

The Senate

Rural and Regional Affairs and
Transport Legislation Committee

Budget estimates 2004–05

June 2004

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LIST OF ABBREVIATIONS

ABARE	Australian Bureau of Agricultural and Resource Economics
AFMA	Australian Fisheries Management Authority
APL	Australian Pork Limited
AQIS	Australian Quarantine and Inspection Service
AMSA	Australian Maritime Safety Authority
ANAO	Australian National Audit Office
ARTC	Australian Rail Track Corporation
ATSB	Australian Transport Safety Bureau
AWB	Australian Wheat Board
BRS	Bureau of Rural Sciences
CASA	Civil Aviation Safety Authority
COAG	Council of Australian Governments
EC	Exceptional Circumstances
FAGs	Financial Assistance Grants
FTA	Free Trade Agreement
GM	Genetically Modified
IOTs	Indian Ocean Territories
IQI	Increased Quarantine Inspection
IRA	Import Risk Analysis
MLA	Meat and Livestock Authority
MOU	Memorandum of Understanding
NAS	National Air Space

NCA	National Capital Authority
NLIS	National Livestock Identification Scheme
RTC	Rural Transaction Centre
WEA	Wheat Export Authority

Chapter 1

Introduction

1.1 On 11 May 2003, the Senate referred to the Committee the following documents for examination and report in relation to the Transport and Regional Services and Agriculture, Fisheries and Forestry portfolios:

- Particulars of proposed expenditure for the service of the year ending June 30 2005;
- Particulars of certain proposed expenditure in respect of the year ending 30 June 2005; and
- Particulars of proposed expenditure related to the parliamentary departments in respect of the year ending on 30 June 2005.

1.2 The Committee considered the Portfolio Budget Estimate Statements 2004-2005 (PBS) for the two portfolios at hearings on 24, 25, 26, and 27 May 2004. The hearings were conducted in accordance with the agreed agenda as follows:

- Monday 24 May - Agriculture, Fisheries and Forestry portfolio;
- Tuesday 25 May - Agriculture, Fisheries and Forestry portfolio and the Transport and Regional Services portfolio;
- Wednesday 26 May - Transport and Regional Services portfolio; and
- Thursday 29 May - 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. Senator the Hon Ian Campbell, the Minister for Local Government, Territories and Roads and Senator the Hon Eric Abetz, Special Minister for State represented the Minister for Transport and Regional Services during the hearings on the Transport and Regional Services portfolio. The Committee also heard evidence from Senator the Hon Judith Troeth, Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry.

1.4 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.

1.5 The Committee thanks both the Ministers and Parliamentary Secretary and departmental officers for their assistance and cooperation during the hearings.

Questions on Notice

1.6 In accordance with Standing Order 26, the Committee is required to set a date for the lodgement of any written answers or additional information. The Committee agreed that written answers and additional information should be submitted by 9 July 2004.

1.7 The Committee notes that the provision of answers to questions taken on notice during the Additional Estimates were provided in a timely manner and appreciates the work undertaken by the portfolio departments to achieve this.

1.8 The Senate has determined that consideration of supplementary hearings on budget estimates will be held on 1 and 2 November 2004.

Administration of written answers or additional information

1.9 Answers to questions on notice at the Budget 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 budget estimates 2004-2005. Documents not suitable for inclusion in the additional information volumes will be available on request from the Committee secretariat.

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

CHAPTER 2

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO

Department of Agriculture, Fisheries and Forestry

2.1 The Committee heard evidence from the department on Monday 24 May and Tuesday 25 May 2004. The hearing was conducted in the following order:

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

2.2 Proceedings began with a brief opening statement from the Departmental Secretary, Mr Michael Taylor. In it he outlined the extension of the Agriculture Advancing Australia program, the problems associated with the continuing drought in many parts of Australia, the continuation of Landcare and Murray-Darling Basin initiatives and the implementation of the new Sugar Industry Reform Program 2004.¹

2.3 The source of the most animated discussion of the hearing was the issue of Biosecurity Australia's revised draft import risk analysis (IRA) for bananas. The matter is the subject of another Committee inquiry. However, following a suspension of the hearing for a private meeting to consider whether to devote significant time to questions on the issue, the Committee agreed that questioning on bananas IRA would continue until Committee members were satisfied they had gleaned sufficient

1 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 3

information from Biosecurity Australia. A brief outline of the discussion is included below (see paragraphs 2.22 and 2.23).

2.4 Following the provision of an answer to a question taken on notice during Additional Estimates relating to a departmental meeting held during the *Cormo* incident, the Committee engaged with the Department at length on matters relating to the accuracy of the answer provided and the lack of detailed information. In particular information was sought on the discussions that took place within the Department during that time. In order to clarify the situation, the Committee asked and the Department agreed to the Chair of the departmental meeting, Dr Adams, appearing before the Committee on short notice.

2.5 It was ultimately revealed that the meeting was automatically triggered as part of the AFFA emergency management plan (the Plan). The Plan "sets out emergency response procedures to be followed in the event of an emergency or potential emergency."² The meeting did not involve officers charged with final decision-making authority. Rather, it was "to exchange information for those people working on technical aspects".³ In accordance with the requirements of the Plan, the group met on a weekly basis.⁴

2.6 A parallel process involving the Departmental Secretary and other high level decision makers in the Department to manage the *Cormo Express* incident was also taking place.⁵ It is these officers who were unable to provide responses or even confirm that the meeting took place when asked questions on the meeting at a number of estimates hearings.⁶

2.7 The fact that the information sharing exercise for the technical experts was sharing inaccurate information is of concern to the Committee. Further, the apparent lack of awareness in the high level decision makers that the group was operating in accordance with the Department's emergency procedures gives the Committee grave reservations. If the Plan is not followed by the high level decision makers in the event of a potential emergency or emergency, the Committee believes that it should be re-evaluated.

2.8 The Committee also requested the appearance of the Meat and Livestock Association (MLA) for Budget Estimates. While not directly residing within the Department, MLA is an industry organisation that receives Commonwealth matched funding for research and development activities. Their evidence to the Committee is

2 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 41

3 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 42

4 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 42

5 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 41

6 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 5-6, pp 15-19

outlined below and the Committee wishes to thank the MLA for their attendance and cooperation.

General Issues

Corporate Group- Litigation

2.9 An issue of particular interest to the Committee was the Departmental Secretary's determination, as director of quarantine, on quarantine conditions for the importation of pig meat. The Committee was especially concerned that the determination was made at a time when the Committee was preparing to report on its inquiry into the IRA for pig meat. Mr Taylor stated that he was not aware of the reporting date for that inquiry. He also indicated that the determination was made in accordance with the timetable established in the import risk assessment framework, providing 30 days for appeals to be lodged and 45 days for those appeals to be heard prior to the determination being made.⁷

2.10 The Committee also sought advice from the Department as to the legal avenues available to appellants seeking redress from the IRA process. Mr Taylor restated that the process had been conducted in accordance with the published handbook and that following the disallowance of appeals against the final IRA a determination had been made and the process was complete.⁸ The Department was reluctant to be drawn on possible legal action following the conclusion of the IRA process, stating only that:

... those might sit around administrative law processes. We have not got anything else we can conjecture on.⁹

2.11 Specifically, the Department informed the Committee that while they were aware of a pending legal challenge from Australian Pork Limited (APL), they had not been informed as to the specific legal basis of APL's proposed action.¹⁰

2.12 The Hewitt defective administration claim, dating back to the attempted export of sultana grapes to the UK in 1984, was raised for potentially the final time at estimates. The Department informed the Committee that an offer of \$7,649,744 had been accepted by the Hewitt's and the matter was now concluded. The Committee heard that the settlement did not constitute legal liability on the part of the Commonwealth, but reflected a moral responsibility to provide compensation.¹¹

7 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 12-13

8 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 14-15

9 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 15

10 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 4

11 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 6-8, p. 11

Food and Agriculture

2.13 The recently announced package for sugar growers was subject to lengthy questioning from the Committee. The Department discussed various aspects of the package, including the following:

- The cost will be \$444 million, with the sugar levy expected to contribute \$102 million and the rest to be funded from consolidated revenue.¹²
- Sixteen exit packages had been successfully applied for, up one from the fifteen that had been taken when the matter was raised at Additional estimates.¹³
- Industry representatives will be required to sign statements of intent to reform in order to access sustainability grants – payments essentially to keep the industry afloat while reforming - though individual farmers will not be required to do so.¹⁴
- Growers south of Townsville would not be entitled to further assistance, following a review into whether production figures for that area had been underestimated due to drought conditions.¹⁵
- An industry oversight group will advise the Minister as to whether individual regions have developed appropriate models for reform, which will form the basis of decisions in relation to funding proposals.¹⁶
- The Department justified the previous exit packages on the basis of consultation with cane growers and representative organisations.¹⁷ However, the Minister stated that:

That was not achieving results that the industry and the government thought was appropriate, so there has been a change.¹⁸

12 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 20

13 RRAT Committee Additional Budget Estimates, Transcript of Evidence, 16 February 2004, p. 20, 32

14 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 25

15 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 25-26

16 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 27-28

17 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 32

18 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 33

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- Farmers accessing the 2002 package would be eligible to apply for the difference under the new package.¹⁹ Funding for future exit packages up to \$100,000 – based on what is a "reasonable" figure - assumes 614 recipients.²⁰ The Committee will view with interest the extent to which this new offer is taken up by sugar growers.
 - In response to the Committee's concern that regional plans for reform could not be meaningfully developed until the number of growers exiting the industry are known, the Department assured the Committee that growers in any given area would be communicating regularly between each other and through industry groups, and would be able to make informed decisions on this basis.²¹

2.14 The issue of the Corno and, more broadly, of live animal trading generally, was again raised by the Committee. The Department outlined aspects of the \$8.3 million spent on the Corno incident, informing the Committee that this money would be recovered via industry levies.²²

2.15 The Department further outlined recent visits to the Middle East to discuss with Saudi Arabia the building of a quarantine facility there as a precursor to signing a memorandum of understanding (MOU). The Committee was also advised that a draft MOU on live exports had been initialled in March and that draft MOU's were being negotiated with Egypt, UAE and Jordan, the latter two countries having provided feedback to Australian officials.²³

2.16 After informing the Committee at Additional Estimates that a response to the Keniry Review was being considered,²⁴ the Department indicated that the government has accepted most of the Keniry recommendations and that consequently some legislative change would be required. Essentially, this would enable the government to assert:

... more direct responsibility for inspection of the animals, to assess whether in fact they meet the protocol requirements of the importing countries, rather than relying, as we have in the past, on the certification or the advice of the

19 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 33-34

20 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 34-35

21 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 36-37

22 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 47

23 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 47-49

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

third party veterinarians. There will be an increased requirement on us to conduct audits and to verify that all requirements have been met.²⁵

2.17 Changes to the operation of feedlots were also outlined, including placing limitations on transporting animals from northern to southern Australia (and then to the northern summer) during winter months, requiring five clear days to be spent in feedlots and feeding the animals the pellets they will receive during the journey before they board.²⁶

2.18 The Committee raised concerns over the future of the Tasmanian Wheat Freight Subsidy Scheme. Departmental officials informed the Committee that the scheme was planned to be "rolled into the Tasmanian Freight Equalisation Scheme, which would have meant changes."²⁷ However, the government had since decided to reconsider that position.

Meat and Livestock Australia

2.19 The Committee engaged MLA officials on their expenditure of Commonwealth funds, primarily received as matching funding for research and development. The Committee was informed that as an unlisted public company, MLA was governed by the Corporations Law, as well as obligations under the Australian Meat and Livestock Industry Act, the statutory funding agreement between the Commonwealth and MLA (deed of agreement) and the industry's own MOU.²⁸ The Committee notes that MLA's reporting obligations are to the Minister through the Department.

2.20 MLA also outlined their role in implementing the National Livestock Identification Scheme (NLIS). This was to provide the tools for implementation, that is, to develop a database, accredit ear tags and provide field support. Officials advocated NLIS on the basis that traceability of cuts of meat would help prevent the spread of disease and be commercially advantageous for exporters, particularly for the Japanese and EU markets.²⁹

Wheat Export Authority

2.21 The WEA again received a large number of questions on its monitoring capabilities with regards to AWB Ltd and AWB International. However, adopting a slightly different theme from Additional Estimates, on this occasion one of the Committee's principal areas of concern was the issue of the AWB Geneva office

25 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 50

26 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 52

27 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, p. 88

28 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 58-64

29 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 64-69

engaging in the trade of non-Australian wheat. WEA explained to the Committee that such a decision may be taken, for example, during a drought period where a particular grade of wheat could not be provided to a regular customer. In this situation, WEA assesses the trade on whether retaining the customer is in the long-term interests of the pool.³⁰

Market Access and Biosecurity

2.22 As referred to above, the Committee heard considerable evidence regarding the IRA process for bananas. Specifically, the Committee engaged in a lengthy discussion with Biosecurity Australia on the following:

- The accuracy of evidence provided to the Committee during a separate inquiry;
- Dissenting views held within the IRA panel with regards to the contents and release of the draft report and;
- The change in Biosecurity's IRA guidelines whereby dissenting views are no longer required to be published.³¹

2.23 In response to Committee questioning attempting to ascertain the specific views of individual panel members, Executive Manager of Biosecurity Australia Ms Harwood stated that such information could only be provided in camera. The Chair subsequently advised that evidence was not able to be taken in camera during estimates.³² The Committee notes that issues surrounding Biosecurity's draft IRA for bananas is subject to a separate Committee inquiry process, where these issues can be fully addressed and in camera evidence may be taken.

2.24 An issue of particular concern for the Committee was the provision in the US Free Trade Agreement (FTA) to establish quarantine working groups to investigate technical issues relating to IRAs. Departmental officials informed the Committee that a bilateral technical working group on animal and plant health would be formed, "working together on technical and scientific issues of quarantine and mutual interest".³³ The Committee was assured that the group worked in parallel with the IRA process, and may inform the process, but could not resolve disputes by directing or binding the IRA panel to a particular finding.³⁴

30 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 77-79

31 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 88-103

32 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 113-114

33 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 105

34 RRAT Committee Budget Estimates, Transcript of Evidence, 24 May 2004, pp. 103-107

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

2.25 Following on from discussions on the US Bioterrorism Act at Additional Estimates, the Committee was informed that the Department had "reinforced its concerns with the US",³⁵ but that potentially affected industries had not voiced serious concerns and problems will not be identified until the legislation is implemented.³⁶

2.26 Australia's national biosecurity strategy was also raised. Departmental officers informed the Committee that this was a consolidation of existing biosecurity plans subject to any improvements that may be made as gaps are identified. The Department also outlined its role in the event of a terrorist-related animal disease outbreak, explaining that it would manage the agricultural consequences as with existing systems, while counterterrorist agencies would deal with the criminal aspects of the act. The Department highlighted Exercise Minotaur as evidence of the value of the systems currently in place.³⁷

2.27 The Committee raised concerns in relation to the process for dealing with animals at sea should disease outbreak occur in Australia, however the Department stated that no work had yet been done on assessing the various options for shipments of animals stranded at sea.³⁸

2.28 The Committee was also informed that the National Animal Welfare Strategy has been renamed the Australian Animal Welfare Strategy and will "be building on a range of existing measures".³⁹

AQIS

2.29 The issue of border protection to prevent an outbreak of avian influenza was raised by the Committee. The Department indicated that AQIS was intervening on all flights arriving from countries affected by the disease to ensure chickens or chicken product do not enter the country, as well as conducting surveillance in northern Australia. The Committee was further informed that \$6.2 million had been provided for detection of the disease until the end of 2004-05, primarily for extra screening staff and \$600,000 for public awareness campaigns.⁴⁰

35 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 4

36 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 4-5

37 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 7-9

38 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 11

39 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 15-16

40 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 17-19

2.30 The Committee also expressed interest in IQI funding and the staffing implications should the program cease. The Department stated that approximately 1200 additional staff are employed with the \$80 million for IQI, and that:

In the absence of that funding ... there would need to be some other decisions made about our priorities and about where budget funding went. That would be a decision that obviously the government of the day would make.⁴¹

2.31 Further, the Department informed the Committee of a reduction in AQIS' fees and charges, which constitutes one quarter of IQI funding:

Various fees and charges have recently been reduced; that was done, obviously, in consultation with the industry. Not surprisingly, they did not have a problem with it. Fees and charges were reduced basically because it was a very large increase in import clearance activity. We found that, because of that and because of efficiencies that we had put in place, we were able to then reduce the fees at least for the next 12 months.⁴²

2.32 Finally, AQIS officers were able to update the Committee on the progress of discussions with New Zealand officials on the possibility of exporting honey to that country. A meeting was held in which New Zealand officers stated that the matter was a priority.⁴³

ABARE

2.33 The Committee sought information on the prospects of a number of rural commodities. ABARE officers suggested that the easing in the value of the dollar would assist rural commodities generally, while slower growth in China would impact on commodities such as wool. The availability of water was highlighted as an important issue for cotton and timely rain crucial for winter crop prospects.⁴⁴

2.34 The Committee also heard the following observation on the difficulties for the future of wool production in Australia:

The challenge for the wool industry is not so much whether we are competitive with other countries; internally there is a question about how competitive the wool industry is with other broadacre industries. Productivity improvements in the cropping industry, for example, over the last 20 years have been running on at about 3.3 per cent per annum, whereas productivity in the wool industry has probably been less than one per cent.

41 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 22

42 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 21

43 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 25

44 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 26-27

So the competitive pressure on the wool industry is actually coming internally in Australia, as well as externally.⁴⁵

Bureau of Rural Sciences

2.35 The Committee discussed the medium term outlook for rainfall and was advised that neutral conditions were forecast. The Committee also heard that BRS was conducting research on the interaction between surface and groundwater, in the context of implementing the COAG water reforms. Additionally, work supporting Exceptional Circumstances (EC) declaration assessments continued to constitute a significant part of the bureau's activities.⁴⁶

Rural Policy and Innovation

2.36 The Committee and the Department discussed the issue of EC reform at length, particularly in relation to providing assistance through capped cash grants as opposed to interest rate subsidies, which are considered to serve to support only farmers with debt. The Committee expressed concern that these desirable reforms with widespread support ceased to be considered in 2002 because their implementation was conditional on 50-50 funding from the states. The Department responded by informing the Committee that their first priority was to assist farmers through the current drought and that reform would only apply to a future drought.⁴⁷

2.37 The issue of Farm Help – a program to support farmers with business decision-making and adjustment - was also raised. The Department proffered the view that although the uptake of the program was lower than expected. It was anticipated that demand would increase as the rural environment improved and EC declarations conclude. It was also suggested that legislative improvements to the program would have an impact.⁴⁸

2.38 Following interest at previous estimates hearings,⁴⁹ the Committee again turned its attention to a lack of activity associated with the Agricultural Development Partnership Program. The Committee heard that \$670,000 of \$7.4 million was spent in 2003-04, and that \$3.012 has been provided for 2004-05 on the basis of ongoing and

45 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 28

46 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 29

47 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 30-36

48 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 37-39

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

anticipated projects.⁵⁰ The Department also re-emphasised the difficulty of attracting matching funds from the states.⁵¹

2.39 The Rural Financial Counselling Service and a review of the program also attracted the Committee's scrutiny.⁵² Although reviewed in 2002-03, the Department indicated that the ongoing drought had warranted further examination for the service, but also later added:

... whilst there was support from the community for rural financial counsellors, equally there were some quite strong concerns raised about level of skill and focus in some of the counselling services.⁵³

2.40 Finally, the legal issues pertaining to the available common law remedies for non-GM farmers affected by GM crops were discussed. Despite these concerns being raised at Additional Estimates,⁵⁴ the Department was reluctant to stray into fielding legal questions on the matter.⁵⁵ While the Committee realises that answering such questions can be problematic, the Committee nonetheless believes more work is required by the Department with regards to GM and legal liability, particularly given the existence of GM trials currently underway.

Fisheries and Forestry

2.41 In a repeat of Additional Estimates,⁵⁶ the Commonwealth fisheries review was of initial interest to the Committee. From 29 in November, 34 of the 52 recommendations had been adopted, and of the 18 outstanding the Department indicated that they "have actually moved a number of them forward".⁵⁷

2.42 Likewise, illegal fishing in Australia's northern waters again received the scrutiny of the Committee.⁵⁸ The Committee heard evidence that a number of agencies

50 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 43-44

51 RRAT Committee Budget Estimates, Transcript of Evidence, 3 November 2003, p. 112

52 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 46-47

53 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 47

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

55 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 48-49

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

57 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 50

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

were involved in policing the northern waters, particularly Australian Fisheries Management Authority (AFMA), Customs and the Navy.⁵⁹

2.43 The Department also indicated that Indonesian government officials were in Australia to learn about Australian fishing arrangements as "part of a longer term cooperation program to try and help the Indonesian marine affairs agency manage its fisheries and its fishermen better than it currently does".⁶⁰ Additionally, bilateral talks between senior officials were described as being indicative of a genuine desire on the part of Indonesia to address the problem.⁶¹

2.44 The Committee was also updated as to the number of vessels apprehended or subject to administrative seizure this year. A discussion ensued as to whether the higher proportion of boats in the latter category this year indicated that either AFMA or Customs, or both, were struggling to resource their operations with respect to illegal fishing. The Department assured the Committee that the overall numbers were higher and this indicated an overall increase in enforcement activity.⁶²

2.45 The Committee also requested detail on the development of aquaculture initiatives for indigenous communities. The Department outlined a number of projects that have received assistance, particularly in the Kimberly and Cape York regions, adding that they were proceeding cautiously with small scale projects that local communities feel most comfortable with.⁶³

2.46 The issue of mitigating sea bird catches was also raised on this occasion. The Committee was informed that since 1998, there had been a target of one bird catch per 20,000 hooks but there had been difficulty in reaching that target and the threat abatement plan was being reviewed. Seals were also discussed, especially the introduction of seal excluder devices into commercial fishing, as well as modifying fishing patterns.⁶⁴

Natural Resource Management

2.47 The Department first detailed for the Committee the nature of a \$2 million administrative saving identified in the review of the Landcare program. The Department assured the Committee no jobs would be lost, while \$1 million saved

59 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 51

60 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 51

61 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 58

62 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 52-55

63 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 61

64 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 62-63

would help fund aquaculture and quarantine initiatives and the other half would return to consolidated revenue.⁶⁵

2.48 The national water initiative was the subject of considerable discussion, with the Committee requesting information on the state of progress for implementing the initiative. The Department indicated that an intergovernmental agreement on the initiative was to be discussed at the next COAG meeting on or around 25 June. Officers further explained the general aim of the agreement, that being to improve water security for irrigators and improving trading systems within and between states.⁶⁶ The Department also emphasised the importance of auditing the water resource in order to determine the amount available to irrigators, suggesting that preliminary information should be available in two years.⁶⁷

2.49 The issue of southern Queensland property owners intercepting floodwaters was again raised by the Committee.⁶⁸ The Department again repeated their assertion that there was little the Commonwealth could do:

We do not have an opportunity to intervene in the Queensland planning process.⁶⁹

2.50 Progress on the National Action Plan for Salinity and Water Quality was also updated for the Committee. A draft agreement had been developed with the ACT and all regional plans had been accredited except for those in Queensland, Western Australia, Tasmania and the Northern Territory. Implementation was well underway.⁷⁰

65 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 69-72

66 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 72

67 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 77

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

69 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, p. 73

70 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 82-83

CHAPTER 3

TRANSPORT AND REGIONAL SERVICES PORTFOLIO

Department of Transport and Regional Services

3.1 The Committee heard evidence from the department on Tuesday 25 May, Wednesday 26 May and Thursday 27 May 2004. The hearing was conducted in the following order:

- Corporate Group
- Bureau of Transport and Regional Economics
- Transport and Portfolio Policy
- Transport Programmes
- Office of Transport Security
- Airservices Australia
- Aviation and Airports Regulation
- Australian Maritime Safety Authority (AMSA)
- Australian Transport Safety Bureau (ATSB)
- Civil Aviation Safety Authority (CASA)
- Surface Transport Regulation
- Local Government Programmes
- Regional Policy
- Territories
- National Capital Authority (NCA)
- Regional Programmes

3.2 During Budget Estimates the questions ranged across a broad spectrum of issues and all output areas. Three issues were most salient in discussions between the Committee and officers from the Department. These were:

- Transport security;
- The introduction of National Air Space (NAS) and;
- Auslink.

Security

3.3 Security again featured prominently in the Committee's exchanges with the Department, specifically with the Office of Transport Security. In relation to international transport security, the Committee was informed that additional funding was being allocated to working with AusAid to assist Indonesia, PNG, the Philippines and other Pacific nations to improve their security systems, both in relation to aviation and maritime security.¹

3.4 The Department also provided the Committee details of a new position of inspector of transport security.² The office will apparently be driven by incidents as they occur, rather than operating in a full time capacity. Regarding his or her role, the Department suggested:

It is a bit like the way the ATSB does no-blame investigations in order to get learnings for our aviation, maritime and rail safety systems. We envisage that this inspector's position will be about gleaning learnings and understanding, which we would then feed back into our regulatory process. That is why we will separate the office and the task from the Office of Transport Security—because it is not good practice to have someone inspecting their own regulatory activities.³

3.5 The Committee again sought information on security plans for ships and port facilities in contemplation of these being implemented in time for the 1 July deadline, as required by the International Ship and Port Facility Security Code. The Department advised that 98% of plans had been received and that the Department was in the process of approving these. Accordingly, the Department indicated it would meet the deadline. Officers were reluctant, however, to be drawn on the measures that would be taken against ships arriving from ports that would not meet the deadline, citing the public nature of the hearing. They also refused to be drawn on the potential risk from empty containers entering Australia, instead offering the Committee a private briefing on the issue.⁴

1 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 49-52

2 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 52-54

3 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 53

4 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 56-60

3.6 The issue of land transport security was also raised. The Committee heard that land transport risk context workshops, involving the Department, police, intelligence officers and other security interests from across jurisdictions had been held in order to foster a national approach to the issue. Further, an intergovernmental agreement was hoped to be addressed at the forthcoming COAG meeting and work was being conducted to implement the UN dangerous goods code.⁵

3.7 Aviation security was also the subject of considerable discussion. Primarily, the Committee focussed its attention on funding for security upgrades for regional airports, undertaken on the basis of an airport risk assessment to precede a security plan, which when approved would allow for funding to be provided. The Department indicated that funding would be allocated using risk-based criteria, usually determined by passenger volume, though exceptions to this measure could include airports servicing defence facilities or those near critical infrastructure.⁶

3.8 Discussion proceeded to the issue of the means by which this funding would be distributed. The Department advised the Committee of the necessity to divert the funds through industry organisations (who will then manage the funds), on the basis that the money is required to be expended by the Department before the end of the financial year. The Committee expressed its concern over the accountability of this arrangement given that the criteria for distributing the funds – the risk assessment and security plan – would not be completed before June 30.⁷ Responding, the Departmental Secretary stated that:

There is nothing improper or incorrect about using a third party as our agent, and we think we will be able to design a satisfactory way, through a third party, that meets our test and which meets the objective of the government, which is to make sure that this money available this year is disbursed as quickly as possible.⁸

The Department further assured the Committee that the spending would be subject to auditing processes.⁹

3.9 The Department also advised the Committee that background checks for general aviation (such as ultralight) pilots would be implemented, following further discussions with CASA and a series of workshops with effected pilots.¹⁰

5 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 61-62

6 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 63-65

7 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 66-68

8 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 68

9 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 68-69

10 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 71-72

NAS

3.10 The Committee again spent considerable time discussing the implementation of NAS with the Airports and Aviation Regulations area of the regulatory group, Airservices and CASA.

3.11 Airservices Australia provided the Committee an explanation of the process of completing the stage 2b design safety case prior to finalising the implementation safety case. This, the Committee was also informed, is separate to the holistic review of NAS also underway.¹¹ Although stage 2c is due for implementation in November, Airservices indicated that this will not occur until 2b was first implemented.¹²

3.12 The Committee and the Airports and Aviation Regulations area of the regulatory group enjoyed an exchange as to the benefits or otherwise of the risk of implementing airspace reform. The Department then discussed with the Committee the relationship between Australia's proposed NAS system and the existing US system, and the prospect of conducting a full design safety case for NAS. The Committee was told that the view formed by the Department, apparently following some debate, was that a full design safety case was not required. Instead, a design safety case would be conducted for those elements of NAS that differed, and had therefore not been proven, from the US model. As mentioned above, Airservices will be reviewing all aspects of NAS.¹³

3.13 In relation to the full design safety case issue, CASA stated that:

... in the event that there is introduction of new characteristics of the NAS that represent a significant change of what we are doing now, or from any other model overseas, then it should be the subject of a design safety case, best done as each element is introduced. From my position, it would be consistent for CASA to expect to see that.¹⁴

3.14 CASA also outlined for the Committee the views of industry on stage 2c proposals to replace mandatory style broadcast zones with US style frequencies. Feedback had suggested that recreational aviators were in favour of the change but the charter airline sector was not. CASA also informed the Committee that they would not be supporting the removal of mandatory radio in certain locations, yet to be determined.¹⁵

11 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 78-80

12 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 83

13 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 88-92

14 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 114

15 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 114-115

Auslink

3.15 The shift from existing road funding programs to Auslink will comprise a substantial amount of the Department's work in 2004-05. The Minister advised the Committee that the change reflected a longer term approach to road funding, establishing a five year plan rather, than taking decisions on a yearly basis.¹⁶ In relation to the transition from existing programs, he stated:

All the existing commitments continue. AusLink projects come in over the top of them and there is a transitional period for two or three years with the existing commitments to the national highway and the Roads of National Importance program. Most of the remaining parts of that were announced in the budget. The new AusLink projects will be announced when the white paper is released some time in June.¹⁷

3.16 The Department indicated that it would receive an additional \$8.4 million funding for finalising the Auslink white paper and managing the legislative changes associated with Auslink, plus a certain amount of necessary restaffing and the establishment of new management systems.¹⁸

3.17 The Committee also heard that legislative amendments replacing the *Australian Land Transport Development Act 1988*, and providing transitional arrangements for existing projects under the new act, would be introduced to the parliament in August.¹⁹

General issues

Corporate Group

3.18 An update on the progress of the Department's work out/work up strategy was sought by the Committee. Departmental Secretary, Mr Ken Matthews, stated that the strategy had been successful. He informed the Committee that the Department faced a \$14.9 million deficit, though this figure includes a one-off transfer of assets to the Department of Immigration and Multicultural and Indigenous Affairs, leaving a budgeted operating surplus of \$8.9 million.²⁰

3.19 Officers indicated that all groups within the Department expected to end the financial year within their budget targets, a cut of 10.7% as part of the new financial

16 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 12

17 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 13

18 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 9

19 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 14

20 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 88, 101

strategy. The Departmental Secretary advised that staff reductions had contributed significantly to the savings, with 168 people leaving the Department since work out/work up commenced, in conjunction with measures such as less - and more economical - travel, managing accommodation spending, IT savings and slightly reducing the graduate intake.²¹

3.20 The Committee also heard that the budget targets for 2004-05 was a further reduction for all groups of 4.1%, except ATSB and the new policy money provided in the budget. This would amount to a further saving of \$3 million, while the additional policy money of \$29.6 million in 2004-05 would be directed towards administering 19 new programs.²²

3.21 The Committee also expressed interest in the Green Vehicles Guide initiative. This initiative involves providing details of emissions for all cars sold in Australia and was carried out in partnership with the Australian Greenhouse Office. However, the officers conceded that purchasing decisions within the Department would remain at the discretion of the driver, though the Committee was assured the guide would be drawn to the attention of these decision-makers.²³

Transport and Portfolio Policy

3.22 The ARTC agreement with NSW was again discussed.²⁴ A particular point of interest for the Committee was the Commonwealth's role in approving the ARTC's works program. Officers stated that:

We will look at the projects that come forward from the ARTC and provide advice to the minister in relation to those and where they fit in with the overall upgrade of the track that they have. But at the end of the day it is a decision that the ARTC takes as a commercial entity of the government, and it has the expertise in these matters. So we will be very much looking at where it fits in, the rationale and what improvements we would be getting in terms of the overall interstate freight task, but essentially we will be relying on the judgment of the ARTC.²⁵

3.23 In relation to the potential \$500 million contribution from outside interests mentioned at Additional Estimates, the Committee was informed that discussions had

21 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 88-91

22 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 92-94

23 RRAT Committee Budget Estimates, Transcript of Evidence, 25 May 2004, pp. 96-98

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

25 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 4

to date only been "exploratory".²⁶ The Department also confirmed that the Commonwealth had agreed to underwrite ARTC borrowings for an amount yet to be determined, dependent on the amount available through normal commercial processes.²⁷

3.24 The Committee also queried officers on a Tax Office proposal to amend bus and truck depreciation periods to fifteen years from six years and eight months and five years respectively. The Committee was particularly concerned that this may affect the age of the bus and truck fleet, with consequent implications for safety. The Department outlined the feedback they had received and the response of the Minister:

Certainly the operators of heavy vehicles and buses are very concerned about the impact of changes to the depreciation rate on themselves and their capacity to fund—and on how they currently deal with new vehicles. The road haulage industry is particularly concerned—there is the question of high kilometre usage and what happens to those vehicles after that kind of usage, when they move into other sections of the industry. So they are very concerned, and Minister Anderson has taken those concerns up with the Assistant Treasurer. There is a process now being undertaken by the Australian Tax Office. My understanding is that they have deferred a decision until 1 January in relation to that draft determination.²⁸

The Department was, however, equivocal on the issue of the safety implications for an ageing fleet:

We have noted the views of industry. I do not think we have established our own views on it.²⁹

Transport Programs

3.25 The Committee sought clarification on a number of road funding issues, including:

- A one-off \$26 million payment to South Australia. The Department explained that this was an interim response to the Hawker report on local government

26 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 4-5

27 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 7

28 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 16

29 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 17

cost-shifting³⁰ and reflected an adjustment to local council funding through the financial assistance grants (FAGs) process;³¹

- Funding to local councils to upgrade roads used by the timber industry;³²
- Black spot funding for the 2004-05 financial year by state and territory and,³³
- Commitments to black spot funding for sections of the Princes Highway. The Minister informed the Committee that no such funding had been allocated for the road in question, which remained a state government responsibility.³⁴

3.26 The Committee also engaged with the Department on the impact of the reversal of the decision, announced by the Special Minister for State, to include containerised wheat as a component of the Tasmanian Freight Equalisation Scheme. The Department indicated they had not become aware of the decision until it appeared in the newspapers, adding that they were not fully aware of the details and its impact on the departmental budget.³⁵

3.27 Discussion logically followed on to the Bass Strait Passenger Vehicle Equalisation Scheme, with the Department outlining expenditure for all vehicle types under the scheme and providing information on the application of the capped subsidy to the Sydney-Devonport route.³⁶

3.28 Finally, the issue of the Tugun Bypass was raised with the Department. The Committee expressed concern that New South Wales had been threatened with the prospect of losing Auslink funding for the Pacific Highway upgrade if an agreement was not reached on the Tugun Bypass. The Minister responded with the following comments, arguing that any subsequent upgrade would be diminished should a bottleneck remain at the Queensland border:

Were we threatening New South Wales funding of the Pacific upgrade? In a way we were. We were saying, 'We have been asked to spend hundreds of

30 House of Representative's Standing Committee on Economics, Finance and Public Administration report *Rates and taxes: a fair share for responsible local government*

31 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 29

32 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 32-33

33 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 33-34

34 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 34-38

35 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 39-40

36 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 40-42

millions of dollars on this road in New South Wales. We have got an issue at the border. We want to see one resolved so we can move on the other.³⁷

Airservices

3.29 The Committee directed a number of questions to Airservices officers relating to an incident authorising the restriction of aircraft passage over Melville Island in November 2003. Airservices informed the Committee that the action was a prearranged restriction following a request by Customs, who were conducting an operation there. Officers agreed to take on notice questions relating to the identification and authority of the Customs officer that made the request and, more generally, the process for approving such a request.³⁸

3.30 Further references to Airservices' evidence are included in the discussion on NAS in paragraph 3.11.

Aviation and Airports Regulation

3.31 The issue of public comments announcing an intention to establish a new airline operating out of secondary metropolitan airports was raised. The Department indicated that they had met with its proponent, who had been informed of the regulatory environment applying to such a venture and the infrastructure requirements that would need to be met. The Committee did not take a view on the question of whether Australia could sustain another airline.³⁹

3.32 The Aviation and Airports Regulation area's evidence on NAS is outlined in paragraph 3.12.

Australian Maritime Safety Authority (AMSA)

3.33 In its brief appearance before the Committee AMSA provided the following information to the Committee:

- An increase in expenditure due to increased levies, better than expected numbers of ships and tonnage at Australian ports and increased funding for search and rescue activities;⁴⁰
- The number of ships inspected and AMSA's achievement of the target rate of 50% inspection of eligible ships;⁴¹

37 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 46

38 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 72-77

39 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 97-99

40 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 101-102

- A clarification of AMSA's predication of ship inspections. AMSA's inspections are to identify safety and pollution issues, rather than security concerns.⁴²

Australian Transport Safety Bureau (ATSB)

3.34 The Committee was first informed of a \$2 million budget increase for aviation investigations and reminded of ATSB's exemption from the work out/work up budgetary targets. ATSB told the Committee that a number of extra staff were already being sought to fill additional aviation investigator positions. Having previously raised the issue of the number of safety investigations ATSB was able to conduct during Additional Estimates,⁴³ the Committee was advised that the number would rise from 60 to approximately 100 and that certain investigations could be given more depth.⁴⁴

3.35 Seatbelt reminder systems were again raised by the Committee, specifically in relation to the retrofitting of reminder devices in vehicles up to ten years old. The Department stated:

The findings suggest that the retrofitting of seatbelt reminder systems would be worth while for driver seat implementation only as long as the device would cost no more than \$35 and would guarantee a minimum rate of 20 per cent improvement in wearing seatbelts. ... [But] It is difficult to meet that cost.⁴⁵

3.36 On the matter of school bus seatbelts, the ATSB contended that most fatalities occurred in the vicinity of, and not on board, school buses. Combined with the prohibitive cost of fitting seatbelts ATSB advised the Committee that other safety measures represented a more effective use of funds.⁴⁶

3.37 Finally, the Committee raised concerns over the new voluntary code of practice for motor vehicle advertising and the evidence available to support change. The Minister informed the Committee that although the evidence was limited, complaints about car advertising were often justified and manufacturers required further disincentives:

The practical reality is that you have a very aggressive, very competitive market. You probably have young, enthusiastic people in the marketing

41 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 103

42 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 104

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

44 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 104-106

45 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 107

46 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 107-108

departments and the advertising agencies trying to just drive their product further. I told the managers of these firms, at the CEO level of the motoring companies in Australia, that it is their responsibility to take responsibility for what happens within their organisations and for each of their ads and make sure they comply. Partly it is a governance issue, from my perspective. They have to know that the community is watching their behaviour, the government is watching their behaviour and that there is a threat of regulation hanging over their heads.⁴⁷

Civil Aviation Safety Authority (CASA)

3.38 The Committee raised allegations relating to an incident involving a Bristow helicopter that occurred on 29 September 2003. Specifically, the Committee was concerned that there were discrepancies between different CASA offices as to the issuing of maintenance authorities. CASA officers emphasised that the matter was part of an ongoing investigation and that only matters relating to compliance licensing standards or operational standards could be investigated. A number of questions relating to engineer certification practices in Perth and Adelaide were taken on notice.⁴⁸

3.39 The Committee also explored CASA's work on NAS (see paragraphs 3.13 and 3.14).

Surface Transport Regulations

3.40 Officers from this area provided to the Committee the following information on additional funding:

- Additional funding provided for the Registered Automotive Workshop Scheme, which allows for the importation, modification and supply of imported used vehicles;
- \$1.1 million attributed to adopt a computerised system for manufacturers' certification of compliance with Australian design rules;
- Additional funding for research, particularly into vehicle compatibility by testing different sized vehicles in crash situations, as well as side impact crash testing towards the development of a global regulation.

Local Government Programs

3.41 Discussions with the Department focussed on the House of Representatives Standing Committee on Economics, Finance and Public Administration report entitled

47 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 109

48 RRAT Committee Budget Estimates, Transcript of Evidence, 27 May 2004, pp. 5-8

Rates and taxes: a fair share for responsible local government (the Hawker report) into cost shifting onto local government.

3.42 In response to Committee questioning as to when the government would be responding to the recommendations contained in the Hawker report, the Minister indicated that he needed cooperation from the states to improve local government assistance policies. He outlined difficulties in gleaning formal responses to the report from state Ministers, a prerequisite for a Commonwealth response given the states' constitutional control in the area.⁴⁹

3.43 The Committee then raised the prospect of the Commonwealth paying FAGs directly to councils, as recommended in the Hawker report. Although not willing to rule any measure out, the Minister stated that there were difficulties with that option:

One of the issues that you have to face is that each state has a grants commission that seeks to allocate the money fairly across the local councils within their jurisdiction. If you just gave the FAGs directly to the councils, you would have the problem of having to effectively set up a new bureaucracy here in Canberra. I do not think many people would be keen on that.⁵⁰

Regional Policy

3.44 The Committee questioned the Department as to why this area contained 63 of 128 full-time equivalent staff at EL1 and EL2 level. The Department explained that:

We tend to have quite a deal of work which involves cabinet submissions and the like, which often require more experienced officers and officers that are at high levels. We tend not to operate any programs with administrative work and the like. We have less administrative work than some other groups within the department. Hence a lot of our people are, as I said, more experienced. There are more senior officers than perhaps there would be in other groups, because of the nature of work undertaken.⁵¹

Territories

3.45 The Committee discussed a number of issues concerning the Indian Ocean Territories (IOTs) with the Department. These included:

- The transfer of funding control over assets and services from the Department to the Minister for Territories;⁵²

49 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 19-20

50 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 21

51 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 24

52 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 27

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- The transfer of 160 units and 12 houses to the Department of Immigration and Multicultural and Indigenous Affairs;⁵³
 - Incorporating the IOTs into Western Australia;⁵⁴
 - The closure of the DOTARS office on Cocos island and added responsibilities for the shire;⁵⁵
 - Management of the Christmas Island health board;⁵⁶
 - The issue of the Christmas Island laundry and monies owed to the laundry workers. The Committee raised concerns that the Department had not responded to a lengthy letter from the shire on this issue. Officers agreed to take on notice questions regarding the letter, which they were not familiar with;⁵⁷
 - Alternative land for waste minimisation equipment on Christmas Island;⁵⁸
 - The Christmas Island resort and casino. The Department indicated that the main focus was to reopen the resort, then to explore options for the casino;⁵⁹
 - The suitability of hovercraft use on the lagoon at Cocos island;⁶⁰
 - The forthcoming upgrade of Linkwater Road and the possible upgrade of Christmas Island airport, subject to the Asia-Pacific Space Centre going ahead;⁶¹

3.46 The conflict between government policy and the recent Joint Standing Committee on the National Capital and External Territories' report on Norfolk Island's capacity for effective self-government⁶² was also explored.⁶³

53 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 29-30

54 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 31-32

55 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 33-34

56 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 35-36

57 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 36-37

58 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 37-38

59 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 42-43

60 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 47

61 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 53

National Capital Authority

3.47 The Committee very briefly engaged the NCA in a discussion on the costs of the fountain and storing the Christmas tree.⁶⁴

Regional Programmes

3.48 The Committee enquired into Rural Transaction Centres (RTCs), being informed of the number of operating RTCs and number that have been approved and/or opened this year. The ANAO report critical of some aspects of the administration of RTCs was also discussed.⁶⁵

3.49 A lengthy discussion on the Sustainable Regions program followed. Specific topics dealt with by the Committee included:

- A feasibility study into a light rail service between Casino and Murwillumbah and issues relating to Commonwealth duplication state responsibilities;⁶⁶
- The Atherton Tablelands projects, particularly in regards to community consultation, a lack of strategic direction for the program there and the composition and frequency of meetings of the local committee;⁶⁷

3.50 A brief discussion ensued on Commonwealth funding to the National Aerial Firefighting Centre for the lease of firefighting aircraft.⁶⁸ The Department also informed the Committee that "a response to the Nairn report would be dealt with in parallel to a response to the COAG report".⁶⁹

62 Joint Standing Committee on the National Capital and External Territories' report *Quis custodiet ipos custodes?: Inquiry into Governance on Norfolk Island*.

63 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 55-56

64 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 58-59

65 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 62-68

66 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 74-75

67 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 76-83

68 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 86-87

69 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, p. 87

3.51 To end proceedings the Department provided the Committee with details of the natural disaster mitigation relief program.⁷⁰

Senator the Hon. Bill Heffernan
Chair

70 RRAT Committee Budget Estimates, Transcript of Evidence, 26 May 2004, pp. 88-89

HANSARD
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