

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Question no:** REGS 01

**Division/Agency:** Regional Services

**Topic:** SONA projects

**Hansard page:** 101 ( 31/10/05)

**Senator O'Brien asked:**

Were there any SONA projects approved subsequent to 31 December 2004?

**Answer:**

As at 31 October 2005, there were no Strategic Opportunities Notional Allocation (SONA) projects approved subsequent to 31 December 2004.

**Question no:** REGS 02

**Division/Agency:** Regional Services

**Topic:** Regional Partnerships - Ministerial discretion

**Hansard page:** 102 (31/10/05)

**Senator O'Brien asked:**

In February this year, the Department disclosed that between 1 July 2003 and 31 December 2004, there were 17 occasions where Ministers rejected the Department's recommendation in relation to individual Regional Partnerships program applications. To 31 December, there were 11 projects approved by the Minister against the Department's advice, 3 projects rejected by the Minister against the Department's advice and 3 projects where the Minister approved a higher funding amount than recommended by the Department. Can you update those numbers for us, Dr Dolman? Have there been any more occasions where the Minister has rejected the Department's recommendation in relation to individual Regional Partnerships program applications?

**Answer:**

As at 31 October 2005, there have been 1066 decisions taken under the Regional Partnerships program. In 58 cases to date, the Minister or Parliamentary Secretary has used his/her discretion to vary or reject the Department's recommendations:

- 24 projects were approved by the Minister/Parliamentary Secretary where the Department did not recommend them;

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

11 projects were rejected by the Minister/Parliamentary Secretary where the Department did recommend them;

- 6 projects where the Minister/Parliamentary Secretary approved a higher funding amount than recommended by the Department; and
- 17 projects where the Minister/Parliamentary Secretary reduced the funding amount recommended by the Department.

**Question no:** REGS 03

**Division/Agency:** Regional Services

**Topic:** Buchanan Rodeo Park

**Hansard age:** 102 (31/10/05)

**Senator O'Brien asked:**

I have a copy of the contract here. It says that \$1.936 million was proposed to be paid by 20 May on the design documentation approvals, tenders, external landscaping and buffer works.

**Ms Page**—Unless something has altered, I would assume that that is the level of payment. We can check that and get back to you, Senator.

**Answer:**

On 26 May 2005, the first payment of \$1,936,000 (GST-inclusive) was processed to the Mount Isa City Council's account as per the Funding Agreement to enable the recipient to complete the following activities:

*concepts, detail design, community consultation, costings, quantity surveys, feasibility study, management plan, administration and development approvals, perimeter fencing, buffer landscaping, irrigation and pedestrian paths.*

Under the Funding Agreement, the Council will be required to provide documentation of statutory approvals, planning, tendering, and project management in order to receive the next payment.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Question no:** REGS 04

**Division/Agency:** Regional Services

**Topic:** Tamworth Equine Centre

**Hansard page:** 102 (31/10/05)

**Senator O'Brien asked:**

Can you tell us whether any licence approvals were obtained or costings prepared for the Tamworth Equine Centre project before the first payment was made? Perhaps you could also let us know on notice whether the proponent lodged a progress report on or before 30 September 2005. Do you have any idea of the current state of the project?

**Answer:**

The first payment was made upon execution of the Funding Agreement.

The second payment is due on 1 March 2006 and is conditional upon evidence of meeting Milestone 1 which requires engaging architects, obtaining all necessary approvals and licences, completion of a project budget review, acquittal of payment one and a second progress report.

The first progress report was lodged on 30 September 2005.

That progress report indicates the following regarding the status of the project:

- Architects have been contracted;
- Expressions of interest from sub-contractors to assist architects have been called;
- Proposed site has been determined;
- Site plan has been developed (and copy provided);
- Detailed design work has commenced; and
- Development application is expected to be lodged with Council prior to Christmas 2005.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Question no:** REGS 05

**Division/Agency:** Regional Services

**Topic:** Bert Hinkler Hall of Aviation

**Hansard page:** 103 (31/10/05)

**Senator O'Brien asked:**

Has the risk assessment in relation to Bert Hinkler Hall of Aviation been concluded?

**Answer:**

Yes, it was completed in May 2005.

**Question no:** REGS 06

**Division/Agency:** Regional Services

**Topic:** Dalby Showgrounds

**Hansard page:** 103 (31/10/05)

**Senator O'Brien asked:**

You gave me some information about the Dalby Showgrounds, which I think indicated that the risk assessment has not been concluded. Is that right? Why is it taking so long? Can you provide on notice a chronology of events in the assessment of that project?

**Answer:**

May-June 2005                      Financial viability assessment by Ernst and Young.

June-October 2005                Full feasibility study by Dalby Town Council.

November-December 2005      Financial viability assessment of feasibility study.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Question no:** REGS 07

**Division/Agency:** Regional Services

**Topic:** Reginald Murray Williams Centre

**Hansard page:** 103 (31/10/05)

**Senator O'Brien asked:**

Was the risk assessment completed recently? If there has been any delay, whether there is any reason for the delay in approval.

**Answer:**

An independent risk assessment was completed by Walter Turnbull on 20 June 2005. The Department of Transport and Regional Services has sought further information, including strategies for addressing identified risks, from the proponent.

**Question no:** REGS 08

**Division/Agency:** Regional Services

**Topic:** Newman Town Centre Project

**Hansard page:** 104 (31/10/05)

**Senator O'Brien asked:**

Did the Prime Minister seek information from the Department about this project before his funding announcement?

**Answer:**

No.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Question no:** REGS 09

**Division/Agency:** Regional Services

**Topic:** Primary energy

**Hansard page:** 105 (31/10/05)

**Senator O'Brien asked:**

**Senator O'BRIEN**—What would you say to a suggestion that Mr Langhorne's letter did not find its way to the Department directly but was appended to the letter from Minister Campbell in July last year, directing that the application be progressed?

**Mr Dolman**—I do not think that there was anything appended to the letter from Senator Campbell.

**Senator O'BRIEN**—Are you able to check the file?

**Answer:**

There was no letter appended to Minister Campbell's letter of 5 July 2004 to the Department. In searching the file, the Department has located correspondence from a ministerial adviser which was sent to Ministers.

**Question no:** REGS 10

**Division/Agency:** Regional Services

**Topic:** Textile, Clothing and Footwear Community Assistance

**Hansard page:** 107 (31/10/05)

**Senator O'Brien asked:**

**Senator O'BRIEN**—Does it come out of funds from the Department of Industry, Tourism and Resources?

**Dr Dolman**—That is correct.

**Senator O'BRIEN**—Is the assessment process different?

**Dr Dolman**—The assessment process is based on the Regional Partnerships project. Essentially what we are providing is a service for the industry Department to allow them to access the ACCs to help develop projects in areas that have been affected by the closing down of textile, clothing and footwear companies, and also to use the Regional Partnerships application form as a means of applying for those funds. There is an additional question that is explained on the website that requires them to demonstrate how they have been affected by an impact relating to the textile, clothing and footwear contraction in that industry.

**Senator O'BRIEN**—There is no cap on expenditure?

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Answer:**

The Textile, Clothing and Footwear (TCF) Structural Adjustment Program is a \$50 million ten-year program which began on 1 July 2005. It is comprised of three elements:

**Element 1:** direct assistance for textile, clothing and footwear employees who lose their jobs as a result of structural adjustment in the industry—administered by the Department of Employment and Workplace Relations;

**Element 2:** the Restructuring Initiative Grants Scheme which provides grant support to two or more textile, clothing and footwear entities that undertake an approved restructuring initiative—administered by the Department of Industry, Tourism and Resources (DITR); and

**Element 3:** the TCF Community Assistance Program provides grants to communities affected by TCF structural adjustment with funds met through DITR appropriations, with the Department of Transport and Regional Services supplying administration at cost to DITR.

Funding limits have not been determined and projects are assessed on their merits under each element.

**Question no:** REGS 11

**Division/Agency:** Regional Services

**Topic:** Textile, Clothing and Footwear Community Assistance applications

**Hansard page:** 107 (31/10/05)

**Senator O'Brien asked:**

**Senator O'BRIEN**—Mr Macfarlane is the decision maker for those?

**Dr Dolman**—I will take that on notice. My understanding is there is a role for both the Industry Minister and for Minister Truss.

**Answer:**

Under revised administrative arrangements for the Regional Partnerships program announced by the Minister for Transport and Regional Services on 15 November 2005, the Regional Partnerships Program Ministerial Committee takes decisions on projects assessed under the program. Arrangements for the assessment of projects which come forward through the Textile, Clothing and Footwear Community Assistance program are being finalised with the Department of Industry, Tourism and Resources.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Question no:** REGS 12

**Division/Agency:** Regional Services

**Topic:** Polocrosse centre

**Hansard page:** 7 (31/10/05)

**Senator O'Brien asked:**

I have been very interested in the Polocrosse project. Can you get me some job numbers on that?

**Answer:**

When the Dairy Regional Assistance program Beaudesert Equestrian Centre project was completed in November 2001, the proponent advised that 15 jobs had been generated through the construction phase of the project, and that five casual staff had been employed for the Centre's first event.

**Question no:** REGS 13

**Division/Agency:** Regional Services

**Topic:** Remote Air Services Subsidy Scheme

**Hansard page:** 109 (31/10/05)

**Senator O'Brien asked:**

Have officers responsible for this program received any communications from the member for Leichhardt, Mr Entsch, or from the Minister's office in response to representations from Mr Entsch on Aero-Tropics and/or TransAir? If there had been, I would like to know when, in what form, what it was about and how the Department responded.

**Answer:**

No.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Question no:** REGS 14

**Division/Agency:** Regional Services

**Topic:** Mr Kevin Humphries' pre-selection campaign

**Hansard page:** 109 (31/10/05)

**Senator O'Brien asked:**

The New England North West ACC Chair, Mr Kevin Humphries, was selected as the National Party candidate for Barwon earlier this month. Can the Committee be assured that no publicly-funded ACC resources were used in the course of his pre-selection campaign?

**Answer:**

The New England North West Area Consultative Committee (ACC) has advised that at no time were any public funds used to assist Mr Humphries in his campaign for pre-selection.

**Question no:** REGS 15

**Division/Agency:** Regional Services

**Topic:** Connect Australia Program

**Hansard page:** 110 (31/10/05)

**Senator O'Brien asked:**

1. Can the Committee be advised of the operational funding details for each Area Consultative Committee (ACC) on notice, please?
2. Has Minister Truss, Minister Lloyd or the Department had any discussion with any ACC or group of ACCs about the role of them in administration of the Connect Australia program?

**Answer:**

1. See **attached table** below (next page).
2. The Connect Australia program was discussed during a meeting between the Hon Warren Truss MP, Minister for Transport and Regional Services and the ACC Chairs' Reference Group (CRG) on 2 November 2005.

The discussion recognised the Connect Australia program as a possible avenue for ACCs to facilitate improved broadband coverage in their regions.

The possibility of ACCs administering this program has not been discussed with Minister Truss, Minister Lloyd or the Department.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

<b>Area Consultative Committee Funding Allocation for 2005-06</b>	<b>Total Allocation</b>
	<b>GST exclusive</b>
	<b>\$</b>
<b>NSW/ACT</b>	
Central Coast	219,725
Hunter	265,418
Mid North Coast	238,434
Northern Rivers	235,123
Central West	223,503
New England North West	295,667
Orana	280,720
Outback	220,000
Riverina	226,565
Capital Region	289,410
GROW	994,881
Illawarra	286,200
Shoalhaven	218,000
South East NSW	259,100
<b>VICTORIA</b>	
Albury Wodonga	243,700
Geelong	231,910
Gippsland	277,190
Melbourne Development Board	309,900
Melbourne East	275,220
Melbourne's West	244,100
North East Victoria	231,535
Northern (Melbourne)	284,800
South East Development	239,000
Central Victoria	288,000
Central Highlands	273,120
Central Murray	268,350
Greater Green Triangle	273,906
Sunraysia	223,934
<b>QLD</b>	
Gold Coast & Region	252,000
Greater Brisbane	374,000

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

Ipswich & Regional	254,000
Moreton Bay Coast & Country	252,000
Southern Inland QLD	308,000
Sunshine Coast	260,000
Wide Bay Burnett	270,000
Central QLD	309,000
Far North QLD	290,326
Mackay & Region	278,400
North QLD	306,500
Torres Strait	235,000

**SA**

Adelaide Metropolitan	292,800
Barossa, Riverland, Midnorth	254,400
Flinders Region	290,400
South Central	244,400
South East	254,400

**WA**

Goldfields Esperance	266,900
Great Southern	251,000
Kimberley	266,400
Metropolitan Perth	255,430
Mid West Gascoyne	264,000
Peel	253,000
Pilbara	314,000
South West	254,500
Wheatbelt	293,000

**Tasmania**

ACC Tasmania	328,740
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**NT**

Northern Territory ACC	384,000
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**Total 15,774,007**

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Question no:** REGS 16

**Division/Agency:** Regional Services

**Topic:** Bank@Post facilities

**Hansard page:** 111 (31/10/05)

**Senator O'Brien asked:**

**Senator O'BRIEN**—In May, Ms Gosling told us the Department expected 20 Bank@Post facilities to be installed by the end of June, as per the Department's contract with Australia Post. The answer to REGS 19 shows—that is in answer to a question on notice—that 13 facilities were installed as at 9 June 2005. Were seven more installed by the end of the month?

**Dr Dolman**—Yes, 20 sites were installed by the end of June.

**Senator O'BRIEN**—Can we have the updated list? I have the list of 13, but not the others.

**Answer:**

The following Licenced Post Offices (LPOs) had electronic banking services installed under the Bank@Post program between 9 June 2005 and 30 June 2005.

Wickepin LPO (Western Australia)

Dowerin LPO (Western Australia)

Pine Creek LPO (Western Australia)

Burekup LPO (Western Australia)

Kulin LPO (Western Australia)

Risdon Park South LPO (South Australia)

Tintinara LPO (South Australia)

**Question no:** REGS 17

**Division/Agency:** Regional Services

**Topic:** Number of officers working on COAG East Kimberley trial site

**Hansard page:** 112 (31/10/05)

**Senator O'Brien asked:**

How many officers are currently working on the East Kimberley trial site?

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Answer:**

At 30 November 2005, there were 4.8 Full-Time Equivalent (FTE) staff (2 FTE Halls Creek; 2.8 FTE Canberra). Of the Canberra-based positions, not all officers work full-time on the East Kimberley trial. Some also work on broader Indigenous policy work.

**Question no:** REGS 18

**Division/Agency:** Regional Services

**Topic:** Aero-Tropics contract

**Hansard page:** 113 (31/10/05)

**Senator McLucas asked:**

Lip-Air trading as Aero-Tropics won that part of the tender.

- a) When was that contract agreed to and signed?
- b) For how long does the contract run?

**Answer:**

- (a) Lip-Air was selected as the successful tenderer on 28 October 2004 and the contract was signed on 14 December 2004.
- (b) The contract runs until 30 November 2006 with the option to extend by no more than two periods of 12 months each.

**Question no:** REGS 19

**Division/Agency:** Regional Services

**Topic:** Lip-Air

**Hansard page:** 113 (31/10/05)

**Senator McLucas asked:**

Does Lip-Air have an RPT?

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Answer:**

Yes. The Civil Aviation Safety Authority (CASA) website indicates that 17 ports are included on the Lip-Air Pty Ltd Air Operator's Certificate for Regular Public Transport operations. Passenger and freight services to two of these ports, Strathburn and Violet Vale, are subsidised under the Remote Air Services Subsidy (RASS) scheme.

The Department understands that Lip-Air has applied to CASA for a variation of its Air Operator's Certificate to include the remaining serviceable RASS subsidised destinations. CASA is currently considering the Lip-Air application.

**Question no:** REGS 20

**Division/Agency:** Regional Services

**Topic:** Lip-Air

**Hansard page:** 113 (31/10/05)

**Senator McLucas asked:**

Can you find out if the Department has done anything to see if there has been any move towards compliance by Lip-Air?

**Answer:**

The Government funds and administers the Remote Air Services Subsidy (RASS) scheme with the objective of providing communities in remote and isolated areas of Australia with improved access to regular weekly air transport services for the carriage of passengers and goods. The scheme provides subsidies to assist air operators in the provision of these services to communities specified in the contract.

The contract between the Commonwealth and the air operator specifies that the subsidy is paid monthly in arrears after the air operator has provided reports verifying that the services have been provided.

Air safety issues on RASS subsidised flights are the responsibility of the air operators in accordance with civil aviation legislation as administered by the Civil Aviation Safety Authority (CASA).

As is general Commonwealth practice, the contracts with air operators require services to be provided in accordance with relevant law, citing a range of acts including the *Civil Aviation Act 1988*.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

The Department receives monthly reports from air operators (including Lip-Air). These reports confirm that the contracted air services have been provided, and give statistics on the volume of freight and number of passengers carried on the RASS subsidised service. The Department also liaises with air operators on a range of other matters as they arise. Since the commencement of the RASS contract, the Department has had ongoing communication with Lip-Air on a range of issues, including in relation to its application to have aerodromes receiving RASS services included on its Air Operator's Certificate for Regular Public Transport operations.

The answer to question no. **REGS 19** discusses Lip-Air's application to CASA to have its AOC varied to include all ports listed on the RASS contract. While this application is being processed, flights are being delivered as a closed charter—"in accordance with fixed schedules to-and-from fixed terminals" where the accommodation on aircraft are not available to the general public. Cairns Business and Leisure Travel holds the contract with

Lip-Air for these charter services. Such arrangements are permitted under the contract in accordance with civil aviation legislation.

The RASS contract does not require Lip-Air to specifically advise of the details of interim charter arrangements. However, Lip-Air did advise the Department and CASA that they proposed to enter into a third party arrangement.

RASS contracts require that air operators give priority to local traffic on RASS subsidised services. The Department is unaware of any instance of this requirement being breached.

**Question no:** REGS 21

**Division/Agency:** Regional Services

**Topic:** Lip-Air

**Hansard page:** 114 (31/10/05)

**Senator McLucas asked:**

Are you aware that as part of that process you might find out whether the 72 properties that receive mail are listed on Lip-Air's AOC?

**Answer:**

Mail delivery is the responsibility of Australia Post, which has a separate contract with Lip-Air.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Question no:** REGS 22

**Division/Agency:** Regional Services

**Topic:** Cape York mail run

**Hansard page:** 114 (31/10/05)

**Senator McLucas asked:**

a) **Senator McLucas**—Just so that you understand the arrangement, Cairns Business and Leisure Travel sell tickets on the mail run in what Civil Aviation Safety Authority (CASA) describes as a closed charter. The point I am asking you is not necessarily about whether passengers are travelling and how they are travelling and whether these passengers are in fact rural or remote people or tourists, which is another question all over again, but your contract is about the delivery of mail and cargo into rural and remote areas. I am interested to know how the contract with Lip-Air can be compliant if they are providing the power to make decisions about what mail goes, and what mail does not, to a booking agency.

**Ms Page**—I can get further information on that but it seems that it could be quite possible for an operator to further contract to another organisation to assist it to fulfil its contractual obligations.

b) **Senator McLucas**—I would be interested to know if you have had a look at that and, in terms of this particular contract, whether that is in fact what has happened. My assessment, admittedly from a little bit away, is not that that is the arrangement. Does the contract between Department of Transport and Regional Services (DOTARS) and Lip-Air refer to Cairns Business and Leisure Travel?

**Answer:**

a) The delivery of mail is the responsibility of Australia Post which has a separate contract with Li-Air.

b) See answer to **REGS 20**.

**Question no:** REGS 23

**Division/Agency:** Regional Services

**Topic:** Rural mail runs

**Hansard page:** 114 (31/10/05)

**Senator McLucas asked:**

Could you tell me, on notice probably, how many of them did not have an RPT at the time when the contract was signed?

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Answer:**

One *Remote Airservices Subsidy Scheme* (RASS) air operator, Chartair, did not hold a Regular Public Transport Air Operator Certificate at the time the RASS contracts were signed.

**Question no:** REGS 24

**Division/Agency:** Regional Services

**Topic:** Cape York mail run

**Hansard page:** Written question (Senator McLucas' Q 5.1, 5.2)

**Senator McLucas asked:**

- a) Is it correct that this route has been required to be operated as a RPT route by the two previous operators for 30 of its 32 years?
- b) Does the RASS contract for this route require the operator to hold an RPT endorsement on his AOC for the route, or obtain RPT endorsement within a reasonable period of time?

**Answer:**

- a) No.
- b) The *Remote Airservices Subsidy Scheme* (RASS) contract specifies that as at the contract commencement date, the Operator holds an Air Operator's Certificate for Regular Public Transport authorising the conduct of Regular Public Transport (RPT) and/or charter operations. In addition:
  - (i) if an Operator's Air Operator Certificate (AOC) is an RPT AOC, the RPT AOC is endorsed for the ports specified in Schedule 1 or the Operator is capable of having the RPT AOC endorsed for the ports specified in Schedule 1 within 6 months from the commencement date; or
  - (ii) if the Operator's AOC is a charter AOC, the Operator is capable of upgrading to an RPT AOC endorsed for the ports specified in Schedule 1 within 6 months from the commencement date

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Question no:** REGS 25

**Division/Agency:** Regional Services

**Topic:** Aero-Tropics Compliance with the RASS Contract

**Hansard page:** Written question (Senator McLucas' Q 9.1, 9.2, 9.3)

**Senator McLucas asked:**

In an answer to questions in Supplementary Estimates on 31 October 2005, Regional Services' Deputy Secretary Susan Page stated that she did not know whether anyone in DOTARS had checked any aspect of Aero-Tropics compliance with the RASS contract.

- (a) Why hasn't the Department regularly monitored compliance through physical visits to Aero-Tropics and other physical checks of the operation?
- (b) Does the Department still regard it as sufficient to write to the operators when issues of public and individual safety and general aviation safety are implicit in the terms of the contract?

**Answer:**

(a) & (b) See answer to **REGS 20**.

**Question no:** REGS 26

**Division/Agency:** Regional Services

**Topic:** Cairns Business and Leisure Travel

**Hansard page:** Written question (Senator McLucas' Q 13.2, 13.3)

**Senator McLucas asked:**

- a) Was the Department and Australia Post advised of the purported arrangements between Aero-Tropics and Cairns Business and Leisure Travel?
- b) Were those arrangements approved prior to the contract taking effect?

**Answer:**

(a) & (b) See answer to **REGS 20**.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates October/November 2005

**Transport and Regional Services**

**Question no:** REGS 27

**Division/Agency:** Regional Services

**Topic:** Cape York mail run

**Hansard page:** Written question (Senator McLucas' Q 13.6)

**Senator McLucas asked:**

As stated in Supplementary Estimates on 31 October 2005, the Cape York Mail Run tender explicitly required an RPT AOC. How are all other Mail Run contracts operated—by RPT or by some other form of charter arrangement?

**Answer:**

Mail delivery is the responsibility of Australia Post, which has a separate contract with Lip-Air.

In relation to air operator's Regular Public Transport (RPT) requirements, the *Remote Air Service Subsidy Scheme* (RASS) tender required that:

The successful tenderer will be required to hold a Regular Public Transport (RPT) Air Operators Certificate (AOC), authorising operations into and out of all specified ports, or demonstrate to the satisfaction of the Civil Aviation Safety Authority (CASA) and DOTARS, that they are capable of upgrading to an RPT-AOC authorising those operations within a reasonable timeframe.

- If the successful tenderer does not hold such an RPT-AOC at the date of commencement of the agreement with the Department of Transport and Regional Services (DOTARS), then the Department may agree to such alternative arrangements as may be acceptable to CASA, having regard to the interests of safety and the requirements of the Civil Aviation Act, Regulations and Orders.

The Gulf ports receiving subsidised freight and passenger services by the RASS scheme are included on the West Wing Aviation Air Operator's Certificate for Regular Public Transport operations and Cape Barren Island is included on the Aerotechnology Air Operator's Certificate for Public Transport operations.

Chartair provides only subsidised freight services to Northern Territory ports under a charter service pending CASA consideration of an application for including these ports on its Air Operator's Certificate for Regular Public Transport operations. The remaining operators are providing freight and passenger services (subsidised by the RASS scheme) under closed charter operations until Air Operator's Certificates are varied to include all RASS subsidised ports for Regular Public Transport operations.