

The Senate

Standing Committee on
Rural and Regional
Affairs and Transport

Additional estimates 2008–09

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Table of Contents

Membership of the Committee	iii
--	------------

List of Abbreviations	viii
------------------------------------	-------------

Chapter 1

Introduction	1
Changes to departmental structures.....	2
Questions on Notice	2
Additional information.....	2
Note on references.....	2

Chapter 2

Agriculture, Fisheries and Forestry portfolio.....	3
Department of Agriculture, Fisheries and Forestry.....	3
Corporate and Management Services.....	3
Wheat Exports Australia (WEA).....	4
Climate Change	5
Sustainable Resource Management.....	9
Land and Water Australia (LWA).....	10
Australian Fisheries Management Authority (AFMA)	11
Trade and Market Access	11
Quarantine and Biosecurity Policy Unit.....	12
Australian Quarantine and Inspection Service (AQIS).....	13
Biosecurity Australia	13
Product Integrity, Animal and Plant Health (PIAPH).....	14
Australian Wool Innovation (AWI).....	14
Australian Pesticides and Veterinary Medicines Authority (APVMA)	16
Agricultural Productivity.....	16
Grains Research and Development Corporation (GRDC)	16
Meat and Livestock Australia.....	17
Australian Bureau of Agricultural and Resource Economics (ABARE)	18

Chapter 3

Infrastructure, Transport, Regional Development and Local Government portfolio	19
Department of Infrastructure, Transport, Regional Development and Local Government	19
Secretary's overview	19
Corporate Services.....	20
Infrastructure Australia.....	20
Nation Building—Infrastructure Investment.....	23
Australian Rail Track Corporation Ltd (ARTC)	24
Aviation and Airports	24
Airservices Australia	25
Civil Aviation Safety Authority (CASA).....	25
Australian Transport Safety Bureau (ATSB)	26
Office of Transport Security.....	27
Bureau of Infrastructure, Transport and Regional Economics (BITRE)	27
Infrastructure and Surface Transport Policy; and National Transport Strategy ...	27
Local Government and Regional Development	28
Office of Northern Australia	29
Australian Maritime Safety Authority (AMSA)	30

Appendix 1

Departments and agencies under the two portfolios for which the committee has oversight.....	33
Agriculture, Fisheries and Forestry portfolio	33
Infrastructure, Transport, Regional Development and Local Government portfolio	34

Appendix 2

Table of contents to proof Hansard transcripts	35
Monday 23 February 2009.....	36
Agriculture, Fisheries and Forestry portfolio	36
Tuesday 24 February 2009	37
Infrastructure, Transport, Regional Development and Local Government portfolio	37

Appendix 3

Tabled Documents	39
Agriculture, Fisheries and Forestry portfolio	39
Infrastructure, Transport, Regional Development and Local Government portfolio	39

Appendix 4

Changes to Departmental Structure	41
Department of Agriculture, Fisheries and Forestry	41
Department of Infrastructure, Transport, Regional Development and Local Government	43

List of Abbreviations

AANRO	Australian Agriculture and Natural Resources Online
ABARE	Australian Bureau of Agricultural and Resource Economics
ACC	Area Consultative Committee
ACCC	Australian Competition and Consumer Commission
AFMA	Australian Fisheries Management Authority
AMSA	Australian Maritime Safety Authority
ANAO	Australian National Audit Office
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
BAF	Building Australia Fund
BITRE	Bureau of Infrastructure, Transport and Regional Economics
BRS	Bureau of Rural Sciences
CASA	Civil Aviation Safety Authority
CCRSPI	Climate Change Research Strategy for Primary Industries
CEO	Chief Executive Officer
CPRS	Carbon Pollution Reduction Scheme
DAFF	Department of Agriculture, Fisheries and Forestry
DCC	Department of Climate Change
DITRDLG	Department of Infrastructure, Transport, Regional Development and Local Government
DLO	Departmental Liaison Officer
ETS	Emissions Trading Scheme
FAO	Food and Agriculture Organisation
FMD	Foot-and-Mouth Disease
FOI	Freedom of Information
FTA	Free Trade Agreement
GM	Genetically Modified
GRDC	Grains Research and Development Corporation
IOTC	Indian Ocean Tuna Commission

IRA	Import Risk Analysis
LWA	Land and Water Australia
MLA	Meat and Livestock Australia
MRL	Maximum Residue Limit
MSIC	Maritime Security Identification Card
NLIS	National Livestock Identification Scheme
NTC	National Transport Commission
PAES	Portfolio Additional Estimates Statements
RDA	Regional Development Australia
RDCs	Research and Development Corporations
RPP	Regional Partnerships Program
SRM	Sustainable Resource Management
UK	United Kingdom
US	United States
WEA	Wheat Exports Australia
WTO	World Trade Organisation

Chapter 1

Introduction

1.1 On 4 December 2008, the Senate referred the following documents to the Standing Committee on Rural and Regional Affairs and Transport (the committee) for examination and report in relation to the Agriculture, Fisheries and Forestry portfolio and the Infrastructure, Transport, Regional Development and Local Government portfolio:

- Particulars of proposed additional expenditure in respect of the year ending on 30 June 2009 [Appropriation Bill (No. 3) 2008-2009];
- Particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2009 [Appropriation Bill (No. 4) 2008-2009];
- Final budget outcome 2007-2008; and
- Issues from the Advance to the Finance Minister as a final charge for the year ended 30 June 2008.¹

1.2 The committee was required to report to the Senate on its consideration of 2008-2009 additional estimates on 17 March 2009. On 12 March 2009, the Senate granted an extension for the committee to report on 31 March 2009.

1.3 The committee's additional estimates hearings were originally scheduled for 9 and 10 February 2009. On 5 February 2009, the Senate resolved that 'the additional estimates hearings of standing committees scheduled for the week beginning 9 February 2009 not take place'.² Instead, the hearings were rescheduled for the week beginning 23 February 2009.

1.4 The committee considered the Portfolio Additional Estimates Statements 2008-2009 for both portfolios at hearings on 23 and 24 February 2009. The hearings were conducted in accordance with the agreed agenda as follows:

- Monday 23 February 2009 – Agriculture, Fisheries and Forestry portfolio.
- Tuesday 24 February 2009 – Infrastructure, Transport, Regional Development and Local Government portfolio.

1.5 The committee heard evidence from Senator the Hon Nick Sherry, Minister for Superannuation and Corporate Law, representing the Minister for Agriculture, Fisheries and Forestry, and Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, representing the Minister for

1 *Journals of the Senate*, No. 52, 4 December 2008, p. 1446.

2 *Journals of the Senate*, No. 55, 5 February 2009, p. 1553.

Infrastructure, Transport, Regional Development and Local Government. Evidence was also provided by Dr Conall O'Connell, Secretary of the Department of Agriculture, Fisheries and Forestry, Mr Michael Taylor, Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government, and officers representing the departments and agencies covered by the estimates before the committee.

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

Changes to departmental structures

1.7 The committee notes that changes have been made to the departmental structure for the Department of Agriculture, Fisheries and Forestry since the 2008–09 Budget Estimates round. The current and previous structures are summarised in Appendix 4.

1.8 The committee also notes that changes have recently been made to the departmental structure of the Department of Infrastructure, Transport, Regional Development and Local Government, which are summarised in Appendix 4.

Questions on Notice

1.9 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 Wednesday 15 April 2009.

Additional information

1.10 Answers to questions taken on notice at the committee's additional estimates hearings will be tabled in the Senate in separate volumes entitled 'Additional information relating to the examination of additional estimates 2008-2009 – February 2009 - Senate Standing Committee on Rural and Regional Affairs and Transport'. Documents not suitable for inclusion in the additional information volumes will be available on request from the committee secretariat.

1.11 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

1.12 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 The committee heard evidence from the department on Monday 23 February 2009. The hearing was conducted in the following order:

- Corporate and Management Services
- Wheat Exports Australia
- Climate Change
- Sustainable Resource Management
- Land and Water Australia
- Australian Fisheries Management Authority
- Trade and Market Access
- Quarantine and Biosecurity Policy Unit
- Australian Quarantine and Inspection Service
- Biosecurity Australia
- Product Integrity, Animal and Plant Health
- Australian Wool Innovation
- Australian Pesticides and Veterinary Medicines Authority
- Agricultural Productivity
- Grains Research and Development Corporation
- Meat and Livestock Australia
- Australian Bureau of Agricultural and Resource Economics (ABARE)

Corporate and Management Services

2.2 The committee began by asking about the department's budget projections and cash flow. The department explained that it is primarily on track to meet its four-year budget for 2008-09: departmental expenditure is on track, while an underspend of around one percent is expected for administered expenditure, primarily in relation to exceptional circumstances payments.¹

2.3 The department's application of the efficiency dividend was discussed once again. The department explained that the efficiency dividend for 2008-09 is

1 *Proof Estimates Hansard*, 23 February 2009, pp 4–5 and 137.

3.25 percent, which translates to \$9,389,000. It is applied to the department's base appropriation funding. Once the department's appropriation funding is known for the year, the secretary of the department makes an allocation of that funding across programs within the department's divisions in accordance with judgements about priorities. The impact of the efficiency dividend is distributed across the organisation, so it cannot be attributed to any one activity or area of the department.²

2.4 The committee also sought information about:

- current departmental staffing and any variance since Supplementary Budget Estimates (*Estimates Hansard*, 23 February 2009, pp 5–6 and 13);
- ministerial and departmental costs of community cabinet meetings held since Budget Estimates (p. 7);
- departmental reviews and consultancies (pp 7 and 14);
- department's input into the stimulus package (p. 8);
- expenditure on media monitoring; Minister's overseas travel; advertising and communications; hospitality; ministerial office fit-outs; electricity and fuel (pp 9–12 and 13);
- departmental liaison officers in the Minister's office (p. 9);
- board appointments (p. 12);
- FOI requests (pp 12–13);
- transfer of Cocos Islands to the Attorney-General's department (pp 14–16);
- perceived decline in agricultural research and development (p. 16);
- meetings of the Agricultural Finance Forum (pp 17–18); and
- Farm Management Deposits scheme (pp 18–19).

Wheat Exports Australia (WEA)

2.5 The committee raised concerns about the accreditation process for exporters under the new wheat marketing arrangements and how the interests of farmers will be protected. WEA explained that when considering applications from potential exporters, it takes into account a range of information. This includes the expected tonnage to be exported over the next three years; the last two years of their financial statements, audited for public companies or account certified for others; parent company guarantees in place for larger companies; the percentage of their export proposal to be purchased from trade and from growers; and the percentage to be purchased from growers on a pool or a cash basis.

2 *Proof Estimates Hansard*, 23 February 2009, pp 6–7.

2.6 WEA then requests a cash flow based on this information and conducts independent analysis to establish a peak funding requirement. WEA also takes into account their credit facilities, whether they are a new exporter, and so on. Exporters have to notify WEA if there is any change, positive or negative, in their credit facilities. WEA advised that it has issued 22 licences to date, of which 14 have actually exported.³

2.7 The committee was interested in the impact of deregulation of the export industry on prices paid to growers. WEA confirmed that prices are being maintained at world parity, pointing out that in many cases the competition for grain has increased substantially at certain sites. When the sum total of export proposals is taken into account, it exceeds the amount of grain available for exports, indicating that the demand for grain exceeds the supply. WEA mentioned two other factors to highlight that demand has probably increased as a result of deregulation. Firstly, some of the accredited exporters are going into new markets and, secondly, a few of the accredited exporters are replacing wheat they had previously sourced internationally with Australian wheat.⁴

2.8 The committee also discussed the following matters:

- recent reports of delays in road freight and loading, particularly at ports in New South Wales such as Newcastle; associated problems with number of trains dedicated to carry grain (*Proof Estimates Hansard*, 23 February 2009, pp 19–21 and 25);
- establishment of a task force to look at New South Wales grain lines (pp 20 and 21);
- inquiry by the Export Wheat Commission into the wheat board's chartering activities (pp 22–23);
- how to ensure equitable access to port terminals for exporters prior to new access undertaking requirements with the ACCC taking effect from 1 October 2009 (p. 23); and
- with the removal of the reward system, golden grains points, how to encourage a quality product (p. 25).

Climate Change

2.9 The committee asked about the work carried out by the Climate Change division, given that a number of the climate change related programs they sought information on are administered by other areas within the department. Division officers explained that they have four areas of responsibility. They deal with policy for climate change issues, contributing to whole-of-government strategy for climate change, such as providing information and expertise about agriculture in the

3 *Proof Estimates Hansard*, 23 February 2009, pp 21–22 and 23.

4 *Proof Estimates Hansard*, 23 February 2009, pp 23–25.

development of the green paper, the white paper and subsequent legislation. The division is also responsible for assistance programs to farmers; the drought policy review; and forestry issues, as forestry will form part of the government's Carbon Pollution Reduction Scheme (CPRS).⁵

2.10 The committee expressed concern about the impact of an emissions trading scheme (ETS) on Australian agriculture and sought information about policies the department is working on to address anticipated increased costs to farmers. It highlighted a recent study by the Centre for International Economics which found that farmers will experience a big rise in ETS related costs even before agriculture is included in the scheme and that production and exports will dramatically decline under the ETS. ABARE responded that since the release of the government's white paper a considerable number of other reports have been released based on different assessments and assumptions. These reports are being analysed to see whether the assumptions behind them contain any additional data or new modelling that might contribute to the debate.⁶ ABARE explained further:

What we are engaged in...is the process, with the DCC and Treasury, of going through and working out, with the various different assumptions and with different sensitivity analysis applied, what that is going to mean for the farm sector. We see that as certainly one of our key roles: trying to explain to people, particularly those in the farm sector, what is actually going to happen as a result of the CPRS.⁷

...So what we are trying to find out, and what we hope to publish over the next few months, is the answer to this question: when you take all those factors into account, what is really going to be the impact? Because it is very important for the farm sector; I understand that.⁸

2.11 The committee questioned the assumptions underpinning government modelling on ETS which are based on the rest of the world joining an ETS. ABARE confirmed that Treasury modelling does include both developed and developing countries joining the scheme at particular times and if that does not take place the consequences will be different.⁹

2.12 The committee asked whether ABARE was seeking input from other organisations such as the Australian Farm Institute and the National Farmers' Federation on their modelling and assessments of Treasury modelling, or whether they were relying solely on Treasury modelling. ABARE pointed out:

...that is the whole idea of the debate that we have entered into. As I said before, what we have is this quantum leap forward in the capacity of the

5 *Proof Estimates Hansard*, 23 February 2009, p. 27.

6 *Proof Estimates Hansard*, 23 February 2009, pp 29–31.

7 *Proof Estimates Hansard*, 23 February 2009, p. 30.

8 *Proof Estimates Hansard*, 23 February 2009, p. 31.

9 *Proof Estimates Hansard*, 23 February 2009, pp 31 and 32–33.

country to model these things. We have had the Treasury come out with the assumptions and policies that the government wants to put in place, and it has forecast what the impact might be. Now you have other commentators coming forward with alternative assumptions—not necessarily new modelling, but alternative assumptions—and that really contributes to the debate to make sure that we do understand what is going on.¹⁰

...What we do is to get the reports they have and look at the assumptions behind them and whether they are bringing any additional data or new modelling to the table.¹¹

2.13 The committee sought clarification on how carbon trading would affect dairy farmers in Australia. The committee drew attention to the fact that international dairy company Fonterra is expected to receive emissions exemptions for its operations in New Zealand, and Australia's dairy farmers would be at a disadvantage if similar concessions were not made in Australia. The committee was informed that Australian dairy farmers have done some analysis on the issue but it was only provided to the department on the night before the hearing, so they are not in a position to comment at this stage.¹²

2.14 The committee raised concerns that meat will become unaffordable in Australia, based on current projections in the white paper. ABARE advised that depending on the assumptions that are made, the relative costs of particular products will change, with some things going up and some things going down. ABARE explained that most of the modelling indicates that the relative price of emissions intensive products such as meat will go up, but it does not mean that it renders them unaffordable.¹³

2.15 The committee then sought assurances that the beef cattle industry has a future. ABARE indicated that how much the price of meat goes up and how quickly will depend on the policy elements of the scheme such as the actual design, the legislation, how it is implemented and so on. ABARE explained that:

...if you look out to 2050 or 2100, the overall production of all of these industries goes up. It does not go up by as much as if you did not have a Carbon Pollution Reduction Scheme. What we are talking about is the differences away from 'business as usual'. The government will be making a change in the fundamental structure of the economy, and how that plays through and how it will evolve will depend a lot on the policies that are put in place right through the system from day 1.¹⁴

10 *Proof Estimates Hansard*, 23 February 2009, p. 34.

11 *Proof Estimates Hansard*, 23 February 2009, p. 34.

12 *Proof Estimates Hansard*, 23 February 2009, pp 28–29.

13 *Proof Estimates Hansard*, 23 February 2009, p. 33.

14 *Proof Estimates Hansard*, 23 February 2009, pp 33–34.

2.16 ABARE informed the committee that over the next 12 months, as more information comes to hand and they get better definition of the agricultural sector in the models they have, they will be able to more accurately predict what might happen.¹⁵

2.17 ABARE advised the committee that the introduction of the CPRS will cause a reconfiguration right across the Australian economy and right across international economies if other countries adopt similar things to address climate change. ABARE continued:

If you want to do something about the adverse impacts of climate change you do have to change the prices—you do have to change the incentives in the markets for carbon intensive products, and that is exactly what is going to happen. I would part company with you in relation to the extremity of the impact. You are using language that suggests it will be the end of this industry and the end of that industry. As we have tried to point out, these industries will continue to grow and there will be a relative impact. The other point that you have to be aware of...is that there will be technological change through the period of the next zero to 30 years. Consumers and producers will react to the various signals and technologies will come forward that we are not yet aware of. I am not saying there is a magic silver bullet for the beef cattle industry, but the beef cattle industry will continue to grow in this country and the impact of the Carbon Pollution Reduction Scheme will take the top off some of that growth.¹⁶

2.18 The committee raised concerns about farmers living in limbo due to uncertainty surrounding the impact of an ETS on the agricultural sector. ABARE indicated that the best up-to-date work at the moment is the Treasury modelling. Treasury has set out, in a table, the estimated impacts on the gross output of various sectors by 2050 depending on a variety of different assumptions. For example, under the CPRS5 scenario (a minus five percent cap), the sheep and cattle industries decline by 6.7 percent, that is, from what they would otherwise have been in 2050. Dairy cattle declines by 3.5 percent and grains go down 1.5 percent. ABARE explained that it is still very significant growth from where we sit today.¹⁷

2.19 The committee also heard evidence on:

- department's role in the development of the green paper, the white paper and the CPRS (*Proof Estimates Hansard*, 23 February 2009, p. 25);
- expenditure under Australia's Farming Future; the Climate Change and Productivity Research Program; Climate Change Adaptation Partnership Program (pp 25–27);
- funding for research into soil carbon (pp 26 and 41–42);

15 *Proof Estimates Hansard*, 23 February 2009, p. 34.

16 *Proof Estimates Hansard*, 23 February 2009, p. 35.

17 *Proof Estimates Hansard*, 23 February 2009, pp 37–38.

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- ABARE modelling for the Garnaut review on the impact of climate change on the agricultural sector (pp 27–28);
 - ABARE staff seconded to Treasury for 18 months to work on the impact of the CPRS on the agricultural sector (p. 28);
 - research into biochar (p. 32);
 - impact on beef exports to places such as Japan and Korea if the rest of the world does not introduce an ETS or a carbon tax (pp 36–37);
 - modelling on the impacts of the manufacturing portion of the agricultural sector (p. 39);
 - timing of the introduction of CPRS legislation into Parliament (p. 40);
 - policies the department is working on to offset anticipated increased costs to farmers following the introduction of the CPRS (pp 30 and 41);
 - ABARE forum called the Boat House Group (p. 43);
 - Exceptional Circumstances payments (pp 43–44);
 - drought policy review (pp 44–45);
 - reason for moving forestry policy and programs from Sustainable Resource Management (SRM) division to Climate Change division (p. 45);
 - forestry skills shortages program (p. 45);
 - Forest Industries Development Fund (pp 45–46);
 - forest industry database (p. 46);
 - development of guidelines on banning the importation of illegally logged timber (pp 46–47);
 - update on Preparing the Forest Industries for Climate Change program (p. 47);
 - total funding for forestry programs (pp 47–48);
 - updating of forestry webpage (p. 48); and
 - bushfire management, including controlled forest fuel reduction burns (pp 48–49 and 49–52).

Sustainable Resource Management

2.20 The following matters were raised by the committee:

- Native Vegetation Regional Pilot projects (*Proof Estimates Hansard*, 23 February 2009, p. 53);
- Landcare funding under the Caring for Country program; assessment process; how to apply for funding (pp 53–57 and 61);

- work of the Australian Government Land and Coast team, including purchase of Toorale Station under the National Reserve System (pp 57–59);
- evaluation of government programs relating to sustainable farming practices (pp 59–60);
- expenditure under the Reef Rescue package (p. 61);
- final cost of buybacks in the Torres Strait commercial line fishery re-allocation (pp 61–62); and
- progress on the recreational fishing industry development strategy (pp 62–63).

Land and Water Australia (LWA)

2.21 The committee sought an update on the Climate Change Research Strategy for Primary Industries (CCRSPI). Land and Water Australia (LWA) explained that in the current phase of CCRSPI, it is trying to establish the long-term structure that will govern arrangements between Research and Development Corporations (RDCs), state and Commonwealth agencies and the CSIRO over the next five years. It is also hoped that universities, particularly those with a focus on agriculture, will participate.¹⁸

2.22 In the first phase of CCRSPI last financial year, LWA compiled a database of all existing and recently completed research, identifying 404 projects. This database is currently being updated and a new database, Australian Agriculture and Natural Resources Online (AANRO), is being developed to cope with the number of research projects.¹⁹

2.23 The committee was interested to know how the strategy will be implemented once the structure is in place. LWA responded that there will be specific theme area strategies, for topics such as soil carbon or life cycle assessment, each with a coordinator to coordinate research across the institutions in that area. The intention is not to control what individual organisations will invest in but to coordinate investments so that organisations are aware of each other. LWA is hopeful that the implementation strategy will be in place within six months with some areas taking slightly longer.²⁰

2.24 The committee also pursued the following matters:

- interaction between CCRSPI and the Climate Change division in DAFF and the Department of Climate Change (*Proof Estimates Hansard*, 23 February 2009, pp 63–64);

18 *Proof Estimates Hansard*, 23 February 2009, p. 63.

19 *Proof Estimates Hansard*, 23 February 2009, p. 63.

20 *Proof Estimates Hansard*, 23 February 2009, pp 63–64.

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- update on the Tropical Rivers and Coastal Knowledge project (p. 65);
 - decrease in LWA's core funding over the past 18 years and additional funding from third parties (pp 65–66); and
 - outline of LWA's priority areas (pp 66–67).

Australian Fisheries Management Authority (AFMA)

2.25 The committee heard evidence on the following issues:

- appointments to the commission; terms of engagement and conditions for commissioners (*Proof Estimates Hansard*, 23 February 2009, pp 67–68);
- update on the Fisheries Management Advisory Committee rationalisation process (pp 68–69);
- feedback and anticipated take-up of the e-log system (pp 69–70);
- AFMA's involvement with the relocation of the fishing vessel *Taruman* from Hobart (p. 70);
- funding allocation for the Fisheries Research program (pp 70–71);
- patrols of the *Oceanic Viking* to the Southern Ocean (p. 71);
- update on the Indian Ocean Tuna Commission (IOTC) performance review (pp 71–72);
- Securing our Fishing Future package; ANAO performance audit (pp 72, 73 and 74);
- Northern Prawn Trawl fishery: cost benefit analysis of options for moving to inter-transferable quotas (pp 72–73);
- Bass Strait Scallop Fishery: survey of current stock (pp 73–74); and
- Western Deepwater Trawl Fishery and North West Slope Trawl Fishery boundary readjustment (pp 74–75).

Trade and Market Access

2.26 The committee discussed the following matters:

- current suspension of 13 red meat and five wild game (kangaroo meat) establishments from exporting to the Russian Federation due to microbial contamination in meat (*Proof Estimates Hansard*, 23 February 2009, pp 76–78);
- implications for Australian agricultural exports of the Buy America campaign in the US economic stimulus package (p. 79);
- special meeting of the Food and Agriculture Organisation (FAO) of the United Nations in November 2008 (p. 79);

- assessment of the impact of cheap Chinese frozen vegetable imports on local growers (pp 79–80);
- possible benefits to primary industry from a free trade agreement with China (p. 80);
- review of free trade agreements after several years to see whether assumptions in relation to benefits or disadvantages were accurate (p. 81);
- update on reopening stone fruit trade with Taiwan (p. 81);
- reintroduction of subsidies on milk in Europe and renewal of the US Farm Bill (pp 81–82); and
- status report on New Zealand's WTO challenge against Australia's quarantine rules on importation of apples (pp 96–97).

Quarantine and Biosecurity Policy Unit

2.27 The committee raised concerns about recommendation 59 of the Beale report regarding the importation of live virus samples for research purposes. The committee asked a series of questions to try and pinpoint where the idea of allowing the importation of live foot-and-mouth disease (FMD) virus originated.²¹

2.28 The Minister replied that as far as the government is concerned, there are no plans to import live FMD viruses into Australia. He took a question on notice for the department to analyse the submissions to the panel to see if anyone had specifically suggested it. The committee emphasised that farmers and many scientists and veterinarians have serious concerns about this issue. In response, the department clarified that the recommendation does not say 'bring it in'; it says 'permit the import of positive control samples'. The department reiterated that there is no application to import and there are no plans to import and, as such, questioning was entering into a hypothetical area.²²

2.29 The committee pointed out that the government has been quoted in the media as giving in-principle support to all of the recommendations of the Beale report, including recommendation 59. The department explained that while the government has supported the thrust of the report, it is clear that the government will come back and look at each of the individual recommendations and respond to those. The critical point is that there is no plan or application to import FMD virus.²³

2.30 The committee questioned the reasoning behind recommendation 59; firstly, for use as positive control samples; secondly, for experimentation purposes; and thirdly, for vaccine production. The committee noted that scientists, including the

21 *Proof Estimates Hansard*, 23 February 2009, pp 82–89 and 91–92.

22 *Proof Estimates Hansard*, 23 February 2009, pp 84–85 and 90.

23 *Proof Estimates Hansard*, 23 February 2009, pp 85–86.

former chief of animal health at CSIRO, Mr Lascelles, have publicly stated that there is no scientific need to bring in the live FMD virus. The committee also observed that experimentation and virus production can be carried out overseas. The department responded that it understood the focus on FMD, which was clearly an issue of concern for animal industry stakeholders. However, read in its totality, the section of the Beale review on research and infrastructure support risk management actually covers much broader issues than just FMD. The FMD virus was mentioned as a specific example in the context of Australia needing better diagnostic capacity for serious exotic pests and diseases.²⁴

2.31 The committee also discussed:

- the government's timetable for formally responding to the Beale review (*Proof Estimates Hansard*, 23 February 2009, p. 89); and
- Australian Animal Health Laboratory's relationship with overseas laboratories including Pak Chung regional reference laboratory in Thailand (pp 90–91).

Australian Quarantine and Inspection Service (AQIS)

2.32 The committee questioned AQIS on the following matters:

- department's input into the negotiation of an open skies agreement with New Zealand through the Passenger Facilitation Taskforce; risks for quarantine, including *didymosphenia geminata* (didymo) (*Proof Estimates Hansard*, 23 February 2009, p. 93); and
- whether imported cut flowers are being treated according to AQIS quarantine requirements (pp 94–96).

Biosecurity Australia

2.33 The committee pursued the following issues with Biosecurity Australia:

- Import Risk Analysis of apples from China (*Proof Estimates Hansard*, 23 February 2009, p. 97);
- testing of imported frozen vegetables (pp 98–99); and
- impact of equine influenza outbreak on the export of Australian horses (p. 99).

24 *Proof Estimates Hansard*, 23 February 2009, p. 88.

Product Integrity, Animal and Plant Health (PIAPH)

2.34 The committee raised the following matters:

- department's monitoring of the 'Grown in Australia' logo under the Australian Made Campaign; options for including provisions on country-of-origin labelling in the Trade Practices Act (pp 99–101);
- status of the outbreak of the potato cyst nematode at Thorpdale in Victoria; protocols to protect the potato seed stock (pp 102–103); and
- status of the citrus canker eradication program at Emerald (p. 103).

Australian Wool Innovation (AWI)

2.35 The Chairman of Australian Wool Innovation (AWI) began by giving an overview of changes to the board and the executive since AWI's last appearance at estimates in October 2008. He informed the committee that four new board members were voted in at the election in November 2008. Mr Walter Merriman is the new Chairman and Roger Fletcher is the new Deputy Chair. AWI's new chief executive will be announced shortly. One of the first tasks of the new board was to address a funding shortfall of \$8 million to \$10 million from levy payments due to a decline in the amount and price of the wool clip. In addition, there has been a loss in licensee income. The board appointed a committee to look at AWI's business model, to identify savings and retain sufficient funding for marketing purposes.²⁵

2.36 The committee raised the issue of alternatives to mulesing and sought information about 'top secret innovative solutions' such as the 'super glue solution' which have failed to materialise. AWI indicated that two research projects known as FST1 and FST2, using injectable chemical treatments, have fallen over. The Chairman explained that:

AWI's job is to research for a viable alternative to mulesing. That is what we do. To that end, we have a product called Eclipse that has had some uptake and has now been taken up by a commercial producer, which is good. Our part of the equation finishes there. Our job is to do the research, get it to a commercial stage, and then let the project be taken on commercially.

It is disappointing that FST1 and FST2 have fallen over, but that is the nature of research. It does not always work. We also have ongoing work into dermal techniques, plus the effort into bare-breech breeding, which has been taken up by some producers.²⁶

2.37 AWI told the committee that, at the moment, the two major alternatives to mulesing are clips and interdermals. There was some debate about the timing for

25 *Proof Estimates Hansard*, 23 February 2009, pp 103–104.

26 *Proof Estimates Hansard*, 23 February 2009, p. 105.

commercialisation of the clips, ranging from the middle of this year to sometime after next year. The first clip that goes to market will be non-biodegradable, followed soon after by the biodegradable. AWI explained that non-biodegradable clips would only be suitable for smaller enterprises where sheep can be kept close by for 72 hours while the work of the clips is done.²⁷

2.38 The committee also discussed:

- benefits the new board member, Mr Laurence Modiano, has brought to AWI (*Proof Estimates Hansard*, 23 February 2009, pp 105–106);
- AWI wool marketing programs in Japan, Korea and China (pp 106–107);
- market and break-even prices for wool growers (pp 107–108);
- contact with PETA and with fashion houses that PETA claimed were going to ban Australian wool (pp 108–109);
- review of AWI's strategic plan (p. 109);
- how demand targets will be achieved given decreasing flock and breeding flock size (pp 110–111);
- AWI's timetable for phasing out mulesing (p. 111);
- blowfly management programs (pp 111–112);
- biodegradable clips (pp 112–113);
- reliability of the National Wool Declaration (p. 113);
- AWI participation in the United Nations Year of Natural Fibres (pp 113–114);
- consultation with wool-growing groups in Australia about AWI's strategic plan and marketing direction (p. 114);
- research and development projects undertaken in China (pp 114–115);
- action taken by AWI to encourage wool growers who are not already shareholders to take up their shareholder entitlements; voting at board elections; whether there is any intention to introduce governance changes (pp 115–116);
- whether premium prices are being paid for wool from unmulesed sheep (pp 116–117); and
- shortage of shearers in some areas (p. 117).

27 *Proof Estimates Hansard*, 23 February 2009, pp 112–113.

Australian Pesticides and Veterinary Medicines Authority (APVMA)

- 2.39 The committee pursued the following matters with officers from the APVMA:
- review of APVMA's cost recovery arrangements (*Proof Estimates Hansard*, 23 February 2009, pp 118 and 121);
 - bottlenecks in the registration process (pp 118–119);
 - investigation into the link between fish deaths, two-headed fish larvae and chemical usage at a fish hatchery in Queensland (pp 119–121);
 - permits issued for minor use (pp 121–122); and
 - harmonising the maximum residue limit (MRL) setting process between APVMA and Food Standards Australia New Zealand (p. 122).

Agricultural Productivity

- 2.40 The committee sought information on the following issues:
- effect on agricultural productivity and food production of large-scale increases in forestry planting for carbon sequestration purposes (*Proof Estimates Hansard*, 23 February 2009, pp 122–125);
 - review of the horticultural code of conduct (pp 125–126);
 - whether the department has looked at product road mapping (where consumers are encouraged to consider the source of their product and the social consequences); paper prepared by the Sustainable Development Commission in the UK (pp 126–127); and
 - review into project funding made available by Horticulture Australia to AUSVEG (pp 127–128).

Grains Research and Development Corporation (GRDC)

2.41 The committee was again interested in the issue of genetically modified (GM) crops. The committee raised concerns that GM canola yields were between 10 and 20 percent less than non-GM canola in the national variety trials undertaken by the GRDC, yet all of the government agronomic reports are based on an expected yield increase of 10 to 30 percent and rarely estimate the costs involved. They asked whether the GRDC would recommend that all government reports be reassessed to take into account the yield penalty and costs involved. The GRDC indicated that the trials were predominantly in southern areas and were impacted by drought this year, with only two out of five trials actually harvested. The GRDC advised that 'what we would suggest very strongly is that we continue those trials under the independent system and continually monitor to see where we go'.²⁸

28 *Proof Estimates Hansard*, 23 February 2009, p. 128.

2.42 The committee was also concerned about the contamination of non-GM crops, particularly canola, and the difficulty of cleaning headers in cases where farmers are using contract headers which move through different properties. The GRDC explained that there are protocols in place that were developed some time ago for headers moving from Queensland to New South Wales. The industry went through a process of assessing the potential risk of contamination and, in the end, agreed that there could be protocols put in place to maintain integrity, from the paddock to the storage system.²⁹

2.43 The committee also discussed:

- work on developing GM traits in wheat (*Proof Estimates Hansard*, 23 February 2009, pp 128–129);
- reasons for GM technology (pp 129–130);
- free use of plant breeding technologies by research institutes in exchange for confidential agreements with Monsanto (p. 130);
- onus of legal liability on the non-GM grower in the event of contamination with GM crops (pp 130–131);
- labelling system to identify GM foods (p. 131); and
- perceived decline in agricultural research and development; public and privately funded research (pp 131–132).

Meat and Livestock Australia

2.44 The committee heard evidence on the following matters:

- lamb dentition testing and variance between states; MLA's role in industry debate; impact of AUS-MEAT accreditation (*Proof Estimates Hansard*, 23 February 2009, pp 133–134);
- AUS-MEAT standards for beef labelling: mandatory labelling of export beef but voluntary labelling for domestic beef (pp 134–135);
- effectiveness of the National Livestock Identification System (NLIS) database (pp 135 and 136);
- possible impact of an emissions trading scheme (ETS) on the competitiveness of the industry (pp 135–136); and
- industry opinion about the Beale report's recommendation to the government on the possible introduction of FMD virus for research purposes (pp 136–137).

29 *Proof Estimates Hansard*, 23 February 2009, pp 130–131.

Australian Bureau of Agricultural and Resource Economics (ABARE)

2.45 The committee sought information on ABARE's analysis of future productivity rates in agriculture.³⁰

2.46 ABARE also provided input to responses when the committee heard evidence from the Climate Change division, particularly in relation to the impact of the CPRS and the ETS. For further details, see paragraphs 2.10 to 2.18.

30 *Proof Estimates Hansard*, 23 February 2009, pp 137–138.

Chapter 3

Infrastructure, Transport, Regional Development and Local Government portfolio

Department of Infrastructure, Transport, Regional Development and Local Government

3.1 The committee heard evidence from the department on Tuesday 24 February 2009. The hearing was conducted in the following order:

- Corporate Services
- Infrastructure Australia
- Nation Building—Infrastructure Investment
- Australian Rail Track Corporation Ltd
- Aviation and Airports
- Airservices Australia
- Civil Aviation Safety Authority
- Australian Transport Safety Bureau
- Office of Transport Security
- Bureau of Infrastructure, Transport and Regional Economics
- Infrastructure and Surface Transport Policy
- National Transport Strategy
- Local Government and Regional Development
- Office of Northern Australia
- Australian Maritime Safety Authority

Secretary's overview

3.2 In his opening remarks to the committee, the secretary, Mr Michael Taylor, gave an overview of developments within the department. He also outlined changes to senior management within the organisation, including the appointment of two new deputy secretaries, Ms Lyn O'Connell and Ms Stephanie Foster. He gave details of adjustments to the organisational structure in response to recent initiatives by the government and their priorities in relation to nation building, infrastructure, Northern Australia, and local government and regional development. These changes are detailed at Appendix 4.¹

1 *Proof Estimates Hansard*, 24 February 2009, pp 3–5.

Corporate Services

3.3 The committee began by asking about the application of the efficiency dividend. The secretary informed the committee that the department has continued to address this issue through its implementation of technology. It also considers improvements to the delivery of programs and operations, and makes choices in relation to priorities.

3.4 During the organisational changes that took place in December 2007, the department reassigned resources to meet the new government's program priorities. Some natural attrition has occurred, but it has been carried out efficiently and seamlessly. The only area where specific reductions were made was under the Regional Partnerships Program (RPP). The secretary indicated that, apart from the RPP, there has been no reduction in core activities.²

3.5 The committee also sought information about:

- measurement of service standards (*Proof Estimates Hansard*, 24 February 2009, p. 6);
- current departmental staffing (pp 6–7);
- graduate recruitment (p. 7);
- expenditure on consultancies; media monitoring; advertising and communications; hospitality (pp 8 and 9–10);
- department's appropriations to be transferred to the Treasury department under the Federal Financial Relations Bill (p. 8);
- depreciation funding for recurrent expenditure (pp 8–9);
- department's input into the stimulus package (p. 9);
- compliance with the Senate order in relation to notification of board appointments (p. 9);
- FOI requests (p. 11);
- whole-of-agency approach to incorporating the reduction of greenhouse gas emissions into policies and programs of the department (p. 11); and
- ministerial and departmental costs of community cabinet meetings (pp 11–13).

Infrastructure Australia

3.6 The committee asked Infrastructure Australia about the effect of the budget deficit on its funding. Mr Michael Deegan, Infrastructure Coordinator, responded that:

2 *Proof Estimates Hansard*, 24 February 2009, p. 6.

Our role is to provide advice on infrastructure projects suitable for funding from the Building Australia Fund, but we have been clear all along that it is up to government to make the decisions as to the allocation of funds on whatever advice they might receive.³

3.7 The committee sought confirmation that the Building Australia Fund (BAF) still has the same level of funding as it did before the budget went into deficit, that is, \$20 billion. The Minister indicated that \$12.6 billion has already been allocated to the BAF and further allocations are subject to budget circumstances. Of the \$12.6 billion, \$4.7 billion is for the National Broadband Network. The Minister stated that the government announced an intention to allocate \$20 billion depending on budget surpluses, so there was no actual allocation of \$20 billion.⁴

3.8 The committee was interested in the impact of the reduced funding on Infrastructure Australia's development of its list of priorities for the government. Mr Deegan explained that Infrastructure Australia hopes to provide a long-term plan for the country's future in terms of its infrastructure; short-term or medium-term funding are issues for the government. Infrastructure Australia will provide advice about the type and nature of projects that might be considered, including by other funding opportunities either within government or the private sector.⁵

3.9 The committee questioned Infrastructure Australia about its evaluation of projects based on assumptions about the future price of carbon. Mr Deegan indicated that part of their work has been looking at short-term carbon and oil price assumptions. They have been considering carbon costs in cost-benefit ratios and evaluating projects on their merits based on how well they might help position Australia for a robust economy within long-term carbon and oil futures. Mr Deegan outlined two processes they undertake: firstly, a profile in terms of treatment of carbon and oil price issues and, secondly, a more detailed appraisal of issues that applicants have dealt with in calculating direct and indirect emissions of their proposal and assigning a value, if at all, to carbon emissions. In addition, they also consider whether those estimates were based on robust and reasonable sources. Mr Deegan explained further:

Part of our process is to try and address that broader issue of how these climate change impacts are considered. It would be only fair to say that a number of the proponents—indeed, a great majority—are struggling with working through how to deal with that. To be fair, I think it is a work in progress.⁶

3.10 Mr Deegan advised the committee that while the better developed submissions have considered a whole host of issues including greenhouse gas

3 *Proof Estimates Hansard*, 24 February 2009, p. 14.

4 *Proof Estimates Hansard*, 24 February 2009, p. 14.

5 *Proof Estimates Hansard*, 24 February 2009, p. 14.

6 *Proof Estimates Hansard*, 24 February 2009, p. 15.

emissions, there are a number of projects where Infrastructure Australia has sought further information.⁷ He emphasised that this is a new approach in terms of assessment of infrastructure requirements:

We are seeking to work with the proponents—the states, the private sector and others—to work on the infrastructure for the nation in a way that not only minimises these risks but also renders them least vulnerable to the risks of climate change and energy into the future. The process is still underway.⁸

3.11 The committee also discussed the following issues:

- how Infrastructure Australia informs itself of the needs of rural and regional Australia (*Proof Estimates Hansard*, 24 February 2009, p. 13);
- Infrastructure Australia's budget (p. 13);
- development of priorities for the first tranche of infrastructure spending; timing of priorities list to government (p. 14);
- evaluation of the greenhouse gas ramifications of each project (p. 16);
- meetings between Infrastructure Australia and the BITRE Climate Change Taskforce within the department (p. 17);
- gaps between priority areas identified by Infrastructure Australia and those raised in project submissions (pp 17–18);
- coordination of Infrastructure Australia's work with development of planning for the national electricity grid and water infrastructure (pp 17–18);
- Infrastructure Australia's funding for infrastructure projects and staffing (pp 18–21 and 22–23);
- work of the Major Cities Unit (pp 21–22);
- letter from Sir Rod Eddington, outlining Infrastructure Australia's work to date, that was inadvertently put on the departmental website (pp 23–24, 33–36 and 37–38);
- whether the Cooroy to Curra section upgrade of the Bruce Highway has attracted the attention of Infrastructure Australia (pp 36–37);
- whether Infrastructure Australia has been asked to spread expenditure across the states (p. 37);
- development of a national people-moving strategy for Australia (pp 38–39); and

7 *Proof Estimates Hansard*, 24 February 2009, p. 16.

8 *Proof Estimates Hansard*, 24 February 2009, p. 17.

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- whether Infrastructure Australia is aware of press reports that the Prime Minister has promised a significant amount of infrastructure funding for Victoria (pp 39–40).

Nation Building—Infrastructure Investment

3.12 The committee sought an update from the department on the following projects:

- funding for the Bunbury port access road and outer ring-road stage 1 (*Proof Estimates Hansard*, 24 February 2009, p. 24);
- extension of Tasmania's national network to include the Brooker Highway from Granton to the Port of Hobart and the Tasman Highway from Hobart to the Hobart airport (pp 25–26);
- funding and delivery time for a range of transport initiatives in Tasmania, including rail and major roads (p. 27);
- Tully flood plain highway (p. 31);
- port access road in Townsville (pp 31–32);
- duplication of the Burdekin Bridge (p. 32);
- Cooroy to Curra section upgrade of the Bruce Highway and the proposed Traveston Crossing Dam (p. 32);
- Northern Link tunnel project in Brisbane (pp 40 and 41); and
- Hann Highway (p. 41).

3.13 The committee also discussed:

- due diligence process to ensure that state governments do not shift the cost of projects to the federal government (pp 25–27);
- funding for local roads contained in the recent stimulus package (pp 27–28);
- request for department to investigate a black spot on the New England Highway at Bolivia Hill (p. 28);
- trials of a national digital train management system (pp 28–29);
- consideration of an education campaign in conjunction with spending on boom gates and active controls at level crossings (p. 29);
- funding for boom gates (pp 29–31 and 40);
- whether there are any projects for upgrading the Townsville to Mount Isa railway line (pp 41 and 42–43);
- proposal to open a new phosphate mine in the Northern Territory (p. 43); and
- intermodal transport planning (p. 43).

Australian Rail Track Corporation Ltd (ARTC)

3.14 The Chief Executive Officer of the ARTC, Mr David Marchant, made an opening statement highlighting funding for the ARTC in the government's recent nation-building and economic stimulus package. Mr Marchant informed the committee that the package included an investment of \$1.26 billion in ARTC in the form of equity, as the ARTC is a corporation under the Corporations Act and does not receive funding from consolidated revenue.

3.15 The government's equity investment is primarily directed at two areas: the first part is to assist in the delivery of a major capital program to enhance the capacity of the Hunter Valley coal mines, enabling the rail infrastructure to manage the planned increase in export coal over the next three to four years. The second part of the package is \$563 million for a number of projects outside the Hunter Valley, split into projects to commence before May 2009 and projects for commencement after 2009.⁹

3.16 The committee also sought information about:

- Queensland border to Acacia Ridge track upgrade (*Proof Estimates Hansard*, 24 February 2009, p. 45);
- ARTC's charter (p. 46);
- ARTC's role in the New South Wales Grain Freight Task Force (p. 47); and
- upgrade of the Ardglen Tunnel in the Hunter Valley (pp 48–49).

Aviation and Airports

3.17 The committee sought information about the role of the Aviation and Airports Division. Divisional officers advised that their key role is to 'look at how the whole system coordinates and administers the broad legislation'. They participate in the processes of the International Civil Aviation Organisation, which sets the global structure. They also have interests in industry policy, in the overall framework for safety administration, with the detail carried out by CASA and ATSB, and in the overall framework for services, which is Airservices Australia's area. A significant amount of the division's work is related to airports, where they have a specific role as the regulator of the federal airports under the provisions of the Airports Act and as representatives of the Commonwealth for the leases granted to those sites.¹⁰

3.18 The committee raised concerns about:

- Sydney airport capacity (*Proof Estimates Hansard*, 24 February 2009, p. 49);

9 *Proof Estimates Hansard*, 24 February 2009, pp 44–45. See also discussion at pp 46–47.

10 *Proof Estimates Hansard*, 24 February 2009, p. 50.

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- proposals in relation to resealing and extending of Karumba airstrip under the Remote Aerodrome Safety Program (pp 49–50);
 - noise insulation of Fort Street High School; noise insulation programs in Adelaide and Sydney (pp 50–51 and 55–59);
 - status of Essendon airport (pp 51–53);
 - parking regulations at Canberra airport (pp 53–55); and
 - development of Canberra airport as a hub (p. 59).

Airservices Australia

3.19 The committee sought an update on the air traffic controllers' dispute. The Chief Executive Officer, Mr Greg Russell, advised that they have been in intense negotiations with the air traffic union, Civil Air, for the last couple of weeks and have made quite good progress. He indicated that the negotiations are at a delicate stage, with further meetings of the negotiating committees the following day. He expressed hope that they 'might see an agreement soon'.¹¹

3.20 The committee raised concerns about the possible impact of any industrial action on the broader economy and whether the government has developed any contingency plans if things go wrong. The Minister agreed to take this question on notice and refer it to the Minister for Infrastructure for a response. The Minister and the CEO also took on notice a series of questions relating to the detail of the ongoing negotiations, given that the negotiations are at a delicate stage and they did not want to say anything that might jeopardise them.¹²

3.21 The committee also raised the following issues:

- update on measures to address the shortage of air traffic controllers, including recruitment and training (*Proof Estimates Hansard*, 24 February 2009, pp 64–65);
- provision of air traffic control services at Launceston Airport (p. 65); and
- effect of navigation charges based on aircraft weight on regional services using smaller aircraft (p. 66).

Civil Aviation Safety Authority (CASA)

3.22 In his opening statement, the Chief Executive Officer, Mr Bruce Byron, advised the committee that his successor, Mr John McCormick, will take over the organisation from 1 March 2009. Mr Byron's term was due to expire at the end of

11 *Proof Estimates Hansard*, 24 February 2009, p. 60.

12 *Proof Estimates Hansard*, 24 February 2009, pp 60–64 and 65.

November 2008 but he agreed to work with the Minister to assist with the induction process of the new CEO.¹³

3.23 The committee raised concerns about Qantas outsourcing its aircraft maintenance overseas. CASA indicated that the outsourcing of maintenance is a long-term practice in the aviation industry. The key factor is that the organisation conducting the maintenance has appropriate approvals. CASA takes an active interest to ensure that the organisation, wherever it is located, operates to an appropriate standard. In addition, the operator has a duty of care and specific obligations under the Civil Aviation Act to ensure that maintenance conducted on their aircraft is managed and carried out by appropriately qualified people approved by CASA. In relation to Qantas' use of outsourcing in particular, the CEO stated that 'certainly I have no significant concerns about the practice'.¹⁴

3.24 CASA explained that the majority of Qantas' maintenance is conducted in Australia, with about 10 percent outsourced, when the capacity of these facilities are exceeded. During industrial problems last year, the percentage increased to about 20 percent. As a result, CASA has increased surveillance of the half-a-dozen organisations throughout Asia used by Qantas, with audits showing no significant problems. At the same time, recognising that human error does occur, CASA indicated that there is a solid international process for rectifying errors, the maintenance error decision aid (MEDA) process.¹⁵

3.25 The committee also asked about:

- Australia's overall air safety record (*Proof Estimates Hansard*, 24 February 2009, pp 67–68);
- new English language standards for student pilots (p. 68); and
- CASA directive issued to Qantas to ensure that only properly licensed engineers and maintenance personnel perform and certify maintenance; whether there was a flaw in CASA's risk management system (pp 68–71).

Australian Transport Safety Bureau (ATSB)

3.26 The committee sought a response from ATSB on the findings of the coronial inquiry into the sinking of the *Malu Sara* in the Torres Strait, given the strong criticisms of the ATSB by the coroner. ATSB officers informed the committee that they carried out an investigation into the search and rescue operation based on the best available evidence at the time. However, during the subsequent coronial inquiry, new

13 *Proof Estimates Hansard*, 24 February 2009, p. 66.

14 *Proof Estimates Hansard*, 24 February 2009, pp 66–67.

15 *Proof Estimates Hansard*, 24 February 2009, p. 67.

evidence was presented which had not been available to ATSB. ATSB has now reopened their investigation to review the new information, with an updated investigation report expected to be released shortly.¹⁶ ATSB emphasised:

accepting that we were not provided with that information originally, it is incumbent upon us to correct the public record in that respect.¹⁷

3.27 ATSB officers indicated that, while they understood the essence of the coroner's criticisms, concurring with some aspects and taking them on board, they considered the coroner's criticisms to be reasonably muted. ATSB pointed out that the coroner commented favourably on the work ATSB had done in testing the seaworthiness of the vessel, so, on balance, they were reasonably happy with his findings.¹⁸

3.28 The committee also discussed the use of mobile telephones on aircraft.¹⁹

Office of Transport Security

3.29 The committee discussed the following matters:

- ability of persons with a criminal history to obtain a maritime security identification card (MSIC) provided it is not a maritime security related offence and they have not been imprisoned (*Proof Estimates Hansard*, 24 February 2009, pp 74–75); and
- auditing of the screening authorities at airports; inconsistencies in screening procedures (pp 75–77).

Bureau of Infrastructure, Transport and Regional Economics (BITRE)

3.30 The committee held a brief discussion with officers of the BITRE about their research program and priorities.²⁰

Infrastructure and Surface Transport Policy; and National Transport Strategy

3.31 The department explained that these two divisions were appearing together to assist the committee as sometimes the committee had not found it easy to distinguish between their work at previous estimates hearings.²¹

16 *Proof Estimates Hansard*, 24 February 2009, pp 71–72.

17 *Proof Estimates Hansard*, 24 February 2009, p. 73.

18 *Proof Estimates Hansard*, 24 February 2009, p. 72.

19 *Proof Estimates Hansard*, 24 February 2009, pp 73–74.

20 *Proof Estimates Hansard*, 24 February 2009, pp 77–82.

21 *Proof Estimates Hansard*, 24 February 2009, p. 82.

3.32 The committee asked about the exact nature of the work carried out by these two areas. The department advised that the Infrastructure and Surface Transport Policy division covers four broad areas: road safety; vehicle standards; maritime policy, which oversees the Australian Maritime Safety Authority; and Transport Integration and Reform, which oversees the reform agenda for managing differential regulatory arrangements between the states. This last area overlaps with the work of the National Transport Strategy, which is a specific set of requirements arising from decisions made by the Australian Transport Council.²²

3.33 The committee was interested in the work being done to develop a single national heavy vehicle regulation system, which is being coordinated by the National Transport Strategy division. The division indicated that the Commonwealth and the states and territories have agreed and implemented a consistent approach to the charging regime for heavy vehicles, through a determination by all of the ministers in early 2008. The driver fatigue laws that were implemented at the end of September 2008 were developed as model laws under the National Transport Commission arrangements and implemented independently by each of the jurisdictions.²³

3.34 The division explained that there are a number of other areas where the National Transport Commission has developed model legislation which has been accepted by all jurisdictions, however, each jurisdiction is responsible for implementing the model in its own area. In doing so, not all of them implement the legislation exactly as it has been developed, instead, they make variations to it.²⁴

3.35 The committee also discussed:

- the Tasmania Freight Equalisation Scheme (*Proof Estimates Hansard*, 24 February 2009, pp 83–85); and
- progress in establishing a national scheme for minimum safe work practices for heavy vehicle drivers (pp 85–87).

Local Government and Regional Development

3.36 The committee sought an update on the Regional Development Australia (RDA) committees. The department advised that Area Consultative Committees (ACCs) officially became the RDA network on 1 January 2009 and were given a new role by the Minister. In August 2008, the state and territory regional development ministers and the Commonwealth ministers agreed that it would provide a better service to the community if the Commonwealth RDA network could be aligned with similar organisations in each state and territory. The Commonwealth is currently

22 *Proof Estimates Hansard*, 24 February 2009, p. 82.

23 *Proof Estimates Hansard*, 24 February 2009, pp 82–83 and 85.

24 *Proof Estimates Hansard*, 24 February 2009, pp 82–83.

negotiating with each state and territory to establish those networks and to align them with state and local council boundaries where possible.²⁵

3.37 The department informed the committee that as the transition from ACCs to RDAs is expected to take place in the middle of this year, the chairs of the ACCs have been asked to remain in place until then, to ensure continuity in the transition to RDAs.²⁶

3.38 The committee also heard evidence about:

- progress with assessment of applications under the Regional and Local Community Infrastructure Program; increased funding; eligibility criteria (*Proof Estimates Hansard*, 24 February 2009, pp 87–95 and 103–105);
- role and membership of the Australian Council of Local Governments Steering Committee (pp 101–102);
- update on the Barcaldine Tree of Knowledge project (p. 106);
- Dysart Sports Centre (p. 106); and
- rebuilding of Einasleigh River bridge (p. 107).

Office of Northern Australia

3.39 The committee was informed that the Office of Northern Australia, formerly part of the Regional and Local Government division, is now a stand-alone division. The department was unable to give details of the division's budget as the 'restructure has only just happened and the budgets are being finalised'.²⁷

3.40 The committee also raised the following issues:

- proposed development of rock phosphate mining near Mount Isa and Tennant Creek (*Proof Estimates Hansard*, 24 February 2009, pp 108–109);
- progress on soil typing assessment (p. 109);
- Northern Australia Land and Water Taskforce: revised terms of reference; mid-term report; role; future work plan; membership (pp 109–111 and 115);
- funding for the Ord stage 2; possible extension of the Ord scheme to the Northern Territory (pp 111–113);
- staffing and budget for regional offices in Townsville and Darwin (p. 114.); and

25 *Proof Estimates Hansard*, 24 February 2009, p. 105. See also discussion at pp 106–107.

26 *Proof Estimates Hansard*, 24 February 2009, p. 107.

27 *Proof Estimates Hansard*, 24 February 2009, pp 107–108.

- whether the departmental budget is likely to increase, given the additional workload arising from the stimulus package (pp 114–115).

Australian Maritime Safety Authority (AMSA)

3.41 The committee sought a response from AMSA on the findings of the coronial inquiry into the sinking of the *Malu Sara* in the Torres Strait. The committee was interested to know whether AMSA accepted the coroner's finding in relation to 'deficiencies in its procedures which allow defective vessels...to be brought into survey without any physical inspection or testing'.²⁸

3.42 AMSA officers advised that they have looked very carefully at the coroner's findings and have already taken a number of steps to address this issue, including:

- reminding government agencies of the relevant safety standards;
- increased monitoring of compliance with those safety standards;
- checking supporting documentation to demonstrate that vessels meet safety standards and ensuring that they have been tested for seaworthiness;
- requiring more effective communication equipment be kept on board and ensuring that navigational aids commensurate with the area of operation are also on board; and
- ensuring that people on these vessels carry 406 megahertz distress beacons and ensuring that the crew are qualified in accordance with the relevant standards on the uniform shipping laws.²⁹

3.43 The committee also expressed interest in AMSA's response to the coroner's finding in relation to training for AusSAR officers 'to ensure they recognise circumstances in which the agency should immediately assume primary responsibility for the overall coordination of a search and rescue incident'.³⁰ The committee was particularly concerned about cases where there is no direct request to take over, from the local or state police, for example, but circumstances are unfolding in such a way that there should be. AMSA officers explained that, in light of this finding, they have reviewed their training processes and reviewed the manual, in conjunction with the National Search and Rescue Council, 'to ensure that it is clear and it provides good, clear guidance for both ends of such a conversation'.³¹ AMSA undertook to provide, on notice to the committee, sections of the procedures manual and any other documentation where changes have been made in response to the coroner's findings.

28 *Proof Estimates Hansard*, 24 February 2009, p. 98.

29 *Proof Estimates Hansard*, 24 February 2009, pp 98–99.

30 *Proof Estimates Hansard*, 24 February 2009, p. 99.

31 *Proof Estimates Hansard*, 24 February 2009, p. 100.

3.44 The committee also discussed:

- search and rescue program and the availability of Dornier aircraft (*Proof Estimates Hansard*, 24 February 2009, pp 95–96);
- radar problems and other mechanical incidents (pp 96–97);
- reason why the Brisbane base is not operational (pp 97–98);
- damage to one aircraft during a night mission (p. 98); and
- review conducted by Mr Ric Smith (p. 98).



Senator Glenn Sterle
Chair

Appendix 1

Departments and agencies under the two portfolios for which the committee has oversight

Agriculture, Fisheries and Forestry portfolio

Australian Government Department

- Department of Agriculture Fisheries and Forestry
 - Corporate Policy Division
 - Management Services Division
 - Climate Change Division
 - Sustainable Resource Management Division
 - Trade and Market Access Division
 - Quarantine and Biosecurity Policy Unit
 - Australian Quarantine and Inspection Service
 - Biosecurity Australia
 - Product Integrity, Animal and Plant Health Division
 - Agricultural Productivity Division
 - Bureau of Rural Sciences
 - Australian Bureau of Agricultural and Resource Economics

Prescribed Agencies

- Australian Pesticides and Veterinary Medicines Authority
- Dairy Adjustment Authority
- Wheat Exports Australia

Commonwealth Authorities

- Australian Fisheries Management Authority
- Australian Wine and Brandy Corporation
- Cotton Research and Development Corporation
- Fisheries Research and Development Corporation
- Grains Research and Development Corporation
- Grape and Wine Research and Development Corporation
- Land and Water Research and Development Corporation (Land and Water Australia)

- Rural Industries Research and Development Corporation
- Sugar Research and Development Corporation

Infrastructure, Transport, Regional Development and Local Government portfolio

Australian Government Department

- Department of Infrastructure, Transport, Regional Development and Local Government
 - Corporate Services
 - Infrastructure Australia
 - Nation Building – Infrastructure Investment
 - Infrastructure and Surface Transport Policy
 - National Transport Strategy
 - Aviation and Airports
 - Australian Transport Safety Bureau
 - Office of Transport Security
 - Inspector of Transport Security
 - Local Government and Regional Development
 - Office of Northern Australia
 - Bureau of Infrastructure, Transport and Regional Economics

Commonwealth Authorities

- Airservices Australia
- Australian Maritime Safety Authority
- Civil Aviation Safety Authority

Commonwealth Companies

- Australian Rail Track Corporation Ltd
- Maritime Industry Finance Company Ltd

Statutory Corporation

- National Transport Commission

Appendix 2

Table of contents to proof Hansard transcripts

Additional estimates 2008–2009

Agriculture, Fisheries and Forestry portfolio

Monday 23 February 2009

*Infrastructure, Transport, Regional Development and Local Government
portfolio*

Tuesday 24 February 2009

Monday 23 February 2009

Agriculture, Fisheries and Forestry portfolio

	Hansard page
In attendance	1
Management Services and Corporate Policy	4
Wheat Exports Australia	19
Climate Change	25
Sustainable Resource Management	52
Land and Water Australia	63
Australian Fisheries Management Authority	67
Trade and Market Access	76
Quarantine and Biosecurity Policy Unit	82
Australian Quarantine and Inspection Service	93
Biosecurity Australia	96
Product Integrity, Animal and Plant Health	99
Australian Wool Innovation	103
Australian Pesticides and Veterinary Medicines Authority	118
Agricultural Productivity	122
Grains Research and Development Corporation	128
Meat and Livestock Australia	133
Australian Bureau of Agricultural and Resource Economics	137

Tuesday 24 February 2009

Infrastructure, Transport, Regional Development and Local Government portfolio

	Hansard page
In attendance	1
Corporate Services	3
Infrastructure Australia	13–24; 33–40
Nation Building—Infrastructure Investment	24–33; 40–44
Australian Rail Track Corporation Ltd	44
Aviation and Airports	49
Airservices Australia	60
Civil Aviation Safety Authority	66
Australian Transport Safety Bureau	71
Office of Transport Security	74
Bureau of Infrastructure, Transport and Regional Economics	77
Infrastructure and Surface Transport Policy	82
National Transport Strategy	82
Local Government and Regional Development	87–95; 101–107
Office of Northern Australia	107
Australian Maritime Safety Authority	95

Appendix 3

Tabled Documents

Agriculture, Fisheries and Forestry portfolio

No documents were tabled at hearing on Monday, 23 February 2009

Infrastructure, Transport, Regional Development and Local Government portfolio

Documents tabled at hearing on Tuesday, 24 February 2009

Department's new organisation structure – Mr Michael Taylor, Secretary, DITRDLG

Infrastructure opening statement – Mr Michael Taylor, Secretary, DITRDLG

BITRE research program: list of projects as at January 2009 – Mr Phil Potterton, Executive Director, BITRE

Appendix 4

Changes to Departmental Structure

Department of Agriculture, Fisheries and Forestry

On 16 June 2008, the department's structure was changed to better reflect the government's priorities for the portfolio.¹

New departmental structure

Current divisions	Changes
Corporate Policy	
Management Services	
Agricultural Productivity	Previously known as Food and Agriculture. Incorporates sections of the previous Rural Policy and Innovation division.
Trade and Market Access	Previously known as the International division. Incorporates sections of the previous Fisheries and Forestry division.
Biosecurity Australia	
Sustainable Resource Management	Previously known as Natural Resource Management. Incorporates sections of the previous Fisheries and Forestry division.

1 Department of Agriculture, Fisheries and Forestry, *Annual Report 2007–08*, p. 204. See also pp 11–14.

Current divisions	Changes
Climate Change	New division. Incorporates sections of the previous Rural Policy and Innovation and the Fisheries and Forestry divisions.
Australian Quarantine and Inspection Service	
Product Integrity, Animal and Plant Health	
Bureau of Rural Sciences	
Australian Bureau of Agricultural and Resource Economics	

Previous departmental structure

Corporate Policy
Management Services
Food and Agriculture
International
Biosecurity Australia
Natural Resource Management
Rural Policy and Innovation
Fisheries and Forestry
Australian Quarantine and Inspection Service
Product Integrity, Animal and Plant Health
Bureau of Rural Sciences
Australian Bureau of Agricultural and Resource Economics

Department of Infrastructure, Transport, Regional Development and Local Government

In February 2009, the department made adjustments to its organisational structure in response to recent initiatives by the government and their priorities in relation to nation building, infrastructure, Northern Australia, and local government and regional development.²

The secretary of the department, Mr Michael Taylor, indicated that all of the elements relating to the government's nation building initiatives (items 3–5 below) have been brought under one group. In addition, all of the aviation and security areas (items 6–8 below) have been brought together. Finally, the department has clearly identified and separated out the roles of the Office of Northern Australia and the responsibilities of Local Government and Regional Development (items 10 and 11 below).³

New departmental structure

Current divisions	Changes
1. Corporate Services	
2. Infrastructure Australia	
3. Nation Building—Infrastructure Investment	Previously known as Infrastructure Investment
4. Infrastructure and Surface Transport Policy	
5. National Transport Strategy	
6. Aviation and Airports	
7. Australian Transport Safety Bureau	
8. Office of Transport Security	
9. Inspector of Transport Security	
10. Local Government and Regional Development	

² *Proof Estimates Hansard*, 24 February 2009, p. 3.

³ *Proof Estimates Hansard*, 24 February 2009, p. 3.

Current divisions	Changes
11. Office of Northern Australia	New division. Formerly part of Local Government and Regional Development
12. Bureau of Infrastructure, Transport and Regional Economics	

