



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS  
AND TRANSPORT

ESTIMATES

**(Additional Budget Estimates)**

THURSDAY, 15 FEBRUARY 2007

CANBERRA

BY AUTHORITY OF THE SENATE



## **INTERNET**

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:  
**<http://parlinfoweb.aph.gov.au>**



---

**SENATE STANDING COMMITTEE ON  
RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
Thursday, 15 February 2007**

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

**Senators in attendance:** Senators Adams, Eggleston, Heffernan, Joyce, Lundy, McEwen, McGauran, Nash, O'Brien, Siewert and Sterle

**Committee met at 9.04 am**

**TRANSPORT AND REGIONAL SERVICES PORTFOLIO**

**In Attendance**

Senator Ian Campbell, Minister for Human Services

**Department of Transport and Regional Services**

**Departmental Executive**

Mr Mike Taylor, Secretary  
Mr Mike Mrdak, Deputy Secretary  
Ms Susan Page, Deputy Secretary  
Mr Andrew Tongue, Deputy Secretary

**Corporate Services**

Mr Jeremy Chandler, Chief Operating Officer  
Ms Sharon Field, General Manager, People and Planning  
Mr David Banham, Chief Information Officer

**Portfolio Strategic Policy and Projects**

Mr Phil Potterton, Executive Director, Bureau of Transport and Regional Economics  
Dr Andy Turner, General Manager, Regional Research and Statistics  
Dr David Gargett, Acting General Manager, Transport Research  
Mr Roger Fisher, Executive Director, Strategic Projects

**AusLink**

Ms Leslie Riggs, Executive Director, AusLink  
Mr John Elliott, General Manager, AusLink Planning  
Mr Robert Hogan, General Manager, AusLink Road Investment  
Ms Joan Armitage, General Manager, AusLink Strategic Regional Investment  
Mr Jim Wolfe, General Manager, AusLink Rail Investment  
Mr Simon Atkinson, Acting General Manager, AusLink Systems and Local Roads Investment

**Maritime and Land Transport**

Mr Andrew Wilson, Executive Director, Maritime and Land Transport  
Mr Peter Robertson, General Manager, Vehicle Safety Standards  
Mr Michael Sutton, General Manager, Maritime  
Mr Stewart Jones, General Manager, Transport Integration and Reform

**Australian Transport Safety Bureau**

Mr Kym Bills, Executive Director, Australian Transport Safety Bureau  
Mr Joe Motha, General Manager, Road Safety  
Mr Alan Stray, Deputy Director, Information and Investigations  
Mr Julian Walsh, Deputy Director, Aviation Safety Investigation  
Mr Peter Foley, Deputy Director, Surface Safety Investigation  
Ms Kerryn Macaulay, Deputy Director, Technical and Projects

**Australian Maritime Safety Authority**

Mr Clive Davidson, Chief Executive Officer  
Mrs Dianne Rimington, General Manager, Corporate

**Aviation and Airports**

Mr John Doherty, Executive Director, Aviation and Airports  
Mr Mike Ford, General Manager, Aviation Regulation  
Mr Neil Williams, General Manager, Airports  
Mr Stephen Borthwick, General Manager, Aviation Markets  
Mr Stuart Sargent, General Manager, Office of Airspace Management  
Mr Peter Maynard, Section Head, Aviation Services

**Civil Aviation Safety Authority**

Mr Bruce Byron, Chief Executive Officer  
Mr Bruce Gemmell, Deputy Chief Executive Officer, Operations  
Mr Shane Carmody, Deputy Chief Executive Officer, Strategy and Support  
Mr Greg Vaughan, Group General Manager, General Aviation Operations Group  
Mr Peter Boyd, Head of the Planning and Governance Office  
Mr Patrick Murray, Group General Manager, Air Transport Operations Group  
Dr Graham Edkins, Group General Manager, Personnel, Licensing, Education and Training Group  
Mr Jim Coyne, Acting Head of Manufacturing, Certification and New Technologies Office  
Dr Jonathan Aleck, Acting General Manager, Legal Services Group  
Mr Christopher Farrelley, Chief Information Officer  
Ms Karen Hogan, Acting Chief Finance Officer  
Mr Gary Harbor, Head of Human Resources  
Ms Julie Fox, Manager, Corporate Relations  
Mr Kim Jones, Manager, Airways and Aerodromes

**Airservices Australia**

Mr Alastair Hodgson, Acting Chief Executive Officer  
Mr Jason Harfield, General Manager, Safety Management  
Mr Ken McLean, General Manager, Air Traffic Control  
Ms Melinda Evans, Acting General Manager, Corporate Affairs  
Mr Neal O'Callaghan, General Manager, Audit and Assurance

**Inspector of Transport Security**

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

**Office of Transport Security**

Mr Paul Retter, Executive Director, Office of Transport Security

Mr James Collett, Acting General Manager, Aviation Security Operations Branch  
Mr John Kilner, General Manager, Maritime Security Branch  
Ms Sue McIntosh, General Manager, Critical Infrastructure and Surface Transport Security Branch  
Ms Cheryl Johnson, Acting General Manager, Regional Aviation and Air Cargo Security Branch  
Mr Richard Windeyer, General Manager, Aviation Security Policy and Legislation Branch

**Regional Services**

Ms Carolyn McNally, Executive Director, Regional Services  
Dr Gary Dolman, General Manager, Regional Partnerships Branch  
Ms Nicole Peel, Acting General Manager, Regional Policy Branch  
Ms Karen Gosling, General Manager, Sustainable Regions and Networks

**Territories and Local Government**

Mr John Angley, Executive Director, Territories and Local Government  
Mr Daniel Owen, General Manager, Local Government and Natural Disasters  
Ms Anna Clendinning, General Manager, Territories East  
Mr Julian Yates, General Manager, Territories West

**National Capital Authority**

Ms Annabelle Pegrum, Chief Executive Officer  
Mr Lindsay Evans, Managing Director, Business  
Mr Graham Scott-Bohanna, Managing Director, Design  
Mr Todd Rohl, Managing Director, Planning and Urban Design  
Ms Alison Walker-Kaye, Managing Director, Corporate  
Mr Geoff Britt, Chief Finance Officer  
Mr Phil Wales, Managing Director, Governance  
Mr Andrew Smith, Director, National Capital Projects  
Mr Peter Byron, Manager, Events and Outreach

**CHAIR (Senator Heffernan)**—I declare open this public hearing of the Senate Standing Committee on Rural and Regional Affairs and Transport. On Thursday, 8 February 2007, the Senate referred to the committee for examination the particulars of proposed additional expenditure in respect of the year ended 30 June 2007 for the Transport and Regional Services portfolio. Today the committee will commence its examination of additional budget estimates for the Department of Transport and Regional Services. The committee has fixed Thursday, 5 April, as the date for the return of answers to questions taken on notice. Under standing order 26, the committee must take all evidence in public session.

The Senate, by resolution, in 1999 endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operations or financial positions of the departments or agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings. The Senate has resolved also that an officer of a department or the Commonwealth or a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asked for opinions on matters of policy and does not preclude questions asked for explanations of policies or factual questions about when and how policies were adopted. If a witness objects to

answering a question, the witness shall state the grounds upon which the objection is taken, and the committee will determine whether it will insist on an answer, having regard to the grounds which are claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis of the claim.

I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. I welcome Senator Ian Campbell, Mr Taylor, Mr Mrdak and officers of the department. If you would like to make an opening statement, you may. Before you do that, I would like put on the record that, following the hearing the other day on the [Airspace Bill 2006](#), I referred a matter to the Australian Federal Police.

[9.07 am]

#### **Department of Transport and Regional Services**

**Mr Taylor**—With the agreement of the chairman and the senators, I would like to make some brief opening comments in respect of the DOTARS portfolio that I think might help set the scene and provide some context for today's hearing. I will first of all reflect on the area of Regional Services and the Regional Partnerships program, which remains a major focus of our support for all Australians and particularly those in rural and regional Australia. I am particularly keen to put on the record a concern I have that sometimes we see in the media misinformed or unsubstantiated comments by media and other commentators with respect to the way the Regional Partnerships program is being managed. I can assure the Senate committee that the highest standards are always maintained by my staff with the utmost integrity that is properly expected of the Australian Public Service. I think it is also worth noting that no findings that were adverse in that nature were made in the 2005 Senate inquiry or in any other inquiries to that effect in terms of evidence.

I want to focus on some of the changes we make on a continuing basis, in a continuous improvement framework, to ensure that the administrative and delivery processes are maintained and continue at the highest possible level. With the strong support of the Minister for Transport and Regional Services, the department has made some very significant changes to improve the operation of the Regional Partnerships program. I will list some of those. There has been the establishment of a three-member ministerial committee to make decisions on all applications. We have created a streamlined central assessment process to shorten the assessment times and provide a more consistent approach towards assessment. There has been extensive training of over 120 staff on the process of negotiating and executing a funding agreement. We have also quite consciously as part of good management and good governance process instigated ongoing internal audits of project files and funding arrangements to ensure all aspects of project management are adequately recorded and managed and, if issues arise, addressed properly.

Revision to the Regional Partnerships program guidelines provides for simpler and more comprehensive advice to the participants in terms of eligibility and issues of cost and cost

shifting and competitive advantage. There is also improved guidance on the Australian government's priorities for the projects and greater clarification on how applications will be assessed. The drafting of a new procedures manual to guide those administering programs is also nearing completion. We have ensured this process is taken to the highest possible level by having auditors KPMG work with us in developing the process and overseeing it.

These changes are very significant and are part of our commitment to continuous improvement of our administrative processes and also to providing better outcomes for our project proponents. It is worth noting that some significant efficiencies have come out of these as well. In particular, the average time to complete a project assessment is generally between 11 and 15 weeks for projects over \$25,000 and eight weeks for smaller projects—a significant improvement on earlier times.

We will continue, though, to look to how we can facilitate ongoing improvements. We remain challenged by a number of outstanding issues from projects that were contracted in earlier times but we will continue to address these in a proactive fashion. I think it is worth recording the excellent work that is undertaken by the regional services team. That team will of course provide detailed information later in the day's work.

The Territories and Local Government division has been involved in a wide range of activities—and some with a very high profile—in particular, facilitating the financial assistance of the government to territories, particularly the Indian Ocean territories and Norfolk Island; support for local government throughout Australia through the major grants program; and of course most recently support for states and communities affected by natural disasters. Quite specifically, new measures for victims of the Tasmanian bushfires were jointly announced by the Prime Minister and the Premier of Tasmania on 14 December 2006, and the extension of these measures to Victoria were announced by the Prime Minister and Premier Bracks on 16 December 2006.

In mid-December the Australian Transport Safety Bureau, consistent with established practice, forwarded a confidential draft of its final investigation report into the Lockhart River plane crash to those parties who are directly involved. That established practice is to ensure factual accuracy and natural justice to all those involved ahead of its public release of the report. These interested parties have 60 days to comment, and the ATSB hopes to release its final report in the very near future. Of course, until then the ATSB is constrained in answering questions on any detail of its report.

The Office of Transport Security continues to work closely in partnership with the Australian government agencies such as Attorney-General's, the Australian Federal Police and Customs as well as an extensive range of state governments with regard to delivering transport security across all modes of transport in Australia. It is worth noting that, following the London terrorist plot of August 2006, the government announced in December that Australia would introduce additional security measures relating to the carriage of liquids, aerosols and gels by passengers for all international flights into and out of Australia. These new measures will come into effect from 31 March 2007.

On 1 January 2007, the Office of Transport Security formally implemented the maritime security identification card regime at all regulated ports and facilities across Australia. The

introduction of the MSICs was the result of detailed preparation and the development of close working partnerships with industry and relevant agencies. The MSIC regime is a world first—no other country has successfully implemented a nationally based background checking regime for maritime industry participants to date.

The Office of Transport Security has also completed its review of all aviation security identification card holders. Over 92,000 current ASIC holders have now been assessed by the department against the strengthened eligibility criteria raised back in 2006. The Inspector of Transport Security Act 2006 received royal assent on 7 December and, as soon as the drafting of regulations is completed, proclamation is expected in the near future. The Inspector of Transport Security, Mr Mick Palmer, working in conjunction with state and territory officials and ministers, has completed his report on the effectiveness of surface transport arrangements within Australia. Initial responses to the report's recommendations will be discussed by all state and territory transport ministers at a special meeting convened by the Deputy Prime Minister on 28 February 2007.

A key focus of our aviation and airports group in addition to their normal program is the planning and coordination of the arrangements for the APEC transportation ministerial meeting to be held in Adelaide late in March. This is a major task for the department. I am pleased to say we have a very strong commitment of APEC transport ministers from the various participating economies coming to the March meeting. The meeting will principally focus on three key areas: transport security and supply chain logistics, transport liberalisation, and transport safety.

Under the AusLink program the department has continued to oversee the Australian government's contribution to the road and rail infrastructure investment made through the states and territories and local government. Importantly, this year will see the finalisation of some 24 transport corridor strategies in partnership with the states. These corridor strategies are as a result of work we undertook with states through the COAG process. They will help establish the priorities for road and rail infrastructure investment into the future based on the agreed Commonwealth-state views of needs for the next 20 to 25 years. As well, some 86 projects under the Strategic Regional Program have been announced, and funding agreements are now being finalised.

The maritime land and transport division leadership roles continue to play a very important role in the way in which shipping and port matters, land transport policy and vehicle management programs are delivered. As well, our Bureau of Transport and Regional Economics and our other policy research roles continue to very effectively underpin our department's work. Finally, the corporate services division has guided and provided excellent financial management to the way in which the department is run and has delivered similar performance elsewhere in terms of our organisation. I hope the comments I have made here will assist the committee in terms of providing context for the range and diversity of activities undertaken by the department. We look forward to addressing the questions from the Senate committee. Thank you, chair.

**CHAIR**—Thank you, Mr Taylor. My instruction is that the minister is actually in the building and walking towards the meeting so that is good to know.

**Senator O'BRIEN**—Welcome back to estimates. I wonder if it would be possible to get a copy of the presentation you just gave us. If we could get it expeditiously, there are a couple of points I want to check before I ask you questions on it. So if we can get a copy of that quickly, that would be very useful. On an unrelated matter, I want to put a question which I am certain you will take on notice. Could the department please provide full details of the official development assistance eligible expenditure and activities undertaken by this department since the financial year 2000-01 to date.

**Mr Taylor**—I am happy to take that on notice.

**Senator O'BRIEN**—I understand that there is a requirement for an annual report to AusAID, so that information is probably already collated somewhere in the department.

**CHAIR**—Good morning, Minister.

**Senator Ian Campbell**—Good morning.

**Senator O'BRIEN**—In terms of the statement you read, I am very interested that the first item you referred to was regional partnerships. Why is that the highest priority from the department's point of view?

**Mr Taylor**—It was not in priority order. If I could just assist the members of the committee, there was a very simple way in which those were listed. If one takes a look at our organisational structure you will see, in the way it is listed from left to right, that it reads Regional Services, followed by Territories, Australian Transport Safety Bureau, Office of Transport Security, Aviation and Airports, AusLink, Maritime and Land Transport and BTRE. I always put corporate last, although Mr Chandler may not agree with the order. If you look at our organisational structure, you will see that is the way I listed them and read them across.

**Senator O'BRIEN**—So we should take no clue in the order you have presented them at all, other than it reflects your organisational structure chart?

**Mr Taylor**—The easiest way of answering that is, if I could repeat it again: I moved across the chart and made a short comment about each of the divisional areas and concluded with one on corporate.

**Senator O'BRIEN**—I had thought that perhaps you thought there was a special reason to put a plug in for the integrity of your department with the Regional Services program. But perhaps that was my sometimes suspicious nature. Is the ANAO still working on their inquiry?

**Mr Taylor**—It certainly is.

**Senator O'BRIEN**—Have they commenced a consultation with the department about their final report?

**Mr Taylor**—They have certainly commenced consultations. I will ask Ms Page to make some comments about where we are at with the ANAO.

**Ms Page**—The ANAO has been working since early last year. They have presented a series of papers to us on issues that have been emerging through the course of the audit. We have been providing written responses to those papers. We have not seen a draft report and do not

expect to for a little time yet. The conclusion of the process is likely to be some time around the middle of 2007.

**Senator O'BRIEN**—Has the staffing for the Regional Services division in any way altered for this year when compared to the last two?

**Ms Page**—There has been a decrease in the overall numbers in the Regional Services division but that has also coincided with some workload decrease as some sustainable regions have reduced their level of activity with the end of funding last year and also with the wind-up of a large number of legacy programs.

**Senator O'BRIEN**—Which current programs are now administered by the division?

**Ms Page**—The principal programs are Regional Partnerships and Sustainable Regions. There are some other very small programs, such as the RASS Scheme and a number of other small elements, which are administered generally by the people who also do Regional Partnerships. That is the bulk of the workload.

**Senator O'BRIEN**—What is the departmental budget for the division?

**Ms Page**—I will have to check on that.

**Mr Chandler**—The Regional Services budget for this year is presently \$21.5 million.

**Senator O'BRIEN**—That is for staffing, accommodation et cetera.

**Mr Chandler**—That is for staffing and what we refer to as supplier's cost and general administrative cost. I think it would include a small component for depreciation. Costs such as accommodation are met from the corporate services budget.

**Senator O'BRIEN**—So they are not attributed to the division?

**Mr Chandler**—Not in the figure that I have given you.

**Senator O'BRIEN**—What is the current staffing, including bodies and full-time equivalents?

**Mr Chandler**—As at 31 December—these are the figures I have with me—the FTE was 177 and the headcount was 186.

**Senator O'BRIEN**—Thanks for that. What is the budget for the Territories and Local Government Division?

**Mr Chandler**—The financial budget at present is \$11.8 million.

**Senator O'BRIEN**—What is the staffing component?

**Mr Chandler**—The staffing component at 31 December in FTE terms was 79.5 and the headcount was 81.

**Senator O'BRIEN**—What is the budget for the Australian Transport Safety Bureau?

**Mr Chandler**—The budget is currently \$16.5 million.

**Senator O'BRIEN**—And the staffing?

**Mr Chandler**—At 31 December, the FTE was 112.7 and the headcount was 115.

**Senator O'BRIEN**—What is the budget of the Office of Transport Security?

**Mr Chandler**—The Office of Transport Security financial budget is presently \$43.2 million. The staffing at 31 December was 326 exactly in FTE terms and the headcount was 329.

**Senator O'BRIEN**—What is the staff budget of the Aviation and Airports Division?

**Mr Chandler**—The dollar budget?

**Senator O'BRIEN**—Yes.

**Mr Chandler**—\$17.1 million. The staffing in FTE terms was 125.6 and the headcount was 133.

**Senator O'BRIEN**—Is AusLink in a separate division?

**Mr Chandler**—AusLink is a separate division, and its figures are a current dollar budget of \$11.6 million, with a staffing at 31 December of 95.1 in FTE terms and a headcount of 97.

**Senator O'BRIEN**—But the actual dollar budget is \$11.6 million?

**Mr Chandler**—Yes, \$11.592 million—\$11.6 million.

**Senator O'BRIEN**—So is that base staff costs?

**Mr Chandler**—It is staffing and, again, administrative type costs.

**Senator O'BRIEN**—So what is in the aviation and airports budget of \$117.1 million, given that they have about one-third more staff but 10 times the budget?

**Mr Mrdak**—The aviation budget is \$17.1 million.

**Senator O'BRIEN**—Sorry, I wrote too many ones. I am sure they would be pleased to receive it.

**Mr Mrdak**—They would certainly welcome a 10-fold increase, but I am not sure we will do that!

**Senator O'BRIEN**—What about the Maritime and Land Transport Division?

**Mr Chandler**—It has a dollar budget of \$13.5 million.

**Senator O'BRIEN**—And staffing?

**Mr Chandler**—Staffing in FTE terms at 31 December is 104.5 and 106 as a headcount.

**Senator O'BRIEN**—What about the BTRE?

**Mr Chandler**—The BTRE is part of our portfolio, strategic policy and projects. The budget for BTRE specifically is \$6.2 million.

**Senator O'BRIEN**—How many staff are attributable?

**Mr Chandler**—I do not have that broken down figure with me at the moment. The total budget for the strategic policy and projects portfolio is \$7.5 million, to give you a comparison, of which BTRE is \$6.2 million. The staffing figure for the strategic policy and projects portfolio is 64.7 in FTE terms at 31 December and 66 in headcount terms.

**Senator O'BRIEN**—And last but certainly not least, what is the budget for staffing for corporate?

**Mr Chandler**—Corporate has a budget of \$65.4 million and, as I indicated before, that includes a number of across the board costs such as accommodation. The staffing number at 31 December was 161 in FTE terms and 165 at headcount.

**Senator O'BRIEN**—To save me adding up, what is the staffing and the overall departmental budget?

**Mr Chandler**—On FTE, the staffing budget at 31 December is 1,255.8 and the headcount is 1,287. But to make those figures reconcile, the executive area of the department comprises 8.7 FTE and nine as a headcount figure.

**Senator O'BRIEN**—And what is the budget for the executive?

**Mr Chandler**—The executive area budget is \$2.3 million.

**Senator O'BRIEN**—And what was the overall budget again?

**Mr Chandler**—The overall budget is \$215.4 million, which is the budget as reflected at page 40 of the PAES in table 3.1—revenues from government \$215.4. To make that budget balance, not all funds at any point in time are allocated to divisions. So there are some funds held for what we describe as a Treasury fund for allocation for priorities as they emerge, varying during the year.

**Senator O'BRIEN**—So there is about \$10 million that is not accounted for?

**Mr Chandler**—No, it is—

**Senator O'BRIEN**—That is my very rough maths.

**Mr Chandler**—At the time, the figures that I am looking at were about \$2.4 million or \$2.5 million, and that figure declines during the year.

**Senator O'BRIEN**—\$2.4 million or \$2.5 million unallocated?

**Mr Chandler**—It is just under \$2.5 million at that point in time, yes. I think another figure that we have not picked up as we have gone through there is for the Governance Centre, which is \$1.9 million, which is part of the gap that you are looking for, and that is eight staff or thereabouts. But those eight staff are part of the corporate figure I gave you, so it is a separate dollar budget.

**Senator O'BRIEN**—Okay. But the staffing is in the corporate—

**Mr Chandler**—In the corporate, and about eight in headcount and eight in FTE of corporate goes to governance.

**Senator O'BRIEN**—So the Office of Transport Security is about 20 per cent of your budget and—

**Mr Chandler**—Presently that is correct.

**Senator O'BRIEN**—more than 25 per cent of the staff?

**Mr Chandler**—That is about right, yes.

**Senator O'BRIEN**—Is that staffing figure that you have given me for all positions filled, or are there positions that remain unfilled at that time?

**Mr Chandler**—In each case, I am fairly sure that it would be below budget. We may have been over budget on a division here and there—sometimes people temporarily run higher—but in most cases it would be something below their approved budget.

**Senator O'BRIEN**—So what staffing is actually budgeted for?

**Mr Chandler**—The figure budgeted in the portfolio additional estimates statements is 1,310 in total. So, on the figures I gave you earlier, we are 20 or 30 below that number.

**Senator O'BRIEN**—Is that 1,310 FTE?

**Mr Chandler**—You will recall that last time we had a discussion about ASL and FTE. That is an ASL figure—that is, the average staffing level measured across the year. It is close enough to FTE as a concept.

**Senator O'BRIEN**—So it is close enough to 55 short.

**Mr Chandler**—Yes, in FTE terms that is true. The 30 I was referring to was against the headcount.

**Senator O'BRIEN**—Approximately, where are those positions that remained to be filled across those divisions?

**Mr Chandler**—I do not have that detail readily available, but it would vary across divisions. Some of it is in the Office of Transport Security; some of it is, as I say, across the divisions. A couple of them would be very close to their budget, scattered. It reflects as much as anything turnover of staff within the year.

I have the ASL figures for the division on a divisional basis. These numbers are ATSB, 114.7; AusLink, 101.3; aviation, 127.9; maritime and land transport, 107.2; Office of Transport Security, 341.3; portfolio strategic projects, 64.6; regional services, 190; territories, 85.7; and corporate, together with the executive and governance, provides a total figure of 177.8.

**Senator O'BRIEN**—Is the Office of Transport Security expected to continue at this sort of staffing level or is this a measure of the initial workload with the establishment of the maritime security card and the aviation security card?

**Mr Tongue**—This year the budget for OTS reflects a relook at all the ASIC card and the MSIC card so on. If you look at the financial estimates for the office, it sort of peaks this year and drops a bit. How we have managed that is to use a blend of permanent public servants, some contractors and consultants to assist but, generally speaking, we would expect the office will settle a little from its current staffing levels as we have now got over these big—

**Senator O'BRIEN**—Let us see if we can get a little more detail: when you say 'settle a little', would you suggest that the staffing would come down by 10 per cent, 15 per cent or 20 per cent over time as those peak tasks go?

**Mr Tongue**—It depends a little on decisions that the government may take over time, so I would be crystal ball gazing. I would expect the office to track somewhere in the range of 300 to 320 subject to decisions that the management of the department may take against other priorities facing the portfolio.

**Senator O'BRIEN**—So there is not much scope. It is 300 to 320 as against 341 ASL. Between 20 and 40 positions, roughly, you say, might be required to deal with the project specific tasks that are running at the moment.

**Mr Tongue**—I think I would cast that a slightly different way. Because we have used a blend of permanent staff, contractors and consultants—say, for example, to do some of the work in assessing transport security programs—I would expect that as those workload humps dropped away we would be able to reassign some of the permanent staff to other duties. It is just part of natural attrition that we would lose some staff. The nature of staff in the office is that they are fairly attractive to the private sector. In the absence of further decisions, around that 300 number would be where I would expect the office to hold for the future.

**Senator O'BRIEN**—How much of that \$43.2 million would you expand on contractors and consultants?

**Mr Tongue**—I could come back to you with that. When we get to the OTS I will phone and ask them to come ready with those numbers.

**Senator O'BRIEN**—That would be fine. We will come to that detail when we come to your cameo role. Could someone explain the reason for the significant reduction in supplier costs and expenses on page 40. It has an annotation there. I am not sure where I should look to find that item.

**Mr Chandler**—We do not have a detailed breakdown there. Footnote 5 simply refers to the notes on page 49.

**Senator O'BRIEN**—Yes.

**Mr Chandler**—There has not been much of a variation from budget. The variation I think you are looking at is from the previous year. I think that is primarily attributable to budget measures which would have dropped off, such as funding differentials in budget measures year on year. Some of it will be attributable to that. Some of it would have been attributable to some movement between employee expenses and supplies. You will see that there is an increase in employee expenses.

**Senator O'BRIEN**—Clearly there has been a shift there.

**Mr Chandler**—Part of it will be attributable to that. The other point we just picked up on is that a significant contributor is the transfer of funding for Jervis Bay territory and Norfolk Island from departmental funding to administered, which had an impact on suppliers but does not have an impact in relation to the employee expenses. The transfer of Jervis Bay and Norfolk Island from departmental funding to administered is consistent with the accounting approach we adopted the previous year for Christmas Island and Cocos (Keeling) Islands.

**Senator O'BRIEN**—Does that explain the growth in the employees number? Or is this from somewhere else and the employees number has grown?

**Mr Chandler**—The employees number would reflect primarily the projected staffing level and, assuming a full staffing level, there still would have been some growth built into those numbers for Office of Transport Security. It would also reflect the fact that there was a new collective agreement with a four per cent pay increase.

**Senator O'BRIEN**—You are looking at higher staffing costs for the coming financial year but then a decline in employee expenses for the out years. Why is that? It is only a small increase but then it goes down.

**Mr Chandler**—It is purely modelling on projected staffing, and that would reflect again some reduction associated with lapsing measures over time.

**Senator O'BRIEN**—What is the period of the current staff certified agreement?

**Mr Chandler**—The current staff certified agreement runs to 30 June 2009.

**Senator O'BRIEN**—What is the reason for the reduction in ICAO payments—\$40,000 current and in each of the out years—on page 16?

**Mr Chandler**—I am advised it would be attributable to exchange rate fluctuations.

**Senator O'BRIEN**—That is a Treasury determined number, is it?

**Mr Chandler**—Yes.

**Senator O'BRIEN**—What about the slight additional funding for IMO?

**Mr Chandler**—It is the same consideration.

**Senator O'BRIEN**—Can you explain why one number has gone up and the other down? Is it simply currency fluctuations?

**Mr Mrdak**—The ICAO payment is made in US dollars, and my understanding is that the IMO payment is pounds sterling.

**Senator O'BRIEN**—Compared with their previous prediction, we have gone down in relation to sterling and up in relation to the US dollar.

**Mr Mrdak**—Correct.

**Senator O'BRIEN**—That makes a bit of sense. What about the \$4 million reduction in the Bass Strait Passenger Vehicle Equalisation Scheme in the current year and the out years?

**Mr Mrdak**—That reflects the outcome, I would think, of the cessation of the Sydney to Devonport ferry service.

**Senator O'BRIEN**—But otherwise you are budgeting for the same cost on the Melbourne to Devonport service?

**Mr Mrdak**—We are. It is a demand driven program. We just make an estimate based on previous years and going forward. As you know, patronage has varied.

**Senator O'BRIEN**—There is an AusLink investment reduction in the current financial year but no change in the out years. What is the explanation for that?

**Mr Chandler**—That primarily relates to the movement of funds to the item referred to below—the upgrade of the intersection of Whitehorse Road and Springvale Road.

**Senator O'BRIEN**—Which page is that on?

**Mr Mrdak**—Page 16.

**Mr Chandler**—Sorry, my response related to the entries on page 18. The figure of \$504,000 that you are looking at is, as I understand it, a result of cost accumulations last year. Essentially, an offset for expenditure that was brought to account last year.

**Senator O'BRIEN**—Last financial year?

**Mr Chandler**—Yes. More funding was expended last year than was planned and therefore there is an adjustment to this year's figures.

**Senator O'BRIEN**—So last year this amount was brought forward to the previous year without the accounting being done?

**Ms Riggs**—It is against a small number of projects that we funded through the transport research and innovation funds. They were accrued in 2005-06. We had thought we would have missed the boat for getting the cash out the door but, in fact, in very early July we were instructed that, having paid the bills in early July, they would be accrued as if expended in 2005-06. So the appropriation for this year has been reduced by that \$500,000. It is an accounting technicality.

**Senator O'BRIEN**—So they were really spent in the current financial year but Treasury wanted it shown in the previous year?

**Ms Riggs**—The cash went out the door in the current financial year but the commitment to expend had been entered into in 2005-06, so they are treated as if they were 2005-06 expenditure.

**Mr Chandler**—It was accounting treatment dictated in effect by the Australian National Audit Office as part of the audit of accounts, but because the commitment had been made we then needed to recognise the actual expenditure in the previous year.

**Senator O'BRIEN**—On page 17 there is a reduction of \$1 million in current and out years for Christmas Island rehabilitation. Does that go somewhere else? Is that being transferred somewhere or is it just a reduction? There is reclassification between appropriations. Where has it been reclassified to?

**Mr Chandler**—A reclassification to special accounts, so the reduction appears on page 17 and the corresponding adjustment is on page 19, towards the bottom of that table, 'Outcome 2: reclassifications between appropriations.'

**Senator O'BRIEN**—What is the reason it has gone to special accounts?

**Ms Page**—There are special arrangements with regard to the funding for the rehabilitation of Christmas Island. Funds are paid by a levy, by the phosphate miner, PRL, and that is then transferred into a special account, which is drawn upon over time for the purposes of rehabilitation.

**Senator O'BRIEN**—On page 17 there is the figure of \$4.153 million for airspace management reform. Can someone explain why that cost is incurred?

**Mr Mrdak**—That is a new measure that we recently discussed at the hearings into the airspace legislation. That is new funding the government has made available to the department to assist in the establishment of the Office of Airspace Regulation in CASA and also to undertake the development of the airspace policy statement and strategic plan for the

future. That is new funding which the government has made available in the next financial year for that task.

**Mr Taylor**—And it is one of the new measures identified at page 14.

**Senator O'BRIEN**—Because it does not appear in the forward estimates, it appears to be one-off expenditure. How should I understand that?

**Mr Mrdak**—It was a decision that was reached late last year by the government in finalising its position on taking forward airspace reform. It was announced by the then minister, Mr Truss, on 14 September. At this stage, it is being made available as a one-off payment next year by the government to establish, as I said, the various underpinnings of the airspace reform strategy. It includes the airspace policy statement, the detailed consultancy work on risk framework and the like, which we need to assist the OAR, and also the longer term strategic policy statement, which the minister will issue.

**Senator O'BRIEN**—So, on an ongoing basis, the expectation is that existing staff will cover the need. Is that how we should understand that, or can we expect this to be an issue that has to be attended to each budget?

**Mr Mrdak**—Let's get that clear: I think that will be a matter for future government decisions and budgets. Whether they wish to provide further resourcing beyond that \$4.2 million is something we would need to go back to government on. At this stage, we have been given funding for only the next year. We would then need to look at what the ongoing requirement is for the skills and the tasks involved and whether the department could, in the future, absorb that. The decision to this point is that we were not able to fund those without that additional appropriation from the government, but that will be subject to future budget decisions.

**Senator O'BRIEN**—So the skills resources will not be in the department without this funding next year?

**Mr Mrdak**—The additional funding would be required. Without that, we would not be able to do some of the more detailed research and other work we need to do in developing the policy statement and also the risk framework, and the like, to assist the Office of Airspace Regulation.

**Senator O'BRIEN**—Is that not an ongoing function?

**Mr Mrdak**—It could be an ongoing function, but that is subject to future decisions by government. There certainly will be a core of work which will be ongoing for the department in relation to airspace policy, but how the government resources that is yet to be determined.

**Senator O'BRIEN**—Can someone explain the parameter adjustments for Regional Partnerships in the coming three financial years referred to on page 17.

**Ms Page**—That would just be the effective indexation on the program, I think, but I will confirm that.

**Mr Chandler**—That is correct. It is just the indexation on the program.

**Senator O'BRIEN**—What can you tell us now—or can you take it on notice—about the rate of indexation that has been applied?

**Ms Page**—It would be one of the standard WCI indices, but I can get the actual percentage for you.

**Senator O'BRIEN**—Thanks for that.

**Mr Chandler**—The percentages provided to us are to be protected for these things. The budget impacts for regional are 199, 250 and 312.

**Senator O'BRIEN**—Can we get an explanation for the parameter adjustments for AusLink investment for the coming three financial years of \$10, \$11 and \$12-odd million on page 18 please? Is that indexation as well? I can see that there is a reclassification between appropriations on the same page—

**Mr Chandler**—That is correct.

**Senator O'BRIEN**—but not for the 2009-10 financial years?

**Mr Chandler**—Just recapping, the parameter adjustment is the standard parameter adjustment as we talked about for Regional Partnerships. The reclassification for 2007-08 and 2008-09 is because when these estimates were originally put into the estimates they were in a different appropriation—the previous appropriation. At the time the figure had been entered into the 2009-10 figures it was put into the correct appropriation—the current appropriation for the first time. It never appeared in the previous appropriation.

**Senator O'BRIEN**—Mr Taylor, are you still the only officer who is paid the allowance for your accommodation and travel from Canberra to your home base?

**Mr Taylor**—It would be appropriate for Mr Chandler to answer that question. He manages the department's finances.

**Mr Chandler**—The answer is yes for this department. I cannot speak on behalf of other departments, but yes for this department.

**Senator O'BRIEN**—When was that aspect of the secretary's contract last renegotiated?

**Mr Taylor**—It is a general outline, but I think you will find that there are a series of prime ministerial determinations with respect to salary, remuneration and allowances of secretaries.

**Senator O'BRIEN**—I understand that there is a remuneration figure. I just wanted to know, given that the appointments are subject to review and new contracts are entered into, when that was last done?

**Mr Taylor**—I think my last contract was revised and announced in January 2005. It extended my previous contract for a period of four years. It was announced on the same day as that for the secretary of the Attorney-General's Department. I think the operative date is 10 or 17 January.

**Mr Chandler**—I think it is 17 January.

**ACTING CHAIR (Senator McGauran)**—There being no further questions for Corporate Services we will move onto the next subject, which is Auslink.

[10.11 am]

### AusLink

**ACTING CHAIR**—My questions relate to the Geelong bypass. As the department would be aware, the federal government committed \$186 million towards it and the signing of the Geelong bypass was on 27 May 2005. First of all, can the department confirm that on that signing it was to be a three-stage project with a total cost of \$380 million and that there was no fourth stage indicated at all?

**Mr Hogan**—The Australian government committed \$186 million to a \$380 million Geelong bypass, which was envisaged to have three sections.

**ACTING CHAIR**—There was no fourth stage discussed?

**Mr Hogan**—No, no fourth stage was contemplated at that time.

**ACTING CHAIR**—Before the signing had the Victorian government formally proposed that the bypass would terminate in traffic lights at the intersection with the Princes Highway at Waurin Ponds?

**Mr Hogan**—No, it had not.

**ACTING CHAIR**—Have the Victorian government or VicRoads provided any costings, either on a formal or informal basis, for the proposed Geelong bypass stage 4?

**Mr Hogan**—No, not that I am aware of.

**ACTING CHAIR**—Still on the Geelong bypass, there are many other options available that were presented by locals—and, in particular, by their local member, Stuart McArthur—for the Geelong bypass stage 3. The independent planning panel established by the Victorian government reported that the ‘McArthur option’ was never evaluated by the Victorian government. Have the Victorian government or VicRoads provided to the Commonwealth an explanation why other options—in particular, the McArthur option—were not evaluated?

**Mr Hogan**—There is no doubt that the panel’s terms of reference were constrained to look at the options that VicRoads was proposing at that stage. That excluded the western option and what you are calling the McArthur option. The panel did consider those options on the basis that they had to be clearly superior to the other two options that were being considered, so it is possible to argue that they were not given the same sort of thorough consideration as the other two options.

**ACTING CHAIR**—Were there any costings undertaken in regard to the western option?

**Mr Hogan**—Not at a detailed level.

**ACTING CHAIR**—But at a level that costings were taken and given to DOTARS or AusLink?

**Mr Hogan**—Figures have been talked about, but they have only been approximate figures—I will just confirm that. Minister Lloyd has sought more detailed costings in relation to the western option, but they have not been provided.

**ACTING CHAIR**—Finally, local government organisations in the south-west of Victoria have called for the duplication of the Princes Highway west from Geelong to Colac. I know

the road well; it is a fair call. Can you confirm that this section of road is a state highway and not an AusLink network, and therefore is the responsibility of the state government?

**Mr Hogan**—The AusLink network would terminate at the point where stage 3 of the bypass connects with the Princes Highway. Anything west of that would not be on the AusLink network.

**ACTING CHAIR**—That is Geelong to Colac—just to be sure for the sake of the *Hansard*?

**Mr Hogan**—That is right.

**ACTING CHAIR**—That is all for that on the moment. I may revisit it but, in the meantime, I will throw back to Senator O'Brien.

**Senator O'BRIEN**—Thank you. The first issue I wanted to raise was the announcement by the member for Bass in relation to proposed funding for the sealing of the Musselroe Bay Road, which, according to news reports, has been officially conveyed in writing to the Tasmanian Premier by the Prime Minister. Is that funded out of AusLink funds?

**Ms Riggs**—I wonder if, as a Tasmanian, you could help us understand if there might be another—

**Senator O'BRIEN**—It is in north-east Tasmania. Musselroe Bay is on the coast. It is part of a package proposed to assist the town of Scottsdale in relation to the impact of the pine mills losing resources. I do not know what the connection is with Musselroe Bay and the pine mills other than it may have an economic impact on Scottsdale.

**Ms Riggs**—From our review of the information we have with us about the strategic regional program, that is not a project that we can identify as being funded through AusLink.

**Senator O'BRIEN**—At this stage, anyway. You have not heard about it. There was an announcement—it is a road funding matter.

**Ms Page**—We might go away and have a look at the way in which some of our projects are described just to ensure that that project is not included. It does not appear to be on this list, but we will check.

**Senator O'BRIEN**—It was first raised by a member of the government last Friday. According to a news article earlier this week, the Prime Minister has written to the Tasmanian Premier in relation to a promise of \$4 million to seal the Musselroe Bay Road and some connecting roads. I think it is an eight-kilometre section of roads. It is subject to certain other conditions in the proposal.

**Senator Ian Campbell**—That is enough information for us to go on with. We will take it on notice.

**Senator O'BRIEN**—Can we get that answer today?

**Ms Riggs**—Yes, we can.

**Senator O'BRIEN**—The money is promised and there is a letter to the Premier of Tasmania making an offer subject to matching funds and certain other conditions. What is the status of the decision-making process and the allocation of funds in relation to the AusLink

strategic funds? I know some decisions have been announced. Have all the decisions been taken on the allocation of those funds?

**Ms Riggs**—Yes, they have. There were announcements in late November and on 13, 15 and 22 of December. Effectively they announced the allocation to projects of very close to \$127 million, which as you know is the sum of money available for projects in the round we assessed last year.

**Senator O'BRIEN**—So all decisions have been taken and all announcements made?

**Ms Riggs**—Yes.

**Senator O'BRIEN**—Is it possible to get an update of the spreadsheet showing the status of all AusLink related projects—expenditure, forward estimates, dates of expected completion and so on—as they currently stand, as has been provided in the past?

**Ms Riggs**—The schedule we have provided in the past is a schedule of all AusLink national projects. We would certainly be happy to provide that again.

**Senator O'BRIEN**—Is it possible to get a schedule in relation to the strategic projects?

**Ms Riggs**—We do not have such a schedule at this stage. There is a listing on the website of all the late 2006 projects announced. There is an information page on each of the previously announced and settled strategic regional projects.

**Senator O'BRIEN**—Will the website give any indication of when the late 2006 projects are expected to commence and be completed?

**Ms Riggs**—At this stage, it is a fairly sparse list. Each of them will have more information as we proceed to funding agreements. We cannot settle those matters of start and finish dates except as part of settling the funding agreement.

**Senator O'BRIEN**—So, the announcements have been made, and now there is a process to negotiate a funding agreement. Is that in each case?

**Ms Riggs**—Yes.

**Senator O'BRIEN**—So none of them are yet the subject of a funding agreement.

**Ms Riggs**—I think we have settled a small number. I think the number of projects announced is 86. Of those, we have two settled funding agreements only. We have a number of them with councils. What we are negotiating in that funding agreement is not the terms of funding agreement per se. That was part of the package of materials that councils had available to them when they made applications. It is the schedule to that funding agreement that actually specifies the sum of money, the amount that the council or other contributors are contributing, the start date, the completion date and the description of the project. Their reporting date is the milestone dates for subsequent payments beyond initial payment.

**Senator O'BRIEN**—Would you describe the milestones as simply a set of dates or are they against progress?

**Ms Riggs**—They are progress based milestones but they have indicative dates with them as part of the funding agreement.

**Senator O'BRIEN**—They are indicative dates. Which two projects have settled agreements?

**Ms Armitage**—The Huon council project in Tasmania and the Hume council project in Victoria. They were two of the earlier announced ones.

**Senator O'BRIEN**—Is it a standard form of agreement that each council signs, with variations?

**Ms Riggs**—Yes.

**Senator O'BRIEN**—Can we have a copy of that standard form?

**Ms Riggs**—Yes.

**Senator O'BRIEN**—Is a standard form of signage required for these projects?

**Ms Armitage**—Signage is in fact part of the funding agreement and basically they are looked at as being appropriate for the size of the project.

**Senator O'BRIEN**—Can you explain that a little for us?

**Ms Armitage**—Basically, if the project is for fewer than one million in an urban area it has a particular sort of size to actually sort of reduce. Also, as the majority of projects are joint areas of contribution by the proponent or other people, the signs will be joint signs. So they change slightly in size and what is on them, depending on the size of the project.

**Senator O'BRIEN**—Who pays for the sign? Is part of the funding or all of the funding for the sign?

**Ms Armitage**—Yes, the guidelines for the program indicated that signs would be part of the cost of the project.

**Senator O'BRIEN**—In non-urban areas, does that mean that the sign gets bigger because people travel faster on country roads, or something like that?

**Ms Armitage**—Slightly bigger, yes, but again it is what is appropriate to the particular environment.

**Senator O'BRIEN**—What is the largest amount of federal funding for any of those 86 projects?

**Ms Armitage**—It is \$10 million.

**Senator O'BRIEN**—How big will the sign be for a \$10 million project?

**Ms Armitage**—I do not have the dimensions with me.

**Senator O'BRIEN**—Is there a direct relationship between funding and sign size?

**Ms Armitage**—If it is between five and 10 it is proposed that the sign would be bigger than the 80 kilometre sign. We can actually provide you with those sorts of details if you want—

**Senator O'BRIEN**—If you would, please.

**Ms Armitage**—but I do not have them with me.

**ACTING CHAIR**—Thank you.

---

**Proceedings suspended from 10.30 am to 10.49 am**

**ACTING CHAIR**—I call the committee to order. Mr Hogan, I would like to ask two more questions on the Geelong bypass stage 4. You were giving some informal costings in regard to stage 4. Can you tell me what those costings were?

**Mr Hogan**—The informal figures were more in relation to the cost of the western option. In relation to stage 4, we know that the interchange over the Princes Highway to Anglesea Road has been costed at about \$125 million.

My understanding is that work is being undertaken to ascertain the cost of a further link to the Surf Coast, to the east, and that there is also consideration being given to a tie-in from that interchange looping around to intersect with the Princes Highway further to the west. So one part of section 4 has been costed at \$125 million and there are still two other sections potentially to be costed.

**ACTING CHAIR**—And you do not know the cost?

**Mr Hogan**—No.

**ACTING CHAIR**—Was any ballpark cost mentioned to you?

**Mr Hogan**—Earlier we did hear figures in the order of \$130 million or \$140 million for the interchange and a tie-in to the Princes Highway further to the west, but those figures have clearly been superseded by the cost of that interchange, which is virtually all of that amount by itself. So a tie-in to the Surf Coast would add significant additional cost. And if there were to be a looping tie-in further to the west on the Princes Highway that would also involve significant additional cost. You would certainly be looking at tens of millions in relation to both.

**ACTING CHAIR**—The three links we are talking about within stage 4 could be as much as \$300 million; that is the rough ballpark figure I have in front of me. Stage 4 could be as much as \$300 million.

**Mr Hogan**—I have not heard that figure but you would be moving well and truly into the \$200 millions if you were to do both the east connection to the Surf Coast Highway and the west connection back around to the Princes Highway.

**ACTING CHAIR**—Just for the record: stage 4 is a state government responsibility.

**Mr Hogan**—That is right.

**Senator STERLE**—Since AusLink started, can you tell me what major project performance has been like?

**Ms Riggs**—Could you help me understand the question?

**Senator STERLE**—Which projects have come in on budget, compared to the original applications from states and territories? Just give us a run-down on the major projects since you started.

**Ms Page**—I think it might be easier to take that on notice. There are literally dozens of projects. There are changed circumstances with a range of them, where the scope of the project has changed, and we would need to be able to set that in context. There are some,

certainly, that have been completed. There are some that have not been started. There are some that have come in on budget, some that have come in under budget and there have been a certain number which have exceeded their budgets. But it is quite difficult, I think, to describe an entire program in a short answer.

**Senator STERLE**—Could you give us an idea of which ones in the last year or two have come in on budget?

**Ms Riggs**—I will want to confirm these answers on notice—

**Senator STERLE**—All right.

**Ms Riggs**—but there are well over 100 major projects in the AusLink national project area. Some of them had started before AusLink and they are being completed under AusLink. Something in the order of one quarter of the projects are completed, the majority of those on or under budget. All bar two or three—a mere handful—of the 100-plus projects have commenced, if not to the point of construction. A project commences when the detailed planning work begins, when it starts to go through the environmental impact statement process—those sorts of things. So all bar a small handful are underway.

As Ms Page has said, there are some where, through that planning process, we are aware from advice from state agencies that there will be some cost increases; there are others where we are reasonably comfortable that the project is proceeding well and in accordance with expectations. But I would like to put those kinds of global figures into a more detailed response, not necessarily on a project-by-project basis, because the schedule that we have agreed to give Senator O'Brien in response to an earlier request shows for every project the progress at least insofar as expenditure is concerned.

**Senator STERLE**—That will show blow-outs and those that have come under budget?

**Ms Riggs**—You will be able to see anywhere that has occurred.

**Senator STERLE**—That is fine; thank you. What is the outlay under AusLink for the last four years compared to the previous four years under the previous road funding regime?

**Ms Riggs**—I have not managed it in the context of four-year slices. We talk about AusLink, which is a five-year plan, and compare it with the preceding five years. In terms of national projects, bear with me while I find the right piece of paper—

**Senator STERLE**—Take your time; we are not going anywhere till about 11 o'clock tonight.

**Ms Riggs**—I do hope not to be here at that time, Senator!

**Senator STERLE**—I am only here because I am missing Mr Mrdak—I haven't seen him for a week.

**Ms Riggs**—I am letting that one go straight past! At a macro level we would say that AusLink for the current five-year period is a \$15 billion suite of program measures as well as some quite substantial policy initiatives and that that compares with the preceding five years where the Australian government outlays on equivalent land transport developments were a little under \$8 billion. So AusLink is 90 per cent greater in this five years than in the preceding five years.

**Senator STERLE**—And this five years is?

**Ms Riggs**—2004-05 to 2008-09.

**Ms Page**—Senator, those figures include the untied assistance to councils for local roads.

**Senator STERLE**—What is that?

**Ms Page**—It is currently about \$2.5 billion, I think.

**Ms Riggs**—It is \$2.6 billion for the current five years. Senator, can I just give you one other piece of information that might be of use to you. In terms of major projects—which is often where the interest in AusLink is, rather than Roads to Recovery or the very important Black Spot Program, which are much smaller in monetary terms—for national projects in the preceding five years the Australian government outlays were in the order of \$1.3 billion.

**Senator STERLE**—Sorry, the previous five years before 2004-05?

**Ms Riggs**—That is correct.

**Senator STERLE**—And that is how much?

**Ms Riggs**—\$1.3 billion for the preceding five years. For the current five years they are some \$7.8 billion. That is an increase of 150 per cent.

**Senator STERLE**—You gave me a figure of \$8 billion for the previous five years. I am sorry, I might have confused you.

**Ms Riggs**—No, that is all right. AusLink is a number of different program elements. If we take all of those together, in the preceding five years the figure is \$7.8 billion or \$8 billion and the current one is \$15 billion. If we look just at the major projects elements, the figure for the preceding five years—and my colleagues have just told me I transposed the numbers for you—is \$3.1 billion, not \$1.3 billion, as I inadvertently said, forgive me, and the current figure is \$7.8 billion.

**Senator STERLE**—That is for the major projects.

**Ms Riggs**—Yes.

**Senator STERLE**—How do you think the previous program compared with AusLink when it comes to value for money?

**Ms Riggs**—That is very difficult for me; I was not involved in the previous program. The decisions that people then involved would have made were still required to satisfy the then government purchasing arrangements and to satisfy value for money considerations.

**Ms Page**—I think it is fair to say too that in AusLink there have been a series of government policy decisions which have changed the nature of risk-sharing with the states and also improved the targeting of funds. So it is operating in a slightly different policy context as well. It is difficult in a sense to compare the outcomes, given that they were different policy environments. We have not had the opportunity yet to do a formal economic evaluation of AusLink, because it is too soon to see whether or not the economic benefits from the new approach are bearing fruit. But that is really the point at which you would be able to make a reasonable comparison, I think.

**Senator STERLE**—So you obviously have a plan for a certain date to do those comparisons?

**Ms Riggs**—Yes, we do. We have previously provided this committee with a copy of our AusLink evaluation strategy, but I will be happy to provide the secretariat with a further copy for you. That sets out a quite detailed sequence of evaluation, which goes from post-program implementation, learning the lessons, adjusting administration type things, through a review of the individual components of AusLink on a program business performance basis. Then in about 2008-09 it goes to doing the overarching review of AusLink to see if it is making a difference and how it sits in terms of its economic performance, which Ms Page has referred to.

**Senator STERLE**—The committee would appreciate that. Can you provide the committee with an update on the proposed plans for AusLink after 2009?

**Ms Riggs**—I think it is probably appropriate to say that that is a matter that the government has yet to make decisions about.

**Senator STERLE**—There is nothing on the drawing board.

**Ms Riggs**—The one element that I would note, because it is public, is that the existing bilateral agreements between the Australian government and each of the state and territory governments have in them a clause that requires that those agreements be reviewed by June 2008. Clearly that review is an element of how you would then look forward to the period beyond June 2009.

**Senator STERLE**—Is that when the negotiations will commence, or have they already commenced?

**Ms Riggs**—No, we have not been engaged in any substantive discussion with the states about beyond 2009 at this stage.

**Ms Page**—One of the features of AusLink is the completion of 24 corridor studies. They have been joint-planning exercises that have been done with the states to examine the pressures on 24 major transport corridors across Australia. The outcome of those studies will inform the selection and choice of projects for the second program. So, to the extent that we have been working with the states looking at things such as freight flows, population growth, the types of pressures which would lead us jointly to identify future projects, yes, it is part of an iterative process.

**Senator STERLE**—Can I ask you, state by state, for forward planning? The Great Northern Highway, highway No. 1 out of Perth—is that on the drawing board?

**Ms Page**—I think that would be in the Perth to Darwin corridor.

**Mr Elliott**—The inland highway out of Perth is part of the AusLink national network and we have a corridor strategy in train for the Perth to Darwin link, amongst others.

**Senator STERLE**—Can I ask you specifically which sections?

**Mr Elliott**—We are looking at the whole corridor.

**Ms Riggs**—Senator, can I perhaps give you a brief flavour for what a corridor strategy is?

**Senator STERLE**—Sure.

**Ms Riggs**—It starts from a description of what is in this corridor—which road and rail links are in it. It then looks at the current freight and other traffic volumes on the road—what nature of industry it serves; what cross-corridor traffic there is. So, for example: does wheat travel inland across a corridor to a port? It tries to describe the economic elements of Australia's productive life that the corridor services and also the passenger transport needs. It then goes on to look into the future: what will happen into the next 20 to 30 years that will impact on the freight and passenger demands on that road? It then in effect asks the question: is the road and/or the rail system—that combination of road and rail—satisfactory to meet those needs and, if not, what are the deficiencies in the road now and looking against that future description and what are the priorities for addressing those deficiencies?

When a corridor strategy is complete, it will talk, for example, about sections where the road needs to be widened, but not in nitty-gritty detail. If we look at the one you have been talking about, for example, it might say that there are still some low-lying bridges and road culverts in the Kimberley that need to be raised in order to improve the flood immunity of the road. The matter we will then discuss with the state and territory road authorities will be: how do we turn that notion of deficiency and the priority we accord it into a project that might be funded under the next AusLink program?

**Senator STERLE**—I am familiar with the Perth-Darwin corridor, albeit it is nearly 4,000 kilometres long. Sections of that highway are second to none throughout the country. There are some absolutely brilliant stretches of road—for example, from Fitzroy to Halls Creek or from Newman up to the Port Hedland turn-off. But the reason I ask is that the major volume of traffic on that road, without any argument, is from Perth to Wubin—

**Ms Riggs**—Yes.

**Senator STERLE**—and yet there has been no improvement on that road. That is why I get very confused. How do we come to decide where we are going to spend the money? That is the most dangerous part and the narrowest, and it sadly lacks improvement.

**Mr Hogan**—In fact there is substantial funding for work on that stretch of road in the current AusLink program. Sixty-five million dollars have been allocated under the AusLink investment program for that stretch from Muchea to Wubin and, in the additional funding that was provided by the government to Western Australia in June 2006, there is also funding for that stretch of road. So we currently have a draft strategy of works for that section of road, which we are in the process of providing comments on to WA.

**Senator STERLE**—Is that AusLink investment program funding confidential?

**Mr Hogan**—No.

**Senator Ian Campbell**—I think I made an announcement about it when I was roads minister.

**Senator STERLE**—Great. Could the committee have a copy?

**Senator Ian Campbell**—As I recall, I took a close interest in it because my dad had a farm just north of Bindoon and so it was a stretch of road I was very familiar with. I share your view that it is a very dangerous piece of road—very narrow and with massive amounts of

traffic on it. I pushed very hard, with the strong support of Judi Moylan, the federal member, and Wilson Tuckey, another federal member who had an interest.

As I recall, the process from the distant past when I was roads minister was that basically you would have a fairly constructive, iterative process between the state and federal governments. They would come forward and say: these are the sorts of works that are required to bring that road up to standard. For that road, that means widening it significantly, straightening out some of the bends and generally improving the surface to bring it up to the national standard. Many parts of it are certainly substandard at the moment.

It sounds to me like that process is now getting to the pointy end and the WA government are saying: these are the stretches of road that we will improve, here is our plan for works and here are the costings. That is my memory of the process and it sounds like that is going on. Will it be quick enough for you and me and our constituents? That is highly unlikely, but we know that the road is going to be fixed and that it will be fixed very soon.

**Senator STERLE**—Thanks, Minister. So we can get a copy of the—

**Ms Riggs**—Subject to the minister being happy with the way we compile the information, we will give you some detail on notice.

**Senator STERLE**—Thank you. It has been raised with us that AusLink funding for road network maintenance is lagging behind funding for upgrades and new works. Ms Riggs, what is your view on the adequacy of the funding allocation for national road network maintenance?

**Mr Riggs**—The government has decided that under the current AusLink five-year program it will provide \$300 million a year nationally for maintenance of the AusLink national network; that is its position. We manage a process each year for allocating those moneys between the states and territories on the basis of a formula that combines road length with the equal-tonne kilometres and other measures of, if you like, potential vehicle impact on the road. Yes, I am aware that the states and territories claim that the sum is insufficient. Each year they are scheduled to provide us with information about measures of the road surface, and we will make an analysis of that in due course and provide some advice to the government on the state of the network.

**Ms Page**—The way in which maintenance is funded was a conscious decision of the government that coincided with the introduction of AusLink. When the government was fully responsible for the old national highway system, it funded all construction and all maintenance on it. In delivering the AusLink framework, where the government part funds a much greater network, it decided that, in view of its significantly increased contribution to construction—which Ms Riggs has indicated to you is very substantial—it would peg its maintenance contribution as a contribution, recognising that the states now had an enhanced capacity to pick up maintenance given the increased responsibility for construction that the Commonwealth was taking on.

**Senator STERLE**—So that \$300 million a year is for what period—is that for the five-year period?

**Ms Page**—That is for the five-year period, so it is \$1.5 billion in that first AusLink five-year program.

**Senator STERLE**—If there are certain circumstances, can states access more than that \$300 million between them? For example, if in flooding in the Kimberley, the Northern Territory or the top of Queensland the first 500 metres of bitumen leading to a bridge were taken out, what would we do then?

**Ms Page**—It probably would not be maintenance; that would be fresh construction work.

**Senator STERLE**—Maybe I will come back a little more: rather than taking it out, there might be massive erosion on the site, for example. Would that fall into maintenance? It could only be six inches.

**Mr Riggs**—Particular circumstances vary between the two. Fundamentally, as Ms Page has said, the government has determined that its contribution to maintenance on the network is \$300 million a year in this five-year period. Mr Hogan and Mr Elliott, who have teams that are responsible for each state and territory, work with the state and territory departments. We expect them to use their allocation of that \$300 million each year sensibly to maintain the network but also, as Ms Page has said, the states and territories are expected to contribute to maintenance of the network within their responsibilities. I have to say that, in my not quite couple of years in this job, there have not been any particularly singular issues of the kind you have described, where that type of maintenance necessarily got called into play in precisely the way you describe. That is a bit of a hypothetical situation. One of the most significant events in that period, which might have given rise to something like that, was Cyclone Larry on the North Queensland coast a little over 12 months ago. The government responded to that not by putting more money into maintenance but through a quite substantial package of some \$220 million worth of funding for some safety and improving flood immunity works along the stretch of road between Townsville and Cairns. So there are other ways in which the governments might choose to respond in circumstances like that.

**Senator STERLE**—I would like to pick up on the hypothetical comment, if I may. I read a minister's statement released back in September warning of the effects of El Nino but that the Top End of Australia will get a lot wetter. It might not be as drastic but the water can do a lot of damage. All I am saying is that there could be hundreds or thousands of kilometres of roads with potholes, which is not beyond the realms of possibility.

Say one or two states put in their requirement for funding under the \$300 million, bearing in mind that they have to contribute as well. It is not hypothetical to think that there could be a massive requirement for the northern states of Australia to access more than their share under the formula used at the expense maybe of some of the other states. So even though it might be hypothetical, it is a reality that could very well happen. What would we do then?

**Ms Riggs**—I think that is a matter that the government might consider at the time.

**Mr Elliott**—It is probably worth noting that there are disaster relief arrangements, and states normally meet the cost up to a certain threshold and above that the Commonwealth comes into the picture. It is not our area so I am not able to give you any detail, but those arrangements also apply.

**Senator STERLE**—I do understand, and thank you. But there is a difference between disaster and serious chunks of road being affected by rushing water, potholes or whatever, which I see would come into the maintenance side. I am not talking about bridges being washed away.

**Mr Elliott**—If an event qualifies as a disaster, and a whole area of road is washed away—as I say, I am not sure of the definition of ‘disaster’—I think there would be some impact there. The other issue is that the government applied additional funding in the last budget not only to Townsville to Cairns but also to the Victoria highway in the Northern Territory, which is one of the flood-prone areas.

**Senator STERLE**—I do understand. But there is a bit of difference between a disaster and the deterioration of a highway.

**Ms Page**—I am not sure that natural disaster funding covers roads. We can confirm that for you. Generally, if the magnitude of damage is of the order that you have indicated, it probably would not qualify as maintenance anyway; you would be looking at reconstruction and the types of projects that Mr Elliott has described such as the ones on the Victoria Highway.

**Ms Riggs**—It is appropriate that we follow that up by saying that, while it is true that we currently have with each state and territory an AusLink bilateral that describes a schedule of major projects, if a state or territory were to approach the government in the event of some very significant matters, such as you have described in relation to water damage, that needed to be addressed then I am confident that the government would be open to a discussion about how to reschedule the envelope of money in order to address any pressing need of that kind. So we do not regard the bilaterals, and I am sure the government does not regard the bilaterals, as immutable. Indeed I think there are a number of instances where bilaterals have been revised between when they were signed some couple of years ago and now. I expect that will continue over the next 2½ years within the life of the existing bilaterals.

**Senator STERLE**—Thank you, but for the record I fully understand the difference between total disaster, where roads are wiped out and bridges are washed away, and the way in which floodways can be severely damaged; one road train can go through and all of a sudden there is no bitumen left when it is flooded. That does not constitute disaster relief. That is what I was trying to clear up. I heard what you said, Mr Elliott, but I was coming from a completely different line to what you have just explained to me. What is the current status of maintenance projects expenditure forward estimates—dates of expected completion and so on?

**Ms Riggs**—Maintenance funding is funding that we make available to the states and territories. The \$300 million each year is distributed according to a formula. The states and territories develop each year, and indeed looking forward into future years, a maintenance schedule. Because it is not just our funding alone, because there is funding of their own involved in there, it is not something that we manage in a detailed way. So, in terms of forward estimates, Senator, my response to you in respect of each of the next two financial years is that there is provision in the forward estimates for an outlay of \$300 million on maintenance. But we do not manage maintenance in the same way that we are involved in a

monthly tracking of the expenditure on each of the major projects in the bilateral, for example. So I am not quite sure where we could go with your queries.

**Senator STERLE**—Part of your answer to one of my earlier questions, when we were talking about the \$300 million for maintenance, was that AusLink is an ongoing project and there are a lot more projects coming online. I am struggling to find where the \$300 million figure came out. How did we get the \$300 million if there are more roads being added to the network as we speak?

**Ms Riggs**—As Ms Page has described, it was a conscious decision by the government in the way in which it constructed the underpinning policy for AusLink in its first five years.

**Ms Page**—It was based on historical funding levels at that time.

**Senator STERLE**—Sure, I understand that, but, and forgive my cynicism, I would not think too many governments would say, ‘Work out the formula now and what will be the tonnage per kilometre travelled and all that sort of stuff in five years time,’ and start handing money out earlier. Would I be wrong?

**Ms Riggs**—The decision about the \$300 million each year is part of the current AusLink policy underpinning. The decision about the nature of the formula was also that. We provided an indicative figure for each state and territory over each of the five years of AusLink 1, but we revise that each year for the next year as we get new data in about the elements that go into the formula. So the states have indicative figures for each of the five years, but they are revised as data is updated.

**Senator STERLE**—Right, but the figure is still \$300 million capped, isn’t it.

**Ms Riggs**—The national figure is \$300 million a year, yes.

**Senator STERLE**—So it would not matter how much or how many new projects came online, the states collectively are not going to receive any more than \$300 million.

**Ms Riggs**—Not in the current five years, that is right.

**Senator STERLE**—So it would be fair to assume, with all of these extra kilometres being added to the network, that the argument for the \$300 million is flawed.

**Ms Riggs**—There is just one other comment that I would make in relation to that: a new road does not need maintenance. There is a life to a new road from its start where unforeseen circumstances, poor construction—

**Senator STERLE**—I would argue with that, Ms Riggs. Back in 1989 I spent three weeks stuck on the side of a brand new highway when one good rain came through. But anyway, keep going.

**Ms Riggs**—By and large, the expenditure on maintenance on a new road is minimal. So the government’s response in the first five years, given the very large increase in new construction expenditure, does not have an impact on potential maintenance expenditure in these five years.

**Senator STERLE**—So, with the maintenance figure of \$300 million, we are talking blocks of five years. What was the maintenance figure for the previous five-year block?

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

**Senator STERLE**—All right.

**Senator Ian Campbell**—The accurate answer to that is there was not a five-year block before.

**Ms Riggs**—No, but we can add up the numbers.

**Senator Ian Campbell**—There will be a five-year time period, but one of the things about AusLink was to say, 'Instead of having three-year funding or four-year funding, let's recognise the fact that this is major infrastructure and normal budget processes don't fit very well.' One of the great wins of this department and the then minister was to get the cabinet to agree to do five.

**Senator STERLE**—Who was the minister?

**Senator Ian Campbell**—It was John Anderson, but he had a very good junior minister working for him.

**Senator STERLE**—I was giving you a free plug then, Minister.

**Senator Ian Campbell**—It is quite a substantial change in budgeting to get a five-year thing. We do not have a comparative package to AusLink going back five years, but we certainly have comparative funding levels for roads maintenance going back five years.

**Senator STERLE**—I do not think too many businesses would budget in five-year blocks with the same maintenance figure going through. For the record, I think it is flawed.

**Ms Page**—There will be a difficulty in comparing the five on five because they apply to quite different networks and quite different policy settings. The previous five years will apply to a 100 per cent responsibility for the much smaller national highway system. The current \$300 million a year applies to a contribution for a very large national network. You are not looking at the same road network that the funds are applying to.

**Senator Ian Campbell**—I am sure the answer we provide will have all of those caveats—in bold.

**Senator STERLE**—I take on board Ms Riggs' comments about new highways normally not needing a lot of money spent on maintenance. But by the same token, the other side of the coin is that older roads, as the years go by, each year need more and more maintenance. That is why I cannot see how we can sit back and say, 'The \$300 million formula there is right, Mickey Mouse, come back in five years and we'll review it.' I think the states will be grossly out of pocket and disadvantaged by that formula.

**Ms Riggs**—One of the things that the AusLink corridor strategies in fact are picking up is issues to do with the age of road surfaces and the replacement needs on the links in the network over the forthcoming short term and long term. Those sorts of issues are identified in the lists of deficiencies and, where the team is putting those studies together, placed in the priority order. So that issue about age of road is one of the things that are dealt with through the corridor strategies.

**Senator STERLE**—I suppose another thing, too, is that if a mine pops up somewhere—I have used a mine because ports do not just pop up—and there is an increase of traffic—and

normally we are talking road train after road train—then it throws it out again, doesn't it? It just throws the whole—

**Ms Page**—As we indicated, the amount of construction expenditure of the Commonwealth has effectively doubled. I think that is the figure, isn't it?

**Senator STERLE**—Yes, you did say that.

**Ms Page**—So, in doing that, that \$3-plus billion that we have taken on as additional construction costs is a construction expenditure that the states are now no longer required to meet. So it has freed up an amount of expenditure undertaken by the states which can be directed to maintenance.

**Senator STERLE**—Thanks, Ms Page, but just out of pure curiosity: what does a kilometre of road cost to build?

**Ms Page**—It depends.

**Senator STERLE**—Okay, let us just say through the Kimberley. It is a dirt road, and there is your normal creek or floodplain every 300 metres.

**Ms Page**—We would have to take that on notice. There is huge variation.

**Senator Ian Campbell**—It is very different. You would know, as someone who has driven across those roads at length, as I have, that the circumstances of the base that you are building it on change every couple of kilometres.

**Senator STERLE**—Yes.

**Senator Ian Campbell**—Going up through Muchea, it is perfect up where you get that lovely sand and everything, but then, if you get into a bit of a wet patch, it gets tougher.

**Ms Page**—And it will depend on bridges—

**Senator Ian Campbell**—And how close you are to the road base materials and how far you have to transport for—

**Senator STERLE**—Yes.

**Senator Ian Campbell**—All of that stuff. It is a huge difference.

**Senator STERLE**—I do understand. That is why I bring it back to those states that are affected by seasonal tropical rain, being Western Australia, the Northern Territory and Queensland. It is \$3.8 billion, isn't it, that you said is now the figure? Sorry, \$3.1 billion.

**Ms Riggs**—It was 3.1 for the preceding five years; 7.8 is the current five years.

**Senator STERLE**—And would it be unreasonable to think that, especially with the cost of construction in terms of a lack of skilled people to perform it, it would not take long to chew out \$7.8 billion over five years?

**Ms Page**—Certainly the cost of construction is increasing significantly, and beyond the cost of inflation. However, an increase of \$4 billion in construction is not inconsiderable, and that will not all be eaten up with cost increases.

**Senator STERLE**—On this, just as a throwaway line: Minister Campbell would really appreciate that I do not think we can ever appease road ministers when we are talking money,

but for once I think we would agree, on the cost of building roads, that as the months and days go by it is an endless pit. At the last estimates hearing we dealt at some length with the issue of local government authorities meeting their obligations when it comes to cost and responsibility sharing for road infrastructure. Can you give me an update on how you are progressing with the task of ensuring that local governments are maintaining existing road expenditure?

**Ms Riggs**—I think our conversation at the previous estimates was about Roads to Recovery. I would ask Mr Atkinson to describe the annual cycle of how we provide funding under that program and gain reports from the states and also to update you on where we are at with the audit of a relatively small proportion of councils that we have, I think, twice now advised the committee that we were about to undertake.

**Senator STERLE**—Thank you.

**Mr Atkinson**—Under the Roads to Recovery program, each of the local government organisations—the councils—has a life-of-program allocation and a nominal annual allocation. They enter projects into the system in a quarterly process, which is their quarterly reports, and they nominate projects to be funded. All of those quarterly reports are checked against a number of criteria.

On the annual reporting cycle, each council needs to submit an annual report of its Roads to Recovery activity for the previous year, signed by an independent auditor and with an undertaking in it that they have maintained their expenditure on roads. We have also implemented in the funding conditions that they must identify what their own source expenditure was and what their own source expenditure for the reference period was so that we can verify that they have maintained their expenditure on roads. We have also commenced a series of financial audits of councils. We ran a previous pilot audit, but we have now commenced audits of councils for their 2005-06 annual reports.

**ACTING CHAIR**—When will that conclude?

**Mr Atkinson**—We are hoping to have this round of audits completed in May. However, it will become an ongoing activity over the life of the program. A number of councils will be audited each year.

**Senator STERLE**—You say a number will be. Not all of them will be?

**Mr Atkinson**—Not all councils will be audited. I think around 100 councils will be audited over the program. I will just check that figure.

**Ms Riggs**—It is fair to reflect on the fact that the local government acts in the various states and territories require that councils are audited every year. If you like, we are sending in an independent accountant to ensure the accuracy of the way in which properly maintained accounts are then reflected in the annual reports back to us about their use of R2R money.

**Senator STERLE**—But you are not doing every council; you are just randomly sampling?

**Ms Riggs**—No. There are over 700 of them.

**Senator STERLE**—How do you choose which ones you are going to audit?

**Mr Atkinson**—It is a mixture of targeted audits and random audits. The proportion of targeted audits is based on the council's previous performances in terms of compliance with funding conditions, timeliness of reporting and those types of things. The random audits will be random across the states.

**Senator STERLE**—With the targeted audits, do these councils come to your attention through the previous Roads to Recovery program or something like that?

**Mr Atkinson**—And through the current Roads to Recovery program. If there are councils that have demonstrated difficulties in achieving compliance with everything in a timely fashion, those councils are the ones that we target. About a third of our focus at any point in time will be on targeted audits.

**Senator STERLE**—Is there a further supplementary round anticipated?

**Mr Atkinson**—I will defer to Ms Riggs on this.

**Ms Riggs**—That will be a matter for the government.

**Senator STERLE**—There has been no talk of it?

**Ms Riggs**—Senator!

**Senator STERLE**—Can you provide a breakdown of the number of Roads to Recovery grants to each electorate and the total dollar value of Roads to Recovery grants to each electorate?

**Ms Riggs**—It is not something we would normally regard as part of our management suite, but on notice we could provide advice about—

**Senator Ian Campbell**—It goes to council boundaries, does it not?

**Ms Riggs**—That is right.

**Senator Ian Campbell**—It would be quite difficult. You would have to—

**Ms Riggs**—We could have a go at how councils match or do not match electorates and do it for that current four-year program. So it would not be paid; it would be allocations.

**Ms Page**—R2R is not a discretionary program in the sense that the funds are allocated in accordance with the same formula that the Grants Commission uses in relation to the distribution of untied local road funding paid under FAGS. It is exactly the same formula as that. We could do it by electorate, but what that will show is a distribution of funds carved up according to the Grants Commission formulas within the total, if you like, that has been allocated for R2R.

**Senator STERLE**—Can you give that a go.

**Ms Riggs**—We will give it a go

**Senator STERLE**—Is it correct that the 2004 round of grants for the Strategic Regional Program included Bondi traffic improvements and a boardwalk at Metung?

**Ms Riggs**—It certainly included the latter. Let me consult the list. It included the boardwalk at Metung.

**Ms Page**—I think that we are now speaking on the Strategic Regional Program rather than Roads to Recovery.

**Senator STERLE**—Yes, the Strategic Regional Program.

**Ms Riggs**—It is a big folder; it is taking me a while to find the page.

**Senator STERLE**—I told you, Ms Riggs, we are going until 11.

**Ms Riggs**—Yes, there is a project at Bondi also.

**Senator STERLE**—That is traffic improvements? Do you know exactly what they are?

**Ms Armitage**—The \$2 million will assist in completing the upgrade of Campbell Parade between Lamrock Avenue and Beach Road. It is for the road infrastructure on the eastern side of the parade and is to include reconstruction and resheeting of the eastern side of the roadway, curb and gutter replacement and alignment, the adjustment of the traffic signals because of the changes, some adjustment to storm water and some new street lighting that is involved. I understand that the council is putting in \$1.1 million and the contribution from the Australian government is \$2 million.

**Senator STERLE**—How do you determine that balance? Is it just project by project? How do you determine how much is put in by councils and how much is put in by government?

**Ms Riggs**—Australian government funding commitments were made during the 2004 election campaign. They were announced with certain dollar values attached to them and that is the money that we are administering. Where that funding has been announced and councils have then proceeded to the detailed work and come to a final value of the project, it is up to the council either to rescope the project or to find the additional funding. There were some announcements that were made in effect with a requirement either that the Australian government should be matched or that there should be some contribution from the state government. We have proceeded through a period of negotiation over each of those since those announcements were made, and it was determined that the funding source would be the Strategic Regional Program.

**Senator STERLE**—For the Strategic Regional Program, it is a case by case argument?

**Ms Riggs**—That is for those that were made as commitments during the 2004 election campaign. The arrangements for projects that were announced in the latter part of last year, under the proposal round that we assessed last year, were quite clearly set out in the guidelines that were published for that round.

**Senator STERLE**—So there is a formula or guidelines?

**Ms Riggs**—There was a requirement that any council that was applying for a grant of greater than \$1 million from the Australian government would have to secure funding of at least 30 per cent, or 50 per cent if the roads involved included a road that was a state responsibility. We did not insist that the council themselves provided those funds, but they had to secure partnership funding. Where they were seeking less than \$1 million there was no requirement for a contribution from the council or other contributors, but it was certainly encouraged.

**Senator STERLE**—Under what criteria were these projects approved, given that cycle paths and walkways are ineligible for funding?

**Ms Riggs**—The projects that were announced as commitments during the 2004 election campaign were then subsequently determined to be funded out of the Strategic Regional Program. The nature of those projects was a matter for the government in the context of the election campaign and we are simply administering those through this program.

**Senator STERLE**—So cycle paths and walkways are still ineligible?

**Ms Armitage**—If the cycle paths are in conjunction with a road—

**Ms Riggs**—But the AusLink act defines a road to include certain other things, provided they are part of the structure of the road. So a footpath or cycle path could be part of a road where it is all done as part of laying down a surface or where it is extending a road to include a surface for those purposes.

**Senator STERLE**—I know that Senator Adams wants to ask you a question while we are on this topic, but I have one more. How much was spent on each project?

**Ms Riggs**—The projects that were commitments made during 2004?

**Senator STERLE**—Yes.

**Ms Riggs**—The details of each of those projects are available on the AusLink website. The total value of those 22 projects is some \$93 million.

**Senator STERLE**—On your website is it broken up into each project?

**Ms Riggs**—Each project is separately identified on the website.

**Senator STERLE**—I will have a look at that.

**Senator Ian Campbell**—I do not want to seem too political about it but I know that in previous estimates there was a list—and I think Senator O'Brien would agree that this is correct—of election commitments made by the Latham Labor team at the last election for various road projects around the country. The Pambula bridge is one that springs to mind. It is quite natural for a political party seeking election to make a series of road funding announcements. We did that. We have delivered ours through this program. No doubt, had Mr Latham been elected, the Latham Labor government would have funded theirs through either this program or some other program.

If you make a commitment in the election period you seek to keep it. Pambula bridge is one of our projects as well, but it is one that my friend Mr Ferguson, when he was the opposition spokesman, promised money on. He promised a range of other projects and he would have no doubt funded them if Mr Latham had been Prime Minister. I am quite sure that the opposition transport spokesman will go around making promises to spend money on roads around the place in the lead-up to the next election. That is a fairly normal process.

**Senator ADAMS**—I would like to ask some questions on the AusLink Strategic Regional Program. This is on behalf of the Great Southern Timber Industry Road Evaluation Strategy, from the Shire of Plantagenet. Ms Armitage, I have a copy of the letter that you wrote telling them that they were unsuccessful. My first question is: could you tell me why that application was unsuccessful?

**Ms Armitage**—When we have been asked to give feedback on projects we have asked the proponents to have a look at the criteria, to look at their application and to start to make some judgements themselves about why, when funding is announced, they are not successful.

**Senator ADAMS**—I find that very hard, having listened to the election promises for regional areas, despite the fact that they were our government's. With managed investment schemes being a very topical issue at the moment, this particular area of the Shire of Plantagenet would be one of the very good news stories that has come from this. The shire's population has just about doubled. I live adjacent to the shire, so I know the roads concerned very well. I am very disappointed that it was knocked back. The problem there is that the trees in the plantations have reached maturity. We have woodchips going out and huge great logs going to the port at Albany. These roads were built at the turn of the century for horses and carts and they are very narrow. We have B-double trucks driving on those roads. If you get an empty one and a full one coming along they clip one another. They are getting knocked off. We have had logs all over the road.

Albany has just been announced as the top tourist town for Western Australia. We have a number of tourists, caravans and school buses using these link roads. They have just not been built for the traffic that is on them. There is nothing we can do. In the winter, if we do have some rain—our area has been rather dry, but we should hopefully have a decent rain—the harvest is going to be in full progress and they will get bogged. It is an absolute disaster. All I can say is that I will be speaking to the ministers concerned to see what I can do to help the people in this area. I feel this application has not been looked at in the light that it should have been.

**Senator Ian Campbell**—I think part of the answer is that in a number of states—and WA is probably the main one—although Commonwealth spending on roads and rail has been going up at a great rate, state road funding in WA has been cut. The Commonwealth has tried very hard to expand assistance for road construction—and the regional Roads to Recovery program and the strategic Roads to Recovery program are part of that—but the risk is that when we start funding one road we will end up being asked to fund all of them. At some stage, the cost shifting has to stop. The AusLink program was designed to create very clear parameters about what are federally funded roads, what is the AusLink network and what is not. Ultimately, the argument would be: 'Let's just get the Commonwealth to take over all roads.' That is the risk when you have state governments that do not care about roads in regional parts of the country. People get very frustrated with that and always come to where the biggest pot of money is and ask the Commonwealth. But, ultimately, the Commonwealth has got to have a very clear policy about what is a road that should be funded by the Commonwealth and what is a road that should be funded by the states, and we should not let the states off the hook when it comes to their road funding responsibilities.

**Senator STERLE**—We are talking Highway 1, aren't we, Senator Adams?

**Senator ADAMS**—No, we are not; we are talking about link roads.

**Senator Ian Campbell**—No, we are talking about something that is a thousand miles from Highway 1.

**Senator STERLE**—It is not Mount Barker to Albany?

**Senator ADAMS**—No, it is not.

**Senator Ian Campbell**—And Highway 1 is not the AusLink network and it is not necessarily the national highway. There is no correlation between Highway 1 and—

**Senator O'BRIEN**—There used to be.

**ACTING CHAIR**—Can I just ask what type of road it is?

**Senator ADAMS**—These are link roads coming into the main highway to go to Albany, the port. They are only probably 60 kilometres from the port, but they have to get access from the forest areas out to the highway to go to the port. So, Minister, are you saying that through the AusLink Strategic Regional Program that this application should not have been put forward?

**Senator Ian Campbell**—I did not say that at all; I am just saying that there is a bigger political point—that is, that we should not let the state government off the look for their responsibilities.

**Senator ADAMS**—I do not think we are in this respect because this is a consortium of the shire plus the timber companies that are there. They are putting their money where their mouths are, but this application has been completely overlooked. For me, living—

**Senator Ian Campbell**—The reason they have come to us is because the state government have ignored them. They have said: 'This is the last pot of money. Where can we go to get it funded?' It is happening all around Australia and it is because state governments refuse to.

**Ms Riggs**—I will give a bit of perspective that might help the committee about the Strategic Regional Program. The minister announced that we would undertake an assessment round during 2006 and that some \$127 million was available for distribution. We received nearly 500 applications seeking a billion dollars worth of assistance from the federal government for projects worth getting on for \$2 billion. There were many good applications that I am sure ministers would have loved to have funded but there simply was not sufficient funding at their disposal through this process. That is potentially why many projects were not funded, not that they were not worthy projects but that there was not enough money to support all of the projects that might have been good and the money was a 10th of what was sought.

**Senator ADAMS**—As I have said, I find it very strange when you can fund something in Bondi from Strategic Regional Programs and something like this, which we are desperate to have dealt with as a safety issue, cannot be funded or part funded.

**Ms Page**—The Bondi project formed one of the election commitments.

**Senator ADAMS**—I realise that.

**Ms Page**—It was not part of the contestable part of the program.

**Senator ADAMS**—I am fully aware of that but it just annoys me.

**Senator Ian Campbell**—The government established this regional program—and I had a lot to do with establishing it to meet the sorts of demands of the sorts of project you are talking about—so it should be commended for establishing this program. It shows there is substantial demand out there—we have said a demand of about a billion dollars.

**Senator ADAMS**—There is.

**Senator Ian Campbell**—The reason that demand exists is because state governments, all of whom are Labor, ignore regional Australia—

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

**Senator Ian Campbell**—could not care less about regional Australia, so much so that in Western Australia they are ripping votes out of regional Australia and putting all the seats into the city areas. If you think that their ignoring of regional Australia in WA will change, it will actually get worse because there will be more votes in metropolitan Perth than in the Great Southern, and they will continue. So the Commonwealth, which actually cares about regional Australia, will have to fund more and more of this. Will there be enough to fund every single project around the country? There never can be. Senator Sterle put the hammer right on the nail—there is just not enough. It requires a proper partnership.

The reason Roads to Recovery was established was that states were underfunding local government for local roads. So now whenever you drive around Australia—around Subiaco, Nedlands or Paddington in Sydney—you see ‘Roads to Recovery: federally funded’. The federal government never had to do that stuff because in the old days state governments used to fund local governments and build local roads. In the old days when you had Liberal governments in the states that used to care about places outside the metropolitan area and the cappuccino strip, they used to fund roads in places like Albany, the Great Southern and Ravensthorpe. But the Labor governments in the states do not care about these things.

The big risk for Australia is that you will get a Labor government in Canberra one day and they will not care either. So you will have terrific roads and you will have suburban inner-city policies and you will ignore regions. The reason that we have regional Roads to Recovery is that you have people in your federal government who do care about the regions and are spending more on regional roads than ever before. Can we meet all the demand? No. Is the Albany project a good one? Of course it is. Would we like to fund it in the future? I hope we do, because I am a proud Western Australian who would love to see it funded. But I think the broader political point needs to be made that the reason we are in this business is that the Labor Party have left the business.

**ACTING CHAIR**—Is that okay, Senator Adams?

**Senator STERLE**—I think you have quelled the backbench there, anyway, Minister, with that speech—not our backbench but your backbench.

**Senator O’BRIEN**—It should have been in the party room. You get away with that more in the party room. It does not get analysed.

**ACTING CHAIR**—The good point has been made. Only if you find it really necessary, Ms Riggs, will we drag this out any more. I think the minister put it in a nutshell.

**Ms Riggs**—I have a response that might assist Senator O’Brien in relation to a matter that he raised before morning tea that perhaps we could move on to.

**ACTING CHAIR**—I defer to Senator O’Brien.

**Senator O’BRIEN**—Let’s get to some productive estimates, yes.

**Ms Riggs**—Senator, you asked about a matter in north-east Tasmania before morning tea. Over morning tea were able to sight Mr Ferguson's media release of Friday, which I am sure you have seen. More importantly, I was able to find out that the letter from the Prime Minister to the Premier (a) does exist and (b) directs the Premier to take up the further details of the Australian government offer with the Minister for Fisheries, Forestry and Conservation and the Minister for Finance and Administration. I am delighted to say that at this stage it looks as though, even though there appear to be road matters involved, I do not have to be responsible for them.

**Senator O'BRIEN**—I am sure you are very pleased with that.

**Ms Riggs**—Delighted.

**Senator O'BRIEN**—The Minister for Fisheries, Forestry and Conservation and the minister for finance?

**Ms Riggs**—Finance and Administration. I guess he has the purse strings.

**Senator O'BRIEN**—So it is not coming out of any of this department's allocation. Is that how I should understand it?

**Ms Riggs**—We have certainly had no advice to this department that we will be in any way involved, and the correspondence I have seen suggests to me that it is being managed as part of the forestry element of fisheries, forestry and conservation.

**Senator O'BRIEN**—Thank you for that.

**Senator NASH**—I want to go back to the Sydney to Dubbo corridor strategy—

**Ms Riggs**—The Bells Line of Road, yes.

**Senator NASH**—I am just clarifying—that has been included in that strategy now—is that correct?

**Mr Elliott**—The Sydney to Dubbo corridor strategy looks principally at the Great Western Highway. The Bells Line of Road is technically not on the AusLink network.

**Senator NASH**—No, it is not. I was of the understanding, though, with the view to those who would like to see the Bells Line become an alternative road, that the step forward for government was to have the Bells possibility considered as part of the strategy. If you are not aware, could you take that on notice and come back to me?

**Ms Riggs**—I will be happy to. It is not one I have been personally involved in so I will take that on board and see what we can provide to you.

**Senator NASH**—Thanks.

**Senator O'BRIEN**—Going back to the strategic regional grants—and you provided me with a lot of information about that this morning—has any money been paid to any of the grantees of the 2006 round?

**Ms Armitage**—No.

**Senator O'BRIEN**—Are there milestones contained on your website so that we can—

**Ms Armitage**—No, Senator.

**Senator O'BRIEN**—You will supply us with those details of the project?

**Ms Riggs**—As Ms Armitage told you before morning tea, we have only got two signed funding agreements.

**Senator O'BRIEN**—Okay.

**Ms Riggs**—That means there are milestones settled in only two of those. What we indicated would be available on the website once we have a funding agreement in place are the start dates and end dates for the project, not the milestones within them.

**Senator O'BRIEN**—Okay. So what are the milestones for the two projects that have agreements?

**Ms Riggs**—Can we take that on notice? We did not bring those agreements with us.

**Senator O'BRIEN**—Sure.

**Ms Armitage**—In terms of milestones, they look at the indicative dates for things like the planning, construction and finishing of it. As you are aware, these milestones may change depending on weather, design and things like that. They are subject to change but they are what people think the projects are going to be working against—those timelines, when they are actually—

**Senator O'BRIEN**—Do you envisage any change to the funding profile for these projects from that which is set out in the PBS?

**Ms Riggs**—We do.

**Senator O'BRIEN**—Is there something in the PAES that you can refer us to?

**Ms Riggs**—We have only really recently been able to analyse what the potential funding profile will look like because December, when the bulk of the announcements were made, is not very long ago. Some of us had a bit of leave in the interim and so on. I know it is naughty!

**Senator O'BRIEN**—You really had leave, after an announcement like that?

**Ms Page**—It is the sort of issue that we would look at in the budget context in working out our future forward estimates.

**Ms Riggs**—So we do not know the detail yet, but we would anticipate that we will not spend all of this year's allocation this year. It will need to be moved forward into next year and the year after as we settle those start and finish dates.

**Senator O'BRIEN**—So we can expect that detail in the budget announcement. Is that right?

**Ms Page**—That is subject to government decision, as are all movements of funds but it is likely that we, or our minister, will apply to have an amount of those funds rephased. That would then be shown against the relevant appropriation for the portfolio.

**Senator O'BRIEN**—How much of the funds in this year's allocation do you expect will actually be expended of the strategic projects' money?

**Ms Riggs**—That is a good and fair question. Can I take it on notice please?

**Senator O'BRIEN**—Sure. Is the detail of the expenditure on the Black Spot Program for this year and the coming years available on the website?

**Ms Riggs**—Detail in terms of approved projects?

**Senator O'BRIEN**—Approved projects and actual expenditure.

**Ms Riggs**—Approved projects certainly go up as each state's worth of projects for the next year are approved.

**Ms Riggs**—The funding allocations are on the website and the project costs are on the website.

**Senator O'BRIEN**—How would we ascertain whether moneys had actually been paid and acquitted?

**Ms Riggs**—On an individual project basis?

**Senator O'BRIEN**—Yes.

**Ms Riggs**—We make a bulk payment to the states against their claims for expenditure each quarter. Then we get them to do a report at the end of each year about where projects are up to, or the moneys that they have handed over the individual councils. So sometimes councils undertake the projects and sometimes the state government does. They have to do an annual report to us. There is a requirement for us to do an annual report on Auslink, and the first of those is in preparation at the moment.

**Senator O'BRIEN**—How do you track expenditures on an intermittent basis? Do you have quarterly reports and an annual report?

**Ms Riggs**—Yes.

**Senator O'BRIEN**—Given that you have some reports in for the end of the second quarter of the financial year, are you able to say how you are tracking against the expenditure that is expected in the department's financial commitments?

**Ms Riggs**—To the end of January we had actually paid only about \$2 million of Black Spot funding for the year, but let me say very quickly that that is not all uncommon. It is not uncommon for the states in the case of Black Spot to get on with the projects that they are doing and in essence bill us for the totality of the works they have undertaken during the final quarter of the year—so in their third-quarter claims. We actually do not make the bulk of the payments under Black Spot until the final quarter of the year. It is a very consistent pattern. It is a bad habit that we are trying to break them of.

**Senator O'BRIEN**—Where would I find details—members and chairs—of each of the Black Spot committees? Is that on the website?

**Ms Riggs**—No, they are not. If the minister agrees, we will be happy to provide it to you on notice.

**Senator O'BRIEN**—Thank you very much. Are they selected by the minister?

**Ms Riggs**—In essence, yes. As you know, each of the panels is chaired by a member of parliament with the minister's agreement and satisfaction. There is agreement, in broad terms, about the composition of the panels: representatives of local government, the transport

industry, the state government and motorists organisations. Generally, when an existing member wishes to step aside, the chair would have consultations with the sorts of organisations that that person has been representing and might have a discussion with the minister on an appropriate replacement representative.

**Senator O'BRIEN**—I take it that it is ultimately the discretion of the minister that determines membership and chair?

**Ms Riggs**—Yes.

**Senator O'BRIEN**—Thank you for that. With respect to the Ipswich Motorway project, what can you tell the committee about the cost and need for the northern option, which apparently has the support of your minister, if not the Queensland government and Brisbane City Council?

**Ms Riggs**—As I am sure we have discussed before, we are having a study undertaken on the alternative northern corridor. Both Mr Elliott and I have been on the steering committee for that study. The report is not yet final. When it is we will be providing a copy of it to our ministers and they will be in a position to make judgements about how they may wish to proceed.

**Ms Page**—I think is fair to add that, in the absence of having seen that report, neither the government nor the minister at this stage has formed a view on which option in relation to Ipswich is the preferred one.

**Senator O'BRIEN**—I take it that the spreadsheet update you have offered will give us detail on expenditure to date?

**Ms Riggs**—On projects for the Ipswich Motorway?

**Senator O'BRIEN**—Yes.

**Ms Riggs**—Yes, it will.

**Senator O'BRIEN**—It is suggested that there is great logic in widening the whole motorway, as is being done for the Wacol to Darra section. That has the support of the Brisbane City Council and the state government. Do you know why the Commonwealth does not support that option?

**Ms Page**—I don't think it's fair to characterise it at this point as support, one way or the other. There was interest, certainly, in the context of the last election, by some groups in a northern corridor—as opposed to upgrading the existing carriageway. Because of that interest, the government committed \$10 million to explore the range of options for upgrading the Ipswich Motorway, particularly options for the northern corridor. That is the status of the work. The government is really waiting to get that report to make a judgement on the preferred option for upgrading that corridor.

**Senator O'BRIEN**—Is the department aware of the estimates of cost for the widening option versus the northern route option?

**Ms Page**—As Ms Riggs has indicated, the department has been party to a working group with the Queensland government and the consultant in relation to that work. So we are

conscious of how the estimates have developed through the draft report, but the final report is yet to be presented to the government.

**Senator O'BRIEN**—So you don't know what the costs are?

**Ms Page**—We've got an idea, given the nature of the work that we've been undertaking, but it would be premature for us to discuss that until the government, who commissioned the work, has had a chance to look at it.

**Senator O'BRIEN**—When will that work be finished?

**Ms Page**—Shortly.

**Senator O'BRIEN**—Does that mean that the government will look at it shortly?

**Ms Page**—Yes, I think that is a fair summation.

**Senator O'BRIEN**—Has the Maunsell study into alternative motorway routes been completed?

**Ms Riggs**—No.

**Senator O'BRIEN**—Can you provide a further update on the status of funding expenditure and timing for the Port Botany links from the northern rail line project?

**Ms Riggs**—Mr Wolfe can perhaps help with you that project.

**Mr Wolfe**—The first thing I would comment on is calling it the Port Botany project; I think it is actually the Sydney northern project with a Port Botany part. The ARTC have completed an options paper for the New South Wales government, which is the proponent of that project, and that is to be discussed by Commonwealth and state officials next month.

**Senator O'BRIEN**—What is happening with the transport energy futures scenario project? Not aware of it?

**Ms Riggs**—It is not ringing a big bell at this table.

**Senator O'BRIEN**—I might be in the wrong area; maybe it is in marine and land transport. If I cannot find the right area, I will put it on notice. Is it possible to get an update on the status of each of the ARTC projects, perhaps in a way similar to the AusLink spreadsheet information we received.

**Mr Wolfe**—We can ask ARTC to provide that.

**Senator O'BRIEN**—Is it possible to get an indication of the status of each project—any anticipated delays, cost overruns?

**Mr Wolfe**—Yes, I think we can get the ARTC to do that.

**Senator O'BRIEN**—Thank you. Does the ARTC have any funds invested; if so, how much and where, and how are they performing?

**Ms Riggs**—I think that we will need probably to talk to the minister and to the chair of the ARTC. It is a company, and some details of those matters would be available from its annual report. We will consider the question.

**Senator O'BRIEN**—Presumably they would be public moneys invested.

**Ms Page**—There are a range of funds. There will also be funds provided by private sector partners involved in that.

**Senator O'BRIEN**—In relation to the Brisbane-Melbourne corridor rail links, is it still expected that a broader report for COAG on those studies will be available by the end of June?

**Ms Riggs**—The Melbourne-Brisbane corridor is one of the 24 corridor strategies that we have been asked by COAG, in partnership with the states and territories, to have done by the end of June, yes. And the work on the north-south rail corridor is being incorporated as appropriate in each of the relevant east coast corridor strategies: Melbourne-Brisbane, Melbourne-Sydney and Sydney-Brisbane.

**Senator O'BRIEN**—Has any further work been done on firming up cost estimates on the north-south rail corridor study?

**Ms Riggs**—No.

**Senator O'BRIEN**—That is all that I have on AusLink.

[12.12 pm]

#### **Portfolio Strategic Policy and Projects**

**ACTING CHAIR**—We will now jump back to Portfolio Strategic Policy and Projects.

**Senator O'BRIEN**—Mr Potterton, we are told your budget for this year is \$6.2 million. How many staff sit under the BTRE title?

**Mr Potterton**—The BTRE staffing as at 31 December was 56.7

**Senator O'BRIEN**—Is that FTEs?

**Mr Potterton**—Yes, full-time equivalents.

**Senator O'BRIEN**—How many actual bodies are on the payroll?

**Mr Potterton**—It is approximately 60. We have a number of part-time staff so the number is slightly higher.

**Senator O'BRIEN**—Is your budget likely to be fully expended this year? Will your expenditures be within budget?

**Mr Potterton**—We expect to be close to budget.

**Senator O'BRIEN**—Under or over?

**Mr Potterton**—We expect to be on budget—close to budget. It could be slightly over, but it will be very close.

**Senator O'BRIEN**—What is your budgeted staff level?

**Mr Potterton**—The staff budget is close to \$5 million of the \$6.2 million

**Senator O'BRIEN**—What number of staff have you budgeted for? How many FTEs have you budgeted for?

**Mr Potterton**—Fifty-six and a half.

**Senator O'BRIEN**—What work is the bureau engaged in currently in relation to alternative fuels?

**Mr Potterton**—The key project is on transport and energy future scenarios, which I think you have asked us about previously and which is currently being scoped. It is on our program to commence this year. We will be looking at an outcome from that in the latter part of 2007-08.

**Senator O'BRIEN**—There has been no additional funding for BTRE for studies in relation to alternative fuel strategies?

**Mr Potterton**—No, Senator.

**Senator O'BRIEN**—When you talk about that being the main one, what are the others?

**Mr Potterton**—Strictly, that is the only project in the area of alternative technology. In the general area of fuel use, we will be, for example, undertaking greenhouse emission projections for the transport sector. We expect to be doing that and we have done it on a number of occasions in the past.

**Senator O'BRIEN**—When did you last do that?

**Mr Potterton**—We did it two years ago and the results of that are available on our website.

**Senator O'BRIEN**—What about studies in relation to fuel efficiency—that is, conventional hydrocarbon?

**Mr Potterton**—We expect in next year's program to update the estimates of vehicle fleet fuel consumption, which we last undertook in 2001-02, and we were cited in the recent Senate report on alternative fuels. It has been five years since that work was done and we see it as important to update that work in light of more recent trends.

**Senator O'BRIEN**—Next financial year?

**Mr Potterton**—That is right.

**Senator O'BRIEN**—What are the other big research projects currently underway?

**Mr Potterton**—We have a wide-ranging program in place. We are, for example, finalising a set of updated corridor demand projections for the AusLink non-urban corridors. We have a study of access to regional aviation and trends in regional aviation. We also have a project on the impact on the road system of potential mode shift to rail freight—we are looking at a number of scenarios there.

**Senator O'BRIEN**—When is that study scheduled to be completed?

**Mr Potterton**—That study is close to being finalised and will be available before the end of this financial year.

**Senator O'BRIEN**—Good.

**Mr Potterton**—There are also a number of projects in the regional field. We are continuing the focus on regions series with three further publications. The first publication you will see is on taxable income across the regions. That will be followed by publications on household wealth and welfare dependency across the regions of the country.

**Senator O'BRIEN**—I do not suppose you have done any work on the impact of managed investment schemes on regional economies?

**Mr Potterton**—We definitely have not.

**Senator O'BRIEN**—It would be an interesting study.

[12.21 pm]

### **Maritime and Land Transport**

**ACTING CHAIR**—I welcome officers from Maritime and Land Transport. Senator O'Brien, do you have any questions?

**Senator O'BRIEN**—Has the harmonisation of the Australian design rules with UNECE regulations been completed?

**Mr Robertson**—Complete harmonisation will not ever be completed due to the nature of some of our vehicle fleet, particularly the heavy vehicle fleet. I think your question may be related to the extent to which we have implemented various components of the 1958 agreement.

**Senator O'BRIEN**—I was going to ask about particular matters such as whether the ADRs will now be harmonised when it comes to advanced safety systems such as electronic stability control, cabin strength and front underrun protection for heavy vehicles and better tyre safety.

**Mr Robertson**—The short answer is yes. It is government policy to harmonise international vehicle regulations where possible. There is no international standard as yet on electronic stability control but it is intended to create a global technical regulation once the technical aspects of regulating the technology can be dealt with. Cabin strength is also under consideration. There is already an international standard for cabin strength and similarly there is an international standard for front underrun protection and that is well advanced in the analysis; I think it may have gone out for public comment.

**Senator O'BRIEN**—What is the status of the Queensland proposal to the ATC to require mandatory mobile phone technology in ADRs for better mobile phone safety in vehicles?

**Mr Robertson**—That was the subject of correspondence between Minister Lloyd and Minister Lucas in Queensland. Minister Lloyd has indicated his intention not to proceed with an ADR on Bluetooth technology in cars.

**Senator O'BRIEN**—Why is that?

**Mr Robertson**—When considering a new ADR it has to go through due process. It has to go through the principles and guidelines required by the Council of Australian Governments. Before embarking on that sort of exercise a fair resource effort is involved. The minister, in the first instance, would have to form a judgment on whether the commitment of resources is warranted, given other priorities. It is unlikely that a case for a regulation could be made based around a particular technology. Also, given concerns about mobile phone usage—whether it is picking up the phone in your hand or talking on a hands-free, which can be equally dangerous—it would seem inappropriate to encourage mobile phone use in cars.

**Senator O'BRIEN**—I do not think we need to encourage it, do we?

**Mr Robertson**—That is the point.

**Senator O'BRIEN**—My point is that it is happening. It is better if it is done in the least distracting way than illegally.

**Mr Robertson**—That is an argument. I think there are counterarguments and, as the community becomes more aware of the danger associated with mobile phone use in general, this could mean there are various pressures to reduce phone use altogether in cars. The presence of Bluetooth may be seen to be encouraging it, but most cars these days would have it or the availability of hands-free systems anyway. You never know what other technology is around the corner. It is always very dangerous when you start to build a regulatory regime around a particular technology. There might be something else on the horizon that would make it redundant—it happens.

**Senator O'BRIEN**—ABS and a whole lot of other things could be replaced, but it does not stop us talking about matters such as that.

**Mr Robertson**—Most certainly. That is a good point, because ABS has never been mandated.

**Senator O'BRIEN**—I know. But if the case for not mandating it was simply that it might be replaced, it would be a pretty ordinary decision if that was the basis for it.

**Mr Robertson**—I am talking at a level of principle. One of the key requirements in introducing regulation—in fact, it is a requirement written into the technical barriers to trade agreement—is that all regulation should be performance based where possible.

**Senator O'BRIEN**—What work, if any, is the department doing in relation to more environmentally friendly vehicles such as electric vehicles?

**Mr Robertson**—There is no specific work. The department's role is to regulate vehicles in their technical operation. The regulatory regime does not discriminate between vehicles on the basis of their power source other than in areas where the nature of the power source would mean that some requirements are not applicable—for example, stationary noise testing for electrical vehicles is not an issue, so the regulations make provision for that. But, in any other sense, as long as the vehicles meet the regulatory requirements, the department administers their certification.

**Senator O'BRIEN**—In relation to electric vehicles, I believe that the department has extended the import permit for the Reva.

**Mr Robertson**—That is correct. It has been given a 12-month extension.

**Senator O'BRIEN**—Twelve months?

**Mr Robertson**—Yes.

**Senator O'BRIEN**—What instructions, conditions or directions has the department given to the importer?

**Mr Robertson**—The same conditions as the previous import approval that requires that the vehicle undergo testing to demonstrate compliance with the ADRs.

**Senator O'BRIEN**—That is a requirement under the permit. It cannot not be tested in this 12 months; is that how I should understand your answer?

**Mr Robertson**—It needs to be tested within those 12 months. With the import expiry date coming up again, if it is not tested it has to be exported or destroyed. That is a standard arrangement.

**Senator O'BRIEN**—In October, at the supplementary estimates, you said you could not comment on negotiations under way between the department and the importers of the Reva at the Adelaide Solar Shop. Are you now able to talk about the outcome of these discussions?

**Mr Robertson**—Yes. At the time, the issue under discussion was an offer from the minister to cover the costs of destructive testing of the vehicle. When I say that, I mean occupant protection testing, which naturally involves a crash test. That was under discussion with the Solar Shop. Since the last estimates hearing that has been made public.

**Senator O'BRIEN**—I did not hear all of that. Has the department agreed to pay for the crash testing of the Reva?

**Mr Robertson**—Yes.

**Senator O'BRIEN**—How much is budgeted for that?

**Mr Robertson**—We have budgeted \$60,000 for that. It may not be that much. It could be anywhere from \$30,000 to \$60,000.

**Senator O'BRIEN**—Has the department offered any other financial incentives to the Solar Shop?

**Mr Robertson**—No.

**Senator O'BRIEN**—Mr Robertson, you mentioned previously that you were aware of an ADR assessment of the Reva undertaken by an Adelaide engineering firm.

**Mr Robertson**—Yes, that is correct.

**Senator O'BRIEN**—Have you reviewed that assessment?

**Mr Robertson**—Yes, we have looked at it. The assessment was in the nature of a consultancy to advise the Solar Shop on the level of ADR compliance that would need to be demonstrated. Bear in mind, it is probably the first time the Solar Shop has had to consider the issue, so the consultant was advising on the range of ADRs, running through lighting, sun visors, brakes, tires—those sorts of things.

**Senator O'BRIEN**—How did the Reva measure up against the ADRs in that consultancy report?

**Mr Robertson**—In many respects, well. Because the Reva has been manufactured using the UNECE process in some areas—for example, lighting—a number of those components on the vehicles will have what we call the E-mark, which demonstrates compliance by an issuing authority. Other areas would need a fair bit of attention, but the critical area still remains occupant protection.

**Senator O'BRIEN**—In the month since the last time we discussed the Reva, has the department been able to obtain test results that may have been available through Reva's manufacturer in India or from European countries that allow the Reva on their roads?

**Mr Robertson**—No. We are not aware of any testing having been done anywhere against the occupant protection requirements, which are the main sticking point.

**Senator O'BRIEN**—I believe the Western Australian government is proposing a 12-month trial of 50 vehicles called ZEV lights. What is the department's view?

**Mr Robertson**—The department does not have a view per se on issues like that. That is an issue for the minister to consider. The minister is aware of the proposal, and he has written to Minister McTiernan expressing his views. The current status is that Minister McTiernan is to bring a proposal to the next meeting of the Australian Transport Council outlining the arrangements associated with the trial, and the minister is awaiting that.

**Senator O'BRIEN**—Why does it need to go to ATC?

**Mr Wilson**—The issue of the Reva and the trial of electric vehicles was raised at the 13 October meeting of ATC. ATC ministers requested that Minister McTiernan undertake some additional work with regard to the proposal that she put on the table on that day so that they could consider it as a whole. The issue crosses state boundaries. Whilst a trial may be restricted to Western Australia, there are issues associated with the flow-on effect of any trial allowing the Reva or a similar vehicle onto roads in other jurisdictions, so transport ministers requested that the proposal be brought back to ATC in May this year.

**Senator O'BRIEN**—Can the Western Australian government go it alone and trial the vehicle without approval from or discussions with the ATC or the department?

**Mr Wilson**—The Western Australian government cannot proceed with the trial without Minister Lloyd's approval for the importation of the Reva. Subject to approval from Minister Lloyd, there is no restriction on the Western Australian government proceeding with the trial, should the ATC itself not approve the trial.

**Mr Robertson**—Perhaps I should clarify that. There is still a requirement for the federal minister to approve the supply to the market of the vehicle—in other words, its use in transport.

**Senator O'BRIEN**—Minister McTiernan's press release suggests that statistics obtained from the French government indicate that quadricycles have a lower accident and fatality rate than cars, motorcycles and mopeds. Have you seen these or any other safety statistics in relation to heavy quadricycles?

**Mr Robertson**—We are aware of the French statistics. The issue there is not so much whether the vehicles are represented in any particular way against the overall vehicle fleet in which they might be mixing; the concern is more that if there is one accident, even a fair- to low-speed accident, the results could be catastrophic.

**Senator O'BRIEN**—What are you doing about motorcycles and mopeds?

**Mr Robertson**—I think it is well known that motorcycles and mopeds are high-risk categories. I guess the argument would have to be that there is equity in high-risk categories.

You would be allowing other high-risk categories on the road. The fact that there are already high-risk categories does not make an argument for allowing other vehicles—

**Senator O'BRIEN**—I suppose the argument might be, if someone were to extrapolate from the minister's press release—the French statistics—that the risk is lower than other categories that are legal.

**Mr Robertson**—Whether it is lower or not, if the risk is still there it has to be judged on its own merits. The argument is also that the vehicle is a car. It looks like a car and people expect the sort of standards that go with a car.

**Senator O'BRIEN**—Has the department done any work on the power to weight implications of increasing the strength of the cabin, if that indeed is the problem, taking it that that seems to be what the department believes would be the problem with the Reva?

**Mr Robertson**—It would not be the department's role to do that. The department administers standards which are set out in legislation. It would be the manufacturer's role to undertake that research.

**Senator O'BRIEN**—I take it there is no role within this branch to do with fuel efficiency.

**Mr Robertson**—Not specifically, although we do administer the Australian design rules that go with environmental performance, including ADR81, which covers fuel consumption labelling. So we are pretty much involved in it from that end.

**Senator O'BRIEN**—That is conventional fuels?

**Mr Robertson**—That is correct.

**Senator O'BRIEN**—When is Minister McTiernan's proposal to be considered? When is the ATC meeting?

**Mr Wilson**—ATC is on 4 May. In the lead-up to that there will be a meeting of senior officials, the heads of transport agencies, on 15 March. We anticipate that the paper that was to be presented to ATC ministers will be presented at that meeting, so I am anticipating that we will see Minister McTiernan's draft paper early next week.

**Senator O'BRIEN**—What is the status of the model rail safety bill which was mooted by the ATC in 2005?

**Mr Mrdak**—The Australian Transport Council ministers agreed to the provisions of the model bill last year. Jurisdictions have now committed in accordance with their COAG commitments to implement that legislation by the middle of this year. Jurisdictions across the country are now moving through their various legislative processes to bring that model legislation into effect.

**Senator O'BRIEN**—Can you give us an update on the projects currently underway at the Rail Cooperative Research Centre?

**Mr Mrdak**—I cannot, but I can take that on notice and get some details for you.

**Senator O'BRIEN**—What is the status of the heavy vehicle charges determination?

**Mr Mrdak**—The National Transport Commission is now undertaking work. Some scenarios and options are due to be discussed by the chief executives of the transport agencies

at the meeting on 15 March that Mr Wilson outlined earlier. That will receive a report from the National Transport Commission about the work it has done to date in relation to the modelling. That report from the National Transport Commission will be considered at the ATC meeting in May. Ministers will then decide on a process going forward in relation to the determination for heavy vehicle charges.

**Senator O'BRIEN**—What are the possibilities after that?

**Mr Mrdak**—It would be a matter for ministers to consider the report of the NTC. The NTC has been tasked to review the previous heavy vehicle determination, which was voted against by all jurisdictions, and to come back with different scenarios based on some different parameters or in some different areas, including the way in which registration and the like have been looked at in the past—those sorts of parameters. Ministers will then take a decision as to whether they want to start a formal determination process, which involves going through a regulatory impact statement and all of those COAG processes of consultation and the like. If it is the intention of the ministers to proceed to a formal determination, current indications are that that will take place through the latter part of this year.

**Senator O'BRIEN**—What is the status of proposals to increase transport security, including the national code for CCTV systems, under consideration by the ATC?

**Mr Mrdak**—I will have to defer that one to the Office of Transport Security. I am sorry; we do not have officers at the table who deal with those matters.

**Senator O'BRIEN**—Is the ATC considering any measures in relation to urban congestion?

**Mr Mrdak**—There is a process being done for COAG. COAG commissioned at its meeting in February last year work on urban congestion as one of its national reform agenda items. That work has been done by the department. We have been the secretariat for that Commonwealth-state work. A report by that group has now been completed and was provided to COAG senior officials before Christmas. A copy of that report is being circulated to transport ministers—in confidence, because it is a report to COAG and has not yet been considered by COAG. At this stage, that report will be considered at the next COAG meeting, which is scheduled for April.

**Senator O'BRIEN**—Can the committee be updated on the fatigue package and its consideration by the NTC and the ATC?

**Mr Wilson**—The fatigue package is currently out for vote with transport ministers. I believe the vote closed earlier this week—in fact, it closed yesterday—and the NTC will be providing advice to ministers in regard to the outcome of that vote shortly.

**Senator O'BRIEN**—Is it this division, the Office of Transport Security or another division that would deal with maritime crew visas?

**Mr Wilson**—It would be the Office of Transport Security.

**Senator O'BRIEN**—I wanted to ask some questions, some of which are relevant to AMSA but I am not sure which might be relevant here. It is about a vessel known as the *Destiny Queen*—a foreign-flagged aquaculture vessel which is semi-permanently moored in South Australian waters in Spencer Gulf—which Australian Customs has determined to have been imported into Australia within the meaning of the Customs Act as if it were registered in

Australia. Is it the department's view that the *Destiny Queen* is covered by the Navigation Act?

**Mr Wilson**—I am sorry, I would have to take that question on notice. I do not have details of the *Destiny Queen* with me.

**Senator O'BRIEN**—I have some other questions which AMSA may be able to answer, but I will put them directly to AMSA. In relation to questions about a fire at sea incident, I am uncertain whether I should raise that here or whether I should raise it with AMSA or with the Office of Transport Security. I think that some of the questions I want to ask are for the Office of Transport Security

**Mr Mrdak**—Is it about a particular ship?

**Senator O'BRIEN**—It is a foreign vessel, the *Baltimar Boreas*.

**Mr Mrdak**—I think they are probably matters for AMSA and the Office of Transport Security. We can arrange to have both groups' officers at the table to handle that jointly. I think that is probably the best way to do it. We can deal with that at the AMSA item, and I can bring the OTS officers to the table at that point.

**Senator O'BRIEN**—You have done yourself well, and that is all I have for this area.

[12.47 pm]

#### **Australian Transport Safety Bureau**

**Senator O'BRIEN**—I want to ask some questions about the novice driver program. At the October supplementary estimates, Mr Motha advised that the curriculum development had been put out to tender. Has the tender been awarded?

**Mr Motha**—The tender has not been awarded yet.

**Senator O'BRIEN**—Can we be confident that the trial proper will commence in November 2007, as previously advised?

**Mr Motha**—At this point in time, yes.

**Senator O'BRIEN**—Which states will participate in the trial, and how many young people will be participating?

**Mr Motha**—Two states will participate in the trial: New South Wales and Victoria. There will be 7,000 participants in each of those states. They will receive the curriculum, and there will be an equal number—7,000—in control groups in each state, making a total of 14,000 in each state.

**Senator O'BRIEN**—What is the time period for the trial expected to be?

**Mr Motha**—The trial comprises four modules. The first module is expected to begin at the end of this year. The 7,000 young novice drivers who will participate in the trial will be put through the course in about 12 months. Thereafter there will be at least a minimum of 12 months of data required to evaluate the effectiveness of the program.

**Senator O'BRIEN**—Is the total funding still capped at \$10 million?

**Mr Motha**—Yes.

**Senator O'BRIEN**—Is that coming out of the ATSB budget or a departmental budget? Is there a special allocation?

**Mr Motha**—There is a total of \$3 million from the department.

**Mr Bills**—That \$3 million has already been paid and is being held in trust by Victoria.

**Senator O'BRIEN**—That is \$3 million. Where is the other \$7 million?

**Mr Motha**—From the other partners?

**Senator O'BRIEN**—Yes.

**Mr Bills**—There is a million dollars from the Federal Chamber of Automotive Industries, \$2.5 million from the New South Wales Roads and Traffic Authority and half a million dollars from the Insurance Australia Group Ltd. There is \$2.8 million from the Victorian government, comprising VicRoads and the Transport Accident Commission, and \$200,000 from the RACV.

**Senator NASH**—Where are the trials going to be held?

**Mr Motha**—The trials will be held in New South Wales and Victoria.

**Senator NASH**—Are there no plans yet for where?

**Mr Motha**—At this stage it will be in metropolitan Melbourne and Sydney as well as possibly some regional centres.

**Senator NASH**—When you say 'possibly regional centres' when will that decision be made?

**Mr Motha**—It will be made very shortly. The program management tender also has to be awarded. Part of that tender will be to determine where the sampling will take place.

**Senator NASH**—When that is available, could the committee be provided with where those regional centres will be?

**Mr Motha**—Yes.

**Senator O'BRIEN**—Mr Bills, how does the budget for ATSB this year compare with the last three financial years?

**Mr Bills**—Certainly in terms of last financial year, it is pretty much the same. I have looked at the evidence I gave in February last year and we were talking about \$16½ million and corporate overheads and so forth. It is almost identical this year, as Mr Chandler indicated earlier. To go back several years, probably the best source is the ATSB annual review, which we put out each year. I will check that that data is readily available for you. It is on page 95 onwards. Page 96 has actually got 2002-03, 2003-04, 2004-05, 2005-06 actuals and the 2006-07 budget.

**Senator O'BRIEN**—How do they compare?

**Mr Bills**—In terms of net cost, for 2002-03 we have \$11.924 million; 2003-04, \$12.028 million; 2004-05, \$17.013 million; 2005-06, \$17.269 million—and that was actually more than the budget of \$16½ million; we were allowed to overspend last year. And 2006-07 was initially, as per this report, \$17.057 million, but that included half a million dollars of

depreciation for the SIMS project, which has been delayed. That is how you get to the \$16½ million this year—which, as I say, was basically the same as the budget last year.

**Senator O'BRIEN**—So there has been a three-year period where there has been a significantly high level of expenditure. How would you explain the need for the budget to effectively be 40-odd per cent higher for those years than the previous couple of years?

**Mr Bills**—The government was able to give some extra support for the ATSB in two budgets. The first was the one that provided support for the new rail investigation function, and also for a confidential marine reporting system and for some aviation research. That is the group of new policy proposals that was reviewed late last year. Minister Vaile announced on 30 January that the government had decided that there would be ongoing funding for those functions at the level of \$3.4 million a year. So they are new functions that the government funded. That is a substantial part of the explanation.

In the following budget the government provided us with some additional money for aviation investigation in particular, but also for the SIIMS database project. The SIIMS database project is mostly a capital project, but there was a bit of operational funding as well. The major lick that is ongoing is for aviation investigation. Over time, the real value of the money that we had for aviation investigation had eroded, and we were heading towards 60 new investigations a year, so this extra money allowed us to initially build up towards 100 a year. It is now running at about 90.

**Senator O'BRIEN**—Does ATSB regularly investigate sport aviation fatalities.

**Mr Bills**—No. Well, it depends what you mean—we do not routinely. We do them on an ad hoc basis when there are special circumstances, particular safety issues where we might think there is a fleet-wide implication or there is a particularly large loss of life or it is over a built-up area—that sort of thing.

**Senator O'BRIEN**—Does ATSB routinely inquire into fatalities in general aviation?

**Mr Bills**—Yes, we do.

**Senator O'BRIEN**—How many investigations are current for general aviation fatalities?

**Mr Bills**—We would need to work that out, unless Mr Walsh has the figure.

**Senator O'BRIEN**—We all know about one particular one that hopefully is coming to conclusion.

**Mr Bills**—We certainly know about that one. We know that there are not any other RPT than that one—the Lockhart River investigation. There are no other passenger investigations. So all the rest are general aviation. We have a table of all our investigations with us. There are almost 100. It is just a matter of pulling out of those—it will all be a category 3 or above investigation. I am sure Mr Walsh will be able to give you the number very shortly. Perhaps we could come back to it in a moment.

**Senator O'BRIEN**—We are almost at the lunch break, so perhaps we could come back straight after.

**Proceedings suspended from 12.59 pm to 1.59 pm**

**ACTING CHAIR**—We will continue with the Australian Transport Safety Bureau.

**Mr Bills**—Senator, would you like me to answer the question from before lunch?

**Senator O'BRIEN**—That is right; I was in the middle of something.

**Mr Bills**—You asked about the number of general aviation fatal accidents that were on our books. The number as of today is 18. Of those, one involves sport aviation, that being the accident that we discussed about a year ago involving the parachuters, two experimental aircraft involving Lancairs and the Strikemaster which is a high-risk category of fare paying.

**Senator O'BRIEN**—In relation to the Strikemaster incident, that was an aircraft that had been the subject of action by the regulator in United Kingdom, had it not?

**Mr Bills**—I might get Mr Walsh to answer that. I am not quite sure what we can and cannot say on the public record at the moment.

**Mr Walsh**—The aircraft has been subject to a number of maintenance directives over the years. Off the top of my head I cannot recall whether it is a UK one because the aircraft has been operating in a number of different countries.

**Senator O'BRIEN**—My recollection is that some time ago I asked a question about some regulatory action in relation to that aircraft type which seemed potentially relative to the nature of the accident that you are investigating.

**Mr Walsh**—There certainly are a number of inspections that need to be done on that particular aircraft to address a known problem, a potential problem with the wing fitting of the aircraft. That inspection regime is part of our ongoing investigation. That is something that we have been in close contact with CASA about since the investigation started to make sure that they are aware of developments as we find various things with the aircraft.

**Senator O'BRIEN**—CASA should be aware of those sorts of developments on aircraft in our skies.

**Mr Walsh**—The things we have found are in the preliminary report and CASA has put out a number of bulletins on them. CASA can speak to those obviously. The features in the aircraft that we have found such as the failure of the mechanism of this particular wing is the sort of information that would not be readily available to CASA without the metallurgical examination that we have done of the wreckage of that aircraft.

**Senator O'BRIEN**—As I understand, there is no doubt that wing failure on this aircraft led to the crash.

**Mr Walsh**—That is correct.

**Senator O'BRIEN**—When is it expected that your report or interim report will be available?

**Mr Walsh**—We are working through a few issues particularly in terms of trying to ensure that we can develop some robust and appropriate inspection mechanisms. I guess our focus at the moment is in terms of trying to ensure that we can put in place something to enhance future operations. I think we are probably still a couple of months away from a draft report going out for comment. I think the important thing is that as soon as we have identified immediate safety issues we have passed those to CASA, and CASA has taken action and put out bulletins to operators to address that problem straight away.

**Senator O'BRIEN**—What category would you describe these aircraft as being in? There are various businesses that offer experiences in aircraft that they describe as war birds or whatever.

**Mr Walsh**—They are limited category operations. Really it is fly at your own risk. The regulations are quite specific in terms of what is required in the cockpit. There has to be a placard to quite clearly show that the aircraft is not maintained to normal civil aircraft standards. People are made aware of that and need to physically sign an undertaking acknowledging that they accept the potential risk in that high-risk operation.

**Senator O'BRIEN**—Does that mean someone remotely making a booking for a loved one, as was the case here, would see or be aware of that caveat?

**Mr Walsh**—The caveat would be in the aircraft and the person would be made aware of it .

**Senator O'BRIEN**—When they are going to get in?

**Mr Walsh**—When they are going to get into the aircraft. Off the top of my head, whether that is abundantly clear at the booking stage when they are phoning from the other side of Australia, I do not know.

**Mr Bills**—And we would only look at it if we were investigating a particular incident or accident. Of course we will look at it in this case.

**Senator O'BRIEN**—The circumstance was that this was a present. I do not know the circumstances of the purchase but I think it was a present for a spouse.

**Mr Walsh**—That is right.

**Senator O'BRIEN**—So you were talking about the third category, the special category, including the Strikemaster. How many fatalities are in that category?

**Mr Bills**—We mentioned that there were the two Lancair fatal accidents in the experimental category which we looked at because they occurred over built-up areas and they occurred within a few days of each other. That was of interest. We would not normally look at one of those but that combination of factors meant that we are.

**Senator O'BRIEN**—I interrupted you going through the 18 accidents.

**Mr Bills**—If you want to go through the whole 18 I will hand over to Mr Walsh because he has the list.

**Mr Walsh**—The first accident involved an Air Tractor aircraft at Wynella Station on 6 January 2005. That was an agricultural operation.

**Senator O'BRIEN**—Was it spraying?

**Mr Walsh**—Yes, it was a spraying operation. There is the Cessna 310 at Tamworth which was an aircraft repositioning flight for a charter operation. We have another Air Tractor aircraft accident at Ballidu in Western Australia. That was during training for that particular aircraft in preparation for agricultural operations but the actual operation itself was not spraying. We have the Chieftain accident near Condobolin which was the inflight break-up. We have the Willowbank parachuting accident that Mr Bills mentioned. We have a Beechcraft Baron near McArthur River mine up in the Northern Territory. We have the Bell 206

helicopter conducting powerline surveys near Parkes. We have a Dromader conducting fire-suppressing operations near Cootamundra. We have a Robinson 44 helicopter at Gunpowder that was on a charter flight. There is the Lancair 360 at Bankstown that Mr Bills mentioned. There is the Beech Bonanza on Bathurst Island which was a private business flight. We have the Strikemaster near Bathurst that we have just discussed. We have a Chieftain at Raglan near Gladstone late last year. We have an Auster which flew into powerlines at Nelson on Christmas Eve.

**Senator O'BRIEN**—Where is Nelson?

**Mr Walsh**—About 30 kilometres south-east of Mount Gambier on the Victorian side of the border. The most recent one is the Twin Comanche that crashed near Kingscliff last year. There is the other Lancair in Brisbane that Mr Bills talked about. There is the Air Tractor near Collarenebri back in December last year as well.

**Senator O'BRIEN**—What is the report of this Air Tractor? Three out of the 18 incidents involved Air Tractors.

**Mr Walsh**—That sounds right.

**Senator O'BRIEN**—We know of Ballidu and Collarenebri.

**Mr Walsh**—That is right. The one in Ballidu was the one that was doing flying training, the one at Collarenebri was doing night spraying of the cotton fields and the one near Cootamundra was the fire operations.

**Senator O'BRIEN**—Has that aircraft had a history of problems, or is it used in close proximity to land because of its operations making it a riskier operation?

**Mr Walsh**—I think the nature of the operation is probably one that is of a higher risk. I think importantly at the moment there is nothing there that is actually linking these three accidents in relation to any similar causal factors. They seem to be quite separate.

**Senator O'BRIEN**—Pilot rather than aircraft factors?

**Mr Walsh**—We are still trying to make sure that we have looked at all of those issues. At the moment, the human factor side of things seems to be the more likely issue. All of them are slightly different human factor issues as well. So the mode of operation and the type of accident is quite different. One has virtually flown into the ground, apparently almost in a controlled flight, bearing in mind that it was a night-spraying operation on a dark night. Another seems to have had some sort of loss of control. Two of them were loss of control but, again, the circumstances were quite different in terms of what they were carrying and what they were doing at the time.

**Senator O'BRIEN**—Thank you for that. With the TransAir matter, can you let us know what the timetable is for the release of your final report, which I understand is in the consultation process?

**Mr Bills**—Yes, we have released our draft report, as the secretary mentioned this morning, to directly involved parties on 15 December and they have 60 days to comment. The time for submissions to be in is close of business today and we have had a couple come in. We have had another promised this afternoon and we are hopeful that the other couple will also come

in today. It really depends on the extent of the comments not just in volume terms but also in terms of whether they require additional investigation of matters that we have not already considered as to how long it will take to us finalise the report. So we are hopeful to get the report out by the end of March, but until we read the comments from the ones we have not seen yet we cannot give you a better estimation of that.

**Senator O'BRIEN**—ATSB, as I recall it, referred some matters in relation to TransAir to the Director of Public Prosecutions. What has occurred there?

**Mr Bills**—We have been in discussion with the DPP's Brisbane office as to what can be done about these apparent breaches. Basically, the circumstance was that we, in the course of our TransAir investigation in the second half of last year, got a large amount of information. As that was analysed we found that there were a number of incidents that we believe should have been reported to us under the act and regulations that we had not heard about. So that was the basis to refer it to the DPP. I think there were about 25 of those. Seven of those were more serious, immediately reportable matters. They were not related to the accident itself but, as we said in the media release at the time, they certainly are related in the sense that they went to the issue of the safety culture of the operator.

Anyway, in terms of the DPP, we are still talking to them, I think it is fair to say. There are likely to be some issues in terms of the statute of limitations and in terms of getting a more complete dossier of evidence. As to whether the effort involved in doing that is going to be worthwhile in terms of the likelihood of a successful prosecution, there is also the issue of whether it is worth continuing to pursue this company given that it has surrendered its AOC. We are trying to get some more information on the status of the company as to whether that is a viable proposition.

**Senator O'BRIEN**—So are the licensed persons not reliable?

**Mr Bills**—I guess that is part of the issue that we are exploring with the DPP as to whether—

**Senator O'BRIEN**—The chief pilot, for example.

**Mr Bills**—Exactly, as to whether the chief pilot is someone to whom we can go, bearing in mind that I understand most of these reports were made to the safety officer in TransAir, who is not the chief pilot. So there may be an issue there of the communication between that person and the chief pilot. Again, if it comes down to being a structural problem within the company in terms of its safety culture and the way it operates, there may not be a lot of benefit in pursuing this particular individual—assuming we can—for the relatively minor breaches. Anyway, we are still liaising with the DPP on that.

**Senator O'BRIEN**—What signal would that send to other operators in terms of getting away with it?

**Mr Bills**—That is part of the balancing act. We do not want to take this lightly—and we are not taking it lightly—but if it turns out that there is little prospect of getting a conviction on the immediately reportable matters, which are the more serious ones, then I guess we will have to take that advice. But just going out with a media release indicating that we had referred this to the DPP is already a signal to the industry. That is something that we do not

normally do and I hope that it has caused others who may not be reporting everything to think again.

**Senator O'BRIEN**—Would your experience in pursuing prosecution be likely to lead to a report or advice to the department—CASA or the minister—about the state of the regulations or the act in terms of any limitations as to how you might pursue those responsible?

**Mr Bills**—That is possible, but we are not at that point yet. Certainly, it would only be good form to advise the minister of where we get to in this matter.

**Senator O'BRIEN**—It is 18 accidents with fatalities that we are talking about. Were any of them multiple?

**Mr Bills**—Multiple fatalities?

**Senator O'BRIEN**—Yes. So it is more than 18 deaths.

**Mr Bills**—Yes.

**Senator O'BRIEN**—Is that like an average year, or above average year, in terms of accidents and fatalities?

**Mr Bills**—I am not sure I have the figures quickly to hand, but there have been generally 30-odd fatalities each year in recent years, I think. I will just see if we can find that number.

**Senator O'BRIEN**—The Strikemaster was two. That is right. I want to know how many passengers.

**Mr Bills**—Perhaps we will take that on notice, if that is all right.

**Mr Walsh**—You want the breakdown of what the fatalities were in each?

**Senator O'BRIEN**—No, I do not. I still have to fly in general aviation aircraft from time to time.

**Mr Bills**—We will try to get that number for you in a moment when I am not looking quite so hard.

**Senator O'BRIEN**—I am advised that there is considerable concern in the aviation industry relating to hardened cockpit doors, and one of the concerns is that sometimes it takes both pilots to close them. Has the ATSB had consultations with CASA and the Office of Transport Security about this issue?

**Mr Bills**—Certainly in the course of our investigation we have. You probably know that we released our final report on 5 January this year. Towards the end of the report, which is some 20-odd pages, there is a description of safety action that has been taken in relation to the deficiencies we identified, and that encompasses both the Office of Transport Security and CASA. I have the fatality numbers if you want them now.

**Senator O'BRIEN**—Thanks.

**Mr Bills**—In the calendar year 2006 there were 37 and in 2005 there were 38. I am not sure how many other years you wanted.

**Senator O'BRIEN**—So it is a pretty regular.

**Mr Bills**—It does go up and down. From scanning the figures, there were 48 in 1998 and 41 in 2001. They are the higher ones. The lowest were 24 in 2002 and 22 in 2004. So the average would be around 30.

**Senator O'BRIEN**—So what work do you do? Have you looked at statistical issues like age of aircraft or level of pilot experience—factors such as those?

**Mr Bills**—Yes, we have. In terms of age of aircraft, we put out a report extremely recently, as in 6 February this year, entitled *How old is too old? The impact of ageing aircraft on aviation safety*. In part, that was sparked by a question you asked almost two years ago. It has taken a while to pull some of the research together. That is quite a useful report in terms of aircraft in the Australian fleet. We also have various reports on human factors, including a recent one that compares our experience with the United States using its data and our data. It is reasonably comparable, as you would expect. There is also a number of other research reports that we could refer you to if you were interested.

**Senator O'BRIEN**—Thanks for that. In terms of road transport, it has been raised with me that the Australian Army has been moving about 350 empty shipping containers by road from Brisbane to Shoalwater Bay. It will be done by truck along the Bruce Highway and then the Green Route over the next two years, which is obviously in addition to normal freight traffic. Would this increase in freight traffic have an impact on road safety on those routes?

**Mr Bills**—I am not able to talk in any detail about that particular set of data. All we can say is that, as activity levels increase, the rate of crashes increases as well. Of course there are many other factors involved, including quality of roads, quality of vehicles, quality of drivers and so forth.

**Senator O'BRIEN**—So it would follow, then, that, as the freight task increases and road use by heavy vehicles increases, you would expect more road accidents due to the increase in the number of vehicles?

**Mr Bills**—In the sense that activity goes up, you would. But, on the other hand, as congestion goes up that can sometimes reduce the accident rate.

**Senator O'BRIEN**—Thanks for that. I do not have any other questions for ATSB.

[2.25 pm]

#### **Australian Maritime Safety Authority**

**Senator O'BRIEN**—Welcome, Mr Davidson and Ms Rimington. I have some questions about a vessel called the *Baltimar Boreas*, a ship that caught fire last week after leaving the Port of Newcastle. Do you have any details of that incident, Mr Davidson?

**Mr Davidson**—Our interests and responsibility relate to the safety of life at sea matters and the safety of the vessel. There was a fire in the engine room at the stern of the ship. It was confined to that area and around one of the ship's generators and electrical cables from the generator. The cargo holds were not affected by the fire, and it was carrying containers as well on board which were also not affected.

We were advised that the crew responded quickly, flooding the engine room with halon gas, and the fire was reported to have been extinguished about 30 minutes after the ship first

sent a distress call seeking assistance. Fire damage to the electrical cables caused a power failure to the ship's engine, leaving the vessel drifting for a short time, some five to six nautical miles off the New South Wales coast of Port Stephens.

A tug was dispatched to the ship from Newcastle and arrived a couple of hours after the fire was extinguished. The arrangement had been set up by the owners of the vessel under normal commercial arrangements. They entered into a salvage arrangement with the local towage operator a few hours later. A tug towed the ship to the port, where the ship was met by a firefighting tug and another escort tug as an added safety precaution by the Newcastle Port Corporation.

After assessment of the ship's condition at berth, the cargo was discharged, and I understand that the ATSB is investigating the safety factors involved in the generator fire in the engine room. We are also advised that repairs are being undertaken to replace the damage done to the generator and electrical cabling. A replacement generator, it is understood, is being sourced from Europe, so it may take some time for that to be brought here. The repairs are to be satisfactorily completed under supervision of the ship's classification society.

**Senator O'BRIEN**—So what is the flag status of the ship?

**Mr Davidson**—My recollection is that it is Bahamian, from the Bahamas.

**Senator O'BRIEN**—When was AMSA alerted to this incident? Was it alerted at the time it happened or some time afterwards?

**Mr Davidson**—AMSA's RCC got a call at 0315 hours on the date of the fire, which was 9 February.

**Senator O'BRIEN**—I take it AMSA did not play any role in the dispatch of the tug?

**Mr Davidson**—No. My understanding is that Adsteam Marine at 0600 hours actually sent the vessel under their own initiative and shortly thereafter a commercial arrangement was entered into.

**Senator O'BRIEN**—So what time was the fire? What time did the fire occur?

**Mr Davidson**—I think we were advised virtually at the time that the crew discovered it, so on or about three o'clock in the morning.

**Senator O'BRIEN**—So the vessel was without power for about five hours before the tug got to it?

**Mr Davidson**—Yes.

**Senator O'BRIEN**—Which would have been at about eight in the morning.

**Mr Davidson**—I think they actually took the tug and settled the agreement around about 10.30 in the morning, with tow commencing about 10:40 hours.

**Senator O'BRIEN**—And the vessel is back in Newcastle?

**Mr Davidson**—It is there, yes, Senator.

**Senator O'BRIEN**—ATSB is investigating the safety aspects of the fire. Are there any investigations being conducted by AMSA?

**Mr Davidson**—No, Senator. Once the ATSB commence an investigation we would tend to assist them and allow them to get on with that investigation.

**Senator O'BRIEN**—What cargo was the ship carrying?

**Mr Davidson**—I do not have a complete list of the cargo that was being carried.

**Senator O'BRIEN**—Do you know certain of the cargoes, do you?

**Mr Davidson**—I have been informed that there was a various range of cargo. There were a number of containers and she also had below decks. But I am not sure because I do not have a manifest of the ship's cargo.

**Senator O'BRIEN**—Do you know whether it was carrying ammonium nitrate?

**Mr Davidson**—Yes, I am advised it was carrying ammonium nitrate.

**Senator O'BRIEN**—Any particular type?

**Mr Davidson**—I have it as ammonium nitrate carried in the containers on the deck. That is the only information I have.

**Senator O'BRIEN**—So you do not know the quantity?

**Mr Davidson**—I do not have the quantities, no.

**Senator O'BRIEN**—And other unspecified cargoes?

**Mr Davidson**—Yes. She would have a range of cargoes; correct.

**Senator O'BRIEN**—What was the origin of the ship's crew?

**Mr Davidson**—I do not think I have that information, Senator.

**Senator O'BRIEN**—Do you know what the vessel's destination was when it caught fire?

**Mr Davidson**—I believe it was Papua New Guinea.

**Senator O'BRIEN**—And it was a vessel under charter?

**Mr Davidson**—I am afraid I do not have that either, Senator.

**Senator O'BRIEN**—Do you know what its previous port was?

**Mr Davidson**—We could get that information for you.

**Senator O'BRIEN**—I was just wondering if it had been trading on the Australian coast—whether it was a permit vessel or an international vessel.

**Mr Sutton**—No, the vessel has visited Australia a number of times. They have always been on international voyages. Our records since the year 2000 indicate it has not travelled under a permit on any of those voyages, so it has not been carrying coastal cargo on any of those voyages.

**Senator O'BRIEN**—So did it call at other Australian ports before Newcastle?

**Mr Sutton**—We have some records, Senator, of its previous visits to Australia. On 2 February it had arrived in Townsville.

**Senator O'BRIEN**—And then it went to Newcastle?

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

**Senator O'BRIEN**—When did it arrive in Newcastle?

**Mr Sutton**—It arrived in Newcastle on 7 February.

**Senator O'BRIEN**—And it did not call at any other Australian ports in between?

**Mr Sutton**—No, Senator. This voyage arrived in Townsville and then voyaged to Newcastle.

**Senator O'BRIEN**—Do you know where it picked up the ammonium nitrate?

**Mr Sutton**—My understanding is that it was picked up from Newcastle at Kooragang Island.

**Senator O'BRIEN**—So the vessel was not travelling with a single or continuing voyage permit?

**Mr Sutton**—No, Senator.

**Senator O'BRIEN**—And it has visited the coast but has not had such a permit in the past?

**Mr Sutton**—That is correct, Senator. It is only required to have a permit if it is carrying coastal cargoes.

**Senator O'BRIEN**—The information I have been given is that the vessel has travelled from Brisbane to Newcastle to Townsville to Sydney to Newcastle to Townsville to Newcastle before the fire. What you are saying is that if it did that they were in the course of international voyages.

**Mr Sutton**—Yes, Senator. As I say, it has had a number of voyages to Australia in the last few years. The ports that it has visited certainly included Brisbane, Newcastle, Townsville, Melbourne, Fremantle and Dampier, but they have always been on international voyages.

**Senator O'BRIEN**—Okay. Do you know what nationality the crew is?

**Mr Sutton**—I am afraid not, Senator.

**Senator O'BRIEN**—The Office of Transport Security would have to know, wouldn't they?

**Mr Sutton**—No, Senator.

**ACTING CHAIR**—Does anyone know?

**Senator O'BRIEN**—Who gets told what the nationality of the crew is if they are sailing into an Australian port? I thought it was the Office of Transport Security.

**Mr Sutton**—Customs.

**Senator O'BRIEN**—Customs?

**Mr Sutton**—Yes.

**Senator O'BRIEN**—I asked some questions earlier and I think referred to AMSA about a vessel, the *Destiny Queen*. It is a foreign-flagged aquaculture vessel semipermanently moored in South Australian waters in the Spencer Gulf. Australian Customs have determined it to be imported into Australia within the meaning of the Customs Act as if it were registered in

Australia. That would place it under the coverage of the Navigation Act, wouldn't it, Mr Davidson?

**Mr Davidson**—Senator, as far as I understand, it is not registered in Australia so it does not come under the Navigation Act. It is currently operating on intrastate aquaculture business as a licensed marine mollusc farm and is coming under the jurisdiction at the moment of South Australian marine.

**Senator O'BRIEN**—So I take it AMSA has had no role with this vessel?

**Mr Davidson**—We have had no role, Senator.

**Senator O'BRIEN**—So if it is deemed to have been imported into Australia within the meaning of the Customs Act as if it were registered in Australia, what obligation is there to register?

**Mr Davidson**—I think it is because the vessel is operating on an intrastate operation and does not operate interstate. The jurisdiction that applies to it is the state jurisdiction. The fact it was deemed to have been imported by Customs is a matter that Customs deals with. There is an arguable issue about whether it would fall under the Navigation Act anyway because of the nature of the ship—that is, it is not a cargo ship or a trading ship but is involved in the aquaculture business and probably does not come under the Navigation Act definitions.

**Senator O'BRIEN**—Thank you for that. That is all I have on that.

[2.41 pm]

#### **Aviation and Airports**

**ACTING CHAIRMAN**—We are moving on to item 7, Aviation and airports.

**Senator O'BRIEN**—In a recent audit of the management of federal airport leases, it was noted that the department found a statement made to bidders by the Commonwealth in the second phase of sales in 1998 had undermined the Commonwealth's contractual rights to recover lease administration costs for some airports. As a result, it has decided not to recover costs from any airports. What is the current estimate for lease administration costs for each of the 22 airports for this financial year?

**Mr Williams**—We gave an estimate of about half a million dollars to the ANAO.

**Senator O'BRIEN**—Is that figure able to be carried forward annually? Would it change?

**Mr Williams**—Yes, it is part of the ongoing functions of the branch in terms of the lease oversight functions.

**Senator O'BRIEN**—So for the next three financial years it would be half a million dollars a year?

**Mr Williams**—Approximately that, yes.

**Senator O'BRIEN**—Has the department considered negotiating with airport lessees to agree a basis for administration cost recovery?

**Mr Williams**—No, we have not had those negotiations.

**Senator O'BRIEN**—Why not? Have you considered them?

**Mr Williams**—We took a conscious decision as part of responding to the ANAO audit of, firstly, analysing what the costs were and then looking at our recovery options. We took a conscious decision as part of an overall departmental look at cost recovery functions to not seek to recover those costs. I think the audit report that you referred to highlights a view taken by the Department of Finance and Administration that it believes these post-sale costs should be borne by the Commonwealth.

**Senator O'BRIEN**—So that is the government's view, is it? It believes that post sale should be borne by the government?

**Mr Williams**—That was the view expressed by the department of finance to the JCPAA.

**Senator O'BRIEN**—So that is the government's view?

**Mr Williams**—Well, the department has taken the position.

**Mr Mrdak**—Yes.

**Senator O'BRIEN**—Also, in recent airport lease audits, it was noted that certain letters of comfort have been provided regarding sublessees remaining on airport sites as lessees in the event of early termination of the airport lease. Can you tell us who the recipients of the first five letters of comfort were and which airports and which developments were covered in them?

**Mr Williams**—Can I take that on notice? I will try to get it today.

**Senator O'BRIEN**—Thank you. The audit also notes some concerns about the department's approach to assessing the achievement of each airport's obligations to undertake capital expenditure on aeronautical infrastructure development. What were the inconsistencies in the nature of expenditure that were accepted or rejected for different airports?

**Mr Williams**—Again, I will have to take the detail on notice.

**Senator O'BRIEN**—What has the department done to address concerns raised in the audit?

**Mr Williams**—As highlighted by the ANAO report, I think we have taken a number of initiatives to improve the oversight of the leases and the development obligations. In particular, we reviewed and enhanced our guidelines for assessment of the development obligations. We centralised the function into one area of the branch so a consistent approach was taken to overseeing the obligations. We also made enhancements in terms of follow-up of questioning of airports and making sure that they submit their reports in an appropriate manner and on time.

**Senator O'BRIEN**—Perhaps on notice would you mind letting me know what the current status of each of the leased airports is when it comes to aeronautical development obligations?

**Mr Williams**—Yes, we can get you that. In relation to the inquiry into the bill the other day, we have been looking into the capital expenditure and we have a table we can provide to the committee. There are only four airports left with obligations.

**Senator O'BRIEN**—How is Sydney airport's progress in that regard?

**Mr Williams**—Sydney airport did not enter into any development obligations as part of the sale agreement.

**Senator O'BRIEN**—I want to raise with you the issue of what some might describe as ambiguity, but it is the payment to councils of rate equivalent payments for non-aeronautical development and usage of airport land. This has been raised by Belmont council with respect to Perth, for example, and also in relation to Adelaide airport. What is the status of this dispute? Is there any development which would indicate that the ongoing problems of those airports have been resolved?

**Mr Mrdak**—I do not know if you could categorise them as being in dispute. I think they were last year in relation to both airports. There were issues of payments that were due. My understanding is that in both Perth and Adelaide airports the payments have been made and all payments now due have been paid and there are no arrears. The issue remains that councils have sought some clarity about the application of the lease provision in relation to vacant land and how that operates. They have raised in the hearings on the airports legislation most recently the issue of the ability of the airport operator to be exempt from the payment of rates on vacant land by virtue of the airport lease's operation on such rates had they been off the airport site.

We do not believe there is ambiguity. The airport lease is clear. That vacant land is not subject to the ex gratia payments or rate equivalent payments. In that sense, the councils have put to me a position that they wish us to consider, which is that as the airport land—the vacant land—is zoned under the master plan for particular future purposes, then there should be a process by which that then becomes rateable. That is a position I am now considering and we are now undertaking some work on, and I will be providing a response to that. Obviously, that is something which I will put to the minister for his consideration in terms of clarifying a potential position going forward. But at this point we do not believe that there is an ambiguity. That vacant land is not subject to rate equivalent payments on the airport site.

**Senator O'BRIEN**—Do you think that the department could be better equipped to deal with this issue or, in your view, are there the skills currently within the department to enable the department to deal with the issues being raised by local government and the airports with regard to these leases?

**Mr Mrdak**—My view is that the department has handled these issues well.

**Senator O'BRIEN**—Which airport development proposals are still being considered by the minister or are undergoing a consultation process with the airport lessee?

**Mr Mrdak**—In terms of major development plans?

**Senator O'BRIEN**—Yes, major development plans.

**Mr Mrdak**—We can get you some details on that.

**Mr Williams**—I will have a go from memory, but I will confirm it if I am not correct. Currently, the minister has before him a major development plan from Canberra airport for some offices near the Brindabella Park area. He has two minor variations to master plans for the Adelaide and Parafield airports. Hobart airport has its direct factory outlet proposal that the public comment period closed on last year. They have not yet submitted that proposal to

the minister. Melbourne airport similarly had some retail and bulky goods centres proposal out late last year. Again, I think the public comment period has closed on that and that has not yet been submitted to the minister. Perth airport currently has a proposal for a distribution centre out for public comment.

**Mr Doherty**—I think the Brisbane airport additional runway has just closed for the public comment period but, again, is yet to be lodged with the minister

**Senator O'BRIEN**—What are the master plan changes being proposed by Adelaide?

**Mr Williams**—I believe Adelaide relates to a variation that would enable a childcare centre to be constructed on the Burbridge West precinct.

**Senator McEWEN**—Is that an extension to an existing childcare centre or a new childcare centre.

**Mr Williams**—I am not sure. I will have to take that on notice. With Parafield, I will have to check for you.

**Senator O'BRIEN**—When the proposals reach the minister, what special resources are applied to those proposals from within the department or elsewhere? For example, do you have a qualified town planner or traffic experts, or the like, to deal with those issues?

**Mr Williams**—It depends on the particular proposal. Certainly, we have in-house resources. We do have some town planners, we have people who have environmental expertise, we have people with legal backgrounds. Each development proposal, firstly, goes to the Department of the Environment and Water Resources for an assessment of the environmental impacts. All development proposals also go to Airservices Australia and to CASA for an assessment of aviation impacts. Recently, in relation to one particular MDP, we sought external expertise on a range of matters as well. It depends on the nature of the proposal.

**Senator O'BRIEN**—So there is no shortage of skills, in your view, within the department to deal with those and to deal with issues of the compatibility of the proposals with surrounding city plans or municipal plans?

**Mr Williams**—I believe we have the necessary skills to apply those to each proposal.

**Senator O'BRIEN**—So officers of the department apply the necessary skills with regard to planning issues and traffic issues to the proposals in assisting with the assessment within the department?

**Mr Mrdak**—As Mr Williams has indicated, in circumstances where we feel we do not have the skills in-house then we do seek external advice, as appropriate. We believe that we do have a good mix of skills available, but obviously, that will not cover all scenarios and issues that have been raised in the major department plans. That is a judgment we make when we are working through the draft MDP—seeing what sorts of comments are being made and what feedback we are getting. We make some judgments about what resource we will apply and what, if any, external specialist skills we may need to engage.

**Senator O'BRIEN**—I have no further questions in this area, but I know my colleagues have.

**Senator STERLE**—I think you know what I am going to ask you a few questions about. I still cannot get my head around the fact that Perth is going to have a brickworks on its airport there. I would like to refer you to the Airports Act 1996, clause 131C(1)(b) concerning environmental standards, which states:

A person commits an offence if the person engages in conduct that directly or indirectly results in environmental pollution that affects an area that consists of, or is included in, an airport site if the pollution harms, or has the potential to harm, the environment and

... ..

(b) the pollution results, or has the potential to result, in harm to public health or to public safety.

In respect of this clause, and given that the report on the brickworks proposal prepared by the department of the environment and heritage had a number of serious public health and other concerns about the proposed brickworks, I ask: before approving the brickworks, what other expert advice did the Minister for Transport and Regional Services receive to assure himself that there was no potential public harm to people living or attending school in the proximity of the BGC brickworks?

**Mr Mrdak**—As we have discussed, the minister had regard to the report and the assessment undertaken by the then department of the environment and heritage, and the advice provided by the then minister to him in relation to the assessment that had been undertaken. Also, the department itself undertook an assessment of the major development plan in relation to various environmental issues arising. The minister's decision incorporated some 60 conditions which are required to be met by the proponents both prior to the development and then in the ongoing operation of the brickworks. So, in summary, the assessment report undertaken by DEH and our own assessment work undertaken by the department informed the minister and the advice that went to the minister.

**Senator STERLE**—Were there any other sources for your advice?

**Mr Williams**—Apart from the monitoring I mentioned to Senator O'Brien in terms of the facts—a number of the conditions went to some of the aviation impacts—and some advice from CASA and Airservices.

**Senator STERLE**—Would you be able to supply the committee with those impacts or those other impacts?

**Mr Williams**—The advice from Airservices and CASA?

**Senator STERLE**—Yes.

**Mr Williams**—Yes, I will take that on notice.

**Mr Mrdak**—I do not think there is any issue providing those. Certainly, in relation to the environmental areas of concern, they were very much guided by the assessment undertaken by the Department of the Environment and Heritage.

**Senator STERLE**—Even though the Western Australian department of environment put out a scathing report—a very scathing report?

**Senator Ian Campbell**—They put out a scathing report that looked at the failure of the WA government to enforce their rules within the Swan Valley airshed. That is what that report

was; it was scathing. What that report will show, and I am happy to have it tabled here, is that if the WA state government—particularly the former minister, Judy Edwards—had in fact enforced the rules that applied to the brickworks in the Swan Valley generally—and I am glad they have as a result of my former department's report, which created such a political furore in the Swan Valley, that they are now going to start enforcing the existing brickworks to come up to national best practice, as the new brickworks will. What will actually occur in the Swan Valley airshed is that there will be a reduction in the amount of pollutants in that airshed in coming years.

**Senator STERLE**—So are you saying that it will be the best practice brickworks or something? Is that what you are saying?

**Senator Ian Campbell**—I am just saying from my memory of reading the reports from being previously the minister for the environment that if the existing brickworks apply the same sort of pollutant standards and technology to their brickworks, which they will now be required to do because the WA government has been shamed into actually enforcing their laws, then the total number of pollutants in the Swan Valley airshed will, in fact, come down in the coming years and that would be a very good thing.

**Senator STERLE**—I just want to quote something from a colleague of yours, Mr Henry, the member for Hasluck in a grievance debate in the lower house on 4 September 2006. Mr Henry's words were:

It is easy to say that this will be 'the best brickworks around'. The community are not stupid—far from it. They see through this for what it is: empty posturing. We can say what we like; they know they have been overruled in this matter...

He goes on to say:

The truth is that the Western Australian Department of Health raised serious concerns about adverse health effects on those living nearby.

So would you say that your colleague Mr Henry is way out of kilter as well?

**Senator Ian Campbell**—No, I would not. He is quite right. He is working very hard for his local constituents, but the fact is that if you look at one brickworks on one site in isolation from the others, you can reach one set of conclusions but if you look at it from the point of view of all of the people who live out near the Swan Valley airshed, which is where I used to live, the best thing for those people is to see the pollutant level coming down overall.

**Senator STERLE**—No argument. I would agree with you and have agreed with you on more than one occasion on that.

**Senator Ian Campbell**—And you would agree that it is long overdue that the WA government cracked down on the existing brickworks.

**Senator STERLE**—How can you tell me that the people of Forrestfield, High Wycombe, Maida Vale and South Guilford will be better off with a brickworks in their area when there was never one there before? Even your colleague Mr Henry is disputing your claims here today.

**Senator Ian Campbell**—What I am saying is that the amount of pollutants out there will come down because of the environmental impact work done by my previous department. The

focus that that brought on the existing brickworks in that area, which will affect the quality of the air overall in those suburbs that you have mentioned, that is quite right, because of the controversy surrounding the brickworks at Perth airport, because of the quality of the environmental assessment that was done by the Commonwealth. There were, for example, no environmental assessments done on substantial expansions of Midland Brick's operations owned by Boral.

**Senator STERLE**—How far away is that from Perth airport?

**Senator Ian Campbell**—A short distance.

**Senator STERLE**—How far.

**Senator Ian Campbell**—I would have to get a map and measure it off. It is not very far, though. It creates pollutants for that district. It is actually very close. But the point that I was getting to was that the massive expansion of that facility and a massive expansion of the pollutants going into the atmosphere in that part of the world was not subjected to any environmental assessment whatsoever—no public consultation. So as a result of our very detailed process, very detailed public consultation, a light was shone on the substantial pollution issues in that area because of the brickworks in that zone that have traditionally been located there for a whole range of factors, not the least of which being closeness to the clay deposits. That is why traditionally Midland Brick was built where it was—back, I think, before the war. But because of that focus, because of the very hard work of Stuart Henry, a light was shone on the inadequacy of the Labor Party in government in Western Australia, the inadequacy of their environmental assessment processes and the inadequacy of their processes to enforce their own laws in relation to emissions into that area.

I think one of the great outcomes of the process that was initiated by the Commonwealth was that the WA government has now got serious about enforcing their law in relation to pollutants going into that air. So the people—ironically, I guess—in that area will breathe better air in the future than they would have in the past.

**Senator STERLE**—So on that statement one would think that Mr Henry and the people of those surrounding suburbs should be doing somersaults then.

**Senator Ian Campbell**—I think they are very happy that they have a member in Stuart Henry who has actually helped to shine a light on the failures of the Labor Party in Western Australia to protect pollution. We hear Labor talking about caring about the environment but when it came to the quality of the air that the people out there in those suburbs and also the Swan Valley breathe, Stuart Henry has done more for them in terms of improving the quality of the air they are breathing than any state or federal member in the last quarter of a century. So they do not need to be doing somersaults. I have written to most of them. I think every one who wrote to me I personally wrote back to as environment minister. I know that they are not going to want a facility near their homes; I understand that. But the reality is that, because of what has occurred, the air they breathe will actually be a lot cleaner than it was if Stuart Henry had not campaigned on this.

**Senator STERLE**—I take that on board, but I see Mr Henry actually tips a bucket of manure on you and your government because it is not what he says in the grievance debate.

**Senator Ian Campbell**—A bucket of what, sorry?

**Senator STERLE**—In the debate in the House.

**Senator Ian Campbell**—He is doing his job and he is doing it very, very well.

**Senator STERLE**—For you to say that it is a fantastic result for the people in those surrounding suburbs I find appalling. I think it is disgraceful.

**Senator Ian Campbell**—It is a fantastic result because, finally, your comrades in the WA Labor government have been found out for not enforcing their own laws. So you can actually—

**Senator STERLE**—So Mr Henry is now going to be one of my comrades, is he?

**Senator Ian Campbell**—They are going to crack down on Boral and say, ‘Boral, don’t come around complaining about other brickworks when your own house is filthy dirty and needs to be cleaned up.’”

**Senator STERLE**—So is Mr Henry one of my comrades now?

**Senator Ian Campbell**—No, your comrades in the WA Labor government.

**Senator STERLE**—Because the statements he makes about you and your government—

**Senator Ian Campbell**—Your comrade Judy Edwards, who did not enforce the law in Western Australia which ensured that people had to breathe pollution there for years and years and years.

**Senator STERLE**—I will quote some of Mr Henry’s lines to you.

**Senator Ian Campbell**—In retrospect, there is no doubt that that was one of the contributing factors to her resigning from the job as environment minister. She jumped before someone found out that she had allowed thousands and thousands of tonnes of pollutants to go into the air above the Swan Valley.

**Senator STERLE**—You can make as many assertions as you like, but I will bring you back—

**Senator Ian Campbell**—I will.

**Senator STERLE**—I will bring you back to a few statements.

**Senator Ian Campbell**—Your comrades in the WA Labor Party ensured that there was a lot of pollution going into the atmosphere out there. Stuart Henry shone a light on it. They have now been shamed into action years and years after the fact, and that is a good thing. You cannot deny that. Do you stand by the failure of your Labor comrades in Western Australia to enforce the law in relation to pollution in that area? Do you stand by that?

**Senator STERLE**—I asked you a question.

**Senator Ian Campbell**—You answer that one first. Do you stand by your Labor comrades because they are polluters?

**Senator STERLE**—The people of Hasluck should be doing somersaults because you are so fantastic to them. Mr Henry exposed you as the charlatans you and your government are in

the concerns of these brickworks, and you know damned well and you would not have the guts—

**Senator Ian Campbell**—If you will not distance yourself from the Labor Party in WA then you are complicit in their poisoning of those people. Do you stand by their decision?

**Senator STERLE**—You do not answer the questions I ask.

**Senator Ian Campbell**—No—

**ACTING CHAIR (Senator Nash)**—Enough. Back to the question, please.

**Senator STERLE**—Thank you, and I will take that on board, because the minister does have a glass jaw when he starts talking about things to do with polluting the suburbs around the Perth airport.

**Senator Ian Campbell**—Your comrades allowed the pollution to go into the atmosphere. You have an opportunity here to say that you support what Judy Edwards did or say she made a mistake. Do you support what Judy Edwards—

**Senator STERLE**—I will come back to the question.

**Senator Ian Campbell**—Do you support what Judy Edwards did?

**Senator STERLE**—I am not going to engage, through you, Acting Chair, the minister deflecting everything, because I have now signed up, I believe, Mr Henry as one of my comrades. So if you want to read the bucket that was tipped on you, by all means go to the *Hansard* and check it out, because I am sure the people of Hasluck would love to hear what you just said.

**Senator Ian Campbell**—Do you stand by Judy Edwards poisoning the people of the Swan Valley or not?

**ACTING CHAIR**—Come back to the question, please.

**Senator STERLE**—I will come back to the question, and I do not care who answers this—and if it is you, Minister, bring it on, please. I will be interested to hear your answer. Condition No. 21 of the minister's approval of the brickworks as part of the Perth airport master plan states:

WAC and BGC must obtain and maintain all Commonwealth, State or local government permits, licences, authorisations etc necessary for the construction or operation of the Brickworks.

What does this condition mean in reality?

**Mr Mrdak**—It is designed to ensure that, where any permits or licences are required to be held under any pieces of Commonwealth legislation—and that may be environmental legislation at the Commonwealth level, such as the EPBC Act—or under any state law where that applies by virtue of the Commonwealth Places (Application of Laws) Act, that they must be held, such as for the operation of certain sites. So it is a catch-all provision designed to ensure that they are required to hold and maintain all necessary licences and approvals.

**Senator STERLE**—What permits, licences, authorisations et cetera has the WAC and BGC been required to obtain from the state government and local government up to this point

and what will they be required to obtain prior to the completion of the building of the brickworks and prior to the commencement of brick production?

**Mr Mrdak**—I would have to check as to what they have at this stage. In terms of statutory authorisations and the like, we know that there has been process concluded with the council in relation to some of the road issues. But I would have to check in terms of any other particular licences or permits that have been required. I am not sure that too many have been required at this point, but I will check for you.

**Senator STERLE**—Thank you. What contact did the Department of Transport and Regional Services have with the WA Department of Planning and Infrastructure and the WA Department of Environment and Conservation regarding Westralia Airports Corporation's plans to lease Perth airport land for a brickworks?

**Mr Williams**—I am not aware of any particular contact. That would have been a matter for the WAC in the first instance when it brought up the proposal.

**Senator STERLE**—So DOTARs had no contact with the state government.

**Mr Mrdak**—We will check that. Our role is really in the assessment of the major development plan once it was lodged, which included submissions from WA agencies.

**Senator STERLE**—You might want to take this on notice too. Have either of these departments indicated that there was no objection on planning or environmental grounds in regard to the location of a brickworks on Perth airport land?

**Mr Mrdak**—Certainly the WA government did lodge a submission on the major development plan which included, I would have thought, comments from those agencies. We will check that and come back to you in relation to their exact comments. But those comments were addressed in our assessment for our minister in relation to the project.

**Senator STERLE**—One of the reasons given for approving the building of the brickworks on Perth airport land was that there was no other commercially viable and environmentally suitable site available in proximity to the Perth metropolitan region. How did the department justify its position that the location of a brickworks conforms to contemporary community standards regarding the community's right to be able to reside in environmentally safe urban areas?

**Mr Mrdak**—Certainly the issue of the suitability of that site was part of the MDP and also our assessment of the MDP which was undertaken. I would have to go back and check the MDP, but it certainly went through the argument in relation to why that site was the most favourable and why that was suitable land use for that site. We essentially concurred with that view.

**Senator STERLE**—Did the department confirm the validity of the claim of the proponents of the brickworks that the Perth airport land was the only commercially practical location available for a new brickworks to meet Perth's growing demand for bricks?

**Mr Mrdak**—I certainly think there was a lot of evidence, and there continues to be, of the demand for bricks in Western Australia which is struggling to be met. I do not think anyone is putting a counter view. There is a building boom in WA and a shortage of bricks in that sense from local production. In terms of the difficulty of building a brickworks around that area or

in other parts of Perth, I think that was a position that was put in the MDP and it was confirmed by the general view in the building community in WA about the shortage of building and brick capacity in the current brickworks.

**Senator STERLE**—On what information has the department based its findings that there was no other commercially viable environmentally suitable site for the planned brickworks?

**Mr Mrdak**—Our assessment is against the criteria in the Airports Act. That is really where our assessment is based. The rationale for selecting the site is really with the developer and the WAC in terms of the commercial arrangements. That is a judgement they make in terms of commercial viability of the operation. We assess the project against the criteria in the act and the standards in the regulations.

**Senator STERLE**—Did the department correspond with the WA Department of Planning and Infrastructure requesting information on possible locations in or near the Perth metropolitan area?

**Mr Mrdak**—We will check whether there is any direct correspondence. I am certain that there were consultations and discussions between the WAC, the brickworks developer and the department, but I will check whether there was any direct correspondence between ourselves and that agency.

**Senator STERLE**—If there were, would you be happy to supply it to the committee?

**Mr Mrdak**—I would be happy to. I will check that.

**Senator STERLE**—Given the responsibilities under the Airports Act 1996 to prevent environmental and public health hazards on Australian government airport land, did the department seek input on the Perth airport brickworks proposal from the WA Department of Health?

**Mr Mrdak**—As I say, the WA government provided a submission to the MDP. We looked at that MDP and sought advice from our environment and heritage department.

**Senator STERLE**—So you never had any contact with the WA Department of Health?

**Mr Mrdak**—I will check that, but I am not aware of any such contact.

**Senator STERLE**—Would you know whether there was correspondence between DOTARS and the Department of Health in WA about the possible public health issues in respect of the proposed brickworks?

**Mr Mrdak**—I am not aware of any such correspondence between ourselves.

**Senator STERLE**—If there is, would you be happy to supply it?

**Mr Mrdak**—I am happy to supply it if there is, but I am not aware of it.

**Senator Ian Campbell**—I think you would expect that if the WA government made a submission it would be a whole-of-government submission that would incorporate comment from the relevant departments. That would be the normal process. I think going down the route of asking, 'Did our department speak to this agency or that agency in WA?' would ignore the reality that the WA government put in a whole-of-government submission. That is not to say that, if we had questions to ask, if we needed to delve into something that the WA

government had raised, we would not go back to the WA government. But I think the normal protocol would be to go back to the author of the submission from WA and say, 'Here is a range of issues that we need to raise,' and then allow the WA contact to go back to the relevant agency. That would be my understanding of the proper process.

**Senator STERLE**—Did the department consider that the approval of a brickworks on Perth airport land and therefore under Commonwealth jurisdiction may provide a valuable, unfair competitive advantage to the owner of the proposed new brickworks given that this particular operation would not be subject to state planning environmental laws?

**Mr Mrdak**—I am not aware of it being located on Commonwealth land that it is at an advantage over competitors who are off the airport.

**Senator Ian Campbell**—The environmental requirements on this land substantially outweigh the environmental requirements on other brickworks in the area.

**Senator STERLE**—Just so you do know, Mr Mrdak, all of the other brickworks are just on the fringe of the metropolitan area. How is it that the department did not consider this important commercial consideration, as any other proponent of a brickworks would be unlikely to get state government approval for a brickworks immediately adjacent to a residential area?

**Senator Ian Campbell**—That is another untrue statement because a massive expansion of a brickworks very close to this one occurred with no environmental assessment process whatsoever at the same time—no public comment, no assessment process. It was ticked and flicked.

**Senator STERLE**—An existing brickworks.

**Senator Ian Campbell**—A massive expansion of an existing brickworks—two new kilns.

**Senator STERLE**—Yes, I think I read something where you said something that did not quite match up, Minister, and I would like to have a further conversation about it. That was a proposal for a new kiln, was it not?

**Senator Ian Campbell**—Yes.

**Senator STERLE**—Was that at Boral?

**Senator Ian Campbell**—It is an EPA document. We can actually table the document. I am happy to get it.

**Senator STERLE**—Was there a proposal for two? I am just trying to remember.

**Senator Ian Campbell**—You do the remembering. We will find the document and table it.

**Senator STERLE**—Yes, good. One did not actually go up. I remember you saying that both went up or both proposals but it was not quite true.

**Senator Ian Campbell**—The proposal was subject to no environmental assessment. It was ticked and flicked and did not require an assessment.

**Senator STERLE**—I can help you out with one of your statements.

**Senator Ian Campbell**—Thanks a lot. You are always very helpful.

**Senator STERLE**—I look forward to swapping pieces of paper there. So does this mean that practically anything goes in regard to the commercial use of airport land so long as you can get away with it?

**ACTING CHAIR**—Senator, I do not think that is particularly helpful.

**Senator STERLE**—I will ask this question: what if someone wanted to put a brothel on airport land?

**Mr Mrdak**—There is a prohibition under the legislation to any prostitution activities on airports.

**Senator STERLE**—Is there an environmental impact statement?

**Mr Mrdak**—There is a prohibition on any activity. There is no need to do any assessment.

**Senator STERLE**—That is right. I just had to follow that up because the chair asked that the other day.

**Mr Mrdak**—The position is very clear. It is in the legislation. There is a prohibition on any such activity.

**Senator STERLE**—Good. It is a shame we cannot say the same for brickworks. Does the Department of Transport and Regional Services keep track of the ownership of the Westralia Airports Corporation and of the environmental policies and track record of the WAC's majority shareholders?

**Mr Mrdak**—The department maintains details of all ownership. The airports are required to lodge returns with us in relation to their ownership structure to enable us to assess that there are no compliance issues which mean that they would be in any way in breach of our legislation in relation to ownership and the like, so we are well aware of ownership.

**Senator STERLE**—So you would be aware that the majority shareholders of WAC are linked to Hastings Funds Management which is in turn wholly owned by the Westpac bank?

**Mr Mrdak**—We would have details of the ownership.

**Senator STERLE**—Would you be aware that Westpac bank has a publicly stated position that 'environmental considerations are factored into our an investment and lending decisions and we also adhere to the equator principles in managing environmental and social risk in project finance'. Also included in the bank's policy is a commitment to meet or exceed relative standards in each country it operates in and to respond to community expectations in environmental responsibility. Has there been any contact with Westpac bank to confirm that the leasing of Perth airport land by WAC to BGC for a brickworks is compatible with Westpac's commitment to socially responsible environmental policies in its business dealings?

**Mr Mrdak**—I think the Australian government has been very clear in the conditions placed on the brickworks development. It will be forced to far exceed all existing standards in WA in relation to the operation of this brickworks. I think the minister made that clear at the table previously. I do not think there is any issue that this brickworks, if it operates in accordance with its proposal, will exceed the standards in terms of environmental outcomes.

**Senator STERLE**—I want to raise with you an article at page 8 of the *Australian* on Tuesday where it is reported that the minister has rejected some shops in Sydney airport because of the fear that it could be hit by a plane. Are you aware of that?

**Mr Mrdak**—That is correct. The minister has recently rejected a major development proposal by the Sydney Airport Corporation for a retail commercial development in close proximity to the runways of Sydney airport.

**Senator STERLE**—Do you know how high that building would have been?

**Mr Mrdak**—My recollection is of the order of 18 metres. I can check that. It is of that order.

**Senator STERLE**—Would you be able to tell me the size of the chimney stack for the Perth brickworks?

**Mr Mrdak**—I will come back to you on that.

**Senator STERLE**—You may want to take this on notice, Mr Mrdak. How close to the end of the runway is that chimney stack?

**Mr Williams**—We will take on notice the exact details. The assessment took into account the potential impact on what is called the obstacle limitation surface which is the protection of airspace in and around the airport. The chimney stack came well within the height limitations of the obstacle limitation surface. It did not penetrate the OLS. The assessment said that the plume that would come out of the chimney stack would not penetrate and cause a potential impact on aviation operations. The conditions on the approval also highlight towards the end that, once the brickworks is operational, if the speed of the plume coming out of the stack is different to what was proposed or modelled in the MDP, that would need to be referred back to CASA and to Airservices for further assessment.

**Senator STERLE**—I will get you to take it on notice. Can you come back to me with the height and the distance from the end of the runway. I have no further questions.

**Senator McEWEN**—When do you think you will make the decision about the proposal that you talked about earlier that vacant land may be considered rateable?

**Mr Mrdak**—I would hope to be able to get some advice to the minister in the next few weeks. We are currently having a look at that proposal being put by councils. I received it just prior to us appearing before the committee—that is, a week or two ago. I am having a look at that proposal now. I will take that position to the minister. The position of the Commonwealth is that vacant land is not rateable as per the provisions of the airport lease at this time. I would be hoping to provide some advice to the minister shortly to have him reconsider it if he wishes to do so.

**Senator McEWEN**—Who are you taking advice from about that?

**Mr Mrdak**—We will undertake some analysis within the department in the first instance and provide advice to the minister. We may seek legal advice depending on any issues arising.

**Senator McEWEN**—Is it too early for you to have made any judgement about what the likely cost would be to the airport operators if that proposal went ahead?

**Mr Mrdak**—It is too early. Essentially it is a matter of principle, firstly. Really we go back to the original intent of the wording of that clause in the airport lease which reflected a longstanding position that the site has been acquired for aeronautical development and it is being held essentially for long-term aeronautical development. Where land is available for that and it does not conflict with the long-term development of the airport then it is available for other non-aero commercial development.

At the end of the day, the airport owners bear a cost in operating an airport in accordance with the lease and the act so we need to balance that original intent of the lease clause with the view of the local government that, if it were under their regime, that land would be rateable. That ignores the fact that what we have here is a unique situation. It is really an issue. This is a Commonwealth place which is not subject to state and local tax and it has obligations on it for the operation of an airport. We have to balance that original intent with the desire of the councils to receive rate equivalent payments.

At the same time we have to make a judgement of how this sits with the original competitive neutrality provisions, which is why this was set up. Is this vacant land in competition with land off the airport or does the competition with businesses off the airport commence at the point at which a business is constructed and is operating on the site. These are the sorts of considerations we will look at.

**Senator McEWEN**—Excuse my ignorance about this, but under competitive neutrality or the equivalent regime is land tax taken into consideration?

**Mr Mrdak**—They pay a land tax equivalent payment and that is paid to the Commonwealth.

**Senator McEWEN**—Are there any exemptions or special requirements? Does the issue of vacant land apply in terms of calculating land tax?

**Mr Mrdak**—Yes, it does. It is a similar provision in relation to it. The land tax provision is really designed to ensure that businesses that are operating commercial operations on the airport are not at an advantage to those operating outside the airport through the application of land tax on rate equivalent payments. I would be happy to provide you with the relevant section of the airport lease which deals with land tax as well if that would be of assistance.

**Senator McEWEN**—That would be useful. Do you have any blues with airport lessee companies about calculations of land tax?

**Mr Mrdak**—I do not think there is any tax anywhere that is not the subject of disputes or views. I think on the whole we have settled the arrangements about how it applies at the each of the airports.

**Senator McEWEN**—Are there any ongoing arguments with airport lessee companies about land tax calculations?

**Mr Mrdak**—I think all of them would like to pay a lot less.

**Senator McEWEN**—Are there any live disputes at the moment?

**Mr Mrdak**—No.

**Senator McEWEN**—But there have been?

**Mr Mrdak**—In the early stages of the process, when the boundaries of how this land tax should operate and the valuations to be undertaken and the like were decided, there were differences of opinion, but I think they have largely been settled now.

**Senator McEWEN**—Are the principles that you use for calculating the land tax and the council rates the same?

**Mr Mrdak**—Broadly. We apply the equivalent provisions of state legislation and the like.

**Senator McEWEN**—And that is available—

**Mr Mrdak**—We provided some guidance material to airports quite early on when this regime was first put in place. There was some tension around how this would operate. But the guidance we have provided to airport operators, which has largely operated quite well since the early days, we can provide to you and that will show how this is calculated.

**Senator McEWEN**—That would be good—including any exemptions.

**Mr Mrdak**—The provision of the lease sets out the areas that are subject to the land tax.

**Senator McEWEN**—Have any airport operators refused or withheld payments to the Commonwealth on the same basis that councils have because they are not happy with the calculations?

**Mr Mrdak**—Not that we are aware of.

**Senator McEWEN**—Never?

**Mr Mrdak**—I will check that, but I do not think so.

**Senator McEWEN**—If that has happened and there has been a refusal to pay, could you check whether the department has used its powers under the legislation to have the payments made.

**Mr Mrdak**—The provisions for land tax are under the lease, but we can certainly check. I am not aware of any such dispute.

**Senator McEWEN**—Senator Sterle mentioned earlier the ministerial rejection of the MDP for Sydney airport recently. Is that the first rejection?

**Mr Mrdak**—Yes.

**Senator McEWEN**—Of an MDP?

**Mr Mrdak**—Yes.

**Senator McEWEN**—You could probably take this on notice. I think I asked a similar question in the inquiry but of course the information here is public. Can you let me know how many MDPs have been submitted for ministerial approval since the introduction of the Airports Act in 1996 and what number have not been considered by the minister within the designated 90-day period?

**Mr Mrdak**—I can tell you that there have been none.

**Senator McEWEN**—None?

**Mr Mrdak**—All MDPs that have been submitted have been considered by the minister and have had a decision taken in relation to them within the statutory period.

**Senator McEWEN**—So a decision has been taken. Have any of them been approved by virtue of the fact that the minister has not approved them?

**Mr Mrdak**—No. In all situations the minister has considered the assessment report and made a decision.

**Senator McEWEN**—How many of them would have required more information prior to approval by the minister?

**Mr Mrdak**—All of them have been assessed and a decision has been taken. In that sense, the minister has reached a judgement about the adequacy of the major development plan in reaching his decision. The benefit of the ‘stop the clock’ provision which we are seeking in the current amendment is to enable us, where we feel there is not enough information, to stop the clock, go back and seek further information. I think it is fair to say that we have not reached that position to this point, although it would certainly be useful at times to have that ability to seek additional information.

**Senator McEWEN**—Under the current legislation, though, if any MDP has been put before the minister and there has been no subsequent necessity to find out any more information, they have been ticked off?

**Mr Mrdak**—We would do our assessment and if we—

**Senator McEWEN**—Before it gets there?

**Mr Mrdak**—We do our assessment. Generally the airports are working with us. They are giving us drafts as they are working it out before they submit the final MDP for ministerial consideration. We do our assessment within that statutory period. If there are gaps in the information, we usually know and we work through those generally before they are submitted.

**Senator McEWEN**—Before it gets to the minister’s desk?

**Mr Mrdak**—During our assessment if there are gaps we draw those to the attention of the minister and our assessment reflects where we feel there are, if any, deficiencies in information.

**Senator McEWEN**—In terms of the deficiencies of information, does that include serious concerns raised by residents or business interests near the airport?

**Mr Mrdak**—Yes, it would. If we believe there are circumstances where the proponents have not adequately addressed comments, then we would draw those to the attention of the minister in our assessment report.

**Senator McEWEN**—Do you keep records for each MDP that is submitted? Do you keep information about concerns that are raised by residents and nearby businesses?

**Mr Mrdak**—Certainly in a number of cases the proponents do provide us with all of the submissions they receive. We also do—and Mr Williams might want to outline this—audits and the like of processes to ensure that we have a complete picture of all comments received.

**Mr Williams**—Certainly. The assessment takes into account all of those issues. One of the criteria is: what was the outcome of the public comment period, and has the airport lessee

company or the proponent paid due regard to those comments? So there is a fairly comprehensive assessment that would accompany each brief that goes to the minister.

**Senator McEWEN**—Would that be available in the case of the Adelaide airport MDP?

**Mr Williams**—Which particular MDP?

**Senator McEWEN**—I presume there has been three or four of them at least.

**Mr Williams**—There has been the IKEA store and the new terminal.

**Senator McEWEN**—Harbour Town 1 and 2.

**Mr Williams**—They are the two major development plans.

**Senator McEWEN**—And Harbour Town 1 and 2, I presume.

**Mr Williams**—I do not believe they triggered the MDP. They were probably under \$10 million.

**Senator McEWEN**—That is right; they did not. Anyway, in relation to IKEA, in particular, would that be available publicly or could it be made available to the committee?

**Mr Williams**—It is advice to the minister, so it would not necessarily be available to the public.

**Mr Mrdak**—No. That is advice we provided in our assessment and advice is material we provide to the minister.

**Senator McEWEN**—Okay. With regard to the concept of competitive neutrality, does that apply to airport operators in all phases of their business operations?

**Mr Mrdak**—It certainly applies. This is in relation to land and rates?

**Senator McEWEN**—Yes.

**Mr Mrdak**—Certainly the provisions of the lease provide that, where an airport operator is actually conducting a business operation themselves, that is subject to rateable payments. So, yes, it does in relation to that. There was a change at the time the airports were privatised. Previously the Federal Airports Corporation only made rate equivalent ex gratia payments on commercial subleases and not activities it undertook itself. That was something that was inserted as part of the sale process—that the commercial activities undertaken directly by the airport operator would also be subject to rate equivalent payments.

**Mr Doherty**—The activities that the airport operators undertake as core airport operation business are not covered by these activities, so it is—

**Senator McEWEN**—No, not the aviation. I understand that. I am talking about the non-aeronautical businesses. That is fine. Thank you.

**ACTING CHAIR**—Senator O'Brien, have you got any questions?

**Senator O'BRIEN**—I have no more questions.

**ACTING CHAIR**—Well done.

**Mr Williams**—I have further information in relation to those letters. I can table this document.

**ACTING CHAIR**—Thanks, Mr Williams. Thank you very much Aviation and Airports.  
[3.39 pm]

#### **Civil Aviation Safety Authority**

**ACTING CHAIR**—I welcome the witnesses from the Civil Aviation Safety Authority.

**Senator O'BRIEN**—Welcome back. It has been such a short time! I think there was a bit of a mix-up with the documents you were going to send me. Initially we got a lesser version of the EVUs but subsequently I think we got the full monty—the complete EVUs that have been notified on your web site.

**Mr Byron**—Senator, yes, I understand there was a bit of a mix-up. Initially I believe you got the details, but I am advised that you have got the full amount since then.

**Senator O'BRIEN**—Yes. When you say there was a bit of a mix-up, could you tell me what happened so I can understand? I would have preferred to get the whole lot before yesterday.

**Mr Carmody**—We were of the understanding looking at the *Hansard* that you had asked for the details that were published on the web, not for the full EVU. Looking back over the *Hansard* it is clear that there was some confusion; there seems to be a mix-up of details and contents. So when we were asked earlier this week whether we would be willing to provide the rest of it, we said certainly. But looking at the *Hansard* it is clear that there is a reference to details, a reference to contents and a reference to what was published on the web.

**Senator O'BRIEN**—Why doesn't the EVU published by CASA relating to Phillip Leslie Mahlberg contain any background to the undertakings?

**Mr Gemmell**—The Mahlberg one is actually a current and live one. I think we advised you at the last one that we published the full document that has been signed between ourselves and the individual concerned, and that constitutes all the undertakings that have been made. Anything else by way of background or any other correspondence that we had with them will be contained with correspondence we have with the individual and any conversations we have with them. That constitutes the whole undertaking, the EVU that we entered with the individual.

**Senator O'BRIEN**—So the balance of the Mahlberg document is background, is it?

**Mr Gemmell**—No, the Mahlberg document is the whole EVU. When we look at the EVUs we had entered, as you will see, you will find a lot of background stuff there. The document is supposed to be a voluntary undertaking between CASA and the organisation or individual, so that is what we put in the undertaking, and we will make the whole thing public now. The background is just matters that go between us that lead up to the EVU.

**Senator O'BRIEN**—Or justify it.

**Mr Gemmell**—Well, by the time you get to an EVU, there is going to be something there. You do not have an EVU unless something has occurred that led up to it. But we are going to publish the whole undertaking that is entered with the individual or the organisation. That will contain all the undertakings.

**Senator O'BRIEN**—Just digressing for a second, I asked ATSB about a matter of concern within the industry relating to hardened cockpit doors and that sometimes it takes both pilots to close them. What consultations have you had with ATSB and the Office of Transport Security about this issue?

**Mr Gemmell**—As you know, the ATSB produced a report on the hardened cockpit doors issue, so that went through its normal process. There would have been consultation with CASA in the production of that, reports from the normal interested parties and then the response to the recommendations. We have also spoken to the Office of Transport Security, because some of the elements that were suggested by the ATSB had not been coordinated particularly well between ourselves and the Office of Transport Security so we are talking to them. We are not just talking about hardened cockpit doors; it is also about improving coordination between us so we do not get into the sorts of problems we had with hardened cockpit doors.

**Senator O'BRIEN**—So far as CASA is concerned, have you completed your consultations with ATSB about that issue?

**Mr Gemmell**—To the extent we have got some recommendations that we have responded to. I do not know the status of those. They are probably on monitor, because one of the recommendations was about CASA setting up arrangements with the OTS to improve coordination, and they would probably monitor that until we get some arrangements up. We do not have much live interaction with them anymore because they have done their report. Any more work to be done is dealing with the hardened cockpit door issue itself and/or improving our coordination with the Office of Transport Security.

**Senator O'BRIEN**—Mr Byron, can you give us an update on the restructure of CASA please?

**Mr Byron**—We have progressed significantly since the initial announcements in February last year. We have established our Air Transport Operations Group headquarters and our General Aviation group headquarters teams in the Brisbane area. There has been recruiting into new positions, certainly in the Air Transport Operations Group headquarters. I was up there in early January to meet the new staff. From my point of view, it was very pleasing to see a lot of interest from people in industry joining CASA. The changes that were effected with Canberra based staff are to a large extent complete. I think there are one or two final changes there, but to a large extent the changes of the structures that were announced a year ago are pretty well completed. There is some final recruiting action going on in some areas, but certainly it has moved fairly well from my point of view.

**Senator O'BRIEN**—So the staffing arrangements in Canberra are completed?

**Mr Byron**—With one or two minor exceptions.

**Senator O'BRIEN**—How far away is the full establishment of the Air Transport Operations Group headquarters in Brisbane?

**Mr Byron**—Again, I think it is only a matter of a small number—a handful. I gave the organisation a target of June 2007 for this to be complete. When I visited the Brisbane office, and certainly from the briefings I had over the Christmas-January period, the clear indication

to me was that we are probably about 90 per cent there. I can give you a detailed figure before we complete these proceedings this afternoon, but there are not many more to be included in there.

**Senator O'BRIEN**—Thanks for that. Just returning to matters related to TransAir and the disclosure of enforcement action—what is the procedure when enforcement action is taken? When do you notify the public? Is it when it comes into effect, when you have decided to take the action, when you tell the minister?

**Mr Gemmell**—In essence, we tell the public when it comes into effect, when there is a decision that actually has application. If you think back to the TransAir incidents, the decision to take it on the grounds of a serious imminent safety risk had immediate effect and we immediately notified on that. The decision to cancel their AOC taken in October did not have immediate effect because it was stayed, so we did not put any notification out on that.

**Senator O'BRIEN**—You told the minister?

**Mr Gemmell**—Yes, we keep the minister informed of these things. We keep the department informed and the minister informed.

**Senator O'BRIEN**—If you have made a decision which is stayed by a legislative prescription only there is no order of stay by the courts, I want to understand why it is CASA's judgement that the public should not be informed. You described it on 31 January as a nondecision, but it clearly is a decision but it has been stayed by the provisions of legislation. It does not change the fact that CASA has the view that the suspension should come into effect, I presume.

**Mr Gemmell**—We have the view that it should happen.

**Senator O'BRIEN**—That it should be suspended.

**Mr Gemmell**—If it is appealed, unless it is affirmed by the Administrative Appeals Tribunal, that decision will not take effect.

**Senator O'BRIEN**—Yes. But I am wondering on what basis you take the view that your decision ought not be communicated publicly.

**Mr Gemmell**—We take the view that that is consistent with the spirit of the legislation that the parliament passed. This clearly changed the previous arrangements where once we took a decision and it had application, and you could appeal to the courts or the Administrative Appeals Tribunal for a stay and they may or may not have given it to you. That has changed. In the spirit of the legislation it is quite clear that somebody else has to affirm the position that CASA took. The concept of a stay is as though the decision was never taken. That is the concept of a stayed decision. We have had them before. It was not uncommon previously. When the Administrative Appeals Tribunal issued a stay the airline kept flying.

**Senator O'BRIEN**—That is like someone charged with a criminal offence being given bail, in effect, albeit mandatory bail while the trial proceeds. It does not stop the newspapers from reporting it. Indeed, the courts have allowed reporting in those circumstances. This is about a provider of a service to the public potentially—usually. So there is more of an onus, I would have thought, to let the public know or to make provision for the public to find out if they want to.

**Mr Gemmell**—We can be and, indeed, have been accused of seeking to give effect to decisions that had either not been made or had no application through economic or commercial means—that is, we make a public announcement about something we are thinking of doing, and in this case a decision was stayed. That will have a commercial and economic effect on the airline and they may shut down anyway. That seems to me to be not consistent with the intention of the parliament.

**Senator O'BRIEN**—I can understand that if there was a pattern of behaviour in relation to a carrier that someone may believe has been persecuted by CASA, and some people say that. On the other hand, where CASA forms a view after a long period of investigation that an airline ought not be flying—which is what CASA's view was clearly because you were suspending their OC—given what has been said about publishing EVUs on the web site, I would have thought that that was leaning towards a view that public information ought to be available, not that it should be concealed, once the decision has been taken. If you take a decision for an EVU, clearly the intention is that the airline will keep flying but the public will know that there is effectively a small sanction against that airline.

**Mr Gemmell**—Yes, and again the legislation that went through the parliament made it quite clear that we are supposed to put that in.

**Senator O'BRIEN**—Yes. So I do not understand why you say that the spirit of the legislation militates against publication of information where you are actually going to apply to suspend their operating certificate, for example, or their chief pilot or whatever.

**Mr Gemmell**—Senator, I am explaining to you the logic of our thinking on this which we have applied in every other instance since the legislation was passed, including TransAir. There appears to be no legislative reason we could not do that. If you were the airline concerned you could imagine that you would have some legitimate complaints about that, particularly if you felt we were victimising you. Indeed, if we were genuinely trying to victimise anybody, that is exactly what we would do. In fact, you are aware, Senator, of examples of companies that do believe that we were unfairly picking on them, but they got the same treatment. We did not publish the decisions.

**Senator O'BRIEN**—Like PolarAir.

**Mr Gemmell**—Indeed. In a sense they benefited from that and that seemed to be the purpose of it.

**Senator O'BRIEN**—They did not really. They lost contracts and they complained about losing contracts. They lost business. I understand the principal of Polar Aviation would say they are flying because they had deeper pockets than many others. In other words, with damage to their business, they could keep fighting until they cleared their name. That is what they would say.

**Mr Byron**—What we would say is that the operator had significant changes effected within the operation that allowed us to take a different approach. Senator, I can see where you are going in terms of making this information available. It is my view that in years past before this legislation changed there was a view that CASA was acting pre-emptively in some cases and was unfair. There was a lot of chorus from different parts of the industry that that was the

case. It is my understanding that the legislation changes that came into effect in 2003 were seen to rein in that activity. That was my view of it.

**Senator O'BRIEN**—That is partially true, but the other side of it is that CASA obtained the power which it did not previously have to enter into enforceable voluntary undertakings. One of the arguments about enforceable voluntary undertakings is that they were a way that CASA could effectively twist the arm of operators saying, 'If you don't sign an EVU we will proceed further.' That was one of the arguments.

**Mr Byron**—I would prefer the term 'influence the behaviour'.

**Senator O'BRIEN**—I am not saying what you would say. I am saying what your critics would have said, and did say. When I say 'you' I mean CASA. CASA did get those powers and did get an obligation to publish that detail at the same time. I do not quite understand why the tenor of those changes was basically to guarantee a stay while the matter was contested but the provisions that you ultimately used on TransAir to get them out of the air were also inserted. Instead of a matter proceeding down the slow and steady path, you could bring it to a head by applying to the Federal Court to get them out of the air, and you did in the case of TransAir.

**Mr Gemmell**—We always can. That power always exists if we feel it has got to a position where there is an imminent risk and we must act. The situation we are in is where we do not believe we have evidence of an imminent risk. It is obviously serious if we decide to remove a licence but the imminent test is much tougher.

**Senator O'BRIEN**—Sure, as it should be.

**Mr Gemmell**—As it should be. We have to have evidence that we will deliver to the Federal Court to prove that we have a case.

**Senator O'BRIEN**—Would it be fair to say that in instances where there is an automatic stay that almost implies that CASA does not have the evidence that the airline is an imminent risk but that you are not satisfied with their operation and you think they should lose their licence? It is a lesser standard, if I can put it that way.

**Mr Gemmell**—That is basically it. There will often be a system problem.

**Senator O'BRIEN**—But more than an EVU?

**Mr Gemmell**—I point out to you that we will never say to a company, 'You must enter into an EVU to stop us taking action,' because the 'V' part of the EVU is 'voluntary'. It must be voluntary on their part, so we cannot bludgeon them into doing that. Many companies will not enter into an EVU. They will not do that because they are public or for whatever reason. They are not obliged to and we cannot force them. If we have concerns about their operations, we can try to get them to fix it. If they are either unwilling or unable to fix it then we have to take the next steps.

**Senator O'BRIEN**—The next steps are serious actions.

**Mr Gemmell**—A serious action. We have to think about whether we have enough to prove an imminent risk. We have to go to the Federal Court and convince them that it is an imminent risk.

**Senator O'BRIEN**—Which is most serious. But the step before that is still a serious action and more serious than an EVU?

**Mr Gemmell**—Indeed.

**ACTING CHAIR**—We will break for afternoon tea.

**Proceedings suspended from 4.01 pm to 4.15 pm**

**Mr Byron**—Senator, would you be interested in a brief from Dr Aleck on the issues that were discussed earlier regarding the disclosure of the show cause information? He has been in the legal services area and has a perspective on it. He offered. Would you like to hear that?

**Senator O'BRIEN**—Yes.

**Dr Aleck**—We are not unsympathetic with the concerns that you have been expressing, but I would like to explain very briefly what I think might clarify something of a misunderstanding. It would be overly simple to suggest that the relationship between an EVU and a decision to cancel is always going to be one of an EVU as a lighter rather than a heavier action. Two significant things: firstly, an EVU is always and only entered into at the request of an operator. CASA cannot compel anyone to enter into what is obviously a voluntary undertaking.

**Senator O'BRIEN**—At the request or with the consent of, do you mean?

**Dr Aleck**—I do not know that it is so much the consent; it is a consent to request. CASA may suggest that an EVU is a possibility, but if the person is not interested in it, there is nothing we can do to bring them around to that. But, in fact, we would not and that goes on to the second point and that is that an EVU is only entered into—and I think our enforcement manual reflects this—with a person whom CASA has good reason to believe is both able and willing to lift their game in a responsible and effective way. Not every operator is either capable or necessarily willing to do so.

A cancellation is a decision that is taken when we have decided that it is no longer appropriate for this operator to continue to operate under their authorisation. It is conceivable that an EVU could be entered into with an operator or a person whose conduct would be considered to be more serious in terms of the gravity of the conduct involved than the kind of conduct that would be involved in the case of an operator or a person whose authorisation was cancelled, the reason being that the person with whom the EVU was entered into was considered to be able and willing to perform more safely and adjust their conduct in an appropriate fashion.

Whilst it is fair in many respects to assume, and logical to assume, that anyone who has had their authorisation cancelled must have engaged in conduct that was more serious or more dangerous than someone whose conduct resulted in the entering into of an EVU, that will not always be the case and it really should not be. The utility of that particular tool is that it can be used to reform the conduct of someone who has demonstrated a willingness and an ability to do that.

**Senator O'BRIEN**—I suppose that is the exception that proves the rule. But I suspect in the public's eyes, if you are content with someone flying rather than talking about stopping

them from flying, then you are happy with them. In some respect—whether you think they have been bad boys but they should be reformed—they are reforming and capable of reform.

**Dr Aleck**—It would involve more than simply being happy with them. It would have to be that CASA was satisfied that it was not unsafe to permit them to continue operating.

**Senator O'BRIEN**—Absolutely. As I say, I would regard that as the exception that proves the rule—if it was someone who otherwise would have been taken out of the skies, but somehow you were convinced by their plea and request to enter into an EVU instead. It is like getting a bond, or something, instead of being thrown in jail for an offence for which most people would probably go to jail. You think you have done well, but it is possible under criminal circumstances, and you are giving me the example of how it is possible under aviation circumstances.

**Dr Aleck**—Again, I think that the analogy with criminal prosecutions and administrative action is a bit of a slippery slope. Although a lot of the conduct involved in these cases would involve criminal offences under the regulations and the act, in many, many cases the reason that particular path is not followed is that whatever evidence may be available to CASA that would warrant and justify administrative action it would not be anywhere near the level of evidence that would be necessary to pursue a prosecution action. They are actually serving different purposes. Prosecution is to punish. We do not do that. We recommend to the DPP that an action be commenced and it is up to the court to decide what to do. Administrative action is taken in the interests of safety. The tools we have available to us are designed, if properly applied, to make the appropriate safety related decisions.

**Senator O'BRIEN**—There are differences and we are talking around the edges of what I think is the key issue.

**Dr Aleck**—I hope that will help. Thank you.

**Senator O'BRIEN**—Thank you. CASA told us that the problems with pilot training at TransAir were longstanding. What does 'longstanding' mean?

**Mr Carmody**—Sorry, what context was that?

**Senator O'BRIEN**—It was on 31 January you told us that—page 44 of the *Hansard*.

**Mr Gemmell**—What we were talking about there is information that had come to us from sources that had suggested that there were some problems that had lasted for some time in TransAir. If you remember, what we were contemplating was whether we take an action to suspend TransAir under the serious and imminent powers that we have to give us the time to investigate those allegations. We have, of course, been looking at those matters since then.

**Senator O'BRIEN**—So it is not a thing that you can prescribe a time to?

**Mr Gemmell**—I am not really prepared to commit whether we even have confirmed or denied some of the allegations that exist there. We look at these things and try to make a judgment about whether they are accurate or otherwise. They certainly have not been tested in any way with the operator, because it did not come to that, as you well know.

**Senator O'BRIEN**—I think you told us that CASA had no inkling of these problems with pilot training until 23 November. I just want to be clear: do you maintain that before 23

November CASA had no reason to believe that the TransAir pilot training regime breached regulatory requirements?

**Mr Gemmell**—The information to us was that the flying operations side of their operations was actually quite good and that had been fairly consistent information to us for some time.

**Senator O'BRIEN**—But what about the pilot training regime?

**Mr Gemmell**—That is part of the flying operations.

**Senator O'BRIEN**—There was no reason to believe that TransAir's pilot training regime breached regulations before 23 November, in CASA's view?

**Mr Gemmell**—We had no information that would have told us of any serious problems there. I would not say that every time we looked we found everything perfect. You have copies of the materials we found in audits. So it is not always perfect, but there was nothing there that gave us serious concerns. The matters that gave us serious concerns that led to the AOC cancellation were very much more on the maintenance side.

**Senator O'BRIEN**—On 1 February I asked you whether CASA's precash audits that gave a tick to TransAir's pilot training overlooked some of the deficiencies identified in November 2006. You said, 'We are trying to get to the bottom of that.' Have you made any progress?

**Mr Byron**—I have not finalised it. I think you are referring to the extra investigations that I have commissioned. I am expecting to get a result on that final report hopefully in the next week or so. But that is not finalised.

**Senator O'BRIEN**—What is the time line for the KPMG audit of CASA's oversight of air transport operators? You said a couple of weeks ago that they had a bit more work to do.

**Mr Byron**—As I just mentioned, I am hoping to get that in the next week or so.

**Senator O'BRIEN**—Can I return to the matters that led to CASA's view that TransAir had to be grounded because it posed a serious and imminent risk to air safety. Am I correct in my understanding that some of CASA's concerns did not necessarily relate to direct breaches of regulations but to breaches of the company's operations manual?

**Mr Gemmell**—It is difficult to give you a clear answer to that. The concerns that were raised with us had elements that if they were true would have meant that they were complying with regulatory requirements and had elements which suggested they were not operating in accordance with their own operations manual. Not everything in the operations manual is a regulatory requirement. I think we have laboured through that one before.

**Senator O'BRIEN**—That is what I asked. According to the information you have, CASA's concerns were about breaches of the company's operations manual?

**Mr Gemmell**—The information that came to us was in those categories. It really was not a point to try to work out whether they were breaches of operational rules. The point was were you satisfied they were going to continue to operate safely and, if not, it had to take action.

**Senator O'BRIEN**—Which particular allegations related to breaches of the operations manual only and not breaches of the regulations?

**Mr Gemmell**—To answer that we would have to go back and tell you what we received and probably who we got it from. I have already indicated that I would prefer not to do that.

**Senator O'BRIEN**—Were they the types of breaches to provisions in the operations manual that could have simply led to that part of the manual being crossed out?

**Mr Gemmell**—I think we have been—

**Senator O'BRIEN**—That is exactly what you said about other things. I want to know whether it is the same sort of thing.

**Mr Gemmell**—It could have been. If it is not a regulatory requirement it is possible. We cannot insist on an operator keeping a particular provision in their operations manual. You might look at it a little more fully than that. When we look at an operations manual we look at how the whole system operates and some of the checks and balances that are in there. There could be some elements of what they do that might not be a regulatory requirement but which are quite important to the way they operate and we would be concerned if they removed them. Strictly speaking, if it is not a regulatory requirement we cannot insist that a matter is in the operations manual. The point I was making before is that if we seek to insist that goes in then a perfectly legitimate response from the operator is to take it out.

**Senator O'BRIEN**—So if someone gives you a manual and they get an AOC after submitting their manual can they with impunity then go and cross out everything that is not mandated by regulations?

**Mr Gemmell**—I am not sure with impunity. It becomes pretty interesting if they—

**Senator O'BRIEN**—Very interesting, I would have thought.

**Mr Gemmell**—They can change their operations manual and operations manuals change quite regularly. They are free to do that. Unless your regulations are wonderful there comes a point where we would probably have a concern about that and we would start to raise those concerns with the airline. But you have a very difficult issue of enforcing any particular element that is there.

**Senator O'BRIEN**—So the logical extension of what you have been saying to us is that that is exactly what somebody could do. They could have a very onerous operations manual which went beyond the regulations, get beaming smiles from CASA at the time of granting an AOC and then go through and say, 'We don't need this; we don't need that. This is all we need to do to comply with the regulations.' You are saying that you could not do anything about it.

**Mr Gemmell**—I am not sure we could do anything about insisting they put requirements beyond the regulations in their operations manual. I would be saying that we would be looking pretty hard at the operator. We would be pretty concerned about it. We may well be surveilling them quite extensively. You would probably hear a suggestion that we are probably victimising them, I would imagine.

**Senator O'BRIEN**—You would really be around there every second day to see what sort of an operation they are?

**Mr Gemmell**—Put yourself in our position, Senator. If you actually saw that happen, what would you think about it and what would you do to effect the safety of the operation and protect the passengers who are travelling on that airline?

**Senator O'BRIEN**—I would not be impressed at all. I am more concerned that you are saying that there is not much you could really do about it other than, from the sounds of it, harass them.

**Mr Gemmell**—I would not say harass them, but we would surveil them.

**Senator O'BRIEN**—Everyone who heard what you said would think that you would be paying them special attention.

**Mr Gemmell**—I think in the circumstances you described I suspect we would be paying them special attention. I rather think that that is exactly what you would expect us to do and the travelling public would expect us to do.

**Senator O'BRIEN**—It is an offence not to observe the manual. We have had a debate about that. What you are saying is that you could threaten someone with a breach of a provision in their manual that was not picked up in regulation and they could simply cross it out and take it to its logical conclusion.

**Mr Gemmell**—I have been reminded that we do have other powers. We can direct things if we think they are significant to aviation safety. We would have to have reasons for doing so. We can direct someone to put something into a manual.

**Senator O'BRIEN**—So they could not take it out of their manual with impunity?

**Mr Gemmell**—They could take it out.

**Senator O'BRIEN**—And you direct them to put it back.

**Mr Gemmell**—If we could mount an appropriate case for that. It is contestable thing to do.

**Senator O'BRIEN**—Certainly if you were talking about epaulets you would not bother, but if you were talking about something to do with their training you might?

**Mr Byron**—Once we became aware of that sort of behaviour we would take a very serious view of it.

**Senator O'BRIEN**—So the TransAir breaches of their own manual were not of a sort that required CASA to take a very serious view of it; is that what you are saying?

**Mr Gemmell**—No, we have long been talking about what you actually do about it, not how you view it. If you go back to human factors training we actually view it as a good thing. We actually encourage them to put them in. We would encourage them to do it as well. The question that has been raised is: if you see that it is there and they are not doing it, what is the appropriate action to take in the interests of safety.

**Senator O'BRIEN**—Could you let us know what the deadline was for the provision of CASA's interested party comments on the final ATSB report? Was that today?

**Mr Gemmell**—That was today.

**Senator O'BRIEN**—Are they in?

**Mr Gemmell**—I cannot actually tell you they are in.

**Senator O'BRIEN**—So they were the ones that were coming in today, were they?

**Mr Gemmell**—I have been advised they are in.

**Senator O'BRIEN**—They are in now?

**Mr Gemmell**—In now.

**Senator O'BRIEN**—Let us not mess around with this. You have lodged them today?

**Mr Gemmell**—Correct.

**Senator O'BRIEN**—Obviously, we are all awaiting that report with great interest. Mr Byron, knowing what you know now, are you satisfied with the job CASA did in the years and months leading up to the TransAir crash that cost 15 lives?

**Mr Byron**—Across the board, excluding TransAir initially, if I may, I believe that the conduct of CASA surveillance activity required improvement, and I have made that statement a number of times. I came to that view in late 2004 and we started to put in place programs. With regard to CASA's surveillance of TransAir, the records that I have seen—certainly that existed in CASA that we started to review immediately after the accident—did not indicate any serious issues. There was a range of surveillance activities conducted. As a result of further information that I have received—and Mr Gemmell has talked about that—I am conducting a separate inquiry using external auditors to determine the level of surveillance that was conducted and the quality of the surveillance. Once I have finished that exercise, I will certainly have a view.

**Senator O'BRIEN**—So you do not have a view now?

**Mr Byron**—No.

**Senator O'BRIEN**—On what you know now?

**Mr Byron**—No. On the basis of what I know for sure, no, I do not have a firm view.

**Senator O'BRIEN**—On what you know now, you are unsure—

**Mr Byron**—Which is why I am having it separate.

**Senator O'BRIEN**—You are not satisfied and you are not certain that you are dissatisfied? Is that a fair way of putting it?

**Mr Byron**—I have not come to a conclusion at this stage. I hope to once I receive this final report.

**Senator O'BRIEN**—Is TransAir principal, Les Wright, still flying?

**Mr Gemmell**—To the best of our knowledge, we believe he is in New Guinea. We are not aware he is flying in any commercial way here. He may come in and out on private flights or things like that. He is not unlicensed for flying privately.

**Senator O'BRIEN**—So you think he is operating commercially in PNG?

**Mr Gemmell**—I do recall there was a TransAir PNG, some sort of associated company which he had some association with, so he is probably up there doing that. But I am speculating about that. I do not have clear knowledge of that.

**Senator O'BRIEN**—I am going to ask some questions about MPL. The New Zealand Air Line Pilots Association and the International Federation of Air Line Pilots Association were on the original MPL industry panel last November. I understand an MPL advisory board has been set up to review and guide the MPL development process in Australia. Is it correct that the advisory board consists predominantly of training providers?

**Mr Carmody**—I can tell you the people who are on the project team, which I think is the advisory board. I do not know whether I should mention their names but I can run through their qualifications. There is an airline pilot representing the Australian Federation of Airline Pilots; there is a CASA chair; there is a CASA person responsible for regulatory oversight; there is a person who represents, I suppose, the Australian International Pilots Association; there is a person with expertise in ab initio airline training; there is a person with expertise in ab initio pilot training, simulation and competency based training; there is a person with expertise in simulation who is an airline pilot; there is another airline pilot with airline training; and there is another person with ab initio pilot training. I think it is a pretty broad group. The point I will make too is that these people are involved on the basis of their skills; they are not representing organisations. So we have been very clear with them that, even though they might be part of an organisation, they are there representing the skill set that they have.

**Senator O'BRIEN**—Is it true that the New Zealand Air Line Pilots Association and the International Federation of Air Line Pilots Association have knowledge and experience which is specifically relevant to the MPL yet they are not on the panel?

**Mr Carmody**—I do not know whether they have knowledge and experience but there are lots of people who would say they have knowledge and experience. We cannot have everyone on the panel. And, Senator, how can anyone have experience of MPL when I do not believe there are any MPL pilot licences out there?

**Senator O'BRIEN**—No, there are not; there has been consideration in various fora about it.

**Mr Carmody**—For quite a long time.

**Senator O'BRIEN**—So what is the status of the MPL project?

**Mr Carmody**—I can certainly give you an update. I can tell you what has happened in recent times in a chronological sense, if you wish.

**Senator O'BRIEN**—Sure.

**Mr Carmody**—It is probably important to make one point—that is, CASA was a member of the ICAO flight licensing and training panel which developed the proposal. This first met in October 2000 and this MPL program through ICAO has been going since 2000. There is a lot of talk about us moving very quickly; I do not actually think we are moving that quickly. The ICAO amendment to annex 1 of the Chicago convention came into effect on 23 November last year, and the amendment includes the MPL. In the full knowledge that this was being worked through, a CASA project was established in April 2006 to develop a proposal for amending flight crew licensing in anticipation of allowing for an MPL. We proposed to move this process through the SCC fast-track process.

Draft regulations and a draft Civil Aviation Advisory Publication were published in the forum in early September last year, the first formal step in consultation. An industry panel was formed in October, which is what I have referred to, and met for the first time on 16 and 17 November to review the draft documents. A report from that industry panel was presented to the flight crew licensing subcommittee of the SCC on 20 November last year. A report including recommendations from that subcommittee was presented to the full SCC at its meeting on 21 November, the day after. As you know, the European aviation authority incorporated MPL into its licensing rules on 1 December 2006. We have no information on any courses they propose to run but it was made MPL legal, if you like, in that sense. The MPL working group will meet on 19 February to review the MPL Civil Aviation Advisory Publication and the legislative change proposal.

In terms of next steps, a notice of rule making is proposed to be drafted and published as soon as possible after the March 2007 meeting of the SCC. We hope to have drafting instructions ready for the Office of Legislative Drafting and Publishing by 30 June. The Civil Aviation Advisory Publication will be finalised around the same time. As you know, there has been a lot going on in this MPL debate over a long period of time. We have worked very diligently to try to cooperate as broadly as we can. That is an update. It gives you a good run-through of what has happened over the last few years and what is continuing to occur.

**Senator O'BRIEN**—So the NPRM is going to be drafted as soon as possible after the—

**Mr Carmody**—After the meeting of the SCC in March of this year.

**Senator O'BRIEN**—So it is a done deal?

**Mr Carmody**—No, it has to be drafted after that time. So the SCC will meet, and there are 60 people on the SCC. They, I would presume, will get an update from that licensing subcommittee. They will talk about the proposal as you would expect in the SCC, and then we will move on to NPRM in the normal fashion.

**Senator O'BRIEN**—If they do not like it, it will stop there? If the SCC says, 'We're not really happy,' what happens?

**Mr Carmody**—The SCC to date has been very happy with moving it forward, so I would be very surprised. I think we would look seriously at the provision if the SCC had a difficulty with it. But I would make the point, Senator, if I may, that at the end of the day there will be a shortage of pilots. Demand for pilots is increasing. Supply does not keep up with demand. I am sure that is one of the reasons why this is getting more worldwide attention. So I would be surprised if the SCC as a group did not wish to progress it.

**Senator O'BRIEN**—You are probably right. Does CASA accept that European Aviation Safety Agency standards are world's best practice?

**Mr Byron**—Senator, that is a fairly sweeping statement. I think I would have to be cautious about saying that all European standards would be world's best practice. As you know, we have been looking at maintenance regulations from the Europeans, but I would not make a sweeping statement like that. We have not actually analysed it in that context.

**Senator O'BRIEN**—What about their ETOPS requirements? How do you view them?

**Mr Murray**—It is fair to say, Senator, that the concept of ETOPS, which has been around for a considerable period of time, is under review internationally. It is in a different status in different parts of the world. It is being reviewed by ICAO and I actually learnt today that the Federal Aviation Administration in the United States has actually given notice that they will be doing away with ETOPS concepts, which is perhaps an example of the extremes of state of play. The European authorities have a harmonised position which is a position that it is satisfactory and acceptable to all of the European countries. But, as I say, it is a live issue within ICAO, even to the extent that the terminology has been changed and it is no longer called ETOPS. It is now known as EDTO, extended diversion time operations.

**Senator O'BRIEN**—Has CASA reduced the previously acceptable Australian standards for approval of 180- minute ETOPS on Airbus A330 aircraft?

**Mr Murray**—We have not produced the standards. ETOPS, as I mentioned, is an evolving issue. Really, ETOPS in its original form was a blanket way of attempting to risk manage a particular issue, and that particular issue was associated with a subsequent failure following an initial failure of a system on an aircraft. So a simple example would be an aircraft with two engines suffering an engine failure and ETOPS was a blanket way of risk managing the chances of the subsequent failure of the second engine. To that extent, there were some time limits where it was suggested that these time limits were an appropriate maximum period of time that the aircraft could be from anywhere suitable to land in the event of a simple failure. Simply put, 'Something has gone wrong. We'd better get it on the ground quickly.'

I think the original concept of ETOPS was based very heavily on the reliability of systems at the time. Over the years the reliability of the various systems has increased significantly and therefore the ETOPS time has extended significantly as time has gone by, and reliability studies have proven that the systems these days are exceptionally reliable and ETOPS has pushed out on a time basis. The current world thinking is that perhaps the concept of time is not a sensible one—time to land—and that is where the current thinking is.

**Senator O'BRIEN**—It is time and number of engines, is it not?

**Mr Murray**—It is time and number of engines. It is also to do with other critical systems of the aircraft. It is to do with fire suppression and a whole host of other issues. But certainly the thinking is changing on ETOPS. The way that it is being managed at the moment in a number of countries, particularly those that have been closely involved and following the subject of ETOPS, is that it is done on a risk management basis actually looking at the issues rather than looking at blanket times.

**Senator O'BRIEN**—So has CASA formed a view that there is no benchmark against which you will operate in relation to aircraft now? You will look at each circumstance and each operator and determine whether they will be licensed to whatever you call them—longer or shorter periods—where they will be away from an opportunity to land?

**Mr Murray**—No, the situation at present, Senator, is that CASA does have time lines. However, there is a draft of an EDTO—NPRM—which has been circulated. It has gone through various stages of circulation. This NPRM is interesting in that it was developed jointly with the New Zealand CAA with extensive involvement from airlines on both sides of the Tasman to address the particular issues. The NPRM is now at a state where there is

agreement between both authorities. It is in line with the current thinking of ICAO. I will have to check but I believe the NPRM is likely to be at that final stage. I know it has been through the SCC process for comment.

**Senator O'BRIEN**—Do you have a standard at the moment subject to this NPRM?

**Mr Murray**—At the moment the regulations are quite broad and it is fair to say that our accepted practices are changing with experience. For example, if you looked some years ago then you would find that we were really quite prescriptive in our approach and we took time limits and applied them very strictly. As time and experience has gone by, we are taking it more on an individual risk management basis addressing the issues of risk appropriately.

**Senator O'BRIEN**—Questions have been asked—I do not know whether you are aware—why Jetstar international was not required to meet the operational standard of previous Australian 180-minute approved operators.

**Mr Murray**—That is probably quite a good example, Senator, because in that specific instance Qantas originally applied for ETOPS, as it then was, with a new aircraft and engine combination of which there was relatively little worldwide experience and indeed no experience in this country and Qantas engineers had no experience of this airframe/engine combination and systems combination.

The Jetstar situation is quite different. Those same aircraft with the same combinations of systems, maintained by the same engineers—as always the Qantas engineering situation—are now being operated or are progressively being operated by Jetstar and therefore the reliability aspects, which I referred to earlier on and on which ETOPS are based, are actually largely covered by the engine-airframe systems combination under a known engineering environment. Therefore, we are not taking such a big step into the unknown, if you like.

**Senator O'BRIEN**—How relevant is the experience of crew and pilots to this factor?

**Mr Murray**—The experience of pilots is important. Certainly, the procedures that would be used under these circumstances is important. But that is a consideration. The genesis of ETOPS surrounded the reliability of the systems. Clearly, in any operation, be it a standard operation or an emergency operation, the skill and training of the pilots is appropriate. In fact, in the case of every operator, Jetstar is no exception. They would have a robust ETOPS training regime in their recurrent training before we would authorise them to undertake that type of operation.

**Senator O'BRIEN**—So with the Jetstar operation, CASA has accepted that the revised weight-thrust engine- airframe combination operated as it is—perhaps elsewhere—is appropriate for Jetstar.

**Mr Murray**—That is correct.

**Senator O'BRIEN**—Is there any difference between the proposed Jetstar International engine-airframe combination and those used elsewhere within Qantas?

**Mr Murray**—It is the same engine and airframe combination. There is a certification difference, I believe, in terms of aircraft weight. There are details associated with that, which I know were looked at from a safety case basis. I do not have the details to hand.

**Senator O'BRIEN**—Will there be any special training required of the Jetstar International crew and, if so, how will CASA monitor this?

**Mr Murray**—CASA monitors all of the training, both in terms of the procedural documentation that requires that training and, indeed, on a surveillance basis CASA inspectors would observe the training being conducted in the way that we normally undertake surveillance.

**Senator O'BRIEN**—Are minimum flight crew experience requirements being imposed on Jetstar International?

**Mr Murray**—It is unlikely, because to my knowledge I do not think any authority applies any specific experience requirements. It is to do with competence and the training outcomes.

**Senator O'BRIEN**—So they will need to be trained or you will need to be satisfied that whatever training they have undertaken is equivalent to that which you would require Jetstar to deliver?

**Mr Murray**—We would need to be satisfied that the training that the crews received was appropriate.

**Senator O'BRIEN**—Is this equivalent to giving immediate approval of a 180-minute ETOPS standard for an operator with no experience of the aircraft type?

**Mr Murray**—I am sorry, could you repeat the question?

**Senator O'BRIEN**—Jetstar International is an entity which is a subsidiary of Qantas. It is a subsidiary; it is not Qantas. They will be engaging their own pilots. Qantas will be doing their maintenance and providing the aircraft, but not the pilots or the crew. Are there any other international operators that you can point to where the relevant regulatory authority has given immediate approval for a 180-minute ETOPS standard for an operator with no experience of the aircraft type in that class of operation?

**Mr Murray**—I cannot point to a particular operator at the moment. I could certainly make inquiries and get back to you. I think it is important, though—going back to something I mentioned earlier on—if these time limitations, which are times to continue flying to a suitable airport following a particular failure, are the consideration, then the crew training required to deal with the emergency, or the problem, the competence in continuing to fly that aircraft, whether it is flying for 90 minutes, 120 minutes or 100 minutes, really takes the emphasis off the crew competence because the crew competence is associated with dealing with the emergency, assessing the emergency and then going ahead and landing the aeroplane at wherever the place happened to be. The fact that it was in the air for longer is far more associated with those reliability aspects, which are the maintenance ones that I referred to earlier on.

**Senator O'BRIEN**—I think that is all; I am just double-checking. It is. Thank you.

**ACTING CHAIR**—We will move on to Airservices Australia.

[5.03 pm]

#### **Airservices Australia**

**ACTING CHAIR**—Welcome. Senator O'Brien?

**Senator O'BRIEN**—Mr Hodgson, you are the acting chief executive officer. How long are you acting for?

**Mr Hodgson**—Until 22 February when Greg Russell, who apologises for not being here today, returns from overseas.

**Senator O'BRIEN**—It has been a common experience with people being away. Is this because we have changed the date to later in the week or he has been away all week?

**Mr Hodgson**—I think, unfortunately, it has clashed with a meeting of CANSO, which is the civil aviation navigation providers. There is a meeting of the CEOs of that in Maastricht in Europe. Unfortunately, the two clashed. So he is there, twofold—

**Senator O'BRIEN**—I would probably rather be in Maastricht as well, as would the minister, I am sure.

**Senator Ian Campbell**—No, I have overseas travel out of my system after the last couple of years.

**Mr Hodgson**—He is down to give a presentation on the future of air navigation, which he gave last night and it went well, I thought.

**Senator O'BRIEN**—He would not send you to do that; he had to go and do that himself.

**Senator Ian Campbell**—He will not be signing any treaty; we know that.

**Mr Hodgson**—He also launched the—

**Senator O'BRIEN**—You could have gone and done that.

**Mr Hodgson**—I did think that, but I did not say it.

**Senator O'BRIEN**—It is down on the *Hansard*. I wanted an update on some information that was provided at the last estimates hearing, particularly in relation to the explanation that was given of the circumstances surrounding irregularities in payments to the people in the Solomon Islands—the airspace management contract. I particularly wanted to find out whether this matter has now been fully settled and any developments that have occurred?

**Mr Hodgson**—We can go into more detail later, but the high-level picture is that the ANAO has reported, as you are well aware. We have accepted fully all of the recommendations of the ANAO. We have at this point implemented three of the four recommendations. The fourth will be implemented in the near future.

**Senator O'BRIEN**—Which one is that?

**Mr Hodgson**—I think it relates to the actual issue of payments into an account of the Solomon Islands. There are some legislative issues in sorting that out. Perhaps I should ask someone who really knows what they are doing here, and that is Mr Neal O'Callaghan, who is our internal auditor. He is fully aware of it. Do you have more questions?

**Senator O'BRIEN**—I was hoping that you would say what had taken place leading up to the implementation. You say that the fourth recommendation will be implemented. I am still trying to understand why it has not been able to be implemented to date. You talk about some regulatory issues. I am wondering what they are.

**Mr O'Callaghan**—We have contacted the Solomon Islands and tried to make arrangements to establish an account to pay the money into, but their constitutional arrangements are not allowing this payment into an offshore account. Their preference is to have an offshore account where they can earn interest and at this stage they have asked us not to remit any of the moneys.

**Senator O'BRIEN**—From what level of the Solomon Islands government has that direction emanated?

**Mr O'Callaghan**—That is from the Controller of Civil Aviation and the Permanent Secretary for Communication, Aviation and Meteorology.

**Senator O'BRIEN**—Will you be seeking the approval of the government to enter into arrangements if you do seek to pay outside of the Solomon Islands?

**Mr O'Callaghan**—I would have to take that question on notice. I do not know if there is a requirement for that.

**Senator O'BRIEN**—Do you know, Mr Hodgson?

**Mr Hodgson**—No, I do not.

**Senator O'BRIEN**—Just to be clear, it sounds as though from what you have said that, unless there is a change to the Solomon Islands constitution, you cannot pay it into an overseas account—an account based here held in the name of the government of Solomon Islands. Is that right?

**Mr O'Callaghan**—That is my understanding.

**Senator O'BRIEN**—They say, 'Hold the money.' But ultimately you are going to have to pay the moneys somehow. What are the options?

**Mr O'Callaghan**—Ultimately remit the money to an account in the Solomon Islands. It is their preference for us not to do that so that they can earn interest on their moneys.

**Mr Hodgson**—And the ANAO report recommended that we do that. That is why we have not implemented that part of it yet.

**Senator O'BRIEN**—So it is at a complete impasse then.

**Mr Hodgson**—My understanding is that a solution is being worked out. I do not believe we have finalised it yet, but I understand we will in the near future.

**Senator O'BRIEN**—Given the sensitivities about the way moneys are paid and the problems that have occurred in the past, will whatever solution you work out be the subject of approval by the government?

**Mr Hodgson**—My understanding is that whatever we work out we will run past the ANAO to make sure it is comfortable with it.

**Senator O'BRIEN**—It will be the ANAO that will approve it, not the minister.

**Mr Hodgson**—We may seek the minister's approval as well. I am not sure to be honest.

**Senator O'BRIEN**—Will you take that on notice?

**Mr Hodgson**—Yes.

**Senator O'BRIEN**—How are negotiations going with the Defence Force about the integration of its air traffic control services into Airservices Australia?

**Mr Hodgson**—They are going very well. We have established a very good relationship with defence and the RAAF in particular. We, as I think you are aware, have already moved the Pearce approach services into the Perth TCU. The plan is that further air traffic control activities will transfer from the RAAF to Airservices in a planned way and in a way that ensures that all safety standards are met and the appropriate training takes place.

**Senator O'BRIEN**—What are the steps from here?

**Mr McLean**—As Mr Hodgson has indicated, this is a medium- to long-term project to integrate the service provision of both organisations with a number of determinants which will govern the time frame—one being the technology base which both organisations now utilise and the appropriate time to combine with a common technology base. The progress at the moment has indicated that the Pearce approach control is integrated into the Perth Terminal Control Unit. We are currently discussing with Defence the provision of aerodrome control at some of the current Defence establishments and whether or not it would be feasible for us to provide that service and the time frame that that might take. We have not decided that, but it is in the near term rather than the longer term.

Following that, there will be discussion on the integration of approach services from Darwin and Tindal into the Brisbane air traffic control centre and, again, those discussions continue. It is very positive discussion which eventually will yield significant savings for both organisations and the industry as the use of the airspace becomes more dynamically available for both civil and military use.

**Senator O'BRIEN**—What is the time line?

**Mr McLean**—As I said, the time line is dependent on a number of things. We have not determined a time at which both services will be integrated because there are a number of issues—technology being one. But I think it is fair to say that as an organisation we will be disappointed if we did not see a full integration of services at our next technology refresh, which is around the 2011 to 2013 time frame.

**Senator O'BRIEN**—What understandings are being reached or explored about the use of or encouragement of reserve personnel being part of air traffic control services?

**Mr McLean**—One of the issues for Defence is the need to maintain an expeditionary capability, and we understand that. The discussion is continuing, and there is certainly no resolution yet as to the possibility of the civilian controllers at military establishments being part of the Defence Reserves and therefore able to be deployed if and when necessary. We understand the Defence issue there, and we are certainly working with them to ensure that we can resolve it.

**Senator O'BRIEN**—What sorts of incentives would be needed, do you think, to encourage air traffic controllers to participate as reservists and make themselves available?

**Mr McLean**—That is something we have not discussed. If you look at other service providers as models, generally air traffic controllers who accept a position at a Defence base

understand and accept that part of the obligation in doing so is that they become part of the reservists.

**Senator O'BRIEN**—So it is almost a condition of employment in those circumstances?

**Mr McLean**—Possibly that might be one of the answers. Therefore, people who were not prepared to do that would decide that they would not want to be air traffic controllers at Defence bases.

**Senator O'BRIEN**—In taking those positions, I take it the Department of Defence would have a right of veto over who is engaged?

**Mr McLean**—Certainly. Yes, definitely. I should stress that these discussions are at a very embryonic stage and nothing beyond concepts and intentions.

**Senator O'BRIEN**—Thanks. That is all I have.

**ACTING CHAIR**—Thank you very much, gentlemen. We will move on to Inspector of Transport Security.

[5.17 pm]

#### **Inspector of Transport Security**

**ACTING CHAIR**—Welcome, Inspector of Transport Security. Senator O'Brien.

**Senator O'BRIEN**—Let us start with some of the questions that have been hand-passed to you, Mr Tongue, from other parts of the department.

**Mr Tongue**—Do you want to handle those under the Office of Transport Security or the inspector, because the inspector's role is circumscribed to watching over us, if you like?

**Senator O'BRIEN**—I do not have very much at all for Mr Palmer, but could you give us an update on what the role of the Inspector of Transport Security has been for the current financial year and the number of days you have been engaged please?

**Mr Palmer**—This financial year we have continued to be involved in the Surface Transport Security assessment which commenced in November of 2005. We completed that assessment towards the end of last year and of course that then led to the preparation of a report which is scheduled to be presented to a special meeting of the transport ministers on 28 February here in Canberra.

As you may remember, Senator, the review included visits to a range of benchmark countries. Once that process was completed and the report was placed in final draft, electronic copies were shared with the Transport Security Working Group members in the various jurisdictions involved. I have in the last few weeks been visiting ministers of the various transport ministers briefing them on the outcomes of the report and the issues of particular relevance to their jurisdiction in my opinion—just my opinion of what I see as issues of particular relevance to them. The only ministers that we have not yet met are Western Australia, who we are due to meet next week, and the ACT. We met yesterday or the day before with the minister from Victoria, Lyn Kosky. We have met with ministers Paul Lucas from Queensland and John Watkins from New South Wales over previous weeks.

With regard to Surface Transport Security, that has taken a lot of our time. Recently I was activated to conduct a review of Sydney airport domestic terminal 2 with regard to an incident that occurred there on 28 January, and I was activated by the minister on 31 January to conduct a review of that process. That is underway. An interim report has been prepared and submitted to the minister and the final report I expect to have completed by the end of the month.

**Senator O'BRIEN**—Why was it necessary to submit an interim report?

**Mr Palmer**—I do not know that it was necessary but I thought it was appropriate in the circumstances to give him an update of my initial thoughts, which in this case were to enable the minister to be confident that there were no serious concerns. While obviously mistakes had been made and improvements were possible, there were no serious considerations that had to be instantly responded to. In terms of the amount of days that I have worked in the last financial year, I had worked 53 days at the time we put this together. I have probably worked a further 15. In terms of actual claim days, if you like, or days to be claimed by myself, it would now be in the order of 70, although in actual fact I have had for the entire financial year almost daily contact with the office both in terms of emails and phone calls.

**Senator O'BRIEN**—What travel costs have been incurred during that time?

**Mr Palmer**—In the financial year?

**Senator O'BRIEN**—Yes.

**Mr Palmer**—I might just get Mr Pearsall to address those.

**Mr Pearsall**—With regard to travel expenses for the office, domestic travel this financial year is \$76,135. International travel was \$117,092 to date for the financial year.

**Senator O'BRIEN**—How many international trips have there been?

**Mr Pearsall**—There was a total of three international trips from the start of the calendar year and the commencement of the review into Surface Transport Security. From the financial year we had—

**Mr Palmer**—You might be looking at the wrong year, I think, Mr Pearsall. Is that 2006-07? Sorry, Senator. In terms of 2006-07 figures, domestic travel has been \$24,363 and international travel has been \$28,530.

**Mr Pearsall**—And that travel was to America.

**Senator O'BRIEN**—Bit of a difference.

**Mr Palmer**—Yes, those other figures were the previous year.

**Mr Pearsall**—My apologies, Senator.

**Senator O'BRIEN**—And that was a trip to the United States?

**Mr Pearsall**—That was the trip to the United States via Hong Kong, yes.

**Senator O'BRIEN**—That is a long way to go—via Hong Kong, or was there something—

**Mr Palmer**—We came back and visited Hong Kong. I forget which way now, but we visited Hong Kong.

**Senator O'BRIEN**—Have you had anything to do with proposals to increase transport security in the rail systems by using closed-circuit TV systems, which is under consideration by the ATC?

**Mr Palmer**—No, I have not directly, although obviously we looked at CCTV and there are, in my report, some recommendations and some findings, if you like, or some assessment of the CCTV situation internationally and the potential in its relationship to Australia.

**Senator STERLE**—Is your report available?

**Mr Palmer**—It is a report to the ATC—the Transport Council—and it is to be delivered by me to them on 28 February, so it is subject to that embargo.

**Senator O'BRIEN**—For completeness, what has been the cost of maintaining the office of the Inspector of Transport Security, including your per diem, for the current financial year?

**Mr Palmer**—Just the current financial year?

**Senator O'BRIEN**—Yes.

**Mr Palmer**—The total for the current financial year is \$308,387 to this time.

**Senator O'BRIEN**—So that includes the secretariat, your per diem and travel and—

**Mr Palmer**—Yes, all staffing costs, all travel, training and conferences and office operating costs.

**Senator O'BRIEN**—Do you have a budget for the year?

**Mr Palmer**—Yes. We have a standing budget of \$400,000 per annum.

**Mr Pearsall**—If I may, Senator, it is \$400,000, plus I sought and was approved an additional \$200,000 for this financial year.

**Senator O'BRIEN**—Why will you need that?

**Mr Pearsall**—Because of the cost of the previous 12 months as a calendar year for the overseas travel and the inquiry.

**Mr Palmer**—The \$400,000 a year is intended as a basic operational budget, with supplementation to be provided because it is an on-call role subject to the nature of the work we have been requested to do.

**Senator O'BRIEN**—So you got \$400,000 for this financial year and you asked for supplementation of \$200,000 for this financial year?

**Mr Pearsall**—As well, yes.

**Senator O'BRIEN**—But you only spent \$308,000.

**Mr Pearsall**—At this stage but—

**Senator O'BRIEN**—You are anticipating—

**Mr Pearsall**—We are anticipating for the rest of the financial year the cost to run the office and accounts outstanding. An additional \$150,000 was already taken care of and \$200,000 was sought and approved.

**Senator O'BRIEN**—So that is \$308,387 spent. How much has been committed this financial year?

**Mr Pearsall**—As at the time of preparation here, I still have another \$47,000 to pay out in outstanding accounts.

**Senator O'BRIEN**—So very clearly you are going to run over \$400,000 and you are expecting \$200,000 additional will cover this year's costs?

**Mr Pearsall**—I am, provided the inspector is not activated on an additional task in the last six months by the minister. If that occurs, then I will be seeking further funding.

**Senator O'BRIEN**—I do not have any further questions of Mr Palmer or Mr Pearsall. I have some for Mr Tongue.

**ACTING CHAIR**—Thank you. The Office of Transport Security is next.

[5.28 pm]

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

**Mr Tongue**—Just as we get underway, I might go back to some questions I said this morning I would return to about contractors and consultants. Mr Retter has those figures so I might ask him to start with those.

**Mr Retter**—This morning I believe you asked a question in relation to what proportion of the \$43.2 million in the OTS budget was allocated as a budgetary item in terms of contractors and consultancies. The answer is \$5 million.

**Senator O'BRIEN**—Thank you for that. What role is the office playing in the implementation of the Maritime Crew Visa, if any?

**Mr Kilner**—The department is represented on an interdepartmental committee which is providing assistance to the Department of Immigration and Citizenship in regard to the introduction of the new maritime crew visa.

**Senator O'BRIEN**—Will they be operational by July this year?

**Mr Kilner**—Our understanding is that it will be operational on 1 July this year. We understand that there is currently a legislation change being made at the moment.

**Senator O'BRIEN**—Will face-to-face checks be mandated as part of this scheme?

**Mr Kilner**—I cannot answer that question. I would refer you to the department of immigration.

**Senator O'BRIEN**—I am told that the International Maritime Organisation's Convention on Facilitation of International Maritime Traffic contains a provision that says governments will not require visiting seafarers to hold visas. Are you aware of that?

**Mr Kilner**—I might pass to Mr Sutton to answer that.

**Mr Sutton**—I am not aware of that particular provision. We will certainly take that on notice.

**Senator O'BRIEN**—Do you know whether the government has considered ratifying the International Labour Organisation's convention 185 relating to seafarers' identity documents?

**Mr Kilner**—I am not aware that the government has made a decision in regard to the ratification of ILO 185. That is an issue to be addressed by DEWR.

**Senator O'BRIEN**—Okay. That convention is effectively about a generic identification card for the 1.3 million seafarers worldwide, as I understand it.

**Mr Kilner**—That is right. It is an identification card. It contains a double fingerprint biometric. A number of countries who are members of the ILO have ratified it; my understanding is that about six out of 142 have. I am aware that some countries are looking at the production of it, but my understanding is that no country has yet rolled it out for all flagged vessels.

**Senator O'BRIEN**—What are the problems with it? Do you know what the government perceives are the problems with this instrument?

**Mr Kilner**—I think that is a question for the Department of Employment and Workplace Relations.

**Senator O'BRIEN**—Okay. In May last year, the department's web site contained a document called the *Land and Water Based Mass Passenger Transport Systems: Risk Context Statement*, which was dated September 2004. It stated:

Train disasters potentially provide the sort of media copy attractive to international terrorism, and imagery of trains twisted and blown apart by explosives is assured of wide international coverage.

It went on to say:

Terrorist attacks have targeted trains and rail tracks, as well as other supporting infrastructure such as bridges, tunnels, electrical supply and control systems.

This e-document seems to have disappeared from the department's web site. However, given that the minister's department at one point acknowledged the risk of terrorism to rail transport, what is the department doing about protecting trains from terrorist attack, and how much is being allocated to this task?

**Mr Tongue**—I will ask Sue McIntosh to handle that one.

**Ms McIntosh**—The department has not allocated any money specifically for rail security purposes. Under the Intergovernmental Agreement on Surface Transport Security that was signed by all Australian governments in the middle of 2005, surface transport is acknowledged to be primarily a state and territory government responsibility.

**Senator O'BRIEN**—I am a bit confused. Is that the reason this material disappeared from the web site?

**Ms McIntosh**—Sorry, I missed the issue about the material. What material is missing from the web site?

**Senator O'BRIEN**—I read something that was on the web site in May last year in a document called *Land and Water Based Mass Passenger Transport Systems: Risk Context Statement*. It was dated September 2004. It was there last May.

**Ms McIntosh**—There is no reason that I am aware of that that is not on the web site. It should actually be there. It is still a current document that is in use, so we will have to check why it is not there.

**Senator O'BRIEN**—So far as the Office of Transport Security is concerned, this threat to rail security is more than a risk; it is a real threat?

**Ms McIntosh**—Yes, it is considered to be a genuine threat. The Madrid bombings and the London bombings are evidence of that. Our intelligence agencies tell us that there is reason to be concerned about security in the rail sector, as there is in other areas of transport.

**Senator O'BRIEN**—In that context, there has been plenty of information about access to trains in rail yards. The stories about graffiti are a prime example, showing that others can gain access. What approach is the federal government taking to this? Anything at all?

**Ms McIntosh**—Yes, we do a number of things in that area. Under the intergovernmental agreement, the role of the Australian government is to have a national leadership and coordination role. That manifests itself in practical terms in the way that we work with state and territory governments on transport security through a group which sits under the Standing Committee on Transport under the Australian Transport Council. What we do in that group is a combination of sharing best practice, sharing information from the intelligence community, and working together.

The issue of rail security is very complicated because public transport systems are open-access systems. It is not possible to secure them in the way that one might be familiar with the security of an airport environment. So whilst state and territory governments and private operators have done a lot of things to improve rail security over recent years, it is an open-access system. So the focus has been on assessment of areas of criticality, if you like—areas of most extreme importance from a security point of view—and the increasing security around those areas. So, for example, areas like signal boxes and areas like rail yards which have a large number of trains overnighing at them have been the subject of special attention by state and territory governments or private operators over recent years.

**Senator O'BRIEN**—What is the federal government's approach? That is what I am asking.

**Ms McIntosh**—As part of that national coordination and leadership role, we work closely with ASIO in relation to making sure that threat information is up to date and relevant to that sector. When there is new threat information, we work to bring that out to industry in conjunction with our state and territory colleagues in a way that makes that more meaningful and can be used for the risk assessment process and the development of transport security plans, which we are familiar with in the aviation and maritime context, and state and territory governments are increasingly requiring their transport operators to have the same sorts of plans in place.

The document that you mentioned earlier, a risk context statement, is effectively the document that translates the threat information into a form that is appropriate to take out to industry and which feeds into the risk assessment process and the development of the transport security planning process. We had the first major threat assessment done on a sector

basis for the urban mass transport sector. We had that completed by ASIO in the middle of 2005 and the risk context statement was developed at that time.

The threat assessment cycle is that we will expect to have another major threat assessment of that urban mass transport sector done around the middle of this year. We will work with ASIO and the state and territory governments to do a similar take-out to the public approach to get that information out to the industry.

**Mr Tongue**—I might add that Mr Palmer's report refers in part to a benchmarking exercise, looking at particularly this problem of how we deal with big open systems in the states and the territories. As part of the cycle that Ms McIntosh mentioned of threat assessment risk context statements, when transport ministers have had the chance to consider Mr Palmer's advice, the various states and territories will work through the Transport Security Working Group to, if you like, share best practice and make sure that we do not reinvent the wheel at a state and territory level around some of the issues that Mr Palmer might raise.

**Senator O'BRIEN**—In respect to the Office of Transport Security under the Aviation Transport Security Act and Aviation Transport Security Regulations and subsequent amendments, how many infringement notices were served for a breach of regulation 4.67, which is security of flight crew compartment, and how many people were successfully prosecuted for a breach of that regulation?

**Mr Collett**—In respect of specific breaches of the regulation, the actual charging and prosecutions actions under those are managed depending on the jurisdiction which is responding. So it may be a question that the AFP might be able to assist you with, or state police forces. Alternatively, we may be able to request some information on notice for you.

**Senator O'BRIEN**—If you would, I would appreciate that. Do you know how many people were charged with breaching regulation 9.01, which is bomb hoaxes et cetera?

**Mr Collett**—Again, the numbers in relation to charges would be a matter for those jurisdictions, but we can take that on notice and provide that detail.

**Senator O'BRIEN**—In respect of walk-through metal detector booths at Australian airports, who sets the calibration—the private sector contractors, or airline employees, or government employees?

**Mr Collett**—The machines are calibrated to a standard which the department sets. They are calibrated and tested daily by the private companies which actually man those screening points. However, the department's aviation security inspectors test those on a quarterly basis and also carry out a number of random inspections and tests. We do not advise those organisations when they are going to occur.

**Senator O'BRIEN**—So the calibrations are identical. Someone who sets off a machine with their shoes in one place should have the same experience in others.

**Mr Collett**—The calibrations are not identical. They are above a minimum standard. So they may vary from place to place, but it must meet a minimum so that we get a specific range that 100 per cent of particular metals or particular densities or sizes of metals will alert. The fact is that that may vary above that minimum from place to place depending on the actual technology used.

**Senator O'BRIEN**—And how frequently are unannounced inspections conducted?

**Mr Collett**—For operational reasons, I would prefer not to provide too many details about how often we arrive unannounced or where we might arrive unannounced.

**Senator O'BRIEN**—I certainly would not be asking where you arrive but I was just wondering how many inspections you have done.

**Mr Collett**—I could certainly get some details for you on notice about how many were done in the past. What sort of time frame or period?

**Senator O'BRIEN**—In this financial year.

**Mr Collett**—This financial year. Certainly.

**Senator O'BRIEN**—In respect of the provision of firefighting services at Australian airports, do you know if CASA has issued any non-compliance reports against any provider of these services?

**Mr Tongue**—That is not one for us.

**Senator O'BRIEN**—That is not you. To date, how many aviation security identification cards have been applied for since the application process opened?

**Mr Tongue**—I might ask Ms Johnson to handle that one.

**Ms Johnson**—The number of cards that we currently have is 92,606.

**Senator O'BRIEN**—And how many since 31 December; do you know?

**Ms Johnson**—Since 31 December? I cannot give an accurate figure on that, because the issuing bodies were issuing them prior to 6 March.

**Senator O'BRIEN**—Can you break down by category the people who have applied for ASICs and who has had them granted—for example, how many employees and how many contractors?

**Ms Johnson**—No, those figures are not available.

**Senator O'BRIEN**—Do you know how many applications for ASICs have been refused?

**Ms Johnson**—I do. In the first round when the applicant comes through, 161 have been refused and we have issued 299 conditional ASICs.

**Senator O'BRIEN**—Have any been revoked?

**Ms Johnson**—As a result of the review?

**Senator O'BRIEN**—Yes, or for other reasons.

**Ms Johnson**—There are 34 as a result of the ASIC review that now no longer hold an ASIC.

**Senator O'BRIEN**—Do you know what the average turnaround time is between applying for an ASIC and the card being approved, printed and delivered?

**Ms Johnson**—It depends on the nature of the application. If there is no criminal offence attached to the name, then it can be turned around in around the two-week mark. If there is a criminal conviction or there is some confusion about the name of the individual—it could be

one of three people, for example—it does need to go out to jurisdictional police forces and that can expand the time out to around six to eight weeks.

**Senator O'BRIEN**—How many employees of DOTAR have ASICs?

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

**Senator O'BRIEN**—In the August 2006 edition of *Australian Aviation* there is an article 'ASICs—massive effort no security' and it quotes the vice president of AOPA as saying that despite all the emphasis on security he was told to collect his own ASIC from Qantas in Canberra. He was shown a box of red plastic cards on their lanyards and was left to sort through them unsupervised. He said, 'I could have pocketed any quantity of ASICs I wanted.' What investigations have occurred into that allegation and what action has been taken?

**Ms Johnson**—On the specific allegation, I cannot give the details. I do know that a conversation has been held with Qantas about what they are planning to do into the future. I would have to take any further detail on notice and come back to you.

**Senator O'BRIEN**—Could you tell us whether there have been any actions, fines or penalties issued in relation to that allegation. It does not sound like there was but perhaps you could let me know on notice if you do not know now. Has the government discovered how and where the hundreds of missing or lost ASICs reported to a parliamentary committee in late 2005 were lost?

**Ms Johnson**—Where they are lost specifically, no. It is of concern that even one ASIC goes missing. We are working with industry to look at ways to reduce that to ensure ASICs are returned in a timely manner. But in terms of where they actually are, no, I cannot answer that question.

**Mr Tongue**—I should note that in the case of Qantas employees they have an obligation to report ASICs as lost or stolen. If they are reported as lost or stolen, any access privileges are immediately revoked. The ASICs have a photograph on them, so, if anybody seeks to use them, one of the additional security measures in place at major airports as a result of the Wheeler review and security measures upgraded before then is increased face-to-ASIC checking of people. Whilst an ASIC, like a range of other identity cards or passes, might be lost or stolen in a number as large as 92,000—a bit like parliamentary passes here—a combination of features on them and the additional investment that has been both required of the private sector and made by the government is designed to address that vulnerability.

**Senator O'BRIEN**—Geoff Askew, the head of Qantas security, is reported as saying that Qantas has called for the ASIC system to be urgently revamped. He is reported as saying that an airline might wait up to two years before the government tells them that an employee in a top security area has a serious criminal record and they can bar them from being an ASIC holder. Are you aware of the report to which I am referring?

**Mr Tongue**—Yes, I am aware of the remarks that Mr Askew made. I would refer to the recent review that Ms Johnson talked about where we went back and looked at the history of all ASIC holders with regard to criminality and addressed that issue. There is one practical problem that we face in this country that some of our international counterparts do not face and that is that we, for the moment, lack a live criminal database.

Until such time as we have access to a system that quickly uploads conviction information and then makes it available real time we will always face some time lag. There, unfortunately, we are in the hands of the jurisdictions. Having said that, CrimTrac, which is a creature of the jurisdictions and Commonwealth, is moving over time to put us in a position where we have that online arrangement. That ultimately would enable us to change the nature of background checking in a sense. Once you are issued with an ASIC your history would be live and we would be able to move to a situation where it could be revoked if at any time you committed a crime that was on the prescribed list. I am aware of the criticism and we are moving to fix it.

**Senator O'BRIEN**—Have you conducted any sort of cost and feasibility study on the concept of the live database?

**Mr Tongue**—Not at this stage. First up we move from the Office of Transport Security playing a role in this process to the creation of AusCheck in the middle of the year. Once AusCheck is up and going that gives a new capability and we will work with the Attorney-General's department and industry stakeholders to ask a series of questions about how we move forward from there.

**Senator O'BRIEN**—So will AusCheck conduct regular and ongoing checks on ASIC holders?

**Mr Tongue**—AusCheck will be, if you like, the front end of the Australian government to the background checking arrangement. To undertake the review that Ms Johnson talked about we temporarily created a background checking unit pending the creation of AusCheck. It will in future be the instrument that drives some of these processes.

**Mr Retter**—There are a number of initiatives concerning the issue of identity that are being examined within the Attorney-General's department to improve the systems currently in place as has been alluded to by Mr Tongue. We will be working with the Attorney-General's department and other agencies to look at what is possible over the forthcoming period. At present we are not in a position to have those live background checks.

**Senator O'BRIEN**—Have you any idea what access to checks like that would cost per applicant?

**Mr Retter**—I am certainly not aware of the cost.

**Senator O'BRIEN**—What particular projects is this division involved in regarding the protection of the \$19 billion worth of assets and resources in the North West Shelf oil and gas projects.

**Mr Kilner**—There are a number of agencies working together to help secure Australia's North West Shelf both at the Commonwealth and state level. The Western Australian government is responsible for critical infrastructure protection, particularly for the shore based elements of the oil and gas facility. ASIO provides assistance in terms of threat assessments and the like in that area. The Western Australian police are also responsible for providing a tactical response group that works in that area and exercises in that area. The Western Australian government has recently moved a police boat into that area to provide greater assistance. The border protection command have responsibility for surveillance,

response and recovery within that particular field. The Australian Defence Force are positioning two patrol boats into that area.

The Office of Transport Security is responsible for the preventative security regime that exists in that area. We have responsibility for 76 offshore facility operators and offshore service providers and ensuring that they have security plans in place. We are responsible for the subsequent audit and compliance regime that exists. The government has in place a strategic maritime management committee which is chaired by the Department of the Prime Minister and Cabinet and on which Mr Tongue is a representative. Underneath that there is a joint maritime group that meets on a regular basis to look at issues within the maritime space. So in providing support to the offshore oil and gas sector in the North West Shelf there is a coordinated approach to dealing with issues that arise in that area.

**Senator O'BRIEN**—So how do you respond to an incident? Are you depending on the Navy?

**Mr Kilner**—It will depend on the nature of the incident.

**Senator O'BRIEN**—On the rigs?

**Mr Kilner**—Firstly, there is a requirement for them to report it. That requirement exists with either reporting directly to police—it will depend upon where the asset lies within the North West Shelf—or to Border Protection Command. Border Protection Command is responsible for pulling together the defence and customs assets and providing that level of response.

**Senator O'BRIEN**—Given attacks on other maritime infrastructure—such as USS *Cole* and the French tanker *Limberg*—that demonstrates a real risk to infrastructure such as offshore rigs being attacked by boats laden with explosives. If there is no system to intercept and board vessels in that area and cargo check, what is to stop something happening before this reporting system can lead to interception?

**Mr Kilner**—There is a range of preventive security measures in place for those facilities. It really gets back to the assessed risk vulnerability and threat environment that is provided to us by ASIO in providing a threat assessment. Security measures are then put in place. Turning around a 50,000-tonne vessel heading directly for a rig is not something that can be done quickly or to suddenly get the rig out of harm's way by putting something between the vessel and the rig. That then gets back to preventive security measures that are being put in place.

**Senator O'BRIEN**—It would not need to be a 50,000-tonne vessel. That is the point, isn't it?

**Mr Kilner**—Even a smaller vessel.

**Senator STERLE**—It could be a sampan.

**Mr Kilner**—I have not seen any in that region yet.

**Senator STERLE**—Mr Kilner, are you saying we have 24 hours a day seven days a week coverage out there in that vast area where the oil and gas fields are?

**Mr Kilner**—There is 24/7 coverage within that field, but that is not to say that we can put some interdicting vessel or aircraft or whatever between it and another vessel, whether it be a

sampan or whatever else, that is coming towards that particular facility. That is why we use preventive security measures and why we use a risk assessment and threat assessment process to try to put in place measures that deal with what are the critical vulnerabilities that have been assessed.

**Senator STERLE**—When you say surveillance, we are talking aircraft as well?

**Mr Kilner**—Yes, Border Protection Command does do planned surveillance of the oil and gas facilities.

**Senator STERLE**—What is stopping interception out there? If a vessel, whether it is a small fishing vessel or whatever it may be, is spotted, how can you assure us that that vessel could be intercepted if it had devious intentions? There is not a cop out there on the beat, is there?

**Mr Kilner**—No. There are 76 of these facilities and more coming online. I cannot assure you, Senator, that we can be between whatever the malcontent is and the oil rig. That gets back to the way that we do preventive security and the way that we put in place response and recovery arrangements.

**Senator STERLE**—But we would be relying on our Navy for all interception.

**Mr Kilner**—As I have said, it really depends on where the particular facility is.

**Senator STERLE**—What about out in the Timor Sea or the Indian Ocean or wherever it is?

**Mr Kilner**—We will be relying on Border Protection Command.

**Senator STERLE**—Which is our Navy.

**Mr Tongue**—No. It is a joint command between the Navy and customs. The other thing I note about many of these facilities, without going into too much detail about the security arrangements, is that a key part of protecting facilities from the safety case perspective is the ability to shut them down quickly. Again, without going too far, part of the response and recovery arrangement involved is the ability, in the event that one of these facilities perceives itself likely to be under attack, to move into an asset protection mode.

So there is the combination of Border Protection Command flying the border and flying the various production areas and exploration areas. There is the combination of customs and naval vessels. The Western Australian police play a role. But it is a huge patch of territory. In looking at this in a whole- of-government way and with industry, we have put together a layered approach, as we always do in protective security. But ultimately there is no 100 per cent guarantee in any of this work. We have layered it, if you like, as best we can within the nation's resource capability.

**Senator STERLE**—Did we not just have so many Armidale class frigates having to be recalled back to port only a couple of weeks ago?

**Senator Ian Campbell**—That would be a question for defence.

**Senator STERLE**—But I think it is important when Senator O'Brien asks how we guarantee protection of our \$19 billion offshore oil and gas facilities. So the answer has come

a long way further than the first answer that Mr Kilner gave. So you cannot guarantee that those facilities are protected.

**Mr Tongue**—I do not think anybody in the national security realm guarantees anything. They would be foolish to give an ironclad guarantee. We look at threats, we assess risks and we look at vulnerabilities. We work in a high-level government way to put multiple layers between whatever it is we are trying to protect and harm. But ultimately the economy cannot afford us to give a 100 per cent guarantee in any area that we are involved in critical infrastructure protection.

**Senator O'BRIEN**—Let us proceed to another area. How many maritime workers have applied for MSICs and how many have been granted?

**Mr Kilner**—As at 14 February we have received 76,800 applications for a maritime security identification card. Of those, about 70,200 have been approved. Since 1 January we received 6,000 applications.

**Senator O'BRIEN**—How many MSICs have been refused?

**Mr Kilner**—A total of 39 applicants have been considered ineligible to be issued with an MSIC on the grounds that they have been convicted of a maritime security related offence. At this point 15 are still ineligible, 21 have been approved following an application to the secretary for review and a further three have been approved for their MSICs after initially being refused.

**Senator O'BRIEN**—How did those last three come about?

**Mr Kilner**—After being refused, the regulation 6.08X provides an opportunity for them to seek a further review and to provide further information, and that is what occurred. Upon the review being completed, those three were approved.

**Senator O'BRIEN**—What is the turnaround time between applying for an MSIC and the card being approved, printed and delivered?

**Mr Kilner**—I would refer you to Ms Johnson's statement.

**Senator O'BRIEN**—It is about the same, is it?

**Mr Kilner**—It is exactly the same process that takes place whether it is for an ASIC or an MSIC, except in some cases the list of crimes can differ to some extent.

**Senator O'BRIEN**—Can you only apply for an MSIC online?

**Mr Kilner**—No. There are 14 issuing bodies. Some of those are online. In fact, the largest issuing body uses an online process, but there are a number of courts that are issuing bodies where you can just walk in the door and fill out the application in paper form. The Port of Brisbane would be a classic example.

**Senator O'BRIEN**—I think there has been some problem with your 1300 number service because a call was placed there last year to apply for an AMSIC—that was 1300132400—and then the caller was given instructions to call another 1300 number—this time 1300881055—for an application form. When the operator was told they did not have access to the internet, the operator told callers they could only apply online. What was going wrong there?

**Mr Kilner**—I am not aware of that particular incident. We have walked, I do not know, hundreds of people through the online process, particularly as we got closer to 27 October, which was the application date, so that they could apply and we have continued to do that. We are not responsible for the application itself. That is done through the issuing bodies, and they in turn have their own processes, phone numbers and the like. We have certainly assisted many people to apply.

**Senator O'BRIEN**—Have you had many complaints that there is inflexibility in the system of application?

**Mr Kilner**—Yes, there is no question we have had complaints in regard to the process. Some people have found the online application process difficult. In some senses, that is not surprising. I was once told by a trucking association that the average reading age within the trucking community was nine. That does make it difficult in terms of online applications.

**Senator STERLE**—Nine years of age? What were we talking about?

**Senator O'BRIEN**—Where did you get that nine-year-old age from?

**Mr Kilner**—From a trucking association.

**Senator O'BRIEN**—From the Australian Trucking Association?

**Mr Kilner**—No, not from the Australian Trucking Association.

**Senator O'BRIEN**—Which trucking association is making that allegation?

**Mr Kilner**—I do not think it was an allegation. It was raised at a meeting that we had with—

**Senator O'BRIEN**—So do you know what the basis of it was?

**Mr Kilner**—No, I do not.

**Senator STERLE**—You do not want to tell us which one it was?

**Mr Kilner**—It was told to me in confidence. I do not think it is important.

**Senator O'BRIEN**—It is the basis of you saying that you have got problems.

**Mr Kilner**—We certainly had issues with online applications; there is no question about that. The majority of those people have been within the trucking community.

**Senator O'BRIEN**—Who are not used to keyboards and online stuff perhaps.

**Mr Kilner**—They found that difficult.

**Senator O'BRIEN**—It would be fair to say that there are lots of people who have very good reading skills but because of their age and experience have a lot of problems with online services. I am not saying they are applying for AMSICs.

**Mr Kilner**—There is no doubt that the older members of the community including me have found it—

**Senator O'BRIEN**—Those who are much less familiar with technology are much less comfortable with it and much less certain with the interface. An article in *Lloyd's List Daily Commercial News* entitled 'Truss warns against another security card scramble' states that the former minister for transport, Mr Truss, said, 'Experience with general aviation pilots

applying for aviation security cards earlier this year had been bad.' Clearly, you would expect that their reading age was not a problem. I am concerned that the same problem will occur with AMSICs. Does that indicate there should be a more customer friendly application process?

**Mr Tongue**—Could I dive in there. I think we have discussed in this committee previously some of the difficulties we had in reaching out to the GA community in, if you like, encouraging people to do something they did not necessarily want to do in an environment which some people perceived as being a bit intrusive.

One of the things we learnt in the ASIC process in setting deadlines was that we needed to, if you like, change the pattern of incentives a bit and we applied some of that in the maritime industry. One of the problems that we have had is if we just set a deadline people tend, as we all do, to delay applying until the very last moment and then we confront the background checking agencies with tens of thousands of applications and the lead times for processing blow out.

So with the maritime sector we changed our arrangements to try to stagger the flow of background checks, and that was successful to some extent. We certainly learnt some lessons about not just online but our provision of materials to the whole community with background checking—multiple languages was one. We had a lot of success with those variable signs that you sometimes see on the highway. We put those outside ports to remind people to get our message out. We had to work early on to, if you like, find a way to make our message real and urgent. In the end, we found that it was not some of the areas that we initially thought—the internet being one. We work with the MUA, for example. They have an online newsletter so we made an assumption about reaching people through that. In the end, we ended up with some more direct means.

**Senator O'BRIEN**—I want to ask for some information, and I suspect you will need to take this on notice. I am interested in the details of all foreign flagged ships that have operated on the Australian coastline under single or continuous voyage permits since 1 September 2005. I would like the names of the ships entering Australia, the dates the ships operated on the Australian coastline, the cargo carried, the country of registration, the details of the nationality of the crew and the type of permit under which the ship was operating. I would also like to know the details of ships that carried high-consequence dangerous goods and what the goods were.

**Mr Tongue**—We will have to take that on notice. I think we have addressed many of those for you previously.

**Senator O'BRIEN**—In the past, that is right.

**Mr Tongue**—In approving the answers coming through, I do not remember the nationality of the crew being one. That might slow us down, if I could just put that caveat in. It is the same with high-consequence dangerous goods; a high level of fidelity might challenge us but we will do our best to get you as much detail as possible.

**Senator O'BRIEN**—Okay. Also, where it is known that there were dangerous goods on board, I would also like to know the type of permit. If you could marry the two things, that would answer both questions, would it not?

**Mr Kilner**—Yes.

**Senator O'BRIEN**—Just going back to the issue of the *Cole* attack and the North West Shelf. There was talk about a 200-tonne vessel or something. The USS *Cole* incident happened on 12 October, with 17 sailors killed and 40 injured. The attack was by a vessel a lot smaller than 200 tonnes. It blew a 40-foot hole in the side of the ship costing \$287 million to repair. A key operative of al-Qaeda was involved. The operators who organised it were promoted within al-Qaeda, taking over operational planning for future attacks. The MV *Limberg* attack was organised by al-Qaeda as well on 6 October 2002. It was rammed by an explosive-laden small vessel off Ash Shihr at Al Mukallah, 353 miles east of Aden. There was much less damage but the economic impact was a trebling of maritime insurance rates. These things do not require very large vessels to take effect, and that is the purpose of the questions. Just on the question of AMSIC, is it true that some ports do not mail out application forms; you have got to turn up in person at the port to get your application?

**Mr Kilner**—Yes, that is right.

**Senator O'BRIEN**—Why is that?

**Mr Kilner**—It gets to the identification requirements. So some of the ports have within their plans the requirement of the person to turn up at the counter at the port to demonstrate their identity to collect the AMSIC.

**Senator STERLE**—For the record, I know you do not want to disclose who you had the conversation with at the association, but I have to put this on the record. Senator O'Brien would know even better than me that the effort that was put into achieving the outcomes that were required under the AMSIC cards on both sides of the transport industry was enormous. I think comments like that, from someone pertaining to be representing the industry—I would hope that the plonker who made that statement would not get through your front door for any other conversations about transport.

**Mr Kilner**—The effort put in by the industry and by employee associations was, without doubt, fantastic. The efforts of all the trucking associations around Australia—the work of the Australian Trucking Association—was instrumental in us being able to achieve the result. There is no question of that. My point was really about the difficulty that some people faced, particularly in the trucking community, about the use of the online application process.

**Senator STERLE**—I understand that, but there is a fair bit of difference between having difficulty trying to work computers compared to having the reading skills of a nine-year-old. I am not shooting the messenger; you just passed that statement on—and I take great offence to that; I just wanted that on the record—for any group of workers.

**ACTING CHAIR**—We are all done. Thank you very much. We will move on to Regional Services.

[6.20 pm]

### Regional Services

**Senator O'BRIEN**—Welcome back. What was the rationale for the minister's November 2005 decision to appoint deputy ACC chairs? I understand that was not previously the case. It was not recommended by the Senate inquiry.

**Ms Page**—That was a decision made by the previous minister, Warren Truss, in consultation with the Prime Minister. It was a policy decision of government.

**Senator O'BRIEN**—Do you know if the ACCs were consulted about that?

**Ms Page**—I do not believe they were.

**Senator O'BRIEN**—Do you know if the minister used specific criteria in making the appointments of chairs and deputy chairs?

**Ms Page**—There were specific criteria, or there are specific criteria that apply to those positions, yes.

**Senator O'BRIEN**—Did the department make recommendations on these appointments as specified in the ACC 2004 handbook?

**Ms Page**—The department did not make recommendations. The department collated information on nominations. The decisions were made by the minister.

**Senator O'BRIEN**—Do you know if the minister then consulted community leaders in making the appointments as specified in the ACC 2004 handbook?

**Ms Page**—I will get Ms Gosling to explain the process in detail.

**Ms Gosling**—The minister wrote to all members of parliament and senators and also consulted in writing with the ACC chairs themselves.

**Senator O'BRIEN**—So the chairs were consulted. The whole board was not, I take it?

**Ms Gosling**—The letters were addressed to the chair. Normally, the consultation with ACCs on any issue would go to the chair as the director of the organisation in that instance.

**Senator O'BRIEN**—Was there consultation with members of parliament and senators by the minister in relation to the making of the appointments?

**Ms Gosling**—Yes, he wrote to all senators and members of parliament.

**Senator O'BRIEN**—Every senator and every member?

**Ms Gosling**—Yes.

**Senator O'BRIEN**—In terms of the ministerial panel, it was the just the minister and the Prime Minister?

**Ms Gosling**—Sorry?

**Senator O'BRIEN**—There was a ministerial panel that is involved in decision making in this area, but in this case it was not that panel that was consulted; it was the consultation with the Prime Minister?

**Ms Gosling**—The ministerial committee on regional partnerships at the time was still Minister Truss, Minister Lloyd and Minister Nairn. They actually agreed to a process for how the consultation would occur with the appointments and they agreed to criteria. So they were consulted at that stage in the process.

**Ms Page**—The Prime Minister was not part of the appointment process formally on this occasion. He was certainly consulted in relation to the policy decision in November 2005 to appoint chairs and deputy chairs, but on the basis of his agreement with Minister Truss, the

Minister for Transport and Regional Services would make the decision along the lines that Ms Gosling has outlined.

**Senator O'BRIEN**—So I take it what you have described to date is the full process of the consultation and appointment.

**Ms Gosling**—The other aspect of the consultation I overlooked was that the department did actually consult the Office of the Status of Women in terms of some suggestions from them. The department then collated that information and the nominations that the minister had received and then it was a ministerial decision in terms of selections.

**Senator O'BRIEN**—Were these positions advertised in the media?

**Ms Gosling**—No.

**Senator O'BRIEN**—In his October letter received by members last year, the minister said the appointments would be made in time for terms to start on 1 January 2007. Have all the appointments been finalised?

**Ms Gosling**—With the ACCs, as you would be aware, they are incorporated associations under state and territory legislation. Each jurisdiction has slightly different requirements and then overlaying that each ACC has their own constitutional requirements. So, in essence, I cannot guarantee that the formalities of the requirements under each constitution have been complied with in full, but in essence, people are working very hard to follow through on those procedural issues.

**Senator O'BRIEN**—But from a minister's point of view, he has made the appointments in all cases?

**Ms Gosling**—Yes.

**Senator O'BRIEN**—When will all the details be made publicly available?

**Ms Gosling**—The minister will be writing to all members and senators within the next couple of days to update on the ACC appointments with the full list.

**Senator O'BRIEN**—When did he make the decision?

**Ms Gosling**—It is hard for us to say—

**Senator O'BRIEN**—There were a series of decisions, were there?

**Ms Gosling**—There were a series of decisions. A large bulk of the decisions were communicated to the department, I think, on 21 or thereabouts of December. Obviously in terms of the consultation when you have 50-odd organisations around the country to communicate those decisions with at that time of the year, there was a process in terms of notifying people.

**Senator O'BRIEN**—It is a bit tardy in terms of the two-month delay to notify the members of parliament—nearly two months, not quite two months. Is it intended that the full list of appointments will be communicated to all members and senators by the end of this month? That is what I took your earlier answer to mean.

**Ms Gosling**—That is right. The process of actually getting those letters finalised is in train as we speak.

**Senator O'BRIEN**—Will those appointments be listed on the department's web site anywhere?

**Ms Gosling**—There is an ACC web site and those appointments will be uploaded. We have been going through that and trying to do that sequentially, but that should be finalised this month as well.

**Senator O'BRIEN**—When were the ACC chairs and boards made aware that the minister would appoint deputy chairs?

**Ms Gosling**—That was announced as part of the changes, as Ms Page said, in terms of Minister Truss's announcement. I think it was 15 November 2005.

**Ms Page**—Minister Truss put out a media release at that time with a range of changes that would occur to the Regional Partnerships Program, including the constitution of the ministerial committee for example. It was one of those changes.

**Senator O'BRIEN**—So it was by media release?

**Ms Page**—Initially, yes. But there have been other communications since. There has been an ACC chair's conference. There has been various correspondence.

**Ms Gosling**—Also, Senator, in terms of working with the executive officers of the ACCs, they have been aware since that time and the regional services division both through the national office and regional offices have been working through the detail of what needed to happen in terms of their own constitutional requirements to give effect to that decision.

**Senator O'BRIEN**—So ACCs were instructed to amend their constitutions?

**Ms Gosling**—In some cases that was necessary, yes—bulk of cases probably. Some ACCs may not have had requirement, for example, for a deputy chair. Again, it is sort of slightly different in each case.

**Senator O'BRIEN**—Is it possible to have copies of the correspondence between the department or the minister to the ACCs about this constitutional issue?

**Ms Gosling**—I can take that on notice, Senator. As I said, we actually have regular ongoing communication with the ACC executive officers, so some of it has actually been in discussions orally and in terms of information sessions we held during September and October with those ACCs. Some of it has actually been done orally.

**Senator O'BRIEN**—I want to know why it is that some ACC constitutions were not changed in time for the minister to impose his appointment of chair and deputy chair on them such as, for example, in the case of the Mackay ACC. Does that mean there has been significant resistance?

**Ms Gosling**—No, Senator. As I said, the process sort of varies in each jurisdiction in terms of what the legislation requires and then it also varies in terms of what the constitution of the particular ACC requires. So the process actually can vary. In terms of when meetings might be required to give effect to resolutions to amend the constitution, that may vary from ACC to ACC. Also, the offices of fair trading, the state regulator of the incorporated association legislation, have a role to play in approving the amendments to constitutions of incorporated

associations. To some extent, some of this is also out of the control of the ACC. There are several stages in the process.

**Senator O'BRIEN**—That was obviously not considered when the decision was taken. Have all ACC constitutions now been amended so that the minister appoints the deputy chair? Perhaps you could tell me which ones have not. That is probably the easier way of asking that question.

**Ms Gosling**—I will probably need to come back to you with that information. Again, I know that there are some ACCs that have their amendments with the state regulator for approval. Again, some of it is out of their control.

**Senator O'BRIEN**—Perhaps you can tell me those who are awaiting approval and those who fall into another category.

**Ms Gosling**—Yes, Senator.

**Proceedings suspended from 6.32 pm to 7.32 pm**

**ACTING CHAIR**—We shall resume the hearing with regional services. Senator O'Brien.

**Senator O'BRIEN**—Following up on the subject we were proceeding with before the meal break, which was about the chairs and deputy chairs of ACCs, have all the sacked chairs been provided with a letter of explanation as to why they were not reappointed?

**Ms Gosling**—The appointments of the chairs are for a finite period, so the period of appointment expired on 31 December.

**Senator O'BRIEN**—Yes, they would have known that, but presumably if they wanted to be reappointed and they were not, were they told why?

**Ms Gosling**—The minister wrote to all the chairs who were not reappointed at the conclusion of their term.

**ACTING CHAIR**—How many were not reappointed?

**Ms Gosling**—Six.

**ACTING CHAIR**—Out of how many, the changing positions?

**Ms Gosling**—Currently there are 56 ACCs in total but five of those are in metropolitan Melbourne and were subject to the boundary review, so in terms of the appointment process we have just been through it was 51.

**ACTING CHAIR**—So it was only six out of 51?

**Ms Gosling**—Six out of 51.

**Senator O'BRIEN**—So it was not a big task to write to six and tell them why they had not been reappointed. It is self-evident that it was not difficult. What about the boards where the chairs were not reappointed? Have they been told why their chair was not reappointed?

**Ms Gosling**—The communications have been with the chairs.

**Senator O'BRIEN**—Were all unsuccessful nominees for ACC chairs or boards provided with a letter of explanation as to why they were not appointed?

**Ms Gosling**—No, Senator. Some of those nominees may not have even been aware—consultation came from a range of sources so, in terms of their expectations, they may have been told that they were possibly under consideration; but no.

**Senator O'BRIEN**—So they, what, read the public announcements and said, 'I've missed out,' or something to that effect?

**Ms Gosling**—There was no correspondence that the department is aware of. Whether there were any consultations at ministerial level, I am not aware.

**Senator O'BRIEN**—Have all members and senators been provided with a letter of acknowledgment where they have made nominations?

**Ms McNally**—Not all nominations were necessarily in writing, I understand. They often came in through discussions and other ways, so it is not possible to give you a clear answer on that.

**Senator O'BRIEN**—What are the other ways?

**Ms McNally**—Through discussions, phone calls, conversations.

**Senator O'BRIEN**—Discussions, phone calls, conversations, emails, letters?

**Ms McNally**—That is right; a combination.

**Senator O'BRIEN**—Was there a process saying, 'Your conversation, note, email or letter has been acknowledged'?

**Ms McNally**—That process was run by the minister's office. We were not involved in it.

**Senator O'BRIEN**—It would have been better if you had been, I suspect.

**Ms Gosling**—Where there might have been correspondence to the minister, I think in the normal course of events the department is asked to prepare a reply. There may have been some administrative cracks and perhaps not every one was answered, but I think the general process was: if there was a letter, there was a reply from the minister acknowledging that he had received that nomination.

**Senator O'BRIEN**—So where the minister received a nomination, he acknowledged it?

**Ms Gosling**—To our knowledge at the departmental level, where it was in a letter form.

**Senator O'BRIEN**—Where it was in a letter form, it was acknowledged, but if it were some other form of communication, whatever it might have been, you cannot say whether it was acknowledged or not?

**Ms Gosling**—No, Senator. They are ministerial appointments, and soundings are taken in a variety of ways.

**Senator O'BRIEN**—Mysterious as they may be. Will the ACC handbook be updated to reflect new arrangements with deputy chairs being appointed by the minister?

**Ms Gosling**—The ACC handbook is currently being updated to deal with a range of changes including those in relation to the Regional Partnerships program. To some extent that process has been delayed because one is dependent upon the other, so we are doing that now.

**Senator O'BRIEN**—Have deputy chairs been informed what their role will involve?

**Ms Gosling**—The department has been contacting the new appointees, either through national or regional office, and talking their roles through with them. To some extent, the role of the deputy within board meetings et cetera is a matter for the ACC as an independent legal entity.

**Senator O'BRIEN**—Will the handbook specify what their role is?

**Ms Gosling**—Yes, the handbook will indicate what the role of the deputy chair is in relation to casual vacancies or other short periods of absence of the chair for one reason or another.

**Senator O'BRIEN**—What can you tell us about the consideration in the appointment of the chairs of the commitment in that 2004 handbook to increase representation of Indigenous Australians and Australian women?

**Ms McNally**—The appointments that are made or identified come from a range of areas. People in the local area identify them. In terms of having a specific process for different sorts of people, that is not put in place; it is an overall process. One of the criteria was recognising diversity.

**Senator O'BRIEN**—The handbook says 'increase representation of Indigenous Australians and Australian women', so what happened? Did we increase or did the numbers stay the same or go down? Do you know?

**Ms Gosling**—We now have six female chairs and 18 female deputy chairs.

**Senator O'BRIEN**—Have the chair and deputy chair been appointed to the Illawarra ACC yet?

**Ms Gosling**—Are you asking me whether the sort of constitutional process we discussed before dinner has been completed? Is that your question?

**Senator O'BRIEN**—No, I mean by the minister.

**Ms Gosling**—Yes, the chair is Mr Eddy DeGabrielle and the deputy is Ms Estella Ferreira.

**Senator O'BRIEN**—Do you know if the deputy chair resides in the ACC region?

**Ms Gosling**—I would have to take that on notice. I do not have that information.

**Senator O'BRIEN**—If you would, please. Was it a requirement that chairs and deputy chairs reside in the region they serve?

**Ms Gosling**—Obviously in most cases that is the situation. There may be a small number I think in Melbourne; for example, with the chairs appointed to 31 December 2006 there is a chair who did not quite reside in the region. I think there may be a handful of cases where people with a knowledge of the region who may reside outside the region could be appointed. It is not a requirement but in the vast majority of cases that is the situation.

**Senator O'BRIEN**—Thank you. Could you on notice provide us with details of chairs and deputy chairs that do not reside in the region of the ACC to which they have been appointed?

**Ms Gosling**—Yes.

**Senator O'BRIEN**—The former chair of South Central ACC, Leonie Taylor, was not reappointed. Do you know what advice was provided to her about the decision not to reappoint her?

**Ms Gosling**—Again, some of these consultations occurred at ministerial office level. My understanding is that there was a conversation with Leonie Taylor on or about 22 December and she would have received a letter from the minister in the normal course of events.

**Senator O'BRIEN**—Do you know if the member for Mayo complained about her management style?

**Ms Gosling**—I am not aware of that.

**Senator O'BRIEN**—The Mount Barker *Courier* of 31 January says:

In a written statement Mr Downer said the decision not to reappoint Ms Taylor was made in response to a 'series of complaints relating to her management style'.

Why was the member for Mayo, the foreign minister, making such comments in a written statement if he is not the minister making the decision?

**Ms Gosling**—That is a question for the member for Mayo; I am not able to project.

**Senator O'BRIEN**—But in any case you are not aware of any such advice being provided by your minister to Ms Taylor?

**Ms Gosling**—Again, I am not aware of what dialogue might have happened at ministerial level.

**Senator O'BRIEN**—Can you check and advise us on notice, please.

**Ms Gosling**—Sorry, what am I taking on notice?

**Senator O'BRIEN**—I want to know whether your minister made any written comments to Ms Taylor in relation to her nonreappointment.

**Ms Gosling**—Yes, Senator. The minister wrote to Ms Taylor on 7 February 2007.

**Senator O'BRIEN**—Explaining her nonreappointment?

**Ms Gosling**—Indicating that she had not been reappointed.

**Senator O'BRIEN**—Did that letter indicate that it was in response to a series of complaints relating to her management style?

**Ms Gosling**—No, Senator.

**Senator O'BRIEN**—Did that letter indicate any reasons for her nonreappointment.

**Ms Gosling**—Obviously, with the small number of ACCs where the minister has decided not to reappoint at the expiration of an ACC chair's term, in a lot of cases it really has been about looking for a fresh perspective for that region in terms of governance and fresh approaches.

**Senator O'BRIEN**—Is that speculation or is that what the minister told Ms Taylor?

**Ms Gosling**—That is what the minister has indicated to not only Ms Taylor but some other chairs.

**Senator O'BRIEN**—Has the deputy chair of the Mackay ACC been formally appointed?

**Ms Gosling**—No. In terms of the constitutional process for the Mackay ACC, the information I have is that their amendments are still with the Office of Fair Trading, which I think is the state regulator of Queensland's incorporated association legislation. Those amendments have been with the state regulator from sometime shortly after 13 October, when the Mackay ACC ratified the amendments at an AGM. The process is that the members of the ACC ratify the amendments at an AGM and then they are submitted to the Office of Fair Trading for approval, and that is where that one is at.

**Senator O'BRIEN**—Has the minister made a nomination?

**Ms Gosling**—Yes.

**Senator O'BRIEN**—Who has he nominated?

**Ms Gosling**—Mr Greg Smith.

**Senator O'BRIEN**—Is it the case that the board has nominated someone else?

**Ms Gosling**—Because the amendments are still with the regulator, it is not really in a position for the board to nominate—

**Senator O'BRIEN**—Do you know whether the board has taken any action to nominate anyone?

**Ms Gosling**—There has been some correspondence between the Mackay ACC and the minister, and because the amendments are not finalised the minister's appointment has not been formalised.

**Senator O'BRIEN**—Has another person's name as the deputy chair been put forward to the authorities in Queensland?

**Ms Gosling**—I am not sure that the process is that the individual's name is put forward to the regulator. What is put forward to the regulator is the amendments to the constitution, the process for how the ACC will go about electing or appointing their board members.

**Senator O'BRIEN**—Is it the case that the Mackay ACC refuses to put forward the amendments the Commonwealth wishes?

**Ms Gosling**—No. They have done what they can and they are with the state regulator, the Office of Fair Trading, awaiting approval, and have been since October.

**Senator O'BRIEN**—What is causing the delay?

**Ms Gosling**—I do not know. I do not know what is happening in the Queensland agency.

**Senator ADAMS**—While Senator O'Brien is thinking of his next question—

**Senator O'BRIEN**—Questions, perhaps.

**Senator ADAMS**—can I just make several points, Chair, just to add to this.

**ACTING CHAIR**—Yes.

**Senator ADAMS**—Firstly, I did nominate several people for appointments and I had a letter back thanking me very much for my nominations. I have been on a number of ministerial appointed boards over the years. You are given a three-year or a five-year term, or

whatever it is, and normally a letter comes and thanks you very much for the work that you have done et cetera, and that is it. Most of the time you do not expect to be reappointed. You have got that term and you are very fortunate to have it, and someone else may have it. So I am just wondering, in terms of the process, where it is all going. I think when someone's term is up, if a letter is written saying, 'Thank you very much,' there is no need to say, 'You haven't done this,' or 'You haven't done that.' It is just not what it is about. The minister appoints and the minister reappoints.

**Ms Gosling**—That is right. They are ministerial appointments, and a number of these people have been reappointed and had several terms.

**Senator JOYCE**—Ms Gosling, when they are appointed, do you give them any guarantee whatsoever that they will be reappointed? Do you ever write a letter saying, 'This is an appointment and we're going to renew it after it's over'?

**Ms Gosling**—No. It is an appointment for a specified time.

**Senator JOYCE**—In fact, are you categorically clear, when you send them the letter, that the appointment is for a specific period of time?

**Ms Gosling**—Yes. They know that the appointments expired on 31 December 2006.

**Senator O'BRIEN**—Is this committee just a plaything of the minister?

**Senator JOYCE**—I think that is an uncalled-for comment.

**ACTING CHAIR**—We might go back to Senator O'Brien, who can finish his set of questions, and then go to Senator Joyce.

**Senator JOYCE**—Have you ever had a—

**ACTING CHAIR**—Senator Joyce, I am just letting Senator O'Brien finish his set of questions.

**Senator JOYCE**—Sorry. I thought you were indicating for me to speak.

**ACTING CHAIR**—No—very shortly.

**Senator O'BRIEN**—Could you tell me when the Mackay ACC was first consulted on the proposal to establish the \$8 million Central Queensland science and technology precinct.

**ACTING CHAIR**—Are you moving off the appointments, Senator O'Brien?

**Senator O'BRIEN**—It is about the same matter, but if you want to give the call to someone else for some reason—

**ACTING CHAIR**—No, if it is the same matter, that is fine. If it is with the subject, that is fine, keep going.

**Ms Page**—Sorry, Senator. Was your question about when the ACC was first advised about the centre?

**Senator O'BRIEN**—First consulted, yes.

**Ms Page**—It was a 2004 election commitment by the government.

**Senator O'BRIEN**—Was the ACC consulted before the announcement was made?

**Ms Page**—I am not aware that the ACC was consulted.

**Senator O'BRIEN**—I have a number of questions about that process which I will put on notice. They are extensive.

**Ms Gosling**—Senator, at this point, can I clarify some evidence that I have given in relation to South Central South Australia ACC.

**Senator O'BRIEN**—Sure.

**Ms Gosling**—I said that the minister wrote to Ms Leonie Taylor on 7 February, which in fact he did. But that was a subsequent letter. He had initially notified her in writing; the letters were signed on or about 21 December, as well as, I understand, oral communication from his office at that point. There was a follow-up letter on 7 February. I just wanted to clarify that there was an earlier letter.

**Senator JOYCE**—How many ACCs are there in Australia?

**Ms Gosling**—There are currently 56.

**Senator JOYCE**—Do any of the chairs or deputy chairs get paid?

**Ms Gosling**—No, they are volunteers.

**Senator JOYCE**—They are all volunteers. So it would be similar to other volunteer organisations, in which case they are relying on the benefaction and goodwill in the community to participate in them.

**Ms Gosling**—That is right.

**Senator JOYCE**—As such, you would presume that they are doing it out of the goodness of their hearts and, apart from asking them politely, you cannot really impose strict conditions on them to return paperwork, send paperwork in, organise meetings. You hope they do it, and if they do not do it I suppose you can get rid of them. But you are really relying on their community service ideals, aren't you?

**Ms Gosling**—Yes. They are volunteers, so to that extent it is a community service. Obviously the organisations do have paid executive officers and other staff, and those people are responsible for the governance and recording of the ACC.

**Senator JOYCE**—Have we ever had a community say that they do not want their ACC anymore, that they wish it was disbanded or got rid of?

**Ms Gosling**—Not to my knowledge.

**Senator JOYCE**—So you would say that there must be generally a good sense of connection with the community and people are pretty happy with them.

**Ms Gosling**—Yes.

**Senator JOYCE**—Regarding the reappointments, has anybody anywhere ever given to you an expectation that, when they are appointed once, they are appointed in perpetuity?

**Ms Gosling**—No. The appointments are for a finite period.

**Senator JOYCE**—In fact, you clearly state that to them in the letter when you send it to them, don't you?

**Ms Gosling**—Yes. The minister states what the period of the appointment is.

**Senator JOYCE**—If someone was to feel that they were slighted by not being appointed, that is really their own personal interpretation of the situation, rather than anything to do with the facts of their appointment.

**Ms Gosling**—I find it hard to speak on that, Senator. But the periods are for a finite term.

**Senator JOYCE**—Have we in any way anywhere ever led someone to believe that their appointment is somehow different to what is said in the letter and that they are going to be appointed for a longer period of time?

**Ms Gosling**—No, not to my knowledge, but they are ministerial appointments.

**Senator JOYCE**—The Mackay science and technology centre has been brought up. Has the state government already planned a \$35 million TAFE college for Mackay?

**Dr Dolman**—That is our understanding, that there is a state funded centre in Mackay.

**Senator JOYCE**—We would have a bit of a duplication then, wouldn't we, with two facilities and expenditure of public moneys on something that really, in essence, has already been supplied to the district?

**Ms Page**—There is a process that is taking place at the moment to finalise a business case in relation to the election commitment. Clearly those issues are being examined as part of that.

**Senator JOYCE**—Have any of the major stakeholders that were initially involved in the \$8 million science and technology centre now advised their intentions to not be part of it and have moved to Brisbane?

**Ms McNally**—Not that we are aware of, Senator.

**Senator JOYCE**—Wasn't it one of the sugar research bodies that has now decided to leave? They were initially in your stakeholders group.

**Ms McNally**—We are still going through the business case phase.

**Senator JOYCE**—If we are to be provident with this \$8 million expenditure, and if we have a similar project that is right beside it, it would make sense that in your business scenario you would probably be more cautious than usual about how you spend that money.

**Ms Page**—Clearly a business case would look at the requirement for the facility, any duplication of facilities, the need for it, and if there were rival or alternative centres that would be a consideration for the government in deciding what the level of their funding commitment will be.

**Senator JOYCE**—In fact, you would have to say it is more of a sacrifice. If you see something that could possibly be already there, because you are dealing with other people's money it is probably just for you to say: 'No, hang on. We're going to wait for a second because if we've already got it we might just pull up for a second and see what's going to happen.'

**Ms Page**—That is a judgement that the ministerial committee will need to consider when they get the results of the business plan.

**Senator JOYCE**—Thanks for that.

**ACTING CHAIR**—Senator Adams, do you have any further questions?

**Senator ADAMS**—No. I mentioned board membership before. It is very clearly spelt out when you are appointed; the date of the termination of your appointment is in the letter. Normally you have guidelines about what is expected of you as a board member, a committee member or an advisory committee member. I am not sure, I might have to check up and see what is given to the ACC members, but I think it is all very clear. As I said, I nominated someone for an ACC in Western Australia and received a very nice letter back from the minister's office straightaway.

**ACTING CHAIR**—Thanks, Senator Adams. Senator O'Brien.

**Senator O'BRIEN**—Do we all get to make a speech?

**ACTING CHAIR**—You have made your fair share of speeches in this place, thank you, Senator O'Brien.

**Senator O'BRIEN**—I am asking questions. But I am happy to make a speech, if you would like.

**Senator JOYCE**—We like your speeches. It helps me put my kids to sleep.

**Senator O'BRIEN**—That's good; I am glad you admit you need some help there! I want to refer to the Mackay aquatic park, which was an application by the Mackay City Council to Regional Partnerships and was rejected by the minister last year. I asked a question on 31 October about why the project was not funded. Ms McNally, you said: 'I do not have the specific details on that project. I would have to take that on notice.' I am not aware that we have received an answer. Have I missed something?

**Ms McNally**—We have answered a question on notice on that.

**Senator O'BRIEN**—Can you refer me to the answer, because it has slipped past me?

**Ms McNally**—There were three reasons that the project was not approved. The first related to the project outcomes. It was a decision of the ministerial committee that the project as presented did not represent value for money. It was a large project—\$4 million—and the application did not substantiate any clear ongoing outcomes for the community to warrant that type of funding. The second point was that there were issues around competitive neutrality which had not been addressed in the application. There was a concern about whether there would be a negative impact on similar activities in the region. The third reason was that the issue around ongoing revenue had not been addressed. Ongoing cost and capital cost assumptions were not substantiated. That information was provided to the applicant as part of the rejection letter.

**Senator O'BRIEN**—Is there any process for the council to appeal that initial decision?

**Ms McNally**—The council has reapplied under the program and that application is currently under assessment.

**Senator O'BRIEN**—They are fairly damning reasons why it was rejected. What hope would they have of a positive decision?

**Ms McNally**—They have addressed those three key points. They will be in a better position than they were last time.

**Senator O'BRIEN**—A local member has indicated in the *Daily Mercury* that the Blue Water Lagoon has met funding guidelines, and she expects an answer by the end of March. How does she know that?

**Ms McNally**—I do not know. The application will be considered by the ministerial committee, as are other applications under the Regional Partnerships program.

**Senator O'BRIEN**—So the department has not told her?

**Ms McNally**—No.

**Senator JOYCE**—Are you suggesting that everything you read in the paper isn't the truth?

**Senator O'BRIEN**—I do not think that is what the answer meant at all. You have a strange mind, Senator Joyce, but that's another question! In relation to the Buchanan Park rodeo at Mount Isa, in May 2006 this committee heard that a total of \$2.76 million had been paid to the proponent. Has a third progress report been received?

**Dr Dolman**—No. The total payment is still \$2.76 million.

**Senator JOYCE**—Is it Regional Partnerships' role to start funding council projects?

**Ms McNally**—One of the issues we look at as part of the Regional Partnerships program is cost shifting, and a number of issues are considered in the cost-shifting element: contributions from the council, contributions from the state government, what the normal course of events is in terms of what councils normally do, where the project is located, whether it is a small and disadvantaged community. There are a range of issues that are taken into account in assessing the cost-shifting factor.

**Senator O'BRIEN**—Going back to Buchanan Park rodeo, this project was due to be completed on 5 August 2006. Obviously that has not been achieved. What is the new completion date?

**Ms McNally**—March 2007.

**Senator O'BRIEN**—Was an application for this project received before funds were granted?

**Ms McNally**—This was another election commitment project.

**Senator O'BRIEN**—So the answer is no?

**Dr Dolman**—This is one where we actually had an application prior to it being announced as an election commitment. However, when it was announced as an election commitment, we ceased assessment of the project.

**Senator O'BRIEN**—Does that mean the ACC was or was not consulted on this funding approval?

**Dr Dolman**—My recollection is that the ACC comments had not come in at the time that we ceased the assessment.

**Senator O'BRIEN**—What other sources of funding are being provided for this project?

**Ms McNally**—There are a number of sources. There is funding from the Queensland government at \$3 million. Mount Isa City Council is putting in \$3.5 million. There is \$0.2 million from the sale of assets at Kalkadoon Park. There are some corporate sponsors putting in about \$1 million. Then there is the Regional Partnerships contribution.

**Senator O'BRIEN**—Why is the completion delayed?

**Ms McNally**—The completion has been delayed due to various construction issues and getting confirmation of funding from various funding partners, but it is now progressing well. They have put the roofing on the stadium which has been installed. The seating is still to be installed. They have installed stock pens and cattle yards. So there is a fair bit of work that is now completed. We are advised that March 2007 is the completion date. One of the other issues that the project faced was that a lot of the work that had to be undertaken was the subject of going out to tender and in some cases there was not a big response to the tender process.

**Senator JOYCE**—The mining industries are pretty strong around Mount Isa, so you would have a range of difficulties in obtaining tradesmen because of the exorbitant cost. Any tradesmen out there worth their salt are in the mines.

**Ms Page**—It is not unusual in relation to projects in remote regions to have difficulty finding labour and to commence projects promptly for that reason.

**Senator JOYCE**—That would be one of the biggest community projects in the Mount Isa area, wouldn't it? As a function centre, would there be anything comparable to that around Mount Isa?

**Senator Ian Campbell**—It is a huge project and it is one that Labor would have got rid of.

**Senator JOYCE**—It must be a big asset to the town.

**Senator Ian Campbell**—They have got it in for the regions. They hate it. They hate the regions. They hate the people out in the country.

**Senator O'BRIEN**—Yes! Why don't you go back to your latte set at Subiaco!

**Senator Ian Campbell**—'Regional rorts', they call it.

**Senator O'BRIEN**—Yes, there were plenty of them.

**Senator Ian Campbell**—Boondoggles.

**Senator O'BRIEN**—There were plenty of rorts, don't worry about that!

**Senator Ian Campbell**—They hate it. And he always speaks sotto voce on this stuff—he has got quieter as the years go on!

**Senator O'BRIEN**—Instead of babbling on, can we proceed or do you want to waste more time? In February 2006 this committee was told that there may be a reduced scope for the Bert Hinkler Hall of Aviation project. Has that situation changed?

**Dr Dolman**—Yes, that situation has changed because in June 2006 the Queensland government indicated that they would contribute \$1.5 million to this project. You may recall the project was initially delayed because there was uncertainty about whether or not the

Queensland government would be contributing. They rescope the project to try and have it progress without the Queensland government funding and then had to rescope it again once the Queensland government funding was confirmed.

**Senator JOYCE**—Did the Queensland government confirm the same amount of funding that they initially forecast?

**Dr Dolman**—I am not sure. The discussions were between the applicant and the Queensland government.

**Senator JOYCE**—Are there problems with the Queensland government prevaricating on whether they are going to fund it or not?

**Dr Dolman**—That is correct.

**Senator JOYCE**—That's unusual!

**Senator Ian Campbell**—At least they paid the money. Federal Labor would have just said no. No prevarication down here—get rid of regional funding altogether!

**Senator O'BRIEN**—Are there any other sources of funding for this project?

**Ms McNally**—I do not have that information with me.

**Senator O'BRIEN**—Could you take that on notice, please.

**Ms McNally**—Yes.

**Senator O'BRIEN**—Since the first milestone report was provided, what progress has been made?

**Ms McNally**—Consultants have been appointed. There have been detailed plans for the building and landscape plans. They have finalised all their costings and undertaken quantity surveying and soil tests. Surveys have been completed. They have developed the content outline for the exhibition concept, including a catalogue of exhibits and a design layout for exhibits. They are moving into the construction phase in March.

**Senator O'BRIEN**—What is the now expected completion date?

**Ms McNally**—30 April 2008.

**Senator O'BRIEN**—How many milestone payments between now and then?

**Senator JOYCE**—What town is the Hinkler centre in?

**Senator O'BRIEN**—Bundaberg. It is near those MIS schemes that are being closed down. In relation to the showgrounds in Dalby, I believe the project has been approved by the ministerial panel.

**Ms McNally**—That is correct.

**Senator O'BRIEN**—Have any payments been made?

**Dr Dolman**—No payments have been made to that project yet. The project obtained development approval on 2 May 2006. Consultants have prepared designs and have prepared tender documents. The tenders have been advertised this month. The funding agreement will be finalised once we have firm dates as a result of that tender process.

**Senator O'BRIEN**—So the funding agreement has not yet been signed or completed?

**Dr Dolman**—No, because the applicants are still to provide us with those firm dates that we need to put milestones into the funding agreement.

**Senator O'BRIEN**—So no money has been paid yet?

**Dr Dolman**—That is correct. We are expecting construction should commence in June 2007 to be completed by December this year.

**Senator JOYCE**—How much is that project worth?

**Ms McNally**—Two million dollars.

**Senator JOYCE**—That is another good injection into a local town, that one.

**Senator Ian Campbell**—Gone under Labor: chop. Wreck those regions.

**Senator O'BRIEN**—So it is a six-month construction period. What is involved in the construction?

**Ms McNally**—That is what we are advised, Senator. Those dates are still being confirmed by the applicant.

**Senator Ian Campbell**—You wouldn't have had to worry about all these things if Labor was in power because you would not have had all this money—

**Senator O'BRIEN**—There is no question that I asked you, Minister. That is a June 2007 commencement date with a completion date in December 2007?

**Ms McNally**—That is what they have advised.

**Senator O'BRIEN**—What is the value of the project?

**Ms McNally**—It is \$2 million in terms of the Regional Partnerships contribution.

**Senator O'BRIEN**—Are there other contributions that you have been advised of?

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

**Senator O'BRIEN**—Thank you.

**Senator JOYCE**—Did Dalby express that it would have been exceptionally difficult to try and get the improvements to those showgrounds had they not had those contributions? In fact, it would have been virtually impossible for a town like that to afford something like that, wouldn't it?

**Senator O'BRIEN**—How would you know the answer to that?

**Senator JOYCE**—Because in the submission—

**Senator O'BRIEN**—Is that what you are saying is the question? If we ask you a question, are you going to answer it?

**Senator JOYCE**—Would something like that have been in the submission—how difficult it would be to obtain those funds if they did not have ACC funding?

**Ms Page**—This was an election commitment.

**Senator Ian Campbell**—You would only know by going out there how tough it is out there, wouldn't you?

**Senator JOYCE**—How dare we look after them!

**Senator O'BRIEN**—The RM Williams Centre in Eidsvold—

**Senator Ian Campbell**—Mr Rudd wants to go to the country, he goes five minutes out of Canberra, slips on his RM Williams boots, sprays a bit of dust on them—

**Senator O'BRIEN**—in Queensland, is this project dependent on Queensland government funding?

**Senator Ian Campbell**—He's got a little jar of dust he sprays on his RM Williams boots to make it look like he's been out there!

**Senator JOYCE**—The Noosa cowboy!

**ACTING CHAIR**—I am sorry, Senator O'Brien, I did not hear your question, Would you mind repeating it?

**Senator O'BRIEN**—I was just asking in relation to the RM Williams Centre at Eidsvold: is this project dependent on Queensland government funding?

**Ms Page**—There is a business case that is either being conducted or about to be conducted, and the initial proposal was that the cost of the business case would be shared with the Queensland government. After some months, the Queensland government advised that they did not wish to contribute to the cost of the business case. The project itself has not commenced.

**Senator O'BRIEN**—So there is no business plan? Nothing has happened?

**Ms McNally**—That is correct.

**Ms Page**—A lot of work has been involved in scoping the business case.

**Ms McNally**—Council called for tenders on 18 August for a consultant to prepare the business plan and those tenders closed on 8 September, but they have had the issue around the Queensland government contribution.

**Senator JOYCE**—With the mining boom throughout Queensland, it is exceptionally difficult to get tradesmen anywhere, isn't it? So if you want to quicken things up, what you could come up with is a plan to get rid of the mining boom.

**Senator Ian Campbell**—You could make Peter Garrett the minister in charge of environmental approvals. We know he is against mines, so he would shut down all the mines and you would be able to get tradesmen back doing regional work.

**Senator O'BRIEN**—We are here to ask questions in the estimates.

**Senator JOYCE**—I know where Senator O'Brien is moving now. I can see his logic.

**Senator O'BRIEN**—I do not think you can see anything at the moment! I don't know what you've been on in the break.

**Senator Ian Campbell**—We can; we know that you are opposed to regional growth.

**Senator O'BRIEN**—You too. Righto. Do I have the call or not, Madam Chair?

**ACTING CHAIR**—Yes, you do.

**Senator O'BRIEN**—The Australian Equine and Livestock Centre in Tamworth: has the traffic impact study been completed and a subsequent second payment made?

**Dr Dolman**—Yes, the traffic, heritage and environmental impact studies have been completed. To get those studies done did cause some delays with this project. The development approval has been made.

**Senator O'BRIEN**—Construction—is that underway?

**Dr Dolman**—Tenders have been issued and are expected to be finalised in March. The earthworks are about to commence this month and construction should begin next month.

**Senator JOYCE**—There is a massive real estate boom in Tamworth these days—40 acres of land, \$1.6 million—because the equine centre is going in.

**Senator Ian Campbell**—All relying on labour, the whole lot.

**Senator JOYCE**—Absolute boom for the area.

**ACTING CHAIR**—If we want to get out of here at 11, I think we might get back to Senator O'Brien's questions.

**Senator O'BRIEN**—What is the likely completion date? If I do not get to ask the questions, they will go on notice; so one way or the other—

**Ms Page**—It is scheduled for completion, at this stage, in early 2008.

**Senator JOYCE**—Did you realise that there would be such an increase in the price of real estate around Tamworth after you put in that equine centre?

**Dr Dolman**—No.

**Senator O'BRIEN**—The Stirling library RP application: what is the status of an application for funds to assist the Adelaide Hills Council to add a history and business centre to the Stirling library?

**Ms McNally**—The ministerial committee met yesterday and again this morning and this project was considered at the meeting this morning. A decision was taken, but as the applicant has not been notified I cannot comment on the outcome of that decision at this point.

**Senator O'BRIEN**—Can you take the question on notice?

**Ms McNally**—Yes.

**Senator O'BRIEN**—Thank you. When was the application first received?

**Ms McNally**—I do not have that information either, Senator. It would have been received in the last quarter of last year.

**Senator O'BRIEN**—I would rather you did not guess and just let me know, thank you.

**Dr Dolman**—We will be able to say in a few minutes. We are just looking it up.

**Senator O'BRIEN**—Thank you, that is fine. The Kangaroo Island community hall upgrade: how much funding is being provided by the local council for this facility?

**Dr Dolman**—The local council is providing \$443,585.

**Senator O'BRIEN**—Regional Partnerships funds provides funds for stage 2. What was stage 1 of the upgrade?

**Ms McNally**—The Regional Partnerships funds are \$350,000.

**Senator O'BRIEN**—For stage 1 there was \$350,000 from Regional Partnerships. Is that right?

**Ms McNally**—It is not clear whether that is for stage 1. It says in total \$350,000.

**Dr Dolman**—We are not aware that there is a stage 1 to that project, but Regional Partnerships is providing \$350,000. This project is about an upgrade to Kingscote Community Hall which will provide improved access for the aged and members of the community with disabilities.

**Senator JOYCE**—We are not looking after people with disabilities with ACC funding, are we?

**Dr Dolman**—The actual work will involve a disabled access ramp, disabled toilets, a new foyer, replacement of the roof, compliant fire detection and prevention systems and upgrading of the meeting rooms.

**Senator JOYCE**—That would be of great assistance to Kangaroo Island, wouldn't it?

**Senator FERRIS**—Senator O'Brien, I have a question that relates—

**Senator O'BRIEN**—I am still asking questions but I am being very rudely interrupted by Senator Joyce.

**Senator FERRIS**—I do have a question about a South Australian application when you have finished yours.

**Senator O'BRIEN**—I have been happy to concede time, but there is limited time. Can I just finish the questions about this project?

**Senator FERRIS**—Sure. I was just making mention of it.

**Senator Ian Campbell**—Could I just say I have been here all day, give or take a few excursions for phone calls, but Senator O'Brien has asked 98 per cent of the questions and had 98 per cent of the time, so if every now and then some coalition senator dares to open their mouth they should not have to cop flak from Senator O'Brien. It is outrageous.

**Senator JOYCE**—And the point is this—

**Senator Ian Campbell**—He takes a long time. He asks one question, then he has to read the next one. He is not across his subject, and all that Senator Barnaby Joyce and even I am doing from time to time is just to put a bit of filling in a few gaps, I would have thought. I do not think he should get too precious.

**Senator FERRIS**—I was not trying to provoke any kind of difficulty.

**Senator Ian Campbell**—I think the record would show, if you analysed the amount of time that Senator O'Brien has been asking questions, it would be 98 per cent of the time.

**Senator O'BRIEN**—I have been asking the questions because it is opposition time.

**ACTING CHAIR**—Let us all be aware of that and try and get out of here at 11. Senator O'Brien come back to the questions.

**Senator Ian Campbell**—He should not be quite so precious, frankly.

**ACTING CHAIR**—The point is taken, Minister.

**Senator Ian Campbell**—Just get on with your questions and try and ask them more succinctly.

**Senator O'BRIEN**—You just behave like a kid all the time, don't you?

**Senator Ian Campbell**—Just get on with your questions. Go on, head down, read the next thing.

**ACTING CHAIR**—Minister!

**Senator Ian Campbell**—Give him a little ruler and let him underline them or cross them off or something.

**ACTING CHAIR**—He cannot ask the questions if you are speaking. Senator O'Brien.

**Senator Ian Campbell**—Make it a good one.

**Senator O'BRIEN**—The plans for the upgrade show that the kitchen facilities are located off the council chambers and are not accessible from the hall. Is that something that the department has inquired into—if this is part of the community hall?

**Senator Ian Campbell**—A Kangaroo Island kitchen? How many burners is it going to have on the hotplate?

**Senator O'BRIEN**—It does not matter that it is not accessible from the hall, does it? Is that your view?

**Senator Ian Campbell**—I have been here all day and it just—

**Senator O'BRIEN**—Well, go home if you are sick of it. We will go on without you. We make plenty of progress without you.

**Senator Ian Campbell**—Don't get precious with me! I am not the person who tries to ask a question.

**ACTING CHAIR**—Minister and Senator O'Brien, stop it!

**Senator JOYCE**—We are getting to something very important and we are about to find out what colour the door handles are.

**Senator Ian Campbell**—I am on the end of my seat waiting for this piece of concise brilliance from the Labor Party.

**Ms McNally**—We will have to take that on notice, Senator.

**Senator O'BRIEN**—Good. Thank you.

**Senator Ian Campbell**—We are going to close down the whole program anyway.

**Senator O'BRIEN**—During a recent tour of the site by the South Central ACC in November, a person from the council who was leading the tour said that the Regional

Partnerships funds were being used to upgrade the chambers. Was that the intention of the funding?

**Ms McNally**—No, that was not the intention. The upgrade has been advised to us through the application as an upgrade to the community hall.

**Senator O'BRIEN**—I see. Does the department have a breakdown in costs with an indication of where Regional Partnerships moneys have been spent on this project?

**Ms McNally**—We will have to take that on notice.

**Senator O'BRIEN**—Thank you. When is it expected that the project will be completed?

**Ms McNally**—At the end of May.

**Senator O'BRIEN**—Does the department have the latest plans for the project?

**Ms McNally**—If I could take that on notice, Senator. We have received progress reports on the project and I will check those to see if there are plans included in those progress reports.

**Senator O'BRIEN**—Does the department inspect the project at any stage or at completion?

**Ms McNally**—We periodically inspect projects.

**Senator O'BRIEN**—Every project or just selected projects?

**Ms McNally**—Not all projects.

**Senator O'BRIEN**—Thanks for that answer.

**Senator FERRIS**—Could I ask a question, please?

**ACTING CHAIR**—You may, Senator Ferris.

**Senator FERRIS**—What is the status of an application that has been made by egg producers in South Australia for assistance to develop an egg processing and layer plant north of Adelaide?

**Ms McNally**—I would have to take that on notice. I do not have information on all the projects with me.

**Senator FERRIS**—Is there anybody else at the table who may know details of the question?

**Dr Dolman**—Is this a project where the application has been submitted to the department, or is this one that is under development?

**Senator FERRIS**—No, as I understand it, it has been submitted to the department.

**Ms McNally**—We could probably get back to you in a couple of minutes.

**Senator FERRIS**—Thank you very much. Any information that you are able to give me about it would be very good. My understanding is that it is with the department and it has received a financial assessment. I believe the amount of money is approximately \$3 million, but I stand to be corrected on that. I do not have my papers with me, but I believe it is in that vicinity, if that is of any assistance.

**ACTING CHAIR**—Senator Adams, do you have any further questions on this while they are looking at that particular answer?

**Senator ADAMS**—No. I am fine, thanks.

**ACTING CHAIR**—Senator Ferris, is that your only question?

**Senator FERRIS**—Yes, it was. I may have some other questions that relate to it, but it depends on how the answer goes.

**ACTING CHAIR**—Senator Joyce, do you have any questions on this, while we are waiting?

**Senator JOYCE**—I have lots.

**Senator FERRIS**—All right. We will not confuse the officers at the table. I would just like to know the status of it.

**Ms McNally**—We have an application, Senator, but it is under assessment at the moment, so no decision has been taken.

**Senator FERRIS**—Is there any indication of the time lines for that? For example, is there a likely outcome date?

**Ms McNally**—It is not due until the end of March.

**Senator FERRIS**—Has a financial assessment been done on the project?

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

**Dr Dolman**—I do not think we have that information.

**Senator FERRIS**—Okay. Without wanting to hold the committee up any further, if you could take on notice that I have asked questions about it and if some answers could be given as a composite answer I would appreciate that very much. Thanks, Chair, for your indulgence.

**ACTING CHAIR**—Senator Joyce?

**Senator JOYCE**—No, I will wait.

**ACTING CHAIR**—Senator O'Brien.

**Senator O'BRIEN**—Primary Energy's Gunnedah grains to ethanol project: has the final payment been made to the proponent? It was due in March 2006 and was dependent on a final milestone report being provided.

**Ms Page**—No, that payment has not been made. There has been no change in that project, I think, since we last spoke.

**Senator O'BRIEN**—Could I, on notice, ask for a description of the milestones actually achieved and the funds allocated to each milestone.

**Ms Page**—Certainly.

**Senator O'BRIEN**—I understand that the funding agreement specified that Primary Energy had to establish finance to build an ethanol plant. That was what they had to achieve as a final milestone.

**Ms Page**—The project was to assist Primary Energy to finalise its financial planning, including contributions to the payment of legal fees, an environmental impact assessment report, product life-cycle analysis, tax structure advice, plant design and specification, development application fees and staffing costs.

**Senator O'BRIEN**—Is the proponent, Primary Energy, now in such a financial position to build an ethanol plant and be in production by early 2007, as the Senate inquiry into regional programs heard from Primary Energy in 2005?

**Ms Page**—An official announcement of an agreement with BP Australia for the Gunnedah facility was announced by Primary Energy on 15 September 2006.

**Senator JOYCE**—So they do anticipate some cash flow? They do have a buyer for their product?

**Ms Page**—At this stage it would appear so, yes.

**Senator JOYCE**—It would seem quite applicable that you would have an ethanol plant in the middle of a grain-growing area. It would be a good value adder to the district, wouldn't it?

**Ms Page**—Primary Energy also announced in March 2006 that they had secured an agreement with BP Australia for an off-take of ethanol fuel that will ensure the construction of a \$100 million production facility in Perth, Western Australia. That will be in addition to its so-called flagship Gunnedah facility in north-western New South Wales.

**Senator JOYCE**—Is the chairman of the company still Ian Kiernan?

**Ms Page**—I am not aware of the current company structure.

**Senator Ian Campbell**—That is one of Senator O'Brien's egg on face questions.

**Senator O'BRIEN**—Not at all.

**Senator JOYCE**—It is a huge investment in renewable energy. We do not want that, do we?

**Senator Ian Campbell**—Labor comes along and attacks Ian Kiernan, saying he is not the chairman of the company.

**Senator O'BRIEN**—Well, he was not at the time.

**Senator Ian Campbell**—Well, he was actually.

**Senator O'BRIEN**—He was not notified until he—

**Senator Ian Campbell**—You were wrong. You have not apologised to him yet and he is not waiting for your apology.

**Senator O'BRIEN**—Good.

**Senator Ian Campbell**—You should apologise to him.

**Senator O'BRIEN**—Did the federal grant to Primary Energy or knowledge secured through that grant contribute to the firm being successful in securing a consultancy in Western Australia?

**Ms Page**—I am not aware, Senator. As I have indicated, the funds could be used for a variety of professional services which may or may not have involved a firm from Western Australia.

**Senator O'BRIEN**—Could you tell me when Mr Kevin Humphries resigned as chair of the New England North West ACC?

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

**Senator O'BRIEN**—Okay. Perhaps on notice you will need to tell me: was the department aware that he was a director of a Moree based company, Mack fuels, and that he was involved in a memorandum of understanding with the council in Moree to construct an ethanol plant?

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

**Senator O'BRIEN**—Is the department aware of allegations that Matthew Kelley, the Primary Energy proponent, was also at one stage on the board of directors of Mack fuels?

**Ms McNally**—No, but we can check that.

**Senator JOYCE**—Are you supposed to know?

**ACTING CHAIR**—Is it relevant?

**Senator O'BRIEN**—It is relevant.

**ACTING CHAIR**—Is there a reason that the department should know that?

**Senator O'BRIEN**—It could be a conflict of interest, couldn't it?

**Ms Page**—This was a project funded as an election commitment, so the department has had no role in assessing this project.

**Senator JOYCE**—I will tell you what a conflict of interest is. Centenary House—that is a conflict of interest.

**Senator O'BRIEN**—How many jobs have been created to date by the Primary Energy grant?

**Ms Page**—I am sorry, Senator, I would just like to correct something. This was not an election commitment. It was funded under the previous Namoi structural adjustment program.

**Senator O'BRIEN**—How many jobs have been created by the grant to Primary Energy to date?

**Ms Page**—The nature of the project was to enable Primary Energy to access a range of professional services. It was not for the purposes of constructing an ethanol plant. It was certainly not the intent, I think, at this stage, to generate ongoing employment. It was to enable Primary Energy to be in a position to develop the plant.

**Senator JOYCE**—Quite obviously, ethanol, if it develops in Gunnedah, will develop jobs, won't it? If you are going to invest \$100 million in Perth and God knows how many millions in Gunnedah, there is obviously going to be a flow-on effect of delivering jobs. Surely that must be a good outcome. Do we have to set some criterion that if we create too many jobs we can't get the program up?

**Senator Ian Campbell**—This senator, O'Brien, came into this place attacking Ian Kiernan and attacking the company, to the extent that I got a letter from the company saying: 'Can't Labor lay off? Why are they trying to undermine this company? Why are they undermining people who are trying to do some good work in regional Australia?'

**Senator O'BRIEN**—Table it.

**Senator Ian Campbell**—Senator O'Brien should actually apologise to Ian Kiernan. He will not.

**Senator O'BRIEN**—You can table the letter.

**Senator Ian Campbell**—You can sit in here and attack people—

**Senator O'BRIEN**—Go and table the letter and stop wasting time.

**Senator Ian Campbell**—and undermine people who try to do work out in the regions, and it is water off a duck's back to you, and when they finally succeed you still try to attack them. You should be ashamed of yourself.

**Senator O'BRIEN**—I refer you to the evidence provided in the Namoi Valley Structural Adjustment Package application form, which was evidence before the Senate committee and is footnoted to the reference on page 121 of that report, says:

The application suggested that regional benefits of the proposed ethanol plant included the creation of 50 permanent jobs and 350 indirect jobs in the region ...

That is what was suggested. So the question is: how many jobs have been created?

**ACTING CHAIR**—I think Ms Page has already answered that question, Senator O'Brien.

**Ms Page**—The funding was not provided for the construction of an ethanol plant.

**ACTING CHAIR**—Which is exactly what Ms Page said just a few moments ago.

**Senator JOYCE**—I can assure anyone that it would make complete sense that, if you get an ethanol industry up, you are going to create far more than 50 jobs and 350 follow-ons.

**Senator O'BRIEN**—You would be supporting Morris Iemma, I suppose.

**Senator JOYCE**—I think the fact that they have got a mandate is a good idea, yes. I do not let parochial politics stand in the way of a good idea—unlike you, Senator.

**Senator O'BRIEN**—The Greater Hume shire is appealing a decision not to fund a social economic needs analysis for Holbrook. Do you know when the decision on that appeal is expected?

**Ms Peel**—That request for review is currently under assessment.

**Senator O'BRIEN**—Do you know the reason that the original application was rejected?

**Ms McNally**—The reason related to whether that work should actually have been undertaken by the shire, the council itself. It was a project related to planning, and it was rejected on that basis.

**Senator O'BRIEN**—Sorry, it was rejected because?

**Ms McNally**—It was a question around whether that was work that the council should normally undertake as part of its normal business.

**Senator O'BRIEN**—Where do I find the definition of cost shifting upon which this rejection is based? Is it in the guidelines or somewhere else?

**Ms McNally**—The cost-shifting assessment criteria are in the guidelines.

**Senator O'BRIEN**—So that is the basis for this rejection? I can find that terminology in the guidelines?

**Ms McNally**—That is right.

**Senator O'BRIEN**—The 2005-06 annual report says that the department expected 75 per cent of Regional Partnerships applications to be assessed in 12 weeks. Has this been achieved?

**Ms McNally**—We have reduced the assessment time significantly since we put the single assessment process into place on 13 March 2006. Assessments for projects over \$25,000 were taking in excess of 20 weeks. They are now down to between about 11 and 15 weeks, so they range in that time frame, with more complex projects taking a longer period of time. The target for projects under \$25,000 is eight weeks, and the average is between eight and nine weeks for those projects.

**Senator JOYCE**—That is a good result.

**Senator O'BRIEN**—For projects of more than \$25,000 you gave a period of 11 to 15 weeks, but is there a longer time for the higher cost projects, the higher range of approvals?

**Ms McNally**—It is not that specific. It really depends on whether all the information has been provided by the applicant, whether the financial viability assessment does not raise more questions around the particular proposal, so there are a couple of issues that are taken into consideration that can often delay assessment. One of the things we are doing next week is having a workshop with chairs of the area consultative committees to raise to their attention the sorts of things that are making applications take a long time, and we are hoping, through more education and discussion with the area consultative committees about the common issues, to shorten that time further.

**Senator O'BRIEN**—The minister, in a press release on 13 December, said he was fast-tracking the government's consideration to fund a Tweed Heads dental training clinic. How has he fast-tracked the proposal?

**Senator JOYCE**—That is pork-barrelling in one of those Labor electorates!

**Ms McNally**—We will have to take that on notice. We do not have specific information on that.

**Senator O'BRIEN**—No specific information, Ms McNally?

**Ms McNally**—I do not have it with me, Senator.

**Senator O'BRIEN**—You are not aware of any specific action the minister has taken?

**Ms McNally**—The process is that once we assess the project it goes up to the ministerial committee.

**Senator O'BRIEN**—When was that project assessed?

**Dr Dolman**—We do not have an application yet for that project.

**Senator JOYCE**—The local member will probably be very interested that we are querying it.

**Senator O'BRIEN**—How do you fast-track a project for which there is no application?

**Ms McNally**—I am not aware of the context of that comment, but it could have been in a discussion with the ACC.

**Senator O'BRIEN**—It is a media release: 'Vaile fast tracks Tweed dental training clinic'.

**Ms McNally**—I cannot comment on that, Senator.

**Senator O'BRIEN**—And you don't have an application?

**Senator JOYCE**—Perhaps ask the local member.

**Senator O'BRIEN**—I am sure the local member can do better than the minister, who is going to fast-track an application that is not there.

**Senator JOYCE**—We will can that one. We will have to make sure that does not happen.

**Senator O'BRIEN**—Will you? The local member will be pleased.

**Senator JOYCE**—Now you want the project. You will have to make up your mind, Senator O'Brien. You either want it or you do not.

**Senator O'BRIEN**—I wanted to know—

**Senator JOYCE**—Do you want it or not?

**Senator O'BRIEN**—why the minister was fast-tracking a project for which there was no application.

**Senator Ian Campbell**—I reckon Lindsay Tanner is going to love having this bloke as regional services minister. There will not be any regional services expenditure because he is going to can everything.

**Senator JOYCE**—All projects range of speed: none.

**Senator Ian Campbell**—None, that is right. Stop. Zero. Park. Chuck out the anchor.

**Senator JOYCE**—Budget met. Plane crashed.

**Senator O'BRIEN**—You blokes would starve as comedians. That is all I can say. How many times has the Darling Matilda Way Sustainable Region Committee met?

**Ms Gosling**—It has met eight times, and it is meeting again next week.

**Senator O'BRIEN**—How many projects have been approved?

**Ms Gosling**—At this stage the minister has approved one project, \$3.3 million for the Back O' Bourke Exhibition Centre.

**Senator O'BRIEN**—Do you know how many applications have been received?

**Ms Gosling**—The committee has considered 62 expressions of interest and 20 applications, with a further 12 to be considered at its meeting next week.

**Senator O'BRIEN**—When did the applications start coming in?

**Ms Gosling**—The committee first met in June 2005 and, I think as we have discussed in this committee before, the first process that the sustainable region committee goes through is to determine the regional priorities. They went through that process. In terms of when the first applications came through, I do not have that specific information. As I said, there are quite a number that are coming close to fruition. There are five projects that have undergone due diligence, having received in-principle support from the committee, so there are some that are quite close to going to the minister.

With sustainable regions and the initial eight regions, there is a sort of momentum that builds up over time, and some of these things come to fruition because a lot of legwork is done out in the regions in terms of identifying and developing projects that culminate later in the process. With Cradle Coast Sustainable Region, for example, 40 per cent of the contracted projects were recommended quite late in the process, and the same was found in other regions like Far North East.

**Senator O'BRIEN**—This process is due to be concluded and the money spent by June 2008, isn't it?

**Ms Gosling**—That is right.

**Senator JOYCE**—Which project are we talking about now?

**Ms Gosling**—This is the Sustainable Regions Program. The question related to the Darling Matilda Way Sustainable Region.

**Senator JOYCE**—That is a big Indigenous community area, is it?

**Ms Gosling**—That is essentially half of western Queensland and half of western New South Wales.

**Senator JOYCE**—In a large Indigenous community area, we have the same problems.

**Ms Gosling**—That is right.

**Senator JOYCE**—So we will start treading on their toes! Well, why not? We have been through the handicapped and now we are onto the Indigenous people. I wonder who else we are going to get stuck into.

**Senator O'BRIEN**—How many times have the Northern Rivers and North Coast Sustainable Region Committee met?

**Ms Gosling**—They have also met eight times and are due to meet again next week.

**Senator O'BRIEN**—How many projects have been approved?

**Ms Gosling**—They have two projects approved.

**Senator O'BRIEN**—To what value?

**Ms Gosling**—\$223,000 to Oz Berries Pty Ltd and \$292,000 to the National Marine Science Centre.

**Senator O'BRIEN**—Do you know how many applications have been received by the committee?

**Ms Gosling**—Yes. They have considered 63 expressions of interest and 23 applications, and they have a further nine applications being considered at their meeting next week.

**Senator O'BRIEN**—They have considered 23 applications and so far they have approved two. Is that right?

**Ms Gosling**—Yes. But, as for the Darling Matilda Way, a number of those projects are in due diligence, having received in-principle support from the committee, so they are close to coming to fruition in terms of recommendations to the minister.

**Senator JOYCE**—How many projects are actually being processed?

**Ms Gosling**—Both of these committees have considered somewhere between 80 and 100 project proposals that are at various stages of development and readiness and that require further work.

**Senator O'BRIEN**—Which program is providing the funding for the Year of the Outback project?

**Ms McNally**—The Year of the Outback is a separate appropriation.

**Senator O'BRIEN**—Did the Australian Outback Development Consortium put in an application for these funds?

**Ms McNally**—No.

**Senator O'BRIEN**—Are any ACCs involved in this project?

**Ms McNally**—No.

**Senator O'BRIEN**—What is the process for expenditure of the funds?

**Ms McNally**—There will be a contract with the relevant organisation.

**Senator O'BRIEN**—Is that the Australian Outback Development Consortium Ltd?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—When was the consortium formed?

**Ms McNally**—I am not clear about that. We have been working with them during January to negotiate terms of the contract, and we are expecting to have things finalised in the next week or so.

**Senator O'BRIEN**—What is the \$480,000 expected to deliver?

**Ms McNally**—There are a number of key aspects to this project. It has four major components. One of those components is called Outback Global, which is about establishing a continuing campaign to recognise Australia's skills and capabilities, to assist in sustainable economic development and attract trade delegations and tourists. Another aspect is called Outback Equinox Youth Muster, which is specifically identified to youth. The aim is to link youth with Australia's heartland and ongoing career opportunities. The activities that they are looking to put in place include a youth orchestra, a youth choir, an outback animals-in-action attraction and various parades. Rural youth organisations will be supported and there will be support for the School of Distance Education and the Royal Flying Doctor Service.

Another component is the outback safety education campaign, which is aimed at Australians who live or travel to rural and remote areas. That aspect has involvement of the Royal Life Saving Society, St John Ambulance and the Royal Flying Doctor Service. The Outback Youth Careers Program is another aspect and is a continuation of a national youth in front report that was coordinated with support from the Department of Agriculture, Fisheries and Forestry.

**Senator JOYCE**—Cultural and career development for the outback? No, we mustn't have that! We will have to scrub that one as well!

**Senator O'BRIEN**—How much has been allocated to the Year of the Outback in previous years?

**Ms McNally**—\$480,000.

**Senator O'BRIEN**—Who has been the recipient of that?

**Ms McNally**—We are still negotiating the contract, but the recipient will be the Australian Outback Development Consortium.

**Senator O'BRIEN**—I meant in previous years. How much has been allocated to the Year of the Outback in previous years?

**Ms McNally**—I will have to take that on notice.

**Senator JOYCE**—But it goes to people in the outback?

**Senator O'BRIEN**—I hope so.

**Ms McNally**—That is the aim.

**Senator O'BRIEN**—Could you take that question on notice, just to make sure, so that Senator Joyce can be sure it does.

**Senator JOYCE**—I want to make sure, because it will be harder for these people because they do not have the representation, so it is very important that we try to assist them in some way—try to tip the scales in their favour a little bit. Since we are getting stuck into the Indigenous and the disabled, we might as well start on the cultural development of people in the outback.

**Senator LUNDY**—Sarcasm does not come across in *Hansard*.

**Senator JOYCE**—It does when you put it on your microphone.

**Ms Gosling**—Can I clarify that the Darling Matilda Way Sustainable Region first met on 18 May 2005. I think I said June.

**Senator O'BRIEN**—That is even better. Since November 2006, how many applications have been received for the Rural Medical Infrastructure Fund?

**Senator JOYCE**—I knew we were getting to it! Now we're getting into the sick!

**Senator Ian Campbell**—It'll be the Royal Flying Doctor next—get it out of the sky!

**Senator JOYCE**—We've tried the Indigenous, we've tried the disabled, we've tried people in the outback, now we're going to get stuck into the sick! This is incredible.

**Ms McNally**—As at 31 January, we have 17 applications.

**Senator O'BRIEN**—How many have been approved?

**Ms McNally**—Thirteen have been approved, with a total value of \$2 million, and three are currently being assessed. One application was withdrawn by the applicant.

**Senator O'BRIEN**—Are details of those successful applicants on the website?

**Ms McNally**—They should be. We update the website every six weeks, so those that were approved prior to six weeks ago should be on the website.

**Senator O'BRIEN**—Have any been approved in the last six weeks?

**Dr Dolman**—No.

**Senator O'BRIEN**—If they are not there, will you let us know?

**Ms McNally**—We will make sure, Senator.

**Senator O'BRIEN**—Will the details for the projects be on the website as well, or just money amounts and the successful applicants?

**Dr Dolman**—There is a standard array of information that is provided on the website for all successful projects which, as you say, includes the money amount and the applicant but also a brief description of the project and where it is located.

**Senator JOYCE**—Would there be any alternative funding for these projects if Regional Partnerships was to disappear?

**Dr Dolman**—One of our criteria is to ensure that we do not fund projects that have funding available from other sources.

**Senator JOYCE**—So these are projects that, if you did not fund them, would not be funded.

**Ms McNally**—That is hard to speculate, but the aim of the program is to fund projects for which funding is not available elsewhere.

**Senator O'BRIEN**—How many rural transaction centres have now been approved?

**Ms Gosling**—There are 214 RTCs currently in operation. We expect up to another seven to be operational over the next couple of months.

**Senator O'BRIEN**—So seven have been approved that are not yet operating?

**Ms Gosling**—These are ones that are in fairly remote locations, many of them in the Torres Strait. We are working through, trying to help them become operational.

**Senator JOYCE**—We have to try and assist them because their organisational committees are all volunteer organisations.

**Ms Gosling**—The rural transaction centres are operated by a number of different mechanisms but, yes, some of them are volunteers.

**Senator O'BRIEN**—Is each centre required to provide a specific set of services?

**Ms Gosling**—The services that are provided by an RTC vary, so it was something that was developed during the approval process and business case for each RTC as to what was required for that community and what other services were in the town. There is not a core set

of services; it varies. Some have Centrelink offices, some do not. Some have secretariat support et cetera.

**Senator JOYCE**—For the people of the Torres Strait islands, if these RTCs were not to go forward is there currently an alternative that would provide a similar outcome?

**Ms Gosling**—In those locations, that is extremely unlikely, given the remoteness and the small communities that we are talking about.

**Senator JOYCE**—So we are basically tipping the scales for Indigenous people in the Torres Strait to try and assist them in this process.

**ACTING CHAIR**—Senator, I am conscious of the time.

**Senator O'BRIEN**—I am trying to get through them as quickly as I can, without the interruptions.

**ACTING CHAIR**—We are running up to the break and I would like to know if you will be finished with these before the break.

**Senator O'BRIEN**—No. What I have not finished before the break I will put on notice.

**ACTING CHAIR**—Thank you.

**Senator O'BRIEN**—Have all 266 Bank@Post services been installed?

**Ms Gosling**—With Bank@Post installations, a small number of licensed post offices declined the offer. Currently we have 246 operating, and the government has been looking at ways of backfilling the vacancies under the Bank@Post program, going back to the rural transaction centres and looking at those centres that got electronic post services as part of the RTC program and considering whether they can elevate some of them to get the maximum advantage out of the Bank@Post program.

**Senator O'BRIEN**—Where are the 20 that were intended to operate but have not been installed? Can you give us that on notice.

**Ms Gosling**—Yes.

**Senator O'BRIEN**—In relation to the textile, clothing and footwear post-2005 package, how much funding in this program does the department have responsibility for administering?

**Dr Dolman**—It is administered as part of the Regional Partnerships program. The package is run by the Department of Industry, Tourism and Resources.

**Ms Page**—We do not have funds appropriated to the portfolio for this package. We provide an assessment service as required for the DITR portfolio.

**Senator O'BRIEN**—Have you been asked to provide an assessment with regard to the closure of the Blundstone factory in Hobart?

**Ms Page**—We have received no projects under that program to assess at this stage, although we understand there may be one in development.

**Senator JOYCE**—Have you received any projects for around Baradine to try and make up for the fact that their timber industry has been closed down by a state Labor government?

**Ms Page**—No, this is a textile, clothing and footwear structural adjustment program.

**Senator JOYCE**—Are there any projects in the Baradine district?

**Dr Dolman**—In Queensland?

**Senator JOYCE**—No, in New South Wales, to make up for the state Labor government's closure of the timber industry and putting everybody out of a job.

**Ms McNally**—We will have to take that on notice, Senator.

**Senator JOYCE**—Thanks for that.

**Senator O'BRIEN**—I will put the rest of my questions in this area on notice.

**ACTING CHAIR**—Thank you very much.

**Proceedings suspended from 9.00 pm to 9.11 pm**

**National Capital Authority**

**CHAIR**—Ms Pegrum, I would have thought that there would not be an Australian who did not think that the most sacrosanct and memorable piece of real estate in Australia is the piece of land and the vista that reaches from this parliament to the War Memorial site. You would agree with that, wouldn't you?

**Ms Pegrum**—We would be very pleased, if that were the case, because we certainly see it as Australia's most significant and commemorative way.

**CHAIR**—As you know, I have a very strong view that we should not build dunnies on it. You and I know that I have used more colourful language than that and how I would describe that process, but I will not now. I am very grateful that we met you and the chairman on site and discussed issues on everything from gradients to convenience in locating the toilets for people like myself who are getting old and with a weak bladder—

**Senator LUNDY**—That is too much information.

**CHAIR**—Too much information? Or prostate troubles or whatever else you have. Hands up all those who have a prostate problem. Please record that five hands went up! So I recognise the sensitivity of all of that and I recognise, I suppose, the application by the ACT RSL mob to place some conveniences for people who need to have access to toilets. But I think that if we asked Australia, 'Should we put a value on what all that stands for?' you would not be able to value it. If your father spent time on the Burma line or a Changi prisoner, or got his brains blown out on the Kokoda Trail, I do not think that you could value that. I do not think that what we disagree on ought to be the subject of dollars. I think it ought to be the subject of cooperation in a spirit of achieving the retention of what all that stands for up there, and at the same time providing conveniences for people like myself who are old and worn out.

As we have discussed earlier—and I admire your tenacity—I am grateful that you took me to the site and said, 'This is where we're going to build the toilets and this is what they're going to look like and they're going to blend in with the trees and the war memorials,' and I agree with all of that; they would have. In fact, I think people would have come there and taken photos of the toilets, thinking it was a war memorial. As I have said to you earlier, I have put the people on notice on the other side, on the Reid side, that they are going to have to

cop a set of these toilets as well. And I do not know why you have not told them to this point, but I have told them.

As we have discussed, having visited the park and the park rangers' building in the top area there where there is a substantial set of toilets—forget about the toilets for there—there could be a reasonable convenience set there. Would you think that would be halfway between the centre point and the top War Memorial?

**Ms Pegrum**—If I can put this in context—I know that you are well versed with the history, but if you would not mind for the record if I did establish the context of the proposals—the original proposal did come from the ACT RSL but it was strongly supported by the national RSL that we should construct toilets along Anzac Parade. They referred to them as amenities because in early discussions it moved from being toilets to seating and resting spots, for the obvious reasons that the veterans are ageing and that the appreciation of the parade, as you have described, I think is increasing. Certainly we have been keen for that to happen.

**CHAIR**—And the local mob do conduct tours there as volunteers.

**Ms Pegrum**—They do, and we now have volunteer guided tours and we have self-guided tours as well for visitors to the capital.

**CHAIR**—So you need toilets. Kate is going to go crook if I take too long on this.

**Ms Pegrum**—The original analysis of the requirement looked at a number of siting opportunities—not only the preferred one that was eventually adopted by the authority. Among those options we looked at different points along the parade and the reasons that they were set aside were because the vista is tremendously important and is listed on the National Estate—on the national list, in fact.

**Mr Smith**—National Heritage List, Senator.

**Ms Pegrum**—Thank you. But also because we were very conscious that (1) they should not detract from the existing rhythm of the memorials and (2) they should not be mistaken for memorials, so the preferred design took those things into consideration. The other issue was walking distance—

**CHAIR**—Yes. I can relate to that. When you got to go, you got to go!

**Ms Pegrum**—the walking distance from the toilets at the War Memorial to the toilets on Anzac Parade and on the gradients that a person with disabilities might encounter.

**CHAIR**—But you have not studied the rangers' area and the lower park, have you?

**Ms Pegrum**—Yes, we have. I was coming to that. Among the options that we looked at, we also—

**CHAIR**—Well, can we cut straight to that, because it seems to me to be the option.

**Ms Pegrum**—We also looked at the depot, which is a territory depot, and we looked at the opportunities in what we refer to as Remembrance Park—and I am sorry but I cannot remember the section number off the top of my head.

**CHAIR**—It is set aside for some future use.

**Ms Pegrum**—Under the Griffin Legacy amendments, it is set aside for open space and for some development adjacent to—

**CHAIR**—How many acres? Is it eight acres?

**Ms Pegrum**—I cannot recall but it is a large space.

**CHAIR**—It is certainly long enough to put a block of toilets there.

**Ms Pegrum**—If I can come back to when the issue went to public consultation and the concerns such as you have raised were there, we went back with the RSL and we actually looked at the depot again and Remembrance Park again. The collective view—that is, our own view based on the work that we had done, plus that of the RSL, and it did include the Vietnam vets as well—was that the location as we had described on the crossover of Anzac Parade was the preferred one. It is true that the site at the depot and at Remembrance Park are good sites as well, and could be developed for toilets, but the collective view at this point in time is that it is not the preferred, not ideal, because of gradients and distance. So it is not that it cannot be done; it is that it is not the preferred.

**CHAIR**—All right. That is enough of the history. What we need is the cooperation, if we were to take some other preferred spot to where we looked that day and where you are not going to tell the people on the other side of the road at Reid yet; I do not know why you are not going to tell them—in terms of the gradient, it is a reasonable walk up the hill to the War Memorial, and I presume that there are toilets at the War Memorial.

**Ms Pegrum**—Yes, there are.

**CHAIR**—At the present time, if you are a visitor, you have to walk up the hill to the toilets at the War Memorial, or get up there however you can, if you are disabled. It is about halfway up the hill to the toilets at the War Memorial where we are talking from the centre point. Yes? Near enough. I will not hold you to it.

**Ms Pegrum**—It would be in about that order.

**CHAIR**—Do not put your shirt on it, but it would be near enough.

**Ms Pegrum**—Yes. Certainly to Remembrance Park; not the depot.

**CHAIR**—It is on the same gradient that is approved for people to walk to the toilets now, because that is what you have got to do, if you want to go to the toilets.

**Ms Pegrum**—The depot is significantly closer to the War Memorial than the location on the west.

**CHAIR**—Yes, but if you are halfway down Anzac Parade and you want to go to the dunny, you have got to walk to the War Memorial, so you have got to handle the gradient.

**Ms Pegrum**—That is correct.

**CHAIR**—Are you saying that gradient is unsuitable?

**Ms Pegrum**—No. I am saying that, at the moment, you are being—

**CHAIR**—No. Halfway up the gradient is this other spot, so you are on the same gradient.

**Ms Pegrum**—But, Senator, at the moment, if you are halfway along the parade up to the War Memorial, you are approaching to the north and you are on a path gradient that averages at one in 20, which is not considered to be a ramp. If you have to turn towards the west, where the depot is, you are transversing a steeper gradient.

**CHAIR**—Yes, and as you know, with a shovel if you had long enough and with a backhoe or something if you had not as much time, you can fix it.

**Ms Pegrum**—Absolutely. You can create a path.

**CHAIR**—You can fix that but do not go beyond that.

**Ms Pegrum**—But it is not the same now.

**CHAIR**—If you are halfway down from the War Memorial and you want to go to the toilet, at the present time you have to go to the top, so we will take half the distance out of that. If you are down at the bottom of Anzac Parade, where do you go to the toilet presently?

**Ms Pegrum**—You have to go to the War Memorial.

**CHAIR**—That is right. So instead of that, a quarter of the distance up from the bottom we will put a set of toilets.

**Ms Pegrum**—Yes, but in your proposal that would only be on the eastern side in Remembrance Park.

**CHAIR**—That is correct. That is where Remembrance Park is, yes.

**Ms Pegrum**—On the western side, you have to go all the way up to the depot.

**CHAIR**—The distance between that toilet and the other proposed toilets is the same distance as half the walk up the hill to the toilets. This is probably hard to follow.

**Ms Pegrum**—There is something I want to correct. I think you said that we are not game to tell the other residents of Reid. We have never not been game to talk to them, but we are in the process at the moment of finalising—

**CHAIR**—Of figuring out how to do it.

**Ms Pegrum**—the design on the western side—because there were no toilets there; there was only an amenity—and of briefing the Minister for Veterans' Affairs.

**CHAIR**—I am coming under pressure.

**Ms Pegrum**—I would like to finish.

**CHAIR**—That was an editorial comment.

**Ms Pegrum**—Yes. I would like to finish the question, because we are actually quite committed to the consultation on these. We are in the process of finalising the briefing to Minister Lloyd and to the Minister for Veterans' Affairs and, importantly, of finalising the referrals under the EPBC, which involves broad consultation.

**CHAIR**—But let us cut to the chase. It would be possible to build the toilets off the sacrosanct area with the cooperation of the ACT government.

**Ms Pegrum**—It would be possible, yes.

**CHAIR**—One of the arguments was that if you put the toilets on the eastern side halfway down—which is a quarter of the way—you would have to cross the road from the west side. But you have to cross the road from the west side to go to the east side to look at the War Memorial anyhow.

**Ms Pegrum**—That is correct.

**CHAIR**—You say there is set of lights. So it is all doable with cooperation. When Digger James and people like that have written to me and said, ‘Bill, can you please help us preserve the sanctity of that land,’ I said I would. We will continue this discussion at another time.

**Ms Pegrum**—Yes, but I have to say that at the moment the correspondence we have from national RSL indicates that their preferred locations are the ones that we are nominating. If that were to change, then all things are possible.

**CHAIR**—The federal president said to me—you were three minutes too slow getting to him the other day—that if we could arrive at an alternative plan, they would cooperate and be happy.

**Ms Pegrum**—That is not what he said to me, but I do have in writing from him support for the current proposal.

**CHAIR**—That is all right. I will get writing to a different effect. Thank you very much for your trouble.

**Ms Pegrum**—Thank you, Senator.

**Senator LUNDY**—One of the ongoing criticisms of the National Capital Authority is their poor performance in consulting with the local community and stakeholders, so I would urge you to continue consulting extensively, because it is the needs of the users of Anzac Parade that ought to come first.

**Ms Pegrum**—Senator Lundy, we would agree completely and we have been consulting widely, but it is a little bit difficult when we are criticised for consultation that we have not been able to undertake yet because the work is not finalised.

**Senator LUNDY**—No. Senator Heffernan just has a different view and he has utilised the committee’s time to express it.

**Ms Pegrum**—I would agree.

**CHAIR**—That is why we have got that ridiculous one-way carriage across Limestone Avenue.

**Senator LUNDY**—The positions of director corporate and director governance were upgraded late last year to SES level.

**Ms Pegrum**—That is correct.

**Senator LUNDY**—How many positions at SES level are now within the National Capital Authority?

**Ms Pegrum**—There are now five. That is not including the position of chief executive, which does not have an SES structure but a PEO structure. There are five SES officers in the sense of the traditional Public Service description of that level.

**Senator LUNDY**—And how many are there at an equivalent level to SES—SES and equivalent?

**Ms Pegrum**—There are none. There are five SES positions.

**Senator LUNDY**—But I mean in terms of salary.

**Ms Pegrum**—There are none. I could not go into all the AWAs, but in terms of SES, the five fit an exact description of that level in all respects.

**Senator LUNDY**—Why did it go from three to five?

**Ms Pegrum**—We had two positions for which the duties had changed quite considerably over a period of time and it was my view that we needed to reappraise the levels. We had an independent assessment of the levels undertaken and it was found that the duties were equivalent to those in the senior executive service, and we went through the due process under the public sector act in the selection of those positions.

**Senator LUNDY**—What was the total staffing budget for 2004-05 and for 2005-06?

**Ms Pegrum**—The budget for salary expenditures for 2006-07 is \$7,871,000. I am happy to take another question while our officers are looking for that answer for last year.

**Senator LUNDY**—Sure. I am keen on the figures both retrospectively and into the future up to 2009-10. I know we have your appropriations up to 2009-10 as the result of an answer to a question on notice last time, but we would like the staffing budget for all those out years.

**Ms Pegrum**—I would be happy to provide that. What I can tell you is that we currently have 94 paid employees and that is the equivalent of 88.44 full-time employees. Of those, 28 are ELs, there are five SES and 60 at the APS levels.

**Senator LUNDY**—How much has that grown in the last five years?

**Ms Pegrum**—I would have to go back to the figures, but we have been fairly stable. Over five years we may have actually reduced. But I am very happy to give you the figures. My recollection is that that is relatively stable.

**Mr Britt**—Page 114 of the portfolio additional estimate statements sets out our employee budget for the forward years and it provides the actual audited outcome for 2005-06, and the budget for employee expenses is set out there also.

**Senator LUNDY**—Under employees expenses?

**Mr Britt**—Yes.

**Senator LUNDY**—So we have got the out years there as well. Thank you—that answers that part of the question. I would now like to refer to some questions that go back to State Circle. Could you please give the committee an update on the status of the development application for State Circle.

**Ms Pegrum**—Yes, we are happy to have Todd Rohl, our managing director of planning, respond to that.

**Senator LUNDY**—Thank you.

**Mr Rohl**—We have received a new application for State Circle and that has been through the public consultation process. We have sought additional information, and the applicant is yet to supply that information.

**Senator LUNDY**—Who did you contact to consult with as part of the obligations on both the NCA and the developer to consult with the local community?

**Mr Rohl**—The applicant had the responsibility to advise all the adjoining lessees, to put the notice in the paper and the sign on the land. Also, what the National Capital Authority undertook as part of this new application was to advise all previous people who had made submissions that a new application had been made and where they could access that application.

**Senator LUNDY**—Can you provide a summary on why the developer was required to lodge a new application, given that a previous one had been approved and obviously the development had started.

**Mr Rohl**—The applicant increased the number of units on the site from 57 to 63 and, as a result of that change, they were required to submit a new application and go through the process.

**Senator LUNDY**—What was the impact on resident parking and visitor parking as a result of that renewed application?

**Mr Rohl**—The new application as it currently stands provides a total of 137 car-parking spaces, of which 14 are designated communal visitor spaces.

**Senator LUNDY**—Are any of the designated communal visitor spaces owned or allocated to be owned in association with a unit?

**Mr Rohl**—At the moment there are 14 specifically designated for communal, so anyone can access them. In our request, we have asked for some further information on visitor car parking.

**Senator LUNDY**—What is the difference between communal and visitor?

**Mr Rohl**—It is communal visitor parking, so anyone, anytime, can go in and access the car-parking spaces.

**Senator LUNDY**—Are all 14 inside the boom gate, the roller gate or whatever?

**Mr Rohl**—All 14 are in the basement. As part of the information we requested, we asked for them to identify how that is going to be managed so people can access them easily.

**Senator LUNDY**—So it is not yet clear to you how many of those would be outside the security system—that is, inaccessible to someone just turning up to visit someone in the apartments?

**Mr Rohl**—From the information provided, they are all in the basement. We have asked for further information on how people would access those and whether there is a boom gate or an intercom system. We are asking for that to be clarified.

**Senator LUNDY**—What is the NCA's position on the requisite number of visitor car-parking spaces in the context of the new application?

**Mr Rohl**—We have asked them to demonstrate how 14 visitor car-parking spaces stacks up. We are waiting for that information from them.

**Senator LUNDY**—But are you insisting on a minimum number?

**Mr Rohl**—There are 14 proposed. As we have done in other cases, we have looked at a different standard, like the ACT standard which would say that 16 spaces would be required. We are asking them to demonstrate how providing 14 spaces complies with the National Capital Plan.

**Senator LUNDY**—You have said yourself in response to correspondence that, under the plan, there are no requisite visitor car-parking spaces, despite what I have certainly put to the NCA as being what I believe to be an acknowledged position that they would require at least 15. Are you now saying that you will require the developer to comply with the ACT standard?

**Mr Rohl**—No, what we have previously said is that the standards in the National Capital Plan are different from the ACT government standards for car parking. In the previous application we required them to demonstrate that they had adequate car-parking provision, and the delegate made the determination on that. In this application they still need to demonstrate that they have adequate parking. In accordance with the ACT government standard that is 16 spaces. But we said, ‘We need you to demonstrate to us that the car parking is adequate to meet the needs of your development.’

**Senator LUNDY**—What, in the view of the National Capital Authority, will be adequate?

**Mr Rohl**—If it complies with the National Capital Plan, the delegate will need to make a determination that it complies with the plan and therefore needs to be approved. What we are trying to do, as we did with the previous application, is to negotiate the best outcome in terms of the visitor car-parking space.

**Senator LUNDY**—But last time the delegate agreed to four. What will you agree to this time?

**Mr Rohl**—There is a minimum of 14 already provided on the plans that they submitted as part of their application, so they themselves have provided 14. We have said, ‘Demonstrate to us that that is still sufficient to meet your car-parking demands.’

**Senator LUNDY**—Can you make a guarantee that there will be a minimum, and perhaps more, genuine visitor car-parking spaces in that development?

**Mr Rohl**—I can guarantee that there will be a minimum of 14 genuine visitor car-parking spaces in that development.

**Senator LUNDY**—With the possibility of more?

**Mr Rohl**—That is correct.

**Senator LUNDY**—Thank you. I will send you a copy of the *Hansard*, just so you can remind the delegate.

**Mr Rohl**—I am quite happy for you to come and see us to go through the application if you need to.

**Senator LUNDY**—To confirm the arrangements for the interestingly named Senator Apartments across the road, I note—

**Senator Ian Campbell**—'Interesting' is a long word. I would have thought 'crass' is a lot shorter and to the point.

**Ms Pegrum**—We do not censor the naming of apartments if they are legal.

**Senator LUNDY**—I am sure Senator Heffernan would have something to say about that.

**ACTING CHAIR (Senator Nash)**—Who is responsible for naming them?

**Senator LUNDY**—It is quite extraordinary, when you think about it. In answers to questions on notice it appears that, in that development, there have been adequate provisions made for visitor car parking. Is it a reasonable observation to make that the National Capital Authority is now coopting, effectively, the ACT's standard for visitor car-parking requirements in approving residential development, given the only area that you have jurisdiction in is pretty much the area we are talking about?

**Ms Pegrum**—I think we have said previously to that question that, for example, in the draft amendments associated with the Griffin Legacy, we are actually calling up those standards now so that they are built into the National Capital Plan. So the short answer is yes.

**Senator LUNDY**—I am pleased to hear it.

**Senator Ian Campbell**—I do think we should hold up the project until they change the name, though.

**ACTING CHAIR**—I agree, Minister. I think that is an excellent suggestion.

**Senator Ian Campbell**—Let us refer it to the Senate committee, Kate.

**Senator LUNDY**—I think that is a very good idea and, as long as you are prepared to come and appear at the inquiry, Minister, I am sure we will get it off the road.

**Senator Ian Campbell**—I am on the record on that.

**Senator LUNDY**—You are stuck now. Now I would like to jump to Adelaide Avenue. I know there have been a number of answers to questions on notice, and I appreciate those responses from the NCA. Really what is left is to note the apparent quite extensive delay of the delivery of the consultants' report and the final determination of the National Capital Authority. What is the NCA's explanation for those delays and when can we expect the NCA to make a final determination about draft development control plan No. 171/06/2003?

**Ms Pegrum**—Can I just point out—and Mr Rohl will correct me if I am wrong—that the last responses we gave were in October to questions on notice. Since that time, of course the consultation report has come in. It raised a number of issues that required, from our point of view, further discussion with the ACT government and the Department of Foreign Affairs and Trade. Those discussions took place in November last year. In December, we then had discussions in relation to further changes with the ACT Planning and Land Authority to the extent that, on 15 December 2006, we wrote to them seeking further comment from them. On 24 January, ACTPLA wrote to us suggesting further minor changes to improve the clarity of the provisions of the DCP. So, as you can see, all the way through to the end of January we have still been in the formal process of consulting on the changes, so we have not been

holding it up. It is genuinely not yet completed and it is being finalised. Once we have that, we will be notifying all the principal submissions that were received.

**Senator LUNDY**—All right. My comment was on the basis that I know through my discussions with officers of the NCA that a decision was imminent at one point late last year and then, obviously, other issues arose and consultation continued.

**Ms Pegrum**—Some of those have had to do with different proposals for the gallery site which may require lease variations by the territory, and that has been part of the complexity. Is that correct, Mr Rohl?

**Mr Rohl**—That is correct.

**Senator LUNDY**—What is the current status? You received a response from ACTPLA on 24 January. Is it now with the NCA pending a board decision?

**Mr Rohl**—It is with me to do a review of the final consultation report. With any of these changes that have happened since October, we have had to go back and review the entire consultation report. With 118 submissions, that is a fair bit of resource time. At the moment the report is approximately 150 to 200 pages long. That is the reason—as well as to ensure consistency across that report—there has been that delay.

**Senator LUNDY**—If different ideas have been put forward with respect to the old Solander Gallery site, how does that affect the consultation, given people were consulted on the basis of the parameters around which development could take place? What has changed and how are the stakeholders made aware of any change?

**Ms Pegrum**—I do not think there is any confidentiality in this, but as I understand it—

**Senator LUNDY**—There is not anymore.

**Ms Pegrum**—No. I think the issue here was whether those changes required further consultation on the DCP or whether the safeguards under a lease change would result in further consultation by the territory, and the latter is in fact the case.

**Mr Rohl**—The other important issue to add to that is the consideration of all the submissions and what they put forward, and how any of those changes were reflected in the submissions. So it has been much broader than just a tick-and-flick type of response.

**Ms Pegrum**—In effect, there were three sites involved in this DCP, each one with its own urban complexities and use complexities.

**Senator LUNDY**—I will try and reinterpret what you are saying. The development control plan is now in a position to be formalised—

**Ms Pegrum**—Yes.

**Senator LUNDY**—but you have also ascertained, in the knowledge that there may be some application for a lease purpose change under the territory plan, that there may be a subsequent consultation process under the territory plan requirements post the approval of this development control plan.

**Ms Pegrum**—Under the territory lease requirements.

**Mr Rohl**—Yes, that is the advice we received from ACTPLA on 13 February.

**Ms Pegrum**—I think that will only apply, though, to the gallery site, not to the Embassy Hotel site or to the residential site.

**Senator LUNDY**—Is that because the lease purpose change had already occurred or because it did not need to occur?

**Ms Pegrum**—It does not need to occur, as far as we can tell.

**Senator LUNDY**—So there is already a proponent? There is already a developer?

**Ms Pegrum**—That is right.

**Senator LUNDY**—But there is not for the Solander Gallery site?

**Mr Rohl**—The territory plan itself and the lease clause, as far as I am aware, is very narrow in relation to what can happen to the Solander Gallery site. The advice we received is that, for any future development done in accordance with that, there is likely to be a lease change. In terms of the Embassy site, I would have to clarify the existing lease clause. I would expect that if, for example, a hotel developed there, unlike the current one, you would not need to go through that revised lease process, but I can certainly clarify that.

**Senator LUNDY**—Yes, could you take that on notice. I do not know how to ask this, because I presume it is in the consultation report, but I have received a lot of correspondence raising concerns about car parking—not really a surprise—and about increased traffic flows in the area. Are those two issues comprehensively addressed in the consultation report?

**Mr Rohl**—They certainly are. If you refer to the *Hansard*, you will see that we made it clear that we were getting a traffic assessment undertaken. That will form an integral part of the consultation report, and we will be making that available on the website once the DCP is signed off.

[9.47 pm]

### **Territories and Local Government**

**Senator SIEWERT**—I want to know where we are up to with the monitoring of the rehabilitation plan on Christmas Island and I want to know about the bat.

**Mr Yates**—The pipistrelle?

**Senator SIEWERT**—Yes. Where are we up to with the analysis of the rehabilitation trials that are going on on the island?

**Mr Yates**—We had a further meeting via telephone hook-up in Darwin on 30 January in which we reviewed the plan that I had discussed at the last estimates hearing. We went through progress against a number of items, including the assessment of the prioritisation of sites for rehabilitation and the assessment of the available stockpiles for use in rehabilitation. We confirmed that we were happy with Dr Mulligan's report and set the work plan for the few months before we hold our next meeting, which includes coordinating actions between the Western Australian state government agencies, the mine, the Department of the Environment and Water Resources and us. The program is proceeding very much according to the agenda, and we are quite satisfied with its progress at the moment. All the parties to the meeting were satisfied with progress.

**Senator SIEWERT**—Are you satisfied with the rehabilitation you are getting on the trial sites now?

**Mr Yates**—The rehabilitation on the sites varies. As you know, the mine has been rehabilitating the areas it has been working. It has been using a variety of procedures. Parks Australia has also been using a variety of procedures. This is giving us the opportunity to learn lessons about the best approach to take, including mixes of plants, the amount of fertiliser to be applied and the rates of fertiliser to be applied.

Not all the rehabilitation has been a complete success, because of the learning, particularly on the rate of fertiliser application. The recent extended dry period has had a significant impact on our ability to progress a lot of new sites. There was no point putting out a lot of planting if the plants were simply going to die because it had not rained, so that has delayed things. El Nino appears to be coming to an end. We expect increased rainfall over the next 12 months, and I am advised by Parks that they expect to get back on track with that program. About two weeks ago I was on the island and I went and had a look at some of the five-year rehabilitation works that have been done. A lot of it is looking very good.

**Senator SIEWERT**—With all due respect, there is a lot of difference between looking good and actually returning a functioning ecosystem.

**Mr Yates**—True, I agree. I am not an expert, but in terms of the rate of growth, the coverage and the right trees coming through, it appeared to be working. I am not an expert, but it did appear to be working.

**Senator SIEWERT**—That leads me to my next question. How much of the ecosystem, of the original plants, do you think is being returned?

**Mr Yates**—It is very hard to say at this stage. We need to get a real, solid understanding of the available topsoil to replace the areas that are damaged, and an understanding, too, of the priorities. We need to work out where best to put our efforts, and we are not at that point yet. I think there are areas that we will not be able to return to original rainforest conditions. These are the areas that were mined by the predecessors to the current pinnacle fields. There are other areas where we should be able to rehabilitate over time. But I cannot give you a definitive statement of what outcome we might expect at this stage. It is too early in the research.

**Senator SIEWERT**—There hasn't been any assessment or survey of what has been rehabilitated to date to see what is coming back?

**Mr Yates**—This is in progress at the moment, but I have not got the results of that at this point.

**Senator SIEWERT**—I presume what is happening is that, where the mining has been happening relatively recently, the topsoil is there, but the topsoil is probably not so much there for the old mining sites.

**Mr Yates**—That is probably a fair statement. The old pinnacle fields have had the topsoil largely removed, whereas the current mining approach that the company is using is essentially going into old stockpiles and mixing that to get the required export amount, so they are not producing new pinnacle fields.

**Senator SIEWERT**—My next question is about the bat. As I understand it, the pipistrelle bat has now been listed as critically endangered. The bats are now using a site that is recovering but is going to be mined—so the site is revegetated but it is going to be mined again under an approved mining plan, and it is just unfortunate that the bats have now decided that that is the bit they want to use. What is happening with that? Is there going to be another assessment? Is the clearing going ahead again? I do appreciate that we are talking about a site that has already been mined.

**Mr Yates**—If this is one of the existing mining leases for which they already have approvals to operate on, then they will be doing the mining in accordance with their approvals—in accordance with the conditions of their lease. I am not an expert on the pipistrelle bat or its habits. I am told that it does move from area to area. Environment and Heritage might be better placed to answer your question.

**Senator SIEWERT**—I am going to ask them tomorrow, but this issue always crosses jurisdictions. I am told by the bat mobs that the area now makes up a large percentage of their habitat.

**Mr Yates**—I cannot comment on that. I do not know.

**Senator SIEWERT**—I am going to chase DEWR tomorrow about that. The company is continuing according to its plan that has already been approved. I understand that, but the situation has changed since then: the bat has now become critically endangered—and it seems to me it is not exactly moving around or surviving that well if it is now critically endangered.

**Mr Yates**—I do not have the expertise to comment on the bat part of it.

**Senator SIEWERT**—Has there been any further work from the company in terms of notifying you of its compliance? I am just trying to remember the previous answer to a question that I asked.

**Mr Yates**—This is to do with the assessments of the environmental performance?

**Senator SIEWERT**—Yes.

**Mr Yates**—As I mentioned, or as we responded in the answer to the question on notice, there is a confidentiality clause in the lease that prevents us releasing that information.

**Senator SIEWERT**—I know. I personally want to put on the record that I think it is outrageous. Coming from Western Australia, we are used to the public exposure of people's compliance with conditions, and so I find it unusual that how they are complying with their environmental conditions is not public information.

**Mr Yates**—What I can add on this is that it recently came to our attention that the company had made that report public, and we have written to Senator Heffernan, who is the chair of the committee, advising him that this had in fact taken place.

**Senator SIEWERT**—So I can get a look at it now?

**Mr Yates**—Yes.

**Senator SIEWERT**—That is very useful information, thank you, because the people who I know who are interested in the island, as far as I am aware, do not know that. That is much appreciated.

**Senator LUNDY**—In estimates hearings earlier this week we heard that the government had decided not to transfer the land upon which the Googong Dam sits to the ACT—and obviously this is a point of contention—despite 20 years worth of correspondence indicating that this would occur. Leaving that aside for the moment, can you confirm the intent of the Howard government to transfer the infrastructure of Googong Dam to the ACT? I think the transfer might technically be to the water utility ACTEW—so not the land but the water infrastructure.

**Ms Clendinning**—I heard some of the evidence you got the other day, and I have read through the transcript. The situation is, as Mr Yarra described it, that the asset issue is unclear and that they are working with the ACT administration as a priority to discuss what happens with the assets.

**Senator LUNDY**—What do you define as an asset?

**Ms Page**—Senator, the issue of Commonwealth assets and the disposal of them is a matter for the Department of Finance and Administration. It is not an issue over which we have responsibility.

**Senator LUNDY**—I appreciate that, but I did not understand the issue of the water assets per se to be under dispute. I understand that the land ownership is under dispute, but the infrastructure specifically there for the control of the water, what I would call the water infrastructure, was not disputed in terms of its ownership and the transfer of assets.

**Mr Angley**—To be pedantic, I do not know if it is in dispute so much as unresolved. The bigger issue is the one that has taken up the most time: the Commonwealth's decision to retain ownership. I think the Department of Finance and Administration and the ACT government are just sorting out the approach to those assets that you are referring to.

**Senator LUNDY**—Does the department differentiate between the land asset and the water infrastructure assets?

**Mr Angley**—Yes. The land is Commonwealth land and is indisputably Commonwealth, and no-one has argued about that. It has always been known as Commonwealth land, and that is why the Department of Finance and Administration is involved, because they administer the land administration act. That is why there has always been a differentiation between what you are calling the assets and the land—and the water is the third.

**Senator LUNDY**—And the third is the water?

**Mr Angley**—Yes.

**Senator LUNDY**—We know what the view of the Commonwealth is with respect to the land: they no longer want to transfer the land asset to the ACT. That is what is being discussed at the moment, and I know that is disputed by the ACT government, but I just want to put that aside for the purposes of this discussion because I understand that that is handled by DOFA. What is your precise understanding of the status of the water asset, either in its transfer to the ACT or the Howard government's intention for the future of the ownership of the water asset?

**Mr Angley**—You are using the term 'water asset'. You mean the actual water?

**Senator LUNDY**—No, I will come to that.

**Mr Angley**—The dam itself?

**Senator LUNDY**—The dam, the pipes, the pumps.

**Mr Angley**—That is in negotiation.

**Senator LUNDY**—You believe that is in negotiation?

**Mr Angley**—That is being sorted out between the department of finance, representing the Commonwealth, and the ACT government.

**Senator LUNDY**—Can you tell me what the Commonwealth's intention was prior to this current dispute with respect to those assets.

**Ms Page**—I think again that is a question best directed to the Department of Finance and Administration. I do not believe we should comment on assets for which they are responsible.

**Senator LUNDY**—Let us talk about the water. We have worked out that we are talking about three different assets. What is the current status of the ownership of the actual H<sub>2</sub>O in Googong Dam?

**Mr Angley**—The Googong Dam act says that the water is reserved primarily and principally for the ACT.

**Senator LUNDY**—So that is in an act of parliament, is it?

**Mr Angley**—Yes.

**Ms Clendinning**—That is the Canberra Water Supply (Googong Dam) Act 1974.

**Senator LUNDY**—There is no question about that, is there?

**Mr Angley**—No, and the Prime Minister has also said that since the announcement.

**Senator LUNDY**—In the extrapolation of that legislative right of the ACT to be able to access that water, is the infrastructure to get the H<sub>2</sub>O from the dam to Canberra now being claimed as a Commonwealth asset to be retained by the Commonwealth?

**Mr Angley**—No. I do not think you can go that far.

**Senator LUNDY**—I did not think I could either, but that is how I am interpreting what you are telling me.

**Mr Angley**—No. We are saying two things. I do not know that you can go that far, but really it is an issue that is still in discussion between the department of finance and the ACT government. We are not involved in that discussion.

**Senator LUNDY**—My understanding of the discussion, based on the evidence of DOFA the other night, is that we are, in fact, only talking about the land and we are not talking about the water infrastructure or the equipment that is out there that allows it to be a dam and allows the water to be moved. Could I ask you to clarify that. Perhaps take it on notice in conjunction with consulting with DOFA or whatever you need to do to try and get me an answer on that.

**Ms Page**—To the extent to which it falls within our responsibility.

**Senator LUNDY**—Yes. I want to the turn to the question of the land. Who manages that Commonwealth land around Googong?

**Ms Page**—Again, we are not certain of the precise arrangements.

**Senator LUNDY**—But it is Commonwealth.

**Mr Anglely**—Certainly, the ACT manages the improvements and the water, but I am not sure about the land. It is Commonwealth land. We will take that on notice. I assume it is the ACT managing it as a project manager, but it is certainly owned by the Commonwealth.

**Senator LUNDY**—For Commonwealth land that is managed by another party, what would the normal arrangements be?

**Ms Page**—Again, that is not an area of our responsibility, so we would only be speculating.

**Senator LUNDY**—I can help you out here, because the ACT government manages the land, and has for a very long time now. Would it be usual for another party managing Commonwealth land to be compensated for that task?

**Ms Page**—Again, issues in relation to the transfers of Commonwealth land and compensation—

**Senator LUNDY**—I am not talking about transfer, I am talking about the management of Commonwealth land by the territory.

**Ms Page**—Again, management of Commonwealth land assets is a matter for the Department of Finance and Administration.

**Senator LUNDY**—Not if it is under the auspice of the National Capital Authority. What is different about this?

**Ms Page**—If the ownership is the Commonwealth's, that would be a matter for the department of finance to determine.

**Senator LUNDY**—So what is different about the Commonwealth land managed by the territory inside the ACT is that it comes under the National Capital Authority, because of that legislative instrument.

**Ms Page**—The National Capital Authority manages national land, from memory, consistent with their legislation. I do not believe it manages Commonwealth land per se.

**Mr Anglely**—I think that is right, because the department of finance manages the land act, and that is where they get their role.

**Senator LUNDY**—As far as managing the land around Googong, this department has nothing to do with those arrangements?

**Ms Page**—No.

**Mr Anglely**—No.

**Senator LUNDY**—Does this department have any involvement at all with the management of Commonwealth land in the conduct of your various duties and obligations and roles and responsibilities?

**Ms Page**—In relation to some of the territories, we do, particularly in relation to the Indian Ocean Territories. We manage land on both those territories and all the activities that happen on them.

**Senator LUNDY**—Do you manage and maintain that land yourselves?

**Ms Page**—We do that directly, and sometimes that responsibility is subcontracted out. There are quite different arrangements applying across all the territories in relation to the management of land and assets between the Northern Territory, Norfolk Island, the ACT and the Indian Ocean Territories.

**Senator LUNDY**—I will refer some of my questions about the management of the Googong land to DOFA.

**Ms Page**—Yes.

**Senator LUNDY**—In August 2006 Minister Lloyd was the Howard government's signatory on the memorandum of understanding on Australian Capital Territory and New South Wales Cross Border Water Resources 2006. I understand the Howard government insisted that a supporting document called *Summary of legislative responsibilities—cross border water supply between the ACT and NSW* be prepared and posted on websites along with the MOU. On page 5 of this second document, under section 2.1.4 Googong Dam, it states in part:

NB The ownership of the Googong Dam Area is currently in the process of transfer from the Commonwealth to the ACT Government (ACTEW). This transfer will mean that Googong Dam Area, and neighbouring Commonwealth freehold land, will become freehold land owned by the ACT, rather than a Commonwealth place within the meaning of the *Commonwealth Places (Applications of Laws) Act 1970*.

Minister, surely this expresses a clear intent to transfer the land, the area surrounding Googong Dam, to the ACT. Wouldn't you agree?

**Senator Ian Campbell**—I would not, because I would need to see the context of the whole discussion and the whole document and all of the other clauses. I am not familiar enough with it. I am not trying to be coy.

**Senator LUNDY**—I appreciate that, but I think the point is that this is—

**Senator Ian Campbell**—I am not aware of the background.

**Senator LUNDY**—I am not misquoting it, I am reading from the MOU.

**Senator Ian Campbell**—I totally trust you on these things, but I would need to look at the whole context of it.

**Senator LUNDY**—Two days ago the department of finance told Senator Sherry in another committee that they recently formed the view that the Commonwealth had never intended to transfer the land to the ACT. The Department of Finance and Administration said they had briefed their minister, Senator Minchin, in June 2006. When was Minister Lloyd briefed on this recently formed view?

**Ms Page**—We would need to take that on notice.

**Senator LUNDY**—Was it before then?

**Senator Ian Campbell**—We will take it on notice and when we get the answer you will know the answer.

**Senator LUNDY**—Is the situation that Minister Lloyd ignored advice from Senator Minchin on this issue when he signed these documents, which clearly express the intent to transfer the Googong land to the ACT, after we now know Senator Minchin was briefed in June of 2006? I think that is one for you, Minister.

**Ms Page**—I cannot speculate, Senator, on the minister's motivation at the time and, as I have indicated, we would need to provide you with advice on when Minister Lloyd was briefed on the Finance view.

**Senator LUNDY**—I think the natural observation for me to make was that Minister Lloyd was either kept out of the loop or out on a limb and not advised of decisions or determinations by other cabinet ministers with respect to his portfolio—

**Senator Ian Campbell**—I suspect that is highly unlikely.

**Senator LUNDY**—or that Minister Lloyd ignored advice or a view presented by Senator Minchin on this issue when he deliberately and specifically signed that MOU, which clearly expresses the intent to transfer—

**Senator Ian Campbell**—Two people can read two different documents and find totally different angles in them. We have taken on notice the bits that we cannot answer.

**Senator LUNDY**—I appreciate that but I also want to make it clear that I am not extrapolating any meaning or interpreting meaning in that passage that I read out. That is printed in the document.

**Senator Ian Campbell**—I do not doubt it.

**Senator LUNDY**—Can anyone advise me or the committee when Minister Lloyd did become aware of the government's decision to effectively waltz on the deal, the 20-year-old deal, to transfer the Googong Dam land to the ACT?

**Senator Ian Campbell**—I think you have asked the question: when was Minister Lloyd—you said, 'When was he briefed on the Finance position?'

**Senator LUNDY**—If you could take that question on notice, Minister.

**Senator Ian Campbell**—I think you will get your answer. I do not accept the premise of the question or the provocative way in which it was been worded.

**Senator LUNDY**—I am not sure if you can answer these questions, because we have established that DOFA are the managers of this land. They do not manage the land per se but manage the management of the land.

**Ms Page**—They are the custodians of Commonwealth assets.

**Senator LUNDY**—Thank you, Ms Page. Would it be the duty of the Commonwealth to insure that land?

**Ms Page**—Again, I think that is a question that you should direct to Finance.

**Senator LUNDY**—I am sure that you, being the department of territories, could make a reasonable observation about what the normal practice is?

**Ms Page**—No, I would prefer that that is answered factually by the Department of Finance and Administration, rather than speculating.

**Senator LUNDY**—Has there been any contact between the department and the Leader of the New South Wales Opposition with respect to Googong?

**Ms Page**—Not that I am aware of, Senator.

**Senator LUNDY**—Or any advice provided to Mr Debnam?

**Ms Page**—The department does not provide advice to parliamentarians other than to relevant ministers.

**Senator Ian Campbell**—I would say with the exception if you came to us and said, ‘I would like to’—when I was minister I would always say if you want some briefing I would organise it for you; but that is done with the explicit approval of the minister.

**Senator LUNDY**—Has there been any contact between the department and other members of the Howard government with respect to the management or operation or function, or future function, of Googong Dam?

**Ms Page**—We have clearly had discussions with the department of finance but that is probably the extent of it, Senator.

**Senator LUNDY**—What were the specific subjects with respect to those discussions with the department of finance?

**Ms Page**—The department of finance I think advised us last year of its view in relation to the Googong Dam.

**Senator LUNDY**—When was that?

**Ms Page**—I would need to take that on notice. There may well not be a formal record of the initial contact. They may well have started that contact through telephone calls.

**Senator LUNDY**—If you could take on notice to provide the committee with any records of the contact between DOFA and Territories in any way related to Googong Dam.

**Ms Page**—To the extent that we have written records on that, we will do that.

**Senator LUNDY**—But you keep memos of phone calls and things, don’t you?

**Ms Page**—We do. However, there are a range of regular contacts that we have with the Department of Finance and Administration which may canvass five to six issues in a phone call, and it is quite possible that there could have been a mention in passing that this was an issue that they wanted to discuss.

**Senator LUNDY**—I look forward to those answers to that question on notice. What about with Mr Nairn or Mr Schultz or members of government, providing them with any information or contact or briefings?

**Ms Page**—I do not believe that we have briefed anybody beyond our own minister. It is possible our minister or his office had further discussions with other members of parliament but we have not, nor would we normally, without the approval of the minister in the presence of his office, brief other members on this.

**Senator LUNDY**—I know you cannot tell me the date when the minister became aware; but when he became aware, did he request a brief from the department on these issues of ownership?

**Ms Page**—I cannot recall the order in which it happened. We may have chosen to brief him initially.

**Senator LUNDY**—So you might have found out before he did.

**Ms Page**—It depends what you mean by ‘found out’, I think.

**Senator LUNDY**—As you said, a phone call from DOFA perhaps.

**Ms Page**—There were certainly discussions before a final decision was taken. That is the point at which I would have imagined that Minister Lloyd would have been officially advised, but we may well have discussed it with him before then, either in writing or in regular oral briefings that we have.

**Senator LUNDY**—In those discussions with DOFA, did Territories form a view about the question of the validity of the transfer of the land?

**Ms Page**—I think that the department acknowledged the role that the department of finance has to provide advice to government on the treatment of Commonwealth assets.

**Senator LUNDY**—Good answer. So that means you just said: ‘It’s not us. Go and talk to DOFA.’ I am paraphrasing. I am trying to establish whether or not DOTARS formed a view about whether or not this transfer was a commitment or not.

**Ms Page**—It is not a matter for the department to determine whether or not there has been a government commitment.

**Senator LUNDY**—But who advised the minister to sign the MOU? Surely the department was involved in the drafting of the memorandum of understanding that the minister signed in August 2006? Who did the work on that?

**Ms Clendinning**—We had input into it.

**Senator LUNDY**—That implies that, at least at that time—prima facie this statement is pretty clear—the department was of the view at the time that that transfer was proceeding. Is that not a fair observation?

**Senator Ian Campbell**—I have said that we are not going to judge that on the one section that you read out. You have to judge it not only in the context of those documents but also in the context of a range of other matters. And you have to respect the absolute undeniable constitutional and legal fact that DOFA is the custodian—although that is probably not the right word, particularly if any Ngunawal people are listening—and they have the legal responsibility as the holders of the title within the Commonwealth.

**Senator LUNDY**—I do not think anyone is disputing that. What is in dispute is whether or not the stated intention of the Commonwealth was in fact to transfer the land.

**Senator Ian Campbell**—You would state, reading what you have read, that on the face of it there is a conflict between what Finance want to do now and what Mr Lloyd signed. I do

not accept that, because I have not read the whole document and it is all news to me. But you would state that.

**Senator LUNDY**—Yes.

**Senator Ian Campbell**—What you are now, quite properly, trying to do is to analyse why that conflict may exist, if it exists. That is quite appropriate. I think we have a lot of questions on notice that will help to guide you in that. I do not think there is much more that we can add to that.

**Senator LUNDY**—No.

**Senator Ian Campbell**—DOFA have reached a position and they are the decision maker.

**Senator LUNDY**—What I am trying to ascertain is whether the department formed a view about the transfer of ownership. It was this department that did the work with respect to the preparation of that memorandum of understanding, so that is still a legitimate question to these officers.

**Senator Ian Campbell**—It is now before us in questions on notice to reconcile what is in that document with the view that Finance has formed and how the minister may have been briefed about it. I do not think there is a lot more that we can add tonight.

**Senator LUNDY**—Could I ask officers then if they have had those conversations or contact with DOFA before or after August 2006.

**Ms Page**—We will have to take that on notice, Senator.

**Ms Clendinning**—I could say that there was a discussion earlier in the year. I cannot remember when. We just looked at the issues of Googong with people from Finance who were alerting us to the fact that they would be researching the issue. That was about it at that stage.

**Senator LUNDY**—That obviously was not enough to trigger the prevention of the MOU and all those things.

**Ms Clendinning**—Not at all.

**Ms Page**—Senator, I think the decision would have come when Senator Minchin formally made a decision, rather than on the basis of any speculation within the department of finance. I think that was some time later.

**Senator LUNDY**—I will look forward to answers to questions on notice. Have you been involved in any modelling of the future water management for the ACT, given that it is a territory, and the surrounding region?

**Ms Page**—No, Senator.

**Senator LUNDY**—Whose responsibility would that be?

**Ms Page**—In the first instance, I think probably that of the ACT government and, to the extent that it is part of broader catchment issues, the Department of the Environment and Water Resources.

**Senator LUNDY**—I will move on to other areas now. On 20 December 2006 the minister, Mr Lloyd, said:

The Australian Government has accepted the assurances of the Norfolk Island Government that it will continue its program of economic and financial reform and that it will seek to improve the transparency and accountability of governance on the island.

In the light of that quite curious statement—and I refer to Senate estimates of October 2006, to Senator Carr's query on whether the Australian government had been advised about the Norfolk Island government's ability or inability to pay a \$1.89 million shortfall for education—can the department now advise whether the Australian government has been advised of that shortfall? I note that back then, Ms Page, you were not certain about the circumstances of that shortfall.

**Ms Page**—The advice that we have at the moment is that the Norfolk Island government is able to meet its commitments and has no outstanding arrears.

**Senator LUNDY**—At what point and on what basis did the government form the view that the \$1.89 million identified shortfall for education could be met by Norfolk Island?

**Ms Page**—I do not think that the government made a judgement one way or the other. The government considered a range of issues in coming to a judgement about future governance arrangements on Norfolk Island. It made the judgement that you have announced, and the advice that we have is that it has met its commitments and has no outstanding arrears at the present time.

**Senator LUNDY**—Can you advise the committee on whether or not a shortfall exists within the education budget on Norfolk Island?

**Ms Page**—I have indicated that, to the best of our knowledge, the government has no outstanding arrears.

**Senator LUNDY**—What was that conclusion based on?

**Ms Page**—That is based on the monthly financial indicators, I think, that are tabled within the Norfolk Island government for the month of December.

**Senator LUNDY**—Could you provide those to the committee.

**Ms Page**—We can.

**Senator LUNDY**—Thank you. Could you provide an explanation about the shortfall as it was previously identified and how you have reached your conclusion that it has now been fulfilled.

**Ms Page**—We can do that, yes.

**Mr Angley**—Senator, most of the shortfall that you are talking about was about a bill that was due in December for the previous semester for schoolteachers. The schoolteachers are contracted by the New South Wales department of education. On the books was a bill of, I think, \$900,000 for that semester, which would come due in December 2006, and that was paid.

**Senator LUNDY**—It was paid?

**Mr Angley**—Yes.

**Senator LUNDY**—The Norfolk Island government paid that bill?

**Mr Anglely**—Yes.

**Senator LUNDY**—Do you know if the Norfolk Island government went into debt to service that account?

**Mr Anglely**—No. We understand—and we can only take their advice on that—that they had money in an account that was due at the time the bill was due and they were using those funds to pay that bill.

**Senator LUNDY**—Because this had been discussed as a shortfall, was there prior knowledge about this other account that they were able to use to service this one?

**Ms Page**—Senator, the issue is that the Norfolk Island government accounts are not particularly transparent and there is an amount of money that is set aside to pay a range of bills, and the speculation on our part at that time was whether those funds really had been earmarked to pay that bill or whether there were other requirements on them. We simply did not have enough information to form a judgement.

**Senator LUNDY**—Do you now have enough information to form a judgement?

**Ms Page**—Well, the bill has been paid.

**Senator LUNDY**—You do not know whether something else has not been paid because of that?

**Ms Page**—We understand that there are no outstanding arrears.

**Senator LUNDY**—Have the Norfolk Island government paid their contribution to the Australian Federal Police budget?

**Ms Page**—We understand that they have, yes.

**Senator LUNDY**—What professionally drafted reports or consultants' advice et cetera led to the government's decision to depart from the recommendations in the report entitled *Norfolk Island financial sustainability: the challenge—sink or swim*, prepared by the Joint Standing Committee on the National Capital and External Territories and tabled, I think, in late 2005?

**Ms Page**—The government commissioned three pieces of work, from memory. It asked the Commonwealth Grants Commission to determine what the cost of delivering state and territory services would be on Norfolk Island. It asked the Australian Bureau of Statistics to do a business survey of the island. And the department in consultation with Treasury commissioned a piece of work on what the transitional effects on the Norfolk Island economy would be if all Commonwealth laws applied on Norfolk Island—in other words, what would the effect be of applying a Commonwealth taxation regime, a Commonwealth social welfare regime; those sorts of things.

**Senator LUNDY**—Are you able to provide those reports to the committee.

**Ms Page**—The Commonwealth Grants Commission report is publicly available. The ABS report I think is similarly publicly available. The third report was provided to the government as part of the preparation of cabinet material and has not been released publicly.

**Senator LUNDY**—The joint standing committee report that I referred to is near unanimous, the exception being Ms Sophie Mirabella, and it states:

The Committee has stated its preference for the Commonwealth to resume responsibility for social security, health and aged care services, national census and economic statistics collection, immigration, customs and quarantine. Commonwealth law should be applied to Norfolk Island, most particularly in the areas of corporations law and trade practices. A range of State-type services, in-so-far as they do not already exist, would also fall under the Commonwealth's umbrella, including primary and secondary school education and vocational education—

et cetera. The joint standing committee report goes on to say:

The Committee is convinced that the adoption of its recommendations will lead to greater financial sustainability—

et cetera. I think my question needs to go to the minister and perhaps be referred to the minister. Why, when Minister Lloyd had been committed to reform the governance and accountability of Norfolk Island, did the Howard government then ignore—once again, in reference to what I think are other times when the minister has been ignored in cabinet—those recommendations? The minister has said on at least one occasion that Norfolk Island has an unsustainable future and also:

... current self-government arrangements are simply too complex and costly for a community the size of Norfolk Island to sustain.

Could you take that on notice to the minister, please, unless you would like to respond on his behalf.

**Senator Ian Campbell**—I could. I was in the cabinet discussion when I was the former minister, so I have views about it. I happen to strongly support the position that the cabinet took, as you would not be surprised to hear. The governance arrangements and the financial state of Norfolk Island have been an ongoing issue for generations. I spent a lot of time reading about the history of Norfolk Island when I was the minister, and I visited there a couple of times. From a vested interest point of view, if we established a Centrelink office and a Medicare office, I could visit there as their minister.

I believe, with my background as the minister, that it is entirely possible that the Norfolk Islanders can make it a sustainable economy and that they can deliver services in a sound and sensible way without doing what the joint standing committee proposed. It is not a cost-free exercise to supply Centrelink and Medicare and all of the other services to a remote island. It is a very costly exercise.

My own view is that they need a sensible taxation system and a sensible policy in relation to developing their tourism infrastructure. I think their current policy to limit the number of beds is quite crazy, and I let them know that when I was there. They would be sensible to allow development of ultra-high-quality five-star accommodation over there. Their policy to not allow people to use—

**Senator LUNDY**—So it was you that rolled Jim in cabinet! You ganged up on him!

**Senator Ian Campbell**—No. I just think that there is a sustainable way forward for the Norfolk Islanders and that the proposal that the committee put forward is not the way to go. I

think there are a lot of policies on Norfolk Island that could be changed and would see Norfolk Island develop into an absolute mecca.

**Senator LUNDY**—What about tax reform on the island?

**Senator Ian Campbell**—Tax reform could well be part of that process. I think what the Commonwealth should continue to do when they come cap in hand looking for money for infrastructure, which they do from time to time, is use the influence we have to say, ‘Look, if you want to be serious about your financial circumstances, then we will be a good partner for you. Until you get serious, we won’t be.’

**Senator LUNDY**—The minister’s pamphlet to Norfolk Islanders expressed the clear view that their economy was unsustainable, so has the government given any financial undertakings or guarantees for grants to assist in their financial viability?

**Ms Page**—There are a couple of aspects to that. For a start, the financial situation of the Norfolk Island government has stabilised. As I said, they are currently able to meet their commitments. They have indicated an intention to improve their revenue base. They have introduced what is called the Norfolk sustainability levy at one per cent, which is generating some money, but have further legislation which is to be considered by their legislative assembly later this month to increase that to nine per cent, which should improve revenue generation. They have also acted to increase a range of local charges. They have also announced that, subject to a series of approvals, another airline service will commence from Newcastle to Norfolk Island, and the current level of tourists is slightly up on last year. So there are a range of initially positive indications.

In speaking to the legislative assembly on 20 December, the minister said: ‘As minister for territories, I have a duty to ensure that modern and sustainable governance arrangements operate on Norfolk Island. I will monitor the Norfolk Island governance changes closely and look forward to seeing the positive outcomes. I am open to requests from the Norfolk Island government for professional advice in these areas. Norfolk Island’s current access to Australian government programs, such as the Natural Heritage Trust and the Regional Partnerships Program, will continue. The Australian government will also consider specific requests from the Norfolk Island government on a case-by-case basis, as we have done with the airport runway resurfacing and the Cascade Cliffs stabilisation projects.’

**Senator Ian Campbell**—Not to mention the pier.

**Senator LUNDY**—What has the government’s response been to the citizens on Norfolk Island who will be denied the same civil and political rights that all other Australian citizens have? Was there a further explanation about the negative impact?

**Ms Page**—As he flagged on this occasion, the minister indicated that he had suggestions that could assist the Norfolk Island government in its efforts to improve accountability and transparency and ensure that the Norfolk Island community has an equivalent level of protection and recourse as that available to other Australians, and he has since written to the Chief Minister outlining issues that he would like the Norfolk Island government to pursue.

**Senator LUNDY**—Could you provide that correspondence to the committee?

**Ms Page**—Yes, we will take that on notice.

**Senator LUNDY**—I have some questions now about local government. Is the department aware of the ALGA-commissioned PricewaterhouseCoopers report into national financial sustainability of local government?

**Ms Page**—Yes.

**Senator LUNDY**—Does the government plan to address the \$14.5 billion backlog in local government infrastructure renewal work?

**Ms Page**—The broader issue of funding arrangements or funding for local government is being considered at the next COAG meeting in April, and that PricewaterhouseCoopers paper represents the ALGA case which will be put forward for consideration, I think, at that meeting.

**Senator LUNDY**—It was reported late last year that local government minister Jim Lloyd and coalition MPs have backed the new infrastructure fund which is proposed in the PwC report, which would help make up for that shortfall. To what extent has the minister backed the local government infrastructure renewal fund?

**Ms Page**—I do not believe that the government or the minister has formally considered proposals contained within that report.

**Senator LUNDY**—Steve Lewis from the *Australian* reckons he has backed it in, so what does that mean?

**Ms Page**—You would need to ask Steve Lewis, Senator.

**Senator Ian Campbell**—If Steve wrote it, it must be true! He is like the *Government Gazette*!

**Senator LUNDY**—He's the one people go to, Minister, as you well know! What work have you done on assessing the proposal for the infrastructure renewal fund for local governments?

**Ms Page**—We have clearly provided advice on that report. However, the position in relation to local government is that there is a joint funding responsibility by both the Commonwealth and the states, and we would not normally, I think, assume a responsibility in advance of any change in government policy in that area. I would have to say the report does not provide a lot of detail which would enable you to make judgements about the claims either.

**Senator LUNDY**—What work has the department done, if any, on—perhaps taking up your point—testing the validity of the claimed shortfall in infrastructure renewal funding for local governments? They make no bones about it. They sheet the responsibility for that shortfall straight back to the Commonwealth government.

**Ms Page**—The Commonwealth government provides a series of untied grants to local government through the financial assistance grants arrangements: a general purposes payment and a non-tied component which can be used on roads. The government seeks no advice back from councils on what that money is spent on or, indeed, the conditions of any infrastructure that they might apply those funds to. It is simply part of the general revenue sharing arrangements of government.

**Senator LUNDY**—You have not started work on what a local community infrastructure renewal fund might look like?

**Ms Page**—We have provided advice on the PwC report to the government.

**Senator LUNDY**—How often do you as a department formally consult with local government and federal and state organisations?

**Ms Page**—We have fairly regular contact with ALGA. I also chair the Commonwealth-state officials group that supports the Local Government and Planning Ministers Council. ALGA has a seat on that committee, so we certainly consult with ALGA through that forum. There are a range of other fora in the development area and also in relation to the local government awards that the Commonwealth sponsors, which it does in close association with ALGA.

**Senator LUNDY**—Going back to the \$14.5 billion backlog in local government infrastructure renewal, you said you had prepared advice on the report, presumably to the minister, but what is the department's view on the validity of the claims contained in the PricewaterhouseCoopers report?

**Ms Page**—We provide objective advice to the minister. We do not have views aside from that.

**Senator LUNDY**—Have you commissioned any work to independently assess the analysis of the PricewaterhouseCoopers report?

**Ms Page**—Governments receive reports quite regularly from representative bodies. It does not necessarily mean on each occasion that they would expect the department to initiate research on them, unless directed to.

**Senator LUNDY**—What I am really trying to ask is: how seriously do you take this report and how do you rate its quality as far as its contribution to the overall issues confronting local government in Australia?

**Ms Page**—I am not quite sure of the purpose of the question. I have explained the policy context in which we fund local government, and that is essentially the policy context in which we provide advice.

**Senator LUNDY**—All right. I might place a few questions on notice, because I suspect they are probably better directed to the minister anyway. I would also like to ask you about the Productivity Commission's report recommending taking waste services away from local government. Has the department done any work on this issue?

**Ms Page**—I am not aware of that Productivity Commission report, Senator.

**Senator LUNDY**—It is definitely there, making that recommendation.

**Ms Page**—Can you give us the broader title of the report?

**Senator LUNDY**—I can give you a reference. I have a website reference here to the report. It is on the Productivity Commission website. It is:

[www.pc.gov.au/inquiry/waste/index.html](http://www.pc.gov.au/inquiry/waste/index.html).

**Senator JOYCE**—What is the actual report, Senator Lundy?

**Senator LUNDY**—The report was requested by the federal Treasurer and it is now with the government.

**Senator JOYCE**—But what is the name of the report? Do you have that?

**Senator LUNDY**—The name of the report is ‘Productivity Commission draft report into waste management 2006’.

**Ms Page**—That is waste management. The delivery of particular local government services is not an area that we would normally become involved in.

**Senator LUNDY**—Why not?

**Ms Page**—Because what we provide as a department is the distribution of untied grants as part of the revenue sharing arrangements.

**Senator LUNDY**—This would be obviously a substantial issue of policy for the Howard government to proceed with, if they were going to—and I am not saying they were. It is something the Productivity Commission has recommended. You as the department for local governments would not necessarily even be asked to provide a brief on this issue?

**Senator Ian Campbell**—It actually fed in mostly to my old portfolio in environment. I have a strange idea I may have had a role in initiating that report.

**Senator LUNDY**—So it’s your fault again!

**Senator Ian Campbell**—It is quite possible.

**Senator LUNDY**—Jim Lloyd is going to get really cross with you.

**Senator Ian Campbell**—It really was to look at the economics and the efficiency of waste management. That is what we were looking at—for example, what were the costs involved?

**Senator LUNDY**—That is right.

**Senator Ian Campbell**—The one that got everyone’s attention was that it is going to cost a billion dollars if you want to get rid of plastic bags out of the waste stream. And they said, ‘Well, if you had a billion dollars to spend, would you spend it on—’

**Senator JOYCE**—‘Would you spend it on getting rid of plastic bags?’

**Senator Ian Campbell**—Yes. It looked at the whole issue of waste. Where it should, I hope, make a difference in public policy is through the National Environment Protection Council, I think, which is basically the environment ministers, but ALGA comes along to that. It was really trying to inform policy on waste management. It is primarily a state and local government issue, but the Commonwealth gets involved—primarily through the National Environment Protection Council, is my memory.

**Senator LUNDY**—I really appreciate your input, Minister. Could you tell me if, from the Howard government’s perspective, pursuing that recommendation is something that is even on the cards or has it been raised in the context of—

**Senator Ian Campbell**—Which recommendation?

**Senator LUNDY**—The recommendation to take waste management away from local councils. Is that even on the radar in the Howard government?

**Senator Ian Campbell**—I did not recall that as a recommendation. Was that a recommendation?

**Senator LUNDY**—Apparently so.

**Senator JOYCE**—But it is not policy?

**Senator Ian Campbell**—No.

**Senator LUNDY**—It is not policy.

**Senator Ian Campbell**—I would be very surprised if that was a recommendation, because local government do a lot of the kerbside collection, for example, of glass and paper and so forth. A lot of them contract it out, I might say. But I would be a bit surprised.

**Senator LUNDY**—That is right, but for a lot of them it is still pretty much a core business, whether they contract it out or still do it themselves.

**Senator Ian Campbell**—Australia has the highest recycling rate for newspapers in the world, and that could not happen without three things. It could not happen without the local councils organising it, Australians caring about their environment and sorting their papers, bottles and everything else out, and the newspaper and print industry being part of it. News Ltd, to its great credit, is the leader—Steve Lewis's employer.

**Senator LUNDY**—I wonder if he has written about the Productivity Commission report into waste management. Maybe he will get a story out of this. That recommendation came forth in the Productivity Commission report in the context of international trade agreement obligations to permit competitors to compete—to allow competitors into the market. The suggestion was that local councils doing it constituted an unfair monopoly and to therefore bust it all open to competition to be in accordance with international agreements et cetera. I am paraphrasing.

**Senator Ian Campbell**—It does not surprise me that the Productivity—

**Senator LUNDY**—Yes, it sounds like something the Productivity Commission would do. I guess I have established what I need to establish tonight, which is that it is not government policy, and, from your statement, Minister, not one that you would rush into without thinking.

**Senator Ian Campbell**—I do not think it is something the Commonwealth would be able to influence, even if we wanted to.

**Senator LUNDY**—The international agreement.

**Senator Ian Campbell**—No, it would not be something that we could influence from a policy point of view. We would not be able to say to a local council, 'Get out of it,' because they are a creature of the states and I would be very surprised if the states wanted to go down that track. What I would say is that the whole waste industry is becoming incredibly competitive: you have a number of players and many of them are Australian companies. There is an Australian company based in Perth that has just won the biggest waste contract, the so-called Lancashire project, a company called GRD. We are winning contracts in China as well. This is becoming a serious industry where the big players are actually going to local councils and taking a contract from six, seven or 10 councils, and so I think in a way the problem that

the Productivity Commission has identified is being solved by the market anyway. I do not think it is something that the Commonwealth would want to influence or interfere with.

**Senator LUNDY**—So, Minister, can you advise me on where I best direct questions about the government's—

**Senator Ian Campbell**—The environment portfolio.

**Senator LUNDY**—Okay. Thanks for that.

**Senator Ian Campbell**—I would suggest that, if you went to the minister's office and sought a briefing on that issue from that section of the environment department, they would be happy to talk you through it.

**Senator LUNDY**—What would the process be when a Productivity Commission report like this is handed down? I do not think the government has formally responded; I am not sure. My understanding is that those kinds of recommendations do not go away, so what would the next stage be for the government to formally respond to a recommendation like that and others contained in the report?

**Senator Ian Campbell**—The normal process would be that the departments that have policy responsibility for the areas that the Productivity Commission report reaches on would work collaboratively on a whole-of-government response, which would then be signed off by the relevant minister. I suspect the response to that would be led by the environment department—I am not sure—in consultation with Treasury.

**Senator LUNDY**—So they are still the best place to go?

**Senator Ian Campbell**—But I think it is already beginning to inform public debate. I think it is incredibly important that people know what the costs and benefits are. I always strongly believe that good environmental outcomes are usually based on good economic outcomes. The two are intrinsically linked, and this report really shines a light on that.

**Senator LUNDY**—It is handy that you are here, because in the final area of questioning I suspect that you will be more help to me than the department.

**Senator Ian Campbell**—Sounds dangerous!

**Senator LUNDY**—No offence. I want to ask about the issue of local councils' relationships with the Commonwealth with respect to water management. It is in the context of the proposed \$10 billion water plan and how that impacts on local governments per se for the purposes of the Commonwealth's interaction with local governments.

**Ms Page**—Senator, we do not have direct responsibility in relation to this, and again I think you had best direct those questions to the environment department.

**Senator LUNDY**—Minister, can you shed any light on that while you are here and still so full of knowledge about the environment portfolio?

**Senator Ian Campbell**—I think it is a long overdue plan. I just think it is terrific that we have finally decided that the processes that we have been trying to work through over recent years are not going to work, that there is going to hopefully be a referral of powers. I think there has been substantial underfunding of water infrastructure in this country at the state and local government level. I think there are substantial structural impediments. I think we have

got a quasi-communist system in relation to water. The infrastructure has tended to be owned, operated and priced by government. It is sort of a Soviet style system, and the consequences are what we are seeing now.

It needs radical reform and the Prime Minister is coming out and saying so, calling a spade a spade and trying to radically reform water in Australia, particularly focusing on the Murray. It has been a passion of the Prime Minister's; to be fair, solidly supported by John Anderson. He did a lot of the hard policy yards when no-one really noticed it and it was not politically popular to address it. John Anderson, the former Deputy Prime Minister, should get a lot of credit for where we are now, but the Prime Minister does not come, as some of the press are saying, as a latter-day convert to this. He drove the National Water Initiative; he drove the Living Murray program. He is very passionate about securing Australia's water future, and the \$10 billion package is the latest of his own initiatives, driven very much by his personal passion for this. I urge the states to get on board with it and for us to see a transformation of water policy in this country.

**Senator LUNDY**—That was an excellent speech, Minister. I still have four minutes left, so I want you to actually answer my question if you can. I appreciate this is not within the auspices of this particular committee at this time, but what is your understanding of the impact on local government of the Howard government's \$10 billion plan when it comes to water management, given so many local governments are intimately involved with water management in their communities?

**Senator Ian Campbell**—That is a very good question for the Department of Environment and Water Resources—a very good question.

**Senator LUNDY**—I will make sure I put it on notice with them.

**ACTING CHAIR**—Any further questions?

**Senator LUNDY**—Any others I will be placing on notice. Thank you very much.

**ACTING CHAIR**—That brings us to the conclusion of Transport and Regional Services. I would like to thank the minister for his attendance, thank the department for their help and advice. To the secretariat, thank you very much, and to our Senate committee people and to Hansard, thank you very much.

**Committee adjourned at 10.58 pm**