## The Senate

Rural and Regional Affairs and Transport Legislation Committee

Additional estimates 2011-12



# **Membership of the Committee**

#### **Members**

Senator Glenn Sterle	ALP, Western Australia	Chair
Senator the Hon. Bill Heffernan	LP, New South Wales	Deputy Chair
Senator Richard Colbeck*	LP, Tasmania	
Senator Alex Gallacher	ALP, South Australia	
Senator Anne McEwen**	ALP, South Australia	
Senator Rachel Siewert	AG, Western Australia	
Senator John Williams***	NPA, New South Wales	

- \* Senator Colbeck was a substitute member for Senator Nash on Monday 13 February 2012
- \*\* Senator McEwen was a substitute member for Senator Urquhart on Monday 13 and Tuesday 14 February 2012
- \*\*\* Senator Williams was a substitute member for Senator Nash on Tuesday 14 February 2012

#### **Participating Members**

Senator Abetz	Senator Cash	Senator Humphries	Senator Polley
Senator Adams	Senator Colbeck	Senator Johnston	Senator Pratt
Senator Back	Senator Cormann	Senator Joyce	Senator Rhiannon
Senator Bernardi	Senator Crossin	Senator Kroger	Senator Ronaldson
Senator Bilyk	Senator Di Natale	Senator Ludlam	Senator Ryan
Senator	Senator Edwards	Senator Macdonald	Senator Scullion
Birmingham	Senator Eggleston	Senator Madigan	Senator Singh
Senator Bishop	Senator Faulkner	Senator McEwen	Senator Stephens
Senator Boswell	Senator Fawcett	Senator McKenzie	Senator Thistlethwaite
Senator Boyce	Senator	Senator Marshall	Senator Waters
Senator Brandis	Fierravanti-Wells	Senator Mason	Senator Williams
Senator B Brown	Senator Fifield	Senator Milne	Senator Wright
Senator C Brown	Senator Fisher	Senator Moore	Senator Xenophon
Senator Bushby	Senator Furner	Senator Parry	•
Senator Cameron	Senator Hanson-	Senator Payne	
	Young	•	
	-		

#### **Committee Secretariat**

Ms Jeanette Radcliffe, Secretary (until 2 March 2012) Mr Stephen Palethorpe, Secretary (commenced 5 March 2012) Ms Cassimah Mackay, Research Officer

PO Box 6100 Parliament House Canberra ACT 2600

phone: (02) 6277 3511 fax: (02) 6277 5811

e-mail: <a href="mailto:rrat.sen@aph.gov.au">rrat.sen@aph.gov.au</a>

internet: www.aph.gov.au/senate\_rrat

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## **List of Abbreviations**

ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ABS	Australian Bureau of Statistics
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
CASA	Civil Aviation Safety Authority
CEO	Chief Executive Officer
COAG	Council of Australian Governments
$CO_2$	Carbon Dioxide
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAFF	Department of Agriculture, Fisheries and Forestry
DRALGAS	Department of Regional Australia, Local Government, Arts and Sport
EASA	European Aviation Safety Agency
EC	Exceptional Circumstances
ECEG	Exceptional Circumstances Exit Grant
IT	Information Technology
MCU	Major Cities Unit
MSIC	Maritime Safety Identification Card
NDRRA	National Disaster Relief and Recovery Arrangements
NOI	Notice of Intention
NRM	Natural resource management
OTS	Office of Transport Security
PAES	Portfolio Additional Estimates Statements

PBS	Portfolio Budget Statements
PNG	Papua New Guinea
RIRDC	Rural Industries Research and Development Corporation
SARDI	South Australian Research Development Institute
SEWPaC	Department of Sustainability, Environment, Water, Population and Communities
SRM	Sustainable resource management
TPP	Trans-Pacific Partnership

## **Chapter 1**

#### Introduction

- 1.1 On 9 February 2012, the Senate referred the following documents to the Rural and Regional Affairs and Transport Legislation Committee (the committee) for examination and report in relation to the Agriculture, Fisheries and Forestry portfolio, the Infrastructure and Transport portfolio, and the Regional Australia, Local Government, Arts and Sport portfolio:
  - particulars of proposed additional expenditure in respect of the year ending on 30 June 2012 [Appropriation Bill (No. 3) 2011-12];
  - particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2012 [Appropriation Bill (No. 4) 2011-12];
  - final budget outcome 2010-11; and
  - issues from the advances under the annual Appropriation Acts for 2010-11.<sup>1</sup>
- 1.2 The committee was required to report to the Senate on its consideration of the 2011-12 additional estimates on 20 March 2012. On Thursday 15 March, the Senate granted an extension of time to report until Thursday 22 March 2012.<sup>2</sup>

#### Variation of portfolios

- 1.3 Following the Administrative Arrangements Order of 14 December 2011, the Department of Regional Australia, Regional Development and Local Government became its own portfolio and gained responsibility for Arts and Sport. The department became the Department of Regional Australia, Local Government, Arts and Sport.
- 1.4 On 8 February 2012, the Senate amended the continuing order relating to the allocation of departments and agencies to committees. The change of allocations resulted in the committee changing its name from Rural Affairs and Transport, to Rural and Regional Affairs and Transport, and also taking responsibility for the oversight of the Regional Australia, Local Government, Arts and Sport portfolio.

#### **Additional Estimates hearings**

1.5 The committee considered the Portfolio Additional Estimates Statements 2011-12 for all portfolios at hearings on 13 and 14 February 2012. The hearings were conducted in accordance with the agreed agenda as follows:

<sup>1</sup> *Journals of the Senate*, No. 75, 9 February 2012, pp 2090–2091.

<sup>2</sup> *Journals of the Senate*, No. 82, 15 February 2012, p. 2257.

- Monday 13 February 2012 Agriculture, Fisheries and Forestry portfolio.
- Tuesday 14 February 2012 Infrastructure and Transport portfolio; and Regional Australia, Local Government, Arts and Sport portfolio.

#### 1.6 The committee heard evidence from:

- Senator the Hon Joe Ludwig, Minister for Agriculture, Fisheries and Forestry;
- Senator the Hon Kim Carr, Minister for Manufacturing and Minister for Defence Materiel, representing the Minister for Infrastructure and Transport; and
- Senator the Hon Mark Arbib, Assistant Treasurer, Minister for Small Business and Minister for Sport, representing the Minister for Regional Australia, Regional Development and Local Government, and Minister for the Arts.

#### 1.7 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;
- Ms Glenys Beauchamp, Secretary for the Department of Regional Australia, Local Government, Arts and Sport; and
- officers representing the departments and agencies covered by the estimates before the committee.
- 1.8 The committee thanks the ministers, departmental secretaries and officers for their assistance and cooperation during the hearings.

#### **Changes to departmental structures**

1.9 On 14 November 2011, the Department of Agriculture, Fisheries and Forestry (DAFF) launched its new Strategic Statement. As a result there were some minor changes to DAFF's departmental structure. Most noticeably, the Australian Quarantine Inspection Service (AQIS) is now known as *DAFF Biosecurity*. The name change will not affect the authority under which audit, inspection, and certification activities are conducted.<sup>3</sup>

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Correspondence received from DAFF, 3 February 2012, document can be found at: <a href="https://www.aph.gov.au/Parliamentary\_Business/Committees/Senate\_Committees?url=rrat\_ctte/estimates/add\_1112/daff/index.htm">https://www.aph.gov.au/Parliamentary\_Business/Committees/Senate\_Committees?url=rrat\_ctte/estimates/add\_1112/daff/index.htm</a> (accessed 16 March 2012).

#### **Questions on Notice**

1.10 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 resolved that written answers and additional information be submitted by Friday 30 March 2012.

#### **Additional information**

- 1.11 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 2011-12, February 2012, Senate Rural and Regional Affairs and Transport Legislation Committee'. Documents not suitable for inclusion in the additional information volumes will be available on request from the committee secretariat.
- 1.12 Answers to questions on notice received from the departments will also be posted on the committee's website at a later date.<sup>4</sup>

#### Note on references

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

Answers to questions on notice, once received, will be published at the following: <a href="www.aph.gov.au/Parliamentary\_Business/Committees/Senate\_Committees?url=rrat\_ctte/estimates/add\_1112/index.htm">www.aph.gov.au/Parliamentary\_Business/Committees/Senate\_Committees?url=rrat\_ctte/estimates/add\_1112/index.htm</a> (accessed 19 March 2012).

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## Chapter 2

## Agriculture, Fisheries and Forestry portfolio

#### **Department of Agriculture, Fisheries and Forestry (DAFF)**

- 2.1 This chapter contains the key issues discussed during the 2011-12 additional 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 13 February 2012. The hearing was conducted in the following order:
  - Finance & Business Support/Government/Information Services/People & Service Delivery
  - Australian Bureau of Agricultural and Resource Economics and Sciences
  - Biosecurity
  - Wheat Exports Australia
  - Australian Fisheries Management Authority
  - Sustainable Resource Management
  - Climate Change
  - Agricultural Productivity
  - Trade and Market Access
  - Australian Pesticides and Veterinary Medicines Authority

# Finance & Business Support/Government/Information Services/People & Service Delivery

2.3 The committee discussed the processes and costs involved in DAFF's mission statement, which was released on 14 September 2011. The departmental secretary, Dr Conall O'Connell explained that the purpose of the strategic statement was to ensure that DAFF's work is well targeted and clearly aligned, to communicate what DAFF's principal priorities are to both staff and the public. Work on the strategic statement was predominantly internal, through the normal work of the executive, however, \$76 627 was spent on a consultant who provided a review of the corporate identities across DAFF's portfolios. The process for designing the strategic statement involved DAFF's executive holding sessions with staff across DAFF, discussing the

identity, mission, and vision of the department to ensure that staff understood what the objectives were, and also to get feedback as to how to better state those objectives.<sup>1</sup>

- 2.4 The discontinuation of the position of Principal Plant Scientist was raised. Officers explained that the position was originally filled by a Commonwealth Scientific and Industrial Research Organisation (CSIRO) officer on secondment, but that at the end of the secondment it was decided that the work of that position would be shared across the Plant Biosecurity Division. Officers also told the committee that DAFF's relationship with CSIRO continues, particularly in relation to biosecurity, but also on a number of other key areas that affect agriculture, fisheries and forestry.<sup>2</sup>
- 2.5 The committee also discussed the following:
  - costs incurred for a Blake Dawson Waldron contract;
  - hospitality spending by the Minister; and
  - the number and costs of mobile phones provided to DAFF officers.<sup>3</sup>

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

- 2.6 Continuing its interest from Budget Estimates 2011-12, the committee discussed the costs and processes involved in producing the *Foreign Investment and Australian Agriculture* report. The committee heard that the Rural Industries Research and Development Corporation (RIRDC) funded ABARES \$131 000 over two years for the report, which was then published by RIRDC. The committee queried the figures used in the report to calculate the amount of agricultural businesses that are foreign owned. Officers told the committee that the figures contained in the report are based on data from an Australian Bureau of Statistics (ABS) survey conducted in 2011, and that the figures used 'faithfully reflect the results of the ABS survey'.
- 2.7 The committee asked ABARES about the modelling used for its research into food production and food security in Australia. Officers informed the committee that traditionally, modelling predictions are done over a five year period, with predictions based on normal seasonal conditions. In the past, ABARES looked at providing a range of forecasts based on market based factors, however it was found to be extremely difficult. Officers told the committee that with the potential for significant variability in the future, ABARES may need to adjust its modelling to provide a range of forecasts.<sup>5</sup>

<sup>1</sup> *Proof Estimates Hansard*, 13 February 2012, pp 5–6.

<sup>2</sup> *Proof Estimates Hansard*, 13 February 2012, pp 8–10.

<sup>3</sup> *Proof Estimates Hansard*, 13 February 2012, pp 12–13 and 14–15.

<sup>4</sup> *Proof Estimates Hansard*, 13 February 2012, pp 15–16.

<sup>5</sup> *Proof Estimates Hansard*, 13 February 2012, pp 24–25.

2.8 The committee discussed ABARES' report on the impact of the new carbon tax policy arrangements on agriculture. Officers informed the committee that while agriculture is exempt (in terms of direct emissions from agriculture), the new policy arrangements have indirect effects on the industry, through changes in input prices, and the potential for marketing charges to be passed down from processors to farmers. The report found that the dairy industry was the most affected, which was mainly due to increased electricity costs. Officers told the committee that working off the assumption that 100 per cent of the increased processing costs would be passed back to farmers, the average dairy farm would lose approximately \$4000 per annum. However, officers were keen to explain that the \$4000 figure:

...was on the basis of 100 per cent, which is the high end, and on the assumption that there is no other change in behaviour by the dairy farms to manage that extra, or there is no additional support going into it. So that is very much a worst case scenario.<sup>6</sup>

#### **Biosecurity**

- 2.9 The committee began its discussions with Biosecurity on live animal export issues, with the animal welfare division. The committee sought an update on live cattle to Indonesia, and compliance with supply chain assurances by exporters, since the introduction of the new live exports scheme. Officers told the committee that since the resumption of trade to Indonesia, 66 Notice of Intentions (NOIs) have been submitted, of which, 61 have been approved. From 7 July 2011 (the date that the export ban was lifted), to 31 December 2011, a total of 186 767 cattle and buffalo were exported, which made a total of 402 517 exported for the 2011 calendar year.<sup>7</sup>
- 2.10 Officers informed the committee that initial audit reports are conducted for each NOI, against each facility, and that these are published on DAFF's website. However, the performance reports are required 180 days after export, or 10 days after the last animal slaughtered, meaning that at the time of additional estimates, end-of-performance audit reports had not yet been received. Officers told the committee the reports are due to be received throughout February 2012.<sup>8</sup>
- 2.11 The committee asked the Minister and the Secretary to describe the reaction of the Bahrain and Qatar Governments, as countries that import live animals from Australia, to the new requirements being placed on Australian exporters. Dr O'Connell told the committee that the response was positive, with an acceptance that the measures were to be managed by industry. The Minister agreed with the Secretary's summary, adding that this is the biggest single reform to Australia's live animal export market.<sup>9</sup>

<sup>6</sup> *Proof Estimates Hansard*, 13 February 2012, pp 25–26.

<sup>7</sup> *Proof Estimates Hansard*, 13 February 2012, p. 27.

<sup>8</sup> *Proof Estimates Hansard*, 13 February 2012, p. 27.

<sup>9</sup> *Proof Estimates Hansard*, 13 February 2012, pp 27–28.

- 2.12 In continuing its interest from previous estimates, the committee asked officers for information on an incident in January 2012, where Asian honey bees were detected onboard a vessel in Townsville. Officers began by detailing the arrangements in place to prevent and/or minimise the risk of Asian honey bees entering Australia. These arrangements include container cleanliness operations, mandatory reporting by ship's masters, and maintaining a high degree of awareness among people that work in these areas.<sup>10</sup>
- 2.13 Officers informed the committee that in this particular incident, officers were made aware that bees had been seen near a shipping container on the vessel, a pest controller was called, and the 250 bees were exterminated. Using remote diagnostics, images of the bees were sent to an entomologist in Brisbane, where it was confirmed that the 250 bees were Asian honey bees. Officers told the committee that:

The very positive part of this story is it identifies how the department and the people working in the wharfs have a higher degree of awareness and work in conjunction with each other.<sup>11</sup>

- 2.14 The committee heard that this was a cooperative effort between DAFF and the Queensland department, with the initial work conducted by DAFF, and the ongoing surveillance and trapping done by Queensland officers.<sup>12</sup>
- 2.15 The committee sought further information on an answer to a question on notice from Supplementary Budget Estimates 2011-12, involving the illegal importation of food products from Korea. Officers informed the committee that some of the food products were cooked, and some were uncooked, but that they had all arrived frozen. They were deliberately not declared in the normal import process, with products either improperly described, or not listed on the declaration at all.<sup>13</sup>
- 2.16 Overall, approximately 100 tonnes of food products were seized from the Quarantine Approved Premise, and from retail outlets such as restaurants and grocery stores. Officers obtained a large quantity of electronic records and paper records, which is being analysed. Evidence is also being gathered for prosecutions:

We have 14 briefs of evidence that are being compiled. One of those matters is already in the system and was recently where a matter was put over for trial in Queensland. One further matter is with the Director of Public Prosecutions and 12 other matters are at various stages of compilation.<sup>14</sup>

<sup>10</sup> Proof Estimates Hansard, 13 February 2012, pp 44–45.

<sup>11</sup> *Proof Estimates Hansard*, 13 February 2012, pp 44–45.

<sup>12</sup> Proof Estimates Hansard, 13 February 2012, p. 45.

<sup>13</sup> *Proof Estimates Hansard*, 13 February 2012, pp 50–51.

<sup>14</sup> Proof Estimates Hansard, 13 February 2012, p. 52.

2.17 Dr O'Connell further added, to underscore the seriousness of the situation, that somebody convicted of illegal importation can get up to 10 years in prison, and a commercial entity can be fined over \$1 million for illegal importation offences.<sup>15</sup>

#### **Australian Fisheries Management Authority (AFMA)**

- 2.18 The committee sought further information on the cost recovery budget changes and levy fee increases that AFMA recently introduced. AFMA explained that any cost recovery changes are prepared in line with the *Fisheries Management Act 1991* and the Cost Recovery Impact Statement 2010. AFMA also told the committee that while some areas have experienced an increase, 12 of AFMA's 18 fisheries have seen a cost recovery budget decrease for 2011-12. Officers also informed the committee that over the last five years, AFMA's cost recovery has increased by 2.1 per cent. 17
- 2.19 The committee asked for examples of drivers that resulted in a change in the budget. AFMA raised the Bass Strait scallop fishery as an example, which alleged that there was a significant kill in its fishery, due to seismic testing. AFMA informed the committee that because of the significant changes in the operating environment of that fishery, at the industry's request, AFMA had to change its management structure to adjust to those changes. AFMA also informed the committee that, again at industry's request, it undertook research that looked into the impact of seismic surveys, and found no correlation. Officers emphasised that the result of the research is 'not to say that there is not an impact' but that nevertheless, an additional cost was incurred. The Commonwealth contributed some funding to assist in the study, but AFMA is required by the legislation to cost recover those services provided to the industry. <sup>18</sup>
- 2.20 The committee discussed steps taken in reducing the number of sea lions accidentally entangled in gill nets. AFMA informed the committee that a report by the South Australian Research Development Institute (SARDI) in March 2010<sup>19</sup> suggested that as many as 374 sea lions were being killed in each 18-month cycle. Officers noted that this is a high number, especially for an endangered species, and that AFMA has an obligation under the *Fisheries Management Act 1991* to manage the interactions between fisheries and endangered species, to ensure that fishing activities are not driving a species towards extinction.<sup>20</sup>

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<sup>15</sup> Proof Estimates Hansard, 13 February 2012, p. 52.

<sup>16</sup> Proof Estimates Hansard, 13 February 2012, p. 65.

<sup>17</sup> Proof Estimates Hansard, 13 February 2012, p. 67.

<sup>18</sup> Proof Estimates Hansard, 13 February 2012, p. 66 and 68.

SARDI report can be found at: <a href="https://www.sardi.sa.gov.au/">www.sardi.sa.gov.au/</a> data/assets/pdf\_file/0005/128894/No\_405\_Mitigating\_Seal\_Interaction s\_in\_the\_SRLF\_and\_the\_Gillnet\_Sector\_SESSF\_in\_SA.pdf (accessed 16 March 2012).

<sup>20</sup> Proof Estimates Hansard, 13 February 2012, p. 71.

- 2.21 The cost recovered budget for gillnet hook and trap fisheries, from 2010-11 to 2011-12, saw a 35.4 per cent increase. Officers attribute part of this increase to the change in management operations as a result of the apparent increase in the risks posed to sea lions and dolphins in that fishery. Officers also informed the committee that since the formal management plan was introduced in May 2010, reports indicate that four sea lion mortalities have occurred. The committee heard that the reduced risk is as a result of fishers, and the management arrangements, working together. <sup>23</sup>
- 2.22 The committee sought an update on the Commonwealth fisheries harvest strategy. AFMA told the committee that the details and formal timeline had not yet been settled, but that draft terms of reference, draft timetables, arrangements and work plans were expected to be finalised by the end of March 2012. Officers informed the committee that the harvest policy has been recognised as a successful tool for fisheries policy, and that while discussions around the definition of "by-catch" and "by-product" would occur, the process is more 'a matter of refinement rather than a dramatic change'. 24

#### **Sustainable Resource Management**

- 2.23 In continuing its interest from Budget Estimates 2011-12, the committee sought an update on the Australian Feral Camel Management Project (the project). Officers told the committee that \$19 million was allocated over a four-year period, targeting up to 350 000 camels, and that 2012-13 will be the fourth year of the project. Officers also informed the committee that in mid-2008, the estimated number of feral camels was one million, and that it was an increasing number. <sup>25</sup>
- 2.24 The committee heard that due to the unseasonable rainfall in 2010-11, the numbers of camels culled dropped to 13 000, 10 000 less than the previous year. The committee sought further information on commercial parties and whether or not their participation is welcome. Officers told the committee that in some remote areas it would not be economic to seek commercial involvement, however, in some areas it is encouraged to work with commercial parties and that there is 'nothing to stop them doing that within the scope of the program.'<sup>26</sup>

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<sup>21</sup> Document tabled by AFMA at additional estimates hearing Monday 13 February 2012.

Document can be found at:

www.aph.gov.au/Parliamentary\_Business/Committees/Senate\_Committees?url=rrat\_ctte/estimates/add 1112/daff/tabled docs/td 02.pdf (accessed on 14 March 2012).

<sup>22</sup> Proof Estimates Hansard, 13 February 2012, p. 66 and 71.

<sup>23</sup> Proof Estimates Hansard, 13 February 2012, p. 71.

<sup>24</sup> *Proof Estimates Hansard*, 13 February 2012, pp 77–78.

<sup>25</sup> Proof Estimates Hansard, 13 February 2012, pp 84–85.

<sup>26</sup> Proof Estimates Hansard, 13 February 2012, p. 85.

- 2.25 The committee sought further information on DAFF's involvement in the management of the Biodiversity Fund and the Carbon Farming Initiative.
- 2.26 Officers explained that it is a multi-departmental approach, with the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) managing the Biodiversity Fund and Natural Resources Management planning, and DAFF managing the Action on the Ground program, as part of the Carbon Farming Initiative.<sup>27</sup>
- 2.27 Officers emphasised that the staff involved across all programs meet regularly to discuss details and arrangements, and DAFF officers in Caring for Our Country and Landcare Australia have been briefed on all elements of the program to enable them to help community groups, farmers and any others access elements of the program.<sup>28</sup>

#### **Climate Change**

- 2.28 The committee sought an update from its Budget Estimates 2011-12 hearing on farmers affected by the closure of the Exceptional Circumstances Exit Grant (ECEG). Officers informed the committee that DAFF is currently investigating a range of claims made by people who believe that they have been disenfranchised by the closure of the ECEG. The circumstances of these people are being assessed by DAFF and the Department of Human Services, and assistance has been provided to those wishing to lodge act-of-grace applications with the Department of Finance and Deregulation.<sup>29</sup>
- 2.29 Officers told the committee that seven individuals have lodged act-of-grace applications, and DAFF has contacted a further 14 to advise them of the act-of-grace process, and to offer to coordinate a meeting with a rural financial counsellor to assist them if they wish to lodge an application. Officers also told the committee that there is no set time period in which the applications need to be made, but that officers are trying to move things along as quickly as possible.<sup>30</sup>
- 2.30 The committee heard that there were some applicants to the ECEG that had provided their applications and met the criteria before the ECEG closed, however, details were still being finalised and had therefore not yet been processed. Dr O'Connell informed the committee that these applicants will be paid.<sup>31</sup>
- 2.31 The committee sought further information on the conservation agreement between the Commonwealth, Forestry Tasmania and the Tasmanian Government.

<sup>27</sup> Proof Estimates Hansard, 13 February 2012, p. 86.

<sup>28</sup> Proof Estimates Hansard, 13 February 2012, p. 86.

<sup>29</sup> Proof Estimates Hansard, 13 February 2012, p. 95.

<sup>30</sup> Proof Estimates Hansard, 13 February 2012, p. 95.

<sup>31</sup> Proof Estimates Hansard, 13 February 2012, p. 96.

Specifically, the committee sought clarification on the terms of the agreement that provided the protection of 99½ per cent of 430 000 hectares of high-conservation-value forests. Officers informed the committee that the intergovernmental agreement provided this protection, however, clause 26 of the agreement states that where harvesting work has already begun within the nominated area, rescheduling will occur as soon as practicable, and that a list of coupes to be harvested will be agreed to by the governments and signatories. <sup>32</sup>

- 2.32 The department agreed to take a number of questions on notice in relation to:
  - the number of coupes agreed to be harvested;
  - the scheduling of logging and completion dates for harvesting in the agreed protected area;
  - the oversight of the closure of the Tasmanian Forest Industry Development and Assistance Programs;
  - investigation into reimbursements made prior to receipt of the required reporting documentation; and
  - details on the meetings of the Tasmanian Forest Agreement Independent Verification Group. <sup>33</sup>
- 2.33 The committee discussed DAFF's work with the Asia-Pacific Forestry Skills and the Capacity Building Program. Officers told the committee that there are currently two projects, one in Papua New Guinea (PNG) and one in Indonesia. Officers explained that it has been difficult to get the Indonesian project up and running, due to negotiations over the 'subsidiary agreement', which gives Australian officials the ability to not pay tax in Indonesia. Officers told the committee that DAFF is also looking at other options in place of this arrangement.
- 2.34 The project in PNG, however, is in conjunction with the Food and Agriculture Organisation of the United Nations, and looks at promoting sustainable forest management by developing effective systems of forest planning, monitoring, and control in PNG.<sup>34</sup>

#### **Trade and Market Access**

2.35 The committee raised a number of agricultural issues in relation to the Trans-Pacific Partnership (TPP) free trade agreements, and sought further information on these. The committee heard that there have been 10 rounds of TPP so far, with a further round scheduled for the second week of March.<sup>35</sup>

<sup>32</sup> *Proof Estimates Hansard*, 13 February 2012, pp 97–98.

<sup>33</sup> *Proof Estimates Hansard*, 13 February 2012, pp 98, 99–100 and 106.

<sup>34</sup> Proof Estimates Hansard, 13 February 2012, p. 108.

<sup>35</sup> *Proof Estimates Hansard*, 13 February 2012, pp 121–122.

- 2.36 Of the particular agricultural issues raised, the committee heard that issues of genetically modified crops or country of origin labelling has not been discussed at those meetings. Officers confirmed that quarantine and phytosanitary measures are not up for negotiation, and that one of Australia's goals in the TPP process is to seek reaffirmation of the World Trade Organisation's role in dealing with sanitary and phytosanitary matters.<sup>36</sup>
- 2.37 The committee sought an update in Thailand's suspension of imports of cherries and stone fruit from 1 January 2012. Officers, by way of providing background, informed the committee that Thailand has been working on establishing import conditions for a range of horticultural products over the last few years. Some interim import conditions were established to allow trade to continue, however, these conditions required a verification audit to be undertaken as part of that process. The audit was originally scheduled for December 2011, but at the request of industry, the audit visit was postponed. Officers explained to the committee that the suspension in January 2012 was as a result of this.<sup>37</sup>
- 2.38 Dr O'Connell emphasised that at the time the audit was postponed, it was made clear to industry that if the audit did not go ahead, there would be a suspension of trade.<sup>38</sup>

#### Australian Pesticides and Veterinary Medicines Authority (APVMA)

- 2.39 The committee sought further information on the suspension of Diuron, a weedkiller, during wet summer months and high-rainfall times. APVMA told the committee that in July 2011 a report was released which raised concerns about the risks the weedkiller posed to aquatic environments. APVMA also told the committee that it had received approximately 70 submissions that question some of the assumptions used in that report, and also provide new data.<sup>39</sup>
- 2.40 APVMA informed the committee that given that the body of evidence to assess was so large, and the seriousness of the concerns raised in the report, interim risk mitigation measures were put in place while APVMA undertook the extensive assessment. Officers also told the committee, to demonstrate the timeframe between notification and suspension, the notification was in July 2011, and the decision for the suspension was not finalised until December 2011.<sup>40</sup>

<sup>36</sup> Proof Estimates Hansard, 13 February 2012, p. 122.

<sup>37</sup> *Proof Estimates Hansard*, 13 February 2012, p. 123.

<sup>38</sup> *Proof Estimates Hansard*, 13 February 2012, p. 124.

<sup>39</sup> Proof Estimates Hansard, 13 February 2012, p. 128.

<sup>40</sup> *Proof Estimates Hansard*, 13 February 2012, p. 128.

## **Chapter 3**

## **Infrastructure and Transport portfolio**

#### **Department of Infrastructure and Transport**

- 3.1 This chapter contains the key issues discussed during the 2011-12 additional 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 Tuesday 14 February 2012. The hearing was conducted in the following order:
  - Corporate Services
  - Australian Rail Track Corporation
  - 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
  - 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 the department's airfare and accommodation policies for staff travelling with the minister or parliamentary secretary. The Secretary, Mr Mike Mrdak, informed the committee that Infrastructure's policies are as per the normal guidelines for departmental staff for airfares, and that accommodation arrangements are left to the discretion of the officers, as long as it is within the budget for that area of the department.<sup>1</sup>
- 3.4 The committee sought further information on the difference in travel allowance systems for the Secretary compared to the rest of the department. Mr Mrdak

<sup>1</sup> Proof Estimates Hansard, 14 February 2012, p. 4.

explained that secretaries are on a different arrangement to the rest of departmental staff, where the Secretary is reimbursed based on a daily rate set by the remuneration tribunal, and other departmental staff use a corporate travel card.<sup>2</sup>

3.5 The committee discussed Infrastructure's efficiency dividend, and the increase from 1.5 to 4 per cent for the 2012-13 financial year. Mr Mrdak told the committee that it will be met by focusing on areas such as travel, supplier expenditure, IT, and other running costs of the department. Mr Mrdak also told the committee that it is anticipated that the current level of staffing will be maintained, and that some vacancies that are currently available will not be filled.<sup>3</sup>

#### **Australian Rail Track Corporation (ARTC)**

- 3.6 The committee sought further information on the Government's commitment of \$300 million to an inland rail network. Mr Mrdak informed the committee that \$15 million was provided to the ARTC to undertake a detailed study that looked at alignment and other issues, which has now been completed and publicly released. This initial study formed the basis of the \$300 million from the Commonwealth, of which \$30 million has been allocated in the 2015-16 forward estimates, with the remaining \$270 million allocated for 2016-17 and 2017-18, which will go towards the exact details of the corridor route, the engineering design, some initial land acquisitions as well as completion of the planning and environmental assessments.<sup>4</sup>
- 3.7 The ARTC told the committee that the \$270 million is the commitment for the second stage, and that further commitments of funding would be needed to complete the inland rail.<sup>5</sup>
- 3.8 The committee discussed speed restrictions on the Melbourne to Sydney rail, and the issues that causes. The ARTC explained that on that particular rail, the problems primarily relate to track-geometry issues as a result of poor ballast conditions and loss of alignment of the rail tracks. The ARTC informed the committee that it recently announced a \$134 million upgrade to improve the ballast and the drainage.<sup>6</sup>

#### Infrastructure Australia

3.9 The committee sought an update on the National Ports Strategy. Mr Michael Deegan, Infrastructure Coordinator, informed the committee that the National Ports Strategy has been endorsed by all state and territory transport ministers and will now

<sup>2</sup> *Proof Estimates Hansard*, 14 February 2012, p. 6.

<sup>3</sup> *Proof Estimates Hansard*, 14 February 2012, p. 12.

<sup>4</sup> *Proof Estimates Hansard*, 14 February 2012, pp 6–7.

<sup>5</sup> *Proof Estimates Hansard*, 14 February 2012, p. 7.

<sup>6</sup> Proof Estimates Hansard, 14 February 2012, p. 9.

go to Council of Australian Governments (COAG). If passed by COAG, it will build a collaborative relationship between the Commonwealth and the states, as the states are the owners of the ports. The final document for the strategy has been released and is published on Infrastructure Australia's website. It includes a long-term recommendation that ports undertake a 50 year view of the growth of the port and the supply chain, and also the range of key performance indicators, so that the transparency of each port's performance is ensured.

#### **Nation Building—Infrastructure Investment**

- 3.10 The committee sought further information on the maintenance of the New England Highway. Mr Mrdak told the committee that maintenance is the responsibility of the asset owner, which in this case is the New South Wales roads and maritime portfolio. The Government's contribution for New South Wales for the 2011-12 financial year is \$114 million. The committee heard that maintenance cost varies as a result of, among other things, vehicle kilometres travelled and lanes travelled.<sup>9</sup>
- 3.11 The committee sought an update on the Pacific Highway duplication and the funding arrangements in place. Officers informed the committee that to date, 346 kilometres (52 per cent) has been duplicated, with a further 69 kilometres (9 per cent) currently under construction, and a further 2 per cent about to commence construction.<sup>10</sup>
- 3.12 The committee discussed the Roads to Recovery Program, and the processes involved in funding allocations for councils. Officers explained that the allocations are based on two things: the total funding is divided between jurisdictions; then councils' life of the program allocations are determined on the basis of the recommendations of the Local Governments Grants Commissions. Officers further explained:

This methodology has been used for the previous Roads to Recovery programs. The amount spent at the moment depends on the submissions from each council. The councils know what they are going to receive. They then get paid on the basis of the work that they do and they tell us what projects they intend to fund within the rules and guidelines set out for the program. <sup>11</sup>

<sup>7</sup> *Proof Estimates Hansard*, 14 February 2012, p. 17.

<sup>8</sup> *Proof Estimates Hansard*, 14 February 2012, p. 13.

<sup>9</sup> *Proof Estimates Hansard*, 14 February 2012, pp 24–25.

<sup>10</sup> Proof Estimates Hansard, 14 February 2012, p. 25.

<sup>11</sup> Proof Estimates Hansard, 14 February 2012, p. 28.

3.13 The committee asked officers to detail the progress of a number of road, rail and port projects, and the distribution of funding between the commonwealth and states and territories. 12

#### **Surface Transport Policy**

- 3.14 The committee sought further information on Infrastructure's exposure draft of the Coastal Trading (Consequential Amendments and Transitional Provisions) Bill 2012. Officers told the committee that Infrastructure had received 22 submissions that vary from arguing that the legislation is not prescriptive enough and does not provide sufficient benefit to the Australian domestic industry, to arguing that it is too prescriptive and provides a situation which closes the coast.<sup>13</sup>
- 3.15 Officers also told the committee that Infrastructure is working with the Department of the Treasury to finalise draft bills to form an overall package. These bills include the International Shipping Register Bill, the Shipping Reform (Tax Incentives) Bill and the Tax Laws Amendment (Shipping Reform) Bill.<sup>14</sup>
- 3.16 The committee sought an update on the mandatory vehicle fuel efficiency standards and the process of setting light vehicle CO<sub>2</sub> standards. Officers told the committee that a discussion paper was released in September 2011, which received 38 submissions. Infrastructure has also commissioned a consultant to provide technical advice on the issues involved with standards, and how the Australian industry compares to other industries, in particular the European Union and the United States, as they have both introduced mandatory standards systems. Infrastructure expects that the technical consultancy work will be completed in May 2012. <sup>15</sup>
- 3.17 Officers informed the committee that setting an appropriate system of standards and an appropriate target, relevant to the Australian industry, will be a key issue in the determination process.<sup>16</sup>

#### **Australian Maritime Safety Authority (AMSA)**

3.18 The committee discussed AMSA's work on Marine Order Part 3, which determines the qualifications required of seafarers and how the change in qualifications compares to international standards. Officers told the committee that it is generally consistent with international standards, and in some cases, the Australian standards are higher.

<sup>12</sup> *Proof Estimates Hansard*, 14 February 2012, pp 22–24, 27–29, 31–33, 35 and 36.

<sup>13</sup> Proof Estimates Hansard, 14 February 2012, p. 38.

<sup>14</sup> Proof Estimates Hansard, 14 February 2012, p. 38.

<sup>15</sup> *Proof Estimates Hansard*, 14 February 2012, p. 41.

<sup>16</sup> Proof Estimates Hansard, 14 February 2012, p. 41.

3.19 Officers further explained that AMSA is taking the opportunity to ensure the standards are contemporary, and that they meet the needs of the industry. Mr Graham Peachey, Chief Executive Officer, told the committee that the new standards also remove some anomalies:

I will give you an example: we go to the engineers. A lower level engineer to be qualified has to pass the academic requirements to become a watchkeeper, he or she has to pass half the requirements to become the next level up, plus half the requirements to become the next level up, just to become a watchkeeper. An analogy could be, if you wanted to become a doctor you would be required to pass the doctor's exam, half the surgeon's exam and half the special exam to be a GP operating in a suburb. That does not ring true to meet the requirements of the industry, so we are looking at those sorts of anomalies to try and sort them out.<sup>17</sup>

3.20 The committee also discussed AMSA's role in shipwrecks in Australian waters, and its legislative responsibilities under the *Navigation Act 1912*.

#### **Office of Transport Security**

- 3.21 The committee sought an update on the result of trials of body scanners in Sydney and Melbourne airports. Officers told the committee that over 20 000 scans of volunteer passengers were conducted. The trials allowed officers to look at things such as facilitation, communication with passengers, education of passengers, and to see what impacts would occur in terms of the timing for passengers, as well as improved security outcomes.<sup>18</sup>
- 3.22 The committee heard that as the body scanners look for non-metallic, as well as metallic objects, the results were a five- to six-fold increase in the chances of detection, compared to the current metal detectors in place. A range of resolution techniques have been applied to ensure that the increase in chances of detection does not result in an unduly delayed process.<sup>19</sup>

#### **Civil Aviation Safety Authority (CASA)**

- 3.23 The committee discussed a known risk of cracked wings in A380 airliners. CASA informed the committee that the European Aviation Safety Agency (EASA) advised CASA on 6 January 2012 of one particular type of crack, and that EASA has described two types of cracking in total. CASA has requested additional information from EASA in relation to these cracks.
- 3.24 The committee also discussed the following matters with CASA:
  - aircraft policy for ageing aircrafts;

<sup>17</sup> Proof Estimates Hansard, 14 February 2012, p. 42.

<sup>18</sup> *Proof Estimates Hansard*, 14 February 2012, p. 61.

<sup>19</sup> Proof Estimates Hansard, 14 February 2012, p. 61.

- legal costs, tribunal and Federal Court proceedings;
- chairman's lounge membership of CASA personnel;
- fatigue management systems; and
- CASA's contributions to the National Airports Safeguarding Advisory Group.

#### **Australian Transport Safety Bureau (ATSB)**

- 3.25 The committee discussed the ATSB's *Starved and Exhausted* report, in relation to the levels of fuel that operators carry on their aircraft. The ATSB informed the committee that the report, and publicity around the report, was designed to increase awareness that fuel management continues to cause accidents. Officers told the committee that the ATSB is in regular discussions with CASA about how to best use their education channels to get safety messages through.<sup>20</sup>
- 3.26 The committee sought further information on the ATSB's investigations into loss of 'breakdown' and 'assurance'. The ATSB informed the committee that 'breakdown of separation' is where aircraft fly so close to each other that the defined standards are broken, and that 'separation assurance' is the process to try and keep the aircraft away from that situation. Officers informed the committee that at this stage, it is unclear if there is a pattern in the relation to breakdowns of separation and loss of separation assurance, but that the ATSB is conducting a number of investigations to establish whether or not this is a systemic issue.<sup>21</sup>

<sup>20</sup> *Proof Estimates Hansard*, 14 February 2012, pp 76–77.

<sup>21</sup> Proof Estimates Hansard, 14 February 2012, p. 78.

## **Chapter 4**

# Regional Australia, Local Government, Arts and Sport portfolio

#### Department of Regional Australia, Local Government, Arts and Sport

- 4.1 This chapter contains the key issues discussed during the 2011-12 additional estimates hearings for the Regional Australia, Local Government, Arts and Sport portfolio. A number of agencies provided evidence at the same time during these hearings, and as such this chapter reflects that arrangement. A complete list of all the topics discussed, and relevant *Hansard* page numbers, can be found at Appendix 5.
- 4.2 The committee heard evidence from the department on Tuesday 14 February 2012. The hearing was conducted in the following order:
  - Corporate Services
  - Regional Development
  - Local Government
  - Services to Territories
  - Australia Council
  - Office for the Arts; Screen Australia; National Film and Sound Archive; National Gallery of Australia; National Library of Australia; National Museum of Australia (appeared concurrently)
  - Office for Sport; Australian Sports Commission (appeared concurrently)
- 4.3 The committee began its proceedings with the Department of Regional Australia, Local Government, Arts and Sport (DRALGAS) with an opening statement by the Secretary, Ms Glenys Beauchamp. Ms Beauchamp provided information relating to the creation of the department, and its main policies and programs. Ms Beauchamp informed the committee that DRALGAS was created on 14 December 2011, and that its key functions are:

...the provision of community infrastructure and services in regional and local government areas and financial support to local government; maintaining good governance in the Australian territories and providing essential services for the non-self governing territories; providing opportunities for participation and access to Australia's arts and culture; to promote excellence and provide support for cultural heritage; and providing opportunities for community participation in sport and recreation; and to promote excellence in high-performance athletes.<sup>1</sup>

<sup>1</sup> *Proof Estimates Hansard*, 14 February 2012, p. 83.

- 4.4 The committee sought further information on how the department was planning to meet the efficiency dividend. Ms Beauchamp informed the committee that the machinery of government changes that created the department may actually assist in meeting the efficiency dividend, as DRALGAS has a number of locations across Australia, and it may now be possible to co-locate the sport, arts and regional functions to save on accommodation.<sup>2</sup>
- 4.5 The committee questioned DRALGAS on a range of programs and grants that it administers in regional Australia and local government areas. In particular, the committee sought further information on the Community Infrastructure Grants program. Officers detailed the assessment process, the amount of funding allocated to each approved application, and provided an update as to the status of each project.<sup>3</sup>
- 4.6 The committee asked similar questions in relation to the Regional Development Australia Fund, and sought information on the progress of the 292 requests for feedback that the department had received from participants of the first round of applicants for the fund.<sup>4</sup>
- 4.7 The committee sought further information on the North Queensland Irrigated Agriculture Strategy, a study that will be conducted by the CSIRO. Officers informed the committee that it is a joint initiative, with funding from both the Commonwealth and Queensland governments. The strategy will work with farmers and regional communities to look at viability and farm practices around irrigated agriculture on the Flinders and Gilbert rivers.<sup>5</sup>
- 4.8 Officers explained that while it will build on work done previously through the Sustainable Water Futures program, the CSIRO will be implementing technology that has the ability to look into catchments and water modelling at a level of detail that has not been possible before. This will allow the CSIRO to look at surface water opportunities, as well as storage opportunities.<sup>6</sup>
- 4.9 The committee sought further information on the Australia Council's notice for review process, and its fair notice provisions. Officers told the committee that the fair notice provisions generally provide a 12-month notice period, from when bodies are told they are put 'on notice', to when they are notified that their funding will be discontinued. Officers also told the committee that in some cases, it is possible to be put on notice for multiple years, before a decision is made to discontinue funds.<sup>7</sup>

<sup>2</sup> *Proof Estimates Hansard*, 14 February 2012, pp 91–92.

<sup>3</sup> *Proof Estimates Hansard*, 14 February 2012, pp 83–86.

<sup>4</sup> *Proof Estimates Hansard*, 14 February 2012, pp 86–87.

<sup>5</sup> Proof Estimates Hansard, 14 February 2012, p. 94.

<sup>6</sup> *Proof Estimates Hansard*, 14 February 2012, pp 94–95.

<sup>7</sup> Proof Estimates Hansard, 14 February 2012, p. 118.

- 4.10 The committee discussed the register of peers, and the processes involved in applying to join the register. Officers explained that any individual can apply to join the register of peers, but whether or not that individual is selected to peer review work is a decision for the board.<sup>8</sup>
- 4.11 The committee sought further information on the review of the Australia Council. Officers informed the committee that the outcomes of the review will be reflected in the National Cultural Policy, which has received 450 submissions, and has held significant consultation with the sector. Officers also told the committee that while the review of the Australia Council will not be made public while the National Cultural Policy is in development, it will be a decision for the minister whether the review is released once the National Cultural Policy has been completed. 10
- 4.12 The National Gallery of Australia, National Film and Sound Archive, National Library of Australia and National Museum of Australia were each asked what actions had been put in place to meet the 1.5 per cent efficiency dividend:
- The National Gallery of Australia told the committee that it postponed several exhibitions, reduced the number of touring exhibitions by a small amount and have not filled the 17 positions made vacant in 2011.<sup>11</sup>
- The National Film and Sound Archive told the committee that it is reducing costs on travel, and is looking into the use of mobile phones and ICT services to find efficiencies. 12
- The National Library of Australia told the committee that it has reduced the level of retrospective cataloguing, increased the charges for inter-library loans and reduced the level of support for some internal help desk services.<sup>13</sup>
- The National Museum of Australia told the committee that in 2011-12 it undertook a round of voluntary redundancies, reduced the temporary exhibition program, and the smaller exhibitions have been reduced from tweleve to six. 14
- 4.13 The committee also discussed a further \$7.5 million of funding allocated to the Football Federation of Australia announced in the Portfolio Additional Estimates

<sup>8</sup> *Proof Estimates Hansard*, 14 February 2012, p. 120.

<sup>9</sup> Proof Estimates Hansard, 14 February 2012, p. 124.

<sup>10</sup> Proof Estimates Hansard, 14 February 2012, p. 125.

<sup>11</sup> Proof Estimates Hansard, 14 February 2012, p. 129.

<sup>12</sup> Proof Estimates Hansard, 14 February 2012, p. 129.

<sup>13</sup> *Proof Estimates Hansard*, 14 February 2012, p. 129.

<sup>14</sup> Proof Estimates Hansard, 14 February 2012, pp 129–130.

Statements. Officers informed the committee that the funding was already accounted for and is not additional funding.<sup>15</sup>

4.14 The committee sought further information on what input the Office for Sport had in the recently announced \$15 million upgrade to Bellerive Oval in Tasmania. Officers explained that the Office for Sport provided background information on the plans for the redevelopment of the oval to the Department of the Prime Minister and Cabinet, and that the funding was made as a separate process from Regional Development Australia. 16

Senator Glenn Sterle Chair

<sup>15</sup> *Proof Estimates Hansard*, 14 February 2012, pp 131–132.

<sup>16</sup> Proof Estimates Hansard, 14 February 2012, pp 135–136.

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- 1. Photos of parts of an air cleaner from a D4 Caterpillar, tabled by Senator Williams, 13/02/12
- 2. Tables containing fishery/sector figures & budget figures, Australian Fisheries Management Authority, 13/02/12
- 3. Answers to questions on notice in relation to the Tasmanian Forest Agreement Independent Verification Group, 13/02/12

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1. Correspondence from Polar Aviation in relation to CASA, tabled by Senator Eggleston, 14/02/12

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