

The Senate

Rural Affairs and Transport
Legislation Committee

Budget estimates 2011-12

June 2011

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ISBN 978-1-74229-485-8

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List of Abbreviations

ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ACCC	Australian Competition and Consumer Commission
AFMA	Australian Fisheries Management Authority
AMSA	Australian Maritime Safety Authority
ANAO	Australian National Audit Office
ANO	Aircraft Noise Ombudsman
APVMA	Australian Pesticides and Veterinary Medicines Authority
AQIS	Australian Quarantine and Inspection Service
ARTC	Australian Rail Track Corporation
ATSB	Australian Transport Safety Bureau
AWI	Australian Wool Innovation
BSG	Biosecurity Services Group
CASA	Civil Aviation Safety Authority
CEO	Chief Executive Officer
COAG	Council of Australian Governments
DAFF	Department of Agriculture, Fisheries and Forestry
DCCEE	Department of Climate Change and Energy Efficiency
DFAT	Department of Foreign Affairs, Defence and Trade
EC	Exceptional Circumstances
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ETS	Emissions Trading Scheme
EU	European Union
FSANZ	Food Standards Australia New Zealand
FTA	Free trade agreement
GM	Genetically modified
GRDC	Grains Research and Development Corporation
IA	Infrastructure Australia
IRA	Import Risk Analysis
MDBA	Murray Darling Basin Authority

MLA	Meat and Livestock Australia
MOU	Memorandum of Understanding
MSIC	Maritime Safety Identification Card
NRM	Natural resource management
NSW	New South Wales
OTS	Office of Transport Security
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
QLD	Queensland
R&D	Research and development
RAAF	Royal Australian Air Force
RIRDC	Rural Industries Research and Development Corporation
RLCIP	Regional and Local Community Infrastructure program
SRM	Sustainable resource management
TCFA	Tasmanian Community Forest Agreement
TMAD	Trade and Market Access Division
VIC	Visitor Identification Card
WA	Western Australia
WEA	Wheat Exports Australia
WTO	World Trade Organization

Chapter 1

Introduction

1.1 On 11 May 2011, the Senate referred the following documents to the Rural Affairs and Transport Legislation Committee (the committee) for examination and report in relation to the Agriculture, Fisheries and Forestry portfolio and the Infrastructure and Transport portfolio:

- Particulars of proposed expenditure in respect of the year ending on 30 June 2012;
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2012; and
- Particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2012.¹

1.2 The committee was required to report to the Senate on its consideration of 2011-2012 budget estimates on 21 June 2011.

1.3 The committee considered the Portfolio Budget Statements 2011-2012 for both portfolios at hearings on 23, 24, 25 and 26 May 2011. The hearings were conducted in accordance with the agreed agenda as follows:

- Monday 23 May 2011 – Agriculture, Fisheries and Forestry portfolio.
- Tuesday 24 May 2011 – Agriculture, Fisheries and Forestry portfolio.
- Wednesday 25 May 2011 – Infrastructure and Transport portfolio.
- Thursday 26 May 2011 – Infrastructure and Transport portfolio.

1.4 The committee heard evidence from Senator the Hon Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, and Senator the Hon Kim Carr, Minister for Innovation, Industry, Science and Research, representing the Minister for Infrastructure and Transport. Evidence was also provided by Dr Conall O'Connell, Secretary of the Department of Agriculture, Fisheries and Forestry, Mr Mike Mrdak, Secretary of the Department of Infrastructure and Transport, and officers representing the departments and agencies covered by the estimates before the committee.

1.5 The committee thanks the ministers, departmental secretaries and officers for their assistance and cooperation during the hearings.

1 *Journals of the Senate*, No. 28, 10 May 2011, p. 878.

Changes to departmental structures

1.6 The committee notes that no major changes have been made to the departmental structure for the Department of Agriculture, Fisheries and Forestry or the Department of Infrastructure and Transport since the 2010-11 Additional Estimates.

Questions on Notice

1.7 In accordance with Standing Order 26, the committee is required to set a date for the lodgement of written answers and additional information. The committee requested that written answers and additional information be submitted by Tuesday 26 July 2011.

Additional information

1.8 Answers to questions taken on notice at the committee's budget estimates hearings will be tabled in the Senate in separate volumes entitled 'Additional information relating to the examination of budget estimates 2011-2012, May 2011, Senate Rural Affairs and Transport Legislation Committee'. Documents not suitable for inclusion in the additional information volumes will be available on request from the committee secretariat.

1.9 Answers to questions on notice received from the departments will also be posted on the committee's website at a later date.

Note on references

1.10 References to the Hansard transcript are to the proof Hansard; page numbers may vary between the proof and the official Hansard transcript.

Chapter 2

Agriculture, Fisheries and Forestry portfolio

Department of Agriculture, Fisheries and Forestry

2.1 This chapter contains the key issues discussed during the 2011-2012 budget estimates hearings for the Agriculture, Fisheries and Forestry portfolio. A complete list of all the topics discussed, and relevant page numbers, can be found at appendix 3.

2.2 The committee heard evidence from the department on Monday 23 May and Tuesday 24 May 2011. The hearing was conducted in the following order:

- Corporate Services/Corporate Finance/Corporate Policy
- Climate Change
- Australian Bureau of Agricultural and Resource Economics and Sciences
- Sustainable Resource Management
- Australian Fisheries Management Authority
- Australian Pesticides and Veterinary Medicines Authority
- Wine Australia
- Trade and Market Access
- Biosecurity Services Group
- Rural Industries Research and Development Corporation
- Agricultural Productivity
- Wheat Exports Australia
- Australian Wool Innovation
- Grains Research and Development Corporation
- Meat and Livestock Australia

Corporate Services/Corporate Finance/Corporate Policy

2.3 The committee asked the department about the measures introduced to meet the efficiency dividend. The Secretary, using travel as an example, told the committee that the department is planning to gain efficiencies by cutting all business travel to events less than three hours, and using teleconferences and videoconferences in its place. The Secretary also indicated that a continuing assessment of the management of corporate functions is expected to achieve a more efficient outcome.¹

1 *Proof Estimates Hansard*, 23 May 2011, pp 5–6.

2.4 The committee sought further information on a statement in Budget Paper No. 2 that says the department will achieve savings of \$32.8 million through the rationalisation of corporate functions. The Secretary explained that these savings will involve reassessing the work done in areas such as information communication technology, payroll, travel, fleet, audit and risk, to ensure that these processes are working efficiently.²

2.5 The committee asked for an update on the department's staffing levels. The department told the committee that the average staffing level is expected to increase over the next financial year. However, the Secretary explained that while it may be an increase in staff numbers, the estimate fits within the budget.³

2.6 The committee was particularly interested in the department's graduate program since its resumption in 2010-11. The department told the committee that in March 2011 the cost for 2010-11 was \$172,000, with 76 graduates recruited. The department also advised the committee that the recruitment for the 2012 graduate program is underway, with the cost for marketing at \$62,950. The costs associated with the rest of the recruitment processes are expected to be \$190,000.⁴

2.7 The committee raised an answer to a question on notice that suggested that the Commonwealth funding for the department has been in decline since 2007. The Secretary explained that a large amount of the department's funding is demand driven and that the biggest reduction in funding would most likely be in exceptional circumstances and drought, noting that if you remove those payments, the decline over the years is substantially smaller.⁵

2.8 The committee asked the department to explain the appointment process of the Interim Inspector General of Biosecurity. Officers explained that the position was created as a result of the *Review of Australia's Quarantine and Biosecurity Arrangements*, (the Beale review), and that the position has an interim status because the enabling legislation has not been brought before parliament. The Minister went into further detail, explaining that:

[t]here is an exposure draft about Biosecurity legislation that should be available in late 2011. That will then deal with the interim inspector general biosecurity...They also establish the biosecurity advisory council. It also goes through and develops some of the co-regulatory arrangements that will be necessary for the biosecurity reform agenda. All of that is in train.⁶

2 *Proof Estimates Hansard*, 23 May 2011, pp 11–12.

3 *Proof Estimates Hansard*, 23 May 2011, pp 10–11.

4 *Proof Estimates Hansard*, 23 May 2011, p. 14–15.

5 *Proof Estimates Hansard*, 23 May 2011, p. 15–16.

6 *Proof Estimates Hansard*, 23 May 2011, p. 19.

Climate Change

2.9 The committee sought an update on the Western Australia (WA) drought reform pilot. The pilot was scheduled to be completed in June 2011, however, officers told the committee that at the request of the WA Government, the pilot has been extended for another 12 months. The review of the pilot will not be extended, and it is expected to be completed by 30 September 2011. The Commonwealth is providing \$44 million in the 2011-12 budget and the WA Government is contributing \$11 million.⁷

2.10 Officers updated the committee on the Farm Planning measure within the pilot, stating that 400 applications had been approved, which was more than double the department's original estimate of 150. Officers detailed other measures involved and noted that some will be delivered through other agencies such as Centrelink and the Families, Housing, Community Services and Indigenous Affairs portfolio.

2.11 The committee queried the requirements for farmers to receive the Exceptional Circumstances Exit Grant. Officers confirmed that the grant can only be obtained if the farmer has sold their property and is solvent. The committee expressed concern about a farmer's ability to sell their property in a time of drought, and thus being unable to receive the exit grant before bankruptcy. Officers explained:

the program is designed so that the farmer gets the grant in a situation where he is not bankrupt. If the farmer moves on to somewhere else and subsequently becomes bankrupt, that is a situation where the provisions of the scheme no longer prevail. It is beyond the coverage of the scheme. What I am saying is that the scheme is quite clear that the farmer needs to be in control of his own affairs to get the payment, that after that he has the payment, plus the value of any other net assets he has, and he can go on to do whatever he wants to do after farming.⁸

2.12 The Minister informed the committee that there is a wide range of exit grants across the industry and noted that these requirements may be different to others, as each is tailored to different circumstances to ensure specific policy outcomes.⁹

2.13 The committee continued its questioning about the Tasmanian Community Forest Agreement (TCFA), with particular interest in the following issues:

- the possibility of recipients of the TCFA grants also receiving the Tasmanian Forest Contractors Exit Assistance Program grants;
- results of the fraud investigations into the Tasmanian Forest Contractors Exit Assistance Program; and
- the completion date for the grants scheme performance audit.

7 *Proof Estimates Hansard*, 23 May 2011, pp 30–32.

8 *Proof Estimates Hansard*, 23 May 2011, p. 34.

9 *Proof Estimates Hansard*, 23 May 2011, p. 35.

2.14 The department informed the committee that nine recipients of funds under the TCFA also received exit grants. The exit grants are subject to compliance with asset disposal procedures. The fraud investigations from 2010 are complete, with no further action to be taken. However, officers indicated that if any new evidence is found, the allegations will be investigated. The performance audit of the grants scheme is expected to be completed in July 2011, with the Minister indicating that a decision to publish the findings will only be made after the audit is complete.¹⁰

2.15 The committee asked for an update on the Carbon Farming Initiative. The department informed the committee that it has direct responsibility for delivering two elements of the initiative:

- research activities on biochar; and
- a communication initiative to make farmers and landholders aware of the Carbon Farming Initiative through using the network of Landcare facilitators.

2.16 The department also told the committee that it is continuing its work with the Department of Climate Change and Energy Efficiency (DCCEE) to develop the regulations and rules for carbon offset projects. The committee expressed concern over the lack of regulations, stating that the regulations need to be available before the legislation is debated in Parliament. The department explained that its involvement is with technical issues, such as working groups and developments in technology and methodologies, and referred the committee to DCCEE for information on the timing of the regulations.¹¹

Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)

2.17 Continuing its interest from additional estimates, the committee asked ABARES about its work relating to the Murray Darling Basin Authority (MDBA). Officers told the committee that ABARES was subcontracted by a consultant to re-run some of the work it previously did for the MDBA, using different assumptions regarding labour and capital mobility and a different set of sustainable diversion limits. ABARES' report was submitted to the consultants in May and officers told the committee that while publication is a decision for the consultants, it is expected that the report will be an appendix to the MDBA report.¹²

2.18 The committee sought further information on ABARES' input into the agricultural census on foreign investment transparency. Officers told the committee that ABARES has been asked, along with the Rural Industries Research and Development Corporation, to evaluate the economic impact of foreign investment in

10 *Proof Estimates Hansard*, 23 May 2011, pp 52–54.

11 *Proof Estimates Hansard*, 23 May 2011, pp 56–58.

12 *Proof Estimates Hansard*, 23 May 2011, p. 79–80.

Australian agricultural industries and agribusiness, and to review the monitoring and regulation done by other countries similar to Australia, in relation to foreign investment. Officers explained that the work is currently underway and is due to be completed by October 2011.¹³

Sustainable Resource Management

2.19 The committee sought an update on the internal review of the Caring for our Country program. The department told the committee that the consultation process is ongoing. It has involved meetings with 50 to 60 groups across Australia, including a national stakeholder forum. Officers told the committee that 170 submissions have been received, however, the number of submissions is expected to rise to 200. The review is running as scheduled and officers expect the report to be completed 'early in the financial year'.¹⁴

2.20 The department is preparing two issues papers, with officers detailing some of the issues raised so far:

The sorts of things are involvement of local government in the program, biodiversity conservation, Indigenous land management...community skills, knowledge and engagement, business and industry engagement, weeds and pests, northern and remote Australia, land care, world heritage, regional governance, and efficiency as a program. That is just a snapshot.¹⁵

2.21 The issues papers will inform the review of analysis that has been done, feedback that has been received and future options.¹⁶

2.22 The committee was interested in the progress of the Australian Feral Camel Management Project. The department informed the committee that the project has commenced. The target of removing 15,000 camels in the first year was significantly exceeded, with approximately 23, 340 camels culled.¹⁷

2.23 The department told the committee that unseasonable rainfall has impeded access to camels, which has made the project more difficult in its second year. To counter this, the operation has been altered to focus around semipermanent watercourses and to put in place a strategy that will take advantage of the predicted camel movement once the land starts to dry.¹⁸

13 *Proof Estimates Hansard*, 23 May 2011, p. 86.

14 *Proof Estimates Hansard*, 23 May 2011, p. 88.

15 *Proof Estimates Hansard*, 23 May 2011, p. 93.

16 *Proof Estimates Hansard*, 23 May 2011, p. 94.

17 *Proof Estimates Hansard*, 23 May 2011, p. 97–98.

18 *Proof Estimates Hansard*, 23 May 2011, p. 97.

2.24 The department informed the committee that the project is funded by a one-off payment through the Caring for our Country program, however, the jurisdictions involved are undertaking their own culling program, which has meant resources and transport are able to be coordinated between the two.¹⁹

Australian Fisheries Management Authority (AFMA)

2.25 The committee asked AFMA to detail any impact from the efficiency dividend. AFMA told the committee that the departmental appropriation has reduced by \$2.7 million for 2011-12, but that AFMA is expected to gain efficiencies of \$114,000. Officers associated this gain with the success of programs dealing with illegal foreign fishing incursions. This improvement has meant that there are now less follow-up investigations required, which has also resulted in a reduction in staff in that area.²⁰

2.26 AFMA told the committee that the introduction of an electronic catch documentation program, which allows fishers to access their entitlements and trade electronically, has reduced the costs for transactions and has moved two-thirds of the previously paper-based transactions to the new program. AFMA also informed the committee that it expects to gain more efficiencies with the following measures:

- the introduction of electronic monitoring trials, which will involve cameras and other systems in place of on-board observers;
- combining of travel and graduate programs with the department's programs to reduce the cost of running those separately; and
- installation of videoconference facilities to minimise travel between offices.

Officers told the committee that the cost recovery for 2011-12 is expected to be \$13.8 million in total.²¹

2.27 The committee sought an update on the numbers of southern bluefin tuna. AFMA told the committee that the most recent aerial survey has produced positive signals, noting that the numbers produced are comparable to the levels from aerial surveys done in 1992. AFMA informed the committee that an assessment of the numbers, including why they are higher than predicted, will occur in July 2011. All member countries will have access to the data that the assessment produces.²²

2.28 The committee asked AFMA if there is capacity for the fishing industry to access support under the natural disaster recovery programs. The Minister told the

19 *Proof Estimates Hansard*, 23 May 2011, p. 97.

20 *Proof Estimates Hansard*, 23 May 2011, p. 102.

21 *Proof Estimates Hansard*, 23 May 2011, p. 102.

22 *Proof Estimates Hansard*, 23 May 2011, p. 106.

committee that the fishing industry has its complications in that unlike a farm business, there is no damage to property. However, the Minister encouraged the committee to put these questions to the Attorney-General's portfolio, as it holds responsibility for the Natural Disaster Relief and Recovery Arrangements.²³

Australian Pesticides and Veterinary Medicines Authority (APVMA)

2.29 The committee discussed the recent mouse plague and asked officers about the availability of chemicals to control the plague. The APVMA told the committee that it is aware of a shortage of chemicals in particular areas and that there are a number of registered products for treatment, but that the products are unavailable in some areas. The APVMA has received applications to make more chemicals available to users, one of which is currently under assessment.²⁴

2.30 Officers told the committee that assessing that particular application will have occupational health and safety issues for on-farm use, as the chemical used is a schedule seven dangerous poison.²⁵

2.31 The committee sought further information on fruit fly chemical use, and in particular, assessments on public health aspects arising from the use of the chemicals. The APVMA informed the committee that it is currently working on an assessment into residue aspects, and the public health aspects arising out of residues in food. It expects the reports to be available for public consultation by July or August 2011.²⁶

2.32 The committee requested an update on the investigation into two-headed fish at a Queensland hatchery. Officers informed the committee that the APVMA has provided technical input to the investigation. The report was finalised in 2010, however, it has not been released due to an ongoing court case.

2.33 The committee asked officers to explain the use of particular chemicals in Australia when they have been banned in other countries because of the harm it has caused bees. The APVMA told the committee that those particular issues related to a particular treatment type, with concerns about the formulation type and the spread of dust offsite, which is a problem that Australia does not have. Officers emphasised that if the product is used in accordance with the label instructions and is not sprayed when bees are foraging, it will not pose a risk to bees in Australia.²⁷

23 *Proof Estimates Hansard*, 23 May 2011, p. 112.

24 *Proof Estimates Hansard*, 23 May 2011, pp 117–118.

25 *Proof Estimates Hansard*, 23 May 2011, p. 118.

26 *Proof Estimates Hansard*, 23 May 2011, p. 118.

27 *Proof Estimates Hansard*, 23 May 2011, p. 121.

Wine Australia

2.34 The committee sought an update on the investigation into the counterfeiting of Australian wine being sold overseas. The Chief Executive advised that the alleged counterfeited wine was sourced in China, where the relevant body was asked to investigate. The regulator told Wine Australia that it could not find any evidence of counterfeited wine but that it would be happy to pursue further investigations with any additional information that may help.²⁸

2.35 The committee asked Wine Australia what steps would be taken in the case of a proven counterfeit case. Wine Australia explained that counterfeiting can involve a whole range of activities and that its mandate is to focus on the truthfulness of claims made on the wine's label. In those circumstances, Wine Australia would advise the owner to take up enforcement action on their own behalf because it becomes a matter of intellectual property.²⁹

Trade and Market Access

2.36 The committee sought updates on the free trade agreement negotiations with Malaysia, Japan, China and Korea. Officers informed the committee that the last meeting with Malaysia was in October 2010, with progress made on rules of origin, sanitary and phytosanitary measures. Officers expect the negotiations to be completed within 2011.³⁰

2.37 Officers told the committee that the earthquake and tsunami have had significant impacts on discussions with Japan. The most recent negotiation planned has been postponed, with no proposed rescheduled date.³¹

2.38 Officers informed the committee that the last meeting with China was in June 2010, and that the Department of Foreign Affairs and Trade (DFAT) is in discussions about the timing for the next negotiation round, however, no date has been confirmed. Officers told the committee that in terms of agriculture, the department is seeking an outcome similar to the free trade agreement between New Zealand and China.³²

2.39 The committee asked the department about seafood exports to China, specifically the rock lobster trade. Officers informed the committee that the department has been engaged in discussions with the trade Minister, DFAT, Austrade and Chinese officials, however, there remain a number of concerns. The Secretary explained the department's aim:

28 *Proof Estimates Hansard*, 23 May 2011, pp 127–128.

29 *Proof Estimates Hansard*, 23 May 2011, p. 129.

30 *Proof Estimates Hansard*, 24 May 2011, pp 5–6.

31 *Proof Estimates Hansard*, 24 May 2011, p. 6.

32 *Proof Estimates Hansard*, 24 May 2011, p. 6.

The issues we are talking about, all other things being equal, are between New Zealand and ourselves and China. We may well have issues around the currency and the handling of the currency but they are not ones that are directly relevant to the capacity to manage this trade and its comparison with the New Zealand trade...What our industry wants is to get on a level playing field with the New Zealand industry under the current conditions, all other things being equal.³³

2.40 The committee sought an update on Trade and Market Access' involvement in the World Trade Organization (WTO) dispute with New Zealand in relation to apples. The department informed the committee that the Trade and Market Access division played a specific role in the WTO dispute, however, since the WTO decision was handed down, it has been a responsibility of Biosecurity Services Group (BSG). In response to the committee seeking further information on the dispute process, the Executive Manager of BSG explained:

The dispute process over the several years that it ran was managed by DFAT as the lead agency. Attorney-General's and ourselves through TMAD and Biosecurity Services Group were parties to that exercise. The decision of the WTO was that we bring our risk assessment into conformity with the provisions of the WTO. The criticism that we received is that the quarantine measures that we imposed were not considered to be backed by sufficient science. Therefore the decision was that we bring our risk assessment process into conformity with the various sections of the WTO agreement, and that is precisely what we are doing. We have not been told that we have to do anything specific other than to bring it into conformity.³⁴

2.41 The committee also requested an update on red meat exports from Australia to the Russian Federation. Officers informed the committee that in 2010, Russia conducted audits of the red meat plants, which the department has not yet seen. The committee heard that discussions to establish a memorandum of understanding have taken place and in March 2011 a memorandum of understanding in relation to red meat plants was secured. The department explained that it has taken nearly a decade of discussions to conclude, and it now provides Australia with more certainty on issues relating to the trade of red meat. Officers told the committee that it also provides a mechanism to deal with any plants that may be suspended, making reference to the 19 plants that were suspended a few years ago.³⁵

2.42 In relation to kangaroo meat exports, discussions are continuing 'with the endeavour of actually getting that trade recommencing'.³⁶

33 *Proof Estimates Hansard*, 24 May 2011, p. 9.

34 *Proof Estimates Hansard*, 24 May 2011, p. 11.

35 *Proof Estimates Hansard*, 24 May 2011, pp 9–10.

36 *Proof Estimates Hansard*, 24 May 2011, pp 9.

Biosecurity Services Group

2.43 The committee asked officers to explain the systems involved in checking cargo at ports. Officer explained that only cargo that is marked as a biosecurity concern through the customs system will have its contents inspected. In the past, all cargo had its exterior inspected, however, as a result of a recommendation from the Beale review, a sample of cargo from countries deemed to be low-risk is now inspected, and 100 per cent of cargo from high-risk countries and containers going to or through a rural destination are inspected.³⁷

2.44 The committee discussed the findings of the *Draft report for the non-regulated analysis of existing policy for apples from New Zealand* at length. The committee asked the department to clarify how it established the risk factors for importation, distribution, establishment and spread. Officers explained:

There are two components...the first is our assessment and articulation of the likelihood. To reiterate, that includes our assessment of distribution and importation. Then we move into a full assessment of the probability of establishment and spread...Those components go towards our assessment of likelihood. The second component of risk is consequence. Our assessment of consequence is then taken and used in our appropriate level of protection table and multiplied with likelihood. There are two steps: one is the articulation of likelihood; the second is a clarification of the consequences and a multiplication of those across our appropriate level of protection.³⁸

2.45 The committee raised concerns about the validity of each finding, noting that as a statement of science, each is technically correct, however when you combine the findings it makes the conclusion of extremely low risk of distribution seem unlikely. The Secretary clarified:

It is going through the probabilities, each of which you are saying are there...You add one to the next and you decrease the probability of the final event. The final event is the infection of blossoms. What we have is a sequence of events which reduces probabilities of the events occurring down to the end, which is not to say that any of the statements that either you said or are in the report are incorrect. They are quite correct; it is just a matter of probabilities of events.³⁹

2.46 The Minister told the committee that the draft report is open for submissions until 4 July 2011. After which, Biosecurity Australia will consider all comments received and prepare a final report. The current quarantine conditions for New Zealand apples will remain in place until that determination has been made.⁴⁰

37 *Proof Estimates Hansard*, 24 May 2011, pp 18–19.

38 *Proof Estimates Hansard*, 24 May 2011, pp 22–23.

39 *Proof Estimates Hansard*, 24 May 2011, p. 25.

40 *Proof Estimates Hansard*, 24 May 2011, pp 27–28.

2.47 Once again, the committee raised concerns about the use of streptomycin to control fire blight on apple trees in New Zealand and the possible risks from chemical residues on apples imported into Australia. Officers told the committee that a recent Food Standards Australia New Zealand (FSANZ) review into the use of streptomycin determined that the risk to human health is negligible. The committee confirmed with the department that it may be possible for apples to be imported from New Zealand from trees that have fire blight in the season of importation. However, the department clarified that:

That is in the context of a range of other occurrences that would have to take place for an infection to become established and that the probability of that full sequence of events occurring is extremely low.⁴¹

2.48 The committee expressed concern about the further spread of myrtle rust. The Minister told the committee that \$1.5 million has been invested in the budget to support national pilot programs that will involve a nationally coordinated approach by the Commonwealth and State and Territory Governments to deal with myrtle rust.⁴²

2.49 The department indicated that following an outbreak of myrtle rust in Queensland, the Commonwealth is working with the Queensland Government. Furthermore, officers explained that as myrtle rust is no longer deemed to be eradicable, the approach will instead look at minimising the impact and identifying the susceptibility of areas in the future.⁴³

2.50 The committee sought an update on Asian honey bees and whether the type of work being done at the border has changed at all since its status moved from 'attempting to eradicate' to 'non-eradicable'. Officers told the committee that the work has not changed and monitoring still occurs at the borders.⁴⁴

2.51 The department informed the committee that a number of old hives and dead bees had been found in the last 12 months and the department acted immediately on those findings with state authorities. The committee confirmed with the department that Asian honey bees have still not been found further south than Innisfail, Queensland.⁴⁵

2.52 The Minister informed the committee that the Commonwealth has invested \$2 million to work on a containment and management strategy for the Asian honey bees. However, the Minister stressed:

[i]t needs Queensland and the other states and territories to come on board, and industry as well. It is vitally important that not only the pollinators but

41 *Proof Estimates Hansard*, 24 May 2011, p. 31.

42 *Proof Estimates Hansard*, 24 May 2011, pp 41–42.

43 *Proof Estimates Hansard*, 24 May 2011, pp 39–41.

44 *Proof Estimates Hansard*, 24 May 2011, p. 45.

45 *Proof Estimates Hansard*, 24 May 2011, p. 46.

also the apiarists get on board, too. And having some of the other downstream industries on board as well would help, because this is both a public and a private good issue. The Commonwealth will meet its public good obligations, but I would stress that it is incumbent upon industry to meet its private good obligations as well.⁴⁶

Rural Industries Research and Development Corporation (RIRDC)

2.53 The committee sought an update on staffing numbers, and any impact from the reduced funding in 2009-10. The RIRDC told the committee that it has a standing permanent staff of 27, with six or seven external staff that work with both industry and the RIRDC. The committee heard that it is difficult to compare staffing levels as the RIRDC receives one-off funding amounts to look at specific projects, which can involve hiring new staff, however, the variation in staffing numbers overall is minimal.⁴⁷

2.54 The RIRDC informed the committee that it has received an injection of \$12.4 million for a program that will look at enhancing productivity through the reduction of weeds. The funding has allowed the RIRDC to employ two extra full time staff.⁴⁸ The program will establish a website specifically for weeds, which will incorporate all previous work done by DAFF. The program is scheduled to be completed in 2012.⁴⁹

2.55 The committee followed up on a report done by the RIRDC in relation to the on-farm impacts of an emissions trading scheme and asked whether or not the RIRDC has done any follow-up research on this report. The RIRDC told the committee that it has not done any further work and there are no plans to do any further work at the moment. The RIRDC informed the committee that, when deciding which projects to conduct, it has an open call for ideas, with advisory committees that look at the ideas and make recommendations about what work should be done. The RIRDC was keen to point out to the committee that the RIRDC does not undertake the research, but invests in the research through other bodies.⁵⁰

Agricultural Productivity

2.56 The committee discussed the final report of the Live Trade Animal Welfare Partnership. Officers told the committee that since its release in January 2011, the industry has prepared an action plan that addresses each recommendation identifying

46 *Proof Estimates Hansard*, 24 May 2011, p. 47.

47 *Proof Estimates Hansard*, 24 May 2011, p. 67.

48 *Proof Estimates Hansard*, 24 May 2011, p. 67.

49 *Proof Estimates Hansard*, 24 May 2011, pp 67–68.

50 *Proof Estimates Hansard*, 24 May 2011, pp 69–70.

areas requiring improvement. The RSPCA also responded to the report and raised additional concerns in relation to animal welfare in the live export industry.⁵¹

2.57 The committee discussed the number of abattoirs in Indonesia that employ stunning techniques, and the feasibility of having Australian cattle delivered to those abattoirs only. Officers told the committee that due to the high number of cattle exported to Indonesia, and the few abattoirs that use stunning techniques, only a very small percentage would be able to use the facilities that employ stunning.⁵²

2.58 Officers informed the committee that one of the difficulties in implementing stunning facilities in slaughter facilities in Indonesia is that there have been customs issues in bringing the stunning equipment into Indonesia.⁵³

2.59 The committee confirmed with the department that there has been funding of the installation of restraint boxes in various countries through the Live Trade Animal Welfare Partnership and its predecessor. Officers informed the committee of the differences between what is known as a 'mark 1' restraint box, and the later models, such as the 'mark 4' restraint box. The committee heard that later models require hydraulic and other powered mechanisms and that in some places it is not possible to replace the previous models already installed.⁵⁴

2.60 The department informed the committee that while Commonwealth funding went into installing the restraint boxes, the department did not inspect them; instead an independent assessment was done as part of the original installation project in 2009-10. Officers told the committee that one of the elements of the final report was to have an independent assessment of the whole live export chain, including the point of slaughter, which has produced a number of recommendations to address this.⁵⁵

2.61 The Minister told the committee that a letter was written to industry in January 2011 indicating that a plan to address animal welfare issues should be developed. The Minister continued:

They have just released a plan—I think on Sunday—but I am keen to continue to work with both the animal welfare organisations and the industry to continue the improvement that has been started for some time...One of the important things we need to be able to do is to identify that the industry is starting to address it. They have been slow to date. They need to accelerate the animal welfare outcomes for the live animal export to continue. One of those things I think they recognised was by bringing forward the plan, which addresses both the pre-stunning issue and some of the other issues.

51 *Proof Estimates Hansard*, 24 May 2011, p. 73.

52 *Proof Estimates Hansard*, 24 May 2011, p. 75.

53 *Proof Estimates Hansard*, 24 May 2011, pp 74–75.

54 *Proof Estimates Hansard*, 24 May 2011, p. 76.

55 *Proof Estimates Hansard*, 24 May 2011, p. 78.

But to date it is not a plan that I would endorse. It is a plan that the industry has to develop and implement, and demonstrate that they are on a continuous improvement in this area because to date, as I have indicated, my view is that it has been very slow.⁵⁶

Wheat Exports Australia (WEA)

2.62 The committee sought an update on grain buyers in the market and their effect on the wheat industry. WEA informed the committee that the amount of wheat sold is 50 per cent higher than the same period last year and that a number of new markets for feed wheat and exports have opened, which has increased the speed of sale significantly.⁵⁷

2.63 The committee raised the Productivity Commission's review, in particular its recommendation that the ACCC withdraw access undertaking in 2014. In response to this recommendation, the Minister told the committee 'I have not come to a conclusion or a date yet, but it is not far away.'⁵⁸

Australian Wool Innovation (AWI)

2.64 AWI told the committee that wool prices are the highest they have been in 25 years. This can be attributed to a higher demand from the northern hemisphere and China, and the recognition by consumers that wool can be more environmentally friendly than other products. AWI told the committee that it will be spending additional money on marketing strategies that specifically target these areas to increase demands.⁵⁹

2.65 The committee heard that for 2010-11, AWI had a project spend of \$24 million, and for 2011-12 it will increase the project spend to \$45 million. AWI informed the committee that for this financial year it is projecting a surplus of \$21 million. This can be attributed to \$12 million of windfall levy, a \$3 million operational saving and the removal of the tactical fund, which was not being used.⁶⁰ AWI informed the committee that all of its spending is voted on by shareholders, and that currently, 50 per cent must be spent on marketing, 30 per cent on on-farm research and 20 per cent on off-farm research.⁶¹

2.66 The committee sought further information on staffing levels. AWI told the committee that its staffing numbers have increased globally by 10. AWI informed the

56 *Proof Estimates Hansard*, 24 May 2011, pp 75–76.

57 *Proof Estimates Hansard*, 24 May 2011, p. 91.

58 *Proof Estimates Hansard*, 24 May 2011, pp 93–94.

59 *Proof Estimates Hansard*, 24 May 2011, pp 99–100.

60 *Proof Estimates Hansard*, 24 May 2011, pp 99–100.

61 *Proof Estimates Hansard*, 24 May 2011, p. 104.

committee that approximately half its staff are based in Australia, and the other half are overseas.⁶²

2.67 AWI told the committee that it has had some negatives this year, noting that flies, lice and even mosquitoes have damaged some sheep stocks. AWI detailed the measures in place to deal with these, including a new program involving skin traction, where a chemical is injected under the skin, and funding towards research into pesticides that will remove flies, moths and lice.⁶³

Grains Research and Development Corporation

2.68 The committee sought further information on the International Treaty on Plant Genetic Resources for Food and Agriculture. The GRDC told the committee that as none of the crops grown in Australia are native, we are dependent upon germplasm, which is available from overseas genetic resource banks. Officers told the committee that the treaty has been in development for ten years, focusing on material transfer agreements and the benefits for the exporting countries, however, there is no proposed completion date.⁶⁴

2.69 The committee asked the GRDC if it had conducted any work on farm-to-farm transfer of seeds and pollen. The GRDC informed the committee that it has not conducted work on this, however, studies have shown that there is the potential for the movement of seeds and pollen in flood events. With relation to genetically modified crops, the GRDC is aware of all GM crop trials underway, and told the committee that under the management arrangements the people conducting the trials are obliged to report any instances that might affect the results, such as a flood.⁶⁵

Meat and Livestock Australia (MLA)

2.70 The committee sought further information on the number of 'mark 1' and 'mark 4' restraint boxes in abattoirs in Indonesia. Officers told the committee that 109 'mark 1' boxes have been constructed, in 85-89 meat plants, which represents 85 per cent of the slaughter in Indonesia. Officers estimated about four 'mark 4' boxes have been implemented, but told the committee that it would take the final number on notice.⁶⁶

2.71 The committee heard that the majority of abattoirs in Indonesia cater to a 'wet market', meaning that the animal will be processed, possibly overnight, and then

62 *Proof Estimates Hansard*, 24 May 2011, p. 100.

63 *Proof Estimates Hansard*, 24 May 2011, pp 99, 101 and 103.

64 *Proof Estimates Hansard*, 24 May 2011, p. 107–108.

65 *Proof Estimates Hansard*, 24 May 2011, pp 110–111.

66 *Proof Estimates Hansard*, 24 May 2011, p. 114.

available in the market by dawn, to be consumed soon after. This is because the market has not previously relied on, or had access to, refrigeration.⁶⁷

2.72 Officers informed the committee that there are five stunning trials occurring at the moment, with another five to be running by the end of the year. This will amount to 16 per cent of the slaughter in Indonesia, which the officers deem to be a big breakthrough.⁶⁸

2.73 The committee discussed the current journey for live exports, which involves three days of transport, and raised the possibility of investing in a meat plant in Northern Australia. Officers told the committee that there are currently no 'large animal processing works in a line from Townsville to Fremantle'. Officers informed the committee that they are aware of a proposition to build a meat plant in Darwin, which the MLA has assisted by conducting a cost-benefit analysis. However, officers told the committee that MLA's charter is not to invest in meat plants.⁶⁹

67 *Proof Estimates Hansard*, 24 May 2011, p. 114.

68 *Proof Estimates Hansard*, 24 May 2011, pp 114–115.

69 *Proof Estimates Hansard*, 24 May 2011, p. 118.

Chapter 3

Infrastructure and Transport portfolio

Department of Infrastructure and Transport

3.1 This chapter contains the key issues discussed during the 2011-2012 budget estimates hearings for the Infrastructure and Transport portfolio. A complete list of all the topics discussed, and relevant page numbers, can be found at appendix 4.

3.2 The committee heard evidence from the department on Wednesday 25 May and Thursday 26 May 2011. The hearing was conducted in the following order:

- Corporate Services
- Infrastructure Australia
- Nation Building—Infrastructure Investment
- Surface Transport Policy
- Australian Maritime Safety Authority
- Policy and Research (incorporating the Bureau of Infrastructure, Transport and Regional Economics)
- Major Cities Unit
- Australian Rail Track Corporation
- Inspector of Transport Security
- Office of Transport Security
- Aviation and Airports
- Airservices Australia
- Civil Aviation Safety Authority
- Australian Transport Safety Bureau

Corporate Services

3.3 The committee began by discussing key initiatives of the department set out in the budget. The Secretary, Mr Mike Mrdak, outlined initiatives in two main areas, planning and infrastructure investment.

3.4 In planning, the government released its national urban policy, which sets out objectives and priorities for improved planning and investment in 18 major cities. There are two key projects within the Sustainable Australia initiative: A \$20 million initiative to help improve the capacity of regional cities to undertake strategic planning for urban renewal, and a \$61.4 million program, which will fund small

infrastructure technology to reduce traffic congestion and improve demand management on major motorways.¹

3.5 In infrastructure investment, an additional \$1 billion has been allocated to the continuing work of duplicating the Pacific Highway, taking the total Commonwealth funding to over \$4 billion. The Moreton Bay rail link has had \$133 million brought forward and savings within the Nation Building Program to fund natural disaster recovery efforts have also been brought into account for the 2011-12 budget. Furthermore, the five Bruce Highway projects that had been deferred have now been reinstated.²

3.6 The committee asked the department to explain the process behind the reinstatement of the five Bruce Highway projects in Queensland. The Secretary informed the committee that the projects were deferred because they were still in the early stages and the deferral aimed to meet the costs of the disaster-recovery requirements in Queensland at the time. It also reflected advice from the Queensland Government that, due to the requirements of the restoration effort, it may not be in a capacity to proceed with the projects. The decision to reinstate the projects came after the Queensland Government advised that it had identified savings elsewhere in the Nation Building Program for these projects.³

3.7 The committee heard that the Council of Australian Governments has agreed that Australia will have fully-operational, single national regulators for heavy vehicles, rail and maritime safety by 2013.⁴

3.8 The committee asked the department how it planned to meet its efficiency dividend. The Secretary informed the committee that the overall impact of the efficiency dividend is \$2.7 million for the department, which will be allocated across the portfolio divisions pro rata, and the department will then seek to gain the efficiencies through systems and non-fixed costs. The non-fixed costs, such as travel, stationery supplies and consulting support may have more discretion in relation to future decisions.⁵

3.9 The committee sought further information on the staffing levels for the department. Officers told the committee that 186 staff transferred to the Department of Regional Australia, Regional Development and Local Government, and that despite a small increase in staff, the figure is still below the projected staffing level for 2011.

1 *Proof Estimates Hansard*, 25 May 2011, pp 4–6.

2 *Proof Estimates Hansard*, 25 May 2011, pp 4–6, 49–50.

3 *Proof Estimates Hansard*, 25 May 2011, p. 6.

4 *Proof Estimates Hansard*, 25 May 2011, pp 4–6.

5 *Proof Estimates Hansard*, 25 May 2011, p. 11.

The small increase in staff has been predominantly in the Office of Transport Security, where positions have been refilled due to staff turnover.⁶

3.10 The committee discussed the Perth Airport Gateway Roads project and noted it is being funded through the Regional Infrastructure Fund. The committee asked the department to clarify how it defines 'regional'. The Secretary explained that generally within the portfolio, 'regional' is taken to mean regional areas outside capital cities, however, 'in relation to the Regional Infrastructure Fund, the government has made it clear that these are projects which are linked to the resource sector'.⁷

Infrastructure Australia (IA)

3.11 The committee discussed Infrastructure Australia's additional \$9 million of funding each year for the next four years and what impact that will have on resources. IA informed the committee of the steps involved to make IA more independent and transparent, such as publishing its cost-benefit analysis of projects. IA told the committee that its June report is under consideration as to what cost-benefit figures can be released, however, consultation with some proponents will need to occur prior to publication due to commercial in-confidence issues.⁸

3.12 IA informed the committee of the statement of expectations from the Minister for Infrastructure and Transport to the chair of the Infrastructure Australia Council. As part of these expectations, IA will continue its work on remote infrastructure issues for Indigenous communities, with a stronger focus on opportunities for private sector financing.⁹

3.13 In relation to staffing, IA informed the committee that despite the increase in funding, it is not looking to expand its staff level significantly. However, this will ultimately be a decision for the Infrastructure Australia Council.¹⁰

3.14 The committee discussed capacity issues at ports and asked IA how it planned to deal with these concerns. IA told the committee that the National Port Strategy will focus on these issues, with a long-term approach. This strategic approach will aim to address capacity issues before it becomes critical, rather than attempting to fix them afterwards. The prioritising of these issues will take into account immediacy, different interest groups, the capacity to link to Sydney and Melbourne, and congestion issues around road and rail.¹¹

6 *Proof Estimates Hansard*, 25 May 2011, pp 12–13.

7 *Proof Estimates Hansard*, 25 May 2011, pp 14–15.

8 *Proof Estimates Hansard*, 25 May 2011, pp 17–18 and 21.

9 *Proof Estimates Hansard*, 25 May 2011, pp 18 and 31.

10 *Proof Estimates Hansard*, 25 May 2011, p. 21.

11 *Proof Estimates Hansard*, 25 May 2011, p. 24.

Nation Building—Infrastructure Investment

3.15 The committee requested an update on Black Spot, rail and road projects announced under the economic stimulus plan. Officers informed the committee that of the 605 Black Spot projects announced, 604 have been completed, with the final project due to be completed within the month.¹²

3.16 The committee heard that of the 17 rail projects announced, 11 have been completed and five are underway, with completion dates ranging from December 2011 to March 2013. The final project, the Hunter Valley Liverpool Range new rail alignment, is in planning with a scheduled completion date of mid-2014.¹³

3.17 Of the 14 road projects announced, 12 are still under construction. The department informed the committee of the specific details for the two completed projects, noting that the remaining 12 all have completion dates ranging between 2012 and 2014.¹⁴

3.18 The committee sought an update on truck stop projects and asked the department if the new stops and restorations to existing stops would meet the National Transport Commission's guidelines. The department informed the committee that it could not confirm the final result as the project is still rolling out, however, the Secretary stated:

There is no doubt it is one of the key priorities for the heavy vehicle industry, and we share their concern that we need to invest more into these facilities. This is a matter which I am sure the government will look at in forthcoming consideration of the Nation Building Program 2.¹⁵

3.19 The committee sought to confirm the funding for the Mid-North Coast Aviation Plan, in relation to upgrades to infrastructure and facilities as part of the regional aviation plan. The Secretary informed the committee that responsibility for this plan moved to the Department of Regional Australia, Regional Development and Local Government in October 2010 in accordance with the administrative arrangement orders. The Secretary clarified:

Until the formation of the department of regional Australia, my department had a number of discussions with the Port Macquarie council in relation to the aviation projects. From recollection, Mr Wilson and I and my officers met at least three times with the chief executive of the council and certainly at officer level, quite extensively. They provided a number of business plans and business cases to the department in the lead-up to that period. I

12 *Proof Estimates Hansard*, 25 May 2011, pp 32–33.

13 *Proof Estimates Hansard*, 25 May 2011, p. 33.

14 *Proof Estimates Hansard*, 25 May 2011, p. 34.

15 *Proof Estimates Hansard*, 25 May 2011, p. 36.

cannot comment on what discussions have taken place since October when this matter has been taken over by Regional Australia.¹⁶

3.20 The committee requested an update on the North Sydney rail freight corridor study, which was due to be completed in early 2011. The department informed the committee that the report is still underway, with its completion expected in 2011. When questioned on the delay, the department told the committee that it can be attributed partly to New South Wales RailCorp seeking to find a preferred investment program that maximises the freight paths, but also partly to a memorandum of understanding between the Commonwealth and the New South Wales Government which is yet to be signed.¹⁷

3.21 The committee asked officers to detail the progress of a number of road, rail and port projects, their likely completion dates and whether the funding allocated is ongoing or additional.¹⁸

Surface Transport Policy

3.22 The committee requested an update on the progress of the national heavy vehicle reform. The department told the committee that the heavy vehicle national draft law has been going through a period of consultation, calling for submissions and feedback. All states and territories have agreed to the draft proposals.¹⁹ Significant progress has been made, as the Australian Transport Council ministers met and agreed to forward the intergovernmental agreement to the Council of Australian Governments (COAG). The agreement will detail how the jurisdictions agree on the operational aspects of the national legislation.²⁰

3.23 The committee heard that once the consultation on the draft laws is complete, providing COAG approves the intergovernmental agreement, the final legislation will be brought to the Queensland parliament. It can then be 'adopted by each of the other jurisdictions as a single piece of national law'.²¹ The department told the committee that while differences have been settled, there is room for jurisdictions to retain some local variations within the proposed legislation.²²

3.24 The department informed the committee that the expert panel, established to resolve all of the various differences between the jurisdictions on heavy vehicle law, identified approximately 340 differences between the jurisdictions which apply to

16 *Proof Estimates Hansard*, 25 May 2011, p. 40.

17 *Proof Estimates Hansard*, 25 May 2011, pp 42–43.

18 *Proof Estimates Hansard*, 25 May 2011, pp 32–66.

19 *Proof Estimates Hansard*, 25 May 2011, p. 69.

20 *Proof Estimates Hansard*, 25 May 2011, pp 66–68.

21 *Proof Estimates Hansard*, 25 May 2011, pp 66–67.

22 *Proof Estimates Hansard*, 25 May 2011, p. 67.

heavy vehicles. The Australian Transport Council has agreed to the recommendations of the expert panel which has enabled the items to move forward as a single piece of legislation.²³

3.25 The department informed the committee that it is trying to ensure that there is one piece of legislation that applies across all jurisdictions.²⁴ The national heavy vehicle regulator is expected to be appointed in the second half of 2012, and the department estimates it will be fully operational by January 2013.²⁵

Australian Maritime Safety Authority (AMSA)

3.26 The committee requested an update on AMSA's progress to becoming the national regulator for all commercial vessels in Australia. AMSA told the committee that there is funding within the budget to establish its systems to become the national regulator, which is on track to take place in January 2013.²⁶ The committee heard that the ministerial council has met, and that the next step will be for COAG to agree to the draft intergovernmental agreement.²⁷

3.27 The committee sought further information on AMSA's role in the rewrite of the *Navigation Act 1912*. AMSA informed the committee that it is working closely with the department to provide technical advice, on issues such as the Safety of Life at Sea Convention, to make sure that the new legislation will provide for these necessary conventions.²⁸

3.28 AMSA told the committee that there will be two aspects to the new legislation: the legislation enacted in the Commonwealth Parliament, and the laws that states and territories will apply to cover what AMSA cannot, under its limited constitutional powers. The committee heard that:

[t]here will be two parts to this, but effectively the text remains the same. It will be amended through the Commonwealth parliament.²⁹

3.29 The committee discussed examples of cases and AMSA explained whether it would come under national law or the particular jurisdiction.³⁰ AMSA informed the

23 *Proof Estimates Hansard*, 25 May 2011, p. 67.

24 *Proof Estimates Hansard*, 25 May 2011, p. 66.

25 *Proof Estimates Hansard*, 25 May 2011, pp 67–68.

26 *Proof Estimates Hansard*, 25 May 2011, p. 74.

27 *Proof Estimates Hansard*, 25 May 2011, pp 74–75.

28 *Proof Estimates Hansard*, 25 May 2011, p. 75.

29 *Proof Estimates Hansard*, 25 May 2011, p. 75.

30 *Proof Estimates Hansard*, 25 May 2011, pp 76–79.

committee that the implementation of the law will be nation-wide, however, AMSA will engage with the state jurisdictions to handle the enforcement.³¹

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

3.30 The committee discussed heavy vehicle statistics in relation to accidents and fatalities. The department provided its quarterly statistics on heavy vehicles, however, undertook to provide a breakdown of the cause of accidents over the last 10 years on notice.³²

3.31 The committee heard that the number of fatalities involving articulated vehicles has decreased by 3.4 per cent over the last three years. The department indicated that it keeps a database with information on the causes of those accidents to get an indication of what issues to focus on.³³

Major Cities Unit

3.32 The committee sought further information on the direction of the Major Cities Unit following the release of the National Urban Policy, *Our Cities, Our Future*. The Executive Director informed the committee that the next step will be to develop the implementation plan of the action plan, which will include a broad range of initiatives covering the Commonwealth's commitments, but will also include work with state jurisdictions.³⁴

3.33 The committee asked the Major Cities Unit to provide its definition of 'major cities'. Officers informed the committee that the Major Cities Unit works from the Australian Bureau of Statistic's definition of 'major cities', which is all cities with populations of 100,000 and above. This includes the eight capital cities, plus 10 regional cities with that population level.³⁵

3.34 The committee discussed the proposed Managed Motorways program, which will involve spending \$61.4 million on four motorways, to implement ramp metering and information technology systems to improve the flow of traffic. These motorways were identified by Infrastructure Australia as motorways that would receive optimal benefit from the improvements.³⁶ The performance indicators for this program will

31 *Proof Estimates Hansard*, 25 May 2011, p. 77.

32 *Proof Estimates Hansard*, 25 May 2011, pp 82–83.

33 *Proof Estimates Hansard*, 25 May 2011, p. 83.

34 *Proof Estimates Hansard*, 25 May 2011, p. 84.

35 *Proof Estimates Hansard*, 25 May 2011, p. 85.

36 *Proof Estimates Hansard*, 25 May 2011, p. 89.

include improved performance of the motorway in terms of flow, reduced congestion and reduced travel time.³⁷

Australian Rail Track Corporation (ARTC)

3.35 The committee raised concerns about issues presented in the *7:30 Report* regarding track maintenance on the Sydney to Melbourne line, as well as the main east-west track in Perth. The Chief Executive Officer informed the committee that the ARTC is familiar with the issues raised in the program and that it has been subject to an internal review to produce a rectification program to deal with the issues in the coming months.³⁸

3.36 The committee heard that the Sydney to Melbourne line had been particularly vulnerable to heavy rainfall that created mud holes, which resulted in rail track issues. However, the ARTC informed the committee that it did not believe that the east-west rail line was similarly affected.³⁹ The ARTC told the committee that it has budgeted \$40 million for maintenance work this year, which is consistent with the budgets in place for the next five years.⁴⁰

3.37 The committee discussed the side insertion method in relation to the replacement of timber with concrete sleepers on the rail track. The ARTC told the committee that in 2007 it looked at a range of insertion methods and it was decided that the side insertion method was the most efficient, as it allowed better access to the track and higher productivity.⁴¹

3.38 The committee considered the practicality of using the side insertion method in places that have a similar rainfall to the Sydney to Melbourne line, where mud holes are known to be a problem. The ARTC informed the committee that side insertion has been used in other areas of Victoria, with conditions not dissimilar to the Sydney to Melbourne line, and the same problems have not risen in those areas.⁴² The committee also heard that regular maintenance for most tracks can occur because of mud holes, as their appearance is not rare across a range of tracks.⁴³

3.39 The committee was interested in other insertion methods, including those used in other countries. The ARTC told the committee that there are other methods of

37 *Proof Estimates Hansard*, 25 May 2011, pp 89–90.

38 *Proof Estimates Hansard*, 26 May 2011, pp 3–4.

39 *Proof Estimates Hansard*, 26 May 2011, p. 3.

40 *Proof Estimates Hansard*, 26 May 2011, p. 10.

41 *Proof Estimates Hansard*, 26 May 2011, p. 4.

42 *Proof Estimates Hansard*, 26 May 2011, p. 10.

43 *Proof Estimates Hansard*, 26 May 2011, p. 18.

insertion, which the ARTC has also employed, and advised that all are acceptable methods of installing concrete sleepers.⁴⁴

Office of the Inspector of Transport Security

3.40 The committee asked the Inspector to provide a brief description of the Office's work since its creation in 2004. The Inspector informed the committee that the purpose of its creation was to allow a no-blame style assessment of transport and offshore security in a proactive, rather than reactive, manner. The Inspector stated that as a result of that brief, the Office has conducted inquiries into:

- surface transport following the London bombings;
- an airport security breach at Sydney Airport;
- large passenger ferries focused on the Great Barrier Reef; and
- maritime piracy.⁴⁵

3.41 The committee requested further information on the inquiry into maritime piracy. The Inspector told the committee that the report was released in April 2011, and the findings were as a result of consultation with the United Nations, the Office of Drugs and Crime in Kenya, the United Nations Office on Drugs and Crime, the International Maritime Organisation and the International Maritime Bureau. The Office has since checked all the draft findings and recommendations will those international bodies. The committee heard that while Australia does not have many commercial vessels that travel in that area, it does have a high number of important cargo, particularly livestock and cargo from the mining industry, travel through those waters.⁴⁶

Office of Transport Security

3.42 The committee discussed the visitor identification card (VIC) scheme at length, specifically, the process of obtaining a card and the requirements for the card holder once they have obtained it. The committee heard that a visitor must provide photographic identification to obtain the card, even though the VIC does not have a photo on it. The visitor must also be signed in by an Aviation Security Identification card holder who has confirmed their identity. The card only entitles the holder access to specific areas, with supervision, and must be returned when they exit. The department informed the committee of further specific information regarding the VIC scheme.⁴⁷

44 *Proof Estimates Hansard*, 26 May 2011, p. 16.

45 *Proof Estimates Hansard*, 26 May 2011, p. 20.

46 *Proof Estimates Hansard*, 26 May 2011, pp 20–21.

47 *Proof Estimates Hansard*, 26 May 2011, pp 25–26.

3.43 The committee heard that there is a rigorous regime of compliance checking of airport management systems in relation to VICs. There are on-the-spot compliance checks and the small number of incidents involving non-compliance has resulted in enforcement action.⁴⁸

3.44 However, the department told the committee that the Commonwealth has acknowledged that there is a need for continuous improvement and that an enhanced set of regulations has been developed following extensive consultation with industry, and will be in place by late November 2011.⁴⁹

Aviation and Airports

3.45 The committee sought further information on the planning coordination forums that were created as a result of the *Aviation White Paper*. The department informed the committee that the purpose of the forums is to bring together senior state officials, airport executives and representatives from local councils and the Commonwealth to discuss broader planning directions and the interaction between airports and surrounding areas when planning discussions take place.⁵⁰

3.46 The committee heard that all airports required have established a forum and held initial meetings. The department told the committee that in these forums, the residential areas affected have raised traffic and noise impacts as concerns, and the airports have raised concerns regarding residential infill and increased residential areas in zones affected by aircraft noise.⁵¹

3.47 The committee asked the department if it had conducted any work looking at the possible impact on the Australian aviation industry of an emissions trading scheme in the European Union (EU). The department informed the committee that it has not conducted a cost analysis of the impact because elements of the scheme that will apply to Australian carriers are still being resolved.⁵² However, the department confirmed that the EU scheme would not apply to domestic flights in Australia, or the first leg of flights between Australia and the EU and that Australia does not currently have any direct flights to the EU.⁵³

3.48 The Minister informed the committee that the Commonwealth has stated its opposition to the unilateral application of the emissions trading scheme in the EU, and that it has taken the approach that an agreed, multilateral framework, working within

48 *Proof Estimates Hansard*, 26 May 2011, p. 27.

49 *Proof Estimates Hansard*, 26 May 2011, pp 25–26.

50 *Proof Estimates Hansard*, 26 May 2011, p. 38.

51 *Proof Estimates Hansard*, 26 May 2011, p. 38.

52 *Proof Estimates Hansard*, 26 May 2011, p. 39.

53 *Proof Estimates Hansard*, 26 May 2011, p. 40.

the International Civil Aviation Authority, is the most effective way to address emissions from international aviation. The Minister continued:

The United States air transport association and three US airlines are challenging the aviation inclusion in the European Union's ETS through the European Court of Justice. Media reports indicate that the China Air Transport Association and three major Chinese airlines also plan to mount a similar legal challenge. The Australian government has no current intention to take action and we are not aware that any Australian airline is planning to join the actions by either the United States airlines or the Chinese airlines. As I am advised, the department will continue to monitor these actions and work with the Department of Climate Change and Energy Efficiency in providing advice and updates to the government.⁵⁴

3.49 The committee discussed the enroute subsidy and its decrease of funding in the budget. The Secretary confirmed with the committee that the decision to terminate the program took place in 2008, however, aeromedical services will continue.⁵⁵ The Secretary clarified:

The subsidy will remain available to aeromedical operators. The subsidy is paid to the operator of the airline or flight service. The subsidy is by way of a recompense for the payment of their en route charges to Air Services Australia. It is not a matter that involves the airport operator.⁵⁶

3.50 The committee sought further information on the proposed plan to target the enroute subsidy for routes that are less profitable. The department informed the committee that while these specific changes have not occurred, there are two measures in the place of those changes. First, an extension to the operators that are entering routes where previously it was not available and second, a continuation of the subsidy on all routes that were previously eligible.⁵⁷

Airservices Australia

3.51 The committee requested an update on the Aircraft Noise Ombudsman (ANO). The Chief Executive Officer informed the committee that the position was filled in September 2010 and is funded entirely by Airservices Australia. The position was allocated \$500,000 for the first year of operation, to cover salary, travel, staffing and the establishment of a separate office.⁵⁸

54 *Proof Estimates Hansard*, 26 May 2011, p. 41.

55 *Proof Estimates Hansard*, 26 May 2011, p. 43.

56 *Proof Estimates Hansard*, 26 May 2011, p. 45.

57 *Proof Estimates Hansard*, 26 May 2011, pp 49–50.

58 *Proof Estimates Hansard*, 26 May 2011, p. 59.

3.52 The committee heard that the ANO released its first report in February 2011, which reviewed the complaint handling system of Airservices Australia. The report produced 18 recommendations, which Airservices Australia has accepted.⁵⁹

3.53 The committee sought further information about the pricing of firefighting services. Airservices Australia told the committee that it is working with the ACCC to review the pricing proposal for the next five years. This timeframe is seen as an advantage by both Airservices Australia and the airlines as it provides certainty for a definite period of time.⁶⁰

3.54 The committee asked officers what bullying and discrimination policies are in place at Airservices Australia. The Chief Executive Officer informed the committee that a number of processes have been put in place. For example, the fair treatment process has been revised, staff have been appointed as contact officers for workplace harassment, an internal campaign was conducted to ensure understanding of acceptable behaviour, and management level staff received training to deal with situations appropriately.⁶¹

Civil Aviation Safety Authority (CASA)

3.55 The committee discussed declarable interests in relation to CASA employees belonging to the Chairman's Lounge. The Chief Executive Officer informed the committee that officers are required to declare any pecuniary interests each month, which is recorded on an internal document. CASA is receiving legal advice as to whether or not membership of the Lounge should be a declarable interest.⁶²

3.56 The committee raised concerns about possible conflicts of interest in relation to staff coming to CASA immediately after working for an airline. CASA informed the committee that for airworthiness or flying operations inspectors, there is a 12 to 18 month period before that employee can conduct those investigations. However, officers told the committee that there are variations depending on the organisation the employee has come from and what position they hold at CASA and offered to take the specifics of the question on notice.⁶³

3.57 The committee sought further information on the fees CASA charges in relation to air operator certificates, noting concern over the price for particular services. CASA informed the committee of the specific prices, explaining that the hourly rates are based on the skill set of the relevant officer. CASA also informed the committee that every five years it conducts a cost recovery impact statement, which

59 *Proof Estimates Hansard*, 26 May 2011, p. 60.

60 *Proof Estimates Hansard*, 26 May 2011, p. 61.

61 *Proof Estimates Hansard*, 26 May 2011, pp 63–64.

62 *Proof Estimates Hansard*, 26 May 2011, pp 67–69.

63 *Proof Estimates Hansard*, 26 May 2011, p. 69.

reviews all charges within CASA, and then seeks feedback from industry. Once the feedback is received CASA sends its cost recovery statement to the Minister for approval. If there are any changes, they would go through the normal legislative process.⁶⁴

3.58 The committee requested clarification on CASA's management of foreign operators in relation to staff training for emergencies. The committee heard that CASA issues foreign air operator certificates to overseas airlines that operate in Australia, and that these are only issued if the cabin and technical crew have the appropriate training systems.⁶⁵

Australian Transport Safety Bureau (ATSB)

3.59 The committee discussed the proposed expansion of the ATSB and asked officers to provide further information. The ATSB informed the committee that \$3 million of funding has been allocated in 2012-13 to prepare the ATSB for an expansion into the role of rail and possibly maritime investigations. The proposal is being developed in parallel with the establishment of the single national rail safety regulation and the ATSB would have the jurisdiction to investigate all rail safety occurrences in Australia.⁶⁶

3.60 The committee sought further information on the ATSB's ability to investigate Royal Australian Airforce (RAAF) incidents. The ATSB told the committee that, unlike CASA's regulatory limitations for RAAF, there are no constraints on its capacity to investigate, providing the incident involves a civil registered aircraft. The ATSB also informed the committee that Defence and Airservices Australia are both required to notify it of any occurrences.⁶⁷

3.61 The committee discussed the nature of airlines reporting to the ATSB in relation to different reporting between airlines. The ATSB told the committee that it has observed variations in the nature of reporting within individual operations, and less so between the air operators themselves. The committee heard that the adequacy of the reporting system has been raised with the ATSB, but that after investigations, the only issue the ATSB found was that operators were uncertain about what was reportable. The ATSB recognises this and informed the committee that it is being addressed by tightening and clarifying the regulations.⁶⁸

64 *Proof Estimates Hansard*, 26 May 2011, pp 71–72.

65 *Proof Estimates Hansard*, 26 May 2011, pp 71 and 77.

66 *Proof Estimates Hansard*, 26 May 2011, pp 83–84.

67 *Proof Estimates Hansard*, 26 May 2011, p. 81.

68 *Proof Estimates Hansard*, 26 May 2011, p. 82.

Senator Glenn Sterle
Chair

Appendix 1

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1. Copy of news article "Gillard's address to Parliament", New Zealand Herald, 16 February 2011 – tabled by Senator Chris Back
2. Answers to questions taken on notice during the hearings on 23 and 24 May 2011, in relation to Corporate Services Division, Sustainable Resource Management and Trade and Market Access Division – tabled by Dr Conall O'Connell, Secretary, DAFF
3. Wheat Exports Australia (WEA), "2009/10 Marketing Year - Wheat Export Accreditation Scheme - Report for Growers" – tabled by Mr Ted Woodley, Chair, WEA

Infrastructure and Transport portfolio

Documents tabled at hearing on Wednesday, 25 May 2011

1. Opening statement – tabled by Mr Mike Mrdak, Secretary, Department of Infrastructure and Transport
2. Membership of Reference Groups – tabled by Ms Karen Gosling, Executive Director, Surface Transport Policy
3. Fatal heavy vehicle crashes Australia quarterly bulletin – tabled by Mr Mike Mrdak, Secretary, Department of Infrastructure and Transport

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