

The Senate

---

Rural and Regional Affairs and  
Transport Legislation Committee

---

Additional estimates 2003-04

March 2004

© Commonwealth of Australia

ISBN 0 642 71364 2

This document was produced from camera-ready copy prepared by the Senate Rural and Regional Affairs and Transport Legislation Committee, and printed by the Senate Printing Unit, Department of the Senate, Parliament House, Canberra.

# MEMBERSHIP OF THE COMMITTEE

## *Members*

Senator the Hon. Bill Heffernan	LP, New South Wales	Chairman
Senator Geoffrey Buckland	ALP, South Australia	Deputy Chairman
Senator John Cherry	AD, Queensland	
Senator Richard Colbeck	LP, Tasmania	
Senator Jeannie Ferris	LP, South Australia	
Senator Kerry O'Brien	ALP, Tasmania	

## *Participating Members*

---

Senator Abetz	Senator Ferguson	Senator McLucas
Senator Bishop	Senator Harradine	Senator Murphy
Senator Boswell	Senator Harris	Senator Payne
Senator Brown	Senator Hutchins	Senator Ray
Senator Carr	Senator Knowles	Senator Santoro
Senator Chapman	Senator Lightfoot	Senator Stephens
Senator Coonan	Senator Mason	Senator Tchen
Senator Eggleston	Senator S MacDonald	Senator Tierney
Senator Evans	Senator Mackay	Senator Watson
Senator Faulkner	Senator McGauran	

Senator Allison for matters relating to the Transport portfolio

Senator Greig for matters relating to the Fisheries portfolio

Senator Lees for matters relating to air safety

## *Committee Secretariat*

Ms Maureen Weeks	(Secretary)
Mr Andrew Bomm	(Research Officer)
Ms Michelle Lowe	(Executive Assistant)

Parliament House, Canberra

Telephone: (02) 6277 3511

Facsimile (02) 6277 5811

**Internet:** [www.aph.gov.au/senate](http://www.aph.gov.au/senate)

**Email:** [rrat.sen@aph.gov.au](mailto:rrat.sen@aph.gov.au)



# TABLE OF CONTENTS

<b>MEMBERSHIP OF THE COMMITTEE .....</b>	<b>iii</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>INTRODUCTION .....</b>	<b>1</b>
Questions on Notice .....	2
Administration of written answers or additional information .....	2
<b>CHAPTER TWO .....</b>	<b>3</b>
<b>AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO .....</b>	<b>3</b>
Department of Agriculture, Fisheries and Forestry .....	3
General Issues .....	4
Management Services and Corporate Governance .....	4
Market Access and Biosecurity .....	4
Food and Agriculture .....	5
Fisheries and Forestry .....	6
Natural Resource Management .....	6
Product Integrity, Animal (including aquatic animal) and Plant Health .....	7
AQIS .....	7
Rural Policy and Innovation .....	8
ABARE .....	9
BRS .....	9
<b>CHAPTER THREE .....</b>	<b>11</b>
<b>TRANSPORT AND REGIONAL SERVICES PORTFOLIO .....</b>	<b>11</b>
Department of Transport and Regional Services .....	11
Corporate Group .....	12
Bureau of Transport and Regional Economics, Regional and Cross Portfolio Issues .....	13
Transport Policy Functions .....	13
Surface Transport Regulation .....	14
Australian Maritime Safety Authority .....	14
Transport Security Regulation .....	15
Aviation and Airports Regulation .....	15
Civil Aviation and Safety Authority .....	16

Airservices Australia .....	17
Australian Transport Safety Bureau .....	19
Transport Programmes .....	19
Regional Programmes .....	20
Territories and Local Government .....	21
National Capital Authority .....	22

# **SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE**

## **ADDITIONAL ESTIMATES**

### **REPORT TO THE SENATE**

#### **CHAPTER ONE**

##### **INTRODUCTION**

1.1 On 11 February 2004, the Senate referred to the Committee the following documents for examination and report in relation to the Agriculture, Fisheries and Forestry and Transport and Regional Services portfolios:

- (a) Particulars of proposed additional expenditure in respect of the year ending 30 June 2004;
- (b) Particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2004;
- (c) Statement of savings expected in annual appropriations made by Act No. 55 of 2003 (Appropriation Act (No. 1) 2003-2004) and Act No. 56 of 2003 (Appropriation Act (No. 2) 2003-2004);
- (d) Issues from the Advance to the Minister for Finance as a final charge for the year ended 30 June 2003.

1.2 The Committee considered the Portfolio Additional Estimates Statements 2003-2004 for each portfolio at hearings on 16, 17 and 20 February 2004. The hearings were conducted in accordance with the agreed agenda as follows:

- (a) Monday, 16 February – Agriculture, Fisheries and Forestry portfolio;
- (b) Tuesday, 17 February – Transport and Regional Services portfolio;
- (c) Friday, 20 February – Transport and Regional Services portfolio.

1.3 The Committee heard evidence from Senator The Hon Ian Macdonald, Minister for Fisheries, Forestry and Conservation, representing the Minister for Agriculture, Fisheries and Forestry and Senator The Hon Ian Campbell, Minister for

Territories and Local Government, representing the Minister for Transport and Regional Services. Evidence was also provided by Mr Michael Taylor, Secretary of the Department of Agriculture, Fisheries and Forestry, Mr Ken Matthews, Secretary of the Department of Transport and Regional Services and officers representing the departments and agencies covered by the estimates before the Committee.

1.4 The Committee thanks the Ministers, Departmental Secretaries and officers for their assistance and cooperation during the hearings.

### **Questions on Notice**

1.5 In accordance with Standing Order 26, the Committee is required to set a date for the lodgment of any written answers or additional information. The Committee requested that written answers and additional information should be submitted by Friday, 2 April 2004.

### **Administration of written answers or additional information**

1.6 Answers to questions taken on notice at the Additional Estimates hearings will be tabled in the Senate in separate volumes entitled *Additional Information provided during the Rural and Regional Affairs and Transport Legislation Committee's examination of additional estimates 2003-2004*. Documents not suitable for inclusion in the additional information volumes will be available on request from the Committee secretariat.

1.7 Additionally, answers to questions on notice received from the departments will be posted onto the Committee's website at a later date.



# CHAPTER TWO

## AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO

### Department of Agriculture, Fisheries and Forestry

2.1 The Committee heard evidence from the department on Monday, 16 February 2004. The hearing was conducted in the following order:

- Management Services and Corporate Governance
- Market Access and Biosecurity
- Food and Agriculture (including Wheat Export Authority)
- Fisheries and Forestry
- Natural Resource Management
- Product Integrity, Animal (including aquatic animal) and Plant Health
- AQIS (Australian Quarantine and Inspection Service)
- Rural Policy and Innovation
- Australian Bureau of Agricultural and Resource Economics (ABARE)
- Bureau of Rural Sciences (BRS)

2.2 A number of issues from previous estimates hearings were again raised by the Committee at Additional Estimates. Among these were the *Cormo Express* incident and the subsequent review into the live sheep trade, the effectiveness of the sugar industry reform package, the Hewett defective administration claim and its near resolution, the lack of expenditure on the Agricultural Development Partnership Program and the Murray-Darling Basin Initiative.

2.3 Some emerging issues were also pursued by the Committee. Of particular interest was the Australia-US Free Trade Agreement (FTA), especially in the context of its impact on access to the US market for Australian agricultural products, as well as its potential effect on existing Australian quarantine restrictions.

## General Issues

### *Management Services and Corporate Governance*

2.4 The Committee was particularly concerned with the lateness of responses to questions on notice from Supplementary Estimates in November. Due on 19 December 2003, the Committee received responses to those questions on 6 February 2004. Senator McDonald discussed with the Committee the difficulty of meeting the deadline.<sup>1</sup> In relation to the deadline for answering questions on notice, the Minister stated that:

Of course we take it seriously. I have to say that the rules set by the Senate in many instances are quite unreasonable. We abide by them to the best of our ability and we do take them seriously, but, where there are major issues of importance to the Australian public that require attention, there has to be some prioritising. In my instance—and I am sure in Mr Truss's instance, without speaking for him; and I sure with the department—you do what has to be done in the interests of Australia. In answering interminable questions that require an enormous amount of research going back many years, and in my view are quite beyond the purview of this committee, those things sometimes have to be put off.<sup>2</sup>

2.5 The Hewitt defective administration claim was again raised. This matter relates to an administrative decision by AQIS taken without proper authority in 1987-88. It was subject to a committee inquiry, the report on which was tabled 10 November 1998, recommending the matter be referred to the Ombudsman. The claim was last discussed at the previous estimates round, where the Committee was told the matter was nearing resolution. Although not in fact resolved, on this occasion the Committee was informed that an offer by the Commonwealth had been made to the Hewett family, which they considering.<sup>3</sup>

### *Market Access and Biosecurity*

2.6 The Committee also engaged the Department on aspects of the Australia-US Free Trade Agreement. While the Department was able to advise the Committee on a limited number of matters relating to the issue – such as the process for advising primary producers - the details of the agreement were yet to be finalised. The Minister also indicated that the Department of Foreign Affairs and Trade was best placed to answer questions on the matter.<sup>4</sup>

---

1 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 5-7

2 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, p. 6

3 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, p. 9

4 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 10-21

2.7 Discussion followed on the issue most prominent at Supplementary Estimates, that of the rejected sheep on the *Cormo Express* and subsequent Keniry Review. The Committee was informed that consultations with industry groups are ongoing and the Government was considering its response to that report.<sup>5</sup>

2.8 The Committee also discussed the issue of the basis for Biosecurity Australia's import risk analyses, referring specifically to a US administration document raising the prospect of reduced quarantine barriers in Australia for certain commodities. The Minister and Biosecurity officers assured the Committee that the process is entirely science based, while endeavouring to use the least trade restrictive measures in accordance with WTO agreements.<sup>6</sup>

### ***Food and Agriculture***

2.9 The Committee raised the issue of the reform package for the sugar industry, following on from questions at Supplementary Estimates.<sup>7</sup> Of particular interest to the Committee were the measures aimed at assisting industry participants to become more competitive and draw supplementary incomes to withstand difficult trading conditions, or leave the industry. The Committee was advised that income support for sugar farmers had ceased on 30 September 2003, and that applications for planting subsidies had also ceased on that date. Consequently, the Department indicated that expenditure on those programs was not going to increase further.<sup>8</sup>

2.10 The Committee also heard evidence that only 15 of the sugar exit packages had been successfully applied for, signifying a lower than expected response. The package represents a financial incentive to leave the industry, that being a one-off tax free \$45,000 payment. The Department stated that exit assistance remained, while explaining that determining the number of participants who might decide to leave the industry is "no exact science".<sup>9</sup> The Committee notes that of the \$30 million exit package available, only \$623,000 has been spent as a consequence of the overestimation of likely demand for the package.

2.11 A discussion on the impact of the exit package on sugar mills followed. The Minister explained to the Committee that fewer farmers did not equate to lower

---

5 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 24-25

6 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 21-24, 26-30

7 RRAT Committee Supplementary Estimates, Transcript of Evidence, 3 November 2003, pp. 67-70

8 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 31-32

9 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, p. 32

tonnage, while raising the prospect of mills investing in sugar farms to ensure cane harvests remained sufficient to ensure viable milling operations.<sup>10</sup>

2.12 The Committee discussed a broad range of issues pertaining to the Wheat Export Authority (WEA). These included the wheat growers' levy, the Geneva office of AWB International, the cost of a newly appointed independent panel and performance payments to AWB Ltd.<sup>11</sup>

2.13 The Committee then engaged the WEA on the unconventional role of AWB Ltd. There was a long discussion on the requirement of AWB Ltd to achieve maximum benefits for growers, as required by the company's constitution, against their fiduciary obligation to work for the interests of the company's shareholders. The Committee was informed that the WEA was legislatively restricted in its ability to scrutinise the dual responsibilities of AWB Ltd, stating that this was ultimately the responsibility of shareholders who, theoretically, are also wheat growers.<sup>12</sup> The Committee was concerned that should the shareholder base diversify significantly beyond growers, this dual responsibility will become problematic. The Committee also notes that an independent review into the performance of AWB International as the single desk commercial marketer will be conducted in 2004.

### *Fisheries and Forestry*

2.14 The Committee first discussed the Commonwealth fisheries review, being informed that it contained 52 recommendations, of which 29 had been adopted and 23 were the source of ongoing work. The Department offered to provide on notice the status of each of those recommendations.<sup>13</sup>

2.15 The Committee also heard evidence on illegal fishing in the waters to the north of Australia. The Department outlined the problems associated with tackling this problem, including identifying boats and repeat offenders, as well as providing a breakdown of boats cautioned, bonded or destroyed and the administrative process involved in reaching such decisions. Such details officers did not have to hand were taken on notice.<sup>14</sup>

2.16 Another issue raised concerned the 20/20 vision strategy for the plantation forestry sector. The Department offered to provide information on hardwood

---

10 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 33-35

11 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 36-40

12 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 40-44

13 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, p. 45

14 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 45-48

---

plantation yields and the net economic return to the Commonwealth from the plantation sector.<sup>15</sup>

### ***Natural Resource Management***

2.17 The Committee was particularly interested in the progress of negotiations between the member jurisdictions of the Murray-Darling Basin on the issue of resolving the issue of over-allocation of water across the system. The Committee was informed of various aspects of this process, including the completion of work by task teams assessing institutional arrangements, and funding commitments from the states.<sup>16</sup>

2.18 The Committee also discussed the National Landcare Initiative, hearing evidence on the national action plan on salinity in relation to budgetary transfers, the ACT bilateral agreement, statewide salinity water management strategies and more effective local salinity projects through better local coordination and planning processes. The Department also agreed to supply the Committee with a breakdown of expenditure for individual projects associated with the initiative.<sup>17</sup>

2.19 Another issue raised was that of the interception of floodwaters by property owners in southern Queensland. The Department stated that as Queensland is not currently a party to any arrangements on overallocation the problem was a matter best taken up with the Queensland Government.<sup>18</sup>

### ***Product Integrity, Animal (including aquatic animal) and Plant Health***

2.20 Of concern to the Committee was the difficulties faced by Australian food exporters in complying with the US Bioterrorism Act. The Department indicated that industry groups had been well advised on the requirements of the Act and that a submission to the US Food and Drug Administration raising issues of concern had been made.<sup>19</sup>

2.21 The Department updated the Committee on work completed in response to the avian flu outbreak in Asia and the threat of the disease entering Australia. This included establishing courses of action for an outbreak, setting up a communication network across industries and between large and small producers, organising

---

15 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, p. 49

16 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 54-55

17 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 56-59

18 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 60-62

19 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 62-63

occupational health and safety arrangements and looking into diagnostic and vaccination options.<sup>20</sup>

## ***AQIS***

2.22 The Committee raised a broad array of issues with AQIS. These included:

- the impact of the Australia-Thai free trade agreement on plant quarantine;
- fumigating Thai mangosteen and pineapples;
- seed borer in Chinese frozen durian;
- soil tolerance testing for Thai seed potatoes and
- Thai chicken meat import risk analysis.<sup>21</sup>

2.23 The Committee also discussed an incident in which genetically modified (GM) canola seeds were imported into Australia and inadvertently planted into a trial. The Department explained that the potential illegality of the action depended on when the seed was brought in, given that the current requirements mandating identification of imported GM seed. AQIS officers assured the Committee they would ascertain whether a breach had taken place in that instance. The Committee further raised the concern that the requirement for declaring GM seed was too reliant on the accuracy of importers' declarations.<sup>22</sup>

2.24 A discussion followed on the contaminated sheep feedlot in Portland, the publicised bioterrorism incident in which sheep were fed ham to prevent live shipping to Middle Eastern buyers. The Committee particularly sought advice as to the information and options provided to the affected company in relation to selling the sheep to alternative markets. According to AQIS, the company had been advised that there were industry and market sensitivities to selling the sheep to Japan, and that they would be soon advised on other possibilities for the sheep.<sup>23</sup>

2.25 The Committee also engaged AQIS on the cost and effectiveness of the "Quarantine Matters!" campaign, in addition to some discussion on a new campaign to educate people from non-English speaking backgrounds on general biosecurity and quarantine issues, with an emphasis on avian influenza.<sup>24</sup>

---

20 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, p. 64

21 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 66-68

22 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 68-70

23 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 71-76

24 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 77-79

---

### ***Rural Policy and Innovation***

2.26 A lengthy discussion took place on the issue of GM canola. The Committee was particularly concerned with the capacity of any regulatory body to regulate the physical spread of GM canola and the legal issues arising from a lack of containment to prescribed GM locations. The Department conceded that these issues still need to be comprehensively addressed before GM canola became commercialised, though the Committee notes that existing trials are being conducted in Australia and such unresolved issues are of concern.<sup>25</sup>

2.27 The Committee also sought information on expenditure for drought assistance, consultations for the drought review process and the status of the exceptional circumstances (EC) application for the region surrounding Ballarat.<sup>26</sup>

2.28 The Committee further questioned officers regarding the Agricultural Development Partnership Program (announced in the 2000 budget), which had spent none of the \$4.9 million it was allocated for 2002-03. At Supplementary Estimates the Department told the Committee that the matching funding requirement with the states had hindered the program.<sup>27</sup> The Committee was informed that \$115,000 had been spent on the first of the projects and that guidelines for matching funds from the states were now in place, facilitating further draft proposals getting approved.<sup>28</sup>

### ***ABARE***

2.29 The Committee discussed with ABARE the prices and/or market prospects of a number of agricultural commodities. They were:

- sugar;
- beef;
- dairy;
- wool;
- lamb;
- wheat;
- cotton, and

---

25 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 80-82

26 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 82-86

27 RRAT Committee Supplementary Estimates, Transcript of Evidence, 3 November 2003, p. 112

28 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 86-87

- pork.<sup>29</sup>

***BRS***

2.30 The Committee discussed changes to the bureau following the recent ABARE-BRS review. The officers informed the Committee that a high level of cooperation between the two organisations had been achieved, particularly in relation to land clearing and the National Landcare Program.<sup>30</sup>

2.31 The Committee also sought information on the economic impact of the representative areas program for the Great Barrier Reef. BRS advised that there would be a ten per cent reduction in access to commercial fishing resources, having most significant effect on Bundaberg, Townsville, Cairns and Mackay.<sup>31</sup>

---

29 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, pp. 88-90

30 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, p. 90

31 RRAT Committee Additional Estimates, Transcript of Evidence, 16 February 2004, p. 91



# **CHAPTER THREE**

## **TRANSPORT AND REGIONAL SERVICES PORTFOLIO**

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

3.1 The Committee heard evidence from the department on Tuesday, 17 February and Friday 20 February 2004. The hearing was conducted in the following order:

- **Corporate**
  - Corporate Group
- **Policy and Research Group**
  - Bureau of Transport and Regional Economics, Regional and Cross Portfolio Issues
  - Transport Policy Functions
- **Regulatory Group**
  - Surface Transport Regulation
  - Australian Maritime Safety Authority
  - Transport Security Regulation
  - Aviation and Airports Regulation
  - Civil Aviation Safety Authority
  - Airservices Australia
- **Safety and Investigation Group**
  - Australian Transport Safety Bureau
- **Programmes Group**
  - Transport Programmes
  - Regional Programmes
  - Territories and Local Government
  - National Capital Authority

3.2 The financial position of the Department has been discussed at length at previous estimates hearings and was once again an issue of concern to the Committee. In this context, the Committee heard substantial evidence on the Department's initiative to extract itself from its financial problems, particularly in relation to staffing levels and overall morale. In financial terms, the Committee was informed that although some groups within the Department were further ahead in meeting their

target budget reductions than others, in aggregate terms the Department was "on track".<sup>1</sup>

3.3 The other major issue followed up by the Committee from Supplementary Estimates was that of the implementation of, and industry resistance to, the new National Air Space system. The Committee also continued to pursue an interest in matters such as the lease of New South Wales rail track by the Australian Rail Track Corporation, new aviation security measures including the requirement for strengthened cockpit doors on aeroplanes, the status of the proposed Albury-Wodonga bypass and the administration of various Commonwealth-funded regional development programs.

### ***Corporate Group***

3.4 The Committee first raised concerns over the lateness of responses to questions on notice from Supplementary Estimates. A majority of these were passed to the Committee within one week of Additional Estimates and others had not been received at all. The Minister took some responsibility for this occurrence, offering that being new to the portfolio he had read every answer carefully in order to become fully briefed with its various aspects. The Minister further added that he was not satisfied with the performance of certain agencies in that respect, singling out the NCA for particular mention.<sup>2</sup>

3.5 A discussion ensued on the burden placed on Departments in responding to large numbers of questions on notice, as well as the practical difficulties arising from completing the work over the summer holiday period.<sup>3</sup>

3.6 Questions on the impact of the new 'work out/work up' strategy on staff morale followed. The Departmental Secretary, Mr Matthews, conceded that due to the financial pressures and the reform process that there was indeed a degree of stress amongst officers and that morale was not high. He told the Committee that despite these difficulties staff commitment remained strong, and that senior officers were continuing to communicate with staff on the progress of reform and to act upon feedback they received. The primary element of this approach was a decision to curtail the movement of SES officers around the Department.<sup>4</sup>

3.7 The Committee requested staffing level information contained in the Department's staff survey. They were informed that there were 803.3 full time equivalent staff left in the Department, down from 937 ongoing and non-ongoing staff

---

1 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 5

2 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 3-4

3 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 5

4 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 6-11

---

in May 2003. This 13.8% reduction was skewed towards the corporate and policy and research groups, with the regulatory group losing the fewest staff.<sup>5</sup>

3.8 Another issue raised concerned the Department's budgetary allocation for IT resources. The Committee was advised as to which specific aspects of IT services were contracted out and those that were performed in-house.<sup>6</sup>

### ***Bureau of Transport and Regional Economics, Regional and Cross Portfolio Issues***

3.9 The Committee began discussing the issue of biofuels, specifically regarding the viability of the biodeisel and ethanol industries. The Committee received confirmation of the details of a joint ABARE and CSIRO study, assisted by BTRE, into the costs and benefits of the biofuel industries. The officers offered an important qualification to the report, however, noting that its conclusions were based on the phasing out of excise relief, which did not in fact occur.<sup>7</sup>

3.10 The Committee was also advised on a cost benefit analysis of the National Airspace System BTRE has been commissioned to oversee. According to officers, the report is proceeding to plan, with the terms of reference determined and approved by the Minister and a scoping report being finalised.<sup>8</sup>

### ***Transport Policy Functions***

3.11 The agreement between New South Wales and the Australian Rail Track Corporation (ARTC) to lease main line NSW track for up to 60 years was discussed at length. Officers told the Committee that New South Wales will retain ownership of the track and set safety and regulatory standards, while the two parties will enter into a series of agreements relating to maintenance and train control staff. The Committee heard evidence that the Commonwealth has contributed \$143 million and the New South Wales government \$62 million, to the agreement. The Department stated that New South Wales' relatively low financial commitment to their own track was a matter for the New South Wales government.<sup>9</sup>

3.12 The Committee was also informed that an outside \$50 million earlier promised for the deal was still available. The Department also stated that they would follow up comments from those outside interests to the effect that they would be prepared to invest \$500 million in track infrastructure upgrades.<sup>10</sup>

---

5 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 8

6 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 17-18

7 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 20-21

8 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 22

9 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 24

10 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 25-29

3.13 A discussion followed on how the ARTC will underwrite funds borrowed for the investment. The Committee was advised that the Commonwealth has agreed to underwrite a proportion of ARTC's borrowing, and offered to provide on notice the details of the extent to which this would occur.<sup>11</sup>

3.14 The Committee also sought information on the Infrastructure Borrowings Tax Offset Scheme (IBTOS) and were informed that no new projects had been approved under that scheme. The Department offered to provide on notice information pertaining to existing commitments under IBTOS.<sup>12</sup>

### ***Surface Transport Regulation***

3.15 The Committee requested information on the regulation of four wheel drive vehicles, particularly in relation to accidents with smaller vehicles. The Department advised that research was being conducted in Australia that would determine future regulatory measures. There followed a discussion on a fatal accident involving a four wheel drive rollover and possible mandatory design codes for such vehicles. The Department ruled out this measure on the basis that it would not be as effective as education and driver training in reducing rollover incidents.<sup>13</sup>

3.16 The Committee also sought clarification on a reference to a review of civil and defence search and rescue functions contained on the Department's web site.<sup>14</sup> Initially unaware of such a review, the Department subsequently informed the Committee that the information on that site was out of date and would be removed.

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

3.17 The issue of implementing rules concerning single-hulled vessels operating on the Australian coastline was raised by the Committee. The Australian Maritime Safety Authority (AMSA) advised that since incidents involving the *Erika* and *Prestige*, a phase-out regime was being considered. The Committee was also informed that all single-hulled tankers under AMSA's port state control regime are now subject to inspection, where previously only aged tankers were inspected.<sup>15</sup>

3.18 Discussion followed on an industry perception of a lack of seagoing experience within the Department and the degree of utilisation of AMSA's skills base. AMSA assured the Committee that dialogue and information sharing between themselves and

---

11 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 26

12 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 32-33

13 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 34-35

14 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 37-40

15 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 38

---

the Department was continuous, adding that such concerns had never been raised with AMSA.<sup>16</sup>

### ***Transport Security Regulation***

3.19 The Committee requested details of an additional \$93 million for extra aviation security measures to combat the possibility of aviation terrorism. The Committee initially queried the extent to which this would be funded by the Ansett ticket levy surplus; a question taken on notice. The Department then outlined the measures to be implemented, including:

- a trial of new technology for screening aircraft cargo;
- additional ASIO positions at major airports;
- additional senior AFP officials at airports;
- a program for hardened cockpit doors on smaller passenger aircraft, and
- a grant program for regional airports.<sup>17</sup>

3.20 Discussion proceeded to concerns with some aircraft having not met a 1 November 2003 deadline for strengthened cockpit doors. Following a brief exchange on exemptions for certain airlines, the Minister raised his concern that the discussion may publicly reveal more about airline security than is desirable. Consequently, the Committee was offered a private briefing on the matter.<sup>18</sup>

3.21 In relation to the implementation of the Maritime Transport Security Act, the Committee was informed that the deadline of March 1 for security plans from ports, port facilities and ships for assessment was proving to be a challenge, as was July 1 for the implementation of the security measures. The officers were aware of the statutory obligations pertaining to the deadlines and remained confident of making sufficient progress to implement the measures on time.<sup>19</sup> Given the short time that remained after the hearing until the industry's March 1 deadline, the Committee will pursue this matter at Budget Estimates.

### ***Aviation and Airports Regulation***

3.22 The principal issue concerning the Committee was the Australian Transport Safety Bureau (ATSB) recommendation for a review into the National Airspace System (NAS). The Department rejected the notion that the review indicated that the Airspace Reform Group had mishandled or there were fundamental flaws in the NAS

---

16 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 39

17 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 40-42

18 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 45-46

19 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 46-48

implementation, instead stating that the review reflected an opportunity to make improvements.<sup>20</sup>

3.23 The Committee also raised concerns over an aviation incident at Launceston in which a Virgin Blue flight passed within close range of a small aircraft which, under the new system, was no longer required to obtain authorisation to be in that airspace. The Department informed the Committee that under the new system the pilot of the small plane was not discouraged from alerting other pilots to his presence. The Departmental Secretary further added that ATSB had investigated the incident thoroughly and recommended a review of certain aspects of the system.<sup>21</sup>

3.24 Another major concern relating to NAS was the issue of the legality of the process adopted to implement NAS. The Department indicated that while they had received legal advice from Airservices concerning legal process problems with the NAS implementation, this aspect of the debate did not reflect adversely on, or relate to, the safety priorities being pursued.<sup>22</sup>

3.25 The Committee then engaged the Department on an apparent lack of support for the reforms from the wider aviation industry. The Minister rejected assertions that airspace was being deregulated and that there was widespread industry concern over NAS. The Departmental Secretary offered that the Airspace Reform Group had previously, and would continue in the future, to listen to the views of industry. He added that large sections of the industry were in favour of the NAS reforms.<sup>23</sup>

### *Civil Aviation and Safety Authority*

3.26 NAS was again the Committee's primary source of discussion, with the major issue being CASA's response to the NAS design safety case. Discussion on the substance of that issue was delayed, however, while the Department and the Minister apologised for an incomplete response to a relevant question on notice from Supplementary Estimates. The Committee noted that this oversight disadvantaged their work in seeking information on this matter.

3.27 Technical discussions on NAS followed. The Committee was informed that although CASA recognised an increased risk associated with the transition to stage 2b implementation of NAS, work had been done to put in place mitigation measures to address the risk.<sup>24</sup> The Committee later focussed on CASA correspondence expressing concerns with the length of the transitional period remaining beyond an "extended period of time". Officers indicated that they had not formed a view as to how long an

---

20 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 48

21 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 48-49

22 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 50-51

23 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 52

24 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 56-57

---

extended period is, and offered to take on notice details of the timetable for the stage 2b implementation process.<sup>25</sup>

3.28 The Committee also sought clarification of the differences between NAS and the US model it was based on. CASA explained that NAS was modified to take into account the lower risk of en-route accidents (compared to the US) and the relative concentration of activity at terminal areas. Officers further explained that the higher prevalence of radar coverage in the US reflected greater density in air traffic.<sup>26</sup>

3.29 A discussion ensued on CASA briefings on stage 2b implementation to the Minister. CASA offered to provide on notice details of consultation with the Minister during the implementation period.<sup>27</sup> The Committee also heard that CASA would be conducting a review of the process, as recommended by the ATSB in its investigation report into the aviation incident at Launceston on 24 December 2003.<sup>28</sup>

3.30 The Committee also briefly turned its attention to helicopter maintenance. They heard evidence on the processes for carrying out maintenance on helicopters in Australia, including risk based audits, issuing licences and mandatory maintenance schedules.<sup>29</sup>

### *Airservices Australia*

3.31 The Committee first heard a prepared statement from the CEO of Airservices regarding NAS. He conceded that the process for considering airspace changes implemented on 27 November 2003 was not undertaken in accordance with legislation governing Airservices' activities. This related to reliance on the work of other agencies for research and analysis and the way in which identified risk management into the implementation of class E airspace was conducted.<sup>30</sup>

3.32 The Committee requested that they be provided with legal advice in relation to the process followed in approving stage 2b of NAS. Following a suggestion from Airservices that the advice may contain commercially sensitive information and may not be supplied to the Committee, the Chair informed officers that in accordance with the Senate's resolution of 30 October 2003, information could not be withheld on the grounds of commercial-in-confidence unless:

- (a) The claim is made by the Minister, and

---

25 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 61-62

26 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 58-60

27 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 66-67

28 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 68-69

29 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 69-72

30 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 72-73

- (b) Accompanied by a statement setting out the basis for the claim and the commercial harm that may result from the disclosure of information.

The Minister indicated that the advice in question is subject to legal professional privilege and its release a matter for the board of Airservices.<sup>31</sup>

3.33 Despite a media report in *The Australian* on 11 February suggesting otherwise, the Committee was assured that Airservices' insurance coverage was unaffected by their procedural errors.<sup>32</sup>

3.34 Another issue raised by the Committee was the resignation of Airservices' chairman John Forsyth. Mr Smith, CEO of Airservices, stated in relation to the reason for the resignation:

That is something that he discussed with Minister. I could not comment on that.<sup>33</sup>

3.35 Officers offered to provide to the Committee correspondence between Mr Forsyth and the Minister.<sup>34</sup> The correspondence provided from the Minister's office indicated that Mr Forsyth provided a written resignation to the Minister on 10 February 2004, which was accepted by the Minister on 12 February to take effect from the end of that day.

3.36 The Committee also discussed the Sydney draft airport master plan, including issues pertaining to:

- the consultation process;
- publication;
- advice to the Minister;
- legislative criteria for decision making and external advice, and
- future revision of the master plan.<sup>35</sup>

3.37 The issue of the sale of the Sydney basin airports was also discussed, particularly in relation to the bidding process. The Committee was told that there were specific criteria against which tenders were assessed, the details of which were promised to the Committee on notice.<sup>36</sup>

---

31 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 75

32 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 75-77

33 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 74

34 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, p. 74

35 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 78-80

36 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 80-81



---

### *Australian Transport Safety Bureau*

3.38 Implementation of NAS again provided a fertile source of discussion, this time with officers from ATSB. The Committee began with a discussion on the incident of concern at Launceston, hearing technical evidence on the changes in procedure associated with the airspace reform and their relationship to the near collision. ATSB proceeded to explain its recommendation for further review by both CASA and Airservices, informing the Committee that this was standard practice.<sup>37</sup>

3.39 The Committee also raised the issue of the volume of aviation incidents ATSB are able to investigate. Officers informed the Committee that ATSB is resourced for approximately 60 investigations, out of the between 5,000 and 6,000 incidents reported each year. This capacity represents a reduction from 118 in 2000-01. The basis on which particular incidents are investigated was described a matter of judgment for Departmental officers. The ATSB explained that these decisions were taken parallel to a system of grading attributed to each reported incident, ranging from category 1 being the most serious, through to category 5, which are not investigated.<sup>38</sup>

3.40 Other matters discussed included:

- various costs associated with the road toll;
- road safety funding priorities;
- seatbelt reminder systems;
- daylight running lights;
- level crossings, and
- confidential aviation reporting.<sup>39</sup>

### *Transport Programmes*

3.41 The Albury-Wodonga bypass was again a prominent feature in discussions with officers from Transport Programmes. The Committee was particularly interested in the following aspects of the proposed bypass:

- the costs of the Bandiana link;
- accident risk assessments and their assessment by state authorities;
- the Commonwealth's proposed response to these assessments;
- noise impacts, and
- hazardous goods.<sup>40</sup>

---

37 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 84-87

38 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 89-92

39 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp. 93-100

40 RRAT Committee Additional Estimates, Transcript of Evidence, 17 February 2004, pp.100-108

3.42 The Committee also requested details of the Roads to Recovery program, particularly in relation to local council funding. The Minister and officers informed the Committee that future funding formulae would be similar to those applying to the existing programs (based on population, road length and historical funding allocations), with the exception of slight increases in South Australia and the Northern Territory. The Department would not, however, provide the Committee with the current funding formula, though the Minister stated that the financial allocation to each council is on the public record.<sup>41</sup>

3.43 Other issues discussed included:

- the Western Sydney Orbital;
- the Pacific Highway upgrade, and
- the Pakenham Bypass.<sup>42</sup>

### ***Regional Programmes***

3.44 The Committee first brought to the attention of Departmental officers the issue of a response to a question on notice from Supplementary Estimates left unanswered, in that it referred to an answer given to a question on notice from the Senate that had not yet been tabled. The Department explained that the missing answer – to question on notice No. 2167 – had been delayed in Minister Anderson's office, and apologised to the Committee.<sup>43</sup>

3.45 The Committee also raised concerns over the costs of piloting the use of software to apply for grants programs online. The Department explained various costs associated with the use of IT in administering the grants process, particularly additional costs attributed to fixing technical problems and meeting a product development team in Ottawa. The Minister stressed the benefits of improved grants access through the scheme, despite certain teething problems associated with its implementation.<sup>44</sup>

3.46 An issue discussed at length centred on Area Consultative Committees (ACC) and the ethical behaviour and possible conflicts of interest of ACC board members. Following some discussion on ethics information available through workshops and handbooks, the Committee pursued an allegation of a conflict of interest concerning a New South Wales ACC and a Dairy Regional Assistance Program funded project. The Committee was informed that no conflict was declared at the time as an investigation had ascertained that none existed.<sup>45</sup>

---

41 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 2-7

42 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 8-11

43 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 11-12

44 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 13-16

45 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 17-20

3.47 The procedures in place to identify possible conflicts of interest were then discussed. The Department advised that there would be an expectation that people would declare if they had a conflict of interest, or that another local person might make the conflict known to the Department. There was no systematic process used to ensure ACC board members did not have a conflict of interest in relation to particular projects. The Department added that the ACC was responsible for attributing priority ratings to projects only, not for approval itself, a task which lay with the Department.<sup>46</sup> The Committee remains concerned that despite allegations of conflicts of interest, the Department has not implemented formal protocols for reporting or identifying direct conflicts of interest.

3.48 The Committee also discussed the following matters:

- Sustainable Regions Program projects, expenditure and progress reporting;
- Sustainable Regions advisory committees, and
- Rural Transaction Centres.<sup>47</sup>

### *Territories and Local Government*

3.49 The issue of the Canberra bushfires was the first considered. The Committee was particularly interested in the possibility for Commonwealth funding of future leasing of fire fighting equipment, and was informed that funding is in place for the current year and would be considered for future years. In response to queries regarding the level of disaster relief paid by government to the Canberra bushfire appeal, the Committee was advised that this was a cabinet decision, and no funding formula was applied.<sup>48</sup>

3.50 The Committee also discussed various issues concerning Christmas Island, including:

- the Asia-Pacific Space Centre agreement to use land for a launch facility and possible runway extension;
- the Linkwater Road upgrade, and
- compensation for Christmas Island Phosphates for government acquisition of land at North West Point;
- the accessibility of the new sports centre being built on the island, and
- Telstra's decision regarding Christmas Island's mobile phone towers.<sup>49</sup>

---

46 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 26-29

47 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 20-24, 31-33

48 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 34-35

49 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 36-40

3.51 The issue of ACT Chief Minister John Stanhope's authority to preside over citizenship ceremonies was also briefly discussed. The Minister advised the Committee that it would be an issue better dealt with through the relevant estimates committee.<sup>50</sup>

### ***National Capital Authority***

3.52 The illegal structure erected in the parliamentary triangle was the first source of questions for the National Capital Authority (NCA). The Committee was informed that the statue was removed by the AFP, on advice from the NCA, immediately upon its discovery. Officers explained to the Committee that the statue had been returned to the artist and they were investigating the possibility of seeking payment for the cost of removing it.<sup>51</sup>

3.53 The Committee also raised concerns with the NCA's strategy for pay parking in the parliamentary zone. Officers explained that although supported by the NCA such a proposal had not been made government policy, indeed the government had not yet responded to a recent pay parking inquiry conducted by the Joint Standing Committee on the National Capital and External Territories.<sup>52</sup>

3.54 The question of the opportunity for public service staff to recoup the cost of pay parking through AWA negotiations followed. The NCA, although suggesting this possibility for parliamentary zone employees generally, indicated this would not be an option for their own employees in negotiations.<sup>53</sup>

3.55 The hearing concluded with a brief series of questions on the development of State Circle and the national Australia Day concert.<sup>54</sup> Although stating in evidence that the NCA did not raise sponsorship for the event, they later informed the Committee that \$25,000 was received through an electronic screen and advertising placement. Similarly, the NCA corrected evidence on the cost of site management, amending the figure spent from \$150,000 to \$155,406 (including \$30,000 from the Australia Day Council).<sup>55</sup>

### **Senator the Hon. Bill Heffernan Chair**

---

50 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 40-41

51 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 41-46

52 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 46-47

53 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 47-48

54 RRAT Committee Additional Estimates, Transcript of Evidence, 20 February 2004, pp. 49-52

55 Correspondence from the NCA dated 10 March 2004.

**HANSARD**  
**TABLE OF CONTENTS**  
**FOR**  
**ADDITIONAL ESTIMATES 2003-04**

**Monday 16 February 2004**

**Tuesday 17 February 2004**

**Friday 20 February 2004**

**Monday 16 February 2004**

**Department of Agriculture, Fisheries and Forestry**

<b>General</b>	<b>Hansard Page</b>
In attendance	1
Secretary Statement	3
Management Services and Corporate Governance	4
Market Access and Biosecurity	10
Food and Agriculture (including Wheat Export Authority)	31
Fisheries and Forestry	45
Natural Resource Management	54
Product Integrity, Animal (including aquatic animal) and Plant Health	62
AQIS	65
Rural Policy and Innovation	80
ABARE	88
BRS	90

---

**Tuesday 17 February 2004**

**Department of Transport and Regional Services**

<b>General</b>	<b>Hansard Page</b>
In attendance	1
<b>Corporate Governance Group</b>	3
<b>Policy and Research Group</b>	
Bureau of Transport and Regional Economics, Regional and Cross Portfolio Issues	19
Transport Policy Functions	24
<b>Regulatory Group</b>	
Surface Transport Regulation	33
Australian Maritime Safety Authority	38
Transport Security Regulation	40
Aviation and Airports Regulation	48
Civil Aviation and Safety Authority	54
Airservices Australia	72
<b>Safety and Investigation Group</b>	
Australian Transport Safety Bureau	84
<b>Programmes Group</b>	
Transport Programmes	100

**Friday 20 February 2004**

**Department of Transport and Regional Services**

<b>General</b>	<b>Hansard Page</b>
In attendance	1
<b>Programmes Group</b>	
Transport Programmes	1
Regional Programmes	11
Territories and Local Government	34
National Capital Authority	41