

The Senate

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Rural and Regional Affairs  
and Transport  
Legislation Committee

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Budget estimates 2012-13

June 2012

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Senator the Hon. Bill Heffernan	LP, New South Wales	Deputy Chair
Senator Alex Gallacher	ALP, South Australia	
Senator Fiona Nash	NPA, New South Wales	
Senator Anne McEwen*	ALP, South Australia	
Senator Rachel Siewert	AG, Western Australia	

\* *Senator McEwen was a substitute member for Senator Urquhart from 9 May 2012 to 30 June 2012*

### *Participating Members*

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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
CBD	Central Business District
CEO	Chief Executive Officer
COAG	Council of Australian Governments
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAFF	Department of Agriculture, Fisheries and Forestry
DRALGAS	Department of Regional Australia, Local Government, Arts and Sport
ESCAS	Exporter Supply Chain Assurance System
IT	Information Technology
LiveCorp	Australian Livestock Export Corporation Limited
MCU	Major Cities Unit
MLA	Meat and Livestock Australia
MSIC	Maritime Safety Identification Card
NRM	Natural resource management
OITS	Office of the Inspector of Transport Security
OTS	Office of Transport Security
RDA	Regional Development Australia
RIRDC	Rural Industries Research and Development Corporation

SEWPaC	Department of Sustainability, Environment, Water, Population and Communities
SRM	Sustainable resource management
TFES	Tasmanian Freight Equalisation Scheme
TMAD	Trade and Market Access Division

# Chapter 1

## Introduction

1.1 On 9 May 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 expenditure in respect of the year ending on 30 June 2013;
- particulars of certain proposed expenditure in respect of the year ending on 30 June 2013; and
- particulars of proposed supplementary expenditure for 2011-12.<sup>1</sup>

1.2 The committee was required to report to the Senate on its consideration of 2012-2013 budget estimates on 26 June 2012.

1.3 The committee considered the Portfolio Budget Statements 2012-2013 for the three portfolios at hearings on 21, 22, 23 and 24 May 2012. The hearings were conducted in accordance with the agreed agenda as follows:

- Monday 21 May – Agriculture, Fisheries and Forestry portfolio.
- Tuesday 22 May – Agriculture, Fisheries and Forestry portfolio.
- Wednesday 23 May – Infrastructure and Transport portfolio.
- Thursday 24 May – Regional Australia, Local Government, Arts and Sport portfolio.

1.4 The committee heard evidence from:

- Senator the Hon Joe Ludwig, Minister for Agriculture, Fisheries and Forestry;
- Senator the Hon Kim Carr, Minister for Human Services representing the Minister for Infrastructure and Transport; and
- Senator the Hon Kate Lundy, Minister for Sport, Minister for Multicultural Affairs and Minister Assisting for Industry and Innovation, representing the Minister for Regional Australia, Regional Development and Local Government, and Minister for the Arts.

1.5 Evidence was also provided by:

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1 *Journals of the Senate*, No. 89, 9 May 2012, p. 2396.

- Dr Conall O'Connell, Secretary of the Department of Agriculture, Fisheries and Forestry;
- Mr Mike Mrdak, Secretary of the Department of Infrastructure and Transport;
- Mrs 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.

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

### **Questions on notice**

1.7 In accordance with Standing Order 26, the committee is required to set a date for the lodgement of written answers and additional information. The committee resolved that written answers and additional information be submitted by 20 July 2012.

### **Additional information**

1.8 Answers to questions taken on notice at the committee's budget estimates hearings will be tabled in the Senate in separate volumes entitled 'Additional information relating to the examination of budget estimates 2012-2013, May 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.

1.9 Answers to questions on notice received from the departments will also be posted on the committee's website at a later date.<sup>2</sup>

### **Note on references**

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

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2 Answers to questions on notice, once received, will be published at the following website address:  
[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=rrat\\_ctte/estimates/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=rrat_ctte/estimates/index.htm)

# Chapter 2

## Agriculture, Fisheries and Forestry portfolio

### Department of Agriculture, Fisheries and Forestry

2.1 This chapter contains the key issues discussed during the 2012-2013 budget estimates hearings for the Agriculture, Fisheries and Forestry portfolio. A complete list of all the topics discussed, and relevant page numbers, can be found at appendix 3.

2.2 The committee heard evidence from the department and agencies on Monday 21 and Tuesday 22 May 2012. The hearing was conducted in the following order:

- Finance and Business Support, Government, Information Services, and People and Service Delivery
- Interim Inspector-General of Biosecurity
- Biosecurity—Animal Division
- Biosecurity—Quarantine Division
- Biosecurity—Plant Division
- Biosecurity—Food Division
- Biosecurity—Policy Division
- Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)
- Australian Fisheries Management Authority (AFMA)
- Sustainable Resource Management (SRM)
- Climate Change
- Agricultural Productivity
- Forest and Wood Products Australia
- Australian Pork Limited
- Australian Egg Corporation Limited
- Meat and Livestock Australia
- Australian Livestock Export Corporation Limited (LiveCorp)
- Trade and Market Access
- Australian Pesticides and Veterinary Medicines Authority (APVMA)

## **Finance and Business Support, Government, Information Services, and People and Service Delivery**

2.3 The committee began proceedings by asking the Secretary, Dr Conall O'Connell, to outline the department's key priorities for the 2012-13 financial year. Dr O'Connell explained that the department's key priorities are to deliver the government's policy agenda and the government's budget initiatives, and that the policy agenda outlined for 2012-13 includes delivering on biosecurity initiatives, including post-entry quarantine, as well as the new budget measure, Reforming Australia's Biosecurity System, which has been allocated \$144.3 million over four years.<sup>1</sup>

2.4 Dr O'Connell outlined the key reforms in Biosecurity as the department's main priority. This includes the development of the new post-entry quarantine station, implementation of the risk return policy, upgrading of IT systems, and amending the *Quarantine Act 1908*. The quarantine station will be located in Victoria, and has been allocated \$375.9 million over seven years. The risk return policy involves assessing how to best approach matters of higher risk, versus other risk.<sup>2</sup>

2.5 Work on improving IT systems has been allocated \$19.8 million over three years, and is a measured step towards a recommendation in the Beale review regarding an upgrade on the current IT systems. Officers explained that currently, the department is one of the last paper-based operations systems within the Commonwealth Government. Officers listed several systems within the department that have moved to an electronic base, and the benefits that have arrived as a result of that move. The committee heard that improving the current system to allow for electronic dealings with exporters and importers will be one of the benefits of this work.<sup>3</sup>

2.6 Officers told the committee that the broader agency priorities include the National Food Plan, agvet chemicals reform, illegal logging legislation, reviews of fisheries policies, carbon programs to assist delivering on carbon farming initiatives, and the research and development review process.<sup>4</sup>

2.7 As discussed in previous estimates hearings, the committee sought further information on the efficiency dividend's impact on the department. Officers informed the committee that the department will have a total savings package of \$131.2 million over four years.<sup>5</sup> This will be achieved by reductions in: consultancy services,

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1 *Proof Estimates Hansard*, 21 May 2012, p. 4.

2 *Proof Estimates Hansard*, 21 May 2012, pp 4–5.

3 *Proof Estimates Hansard*, 21 May 2012, pp 4–5.

4 *Proof Estimates Hansard*, 21 May 2012, p. 8.

5 *Proof Estimates Hansard*, 21 May 2012, p. 10.

temporary and contract staff, travel, official hospitality, and media advertising.<sup>6</sup> Officers noted that reductions in staff will also play a part, and tabled a document comparing the average staffing level and full-time equivalent staffing level for the 2011-12 and 2012-13 financial years.<sup>7</sup> Officers explained that by centralising a number of functions, including finance reporting and cost recovery arrangements, the department was able to reduce duplication, and therefore staffing, in some areas.<sup>8</sup>

### **Interim Inspector-General of Biosecurity**

2.8 The committee sought further information on the legislative status of the Interim Inspector-General of Biosecurity. Officers informed the committee that the formal position of Inspector-General of Biosecurity as a statutory role will be proposed within draft legislation, which is yet to be introduced to Parliament.

2.9 Dr Kevin Dunn, Interim Inspector-General of Biosecurity, informed the committee of three matters referred to the Interim Inspector-General of Biosecurity, by the Minister, for independent review:

- the importation of consignments of fertiliser from China;
- consignments of abalone exported to China and Hong Kong; and
- the importation of undeclared meat products from the Republic of Korea.

2.10 When asked if the position is a 'reflective or prospective' role, Dr Dunn told the committee that the role is more of a reflective position, as it does not play a part in the development of importation policy, and that the majority of the role is described as an audit and review of risk management systems currently in place. Dr Dunn also informed the committee that along with referrals from the Minister, the position has the capacity to self-refer matters, in its role as:

...an independent position that is able to look at and make strategic choices about areas for audit or review of the entirety of the DAFF Biosecurity management system<sup>9</sup>

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6 *Proof Estimates Hansard*, 21 May 2012, p. 18; tabled document no. 5. This document can be accessed at:  
[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=rrat\\_ctte/estimates/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=rrat_ctte/estimates/index.htm)

7 Document can be found at:  
[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=rrat\\_ctte/estimates/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=rrat_ctte/estimates/index.htm)

8 *Proof Estimates Hansard*, 21 May 2012, pp 11–12 and 15.

9 *Proof Estimates Hansard*, 21 May 2012, p. 27.

## **Biosecurity—Animal Division**

2.11 The committee discussed live animal exports regulations, in particular, the Exporter Supply Chain Assurance System (ESCAS). The Minister detailed the compliance system now in place, stating that:

Where a mistake, issue or problem arises there is—as we now have released—an investigation, an examination of that individual supply chain, and appropriate action taken against the individual supply chain...<sup>10</sup>

2.12 Officers explained to the committee that there are three avenues in monitoring performance information:

- third-party information;
- independent audit reports; and
- exporters reporting any non-compliances observed

2.13 The committee heard that exporters are obligated to report any instances of non-compliance within 5 days, and that there have been five instances of self-reported non-compliance to date.<sup>11</sup>

2.14 The committee sought further information on audits of two specific exporters, where non-compliance was found, and how those instances are being managed. Officers told the committee that multiple breaches of ESCAS were found in both cases and that three regulatory actions were taking place as a result. These were:

- removing the two abattoirs where there were animal welfare breaches;
- placing additional conditions on the licence of the two exporters in relation to the use of a mark four box; and
- increasing the frequency of auditing of the two exporters in their other supply chains.<sup>12</sup>

2.15 The committee also sought an update on the number of cattle exported to Indonesia through ESCAS. Officers told the committee that from August to December 2011, 186 000 cattle were exported, and from January to 21 May 2012, 125 000 cattle had been exported.

## **Biosecurity—Quarantine Division**

2.16 The committee discussed funding in the budget for the post-entry quarantine station in Victoria. Officers told the committee that it will involve a transition from five government operated facilities to one, and that the importation cost will be borne

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10 *Proof Estimates Hansard*, 21 May 2012, p. 33.

11 *Proof Estimates Hansard*, 21 May 2012, p. 34.

12 *Proof Estimates Hansard*, 21 May 2012, p. 48.

by the importer. Officers also noted that there are privately run quarantine facilities that are approved and managed by the department and that the department remains open to the possibility of new applications to do so.<sup>13</sup>

2.17 In continuing its interest from previous estimates hearings, the committee sought an update on the investigations into deliberately misclassified imported food products from Korea. Officers told the committee that the recovery action involved staff attending approximately 300 premises, with approximately 100 tonnes of product recovered.<sup>14</sup>

2.18 Officers informed the committee that it is not possible to account for a 'minute by minute' cost to the department, but explained that it is largely a cost-recovery process, where the importer will be fined.<sup>15</sup>

### **Biosecurity—Plant Division**

2.19 The committee asked officers to provide an update on the import risk assessment process for ginger from Fiji. Officers informed the committee that in April 2012 a draft risk assessment had been released for public comment, and that public comment to the draft closed on 15 June 2012. The department found three potential risks, and detailed the technical nature of each to the committee, as well as the mitigating measures proposed as a result.<sup>16</sup> The department offered to provide a copy of the draft risk assessment, as well as a copy of the Fiji field visit report from 2007.<sup>17</sup>

### **Biosecurity—Food Division**

2.20 The committee asked officers to provide an update on several biosecurity food product issues, including the importation of apples from the United States of America and China, the importation of pineapples from Malaysia, and stone fruit exports to Thailand.<sup>18</sup>

2.21 The committee also sought an update on the status of Asian honey bees. Officers told the committee that in the 2011-12 financial year, \$2 million was

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13 *Proof Estimates Hansard*, 21 May 2012, p. 53.

14 *Proof Estimates Hansard*, 21 May 2012, p. 57.

15 *Proof Estimates Hansard*, 21 May 2012, pp 55 and 58.

16 *Proof Estimates Hansard*, 21 May 2012, pp 70–71.

17 Copies of these documents can be found at:  
[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=rrat\\_ctte/estimates/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=rrat_ctte/estimates/index.htm)

18 *Proof Estimates Hansard*, 21 May 2012, pp 91, 93 and 96.

allocated over two years to Plant Health Australia to administer a suite of projects in Queensland. The Queensland Government also contributed \$600 000.<sup>19</sup>

### **Biosecurity—Policy Division**

2.22 The committee asked officers to describe the role of the Biosecurity—Policy Division. Officers explained that the division has four branches, with three key responsibilities:

- To coordinate activities with states and territories under the Intergovernmental Agreement on Biosecurity and the National Environmental Biosecurity Response Agreement;
- To develop the draft legislation for biosecurity; and
- To focus on a range of biosecurity policy issues.<sup>20</sup>

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

2.23 The committee asked officers if ABARES plays any role in live animal exports. Officers told the committee that ABARES has, through its farm survey, been able to provide information and figures on farm income performance of cattle producers in Northern Australia, and those who are dependent on the live export trade.<sup>21</sup>

2.24 The committee sought further information on several areas, including money allocated to the wine grape growers survey, projections in relation to the Tasmanian forests Intergovernmental Agreement, short-run effects of carbon pricing on agriculture, and the socioeconomic implications of commercial and charter fishing.<sup>22</sup>

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

2.25 Following up issues raised in previous estimates hearings, the committee sought further information on AFMA's fees and charges. Officers told the committee that consultation with industry has not yet been completed.<sup>23</sup>

2.26 The committee asked for an update on the number of concessions surrendered in the southern eastern scalefish and shark fishery in 2012. Officers told the committee that as at 3 May 2012, 19 concessions were surrendered. Officers informed the committee that AFMA does not specifically ask why the concessions are being

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19 *Proof Estimates Hansard*, 21 May 2012, p. 95.

20 *Proof Estimates Hansard*, 21 May 2012, p. 96.

21 *Proof Estimates Hansard*, 21 May 2012, p. 109.

22 *Proof Estimates Hansard*, 22 May 2012, pp 107–109, 110–111 and 112–116.

23 *Proof Estimates Hansard*, 22 May 2012, pp 4–5.

surrendered, however, generally the reasons for surrendering a concession are choosing not to fish in a particular fishery anymore, a restructuring of the business, or the price of the levy for a particular sector.<sup>24</sup>

2.27 Officers told the committee that AFMA is looking at amending the formula that applies to levy increases, noting that the current formula was developed in 2004-05, and that circumstances have changed since then. Officers explained further that:

At the moment, those costs are quite weighted towards what are known as boat strategy fishing rights. It is less so to quota statutory fishing rights. They are the two main types of fishing rights in the fishery. There has been an in-principle recommendation from the management advisory committee that we should be changing the weightings of some of those allocations of levy to better reflect where we are with the fishery now, which is largely a quota managed fishery. Historically, over the last decade or two, it has moved from being an input controlled fishery to an output controlled fishery—that is, under quota. That has meant that the nature of the rights in the fishery has changed. Therefore, it is appropriate that we look at a redistribution of costs reflecting those changes in the nature of the rights.<sup>25</sup>

2.28 The committee sought clarification on the process that occurs after a concession has been surrendered, and whether or not parties are able to use the concessions if they decide rejoin the industry at a later date.<sup>26</sup> Dr James Findlay, Chief Executive Officer, explained that there are two components to entering a fishery in the south-east trawl: one is a boat statutory fishing right and the other is quota statutory fishing rights. He explained that:

People have been handing in their right to put a boat into the fishery. At the moment, the number of boats is not limiting. So if someone wanted to re-enter the fishery at a later stage with the existing or other quota, they would need to enter the market and lease or buy a boat statutory fishing right.<sup>27</sup>

2.29 Dr Findlay also told the committee that it was important to note that a lot of the concessions surrendered in the southern eastern scalefish and shark fishery are for boat statutory fishing rights, for boats that have not been active in the fishery, and that only a small number were for quota.<sup>28</sup>

2.30 The committee discussed the operation of observers on fishing boats, and sought further information on the numbers of observers, as well as the cost of having

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24 *Proof Estimates Hansard*, 22 May 2012, pp 5 and 9.

25 *Proof Estimates Hansard*, 22 May 2012, p. 6.

26 *Proof Estimates Hansard*, 22 May 2012, p. 6.

27 *Proof Estimates Hansard*, 22 May 2012, pp 7 and 8.

28 *Proof Estimates Hansard*, 22 May 2012, p. 7.

them onboard. Officers told the committee that in the 2012-13 budget, approximately 25 per cent of levies charged is attributed to observers.<sup>29</sup>

2.31 The committee discussed the closure of fisheries as a result of sea lion mortalities within a fishing season. Officers explained that there is a 'trigger level' of mortalities, and that if operators go into an area and catch sea lions, it triggers a closure. The area is then closed for approximately 18 months, which officers told the committee, is the breeding cycle of the Australian sea lion.<sup>30</sup>

2.32 Officers also told the committee that AFMA is conducting a hook trial with industry, to try and avoid further catches and closures, and expects to have formal results from this trial in July 2012.<sup>31</sup> Dr Findlay emphasised to the committee that in the last two years, 10 sea lions have been killed, when the scientific estimates said that 500 would be killed. He went on to say that:

We have done reasonably well. The industry has done very well. In combination with the management arrangements, it is performing very, very well. These additional closures really are getting the incentive in the right place...<sup>32</sup>

### **Sustainable Resource Management (SRM)**

2.33 The committee discussed the Caring for Our Country program, and asked officers to detail the breakdown of funding, particularly the division of funds between DAFF and the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC), and the Tasmanian component in the program.

2.34 Officers informed the committee that presently, the program has been allocated \$2.2 billion over five years, and that the funding can be divided into two streams, an environment stream, and a sustainable agriculture stream. Funding for the Tasmanian component was taken out prior to the \$2.2 billion announcement.<sup>33</sup>

2.35 The committee sought further information on the funding available that has not yet been allocated to programs. Officers told the committee that \$444 million is expected to be spent on Caring for Our Country in the 2012-13 financial year, which leaves \$54 million currently uncontracted.

2.36 Of this \$54 million, officers told the committee that the department expects to spend \$5 million on community action grants and around \$24 million on the open

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29 *Proof Estimates Hansard*, 22 May 2012, pp 14–15.

30 *Proof Estimates Hansard*, 22 May 2012, pp 17–18.

31 *Proof Estimates Hansard*, 22 May 2012, p. 18.

32 *Proof Estimates Hansard*, 22 May 2012, p. 19.

33 *Proof Estimates Hansard*, 22 May 2012, p. 27.

call', and that another large element is to be managed by SEWPaC for national reserves and Indigenous protected areas.<sup>34</sup>

2.37 The committee discussed the review of Caring for Our Country, and sought further information on how the consultation processes will now occur, taking the results of that review into account. Officers told the committee that the review results are now public, and that a further discussion paper is expected to go out. Consultative meetings with national stakeholders are then expected take place, to seek feedback on the issues identified by the review. Some of these issues include:

- handling community skills, knowledge and engagement;
- engaging in Indigenous natural resource management;
- alignment of natural resource management planning and investment priorities from regional, state and national levels;
- investment priorities, including the better alignment of calling for priorities;
- better assessment of projects to ensure consistency in the prioritisation;
- efficient management of regional delivery; and
- encouragement of innovative projects.

2.38 Dr O'Connell emphasised that the consultation process still requires confirmation by the relevant Ministers, as it had been announced shortly before the estimates hearings.<sup>35</sup>

## **Climate Change**

2.39 The committee sought further information on the Carbon Farming Initiative, particularly the utilisation of land for carbon capture, compared to use for agriculture. Officers explained that ABARES has done a number of reports into this, noting that its most recent report looked at land use change as a result of the carbon price, and what kind of carbon price would be needed to result in significant changes in land use.<sup>36</sup>

2.40 When discussing the material output of the Carbon Farming Initiative, Dr O'Connell reminded the committee that the initiative is not yet underway, and that there will be a register of carbon farming credits, maintained by the Clean Energy Regulator, which will provide a geographical spread of the impacts.<sup>37</sup>

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34 *Proof Estimates Hansard*, 22 May 2012, p. 28.

35 *Proof Estimates Hansard*, 22 May 2012, p. 29.

36 *Proof Estimates Hansard*, 22 May 2012, p. 55.

37 *Proof Estimates Hansard*, 22 May 2012, pp 56 and 57.

2.41 Officers further detailed the approved research methodologies and informed the committee that, while the measuring of soil carbon has been taking place for years, the department is looking at developing an inexpensive methodology for use by farmers.<sup>38</sup>

2.42 The committee discussed the departmental costs of the live cattle suspension, particularly the processes involved in administering the income recovery subsidy program. Officers told the committee that the delivery costs are fixed costs set by the Department of Human Services. The committee heard that there is a standard process for setting up these programs including a standard set of costing arrangements agreed by the Department of Finance and Deregulation, and the Department of Human Services.<sup>39</sup>

### **Agricultural Productivity**

2.43 The committee sought further information on the cessation of the FarmReady program. Officers told the committee that FarmReady was allocated a total budget of \$34.3 million, over four years. The FarmReady Reimbursement Grants allowed farmers to receive training and have the costs reimbursed. The program, to date, has received 27 000 applications, noting that the repeat rate is approximately 6000 participants.<sup>40</sup>

2.44 The committee discussed the National Food Plan and asked officers to describe the process to date. Officers informed the committee that the issues paper for the National Food Plan was released in late 2011, with a 10 week consultation period. The department has been working since then to formulate the green paper, which the government has announced will be released in mid-2012. After the green paper, there will be a further consultation period, and then a white paper will be released.<sup>41</sup>

2.45 Officers informed the committee that the total cost for the consultations that took place as part of the National Food Plan, at 23 April 2012, was \$471 586. This includes the cost of an external consultant that assisted in the process.<sup>42</sup>

### **Forest and Wood Products Australia, Australian Pork Limited and Australian Egg Corporation Limited**

2.46 The committee heard from five non-government, industry-owned companies which receive funds through statutory levies and/or Australian government funds for the purposes of research and development. The committee notes that Forest and

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38 *Proof Estimates Hansard*, 22 May 2012, pp 58–59.

39 *Proof Estimates Hansard*, 22 May 2012, p. 68.

40 *Proof Estimates Hansard*, 22 May 2012, pp 77–78.

41 *Proof Estimates Hansard*, 22 May 2012, p. 81.

42 *Proof Estimates Hansard*, 22 May 2012, p. 82.

Wood Products Australia Ltd, Australian Pork Ltd, and Australian Egg Corp Ltd do not regularly appear before the committee for senate estimates.

2.47 The committee explored a range of issues, such as:

- the appointment process for new independent directors to Forest and Wood Products Australia Ltd;
- the move to ban sow stalls by 2015 in Australia; and
- Australian Egg Corporation's recent advocacy for a change to the definition of free-range eggs from stocking rates of 1500 to 20 000 hens per hectare.<sup>43</sup>

### **Meat and Livestock Australia (MLA) and Australian Livestock Export Corporation Limited (LiveCorp)**

2.48 Meat and Livestock Australia (MLA) and Australian Livestock Export Corporation Limited (LiveCorp) are also non-government, industry-owned companies, however, both have appeared at previous senate estimates hearings.

2.49 The committee discussed MLA's training of workers in approved abattoirs, its purchasing of domain names, and how it responds to criticisms of its Research and Development reports. Officers informed the committee that after consulting with industry groups, MLA is moving to a process where it will upload all final reports onto its website. Officers told the committee that this process will provide further transparency into where its research dollars are spent.<sup>44</sup>

2.50 The committee discussed LiveCorp's animal welfare provisions, the qualifications of the members of its board, and sought further information on the proportion of funding allocated to animal welfare. Officers told the committee that approximately 57 per cent of financial resources will be devoted to program activities that directly relate to animal welfare.<sup>45</sup>

### **Trade and Market Access**

2.51 The committee sought further information on the Trade and Market Access Division's (TMAD) work with Austrade, and the differences between their roles. Officers explained to the committee that TMAD works directly on the shape of the market, such as looking at tariffs and quotas, and the technical framework under which goods are traded, describing it as a 'government to government role'. Whereas Austrade focuses on the business relationship with the country, which looks at opportunities for Australian exporters and facilitates their relationships with potential

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43 *Proof Estimates Hansard*, 22 May 2012, pp 93, 94 and 97–99.

44 *Proof Estimates Hansard*, 22 May 2012, pp 102–103.

45 *Proof Estimates Hansard*, 22 May 2012, pp 104–106.

importers in the country. Austrade also looks at markets with a whole-of-economy approach, whereas TMAD focuses on agriculture, fisheries and forestry.<sup>46</sup>

2.52 The committee sought further information on the processes behind free trade agreements. Officers detailed the arrangements that take place, stating that it is important to have an Australian based person in the high priority countries. Officers informed the committee that there are currently two counsellors in Beijing, and two counsellors in Tokyo, where two of the main free trade agreements are still under negotiation.<sup>47</sup>

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

2.53 The committee sought further information on the cost recovery discussion paper and the status of a final cost recovery impact statement. Dr Eva Bennett-Jenkins, Chief Executive Officer, told the committee that after releasing its cost recovery discussion paper in late 2011, the APVMA met with industry stakeholders in April 2012 to provide feedback on the submissions received to that discussion paper.

2.54 Dr Bennett-Jenkins also informed the committee that a supplementary discussion paper relating to the manufacturing licensing scheme was released on Friday 18 May 2012. The supplementary paper discusses an alternative model which was developed in consultation with industry stakeholders.<sup>48</sup>

2.55 The committee asked officers to provide details on an application to allow the use of dimethoate on tomatoes that are exported to New Zealand. Officers informed the committee that the application was refused, based on concerns about public health and residues, and that the applicant has sought a reconsideration of the decision to refuse it. The committee queried the legality of the use dimethoate on tomatoes that are not for consumption in Australia, where the chemical has been suspended for most uses, when the tomatoes are to be exported to a country where the use of it is not suspended. Dr Bennett-Jenkins told the committee that the APVMA, when looking at applications, is required by its legislation to look at the use of the product, and the safety of the use of that product, regardless of which country the product will go to.<sup>49</sup>

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46 *Proof Estimates Hansard*, 22 May 2012, pp 107–108.

47 *Proof Estimates Hansard*, 22 May 2012, pp 110–111.

48 *Proof Estimates Hansard*, 22 May 2012, pp 116–117.

49 *Proof Estimates Hansard*, 22 May 2012, pp 119.

# Chapter 3

## Infrastructure and Transport portfolio

### Department of Infrastructure and Transport

3.1 This chapter contains the key issues discussed during the 2012-13 budget estimates hearings for the Infrastructure and Transport portfolio. A complete list of all the topics discussed, and relevant page numbers, can be found at appendix 4.

3.2 The committee heard evidence from the department on Wednesday 23 May 2012. The hearing was conducted in the following order:

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

### Corporate Services

3.3 The committee began by discussing the department's key initiatives for the next 12 months. In his opening statement, the Secretary, Mr Mike Mrdak, noted that one of the major initiatives is the development of the Moorebank Intermodal facility in Sydney. Mr Mrdak described this initiative as a longstanding commitment of governments to provide an opportunity for freight growth.<sup>1</sup>

3.4 Mr Mrdak also detailed funding for the Pacific Highway, explaining that an additional \$3.56 billion has been provided in the budget, to complete the duplication of the highway by 2016. The funding will be split between Commonwealth and State

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1 *Proof Estimates Hansard*, 23 May 2012, p. 3.

Governments and is contingent on the New South Wales Government matching that amount.<sup>2</sup>

3.5 Officers informed the committee that a fifty-fifty split has been a consistent position by successive Australian governments, dating back to the Memorandum of Understanding established for the AusLink program, and that some of the more recent projects have had the split at varied amounts, particularly due to the fiscal stimulus package.<sup>3</sup>

3.6 Mr Mrdak detailed several other items of funding outlined in the budget, including:

- \$20 million to continue work on high-speed rail and national transport planning;
- \$60 million per annum for the continuation of the Black Spot Program; and
- \$350 million per annum to continue the Roads to Recovery Program.<sup>4</sup>

3.7 The budget also provides \$34.9 million to establish national regulators in relation to maritime transport, heavy vehicles and rail safety. \$15.6 million will go towards the national heavy vehicle regulator based in Brisbane, \$9.2 million for a national rail safety regulator based in Adelaide, and \$10.1 million for the national maritime regulator, based in Canberra.

3.8 Mr Mrdak also informed the committee that the budget provides \$140 million over the next six years for the heavy vehicle safety package. Officers told the committee that the \$140 million continues the program that has been running since 2008, and will involve further construction of rest stops, improvements to physical infrastructure (such as strengthening pavement), and technology trials that address speed and fatigue.<sup>5</sup>

3.9 The committee sought further information on the work done so far on the high-speed rail. Mr Mrdak told the committee that Stage 2 of the study is now underway, with the report expected to be available in December 2012. The report is looking at costing an east coast network, travelling from Brisbane CBD, to Sydney CBD, through Canberra and finishing in Melbourne CBD.<sup>6</sup>

3.10 The committee discussed the impact of the efficiency dividend on the department. Mr Mrdak told the committee that the efficiency dividend for 2011-12

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2 *Proof Estimates Hansard*, 23 May 2012, pp 3–4.

3 *Proof Estimates Hansard*, 23 May 2012, p. 5.

4 *Proof Estimates Hansard*, 23 May 2012, p. 4.

5 *Proof Estimates Hansard*, 23 May 2012, pp 4–5.

6 *Proof Estimates Hansard*, 23 May 2012, pp 8–9.

was reached by a small reduction in staff, but largely it was achieved by reducing expenditure on consultancies, travel and corporate expenses.<sup>7</sup>

### **Office of the Inspector of Transport Security (OITS)**

3.11 The Inspector of Transport Security, Mr Mick Palmer, began by informing the committee that on 7 June 2012 Mr Andy Hughes will take over as Inspector of Transport Security. The committee thanked Mr Palmer for his service and welcomed Mr Hughes to his upcoming role.

3.12 The committee sought further information on the role of the Office of the Inspector of Transport Security (OITS) in relation to its oversight of the effectiveness and enforcement of security. Mr Palmer told the committee that inquiries are only conducted as directed by the Minister, and that the position does not have any 'own-motion oversight capacity', but that part of the brief from the Minister is to give advice on areas that the OITS considers warrant an external audit or assessment process.<sup>8</sup>

### **Office of Transport Security**

3.13 The committee asked officers to explain the funding allocated to security upgrades at regional airports. Officers informed the committee that 21 airports are required to have upgraded their security by 1 July 2012, and that of the 21, three have commenced screening. Of the remaining 18, officers told the committee they are confident 16 are on track to commence by 1 July 2012, and that the department is working closely with the remaining two, to ensure that the commencement date is met.<sup>9</sup>

3.14 The committee heard that the capital expenditure for the screening equipment has been provided by the Commonwealth, but that any ongoing maintenance costs will be the responsibility of the airport.<sup>10</sup>

### **Aviation and Airports**

3.15 The committee asked officers to explain the department's approach to responding to the joint study on aviation capacity for the Sydney region. Officers informed the committee that, following the Government's consideration of the joint study, the Government announced three courses of action.

3.16 The first is to address some of the immediate priorities of road and rail access to Sydney Airport. This has been identified as one of the major issues in the next decade in terms of capacity for growth. Secondly, Australian transport ministers have

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7 *Proof Estimates Hansard*, 23 May 2012, p. 11.

8 *Proof Estimates Hansard*, 23 May 2012, p. 17.

9 *Proof Estimates Hansard*, 23 May 2012, pp 20–21.

10 *Proof Estimates Hansard*, 23 May 2012, p. 21.

announced that guidelines for the protection of aerodrome assets from inappropriate development around those airports will be developed. Thirdly, further investigations are taking place into the use of Richmond airbase for civilian traffic, as well as investigations into the possibility of a supplementary airport for the Sydney region.

### **Airservices Australia**

3.17 The committee discussed the resignation of the Chief Executive Officer, Mr Greg Russell, shortly prior to the estimates hearings. In its questioning, the committee sought responses to allegations made in the *Sunday Telegraph* in relation to Mr Russell's credit card expenditure.

3.18 Mr Andrew Clark, Acting Chief Executive Officer, informed the committee that Airservices Australia has a number of guidelines in relation to credit cards, including a series of procedures and management instructions. Mr Clark also informed the committee that there were occasions where Mr Russell was questioned on his credit card statement, but that the responses received were satisfactory.<sup>11</sup>

3.19 The committee discussed a range of issues, including performance bonuses for senior management, staffing levels of air traffic controllers, and training costs.<sup>12</sup>

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

3.20 The committee sought further information on CASA's involvement in instances of breakdown of separation (where aircrafts breach the defined standards of separation) and loss of separation ('separation assurance' is the process to try and keep the aircraft away from that situation). Officers told the committee that CASA takes these instances very seriously, and is currently awaiting reports from both Airservices Australia and the Australian Transport Safety Bureau in relation to these matters.<sup>13</sup> Officers also explained that breakdown of separation incidents are reported to CASA under the electronic safety incident reporting scheme, however, CASA relies on Airservices Australia's internal investigation report on the matter.<sup>14</sup>

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

3.21 Following up questions asked in previous estimates hearing, the committee asked the ATSB to detail the changes required for its planned expansion to incorporate investigations into rail and maritime safety occurrences. Officers told the committee that the ATSB will take on more staff. It has also entered into agreements

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11 *Proof Estimates Hansard*, 23 May 2012, pp 34–35.

12 *Proof Estimates Hansard*, 23 May 2012, pp 40 and 41–43.

13 *Proof Estimates Hansard*, 23 May 2012, p. 46.

14 *Proof Estimates Hansard*, 23 May 2012, p. 50.

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with the existing state based investigative organisations in New South Wales and Victoria, to help with investigative capability.<sup>15</sup>

3.22 The committee discussed ATSB's reporting, and asked officers to respond to comments that its reports are delayed by seeking comments from interested parties. Officers explained its reporting process to the committee, stating that consultation is only done once a draft report is prepared, which means all facts have been examined and the ATSB has formed provisional views. When draft reports are sent out for feedback from the relevant parties, comments are expected to be returned within one month, noting that the feedback should be only provide corrections on factual inaccuracies. Officers further noted that:

The focus is on getting something done in response to our findings. That process normally takes a month plus another week or two to make sure that the relevant concerns that may have been raised with us are integrated into the final report. I do not see it as a major constraint on our timeliness.<sup>16</sup>

### **Infrastructure Australia**

3.23 The committee sought further information on the progress of the National Port Strategy. Officers told the committee that there is an out-of-session approval process underway within the Council of Australian Governments, and that a number of jurisdictions have proceeded with both individual state port plans and individual port plans, which are recommendations of the National Port Strategy.<sup>17</sup>

3.24 The committee asked how Infrastructure Australia evaluates its projects. Mr Michael Deegan, Infrastructure Coordinator, told the committee that there is a seven-step assessment phase. Infrastructure Australia seeks a clear identification of the problem that the applicant is trying to resolve, and then a range of options that might best meet that, followed by an economic assessment of a cost-benefit analysis of the preferred option.<sup>18</sup>

3.25 The committee discussed Infrastructure Australia's report into export freight issues in Tasmania. Mr Deegan informed the committee that the report has not yet been given to the Minister, but that it was 'imminent'. Export freight issues in Tasmania were discussed further with officers from Surface Transport Policy, details of this can be found in paragraphs 3.32–3.34.

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

3.26 The committee sought further information on an answer to a question on notice which detailed funding for remote roads in Northern Australia. Specifically,

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15 *Proof Estimates Hansard*, 23 May 2012, p. 54.

16 *Proof Estimates Hansard*, 23 May 2012, p. 56.

17 *Proof Estimates Hansard*, 23 May 2012, p. 62.

18 *Proof Estimates Hansard*, 23 May 2012, p. 70.

the answer referred to \$52 million for the upgrading of Northern Territory roads, and \$30 million for upgrading roads in Cape York and north-west Queensland.

3.27 Officers told the committee that part of the allocations for the Northern Territory included funding for a beef and mining roads package had expenditure of \$37 million in 2011-12, but the funding for 2012-13 is yet to be finalised.<sup>19</sup>

3.28 The committee sought an update on the number rest stops constructed as part of the heavy vehicle safety package. Officers told the committee that in round one of projects, there were 19 new rest areas, 44 upgrades of existing rest areas, 10 parking and decoupling bays, 27 existing parking and decoupling bays, and some strengthening works. In round two, there were 11 new rest areas, 17 upgrades of existing rest areas, one new parking and decoupling bay, upgrades to seven existing parking and decoupling bays, and nine bridge strengthening works.<sup>20</sup>

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

3.29 The committee asked officers to detail the processes involved in applying to transport livestock by vessel. Officers informed the committee that AMSA approves ships to carry livestock from Australian ports, under Marine Orders Part 43. These Orders specify the holding conditions required to transport livestock onboard. These conditions include:

- pen strengths;
- pen sizes;
- emergency lighting;
- ventilation capacities;
- freshwater supply systems; and
- food supply systems.<sup>21</sup>

### **Surface Transport Policy**

3.30 The committee requested an update on the progress of the national regulators for heavy vehicles, rail and maritime. Officers informed the committee that in August 2011, the Council of Australian Government Ministers signed off on the national partnership agreements, which underpin the three national transport regulators.

3.31 The law for the national rail regulator has been introduced and passed in the South Australian Parliament, and each jurisdiction will be required to pass an applicable law. Two bills need to be passed in the Queensland Parliament for the

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19 *Proof Estimates Hansard*, 23 May 2012, p. 76.

20 *Proof Estimates Hansard*, 23 May 2012, p. 84.

21 *Proof Estimates Hansard*, 23 May 2012, p. 112.

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National Heavy Vehicle Regulator, as Queensland is the host jurisdiction for this legislation.<sup>22</sup>

3.32 As mentioned in paragraph 3.25, the committee sought information in relation to a \$20 million package to assist freight out of Tasmania. Officers told the committee that the department is in the process of discussing the details of the funding agreement, with the Tasmanian Department of Transport, on behalf of the Tasmanian Government. Officers stated that:

...we anticipate that over the coming weeks the minister and the Tasmanian government will announce the details of the arrangements.<sup>23</sup>

3.33 This appeared to conflict with a media release the following day from the Minister. As a result, the committee wrote to the Minister, Mr Mrdak, and Mr Deegan seeking to clarify this matter.<sup>24</sup> Senator Colbeck also sought advice from the Clerk of the Senate and provided this to the committee, a copy can be found in appendix 6.

3.34 The committee reminds officers that providing misleading evidence to the committee is potentially a contempt of the Senate, and that officers of all departments must be scrupulous in ensuring the accuracy of their evidence. Nevertheless, in this instance, the committee is satisfied with the clarification provided by the Minister and officers.

3.35 The committee discussed freight rates in relation to the Tasmanian Freight Equalisation Scheme (TFES). Officers informed the committee that the department will be conducting a parameter review which will inform what the rate should be. Officers also explained that the rate of assistance under the TFES has remained unaltered since 1998, notwithstanding the change in relativities between the freight rates and what is happening with road freight rates.<sup>25</sup>

## **Policy and Research**

3.36 The committee sought further information on the seatbelts for school buses scheme. Officers told the committee that there was a budget announcement of \$4 million over four years beginning in 2013-14. This was a lapsing terminating program, which the Government has decided to extend. The program has upgraded 267 school buses around Australia.

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22 *Proof Estimates Hansard*, 23 May 2012, pp 114–115.

23 *Proof Estimates Hansard*, 23 May 2012, p. 117.

24 Copies of this correspondence can be found at the following link:  
[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=rrat\\_ctte/estimates/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=rrat_ctte/estimates/index.htm)

25 *Proof Estimates Hansard*, 23 May 2012, p. 120.



## **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 2012-13 budget estimates hearings for the Regional Australia, Local Government, Arts and Sport portfolio. A complete list of all the topics discussed, and relevant page numbers, can be found at appendix 5.

4.2 The committee heard evidence from the department on Thursday 24 May 2012 from the following outcomes and agencies:

- Corporate Services
- Regional Development
- Local Government
- Services to Territories
- Office for the Arts
- Australia Council
- Screen Australia
- National Gallery of Australia
- National Library of Australia
- National Museum of Australia
- Australian National Maritime Museum
- National Film and Sound Archive of Australia
- Australian Film, Television and Radio School
- Office for Sport
- Australian Sports Commission
- Australian Sports Anti-Doping Authority

4.3 The committee began its proceedings by seeking clarification on an internal department document that stated that the department had an overallocation of \$2.2 million. The Secretary, Mrs Glenys Beauchamp, explained to the committee that the internal document was developed for the department prior to the machinery of government changes in December 2011, which affected the department's portfolio

responsibilities. Mrs Beauchamp informed the committee that the department is now set to run on budget.<sup>1</sup>

4.4 The committee sought further information on the number of voluntary redundancies that have been offered in the department. Mrs Beauchamp told the committee that there has been a budget reduction from 2011-12 to 2012-13, for several reasons, including a number of concluding one-off programs. Mrs Beauchamp further added that due to the machinery of government changes, and the acquisition of the Office for the Arts and the Office for Sport, the department is able to consolidate its corporate functions, declaring some positions excess.<sup>2</sup>

4.5 Officers told the committee that the department is aiming for a reduction of approximately 110 employees. Of the 90 employees that expressed an interest in a voluntary redundancy, 86 have been offered by the department. However, officers told the committee that they expect that a significant proportion will not take the voluntary redundancy after receiving financial advice. The committee heard that it is likely that about 60 voluntary redundancies will take place.<sup>3</sup>

4.6 The committee discussed the economic diversification package for Tasmania. Officers explained to the committee that it is being delivered through multiple departments, but that the Department of Regional Australia, Local Government, Arts and Sport is responsible for a \$16 million package that has been committed to 10 projects through a joint decision-making process between the Tasmanian and Commonwealth Governments.<sup>4</sup>

4.7 The committee sought an update on the Community Infrastructure Grants Program. Officers informed the committee that of the 87 projects, 61 are approved with funding. Of the projects that remain unapproved, two have had assessments completed and are with the Minister for consideration, four are under assessment, 12 are providing additional information to the department, and eight are in the process of finalising their costings.<sup>5</sup>

4.8 The committee discussed the Regional Development Australia (RDA) Fund Round 1 and asked the department if it had received any feedback on the program. Officers told the committee that the department sought feedback for Round 1 in

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1 *Proof Estimates Hansard*, 24 May 2012, pp 5–6; tabled document no. 1 can be found at: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=rrat\\_ctte/estimates/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=rrat_ctte/estimates/index.htm)

2 *Proof Estimates Hansard*, 24 May 2012, pp 6, 8 and 13.

3 *Proof Estimates Hansard*, 24 May 2012, pp 11 and 25.

4 *Proof Estimates Hansard*, 24 May 2012, p. 16; the list of projects was tabled and can be found at: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=rrat\\_ctte/estimates/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=rrat_ctte/estimates/index.htm)

5 *Proof Estimates Hansard*, 24 May 2012, p. 23.

sessions conducted by the chair of the independent panel and at the national RDA forum. Officers told the committee that 'vast improvements' have been made to RDA Fund Round 2 as a result.<sup>6</sup>

4.9 The committee sought an update on the progress of the myregion website. Officers told the committee that phase 2 of the website was delivered and launched on 18 May 2012, and that on average, the website has 10 000 visits per month. During the phase 2 development, the website project had employed up to five staff in that process, however, officers noted that this will be reduced to two ongoing staff.

4.10 The committee sought an update on the National Disaster Recovery Taskforce. Officers told the committee that the taskforce remains engaged with Queensland in particular, with over \$5 billion worth of reconstruction works either completed, underway or about to take place. The budget for the 2010-11 financial year was \$1.427 million, for 2011-12 it was \$6.934 million, and for 2012-13 it is \$4.733 million.<sup>7</sup>

4.11 The committee discussed the North Queensland Irrigated Agriculture Strategy. Officers informed the committee that \$10 million has been allocated for 2012-13, and that a steering committee and a governance board have been established for the project. Officers provided the names of each member of the committee and the board, and undertook to provide on notice the money spent on the strategy to date, as well as the work plan for the \$10 million allocated.<sup>8</sup>

4.12 The committee sought further information on Financial Assistance Grants, noting that the funding allocated for 2012-13 to local governments had been brought forward to 2011-12. Mrs Beauchamp emphasised to the committee that the decision to bring funding forward was a decision for government. Mrs Beauchamp did, however, note that 369 of the total of 566 local government areas had been affected by natural disasters in recent years.<sup>9</sup>

4.13 The committee sought further information on the Minister's announcement of \$2.9 million for the second stage of the Norfolk Island Reform Package. Officers detailed several projects, including \$1.5 million over two years to complete the pest and disease survey, which will give further consideration to including Norfolk Island in the Australian quarantine zone. A review of services provided by the Norfolk Island hospital has been allocated \$100 000, with another \$100 000 allocated to improve the tourist experience in Kingston and Arthur's Vale. The development of a waste management strategy has also been allocated \$200 000.<sup>10</sup>

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6 *Proof Estimates Hansard*, 24 May 2012, pp 26–27.

7 *Proof Estimates Hansard*, 24 May 2012, pp 29–30.

8 *Proof Estimates Hansard*, 24 May 2012, pp 43–44.

9 *Proof Estimates Hansard*, 24 May 2012, pp 57–58.

10 *Proof Estimates Hansard*, 24 May 2012, p. 69.

4.14 The committee asked the Office for the Arts and the Australia Council about a review into the Australia Council, which the Minister announced would contribute to the National Cultural Policy. Officers informed the committee that while the review into the Australia Council had been released, the date for release of the National Cultural Policy had not been announced yet.<sup>11</sup>

4.15 The committee noted the additional funding for several of the Arts agencies and sought further information on what proportion of that funding would alleviate the efficiency dividend.<sup>12</sup>

**Senator Glenn Sterle**  
**Committee Chair**

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11 *Proof Estimates Hansard*, 24 May 2012, pp 72–73.

12 *Proof Estimates Hansard*, 24 May 2012, pp 73, 74, 75, 76, 92–93 and 94–95.

## Dissenting Report by Coalition Senators

1.1 The Coalition cannot support the committee report as it relates to evidence provided by Surface Transport Policy on 23 May 2012, relating to the \$20 million Tasmanian freight assistance package.

1.2 The matter is dealt with in paragraphs 3.32 – 3.34 of the committee report.

1.3 On the afternoon on 23 May 2012 the committee heard evidence from Mr Deegan of Infrastructure Australia:

**Senator COLBECK:** I want to ask some questions about the work that you are doing in Tasmania around the export freight issues that they have been dealing with. My understanding is that you were going to hand a report to the government by early May; is that correct?

**Mr Deegan:** That is correct. I am hoping that it will be released shortly. The federal minister asked that I undertake some further consultation after a discussion I had with him towards the end of April, which made a lot of sense.

**Senator COLBECK:** That is fine. So you have handed him the initial report?

**Mr Deegan:** I have had a discussion with him about the report. I have not yet handed in my report. That is imminent.<sup>1</sup>

1.4 Later that evening the committee took evidence from Surface Transport Policy regarding the allocation of the funding.

1.5 The committee was again told that the Infrastructure Australia report was not completed and that the finalisation of that report would be an input into finalising the assistance package.

**Mr Mrdak:** That will contribute some further thinking in relation to the terms of the arrangements, and we anticipate that over the coming weeks the minister and the Tasmanian government will announce the details of the arrangements.

**Senator COLBECK:** So we will not see a final answer on the allocation of that funding until the report from Infrastructure Australia is released?

**Mr Mrdak:** Certainly the finalisation of Mr Deegan's report will be one of the inputs into finalising the program.<sup>2</sup>

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1 *Committee Hansard*, 23 May 2012, p. 72.

2 *Committee Hansard*, 23 May 2012, pp 117–118.

1.6 The Committee was further advised that the detail of how the funding package was to be allocated was yet to be finalised.

**Ms Gosling:** That is right. As Mr Mrdak said, it will be a payment to the Tasmanian government. Once we have settled the exact detail of how that money would be allocated, then the allocation of the funds would be a question for the Tasmanian government.<sup>3</sup>

1.7 It is the Coalition's view that the evidence provided to the committee regarding the allocation of the funding indicated that decisions had not been made and it would be perhaps weeks before announcements would be made, and that the decision would be made by the Tasmanian government.

1.8 On the morning of 24 May 2012 articles appeared in *The Advocate* and the *Examiner* newspapers announcing the allocation of funding from the package (see pages 30 and 31).

1.9 It subsequently became evident that an embargoed media release had been issued on 23 May 2012 by Minister Albanese and two colleagues announcing the funding (see pages 32–33).

1.10 As indicated in a letter from Mr Deegan to the committee, the report from Infrastructure Australia was not handed to Minister Albanese until after the embargo time on the media release and the media articles had appeared in the two Tasmanian papers.

1.11 It is clear that the prerequisites for finalising the details of the funding, as outlined in evidence to the committee, had not been met when the announcement was made by Minister Albanese.

1.12 During debate on the matter at the commencement of business on the morning of 24 May 2012, the Chair, Senator Sterle said:

**CHAIR:** Thank you. Now, with all due respect, I know I sat here as you did ask those questions of the officers last night and I certainly share that you have some form of reason to be upset. The officers are big enough to look after themselves—and I am happy to facilitate a private meeting, should we need that—but I think the committee should write to the appropriate department and perhaps seek a briefing.<sup>4</sup>

1.13 It is the view of the Coalition that Minister Albanese was attempting to avoid the scrutiny of the committee in the allocation of the Tasmanian freight assistance package.

1.14 It is this action that the Coalition contests saw the committee misled by the evidence provided.

---

3 *Committee Hansard*, 23 May 2012, p. 118.

4 *Committee Hansard*, 24 May 2012, p. 5.

**Senator the Hon Richard Colbeck**

**Senator the Hon Bill Heffernan  
Deputy Chair**

NEWS



Welcome boost for exporters

# Burnie receives \$4m for port

A \$4 MILLION infrastructure upgrade for the Burnie port is part of a \$20 million, federally funded assistance package for Tasmanian exporters.

The funding, which was officially announced yesterday, is a welcome boost for local exporters to enable them to reach international markets.

Ideas for the package were first raised after Tasmania's sole shipping container operator AAA ceased its operations last year.

The package has three key aspects — immediate assistance to exporters via a one-off payment to assist them to stay competitive, the infrastructure



**BOOST:** The Burnie port will receive funding for an infrastructure upgrade. Picture: Kelly Slater.

upgrade at the Burnie port and the establishment of a freight logistics coordination team.

Parliamentary Secretary for Agriculture, Fisheries and Forestry and Federal Member for Braddon Sid Sidebottom said the Burnie port upgrade was an important part of the package.

"These infrastructure im-

provements at the port of Burnie are crucial and recognise its importance as the major freight port in Tasmania," he said.

"This \$4 million in federal infrastructure funding will increase container handling capacity and improve the movement of goods within the port, boosting efficiency and helping lower costs for Tasmanian exporters."

Mr Sidebottom said the package, combined with the existing Tasmanian Freight Equalisation Scheme, would help further support local exporters and consequently Tasmania's economic growth.



LOOKING TO FUTURE: Commercial gummy shark fishermen Peter Smith (left) and Shane Rose at the industry's sustainability and marketing forum yesterday. Picture: Caitlin Heathcote.

## Quality, not quantity key to fishing industry sustainability

By CAITLIN HEATHCOTE

COMMERCIAL fishermen are out to challenge a widely held stereotype.

Fishermen from across the state converged on Barclay Motor Inn in Devonport yesterday to learn about sustainable fishing and marketing practices.

Shane Rose, of Launceston, and Peter Smith, of Wynyard, said fishermen were stereotyped as "uneducated rough men who raped and pillaged the ocean of its fish".

However, this was far from the truth. Tighter quota regulations and sustainable

fishing practice are at the forefront of the industry.

Mr Rose and Mr Smith both fish commercially for gummy shark, while Mr Smith widens his net to include king crab and crayfish.

They said they were attending the two-day seminar to help learn more about marketing their product to a mass consumer audience and to promote quality over quantity.

Mr Smith said the culture of the fishing industry had changed from a culture of quantity, to quality.

Mr Rose agreed saying it was important to let the consumer

know that Australian-caught fish was better quality than imported fish, although the import might be cheaper.

"We are trying to learn how to market sustainability to the general public," Mr Rose said.

Both Mr Rose and Mr Smith lauded the program and said they would recommend all Coastal fishermen took the opportunity to further educate themselves.

Mr Smith said it was important to the industry that fishermen had as minimal impact as possible on the marine environment and sustained the industry for future generations.

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# Councils to get in early on carbon tax

By PATRICK BILLINGS

LOCAL government will be given a year's head start to cover the cost of the carbon tax levied on landfill emissions.

The Launceston City Council is looking to raise \$75,000 in 2012-13 to pay for carbon emissions, which won't attract a bill until 2014.

This is because emissions from waste occur over a number of years after the waste is placed in the landfill.

"As you are accruing the liability, your charges should reflect that liability. You don't wait until the 2013-14 year and then hit everyone with the tax for the previous two years," council gen-

eral manager Robert Dobrzynski said.

All landfills, including council landfills, that produce more than 25,000 tonnes a year of carbon dioxide equivalent emissions will be liable to pay the tax.

Mr Dobrzynski said that the cost would be passed on to tip users and residents through the waste levy rather than being absorbed in general rates.

"This would be counter-productive to the intent by the federal government to use carbon taxing as a price signal to change behaviour," he said.

The council will spend about \$25,000 of its carbon budget on research and analysis on the cost

of the carbon tax at the Launceston Waste Centre.

It will also be able to reduce its carbon tax liability by capturing emissions and converting it to renewable energy.

The carbon price will have other impacts on the council's bottom line but it does not have enough information to accurately assess it. The Launceston City Council is one of seven Tasmanian councils that have been written to by the government's carbon cop to help them determine if they are liable.

Mr Dobrzynski said that he had not yet received a letter from the Clean Energy Regulator but said that he was anticipating one given the council runs a large regional tip.



Gradco project supervisor Rodney Grace, Dale Luck, of JMG Engineers, Launceston City Council infrastructure director Harry Galea, council graduate engineer Josh Coates and Mayor Albert van Zetten at the Mount Pleasant Dam site.

Picture: PAUL SCAMBLER

## Dam work to boost protection

THE Launceston City Council has started work on a \$1.4 million expansion of the Mount Pleasant Dam designed to protect parts of Kings Meadows from a one-in-100-year flood.

The Mount Pleasant Stormwater Detention Dam collects water from the Kings Meadows rivulet.

It was first built between 1900 and 1910, as part of the Mount Pleasant Estate, along with an 1860s homestead built by politician John Crooks.

At that time the dam provided a traditional English

lake and gardens for the landowners.

The council's redevelopment of the dam is designed to protect Kings Meadows — and particularly the Ernest Street area — from flooding.

It will protect the commercial area of Kings Meadows to a one-in-50-year standard, and the Ernest Street area to a one-in-100-year standard.

Launceston Mayor Albert van Zetten said it had not come about because of the proposed discount department store on Hobart Road but the dam would help protect it.

The redeveloped dam is much larger than the existing dam, with additional capacity to accept water during heavy rain, and to control discharge so that downstream areas do not flood.

The council has negotiated with the landowner to allow construction.

The original concrete dam has been demolished and is being replaced with an earth and clay wall six metres tall.

The dam's total capacity will be expanded from less than one megalitre to 7.3 megalitres.

Construction is expected to be complete by the end of August.

## Burnie port gets federal financial boost

By CARLY DOLAN

The Burnie port will receive \$4 million from the federal government to increase container handling capacity as part of a one-off \$20 million package to help Tasmanian exporters reach international markets.

Federal Infrastructure and Transport Minister Anthony Albanese, Braddon Labor MHR Sid Sidebottom and Lyons Labor MHR Dick Adams will announce the funding package today.

It was first flagged in March in response to a decision last year by the state's only international

shipping container operator, AAA, to cease operations.

Since then, the state and federal governments have been crafting the package to address problems for Tasmanian exporters.

The package contains three key measures, including direct assistance to exporters through a one-off payment to help them to stay competitive, improving infrastructure at the Burnie port and establishing a freight logistics co-ordination team.

"This \$4 million in federal infrastructure funding will increase container handling ca-

capacity and improve the movement of goods within the port, boosting efficiency and helping to lower costs for Tasmanian exporters," Mr Sidebottom said.

Mr Adams said the package was a much-needed investment in the state's export industries.

"This is a blueprint for Tasmania to address the need for better co-ordination of our road, rail and shipping sectors and to create more efficient links to the mainland and overseas to meet the needs of the state now and into the future," he said.

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**THE HON ANTHONY ALBANESE MP**

Minister for Infrastructure and Transport  
Leader of the House

**THE HON SID SIDEBOTTOM MP**

Parliamentary Secretary for Agriculture, Fisheries and Forestry  
Federal Member for Braddon

**THE HON DICK ADAMS MP**

Federal Member for Bass

**A NEW DEAL FOR TASMANIAN EXPORTERS**

The Gillard Labor Government has announced details of a one-off \$20 million funding package to help Tasmania's exporters reach international markets.

The package was first flagged in March in response to the decision last year by Tasmania's sole international shipping container operator AAA to cease operations.

Since March, Commonwealth and Tasmanian Governments have worked together to craft the package which will ensure the State's exports can continue to reach world markets.

These practical measures address the complex commercial realities facing Tasmanian exporters.

They also address deficiencies in the State's supply lines and transport infrastructure, providing a better environment for Tasmanian exporters to compete internationally.

The funding package contains three key measures.

1. Direct and immediate assistance to Tasmanian exporters through a one-off payment to help them stay competitive in the new shipping environment.
2. Investing in infrastructure improvements at the Port of Burnie to increase container handling capacity and enhance the efficiency of movements within the port.
3. Establish a freight logistics coordination team with an industry leadership.

Parliamentary Secretary for Agriculture, Fisheries and Forestry and Federal Member for Braddon Sid Sidebottom says the package will be welcome news for Tasmania's exporters.

"My Federal Tasmanian Labor colleagues and I listened to the concerns of our local exporters and have worked very closely with the Prime Minister and Minister Albanese to provide this much needed \$20 million package," Mr Sidebottom said.

"These infrastructure improvements at the Port of Burnie are crucial, and recognise its importance as the major freight port in Tasmania.

"This \$4 million in Federal infrastructure funding will increase container handling capacity and improve the movement of goods within the port, boosting efficiency and helping to lower costs for Tasmanian exporters.

"Combined with the Tasmanian Freight Equalisation Scheme which was first announced by Gough Whitlam, the package supports exports which are so crucial to Tasmania's economic growth."

Federal Member for Lyons Dick Adams said the package is a much needed investment in Tasmania's export industries.

"This is a blueprint for Tasmania to address the need for better coordination of our road, rail and shipping sectors and to create more efficient links to the mainland and overseas to meet the needs of the State both now, and well into the future," Mr Adams said.

"I am delighted we have been able to secure this vital funding for Tasmania."

**Media inquiries: Vivienne Skinner**



# **Appendix 1**

## **Tabled of contents to proof Hansard transcripts**

**Budget estimates 2012-2013**

### ***Agriculture, Fisheries and Forestry portfolio***

**Monday 21 May 2012**

**Tuesday 22 May 2012**

### ***Infrastructure and Transport portfolio***

**Wednesday 23 May 2012**

### ***Regional Australia, Local Government, Arts and Sport portfolio***

**Thursday 24 May 2012**

## Monday 21 May 2012

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# **Appendix 2**

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#### ***Documents tabled at hearing on Monday 21 and Tuesday, 22 May 2012***

1. Staffing figures from 2009-10 to 2012-13, tabled by Dr Conall O'Connell, 21 May 2012.
2. "Rising fees hurt small exporters" *Northern Star*, tabled by Senator McKenzie, 21 May 2012.
3. "Non-invasive assessment of stress in commercial housing systems", tabled by Mr James Kellaway, Managing Director, Australian Egg Corporation Limited, 22 May 2012.
4. "Qualitative research to determine consumer perceptions of free-range stocking densities", tabled by Mr James Kellaway, Managing Director, Australian Egg Corporation Limited, 22 May 2012.
5. "Welfare issues and housing for laying hens: international developments and perspectives", tabled by Mr James Kellaway, Managing Director, Australian Egg Corporation Limited, 22 May 2012.
6. Answers to questions taken on notice during the hearings on 21 and 22 May 2012, in relation to quarantine, budget supplier savings, and apple and pear research, development and extension investment plan, tabled by Dr Conall O'Connell, 22 May 2012.

### **Infrastructure and Transport portfolio**

#### ***Document tabled the day after the Wednesday, 23 May 2012 hearing***

1. "Burnie receives \$4m for port" *The Advocate*, tabled by Senator Colbeck, 24 May 2012.

### **Regional Australia, Local Government, Arts and Sport portfolio**

#### ***Documents tabled at hearing on Thursday, 24 May 2012***

1. Department of Regional Australia, Local Government, Arts and Sport, *Financial Insights*, August 2011, tabled by Senator Joyce, 24 May 2012.
2. Regional Development Australia Media Alert, tabled by Senator Macdonald, 24 May 2012.

3. Finance Circular No. 2004/14, Department of Finance and Administration, tabled by Senator Joyce, 24 May 2012.

## Appendix 3

### Topic list

#### Agriculture, Fisheries and Forestry portfolio

*Monday, 21 May 2012*

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## Appendix 5

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## Regional Australia, Local Government, Arts and Sport portfolio

*Thursday, 24 May 2012*

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# Appendix 6



AUSTRALIAN SENATE

CLERK OF THE SENATE

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24 May 2012

Senator the Hon Richard Colbeck  
Suite S1 47  
The Senate  
Parliament House  
Canberra ACT 2600

Dear Senator Colbeck

## **Possible false or misleading evidence given to the Rural and Regional Affairs and Transport Legislation Committee**

You have asked for advice on options available to you under the procedures of the Senate to deal with a possible case of misleading evidence given to the Rural and Regional Affairs and Transport Legislation Committee on 23 May 2012 in relation to expenditure under the Government's \$20 million Tasmanian Exporters Assistance package.

Privilege Resolution 6 sets out matters which the Senate may treat as contempts. These include the giving of false or misleading evidence to a committee. Paragraph (12)(c) of the resolution provides that a witness before the Senate or a committee shall not give any evidence which the witness knows to be false or misleading in a material particular, or which the witness does not believe on reasonable grounds to be true or substantially true in every material particular.

The Senate Committee of Privileges has investigated numerous allegations of possible false or misleading evidence before committees although it has not found a contempt in any of those cases. It has, however, been highly critical of the lack of knowledge by public servants of their obligations and responsibilities to the parliament and was instrumental in having this recognised as a training priority for senior officers. An essential element of a finding of contempt is that there should be evidence of an intention to mislead a committee. In several cases, the Privileges Committee found that the effect of certain evidence was to mislead the committee concerned, but that the witness did not intend to do so. In these circumstances, no contempt was found.

In your comments to the Rural and Regional Affairs and Transport Legislation Committee this morning, you indicated that you did not think this was a case of officers intentionally misleading the committee, but that events outside the committee overtook the evidence that was given, suggesting a political dimension to the situation.

Senate committees are entitled to expect that the evidence given to them will be comprehensive and accurate and that ministers will take responsibility for ensuring that their officers are fully prepared in order to assist committees. Given that the evidence provided by officers to the committee yesterday does not accord with announcements that appeared in today's press, and witnesses are expected to provide committees with any corrections to their evidence as soon as practicable, the committee could reasonably expect to be provided with a further explanation. In the meantime, however, it would be advisable for the committee to seek an explanation for the discrepancy, both from the departmental officers and from the minister at the table who I understand was Senator Kim Carr, representing the Minister for Infrastructure and Transport, Mr Albanese.

Having received the explanations, the committee should then consider whether it wishes to raise as a matter of privilege a possible case of misleading evidence. A decision by the committee not to proceed in raising a matter of privilege does not prevent you as an individual senator doing so and I can provide further advice on this matter if you so wish.

It would be appropriate for the committee to include an account of this matter in its report on the estimates and you may wish to comment on the matter in a motion to take note of the committee's report on its presentation to the Senate (a motion for which leave would be required). Alternatively, you may wish to speak to the second reading of the appropriation bills and indicate your concerns using that opportunity.

There are numerous other procedures of the Senate that are available to you to either obtain further information about this matter or to voice your concerns about it. These include:

- following up immediately with questions on notice through the estimates process;
- asking a question without notice in relation to the minister's role in the events (and following this up with commentary in debate on a motion to take note of the answer);
- lodging questions on notice in the Senate (which, if they remained unanswered for more than 30 days after they were asked, would give you earlier access to the provisions under standing order 74 for raising these matters in the chamber than your estimates questions on notice — because the clock does not start ticking on these until 30 days after the date set by the committee for submission of answers);
- raising the matter in debate on relevant document, committee report or Auditor-General's report;
- speaking to a matter of public importance under standing order 75 on a topic relating to government performance and integrity;
- raising the matter in matters of public interest (Wednesdays from 12.45 pm) or an adjournment debate;

- framing a motion expressing your views on the management of the process and the arrangements for the announcements of particular expenditures under the fund.

There may also be scope for an order for production of documents if any likely documents can be identified.

If it appears that there is insufficient evidence to support an allegation of deliberate misleading of the committee by the witnesses at the table, there remains the issue of serious discourtesy by the responsible minister to the estimates process, which can be raised using any of the above procedures.

Please let me know if I can provide any further assistance in relation to this matter.

Yours sincerely

*Rosemary Laing*  
Clerk of the Senate

