listed in the election commitment document produced by the department?

Ms Riggs—These four measures here on page 56 relating to Regional Partnerships do not cover the full extent of projects or proposals that are covered in those lists that you have because of material that we have given to the other committee.

Senator O'BRIEN—Which projects are not covered?

Ms Riggs—There is a mention, if my recollection serves me correctly, in the material you have from the other committee to do with the Rural Medical Infrastructure Fund.

Senator O'BRIEN—The \$15 million?

Ms Riggs—Yes. My expectation is that because we do not need any funding for that this financial year, consideration for that funding will be a matter for budget consideration rather than additional estimates consideration. Likewise, there are a number of projects identified in the list that you have from the other committee which, because of the way expenditure is going in the totality of Regional Partnerships this year—matters to do with the budget for Regional Partnerships from next year and beyond and how to meet those commitments—we will ask to have considered in the budget process.

Senator O'BRIEN—You have got, for example, the Bank@Post project, which is contained in the document. In the additional estimates document there is \$10.7 million—that is more than the Bank@Post project's worth. That may be the difference in the cost of administration.

Ms Riggs—The difference will be that in the material we have provided to the other committee we have dealt with the cost of the projects and there is no reference to any funds that the department might have been able, or be able, to attract for its own costs in administering those measures.

Senator O'BRIEN—That is a project for which a million dollars is budgeted for administration?

Ms Riggs—That is correct.

Senator O'BRIEN—But the entirety of that project is covered in that line item—the cost thereof, according to those two documents.

Ms Riggs—The cost of that measure is \$9.7 million in administered items and \$1 million in departmental expenses over the four-year period.

Mr Yuile—That is correct.

Senator O'BRIEN—So this is a project which has department of finance approval to go over the out years?

Ms Riggs—This is the current budget year plus the three out years.

Senator O'BRIEN—I understood that for a project to involve funding over more than one year it requires approval from the department of finance.

Ms Riggs—It requires the government's agreement. This is an additional estimates measure and therefore has the government's agreement.

Senator O'BRIEN—Has the department of finance a specific role? My recollection is that we were told that these matters went to the minister for finance—that is, when a grant was going to go over—

Mr Yuile—Yes, that is correct for multiyear grants. But this is an additional estimates measure. Clearly, the department of finance has the coordinating role in those budget matters, but it is approved by government.

Senator O'BRIEN—So the minister does not have a special approval role in this; he is part of the approval process.

Ms Riggs—This budget measure is about providing additional money so that under Regional Partnerships certain election commitments—there are four budget measures—can be given effect. The normal process of seeking ministerial approval once we have had a look at what the actual projects implicit in the measure might entail, and any other government required approval—such as a request to the finance portfolio in respect of multiyear grants—is something that we will progress over the forthcoming months.

Senator O'BRIEN—When did these full groups of projects change in status from election commitments likely to use Regional Partnerships as a mechanism to confirmed funding commitments?

Ms Riggs—When the government decided to approve those funding measures for inclusion in the additional estimates.

Senator O'BRIEN—Is there a date you can give us?

Mr Yuile—I guess it is the date the Treasurer formally tabled the additional estimates, confirming the government's decision—

Ms Riggs—Which would have been last Thursday.

Senator O'BRIEN—But that is confirming the government's decision; you do not know when the government took that decision—is that what you are saying?

Senator Ian Campbell—It would have been at a cabinet meeting not long before then. We can give you the exact date. As I recall, we had a cabinet meeting that approved the additional estimates.

Ms Riggs—That would be the normal process.

Senator O'BRIEN—In relation to the Bank@Post item, can you explain why the departmental expenses will apparently total \$700,000 in the current financial year?

Ms Riggs—There is quite a lot of set-up involved in this one, but it will not be much to keep it going once it is ticking over. In terms of the way in which the election commitment has been expressed, this is to roll out giroPost, to be rebadged as Bank@Post, to some 266 licensed post offices. We have to negotiate a memorandum or funding agreement with Australia Post; we have to work through to discover how many of those 266 might be able to want to benefit from the commitment. We have to agree with Australia Post on a schedule for the roll-out of those. There is an intensive chunk of work to be done in the period from the time the government was re-elected until the end of this financial year. We have been granted funding to ensure that we can do that and to provide for any legal assistance that we might

need in developing the funding agreement—for example, beyond the normal departmental capability.

Senator O'BRIEN—That will be spent over the next four months?

Ms Riggs—It is an addition to the total budget of resources that the department has available to it for this financial year. Of course, we have already begun some of this work even though the money has not been appropriated yet.

Senator O'BRIEN—But the project had not been approved, had it, until this document was approved by cabinet?

Ms Riggs—We need to understand what is achievable in delivering this election commitment before we go to the minister and seek his formal sign-off.

Senator O'BRIEN—How much has been expended on that part of the project? Presumably, you cannot have negotiated with Australia Post and the agencies until the matter was formally approved.

Ms Riggs—We have sought to understand between ourselves and Australia Post the terms of what we might be able to achieve.

Senator O'BRIEN—How much has that cost?

Ms Riggs—Perhaps a day a week over the last couple of months for one officer. We have not separately costed it.

Senator O'BRIEN—It would be a relatively small part of the \$700,000?

Ms Riggs—That is right.

Senator O'BRIEN—The bulk of it is for expenditure between whenever you got the approval and the end of the financial year?

Ms Riggs—That is right.

Senator O'BRIEN—Something in excess of \$650,000?

Ms Riggs—As I say, I have not costed it.

Senator O'BRIEN—But that would not be a bad estimate would it?

Ms Riggs—This measure does not formally become part of the department's accounts until such time as the additional estimates legislation is approved.

Senator O'BRIEN—You are robbing Peter to pay Paul. You have used resources, and some of those will be reimbursed by this measure. Is that right?

Ms Riggs—In a very minor way, as I have just described.

Senator O'BRIEN—I would appreciate it if you could give us an understanding of how you arrive at the cost of \$700,000 for that process.

Ms Riggs—I will take that on notice.

Senator O'BRIEN—Thank you. Has the list of licensed post offices that will receive Bank@Post service changed since Mr Anderson's campaign announcement on 30 September?

Ms Riggs—No. I have already described that one of the things we will need to do is engage with each of those 266 to see if they want the service and so on. At this stage that is the list we need first to make contact with.

Senator O'BRIEN—Is it possible for you to provide on notice a list of the post offices that will receive the service, by year? Is it too early to be able to do that?

Ms Riggs—It is way too early to do that.

Senator O'BRIEN—What does the administered item of \$0.7 million refer to in the current financial year? This is on page 56.

Ms Riggs—I do not understand the question. It is about the resources necessary for us to undertake a detailed assessment of—

Senator O'BRIEN—I am sorry; I have looked at the wrong item. It is the administered item of \$1.5 million.

Ms Riggs—At the time that this measure was constructed that was our best estimate of what moneys might need to flow to Australia Post in order to achieve the beginning of this project.

Senator O'BRIEN—Do you know now whether that is the amount required?

Ms Riggs—No, I do not.

Senator O'BRIEN—I am just trying to understand. There are numbers in a document which will go before the parliament for approval.

Ms Riggs—I understand that, Senator. In any measure in either the budget or the additional estimates we make the very best estimate we can. It would be inappropriate for us to do otherwise. At the time this measure was constructed, that was our very best estimate of what would be required. It may be that we are not able to achieve that. It may be that the Minister for Finance and Administration will not like it at all. It may be that we can overachieve on that. I think that is unlikely.

Senator O'BRIEN—Can you give us the breakdown of the costing of the \$1.5 million? How has that been broken up between various parts of the costs of implementation?

Ms Riggs—I will take that on notice, if I may.

Senator O'BRIEN—Presumably, there is a document that does that somewhere. There must be, mustn't there?

Ms Riggs—There is information that we have from Australia Post about the average cost to purchase a unit that would run Bank@Post, to install it, to train and so on. I just do not have those details with me.

Senator O'BRIEN—I understand that. I am just inquiring. You must have a document that has been the basis of this request for government approval.

Ms Riggs—Yes.

Senator O'BRIEN—And similarly the calculation for \$6 million in 2005-06, \$3.9 million in 2006-07—am I looking at the right item?

Ms Riggs—Senator, you have slipped a line.

Senator O'BRIEN—Sorry, I have gone down a line. So \$6 million, \$1.1 million and \$1.1 million in the out years.

Ms Riggs—I think I understand your request to be a request for information as to how this measure is constructed and how the money is allocated across the years?

Senator O'BRIEN—Yes, the basis for the construction of the budget measure. Is it the case that, under this measure, banking services would be provided at no cost to the participating post offices?

Dr Dobes—Apart from the opportunity costs to the post offices themselves—I guess in the time that they spend training and so on—that is the way we envisage it: they would not bear a direct financial cost.

Senator O'BRIEN—When was the application form lodged seeking Regional Partnerships funding for the Bank@Post project?

Ms Riggs—This is not a project that has had an application form lodged for it; this is a commitment made by the government in the context of an election campaign. At that same time it also announced that it would give effect to it through the mechanism of Regional Partnerships.

Senator O'BRIEN—Presumably, there is no guideline or procedure that refers to this aspect of the Regional Partnerships program?

Ms Riggs—Governments are entitled to make judgments about how they will give effect to commitments they have made during election campaigns—indeed, they are obliged to make judgments about how they will do that. Their announcement here is that this commitment will be delivered through the vehicle of Regional Partnerships.

Senator O'BRIEN—So there will be no assessment, no application and—

Ms Riggs—No, I did not say that.

Senator Ian Campbell—The Labor Party, including Senator O'Brien as their regional spokesman, went around and made a whole lot of promises during the election campaign and put them in the Labor Party—

Senator O'BRIEN—What has that got to do with the question that I asked?

Senator Ian Campbell—We did the same thing.

Senator O'BRIEN—We will be here longer if you want to go through this process—

Senator Ian Campbell—We went through the election and made a whole series of commitments, put them in our commitments, had them costed by Treasury, announced them and now we are implementing them. That is how it works. I presume that, if the Labor Party and Mr Latham had won, Mr Latham would have come before estimates—I would have been sitting over there and you would have been sitting over here—and I would have been asking questions about the thing you did in Cairns and the things you did in all the marginal seats that were Labor Party election commitments and how you had funded them. The roles would

have been reversed. But what happened was we won the election, we are sitting over here and we are putting in place our election commitments—and that is history.

Senator O'BRIEN—In clarifying the earlier answer, I put a proposition to Ms Riggs that there is no application or approval process accordingly.

Ms Riggs—There is a process of assessment and approval, as I think I have already alluded to today and I believe I actually outlined in the other committee that you have already made reference to today. These measures are about how the government is giving financial capacity to commitments it made in the election campaign. In the case of Bank@Post, the department still needs to work out which of the 266 need what, work with Australia Post to work out a schedule and so on. In the case of other projects, I believe I have already told you in the other committee that I have written to each of the proponents of those projects indicating that we will need to get from them certain details about the project so that we are able to make a proper assessment of the risk to the government in order to inform a minister's decision and for us to be able to construct a proper funding agreement.

Senator O'BRIEN—This project will be funded, as there is money in the budget for it; there is no application or approval process; and, as I understand it—and correct me if I am wrong—the intention of what will be funded has been announced.

Ms Riggs—The intention of what will be funded has been announced—that is correct. But I will say again that before the department will put their signature to a funding agreement we will have taken a consideration of the project, including whether there are any risks to the Commonwealth in the use of taxpayers' money, to one of the ministers in the portfolio for his or her consideration and final confirming decision.

Senator O'BRIEN—I understand that the decision maker is the minister and the minister's delegate and I understand that the department, in the normal course of events, makes recommendations which may or may not be accepted—which may be varied. I am just being clear on this item in the additional estimates.

Ms Riggs—And I hope I am adding to the clarity of your understanding of our intentions.

Senator O'BRIEN—That is why I ask questions and put matters to you—to see if my understanding is consistent with what you think you have said. Can I assume that the figure for the icon project listed in the additional estimates statement is the aggregate of funding for the six so-called icon projects announced by Mr Anderson during the election campaign?

Ms Riggs—You can.

Senator O'BRIEN—Can you identify them for us, please?

Ms Riggs—They are the Mackay science and technology centre, the Buchanan rodeo park in Mount Isa, the Bert Hinkler hall of aviation, a covered arena at the Dalby showgrounds, the RM Williams bush centre and the Tamworth Equine Centre.

Senator O'BRIEN—The difference in cost from the \$27.5 million shown in that document provided to the other committee is the administration cost in the first year.

Ms Riggs—I am sorry but my attention was distracted, for which I apologise. Could you ask the question again.

Senator O'BRIEN—I am just confirming my understanding that the difference in the total cost of that item between the figure of \$27.5 million in the election commitment document you gave to the other committee, finance and public admin, and the total of that line item this year in the out years is the \$300,000 administration cost.

Ms Riggs—That is correct.

Senator O'BRIEN—Has any of that cost been incurred to date? In other words, will you incur it in the future or has it already been incurred?

Ms Riggs—I think I have already explained the process we are engaged in concerning commitments. So, yes, to the extent that letters to the proponents that go to make up those icons have been sent and that in some cases there has been follow-up discussion between the proponent and staff of the department, some very small part of that could be said to have been spent.

Senator O'BRIEN—I take it that this is about the cost of the department's assessment of the projects and making a recommendation to the minister as well as the proposal for the entering into of any contractual arrangements.

Ms Riggs—A large part of the effort is in preparing, proposing and negotiating the funding agreements. But, yes, it is that combined body of work.

Senator O'BRIEN—That would be the major part of it.

Ms Riggs—Yes.

Senator O'BRIEN—The Buchanan Park project at Mount Isa has been the subject of some process to date. Will that cost be included in the \$300,000?

Ms Riggs—This \$300,000 is an acknowledgment of the effort the department has to put into the process, as I have outlined to you, in respect of these projects—getting them set up and getting the funding agreements written. We will not be seeking to account for this \$300,000 perfectly to this budget measure. As I say, these measures simply provide supplementary funding to the total budget for Regional Partnerships and to the total budget available to the department for administering that program. So, no, I will not be accounting back to this \$300,000 for those six projects.

Senator O'BRIEN—The government has set them out in a way that has identified them with these projects. You seem to be saying that that is not appropriate.

Ms Riggs—I did not say that for a minute.

Senator O'BRIEN—You seem to be saying that.

Ms Riggs—I will try again, then.

Senator O'BRIEN—Thank you.

Ms Riggs—These are budget measures. These are not individual appropriation lines. They are measures that will add to the total appropriation for Regional Partnerships and for departmental expenses associated with the administration of Regional Partnerships. We will account for our expenditure on Regional Partnerships, as we have done since nine programs were brought together to form it, as a single block.

Senator O'BRIEN—Perhaps you can answer my question a different way. Can you give us the estimated justification for the numbers which appear on page 56 as appropriations for the budget for this and the next three out years in the column headed 'Department' for those four projects? I have already asked about one, so it is for the additional three.

Ms Riggs—For those four budget measures.

Senator O'BRIEN—Yes, the budget measures. Thank you. I take it that the Mackay science project is not the subject of an application at this stage. An application has not been lodged by a proponent or is that not the case?

Ms Riggs—I would like to get the answer right, so I will just consult some papers.

Senator Ian Campbell—Do you think we could wrap up regional by 3 p.m.?

Senator O'BRIEN—If we get the answers quickly it might be possible, but I am not promising.

CHAIR—We are going to go to a discipline of short questions and short answers: yes, no. Would you like to respond, having consulted?

Ms Riggs—Could I answer this question? Thank you, Chair. Yes, we received an application from Southern Cross University for a project entitled 'Mackay regional science and technology precinct' on 8 July 2004. I can further tell you that it was withdrawn on 12 August 2004.

Proceedings suspended from 1.00 p.m. to 1.40 p.m.

Senator O'BRIEN—I was asking about the Mackay science and technology project. Can you tell me what will be expended on this project in the current financial year—that is, 2005-06—and 2006-07?

Ms Riggs—No, I cannot. Although we have made some estimated provision in the way that the icon projects budget measure has been constructed, we have not engaged with the proponents of that centre in terms of progressing further with this project.

Senator O'BRIEN—That is something that will take place over the next four months?

Ms Riggs—That is right.

Senator O'BRIEN—Was there a Regional Partnerships application and any assessment process for the Hinkler hall of fame project?

Ms Riggs—The department's engagement with this project goes back to the previous election, when the government made a commitment of \$1.5 million towards the cost of the project. In the intervening three years, we have spent only \$50,000 of that, towards a better developed feasibility and design work. When that was completed, the proponents recognised that the project would take more to complete. Amongst commitments from others, the government announced a larger commitment towards this project. We have never seen a Regional Partnerships application for it.

Senator O'BRIEN—On the subject of the department's role on projects such as this: when you make your assessment and, presumably, conduct a due diligence on the program, is the department's role conducted in the context of the Regional Partnerships guidelines?

Ms Riggs—I think that, before the lunch break, I described the process we would undertake as being one in which we would assess whether there were any risks to the Commonwealth. I would stick to that. These are projects that the government, by providing the funding, or making provisions, through Regional Partnerships, has already assigned as being most appropriate to manage through this process—in broad terms at least—through the structure of the program.

Senator O'BRIEN—So we have skipped the guidelines process. It is a risk assessment process.

Ms Riggs—We will be undertaking a risk assessment process, yes.

Senator O'BRIEN—Are you agreeing that you have skipped the guidelines in that process?

Senator Ian Campbell—We have made it quite clear throughout this process that, when we make an election commitment, the government makes a decision about a project, and we have now decided to fund it as we said we would during the campaign, as I would imagine, through this process.

Senator O'BRIEN—So the guidelines do not apply.

Senator Ian Campbell—Clearly, when the government makes an announcement about one of these projects, it has made a decision, of its own will, to fund a project—just as the Labor Party made decisions to fund a series of museums and Indigenous centres up in Cairns, and projects for Torres Strait Island communities, and a whole range of projects that your party, under Mr Latham's leadership, decided to fund as well.

Senator O'BRIEN—Do you mean the ones that I announced under tourism funding?

Senator Ian Campbell—You made an announcement about \$10 million for a museum in Cairns—

Senator O'BRIEN—No, I did not.

Senator Ian Campbell—Senator Kate Lundy did, and you were present and you made a decision to do that.

Senator O'BRIEN—Yes, I was there. That was out of arts funding.

Senator Ian Campbell—What guidelines did you apply to that project?

Senator O'BRIEN—I asked a question which I was asking for an answer to. We can have a debate about that, but these are the estimates about the approval of moneys. All I want to know is: will they be or have they been assessed under the guidelines? I think the answer is no, and I just want to be sure.

Senator Ian Campbell—I think you are absolutely right. We are not hiding the fact these are election commitments. These are election commitments. This is a budget process where the government is seeking to implement its election commitments.

Senator O'BRIEN—I am trying to meet the time line that you are requesting, and I am prepared to skip over matters and put them on notice, but it will not help if we have a debate about ancillary matters in this process.

Senator Ian Campbell—We have been going over and over this one particular thing.

Senator O'BRIEN—I do not think we have. I just wanted to be clear. You have now made it clear, thank you. With the Hinkler hall of fame, in relation to what will be expended in this and the next two out years, is the answer the same for this project as it was for the Mackay science and technology project?

Ms Riggs—In respect of the additional funding provided through the icon element of the election commitments, yes.

Senator O'BRIEN—Has the Dalby showgrounds project been the subject of an application and assessment process?

Ms Riggs—No, Senator.

Senator Ian Campbell—It is a fact that all of those icon projects that you spoke about before the luncheon adjournment fall into the same category. The answer is the same for all of them, isn't it?

Ms Riggs—It is, but some of them we would have previously had an application for also.

Senator Ian Campbell—Okay. So the new election announcements—

Senator O'BRIEN—Which ones have you received applications for? Let me truncate my question.

Ms Riggs—Senator, I am sorry; I have misread a piece of paper. We had received an application for the Dalby covered arena in June of 2004.

Senator O'BRIEN—Okay. Had that been the subject of an assessment process?

Ms Riggs—Once the government announced that it intended to provide funding for these projects, we would not have proceeded further with any assessment process.

Senator O'BRIEN—One had started then?

Ms Riggs—I do not know that. What I can say is that any project that we did have an application for, whether we had begun the assessment process or not, was no longer subject to an assessment process.

Senator O'BRIEN—Was the RM Williams project the subject of an application and assessment process?

Dr Dolman—No, there was no formal application under Regional Partnerships for that project.

CHAIR—I have to declare an interest here. I have got RM Williams boots on.

Senator O'BRIEN—And I have to declare that I cannot afford them. Is the answer for this and the Dalby project the same as to the allocation of funds across the current and out years?

Dr Dolman—Yes, that is the case.

Senator O'BRIEN—There is a notional allocation which is reflected in the PAES table.

Dr Dolman—Yes, and we are seeking details—as we are for all these other projects—of what the actual expenditure might be.

Mr Yuile—On the question of those election commitments—and I am just seeking the information—there were costings done by the Department of Finance and Administration, which were made public. Bank@Post was one of those and there were others. I think it goes to the question you asked us earlier about the sequencing, or the profiling, of that expenditure. The only thing that has happened since the release of those costings has been further examination of the actual delivery of the election commitments. So, at least in one case, I know there was an adjustment, in the out years, of dollars, as we looked at the implementation. So the dollar amount has not changed, but the profiling has varied a little from the original Finance and Administration costings.

Senator O'BRIEN—Can you give us the updated figures?

Mr Yuile—The update is in here. But I am getting the earlier material so that we are crystal clear, so you can see the earlier work that was done.

Senator O'BRIEN—With regard to each of the icon projects, will state and local government environmental and planning permission be required before funding is provided for each project?

Ms Riggs—It is common, it is usual—it is always followed—that such approvals must be in place before any funding would flow.

Senator Ian Campbell—And there will be no exception for these projects.

Senator O'BRIEN—Minister, can you tell me why there are no icon projects outside of National Party and Independent held seats in Queensland and New South Wales deserving of funding under this initiative?

Senator Ian Campbell—Across this program the break-up of grants to seats seems to be fair. I do not have the percentages, but the department could remind us. I think that to pick on the icon sites might suit your statistical and political purposes but, across the whole program, there is a very fair spread across Labor and National Party electorates, marginal seats and safe seats. In the paper this week we have seen a significant series of grants given, for example, even to the relatively safe Labor seat of Brand, for very good projects there, which the member for Brand seems to be disowning. Do you have the beak-up?

Senator O'BRIEN—We can spend extra time on this, if you like. There have been grants to electorates in metropolitan areas, Labor and Liberal—the seat of Wentworth comes to mind.

Senator Ian Campbell—Our position is that there is a fair spread.

Senator O'BRIEN—I was asking about the icon projects and whether you were able to tell us the reason why there were no icon projects. They have been given special status, in that they do not need to have made an application or have an assessment.

Senator Ian Campbell—We know why that is, and I have answered that question a couple of times now. It is because they were projects announced as election commitments. They were announced in an election campaign; they were election commitments. We now feel an obligation, having gone to the people saying, 'Here is our policy; it includes these commitments,' to now seek to implement them. If we sought not to implement them, I think we should be criticised. We do try very hard to keep our election promises.

Senator O'BRIEN—Yes, you may well do that, although that is not entirely the case.

Senator Ian Campbell—No, it is not.

Senator O'BRIEN—This is money that is allocated to a program which had advertised guidelines. We have established that the process and guidelines do not apply to the icon projects, and hence my question. The additional estimates statement identifies \$2.8 million to a line item entitled 'Regional partnerships: strengthening Tasmania' to be funded over three years. Are the projects to be funded those Tasmanian projects which were identified in the document entitled 'Election Commitments 2004—Likely to Use Regional Partnerships Program as Mechanism' prepared for the area consultative committees as at 7 January 2005?

Ms Riggs—Yes.

Senator O'BRIEN—Were any of those projects the subject of an application and, if so, was there an assessment process?

Ms Riggs—I will take on notice which of them were. My recollection is that a small number of them were, but I do not have the detail with me on a project-by-project basis. We will go through the same process with them—seek to gain information from the proponents, assess the risks to the Commonwealth, advise the minister accordingly and write the funding agreement accordingly. The last part of your question was—

Senator O'BRIEN—If there was an application, were they the subject of an assessment process?

Ms Riggs—I think I have already answered that in relation to the Icon projects.

Senator O'BRIEN—That may have been the case.

Ms Riggs—I will say it again—any project that was announced as an election commitment that we had received an application for was no longer the subject of assessment once an announcement was made.

Senator O'BRIEN—Had an assessment process commenced for any of them?

Ms Riggs—It may have.

Senator O'BRIEN—Can you give us that information on notice?

Ms Riggs—No.

Senator O'BRIEN—Why not?

Ms Riggs—Because it makes no difference as to whether it had commenced or not.

Senator O'BRIEN—With respect, it is not necessarily a matter for your judgment as to which question is relevant. It is about the activities of the department. I am not seeking to know whether you advised the minister; I am seeking to know whether the department had commenced an assessment process on particular projects. I do not think that is unreasonable. I do not think it is reasonable to refuse to answer it.

Ms Riggs—We will take that on notice and seek advice as to whether we will be answering it as well.

Senator O'BRIEN—Will you be seeking advice from the minister or the Senate? I am not sure what you mean. Does your answer in relation to local and state government approval if required apply equally to all of those projects?

Ms Riggs—It will apply to any project which is funded under Regional Partnerships.

Senator O'BRIEN—Was an application received to fund the Thuringowa Riverway project under Regional Partnerships?

Ms Riggs—I am advised that the answer to your question is no.

Senator O'BRIEN—I take it that if I were to ask the same question about the expenditure profile issues across the portfolios for this project I would get the same answer as I have for other projects.

Ms Riggs—That is right. We have made estimates but we have not received details from the proponents that would allow us to confirm how the moneys for individual projects will flow.

Senator Ian Campbell—Can I say, while Senator O'Brien is looking for his next question, that there was something like \$104 million worth of commitments made by the Labor Party under programs that would have been administered by this department under the Regional Partnerships program—like the Swan Valley bike plan, the Maddington Kenwick project, the Ningaloo Marine Park, the Henderson ecocentre in WA—

Senator O'BRIEN—That is wrong.

Senator Ian Campbell—the OzSoft site and the multimedia design centre in the Illawarra. There are literally more than a dozen of them.

Senator O'BRIEN—That is wrong. You have quoted projects with unspecified funding from different fund areas.

Senator Ian Campbell—Over \$100 million worth, none of which have been subject to applications under this portfolio. None of them are subject to applications.

Senator O'BRIEN—That would be because we said they would not be funded through this process; they would be funded from other portfolios.

Senator Ian Campbell—Under this government's administrative arrangements these are all projects that would be regional programs. A Latham government might have had a different administrative system. That would have been interesting to watch.

Senator O'BRIEN—Like the one in Wentworth. How will the risk assessment be conducted with respect to each of the projects? That is the subject of the additional funding we have identified.

Ms Riggs—We are still working out some of the details of that, but it will be predominantly of a due diligence nature.

Senator O'BRIEN—Page 112 of the annual report indicates that \$78.4 million was to be expended under Regional Partnerships in 2003-04—is that correct?

Ms Riggs—Yes, that is what the first paragraph on that page says.

Senator O'BRIEN—The report says that was less than expected. Can you remind me of the original estimated expenditure figure?

Ms Riggs—If I can bring you back to page 111—

Senator O'BRIEN—I do not have the full report.

Ms Riggs—On page 111 in relation to this program there are two other numbers. I can interpret them for you. I believe that, at the time of the 2003-04 budget, the program was budgeted at \$99.1 million. After additional estimates that was revised downwards to \$90.9 million. The final expenditure was as page 112 shows—\$78.4 million.

Senator O'BRIEN—Was the \$12.5 million—the difference between the revised figure and the actual expenditure—carried forward to 2004-05?

Ms Riggs—Yes, it has been the subject of a movement of funds—

Mr Yuile—I think it may have been moved over two years. It was certainly moved forward.

Ms Riggs—Yes, it has been split over two years. It has not all been carried forward into this year alone.

Senator O'BRIEN—In the middle of last year, in a press release dated 15 July, Minister Anderson stated that there was \$408.5 million available under the Regional Partnerships program from 2003-04 to 2007-08. Can you break that down for me by year, please?

Ms Riggs—I have not done the arithmetic on this, but in the PBS for 2004-05, which would date from May 2004, the Regional Partnerships budget is shown as \$90.8 million; for 2005-06 it is shown as \$72.8 million; for 2006-07 it is shown as \$73.1 million; and for 2007-08 it is shown as \$71.5 million. We are quickly doing the arithmetic too, but I hope that adds up to that figure.

Senator O'BRIEN—That is \$386.6 million, on my not necessarily accurate but speedy calculation.

Ms Riggs—Dr Dolman is seeking to resolve the difference.

Senator O'BRIEN—I am adding in the \$78.4 million of the actual spend on the program for the first year.

Ms Riggs—Any statement the minister would have made in July 2004—I think that is the reference you made—would not have had the actual outcome—I see what you are saying, yes.

Senator O'BRIEN—I am adding the actual 2003-04 to the 2004-05 and out years, numbers that I have just given.

Ms Riggs—We will see whether the CFO can help us to sort it out in the next five minutes.

Mr Yuile—It would not include it in the 2003-04 figures.

Senator O'BRIEN—It did because it specifically said:

There is \$408.5 million available under Regional Partnerships from 2003-04—

Ms Riggs—In that case it would have included another \$90 million or so. At the time of the PBS in May 2004 our estimated likely outcome for Regional Partnerships for that year was \$90.9 million. I hope that helps the arithmetic.

Senator O'BRIEN—It probably does but I have to do it again now.

Ms Riggs—I am not trying to be unhelpful.

Senator O'BRIEN—I am certain that you are not. That comes to \$398.3 million.

Mr Yuile—So there is still \$10 million. We will continue sorting.

Senator O'BRIEN—And do I add to that the amounts in the additional estimates?

Ms Riggs—No, Senator. You are working on old information.

Senator O'BRIEN—I just wanted to be clear whether that money was being added to the total funding by it being added in the additional estimates statement. There is additional money in 2004-05, 2005-06, 2006-07 and 2007-08.

Mr Yuile—Yes, there is.

Ms Riggs—Yes, that is right.

Senator O'BRIEN—And potentially another \$15 million in the next budget for the health project.

Ms Riggs—For other measures that the government has not yet finalised its consideration of.

Senator O'BRIEN—Have any applications for funding through the Regional Partnerships program been rejected because the applicant was in direct competition with other businesses in a particular market?

Ms Riggs—It is certainly true that one of the things that we test is a notion of competitive neutrality. I am sure that considerations of that kind might have been part of our recommendation to the minister in respect of some of the 150-odd projects that have not been approved for funding under Regional Partnerships.

Senator O'BRIEN—I understand that there are exemptions to this rule and they relate to situations where there is unmet demand. How would you test the relevance of that provision? If there is an application from a private business for funding through this program, how do you satisfy yourself that there is unmet demand in the market? Dr Dolman might be able to answer that.

Dr Dolman—We do that in a number of ways. We look at potential competitors. We often ask or we have in the past asked industry associations to comment on particular applications. We have actually sought comments from potential competitors in those circumstances and sought their views on potential competition. We have also sought advice, in some cases, from other government departments that have a responsibility relating to the subject matter of the project.

Senator O'BRIEN—So you would use that to determine what the market is.

Dr Dolman—Exactly, and whether or not it would be unfair to support the project or would unfairly disadvantage other competitors.

Senator O'BRIEN—With regard to a particular project, you would ask whether they thought it was unfair to support one of their competitors.

Dr Dolman—We have done that in the past.

Senator O'BRIEN—But that is not a rule that applies to every such application, I take it.

Dr Dolman—I think it would normally apply as a general rule. There may be some reasons in some particular cases where it might not be appropriate but I would have to check the details.

Senator O'BRIEN—Presumably you know what the nature of the business is and the sort of competition it is likely to be pitted against.

Dr Dolman—Yes, that is correct—from the application.

Senator O'BRIEN—I want to ask some questions about funding provided to the Lakes Creek Meatworks in Rockhampton through the Regional Partnerships program. It is a plant that is jointly owned by Mr Kerry Packer and Teys Bros. I understand Mr Packer has a controlling interest in that business. That is right, isn't it?

Dr Dolman—I understand he has some interest in that project.

Senator O'BRIEN—You are not sure if it is a controlling interest?

Ms Riggs—We are just trying to find out the detail. I think Dr Dolman is not sure that it is a controlling interest but has acknowledged that there is an interest.

Senator O'BRIEN—We can come back to that.

Mr Yuile—Do you want to keep going on this line or do you want us to just clarify this number—this four hundred and—

Senator O'BRIEN—I do want you to clarify that, certainly. Let us clarify that.

Mr Yuile—It is a combination of the 2003-04 and 2004-05 PBS numbers with one addition, which is also in the PBS but would not necessarily have appeared in the same line. I will ask Mr Ash to take you through that.

Mr Ash—There are a series of numbers that make this up.

Mr Yuile—And references.

Mr Ash—If we go to page 64 of the 2003-04 transport and regional services portfolio PBS, there is an estimate for Regional Partnerships of \$99.099 million. The line above that has an estimate of \$1.16 million for the construction of the Bert Hinkler Hall of Aviation museum. You then move to the 2004-05 portfolio budget statement, on page 66, and for the Regional Partnerships program it is \$90.801 million. Then there are the numbers that we have discussed before: \$ 72.756 million, \$73.127 million and \$71.545 million. That gives you a total of \$408.5 million. I think that gets us back to the number.

Senator O'BRIEN—We were told that about \$12 million from 2003-04 was rolled forward into 2004-05 and 2005-06.

Mr Ash—That happens later on. I was just explaining how you get to the \$408.5 million.

Senator O'BRIEN—When and where later on does that happen, given that we are at additional estimates now?

Ms Riggs—The roll forward of the shortfall from expenditure in last year happens now in the additional estimates process.

Senator O'BRIEN—So where is it in the PAES? Is it in the numbers for those four line items that we have been discussing?

Mr Ash—On page 28 of the additional estimates, roughly three-quarters of the way down, there is a movement of administered funds between yields for the Regional Partnerships program and there are two figures there of 5.845.

Senator O'BRIEN—So that is the carry forward?

Mr Ash—Yes.

Senator O'BRIEN—In addition to the carry forward, the items listed on page 56 are therefore money in addition to the \$408.5 million?

Mr Ash—Yes.

Ms Riggs—The measures on page 56 are in addition to the \$408 million.

Mr Yuile—New money.

Senator O'BRIEN—And the \$15 million?

Ms Riggs—It would also be in addition if it were to be approved in the budget process. While we are clarifying, can I come back and answer a question you asked me before lunch that I promised to answer after lunch?

Senator O'BRIEN—Yes.

Ms Riggs—What commitments do we still have in play from the programs that were wound into Regional Partnerships? In broad terms, \$18 million.

Senator O'BRIEN—And is the funding, that \$18 million—

Ms Riggs—It is part of the numbers that we have been discussing.

Senator O'BRIEN—Regional Partnerships, \$408 million plus, plus.

Mr Yuile—It is all brought together.

Senator O'BRIEN—Okay, back to Lakes Creek. I understand the application for funding was launched on 7 May and it was approved on 1 July by Mrs Kelly—is that right?

Dr Dolman—My understanding is that the application was received on 11 May. Is that the date you said?

Senator O'BRIEN—I said 7 May.

Dr Dolman—The approval was on 1 July 2004.

Senator O'BRIEN—That 50-day turnaround is quite quick, isn't it, given the nature of the business and the size of the grant? You have been very efficient. When did the department provide a recommendation to the minister?

Ms Riggs—We do not have the detail of the date of the advice.

Senator O'BRIEN—Can you get that for me?

Ms Riggs—We will take it on notice.

Senator O'BRIEN—Do you know when the government announced that project?

Ms Riggs—As I explained to you in the other committee, it is not something that we know about. It is not something that we routinely collect.

Senator O'BRIEN—Can you tell me when you received advice which enabled you to put it on the web site?

Ms Riggs—Yes, I can take that on notice.

Senator O'BRIEN—Can you tell me how much funding was sought?

Ms Riggs—I can tell you that \$600,000 was approved, GST exclusive.

Senator O'BRIEN—So it is \$600,000 plus GST?

Ms Riggs—That is right.

Senator O'BRIEN—That is for a commercial business. I think Lakes Creek meat works is a commercial business, isn't it?

Ms Riggs—That is my understanding. Of course, the funding of commercial enterprises is clearly specified as being within the terms of the Regional Partnerships guidelines.

Senator O'BRIEN—Did the application contain a full set of financial statements?

Ms Riggs—I am sure the application contained the financial information that is required to be provided by the application form.

Senator O'BRIEN—So it would have provided the full details of the ownership and management structure and a business plan?

Ms Riggs—It would have provided, at a minimum, what was required by the application form.

Senator O'BRIEN—Can you let me know, on notice if need be, if those details were included?

Ms Riggs—Yes, Senator.

Senator O'BRIEN—Also let me know whether all materials were provided at the time the application was lodged. I want to know if this was an iterative process given the time it took, or whether you got all the material and—

Ms Riggs—Yes, I understand.

Senator O'BRIEN—Dr Dolman, did you seek input from other departments, industry representatives and other commercial entities about the application and the competition factors implicit in it?

Dr Dolman—I am aware that in this case we did seek advice from other departments. I am not sure what consultation there was with other industry players.

Senator O'BRIEN—Which other departments?

Dr Dolman—The Department of Agriculture, Fisheries and Forestry.

Senator O'BRIEN—How was this money to be used by the meat works?

Dr Dolman—I do not have those details in front of me. I understand that, essentially, the application was to reopen and modernise the plant. This meat works was not operational. It had closed, putting 1,200 people out of employment at the time. It was to be reopened in a more streamlined way—a smaller operation, I guess—initially employing 250 to 300 people.

Senator O'BRIEN—I understand there had been two major financial injections into the plant in recent years. One was in 1997. Do you know the nature of that investment?

Dr Dolman—No, I am not aware of that detail.

Senator O'BRIEN—There was a second injection of funding into the plant in 2000. Were you aware of that?

Dr Dolman—No, I am not aware of that detail. I am sure the assessors looking at the project were aware of that.

Senator Ian Campbell—I just want to give you some good news. It has just been announced that Chris Packer has been released from jail in Bali, with a 70c fine.

Senator O'BRIEN—In view of his time in jail already, that may be appropriate, but I do not know. This was the third injection of funding to go into this plant last year. This money was part of the process. What contribution was committed by the proponent from its own funds?

Mr Dolman—I am sorry, I do not have the full details of the project. I will have to take that question on notice. I should also correct an earlier answer. I have just been provided with additional advice that the application was actually received on 25 March 2004 rather than 11 May, as I said earlier.

Senator O'BRIEN—Where does the date of 11 May come from?

Mr Dolman—I was reading from a summary brief that I have.

Senator O'BRIEN—So the summary brief is inaccurate?

Mr Dolman—That is correct, yes.

Senator O'BRIEN—Has someone checked the application?

Mr Dolman—As you are aware, in the inquiry that is under way we have been checking the details of all the applications to ensure that we have the correct dates, and someone has just told me that the checking that was under way for that purpose has revealed that this date was incorrect.

Senator O'BRIEN—For what purpose was the grant given? What specific work was to be carried out?

Mr Dolman—As I said, the general purpose is to modernise the plant and reopen it on a reduced scale. I have not got the details of the specific work.

Senator O'BRIEN—That would be a pretty expensive exercise—\$660,000 is a lot of money, but it would not re-equip an export meat plant, would it?

Mr Dolman—With other contributions, our understanding is that it would be sufficient to re-equip it.

Senator O'BRIEN—Other contributions.

Mr Dolman—I have some more detail. The funding that was provided would allow it to reopen after the installation of a new computer system and upgraded electronic boiler controls and plumbing to reduce water wastage. That is some of the detail of what the funding was used for.

Senator O'BRIEN—There was going to be a contribution of some size from the owner of the plant to those works as well, wasn't there?

Mr Dolman—Yes, there definitely was. I do not have the detail of what that contribution is at the moment.

Senator O'BRIEN—I think the answer from the officers behind you is no.

Ms Riggs—The answer is, yes, there was to be a contribution, but the officer does not have that detail with him. It would be exceedingly rare for a commercial project—and I do not believe this is the case—if the Regional Partnerships contribution was more than 50 per cent of the total cost of the project. In most cases, for commercial works, the Regional Partnerships contribution is a lesser percentage than that.

CHAIR—Is the state government putting in some money?

Ms Riggs—We do not have the partnership details with us, unfortunately.

Senator O'BRIEN—In terms of the issue of commercial neutrality, was there an unsatisfied demand for a product or a service?

Mr Yuile—Do you mean competitive neutrality?

Senator O'BRIEN—Yes; thank you for correcting me. In respect of that, was there an unsatisfied demand for a product or service that has been met as a result of this grant?

Mr Dolman—In this case, the meatworks has an export focus and there is a large demand for exported beef.

Senator O'BRIEN—Is it an unmet demand? Is this exclusively an export meatworks?

Mr Dolman—That is my understanding. It is largely focused on the export market, yes.

Senator O'BRIEN—But not totally?

Dr Dolman—I would have to check the details, but that was the basis of the decision. I can also confirm that, in the partnership for this project, the Regional Partnerships contribution was just under 50 per cent of the total cost, so there was a little bit over \$600,000 coming from other sources. But I do not have the details of what those sources were.

Senator O'BRIEN—I take it this is not a business that is providing a new product or a new service in a new way.

Dr Dolman—My recollection is that there was some innovation in how the meatworks was being re-equipped, but I cannot remember the details. I think it has something to do with the way water was being used in the plant, but again I do not have the details in front of me.

Senator O'BRIEN—My understanding is that it is a plant that operates in the central Queensland cattle market. It operates on grass-fed cattle. Presumably there was some investigation into the size and characteristics of that market.

Dr Dolman—As I said before, there was some consultation on that issue.

Senator O'BRIEN—The department of agriculture and fisheries gave you your information?

Dr Dolman—They gave us some information. I am not sure what other sources there were.

Senator O'BRIEN—What was their advice as to the nature of the market?

Dr Dolman—I obviously do not have their advice with me. That would have been part of advice to ministers on the project, so I am not sure I would be able to reveal it in any event.

Senator O'BRIEN—So your consultations have been rolled into the advice to the minister, have they, so they can be protected?

Dr Dolman—It is not so they can be protected. The reason we undertake those consultations is to advise our ministers so that they can take a decision about the project.

Senator O'BRIEN—Do you know what the actual catchment for cattle sourced by Lakes Creek is?

Dr Dolman—As I said before, I do not have the details of the information that was provided by the applicant or the details of the assessment that we undertook.

Senator O'BRIEN—If you have that, can you provide that information on notice? That is, I want to know how far north, south and west the plant is buying cattle. Can you tell us now or on notice how many other meatworks are in this catchment. I know of at least two—Nippon at Mackay and AMH at Rockhampton.

Dr Dolman—I am not aware of the details, but you could well be right that there were two.

Senator O'BRIEN—I can tell you that both Nippon and AMH are export plants and that they source cattle from that region. In the context of this, how does this competitive neutrality arrangement work? Clearly this is a meatworks operating in competition with meatworks buying in the same market, and they have just been given a leg-up of two-thirds of a million dollars against their competitors. How does it work? What is the relevance of factors such as that?

Dr Dolman—I think I already described the process we have gone through to assess the competitive neutrality issues.

Senator O'BRIEN—Of course you will not tell us whether you recommended funding or not, will you?

Ms Riggs—No.

Senator O'BRIEN—Did this application satisfy the guidelines as laid down on the department's web site?

Ms Riggs—That is fundamentally part of the advice we put to ministers. That is what we assess when we assess a project and that is a formative step of that advice, so we will not be answering that question.

Senator O'BRIEN—What role did this department play on the interdepartmental committee that was part of the assessment process under the Biofuels Capital Grants Program administered by Invest Australia?

Ms Riggs—A member of staff represented this department on that IDC.

Senator O'BRIEN—At what level?

Ms Riggs—He is an SES officer.

Senator O'BRIEN—Which officer?

Ms Riggs—Dr Tony Ockwell.

Senator O'BRIEN—Were you aware of the assessment of Primary Energy's grains to ethanol application under the Biofuels Capital Grants Program?

Ms Riggs—My recollection is that we were aware of that, yes.

Senator O'BRIEN—What role did that involvement and knowledge play in this department's assessment of Primary Energy's application for funds under this program?

Ms Riggs—It was one of the matters we took into consideration in formulating our assessment and our advice to the minister.

Senator O'BRIEN—The government has decided to give this company \$1.2 million under this program, hasn't it?

Ms Riggs—I think that is a matter on the public record now.

Senator O'BRIEN—You are probably right. I just wanted to make sure that the public record was accurate.

Ms Riggs—To the best of my knowledge, \$1.2 million is the correct sum of grant under Regional Partnerships to this project.

Senator O'BRIEN—Primary Energy also lodged an expression of interest under the Greenhouse Gas Abatement Program, which is administered by the Department of the Environment and Heritage. Did this department provide any advice or receive any advice in relation to this expression of interest?

Senator Ian Campbell—Are we talking about the grant under Regional Partnerships?

Ms Riggs—No. This proponent applied for support under greenhouse gas abatement.

Senator Ian Campbell—That is a question for the environment portfolio.

Senator O'BRIEN—I am asking whether this department was aware of that process.

Senator Ian Campbell—I think I have answered that question on the Senate record, saying that this proponent did not make any formal application under any rounds of the GGAP. I will double-check that for you and make sure that the record of this committee is correct, but I think that is right.

Senator O'BRIEN—The words I used were 'lodged an expression of interest'.

Senator Ian Campbell—I think they may not have even got to that formal point. I think they might have made some inquiries about their eligibility, but I will take that on notice.

Senator O'BRIEN—Thank you.

Senator Ian Campbell—I do not think anyone thinks that greenhouse gas abatement is the main purpose of ethanol. I think the fundamental environmental good that people would claim for ethanol is that it replaces a fossil fuel with a renewable fuel. I think the jury is still out on whether there is a significant benefit for greenhouse.

Senator O'BRIEN—Can you confirm that Primary Energy sought funding for a prospectus and was thus ineligible for funding under the published Regional Partnerships guidelines and for that reason was assessed under the unpublished SONA procedures?

Ms Riggs—Yes.

Senator O'BRIEN—In terms of the progress of this project, is the due diligence completed?

Ms Riggs—I have just confirmed that we have in fact made a payment under our funding agreement, so due diligence has been completed.

Senator O'BRIEN—Do you know when it was completed?

Ms Riggs—I will have to take that on notice.

Senator O'BRIEN—So funds have been paid?

Ms Riggs—Yes.

Senator O'BRIEN—How much has been advanced?

Ms Riggs—Can I take that on notice? I think we have made the first payment which we normally pay on the signing of the agreement and the first instalment after that. My recollection is that the total of those two payments is something in the order of about \$400,000. But I will confirm that on notice.

Senator O'BRIEN—As a result of this funding, is there a commitment to create additional employment?

Ms Riggs—My understanding is that if the funding for this project produces outcomes that enable the plant to proceed to be built and to operate it is anticipated that there will be substantial employment outcomes.

Senator O'BRIEN—On 6 December Senator Ian Campbell, the minister, delivered a speech in the Senate in which he referred to Mr Ian Kiernan AO as the Chairman of Primary Energy, and this week in the House Mr Anderson did the same—both, I might say, in a spirited defence of the government's decision to grant this company \$1.2 million. Do I understand correctly that the structure of a private business, including its directors, is something the department would want to know about during the course of assessing its suitability for a Regional Partnerships grant?

Ms Riggs—If we were in the course of assessing a Regional Partnerships grant we would normally do a company search.

Senator O'BRIEN—Is it the case that at the time that Primary Energy's application was lodged and assessed the company had just one director, Mr Matthew Kelley?

Ms Riggs—I am not personally aware of that, so we would have to take that on notice.

Mr Yuile—Do you mean when the application was lodged or when there were expressions back in 2003?

Senator O'BRIEN—Lodged and assessed.

Mr Yuile—Are you talking about in 2003, under the former Namoi Valley Structural Adjustment Package guidelines? I just want to clarify what date you are referring to.

Ms Riggs—This application was originally lodged in June 2003, under the Namoi Valley Structural Adjustment Package.

Mr Yuile—I am trying to understand whether that is the point about which you are asking your question.

Senator O'BRIEN—When it was assessed under these guidelines—

Mr Yuile—It was further assessed under SONA procedures. So your question was whether Matthew Kelley was the director.

Senator O'BRIEN—Whether he was the sole director.

Mr Yuile—We will take that on notice; I just wanted to clarify which point in the chain you were referring to.

Senator O'BRIEN—Has the department checked when Mr Kiernan was appointed as a director and made a chairman of Primary Energy?

Ms Riggs—I do not believe we would have. The purpose of our company search is to ascertain who the principals in a company are at the point we are undertaking assessment, not necessarily to track the history of the office holders in a company.

Senator Ian Campbell—In relation to my speech in the parliament which you have referred to, if Mr Kiernan writes a letter to me or the government claiming he is the chairman of that company, I accept on absolute face value what Mr Kiernan says. I believe him to be an honest, fine and upstanding Australian who has got nothing other than a fantastic record in a number of very important spheres for this country.

Senator O'BRIEN—Would ASIC be misleading us if they told us that Mr Kiernan was appointed a director of Primary Energy on 8 December 2004, which was after your speech, Minister, and months after the grant allocation was approved?

Senator Ian Campbell—The question is in relation to ASIC and should be directed to the Senate standing committee on economics and financial matters. In fact, I think ASIC were giving evidence there yesterday or the day before.

Senator O'BRIEN—Do you or the department possess any information that would contradict—

Senator Ian Campbell—Quite frankly, if Mr Kiernan claimed to be the chairman I would not go and search the ASIC records before I made a speech in the Senate. I would trust his word absolutely; he is a fine upstanding Australian who has made a great contribution to this country. I encourage all senators to get out on 6 March and help clean up Australia.

Senator O'BRIEN—I simply say that I got a document from ASIC, document No. 7E0281621, which seems to record the appointment of company officeholder Mr Ian Kiernan,

of an address in Kirribilli, appointed in an instrument signed by Mr Matthew James Kelley on 9 December, to the office of director of Primary Energy Pty Ltd, ACN No. 100 672 455.

Senator Ian Campbell—Congratulations to Mr Kiernan. It is yet another appointment to add to his long list of important roles in Australian commercial, sporting and environmental organisations.

Senator O'BRIEN—It is indeed the appointment you said he already held.

Senator Ian Campbell—I have said to this committee that I take it on face value. If I get a letter from Mr Kiernan saying he is chairman of a company I would not bother asking anyone else.

Senator O'BRIEN—So you will now be correcting the record or checking the facts.

Senator Ian Campbell—I have made it clear.

Senator O'BRIEN—You are not going to correct the record, even though it appears you were wrong.

Senator Ian Campbell—You have just put facts forward. If you want to go to the estimates and ask ASIC about the application, that is fine. I am no longer the person in charge of ASIC. I was for four years and it was a very good job. I am in charge of the environment department now and I represent John Anderson in the Senate.

Senator O'BRIEN—It was a simple question whether you intend to correct the record. I am taking your answer to be that you do not, even though the information has been passed on to you that you misled the Senate.

Senator Ian Campbell—You make an allegation that I misled the Senate. That is fine.

Senator O'BRIEN—I have just given you the evidence, Minister.

Senator Ian Campbell—You have given me one part of the evidence and you made a case—

Senator O'BRIEN—I have given you the reference. It is a matter for you and your code of conduct.

Senator Ian Campbell—If I had to choose between taking Mr Kiernan's words and taking your word, I would always take Mr Kiernan's word.

Senator O'BRIEN—I am asking you to take ASIC's word. Don't take my word, take ASIC's word.

Senator Ian Campbell—You have read a document which you say purports to be an ASIC document. That is fine.

Senator O'BRIEN—I have given you the reference.

Senator Ian Campbell—Table the document if you like and I will have a look at it.

Senator O'BRIEN—I am happy to table the document. Can we table it for the record? It is so tabled.

Senator Ian Campbell—Can the secretariat provide a copy of the document, please?

Senator O'BRIEN—I am sure it can be provided. The department has provided advice to the Senate Finance and Public Administration References Committee inquiry into regional projects that the \$1.2 million grant to Primary Energy Ltd comprises 72.02 per cent of project funds. Is this advice correct? Mr Kiernan's letter that Minister Campbell referred to refers to project capital expenditure totalling \$100 million. I cannot make \$1.2 million 72 per cent of that, so how do you come to your 72.02 per cent?

Ms Riggs—We will take it on notice, Senator.

Senator O'BRIEN—I have some questions about the role of the department with respect to advice to successful applicants and the announcement of regional partnership grants. I want to do so in the context of apparently delayed announcements that came to light last year. You will recall that letters signed by Mrs Kelly, when parliamentary secretary with responsibility for the program, were issued when she was the Minister for Veterans' Affairs. Mr Yuile, I refer to your letter to the minister dated 8 December 2004. Did you know the letter would be publicly released?

Mr Yuile—No, I was simply passing on advice to the minister.

Senator O'BRIEN—Was there any consultation with you about its release?

Mr Yuile—I do not recall so. I was asked for clarification. I do not have the letter in front of me. I do not recall that there was consultation ahead of that.

Senator O'BRIEN—You indicate that Mr Anderson sought your advice. What form did that request take?

Mr Yuile—It came as a request from the minister through one of his staff, as I recall.

Senator O'BRIEN—Orally, by telephone?

Mr Yuile—Yes, I think so.

Senator O'BRIEN—How did you determine that Mrs Kelly signed off on this project at 3.37 p.m. on 31 August 2004?

Mr Yuile—I satisfied myself by looking at the file and looking for the approvals that Mrs Kelly made.

Senator O'BRIEN—Is it normal when a decision maker approves a project that they write in the date and time of approval?

Mr Yuile—There are times when ministers do that and other times they do not.

Senator O'BRIEN—How is this recorded? What does this decision sheet look like?

Mr Yuile—It is the conclusion of a minute. The minute takes the parliamentary secretary or the minister through our advice, which includes some background, a discussion of the issues and in some cases options and concludes with a recommendation. There is a box at the conclusion of the minute which has 'approved or not approved', for a signature block of the minister or the parliamentary secretary.

Senator O'BRIEN—I think I have seen that block. Is there a section in that to specify a time and date?

Ms Riggs—It specifies a date but not a time. However, on this occasion Mrs Kelly did write the time onto the sheet.

Senator O'BRIEN—Did you see that occur?

Ms Riggs—No, I did not see that occur.

Senator O'BRIEN—Someone did. Someone at sometime wrote that in.

Ms Riggs—It is in Mrs Kelly's handwriting, though I am not a handwriting expert. It is in the same coloured pen—I have seen the original—as her signature and date on that piece of paper.

Senator O'BRIEN—You think Mrs Kelly signed and wrote the date and the time.

Ms Riggs—That is my belief.

Mr Yuile—That is the conclusion we drew from seeing the document. I have also known ministers to initial each page that they have seen and put a date and time. Different ministers have different practice in that regard.

Senator O'BRIEN—Mr Giulio Cerasani is an officer of this department.

Mr Yuile—That is correct.

Senator O'BRIEN—I want to ask some questions about his statement dated 7 December last year. Did the department provide any advice at all to Mr Cerasani about his responsibility to provide the written statement?

Mr Yuile—No, not advice; Mr Cerasani chose to make this statement.

Senator O'BRIEN—If not advice, what do you mean? What was the nature of the information conveyed to him with regard to the making of the statement by the department?

Mr Yuile—I did come up to Parliament House that day and saw Mr Cerasani. He was keen to correct the record and clarify his role. I discussed that issue with him and whether he wanted to do that in the way he chose or other options. He chose to do it in this way.

Senator O'BRIEN—Did any senior officer of the department counsel Mr Cerasani against providing the statement?

Mr Yuile—I think that is what I was just saying. I certainly asked him whether this was something he wanted to do in this way. I wanted to clarify with him what he wanted to do and the way in which he wanted to do it and I gave him options, if you like, as to other ways in which this correction might be made. But this was something that he chose to do.

Senator O'BRIEN—Through the department, was Mr Cerasani provided with any legal advice about providing this statement?

Mr Yuile—No, he was not.

Senator O'BRIEN—Are you aware of whether or not Mr Cerasani received legal advice from other sources before preparing his statement?

Mr Yuile—I am not aware of that. I will check with colleagues. No.

Senator O'BRIEN—Did the department provide Mr Cerasani with any advice about the content of the statement?

Mr Yuile—No, we did not. This was something that he put together on the basis of his role as a departmental liaison officer in the office of the parliamentary secretary.

Senator O'BRIEN—I have some interest in what Mr Cerasani did not say. He makes no reference to misplacing or losing these documents. As far as the department is aware, did Mr Cerasani misplace these letters at any time; and, if so, for what period?

Mr Yuile—I am not aware that he misplaced them. No, not to my knowledge.

Senator O'BRIEN—Does the department believe that Mr Cerasani did anything wrong?

Mr Yuile—In what sense?

Senator O'BRIEN—In relation to his actions or omissions on the matters referred to in his statement and the incident which was the subject of comment in parliament.

Mr Yuile—No. Apart from making a mistake, I do not recall that there was any suggestion that he had done anything wrong—certainly not by me anyway. In fact, I would add that Mr Cerasani is a terrific officer of the department. He is someone who many of us have worked with in different roles and who has a very good reputation as a person of integrity and professionalism.

Senator O'BRIEN—Has the department considered recalling Mr Cerasani?

Mr Yuile—Not recalling him. In the light of this occurrence, I spoke to him and asked him if he would prefer to return to the department in light of the controversy that surrounded this. I was doing that out of concern for him as an individual and not in any sense because we were dissatisfied with his performance. He considered that but decided that, subject to the view of the parliamentary secretary, he had a job to do and he wanted to continue that and apply himself to the best of his ability. The parliamentary secretary was highly complimentary of the services he had provided and saw no reason for him to return to the department.

Senator O'BRIEN—Clearly it is not unusual for Mrs Kelly to sign off and send these letters well after a project is approved.

Mr Yuile—I do not know whether it is usual or unusual. It happened on this occasion.

Senator O'BRIEN—Obviously this is done to give government senators and members time to announce projects to maximise political capital—as was done to gain maximum political capital in this case. Does the department—Mr Cerasani's employer—know why he felt he had to clarify a situation by issuing a very public statement when the only unusual thing that had happened was the Mrs Kelly had changed portfolio responsibilities?

Mr Yuile—My recollection is that there was controversy about a signature and a date stamp as parliamentary secretary when Mrs Kelly was then Minister for Veterans' Affairs. I think the statement that Mr Cerasani provided was to clarify the way in which that had taken place.

Senator O'BRIEN—Was Mr Cerasani under any pressure from Mrs Kelly, Mr Cobb or their officers to produce this statement?

Mr Yuile—No, I think it was something he chose to do. When I spoke to him he was obviously upset, concerned about the debate in the parliament, upset from the point of view that he had made an error and he wanted to correct the record. It was as simple as that. If you

knew the individual, it is the sort of person he is. He prides himself on doing a good job, but he made a mistake in this instance and he wanted to correct that.

Senator O'BRIEN—Mrs Kelly, in her statement of 8 December, made it very clear that she blamed Mr Cerasani for her having to sign these letters after she was promoted to the ministry. Does the department, on behalf of Mr Cerasani, accept responsibility for the late distribution of the letters at the centre of the political controversy late last year?

Mr Yuile—I would have to check Mrs Kelly's statement on that.

Senator O'BRIEN—She said, specifically, at the top of the second page of her statement: What has occurred here is a clerical error by an officer who in my experience is a competent and hardworking official.

Mr Yuile—Yes.

Senator O'BRIEN—That is referring to Mr Cerasani, isn't it?

Mr Yuile—Yes. She said he has made a clerical error.

Senator O'BRIEN—Yes.

Mr Yuile—Do I accept that he made a clerical error?

Senator O'BRIEN—Yes.

Mr Yuile—Yes, he did. That is what he said.

Senator O'BRIEN—Does the department therefore accept responsibility for the late distribution of the letters which are at the centre of the political controversy?

Senator Ian Campbell—We said we would take that on notice, I think.

Mr Yuile—He is a departmental employee. He works in the office of the parliamentary secretary. He is under the supervision of the staff of the parliamentary secretary's office. To the extent that he made an error, he has acknowledged that.

Senator O'BRIEN—So the department does not accept responsibility.

Mr Yuile—To the extent that we are the employer of Mr Cerasani and he has acknowledged he made a clerical error, we acknowledge that too. I am not sure that I can say much more than that.

Senator O'BRIEN—I just wonder why departmental officers, including DLOs, have to take the rap for what was clearly a political decision to delay the dispatch of the letters, Mr Yuile. It was not an uncommon delay, was it?

Mr Yuile—Senator, as I say, I cannot comment on—

Senator Ian Campbell—He cannot answer. That is a purely political question. It is not a question for officers of the department.

Senator O'BRIEN—Has the system changed since Mrs Kelly moved on?

Ms Riggs—The department's process is such that we package advice to the minister or to the parliamentary secretary in respect of a number of projects. We of course always assume that our advice will be accepted, so we package with it letters to relevant people and draft media releases. The next formal piece of the process for the department is when we receive

back the signed documentation. As we have discussed in that other committee, we then upload approved projects to the web site and begin the preparation and negotiation of the funding agreement. Whether or not the process between those two elements of departmental processing—that is, the process in the parliamentary secretary's office—has changed, we are unable to answer.

Senator O'BRIEN—I have a considerable number of other questions. We will place those on notice, and I am going to ask a few questions of the territories officer, who has been waiting, so he will not miss out on the action.

Mr Yuile—While we are waiting and before we conclude, I hope I can give you that explanation on those movements of funds on regional policy. You asked me not to have it delayed, so I will try and table something today.

Senator O'BRIEN—Last year I asked the Minister for Local Government, Territories and Roads a question on notice about the review of fees and charges associated with delivering services to Australia's territories identified in the department's annual report. I would like an answer to that question but, for now, can you tell me where the review is up to?

Mr Wilson—The review of fees and charges within the Indian Ocean territories and Jervis Bay did not eventuate. As the reference within the annual report points to, the review was to be done in line with a government decision about information and regulatory services. It was agreed with the Department of Finance and Administration that the fees and charges that the department levies in the Indian Ocean territories and Jervis Bay do not fall within that category, so there has not been a review of those charges.

Senator O'BRIEN—Can you give the committee a progress update in relation to the immigration and reception centre on Christmas Island. I understand the main works contract was awarded earlier this year.

Mr Wilson—That is actually a question for the Department of Finance and Administration who are undertaking the construction work for the immigration reception and processing centre.

Mr Yuile—They are managing the contract.

Mr Wilson—Yes. They are managing the contract.

Senator O'BRIEN—Does this department know what stage that work is at?

Mr Wilson—I believe that the contract has been signed. However, for more detail in regard to the precise dates on which those works will start and what those precise works are, the Department of Finance and Administration will be able to provide you with a more detailed answer.

Senator O'BRIEN—How are the people of Christmas Island going to benefit from the construction of the centre?

Mr Wilson—The construction of the centre will generate significant economic activity on the island. I do not have the numbers of actual employees that will be brought onto the island to do the construction work. However, it will be a significant boost given the level of construction work and the reasonably lengthy period of time to construct the centre.

Therefore, the islanders will benefit from a significant boost in activity and the flow-on economic effects from that.

Senator O'BRIEN—What sorts of local employment and training opportunities are available during the construction phase?

Mr Wilson—Again, I would direct you to the Department of Finance and Administration.

Senator O'BRIEN—Do they consult with you about aspects of construction that might affect the population there?

Mr Wilson—We have had general discussions in regard to the community and the economy and the benefits that could be accrued to the economy and the local community should works be parcelled in certain sizes. You would note that some early works packages of contracts have already been let that have benefited the local community. In terms of whether the department provides advice as to the specifics of their contractual structure, the answer is no.

Senator O'BRIEN—Do you know how the local population are going to benefit from the operation of the centre in terms of local employment and training opportunities?

Mr Wilson—I am sorry. The operation of the centre will actually be the responsibility of the Department of Immigration and Multicultural and Indigenous Affairs. You would be best placed to ask that sort of question to them.

Senator O'BRIEN—Has the department consulted with them about that aspect?

Mr Wilson—Again, we have provided general advice in regard to the flow-on effects of an operational centre on Christmas Island in terms of the positive benefits that could accrue to the island. But, again, we have not provided specific advice on the structure of the contracts which the department would let to operate the facility.

Senator O'BRIEN—Have any discussions been held between departments about alternative uses for the centre—for example, non-immigration related activities?

Mr Wilson—Not that I am aware of.

Senator O'BRIEN—I am going to put my other questions on notice. Thank you very much.

Mr Yuile—In relation to the costings for the various regional program undertakings in the election, I mentioned earlier that they were in the public domain, in terms of the work done by the Department of Finance and Administration. I think I have copies of all the relevant ones, which I can table for the committee. They are obviously on the Department of Finance and Administration's web site. As I mentioned, the aggregates are the same. Some of the profiles have changed as a result of further consultation. I can table those. If you want to finish, we will supply to the committee the explanation that Senator O'Brien asked for about the regional policy output figure and the movement between territories and regional policy. I will also supply the number representing the transfer of assets to the Department of Immigration and Multicultural and Indigenous Affairs. We might actually have that here and could table it. Senator, you wanted it quickly, so I thought I would try to do that. That is the simplest explanation. If you want any more information, we could obviously provide it.

Senator O'BRIEN—Thank you for that.

CHAIR—Thank you very much for your time and patience. I hope you had a bit of fun. That concludes the hearing.

Committee adjourned at 3.16 p.m.