

CHAPTER 2

TRANSPORT AND REGIONAL SERVICES

Department of Transport and Regional Services

2.1 The committee heard evidence from the department on Monday 23 May, Tuesday 24 May, Thursday 26 May and Friday 27 May. The hearing was conducted in the following order:

- Corporate Services
- Bureau of Transport and Regional Economics (BTRE)
- Australian Transport Safety Bureau
- Office of Transport Security
- Inspector of Transport Security
- Aviation and Airports
- Airservices Australia
- Civil Aviation Safety Authority
- AusLink
- Maritime and Land Transport
- Australian Maritime Safety Authority
- Regional Services
- Territories and Local Government
- National Capital Authority.

2.2 Proceedings began with an opening statement from the Secretary of the department. He made comment on the new outcomes and outputs structure in the PBS as a result of the major structural changes made to the department. Outcomes for transport have been made more specific than previously, with a focus on transport safety, transport security, AusLink and general services.

2.3 The Secretary said that regional services have a strong focus on partnering with regions to better manage their futures. The two broad output groups are Regional Services and Local Government, Territories and Natural Disaster Relief.

2.4 The committee showed interest in departmental staffing and entitlements throughout the hearing.¹ This interest extended to agencies, with a particular focus on

1 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 18, p. 22, pp.23-33

the Bureau of Transport and Regional Economics², the Australian Transport Safety Bureau³, the Office of Transport Security⁴ and Aviation and Airports.⁵

Corporate Services

2.5 The committee asked for the rationale behind the departmental restructure. The major reasons were to align the department with government priorities and to respond to a need for clarity in lines of responsibility in outputs. Costs for the process of restructuring the department were met as part of the department's ongoing business, with the exception of some expert consulting advice.⁶

2.6 The committee queried when the Inspector of Transport Security, Mr Mick Palmer, had been seconded to another high-priority job of government. Mr Palmer stood down on 8 February 2005; the position has not formally been filled since his departure. Work within the department has continued on legislation to support the development of the position. The office was first announced on 4 December 2003, the position was created on 1 July 2004, and Mr Palmer was appointed to the position on 23 November 2004. The committee was concerned that the position has been vacant for a considerable amount of time given that it has been established for approximately 18 months.⁷

2.7 The committee sought clarification of the impact of the Australia-US free trade agreement on the department's appropriations. The department indicated that costs associated with subsequent changes to the Commonwealth procurement guidelines were the reason behind the allocation of \$500 000 for this financial year, and \$300 000 in each of the out years. They advised that:

With the change in the Commonwealth procurement guidelines as a consequence of the signing of that particular treaty, there are some additional costs being borne across Commonwealth agencies. There is a cross-portfolio measure whereby agencies get a small amount of supplementation to meet those additional costs.⁸

2.8 The department noted that the Deputy Secretary, Mr Peter Yuile, would be leaving the department to take up a role as the head of the Australian Quarantine and Inspection Service. The committee asked if there was concern over the replacement of many of the senior management team over the past 8 months. Mr Taylor responded:

2 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 36

3 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 40

4 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 69

5 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 98

6 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 13

7 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 4-12

8 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 16

Importantly, under Ken, Peter and Lynelle's leadership, a lot has been done to skill the staff and I think succession has been quite smooth and straightforward. I do not envisage it being a difficulty.⁹

The Deputy Secretary position has been advertised and the department expects the transition to be efficient.¹⁰

2.9 The committee also discussed matters relating to:

- The Ansett ticket levy;¹¹
- Applications for the position of Executive Director of Corporate Services;¹² and
- The department's efficiency dividend.¹³

Bureau of Transport and Regional Economics

2.10 The Bureau of Transport and Regional Economics (BTRE) indicated that their allocation of \$5.1 million in the coming financial year was still subject to the secretary's confirmation. This funding represents an increase on last year's by almost 20 per cent. The funding is related to research activities, particularly AusLink projects, and the development of land transport statistics.¹⁴ One of the major AusLink projects will be to survey freight, and provide up-to-date information on national estimates of origin-destination.¹⁵

2.11 In its report on the AusLink legislation, the Committee supported 'work towards better data to inform planning transport infrastructure' and therefore welcomes this research link to transport infrastructure.¹⁶

2.12 The committee also heard evidence about:

- Major research projects; and¹⁷
- The aviation industry.¹⁸

9 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 19

10 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 19

11 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 12-3

12 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 21

13 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 22-3

14 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 34

15 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 34

16 RRAT Legislation Committee Report, paragraph 3.114, p. 36,
http://www.aph.gov.au/senate/committee/rrat_ctte/auslink/report/report.pdf

17 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 34-6

18 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 37

Australian Transport Safety Bureau

2.13 The committee enquired about the government's response to the House of Representatives Standing Committee on Transport and Regional Services report, *National Road Safety: Eyes on the road ahead*.¹⁹ ATSB advised they have coordinated a draft response against the 38 recommendations for the government's consideration. The committee drew attention to the government's delayed response to the report.²⁰

2.14 The committee also discussed:

- BTRE finances;²¹
- Performance against PBS measures;²²
- Investigation statistics;²³ and
- The National Driver Education Scheme.²⁴

Lockhart River plane crash - ATSB

2.15 The civilian aviation accident that occurred on 7 May 2005 at Lockhart River, North Queensland, was discussed in great length. ATSB stated it would be producing a preliminary report covering the verified information related to the accident involving the death of 15 people. The report is expected to be released in June 2005.²⁵ The bureau gave an overview of the progress of their investigations:

- Upon notification of the accident, the bureau assembled a team of nine in Cairns that assembled the evening of the day of the accident.
- After the emergency response to try and locate survivors, three ATSB officers entered the accident site and started some initial mapping. During this time they retrieved the cockpit and voice recorders and the flight data recorder on the aircraft.
- The recorders were carried by hand to the Canberra laboratories for analysis. The voice recording was found to be damaged. The remainder of the week was spent documenting and collecting evidence from the site in cooperation with the coroner and the Queensland Police Service Disaster Victim Identification (DVI) teams.

19 *National Road Safety: Eyes on the road ahead*,
<http://www.aph.gov.au/house/committee/trs/roadsafety/report.htm>

20 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 55-8

21 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 38-40

22 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 40

23 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 54-5

24 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 58-61

25 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 41

- In addition, maintenance and company records were being examined in both Cairns and Brisbane and work was being done with CASA to obtain regulatory records and radar information out of Cairns.
- There was no radar coverage in the accident area, however CTAP audio is being examined, as well as the Bureau of Meteorology data on the time of the flight.²⁶

2.16 The committee also heard that two former pilots claimed to have contacted the CASA hotline in July 2002 to raise safety concerns over Transair. ATSB claims that if the alleged call had taken place, in that instance their role would be to investigate and not to regulate. In October 2004 the pilots contacted the ATSB again about regulatory breaches; one was directed to the CASA hotline and the other also referred to CASA:

... when we said that he should be speaking to the regulator and not us, because it is a regulatory matter that he was referring to—said that he was not confident that it would get the attention that it deserved.²⁷

The committee was concerned to hear that it is not unusual to hear people claim to be dissatisfied with CASA services.²⁸ The committee has been aware of these concerns and has previously monitored CASA's approach. Evidence on the crash from CASA is outlined below.

Lockhart River plane crash - CASA

2.17 CASA was questioned extensively about the recent Transair accident in North Queensland. The committee was advised that:

- An audit on Transair was conducted in February-March 2005.
- CASA reissued Transair's Air Operator Certificate (AOC) on 14 April.
- A review of the audit had occurred and the audit report was found to be 'soundly based and consistent with ... normal processes and procedures.'
- The audit report contained no reference to VH-TFU, the crashed plane. Auditors would have examined the aircraft available at the time of the audit.²⁹
- The mandated fitting of a ground proximity warning system on VH-TFU was due by 30 June 2005.³⁰

2.18 The committee then discussed ATSB's evidence regarding two pilots that attempted to contact CASA regarding Transair (see paragraph 2.15 above). CASA

26 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 42

27 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 45

28 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 46

29 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 8-9

30 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 12

informed the committee that their records did not show any contact with the relevant pilots.³¹

2.19 Officers told the committee that in 2004 CASA had investigated a former pilot's allegations of inappropriate practices at Transair. They further indicated that the allegations were not supported by evidence, but that CASA had nonetheless upgraded surveillance of Transair.³² The committee was also informed that, subsequent to the accident, CASA was contacted by a person making allegations about Transair's PNG operations.³³

2.20 In response to committee questioning, CASA admitted that they were concerned that some pilots did not have confidence in reporting safety concerns to the agency. They also suggested that CASA could improve the means by which they provide feedback to people that have made reports. CASA officers told the committee that:

We will have to sit back and reflect on that and decide what, if anything, we should or can do about this. If there is something we can do, we will try it. In recent times we have significantly upgraded our complaints-handling system and tried to reassure people about the confidentiality of our processes—that they can talk to us and we will maintain confidentiality. We will have to sit back and think what we might do to further enhance the processes.³⁴

2.21 The committee notes with concern an apparent longstanding dissatisfaction with CASA's services amongst some sections of the aviation community. While it is appropriate for CASA to make a reasoned assessment of such views on the basis of available evidence, the committee urges CASA to do so as a priority.

Office of Transport Security

2.22 The committee discussed at length the alleged passenger baggage theft that occurred at Launceston Airport on 12 November 2004. The committee was concerned that Office of Transport Security (OTS) inspections of the incident were delayed by almost 3 months. The department outlined the cause of their investigations;

Whenever incidents are reported to us—and it is a vast system—we make a judgment about whether it is telling us about vulnerabilities that might exist in the system. We like to follow up in cases such as this. It is often the case, though, that our investigations may overlap, say, with a police investigation and our investigatory powers are not as extensive as police powers, so

31 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 12-14

32 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 15

33 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 19

34 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 20

sometimes we may pull back and wait for the outcome of the police investigation.³⁵

The department outlined that their responsibilities lay in the protective security of the aviation system and the performance of the regulated entities. This translates to the priority of their investigations being centred on weapons and explosives. Therefore, unless a theft is related to protective security, it is not an issue for the OTS.³⁶ The committee was concerned that the baggage tampering may have occurred within a secure area of the airport, which would compromise security efforts.³⁷

2.23 The committee pursued questions about airport security with a particular interest in staff screening and access to airstrips. Airports are responsible for developing their transport security programs and at each major airport there are various random inspections conducted on staff. Unless they have received an exemption due to the nature of their work, staff members who access the sterile area, the cabin of the plane, are inspected. The department is currently looking into the best approach for an airside screening regime, taking into account the provision of legitimate access to the airports' secure areas with trade tools.³⁸

2.24 The committee also discussed rail security with OTS officers, with particular reference to developing a national approach to the protection of rail passengers and infrastructure. Although rail is primarily a responsibility of the states, the committee was advised that the department had been working on an intergovernmental agreement on surface transport security, to be considered by COAG in June 2005. If an agreement is reached, the role of the Commonwealth will be to coordinate the reports given by states on land transport security matters, ensuring a nationally consistent approach.³⁹

2.25 The committee continued discussions from the additional estimates⁴⁰ on issues relating to high consequence dangerous goods. Essentially, dangerous goods consist of explosives and chemicals, while the high consequence goods are a small selection of the thousands of dangerous goods that are transported.⁴¹ The department indicated that there would continue to be no limit on the carriage of high-consequence dangerous goods as coastal cargo by foreign flagged ships when issuing single voyage (SVP) or continuous voyage permits. However, the department has been keeping

35 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 62

36 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 62

37 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 63

38 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 91-3

39 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 73-5

40 *RRAT Committee Additional Estimates 2004-05 Report*, pp. 8-9

41 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 76

statistics on shipments of ammonium nitrate⁴² by foreign flagged vessels using the SVP system.⁴³

2.26 The committee also discussed:

- *Maritime Transport Security Amendment Bill 2005*;⁴⁴
- International Ship and Port Facility Security Code;⁴⁵
- Australian Strategic Policy Institute report, *Future unknown: the terrorist threat to Australian Maritime Security*;⁴⁶
- Reissuing of Aviation Security Identity Cards;⁴⁷
- Regional Rapid Deployment teams for airports;⁴⁸
- Report 400 in the review of aviation security in Australia;⁴⁹
- Regional airport security;⁵⁰
- Aircraft surveillance.⁵¹

Aviation and Airports

2.27 The department provided their view on the future of the international aviation industry, stating that it was a volatile industry. They indicated that while traffic levels had returned to pre-2001 numbers, the industry faced a number of short to medium term challenges, such as the escalating price of fuel. Developments in the Northern Hemisphere will also affect the industry, with an increasing number of European carriers consolidating to form larger groups. Further, intense competition is emerging with an increase of low-cost carriers in Europe and South-East Asia: 'It is a volatile picture, with some return to profitability by some carriers and deep losses by others.'⁵²

2.28 The department was questioned as to whether the committee's recommendations for reforms to the *Airports Act 1996*, made in its inquiry into the

42 Ammonium nitrate is an agricultural fertiliser that can be used as an explosive.

43 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 80

44 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 77-80

45 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 80-81

46 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 83-84

47 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 84-5

48 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 87

49 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 87-8

50 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 90-91

51 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 93

52 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 101-2

Development of the Brisbane Airport Corporation Master Plan,⁵³ had been adopted. The department indicated that they were 'taken on board' as part of their current review of the act, which had almost been finalised.⁵⁴

2.29 The committee also discussed:

- Aviation and Airports budget allocation;⁵⁵
- The Airservices Australia charging regime inquiry;⁵⁶
- The National Airspace System;⁵⁷
- The Christmas Island airport.⁵⁸

Airservices Australia

2.30 The committee asked questions about the governance review of Airservices Australia. Airservices are assisting the department in the conduct of the review by providing information as requested. In addition, the department has engaged the services of a consultant to assist with the review. The department expects to report to the government by the end of June 2005.⁵⁹

2.31 The committee discussed Airservices Australia estimated revenue for the coming financial year. Airservices relies on fees from commercial charges to industry, which are expected to be \$620-630 million in the coming year. This is an approximate 5 per cent increase on last year's revenue. Airservices explained;

The corporation is run pretty much like a commercial business. We are expected to generate profits. A portion of those profits is paid towards meeting our tax obligations; a portion is paid to the shareholder, who is the government, in the form of dividends; and the balance is retained inside the organisation to help it fund future investment and future capital growth.⁶⁰

2.32 The committee also received an update on regional radar. At additional estimates Airservice's recommendation to use Automatic Dependent Surveillance Broadcast (ADS-B) technology as an alternative to traditional radar was discussed.⁶¹

53 http://www.aph.gov.au/senate/committee/rrat_ctte/completed_inquiries/1999-02/brisair/report/contents.htm

54 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 106-107

55 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 97-98

56 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 99

57 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 107-8

58 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 108-9

59 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 110-111

60 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 111

61 *RRAT Additional Estimates 2004-05 Report*, pp. 10-11

Since the hearing, the Minister for Transport and Regional Services commissioned a British firm, CSE, to review the Airservices analysis of radar usage. The review is almost complete, and is expected to be reviewed by the National Airspace System Inter-Agency Group before going to the minister. The estimated costs for the radars have not changed, and are maintained at \$100-140 million depending on the level of site works and excavations to install the facilities.⁶²

Civil Aviation Safety Authority

2.33 A prominent feature of the committee's discussions with the Civil Aviation Safety Authority (CASA) was the issue of the perception of CASA amongst industry participants. The discussion, outlined in further detail below at paragraph 2.36, focussed on CASA's efforts to redefine its regulatory role. The committee was particularly interested in the delicate balance CASA is seeking to find between regulatory enforcement and client service.

2.34 However, the committee commenced with a discussion of management deficiencies within CASA. Officers conceded that:

We think we could improve areas in terms of leadership and management. It is a technically highly skilled work force. If we have a weakness it is in the area of leadership and management.⁶³

2.35 CASA also informed the committee that, in conducting surveillance of the aviation industry, they would be conducting fewer large scheduled audits and more regular, brief, hands-on inspections. CASA indicated that this would allow a more appropriate use of the agency's time: 'less time in the office planning things and writing things up and more time out there finding out what is going on.'⁶⁴ Audits would continue to be utilised, however they would be reduced (probably from two to one per year) and supplemented by other types of inspections based on risk assessment.⁶⁵

2.36 The committee then turned to discussing CASA's relationship with the aviation industry. CASA told the committee that they were seeking to redefine their relationship with the industry; shifting the balance of their approach from strict regulation and policing to a partnership with industry, facilitating improvements to aviation safety rather than simply enforcing them. In response to the committee's concerns about developing an overly 'friendly' role for a regulator, CASA emphasised the importance of not 'going too far' with its partnership role and ultimately weakening its regulatory function. CASA assured the committee it was aware of the need to

62 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 112-15

63 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 117

64 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 117

65 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 119

continue to act firmly on safety breaches where appropriate.⁶⁶ The committee will monitor this development to ensure problems arising from close relationships between CASA and aviation operators do not occur.

2.37 The committee also discussed the shift towards CASA increasing cost recovery from industry from 1 January 2006. CASA advised that they would undertake a costing analysis before proposing a new schedule of charges, which would then be subject to consultation with industry. They further indicated that recent fee increases represented increases to existing charges, while the new proposal would broaden the range of services charged for.⁶⁷

2.38 Finally, the committee discussed the implications for CASA of the Uhrig report on corporate governance. The committee was particularly interested in the possibility of CASA moving from a statutory authority operating under the *Commonwealth Authorities and Companies Act 1997* (CAC Act), to one operating under the *Financial Management and Accountability Act 1997* (FMA Act), and the impact of any change on the scope of ministerial control over CASA. Departmental officers informed the committee that the matter was currently the subject of a review, to be reported to the Minister in July.⁶⁸

2.39 The committee also discussed the following matters with CASA:

- Staffing levels;⁶⁹
- Reduction in CASA's revenue from government;⁷⁰
- Changes to CASA's organisational structure;⁷¹
- Improvements to flying training;⁷²
- Remote air services in north western WA;⁷³ and
- Expenses incurred by the CEO in travelling between Melbourne and Canberra.⁷⁴

66 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 120-121

67 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 4-7

68 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 27

69 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, pp. 123-124

70 RRAT Committee Budget Estimates, *Transcript of Evidence*, 23 May 2005, p. 124

71 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 1-2

72 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 4

73 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 22-24

74 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 29-31

AusLink

2.40 The committee commenced by discussing DOTARS' work on infrastructure bottlenecks. The department explained that it had provided advice to other departments and agencies, including the Department of Industry, Tourism and Resources' report into coal transport and the Prime Minister's infrastructure task force.⁷⁵

2.41 The committee also welcomes cooperation on transport issues between AusLink and the Bureau of Transport and Regional Economics (see paragraph 2.10).

2.42 The Commonwealth's role with respect to Australia's ports was also discussed. The department indicated that while the Commonwealth had no intention of seizing control of the ports, it was the government's intention to promote coordination of port planning with AusLink's corridor strategies for road and rail links, in addition to a more consistent economic regulatory approach to port infrastructure.⁷⁶

2.43 The committee then queried why air transport was not included in the AusLink network. The department stated that the network includes linkages to the airports. Further, they emphasised that airports already have advanced Commonwealth planning regimes and a single economic regulator, providing incentives for private investment.⁷⁷

2.44 The department also provided an update on the bilateral agreements with the states and territories. They indicated that agreements with South Australia and Victoria were almost completed. For the remaining jurisdictions, acceptance of the construction code and guidelines was an acknowledged impediment to reaching agreement. The department confirmed that funds do not flow into AusLink projects in states where a bilateral agreement has not been signed.⁷⁸

2.45 Other matters discussed included:

- Scope of the House of Representatives Standing Committee on Transport and Regional Services on road and rail freight transport;⁷⁹
- The Melbourne-Brisbane rail link;⁸⁰
- Funding for Roads to Recovery program;⁸¹

75 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 33-34

76 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 35-36

77 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p 37

78 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p 38

79 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 34-35

80 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 40-43

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- Strategic regional projects;⁸²
 - A national methodology for the planning and assessment of road projects;⁸³ and
 - A number of specific road projects, namely:
 - Floodproofing of the Bruce Highway;⁸⁴
 - Caboolture Motorway widening;⁸⁵
 - Townsville ring road and the Townsville-Mt Isa corridor;⁸⁶
 - Alignment between the F3 and New England Highway and other New England Highway projects;⁸⁷
 - Pacific Highway upgrade, including the possibility of private investment;⁸⁸
 - Tugun bypass;⁸⁹
 - Various Hume Highway upgrades;⁹⁰
 - Funding for the Goulburn Valley highway;⁹¹
 - Tarcutta truck stop;⁹²
 - Murrumbateman bypass on the Barton Highway;⁹³
 - Duplication of the Calder Highway;⁹⁴
 - Upgrades to the Ipswich Motorway;⁹⁵

81 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 44

82 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 45 and pp. 47-48

83 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 46

84 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 49-50

85 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 50-51

86 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 53

87 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 53-57

88 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 57-59

89 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 59

90 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 60-62

91 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 62-63

92 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 63-64

93 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 65-66

94 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 66

95 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 69-71

Australian Maritime Safety Authority

2.46 The committee had a brief discussion with officers from the Australian Maritime Safety Authority (AMSA) on the following:

- Increased budget allocation for AMSA through increased levy revenue;⁹⁶
- Staffing levels.⁹⁷

Maritime and Land Transport

2.47 The committee sought information on the government's response to recommendations in the Productivity Commission's review of national competition policy reforms of passenger and freight transport. They were informed by the department that the report will be considered by COAG on 3 June 2005, after which the department may be responsible for addressing some of the recommendations in the report, depending on the agreements reached by COAG.⁹⁸

2.48 The Tasmanian Freight Equalisation Scheme was again raised. The department explained that the basis on which the scheme's budget had increased from 2004-05 to 2005-06 was a trend towards increasing claims under the scheme. The department further indicated that there would be a review of the Tasmanian Freight Equalisation Scheme and the Tasmanian Wheat Freight Scheme and that the form the review would take was currently being determined at a ministerial level.⁹⁹

2.49 The committee then discussed the matter of safety standards applying to imported second hand cars. The department informed the committee that the government had tightened regulations applying to the importation of vehicles over 15 years old. This was due to the fact that the previous arrangements, allowing for less rigorous certification of older imported 'niche' vehicles, were being exploited to import for profit older mainstream Japanese vehicles for sale in Australia.¹⁰⁰

Regional Services

2.50 The East Kimberly COAG Indigenous trial site was subject to committee questioning. The committee expressed concerns that most of the funding for the trial had been spent on departmental expenses such as salary and travel. The department responded that they were largely responsible for coordinating whole-of-government

96 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 67

97 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 68

98 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 72-73

99 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 74-75

100 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 77-78

activity, rather than delivering services. Accordingly, the facilitative role of the department necessitated expenditure on the staff performing that role.¹⁰¹

2.51 The committee, the Minister and the department held a lengthy discussion on expenditure under the Regional Partnerships and Sustainable Regions programs, particularly adjustments to the budgeted figures prior to their finalisation. Referring to a Department of Finance document, the committee inquired as to the adjustments that had been made following interdepartmental discussions between DOTARS and the Department of Finance. The Minister stated that budget deliberations are subject to cabinet-in-confidence and would not be discussed with the committee. A dispute arose as to whether or not interdepartmental discussions fell within the realm of, and are protected by, the cabinet process.¹⁰² The department closed the matter by indicating that there had been no budget adjustments 'as a result of a discussion between departments'.¹⁰³

2.52 The department then outlined for the committee previous years' underspends for the Regional Partnerships program. In 2003-04, \$22 million was allocated to the program but not spent and it was estimated that approximately \$14.3 million allocated to Regional Partnerships would not be spent in 2004-05. The department indicated that the underspending was a consequence of Regional Partnerships being a relatively new program.¹⁰⁴

2.53 The department also updated the committee on the progress of the Bert Hinkler Hall of Aviation Museum in Bundaberg. They indicated that discussions were underway with the project's proponents, and had been so 'on and off' for three years, but a funding agreement had not been reached.¹⁰⁵

2.54 The committee then sought information on the progress of the six icon projects. The department stated that the Buchanan rodeo park in Mt Isa and the Tamworth equine centre had both received ministerial approval and the former had signed a funding agreement. The remaining projects were still being assessed or settling their applications.¹⁰⁶

2.55 The committee and the department then discussed the manner in which projects that were the subject of election commitments were, or are to be, subsequently approved in accordance with the department's guidelines for Regional Partnerships programs.¹⁰⁷

101 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 79-80

102 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 83-88

103 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 85

104 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 86-89

105 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 92

106 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 94

107 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 99-101

2.56 The Rural Medical Infrastructure Fund was also subject to committee questioning. The department informed the committee that the program is intended to 'provide support for local government councils to purchase or otherwise establish a walk-in, walk-out clinic which makes it easier for them to attract and/or retain a medical practitioner.' The committee expressed some concern that the scheme may have the effect of enticing doctors from one rural region to another, at a cost to the government.¹⁰⁸

2.57 Departmental officers then provided the committee with an update on Sustainable Regions. They again addressed concerns relating to competitive neutrality, stating that the guidelines applying to this issue would not be reviewed.¹⁰⁹ The department then highlighted the importance of unmet demand, rather than a total absence of supply:

It goes to questions of overall market demand. If there is an unsatisfied demand in a market, there is no reason why a second or third additional provider is necessarily disturbing a competitively neutral situation that will of itself impact negatively on existing providers.¹¹⁰

The committee, however, remained concerned that existing businesses were being disadvantaged by non-repayable loans given to their competitors under Sustainable Regions.¹¹¹

2.58 The committee was informed that the initial eight regions under Sustainable Regions are due to wind up on 30 June 2006.¹¹² They were also told that the two new Sustainable Regions of 'Darling Matilda way' and 'Northern Rivers-North Coast' would be allocated \$21 million and \$12 million respectively.¹¹³

2.59 Other matters discussed with officers from the Regional Services area included:

- Staffing increases in Regional Services;¹¹⁴
- Client satisfaction surveys;¹¹⁵
- Bank@Post and new Rural Transaction Centres;¹¹⁶

108 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 108-111

109 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 112

110 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 112

111 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 113-114

112 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 116

113 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 118

114 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 93

115 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 102-104

- Contracts for remote area aviation services in WA;¹¹⁷

Territories and Local Government

2.60 The department's involvement in providing relief to storm affected areas of Western Australia under the Natural Disaster Relief Arrangements was raised. The committee was informed that the Western Australian government will be reimbursed 50 per cent for personal hardship or distress expenditure payments they make, or alternatively, they are eligible to be reimbursed for consolidated expenditure on eligible events over the course of the year.¹¹⁸ The committee was also told that there had been no claim under the scheme for relief provided in relation to the Eyre Peninsula fires.¹¹⁹

2.61 Departmental officers then updated the committee on the implementation of recommendations made in the COAG bushfire mitigation report.¹²⁰ The committee was advised that two major developments had taken place since the previous estimates hearings, namely:

- Insurance Council of Australia approval of changes to the General Insurance Code of Practice; and
- Correspondence from the Minister for Industry, Tourism and Resources to the Building Codes Board 'stressing the urgency of the need to complete the Building Codes Board's review of the construction of buildings in bushfire-prone areas'.¹²¹

2.62 The lateness of the department in meeting reporting obligations was also raised by the committee. The department explained that although required to report as soon as practicable after 30 June, there had been some unforeseen delays in tabling the local government national report. This included being advised by some states late in the process that some of the information they had provided was inaccurate. The committee was informed that the earliest the report was generally able to be tabled is December.¹²²

2.63 The committee notes, with concern, the delay. Given that tabling will be six months after the date indicated by the department as practical, the committee urges the department to act so that such a delay is avoided in the future.

116 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 105-106

117 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 119-120

118 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 122

119 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 122-123

120 See RRAT Legislation Committee Additional Estimates 2004-05 Report, pp. 15-16

121 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 124

122 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 126-127

2.64 The department also advised that they anticipated the government would be in a position to provide a response to the Hawker Report shortly, having recently received the final draft.¹²³

2.65 The committee was informed that the department had not responded to the Joint Standing Committee on the National Capital Authority and External Territories' report on Norfolk Island governance, but had 'undertaken considerable negotiations and had discussions with the Norfolk Island government in regard to a number of the recommendations'. The department also offered to provide on notice details of the changes the Norfolk Island government had already undertaken in response to the report.¹²⁴

2.66 The committee then discussed the prospect of the incorporation of the Indian Ocean Territories (IOTs) into another state and out of the Commonwealth's jurisdiction. The department confirmed that the most preferable option would be for the IOTs to be incorporated into Western Australia, given its proximity and existing provision of service deliver arrangements. The committee was also told that a majority of Western Australians would need to support such a change through a referendum.¹²⁵

2.67 The market testing of the IOT Health Service was also discussed. The department indicated that tenderers had been publicly listed and had visited Christmas Island, with a recommendation to be made to the Minister in June. The committee was further informed that existing staff may gain employment with a new provider, while terminated staff would be entitled to redundancy payments under their existing certified agreement.¹²⁶

2.68 The committee also raised concerns over a potential conflict of interest arising from the IOTs' director of nursing selecting the agency that provides nurses. The department indicated that they had not considered there to be a conflict of interest, adding that the head of nursing was required to report to the health service general manager.¹²⁷ The committee notes that the department could not demonstrate that a conflict of interest was not possible. Further, there may be a public perception of a conflict of interest existing, which the department should address.

2.69 Mammography services on the IOTs were also discussed. Although originally determining that this service was not required, the department informed the committee that it would now be purchasing a mammography unit to be located on Christmas

123 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, pp. 86-87

124 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, pp. 92-93

125 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, pp. 96-97

126 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, pp. 100-101. See also RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, p. 3

127 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, p. 102

Island. The committee was also advised that radiographers will travel to the island twice a year to operate the unit.¹²⁸

2.70 The committee requested information on the IOT economic development plan. The department advised that a draft of the Christmas Island plan had been developed, while the draft of an overarching development plan for the IOTs had not yet been completed. They further advised that the plan was being 'developed on-island' by a private company and the Christmas Island Economic Development Committee, and the department was only responsible for providing comments on the plan.¹²⁹

2.71 The committee raised concerns that the application of Western Australian laws could inadvertently leave gaps in the legislative framework applied in the IOTs. The department indicated that they were aware of this potential problem:

The task that we have set ourselves for this coming financial year is certainly to do a review of the legislation in place to assure ourselves that, as you have pointed out, if there are certain gaps, those gaps can be addressed—be that from the point of view of the legislation, because it may not strictly suit the Indian Ocean territories, or that it may not be consistent with broader Australian government policy or that there may be administrative arrangements that are not quite in place on the island.¹³⁰

2.72 The department also responded to questions over water shortages on Christmas Island. They advised the committee that the department was investigating connecting additional and presently unused water sources into the existing town system. The department indicated that an agreement with the leaseholder to resume the relevant site had been reached, and an infrastructure proposal was being prepared for the Minister's approval.¹³¹

2.73 The committee expressed concern with the absence of community consultation prior to the Minister's announcement that there would be a legislative prohibition on a casino on Christmas Island. The department confirmed that there had been no consultation on the prohibition and that the relevant ordinances were being prepared and would be tabled in the winter sittings.¹³²

2.74 The issue of asbestos on the IOTs was then raised with the department. The department told the committee that one particular building had been closed for access and a building consultant dispatched to the IOTs 'to do an analysis of all [the

128 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, pp. 104-106

129 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, pp. 108-109

130 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, p. 6

131 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, p. 7

132 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 9-10

department's] assets and the asbestos related issues of those buildings so we can take immediate action'.¹³³

2.75 The committee also discussed phone and internet services on West Island in the Cocos (Keeling) Islands, with particular reference to a lack of consultation over the possible removal of transmission towers. The department stressed that these services were required by the department as well as the local community and that negotiations were underway with Telstra and Airservices to maintain their provision.¹³⁴

2.76 Other matters discussed with officers from the Territories and Local Government area included:

- The ongoing rephasing of Regional Flood Mitigation Program funding;¹³⁵
- Staffing in the department's Local Government branch;¹³⁶
- Land transfers on Norfolk Island;¹³⁷
- Details of budgeted IOT expenditure;¹³⁸
- Departmental consultation with residents of the IOTs;¹³⁹
- Service delivery arrangements for the IOTs;¹⁴⁰
- Health promotion in the Cocos (Keeling) Islands;¹⁴¹
- Cost of maintaining administrators on IOTs and Norfolk Island;¹⁴²
- Safety standards and amenities at Christmas Island airport;¹⁴³
- Recent crane incident on Christmas Island;¹⁴⁴

133 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, p 10

134 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, p. 17

135 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, pp. 120-121. See also RRAT Legislation Committee Additional Estimates 2004-05 Report, p. 13

136 RRAT Committee Budget Estimates, *Transcript of Evidence*, 24 May 2005, p. 125

137 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, pp. 90-91

138 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, pp. 93-94

139 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, pp. 95-96

140 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, pp. 97-99

141 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, pp. 103-104

142 RRAT Committee Budget Estimates, *Transcript of Evidence*, 26 May 2005, p. 107

143 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 8-9

- Cocos (Keeling) Islands hovercraft, waste and water issues;¹⁴⁵
- Farming and education on Cocos (Keeling) Islands;¹⁴⁶
- Tourism on Cocos (Keeling) Islands.¹⁴⁷

National Capital Authority

2.77 The National Capital Authority (NCA) commenced by explaining that the agency was budgeting for a \$1 million deficit each year to 2008-09 as a consequence of increases in insurance premiums. They indicated that NCA's premiums are relatively high due to the amount of land the agency is responsible for administering. However, NCA expected the shortfall to be covered through the additional estimates process.¹⁴⁸

2.78 The committee again discussed the matter of the national Christmas tree, particularly the NCA's decision to give the tree away. NCA advised that, in accordance with shifting investment from Christmas to Australia Day celebrations, the tree was first offered to the Department of Parliamentary Services, who declined, then to the ACT Government, who accepted. It was transferred for a peppercorn fee and is now erected in Civic Square at Christmas.¹⁴⁹

2.79 The committee then engaged in a discussion with NCA about the Griffin Legacy project. Specifically, the committee expressed concern that the contribution of Walter Burley Griffin's wife, Marion, had not been appropriately acknowledged in the project. The NCA replied that their approach to her contribution reflected academic equivocation as to whether she was involved in Canberra's design or simply illustrated Walter Burley Griffin's designs. The committee further queried the recognition of her in the National Capital Exhibition, information NCA offered to provide on notice. The NCA finally agreed that the agency may have some role in formulating a definitive position on Marion Griffin's role.¹⁵⁰

2.80 The committee also had an extensive discussion with NCA on the ongoing issue of draft amendment (DA) 39 to the National Capital Plan, relating primarily to the development of State Circle. NCA informed the committee that DA 39 would allow three story residential buildings on State Circle, contrary to the Joint Standing

144 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 12-13

145 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 14-16

146 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 18-20

147 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 20-21

148 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 23-24

149 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 31-32

150 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 35-37

Committee on the National Capital and External Territories' recommendation that the limit be set at two stories.

2.81 The committee raised concerns that DA 39 applied differently to each of the State Circle blocks on the corner of Hobart Ave and Melbourne Ave. In evidence at the hearing, and shortly after in a written response, NCA outlined the differing development conditions these blocks would be subject to, although they stressed that the practical outcome would be the same. The NCA wrote:

The only difference in treatment between the Melbourne Avenue blocks and other blocks (including that on Hobart Avenue) is that a proponent of a development on the other blocks would need to demonstrate excellence in the urban design outcome to achieve a plot ratio of up to 0.8 without amalgamation.¹⁵¹

2.82 The committee was concerned that the different treatment for the two blocks in question may not have been conveyed openly to the Joint Standing Committee on the National Capital and External Territories when they inquired into the matter in 2002.¹⁵² NCA agreed to provide a response to that concern on notice. More generally, it appears that NCA has not been publicly clear on this issue, creating confusion and, potentially, the perception of discriminatory treatment. The committee urges NCA to be more open and forthcoming on controversial planning issues in the future.¹⁵³

2.83 Other matters discussed with officers from NCA included:

- Redevelopment of areas under NCA control;¹⁵⁴
- Water levels in Lake Burley Griffin;¹⁵⁵
- Confusion over the interaction of draft amendment 50 to the National Capital Plan (with its broad policy intent) and other draft amendments with more specific planning provisions;¹⁵⁶
- Pay parking in the Parliamentary Triangle.¹⁵⁷

151 NCA letter to the Committee Secretary, Friday 27 May 2005

152 Report titled 'Striking the right balance: Draft Amendment 39, National Capital Plan', tabled 21 October 2002, <http://www.aph.gov.au/house/committee/ncet/draftamendment39/report.htm>

153 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 42-50

154 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 26-27

155 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, p. 29

156 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, pp. 37-41

157 RRAT Committee Budget Estimates, *Transcript of Evidence*, 27 May 2005, p. 45