

The Senate

Rural and Regional Affairs
and Transport
Legislation Committee

Additional estimates 2017–18

March 2018

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Membership of the committee

Members

Senator Barry O'Sullivan, Chair	Queensland, NATS
Senator Glenn Sterle, Deputy Chair	Western Australia, ALP
Senator Eric Abetz (to 13 February 2018)	Tasmania, LP
Senator Richard Colbeck (from 13 February 2018)	Tasmania, LP
Senator Slade Brockman	Western Australia, LP
Senator Malarndirri McCarthy	Northern Territory, ALP
Senator Janet Rice	Victoria, AG

Senators in attendance

Senator Fraser Anning
Senator Catryna Bilyk
Senator Carol Brown
Senator David Bushby
Senator Anthony Chisholm
Senator Patrick Dodson
Senator David Fawcett
Senator Alex Gallacher
Senator Pauline Hanson
Senator Chris Ketter
Senator David Leyonhjelm
Senator Sue Lines
Senator Steve Martin
Senator Nick McKim
Senator Rex Patrick
Senator Lee Rhiannon
Senator Rachel Siewert
Senator Jordon Steele-John
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Chapter 1

Introduction

1.1 On 8 February 2018, the Senate referred the following documents to the Rural and Regional Affairs and Transport Legislation Committee (the committee) for examination and report:

- Particulars of proposed additional expenditure in respect of the year ending on 30 June 2018 [Appropriation Bill (No. 3) 2017–18];
- Particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2018 [Appropriation Bill (No. 4) 2017–18]; and
- Final Budget Outcome 2016–17.¹

1.2 The committee is required to examine the 2017–18 additional estimates contained in these documents in relation to the Infrastructure, Regional Development and Cities portfolio and the Agriculture and Water Resources portfolio. Following examination, the committee is required to table its report on 27 March 2018.²

Additional estimates hearings

1.3 The committee examined witnesses from the Infrastructure, Regional Development and Cities portfolio on 26 February 2018, and witnesses from the Agriculture and Water Resources portfolio on 27 February 2018. In addition, the committee conducted a cross-portfolio Murray-Darling Basin Plan matters estimates hearing on 2 March 2018 in accordance with a Senate agreement of 15 November 2017.³

1.4 The committee heard evidence from the following senators:

- Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, representing the Minister for Infrastructure and Transport; and
- Senator the Hon Anne Ruston, Assistant Minister for Agriculture and Water Resources, representing the Minister for Agriculture and Water Resources.

1.5 Evidence was also provided by:

- Dr Steven Kennedy, Secretary of the Department of Infrastructure, Regional Development and Cities;
- Mr Daryl Quinlivan, Secretary of the Department of Agriculture and Water Resources;
- Mr Phillip Glyde, Chief Executive of the Murray-Darling Basin Authority;
- Ms Jody Swirepik, Commonwealth Environmental Water Holder; and

1 *Journals of the Senate*, No. 83, 8 February 2018, p. 2647.

2 *Journals of the Senate*, No. 70, 15 November 2017, p. 2228.

3 *Journals of the Senate*, No. 70, 15 November 2017, p. 2227.

- officers representing the departments and agencies covered by the estimates before the committee.

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

Questions on notice and Hansard transcript

1.7 In accordance with standing order 26(9)(a), the committee set 13 April 2018, as the date for the return of written answers or additional information, in response to questions placed on notice during the hearings.

1.8 Written answers and information provided to the committee in response to questions on notice arising from the hearings are tabled in the Senate and posted on the committee's webpage. Links to the Hansard transcripts of these public hearings, and to answers and additional information are also available on the committee webpage at: https://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/rrat.

Record of proceedings

1.9 This report does not attempt to analyse the evidence presented during the hearings. However, it does provide a summary of some of the key issues that were covered by the committee for each portfolio.

Answers to questions on notice – Supplementary Budget Estimates 2017–18

1.10 The committee undertook supplementary budget estimates hearings on 23 and 24 October 2017 for the Infrastructure and Regional Development portfolio and the Agriculture and Water Resources portfolio. On 27 October 2017, the committee examined cross-portfolio Murray-Darling Basin Plan matters. The committee set 15 December 2017 as the deadline for return of answers to questions on notice.

1.11 The Infrastructure and Regional Development portfolio took 130 questions on notice. The Agriculture and Water Resources portfolio took 170 questions on notice. There were no questions on notice for the Environment and Energy portfolio arising from the cross-portfolio hearings.

Timeliness of answers to questions on notice

1.12 The Infrastructure and Regional Development portfolio submitted 51 responses to questions by the deadline. The remaining answers were received gradually throughout December 2017 and until 23 February 2018. At the time of the additional estimates hearings, two responses remained outstanding.

1.13 The Agriculture and Water Resources portfolio submitted one response by the deadline. All remaining responses were provided on 20 December 2017.

Note on references

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

Chapter 2

Infrastructure, Regional Development and Cities portfolio

2.1 This chapter outlines some of the key issues discussed during the hearing for the Infrastructure, Regional Development and Cities portfolio on 26 February 2018.

2.2 The committee heard from divisions of the Department of Infrastructure, Regional Development and Cities (the department) and portfolio agencies in the following order:

- Infrastructure Australia;
- Australian Rail Track Corporation;
- WSA Co;
- Infrastructure and Project Financing Agency;
- Australian Maritime Safety Authority;
- Australian Transport Safety Bureau;
- Airservices Australia;
- Civil Aviation Safety Authority;
- Infrastructure Investment Division; and
- Cities Division.

2.3 The following agencies and divisions were released during the course of the hearing without providing evidence:

- Western Sydney Unit;
- Aviation and Airports Division;
- Surface Transport Policy Division;
- Portfolio Coordination and Research Division;
- Inland Rail and Rail Policy Division; and
- Regional Development and Local Government Division.

Infrastructure Australia

2.4 The committee sought information from Infrastructure Australia (IA) on whether it had received and assessed business cases for the following projects:

- Replacement of the old Nowra bridge;
- National Broadband Network;
- Snowy Hydro 2.0;
- Relocation of the University of Tasmania as part of the Launceston City Deal;
- Coffs Harbour Bypass on the Pacific Highway;
- Macquarie Park Interchange;

- Joy Baluch Bridge;
- Grand Strzelecki Track upgrade;
- Tanami Road;
- Central Arnhem Road;
- Darwin water supply;
- METRONET projects in Western Australia;
- West Gate Tunnel;
- North East Link; and
- Rookwood Weir.¹

2.5 The committee sought information on the business cases currently being assessed by IA. It was informed that all current business cases are for projects in Queensland and South Australia. IA officials also provided the committee with information on the number of business cases assessed over the last few years.²

Australian Rail Track Corporation

2.6 The committee raised concerns from constituents regarding the noise from coal trains in Singleton in the New South Wales Hunter Valley region. Officials of the Australian Rail Track Corporation (ARTC) reassured the committee that they were aware of the problem and agreed to review the noise issue.³

2.7 The committee focused on the Inland Rail project, including questions about land acquisition and community consultation. Officials provided the committee with a summary of the key issues raised in community consultations, which included flood mitigation, noise and land severance, and assured the committee that consultative committees have been established to address these concerns.⁴

2.8 ARTC provided an update on the North East Link in Victoria. It informed the committee that a project proposal report has been produced and is being peer reviewed by Monash University.⁵

WSA Co

2.9 WSA Co was established in August 2017 to develop and operate the Western Sydney Airport. This was the first appearance of the agency before the committee.

2.10 The Chair of the WSA Co board, Mr Paul O'Sullivan, provided the committee with an overview of the board's membership, and detailed some of the achievements of the company since its establishment, including:

1 *Proof Hansard*, 26 February 2018, pp. 7–29.

2 *Proof Hansard*, 26 February 2018, p. 10.

3 *Proof Hansard*, 26 February 2018, pp. 29–30.

4 *Proof Hansard*, 26 February 2018, p. 31.

5 *Proof Hansard*, 26 February 2018, p. 36.

- opening a head office in Liverpool;
- commencing work on enabling activities, such as work with TransGrid to bury a transmission line that would otherwise cross the runway;
- ongoing air and noise monitoring; and
- commencing early earthworks in the north-east corner of the site.⁶

2.11 The committee sought information on the return on investment of the airport, which is expected up to 25 years after the airport commences operation in 2026.⁷

2.12 The committee raised concerns regarding noise from the airport. WSA Co explained that a noise amelioration package of \$75 million has been included in the business case as part of Commonwealth preparatory activities.⁸

Infrastructure and Project Financing Agency

2.13 The Infrastructure and Project Financing Agency (IPFA) recently moved into the Infrastructure, Regional Development and Cities portfolio as a result of a machinery of government change. As such, this was the first appearance of the agency before the committee.

2.14 The IPFA is a small executive, advisory agency responsible for providing independent and specialist commercial and financial advice to support government infrastructure projects in their delivery.⁹ During the hearing, the committee explored this role further.

2.15 The IPFA and the department highlighted the benefits of IPFA's work in terms of both efficiencies and savings to government. The Secretary of the department, Dr Steven Kennedy, informed the committee that as the IPFA now provides the commercial expertise required by the department, it is less reliant on external contractors for specialist advice.¹⁰

2.16 The committee sought information on the staffing and budget of the IPFA. The agency has 11 staff, not including the Chief Executive Officer (CEO), of whom eight are employed within the Australian Public Service and three are contractors. The agency is allocated \$4.2 million per annum, 80 per cent of which goes to labour and contracting costs, with the remainder used for other expenses including accommodation.¹¹

6 Mr Paul O'Sullivan, WSA Co, *Proof Hansard*, 26 February 2018, p. 39.

7 *Proof Hansard*, 26 February 2018, pp. 40–41.

8 *Proof Hansard*, 26 February 2018, p. 41.

9 *Proof Hansard*, 26 February 2018, p. 43.

10 Dr Steven Kennedy, Department of Infrastructure, Regional Development and Cities, *Proof Hansard*, 26 February 2018, p. 46.

11 *Proof Hansard*, 26 February 2018, pp. 45–47.

Australian Maritime Safety Authority

2.17 The Australian Maritime Safety Authority (AMSA) has responsibility for directing cruise ships at berth in Sydney Harbour to prevent excess sulphur emissions. The committee focused its attention on this role.

2.18 AMSA informed the committee that it had issued 55 directions and conducted 48 compliance checks on 30 cruise ships. AMSA CEO, Mr Mick Kinley, informed the committee that there had been no reason to take further fuel sampling as many ships have fitted scrubbers which take the sulphur out of the exhaust.¹²

2.19 AMSA outlined the process it would undertake in the instance of non-compliance, noting that it had yet to issue a penalty notice.¹³

Australian Transport Safety Bureau

2.20 Mr Greg Hood, Chief Commissioner of the Australian Transport Safety Bureau (ATSB), provided an opening statement which outlined the work of the ATSB over the previous 12 months. The key activities of the agency included 153 active investigations underway, comprising 111 aviation, 31 rail and 11 marine investigations.¹⁴

2.21 Mr Hood explained that progress was also underway to finalise a number of older investigations with 127 final investigation reports published in 2017. Furthermore, to improve the timeliness of its reporting, the ATSB recruited 11 new transport safety investigators in February 2018.¹⁵

2.22 The ATSB provided the committee with information regarding near encounters with drones. Mr Hood explained that in the five-year period from 2012 to 2016, there had been 127 such encounters and that in 2017 alone, there were 151. As at January 2018, there had been 11 occurrences of which six occurred within 20 miles of Sydney.¹⁶

2.23 Mr Hood noted that in the majority of encounters, it was near impossible to identify the drone. He noted that the ATSB's response to a Civil Aviation Safety Authority discussion paper suggested that markings or personal identification on a drone would assist the ATSB in the conduct of its investigations.¹⁷

2.24 The committee discussed the report released by the ATSB on 23 November 2017 regarding the Pel-Air accident. The discussion centred on the

12 Mr Mick Kinley, Australian Maritime Safety Authority, *Proof Hansard*, 26 February 2018, p. 54.

13 *Proof Hansard*, 26 February 2018, p. 54.

14 Mr Greg Hood, Australian Transport Safety Bureau, *Proof Hansard*, 26 February 2018, p. 58.

15 Mr Greg Hood, Australian Transport Safety Bureau, *Proof Hansard*, 26 February 2018, p. 58.

16 Mr Greg Hood, Australian Transport Safety Bureau, *Proof Hansard*, 26 February 2018, p. 59.

17 Mr Greg Hood, Australian Transport Safety Bureau, *Proof Hansard*, 26 February 2018, pp. 59–60.

importance of timely weather reporting and whether this matter was sufficiently covered in the report.¹⁸

Airservices Australia

2.25 Airservices Australia provided the committee with an update on the OneSKY Australia program. Under OneSKY, civilian and military air traffic control will be managed under one system. The committee was informed that the final contracts for OneSKY were executed in February 2018.¹⁹

2.26 Mr Jason Harfield, CEO of Airservices Australia, advised the committee that the final contract value of acquisition was \$1.2 billion, with a cost allocation ratio of 57 per cent Airservices Australia and 43 per cent Department of Defence. He also explained that work had commenced on the voice communication system and will be commissioned later this year.²⁰

2.27 Mr Harfield explained to the committee that OneSKY will enable greater route optimisation, providing a more efficient air traffic route as well as trajectory-based operational improvements such as climb and descent. In terms of the benefits of these improvements, the committee was informed that Deloitte conducted an assessment which identified more than \$1 billion in economic benefits.²¹

2.28 The committee also extensively traversed the topic of firefighting foam containing per- and poly-fluoroalkyl substances (PFAS). Airservices Australia informed the committee that all the foams that it uses are certified by the Civil Aviation Safety Authority. It noted that firefighting foam is used for operational purposes only and that all of its firefighters are required to have personal protective equipment.²²

2.29 At Darwin and Townsville airports, where Airservices Australia is under contract to the Department of Defence, Ansulite aqueous film-forming foam (AFFF) is used. With regard to the remaining 24 airport operation services provided by Airservices Australia, the agency transitioned to a PFAS-free foam, Solberg RF6, in 2010.²³

2.30 In terms of the legacy of PFAS contamination, Airservices Australia informed the committee that it has conducted testing at all of its current firegrounds. It also noted that efforts are underway to understand the risk profile while control measures are in place to manage the health and safety risks.²⁴

18 *Proof Hansard*, 26 February 2018, pp. 62–65.

19 *Proof Hansard*, 26 February 2018, pp. 72–73.

20 Mr Jason Harfield, Airservices Australia, *Proof Hansard*, 26 February 2018, p. 73.

21 *Proof Hansard*, 26 February 2018, p. 74.

22 *Proof Hansard*, 26 February 2018, p. 81.

23 *Proof Hansard*, 26 February 2018, p. 82.

24 *Proof Hansard*, 26 February 2018, p. 81.

2.31 The committee asked Airservices Australia about flight paths to Hobart Airport introduced in September 2017. Mr Harfield noted that the change was made to improve the safety of the flight path into Hobart Airport. However, he acknowledged that the agency's community consultation had been inadequate. In response to concerns raised by the public following the flight path change, Airservices Australia corrected the flight path but was not able to restore it to the exact path used previously. Terms of reference for a further review were developed to consider further improvements to the flight path and address community concerns.²⁵

Civil Aviation Safety Authority

2.32 The committee's primary line of questioning concerned the grounding of eight of the nine pilots who worked for the air ambulance company, FalconAir.

2.33 The committee sought information from the Civil Aviation Safety Authority (CASA) in relation to each pilot involved. CASA informed the committee that the pilots' qualifications were either not current or had not been validly checked. CASA's CEO, Mr Shane Carmody, noted that if the pilots had continued to fly, they would have been in breach of both their own operations manual and the provisions of the Civil Aviation Regulations 1988. He concluded that, as many of the pilots were outside the operational proficiency checks, he had no confidence that the checking and training regime was operating to ensure that the pilots were proficient.²⁶

2.34 The committee also considered the circumstances of a subsequent exemption signed by Mr Carmody as Director of Aviation Safety on 21 December 2017 to allow FalconAir's Falcon 50 to operate over the Christmas period.²⁷

Infrastructure Investment Division

2.35 The officials of the Infrastructure Investment Division within the Department of Infrastructure, Regional Development and Cities provided an update on a review of the Disability Standards for Accessible Public Transport. A review of these standards commenced in December 2017. A discussion paper will be released in March 2018 with a submissions process to be undertaken alongside public consultations which will be held across the country until mid-2018.²⁸

2.36 The National Partnership Agreement (NPA) entered into by the Commonwealth with state and territory governments in October 2014 with regard to road and rail projects underpins the working relationship between the respective governments. With the NPA due to expire in June 2019, the department has initiated discussions with the states and territories on the terms of a new NPA.²⁹

25 Mr Jason Harfield, Airservices Australia, *Proof Hansard*, 26 February 2018, pp. 84–86.

26 Mr Shane Carmody, Civil Aviation Safety Authority, *Proof Hansard*, 26 February 2018, pp. 95–113

27 Mr Shane Carmody, Civil Aviation Safety Authority, *Proof Hansard*, 26 February 2018, p. 95.

28 *Proof Hansard*, 26 February 2018, pp. 114–115.

29 *Proof Hansard*, 26 February 2018, p. 119.

2.37 The committee received updates on a number of infrastructure projects, including:

- Perth Freight Link;
- Bridgewater Bridge;
- Hobart Airport roundabout;
- Bolivia Hill upgrade;
- Scone bypass;
- Tenterfield heavy vehicle bypass;
- North East Link;
- Melbourne Airport rail link; and
- Faster Rail program.³⁰

Cities Division

2.38 The committee received an update on a number of existing and progressing city deals including the Townsville, Launceston and Darwin city deals.

Townsville City Deal

2.39 The Townsville City Deal, signed in late 2016, included Commonwealth funding of \$100 million towards the construction of the North Queensland Stadium and \$150 million toward the construction of the Townsville Eastern Access Rail Corridor.³¹

2.40 The City Deal included a commitment to create a local partnership forum to provide insight on local issues. The forum is also expected to serve as a conduit between the community and the executive board that implements the deal. This forum held its first meeting in September 2017.³²

Launceston City Deal

2.41 The Launceston City Deal was finalised in April 2017 and included Commonwealth funding of \$149.33 million towards projects such as the Tamar Estuary taskforce, relocation of the University of Tasmania, the City Heart Redevelopment Project and the Smart Cities project.³³

2.42 The Launceston City Deal executive board met early in 2018 and resolved to create a community and business forum.³⁴

30 *Proof Hansard*, 26 February 2018, pp. 116–129.

31 *Proof Hansard*, 26 February 2018, p. 131.

32 *Proof Hansard*, 26 February 2018, p. 135.

33 *Proof Hansard*, 26 February 2018, p. 131.

34 *Proof Hansard*, 26 February 2018, p. 135.

Darwin City Deal

2.43 A memorandum of understanding between the Commonwealth and Northern Territory Government was signed in May 2017 as a step towards a future City Deal for Darwin. Thereafter, a broad-ranging community consultation process was undertaken in Darwin to seek input from the community about preferred priority projects.³⁵

2.44 The department informed the committee that it is working with its Northern Territory counterparts to discuss what a City Deal for Darwin would look like.³⁶

35 *Proof Hansard*, 26 February 2018, p. 133.

36 *Proof Hansard*, 26 February 2018, p. 133.

Chapter 3

Agriculture and Water Resources portfolio

3.1 This chapter considers the key issues discussed during the hearing for the Agriculture and Water Resources portfolio on 27 February 2018.

3.2 The committee heard from divisions of the Department of Agriculture and Water Resources (the department) and portfolio agencies in the following order:

- Landcare Australia;
- Meat and Livestock Australia;
- Wine Australia;
- Dairy Australia;
- Australian Wool Innovation;
- Plant Health Australia;
- Grains Research and Development Corporation;
- Australian Fisheries Management Authority;
- Australian Pesticides and Veterinary Medicines Authority;
- Department of Agriculture and Water Resources Corporate Matters (finance and business support, corporate strategy and governance, information services, assurance and legal, Australian Bureau of Agricultural and Resource Economics and Sciences);
- Department of Agriculture and Water Resources Outcome One (farm support, sustainable agriculture, fisheries and forestry, agricultural policy, trade and market access); and
- Department of Agriculture and Water Resources Outcome Two (biosecurity operations, exports, biosecurity animal, biosecurity plant, compliance, biosecurity policy and implementation).

Landcare Australia

3.3 The committee sought information about the role of Landcare Australia. Ms Tessa Matykiewicz, the CEO of Landcare Australia clarified that as a company limited by guarantee, Landcare is independent of government and that its relationship with the department is limited to a specific contract to deliver a range of services. These services, focused on the promotion of Landcare, include knowledge-sharing within Landcare Groups, and recognition of Landcare Groups through programs such as the National Landcare Awards.¹

3.4 The committee was informed that the ability to access small grants was fundamental to Landcare Groups. The Smart Farms Small Grants and some small

1 Ms Tessa Matykiewicz, Landcare Australia, *Proof Hansard*, 27 February 2018, pp. 5–6.

grants administered by the Department of the Environment and Energy allow these groups to undertake local projects. The committee was told that applications have closed for the Smart Farm grants, which are a part of the second phase of the National Landcare Program, with an announcement expected before the end of the financial year.²

Meat and Livestock Australia

3.5 On 22 November 2017, Meat and Livestock Australia (MLA) announced that the red meat industry could be carbon neutral by 2030. Managing Director, Mr Richard Norton, informed the committee that as a first step, MLA had initiated work with the CSIRO to identify different pathways by which the livestock industry could achieve carbon neutrality. The initiative is looking to establish how much carbon is emitted by the red meat industry – from farm gate through to the processing sector – in order to conduct research and identify methods to reduce carbon across the value chain.³

3.6 The committee sought information about a bid by Cargill/Branhven to patent the genetic makeup of cattle in Australia. MLA challenged the application. MLA expressed the view to the committee that if the patent application is successful, it will affect the genomic selection of all cattle production traits, as all cattle production traits are affected by multiple genes.⁴

Wine Australia

3.7 The committee received a detailed explanation of the \$50 million Export and Regional Wine Support Package. This package includes three grant schemes worth \$11 million in total, \$32.5 million set aside for an international marketing campaign, and \$2 million to support export readiness and tourism readiness.⁵

3.8 Wine Australia has been involved in the negotiations around the Trans-Pacific Partnership (TPP) for some years. Mr Andreas Clark, CEO, highlighted a range of benefits that the TPP would bring for the wine-exporting community including accelerated tariff reductions in Vietnam and access to markets in Malaysia and Mexico.⁶

Dairy Australia

3.9 Dairy Australia provided an explanation of the Focus Farms program. Farms apply to their regional development program and if they are successful they receive funding of \$20 000–\$30 000 and participate in a two-year program. Farmers participating in the program have a support network of up to 25 farmers and an

2 *Proof Hansard*, 27 February 2018, pp. 7–8.

3 Mr Richard Norton, Meat and Livestock Australia, *Proof Hansard*, p. 8.

4 *Proof Hansard*, 27 February 2018, pp. 10–13.

5 *Proof Hansard*, 27 February 2018, pp. 15–16.

6 Mr Andreas Clark, Wine Australia, *Proof Hansard*, 27 February 2018, pp. 16–17.

adviser. Every six months the farmer will host an open day which local farmers can attend.⁷

Australian Wool Innovation

3.10 The Department of Agriculture and Water Resources has brought forward a triennial performance review of Australian Wool Innovation (AWI). It is expected that the review will be conducted over the next six months in order to be completed prior to the next WoolPoll. WoolPoll voting is set to take place over a six-week period between 17 September and 2 November 2018.

3.11 AWI stakeholders will have an opportunity to participate in the review, with the findings to be made available to levy payers ahead of the WoolPoll to help inform the vote.⁸

3.12 The committee discussed AWI's response to recent accidents in shearing sheds, including providing safety signage in shearing sheds and encouraging a move from shaft-driven systems to electrical down-tubes.⁹

3.13 The committee questioned AWI about a decision by its board to send its CEO to Stanford University in 2013 to complete an international course at a cost of just under AUD\$70 000. The committee sought information about the decision-making process undertaken by the board with regard to the choice of university and related expenditure.¹⁰

Plant Health Australia

3.14 The committee discussed the role of Plant Health Australia in responding to incursions of fruit fly.

3.15 Plant Health Australia officials explained the difference between the response to exotic fruit flies and Queensland fruit flies. It noted that largely, the Commonwealth only has a role in response to exotic fruit fly outbreaks. In endemic outbreaks in an area free from fruit fly, the responsibility primarily lies with the state, although the Commonwealth will provide staff to assist with management.¹¹

Grains Research and Development Corporation

3.16 The committee discussed the 'hub and spoke' model of the offices of the Grains Research and Development Corporation (GRDC). Officials explained that the purpose of the model is to facilitate greater engagement with stakeholders. In addition to the primary office in Canberra, GRDC has offices in Toowoomba, Adelaide, Perth, Dubbo and Melbourne. The committee discussed the cost of leasing these offices.¹²

7 *Proof Hansard*, 27 February 2018, pp. 19–20.

8 *Proof Hansard*, 27 February 2018, pp. 20–21.

9 *Proof Hansard*, 27 February 2018, pp. 23–24.

10 *Proof Hansard*, 27 February 2018, pp. 24–29.

11 *Proof Hansard*, 27 February 2018, pp. 35, 37, 114.

12 *Proof Hansard*, 27 February 2018, pp. 44–46.

3.17 The committee explored the development of the levy payer register. A trial was conducted in 2017 by way of a pilot study which considered the feasibility of utilising the department's current levy collection system. The committee was told that by 1 July 2018, a working grains levy database register will be operational.¹³

Australian Fisheries Management Authority

3.18 The committee explored the establishment of an Australian Fisheries Management Authority (AFMA) office in Lakes Entrance in Victoria, including the rationale for the location. The office is currently undergoing a fit-out to be ready by 30 June 2018. The design and office construction cost around \$104 000 while ongoing operating costs for the office will be approximately \$19 300 per annum.¹⁴

3.19 AFMA provided a summary of the locations where staff work, including Canberra, Darwin, Thursday Island and Lakes Entrance. The Lakes Entrance office is expected to have eight staff delivering fisheries management and compliance services.¹⁵

3.20 The committee also sought information on the conditions under which foreign fishing vessels would be issued licences to operate in Australia.¹⁶

Australian Pesticides and Veterinary Medicines Authority

3.21 The CEO of the Australian Pesticides and Veterinary Medicines Authority (APVMA) delivered an opening statement which provided information on key activities of the agency since the supplementary budget estimates round.

3.22 In January, the APVMA published an independent review of operational performance which confirmed the volatility of the agency's workload. This is caused by the varying quality and complexity of the applications received by APVMA, making it difficult to predict and manage the agency's work in line with the legislative time frames. The program of reforms to address these issues is focused on enhancing efficiency and effectiveness while longstanding issues with the operational budget also need to be addressed.¹⁷

3.23 The committee sought information about the relocation costs for staff moving from Canberra to Armidale, including the arrangements for the relocation of the CEO. It was informed that APVMA staff can receive up to \$55 000 reimbursement for reasonable costs associated with their relocation.¹⁸

3.24 The committee inquired about staffing levels and retention within the agency, and the employment of overseas workers on 457 visas. APVMA told the committee

13 *Proof Hansard*, 27 February 2018, pp. 49–54.

14 *Proof Hansard*, 27 February 2018, pp. 55–57.

15 *Proof Hansard*, 27 February 2018, pp. 57–59.

16 *Proof Hansard*, 27 February 2018, pp. 59–60.

17 *Proof Hansard*, 27 February 2018, pp. 61–62.

18 *Proof Hansard*, 27 February 2018, p. 63.

that in 2017–18, 42 staff members left the agency, while 42 new staff members commenced.¹⁹

3.25 APVMA informed the committee about an e-working trial it is conducting. Since January 2018, twelve participants have been trialling arrangements whereby they work from home for three days and work in the office for the other two days. The agency expects a formal report will be produced by April.²⁰

3.26 The committee also questioned the agency on the percentage of approvals for pesticides and veterinary medicines completed within the legislated timeframes. APVMA told the committee that in the December quarter of 2017, the total number of approvals within the timeframe was 74 per cent, an increase from 58 per cent in the previous quarter.²¹

Corporate Matters

3.27 The committee asked about the processes for Freedom of Information (FOI) requests within the office of the Minister for Agriculture and Water Resources. The department recently provided comprehensive FOI induction training to the staff of the minister.²²

3.28 The committee considered a grant awarded to Cattle Council Australia (CCA) on 26 October 2017 under the Leadership in Agricultural Industries Fund. As one of 27 groups awarded a share of the \$5 million fund, CCA was awarded \$500 000 to support activities leading to the establishment of Cattle Australia. The funding was provided to realise a recommendation of the Senate Rural and Regional Affairs and Transport References Committee which called on the government to provide financial and other assistance to the grass-fed cattle sector to transition to a new producer representative body.²³

3.29 However, in January 2018 after the grant was awarded to Cattle Council, it withdrew from the process to establish a directly elected representative body. The department informed the committee that the CCA is currently working on an alternative model for its own structure, including methods of board appointment and membership. The department is now negotiating the grant with CCA based on the conditions under which the original grant was agreed to and supported.²⁴

19 *Proof Hansard*, 27 February 2018, pp. 65, 77.

20 *Proof Hansard*, 27 February 2018, p. 70.

21 *Proof Hansard*, 27 February 2018, p. 76.

22 *Proof Hansard*, 27 February 2018, p. 85.

23 Senate Rural and Regional Affairs and Transport References Committee, *Inquiry into the effect of market consolidation on the red meat processing sector*, 12 September 2017, Recommendation 4, https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RedMeat45/Report/b02 (accessed 13 March 2018).

24 *Proof Hansard*, 27 February 2018, pp. 86–92.

Outcome One

3.30 The committee sought information regarding the Regional Investment Corporation. The department outlined the process for establishing the board, including the criteria used to assess applications.²⁵

3.31 The committee discussed the review of the Intergovernmental Agreement on National Drought Program Reform, which officials advised was undertaken by a working group of the Australian Agricultural Senior Officials' Committee. The department told the committee that the outcomes of the review will likely go before a meeting of agriculture ministers in April 2018.²⁶

3.32 The committee sought an update on the Farm Household Allowance and the Farm Business Concessional Loans Scheme. The department advised the committee that 2196 farmers had exhausted their three-year farm household allowance, with an additional 332 farmers expected to exhaust their allowance by June. The department also told the committee that the total allocated amount for the Farm Business Concessional Loans Scheme is \$250 million per year. For the 2017–18 financial year, \$180 million has been allocated to states and territories, and \$64.4 million of that has been loaned out.²⁷

Outcome Two

3.33 The committee sought information about the fruit fly outbreak simulations. Officials explained that simulations are undertaken to inform and train industry and government personnel about biosecurity practices. Plant Health Australia informed the committee that fruit fly simulations have been conducted in South Australia, Victoria, New South Wales and Tasmania with the most recent held in Queensland in February 2018. The simulation conducted in Tasmania took place in 2017 and focused on identifying exotic fruit flies including trapping arrangements.²⁸

3.34 The simulation in Tasmania was undertaken as part of a grant through Plant Health Australia. The department informed the committee that it had received a report in relation to the simulation and other activities undertaken under the grant. It anticipates that it will review the report and work with counterparts in states and territories to make sure that the system in place is as robust as possible.²⁹

3.35 The committee asked witnesses about the future of the Plant Biosecurity Cooperative Research Centre (CRC) when its term ends in June 2018. The department advised the committee that the CRC would be replaced by the Plant Biosecurity Research Initiative which will promote cross-sectoral research across the different plant sectors. The Initiative will be funded by its members, including:

25 *Proof Hansard*, 27 February 2018, pp. 93–94.

26 *Proof Hansard*, 27 February 2018, pp. 102–103.

27 *Proof Hansard*, 27 February 2018, p. 103.

28 *Proof Hansard*, 27 February 2018, pp. 33–34.

29 *Proof Hansard*, 27 February 2018, p. 115.

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- AgriFutures Australia;
 - Cotton Research and Development Corporation;
 - Council of Rural Research and Development Corporations;
 - Department of Agriculture and Water Resources;
 - Forest and Wood Products Australia;
 - Grains Research and Development Corporation;
 - Horticulture Innovation;
 - Plant Health Australia;
 - Sugar Research Australia; and
 - Wine Australia.³⁰

3.36 The committee raised concerns about reports that imported breaded and battered prawns had been washed and sold in Australia as raw prawns. The department informed the committee that while allegations had been made on a number of occasions about such practices, it had not been provided with any evidence. Notwithstanding this point, the department has taken a number of steps to reduce the potential risks from breaded and battered prawns. In March 2017, the import conditions were tightened and a number of consignments were rejected because the batter on the prawns was falling off. Now the importers are required to provide a photograph of the prawns that they are sending, both frozen and unfrozen, and there is a 100 per cent seals-intact inspection of breaded and battered prawns.³¹

3.37 In light of the concerns raised regarding breaded and battered prawns, as well as the increasing volume of imports of such prawns, the department is considering whether additional measures should be imposed. Options range from the prospect of requiring that breaded and battered prawns be flash fried, to the introduction of testing.³²

30 *Proof Hansard*, 27 February 2018, pp. 125–126.

31 *Proof Hansard*, 27 February 2018, pp. 127–130.

32 *Proof Hansard*, 27 February 2018, pp. 127–130.

Chapter 4

Cross-portfolio Murray-Darling Basin Plan matters

3.1 This chapter highlights some of the key issues discussed during the hearing on cross-portfolio Murray-Darling Basin Plan matters on 2 March 2018.

3.2 The committee heard from the Water Division of the Department of Agriculture and Water Resources, the Murray-Darling Basin Authority, the Commonwealth Environmental Water Holder and the Commonwealth Environmental Water Office.

Implementation of the Murray-Darling Basin Plan

3.3 The Deputy Secretary of the Department of Agriculture and Water Resources, Mr Malcolm Thompson, delivered an opening statement which updated the committee on the implementation of the Murray-Darling Basin Plan. He noted that around 2100 gegalitres (GL) of the original 2750 GL water recovery target has been secured while \$4 billion of Commonwealth funds has been invested in irrigation infrastructure to deliver water efficiency savings. Mr Thompson also noted that the Commonwealth had committed an additional \$9.1 million over three years to increase the compliance capacity of the Murray-Darling Basin Authority (MDBA).¹

Snowy Hydro

3.4 The committee asked questions of the department and MDBA regarding consultation on the sale of Snowy Hydro. MDBA told the committee that there is a requirement for Snowy Hydro to release a certain volume of water into the Murray and Murrumbidgee systems each year and that an assurance has been provided that these volumes will remain unchanged.²

Progress towards targets

3.5 MDBA provided the committee with an update on the progress towards the long-term targets specified in Schedule 5 of the Murray-Darling Basin Plan. The Basin Plan review conducted in 2017 found early signs at a local level that there have been environmental improvements and they are on track to meet the targets.³

Northern Basin Review

3.6 The committee sought a summary of the Northern Basin Review, including the reasons for the review and the research approach taken. Seven research projects were conducted to understand the ecological relationships between water and native fish, native vegetation and water birds. MDBA partnered with institutions including CSIRO, University of New England and Charles Sturt University and brought

1 Mr Malcolm Thompson, Department of Agriculture and Water Resources, *Proof Hansard*, 2 March 2018, pp. 3–4.

2 *Proof Hansard*, 2 March 2018, pp. 5–8.

3 *Proof Hansard*, 2 March 2018, p. 9.

together expert panels to conduct the research. The research was subsequently independently peer reviewed.⁴

Compliance and transparency measures

3.7 MDBA provided the committee with an update on measures to increase compliance and transparency. MDBA is now publicly reporting on its management of complaints received regarding compliance issues. In addition, MDBA has set up an office of compliance and tripled the resources devoted to compliance.

3.8 MDBA is now publishing regular progress reports on states' compliance with water resource plans. Furthermore, in 2017, the basin water ministers agreed to the development of a compact which sets out the commitments of each of the basin states in relation to compliance and improvement. MDBA informed the committee that it was developing the compact as well as an ongoing reporting process to complement it.⁵

Use of telemetry

3.9 The committee raised concerns about the lack of telemetry in monitoring water usage. Officials explained that while there is a recommendation in the compliance review to expand the usage of metering, there are difficulties involved in using telemetry. These include:

- poor telecommunications infrastructure;
- the significant cost of repairing instruments;
- greater overland flow in the north of the basin than the south; and
- difficulties in accurately measuring water going through a very large diameter pipe.⁶

Interagency taskforce

3.10 In response to a recommendation from the Ken Matthews' 'Independent review of water management and compliance in NSW', a taskforce was established comprising representatives from the Commonwealth Environmental Water Holder, MDBA, and various NSW agencies.⁷ The body was tasked with delivering an interim solution within 90 days by way of immediate options for the protection of environmental water in the NSW component of the northern basin. The more enduring solution would be made available before the 2019 deadline for the finalisation of water resource plans.

4 *Proof Hansard*, 2 March 2018, p. 14.

5 *Proof Hansard*, 2 March 2018, pp. 18–19.

6 *Proof Hansard*, 2 March 2018, pp. 22–23.

7 Ken Matthews, *Independent investigation into NSW water management and compliance—final report*. Advice on implementation, NSW Government, 24 November 2017, https://www.industry.nsw.gov.au/_data/assets/pdf_file/0019/131905/Matthews-final-report-NSW-water-management-and-compliance.pdf (accessed 13 March 2018).

3.11 The committee sought an update on this taskforce. Officials told the committee that the taskforce, established in early 2018, has met three times with the most recent meeting comprising a two-day workshop.⁸ A discussion paper on options is currently under development and will be published by the NSW government for stakeholder comment. The committee was informed that the immediate options could be in place by the end of May.

Senator Barry O'Sullivan
Chair

8 *Proof Hansard*, 2 March 2018, pp. 30–31.

Appendix 1

Documents tabled

Infrastructure, Regional Development and Cities portfolio

Tabled Document No. 1: RPAS data Feb 2018, tabled by Australian Transport Safety Bureau, on 26 February 2018.

Tabled Document No. 2: OneSKY statement, tabled by Airservices Australia, on 26 February 2018.

Agriculture and Water Resources portfolio

Tabled Document No. 1: Terms of reference for audit, tabled by Australian Wool Innovation, on 27 February 2018.

Tabled Document No. 2: Interview notes, tabled by Australian Wool Innovation, on 27 February 2018.

Tabled Document No. 3: Opening statement, tabled by Australian Pesticides and Veterinary Medicines Authority, on 27 February 2018.

Tabled Document No. 4: Letter from Mr Daryl Quinlivan regarding AIAC expenditure, tabled by Department of Agriculture and Water Resources, on 27 February 2018.

Tabled Document No. 5: Emails from Pacific King, tabled by Senator Glenn Sterle, on 27 February 2018.

Cross-portfolio Murray-Darling Basin Plan matter

Tabled Document No. 1: Opening statement, tabled by Department of Agriculture and Water Resources, on 2 March 2018.

Tabled Document No. 2: Compliance and enforcement issues, tabled by Department of Agriculture and Water Resources, on 2 March 2018.

Tabled Document No. 3: Unauthorised, unsend draft correspondence to Chief Executive, Murray-Darling Basin Authority from Commonwealth Environmental Water Office, tabled by Senator Rex Patrick, on 2 March 2018.

Tabled Document No. 4: Murray-Darling Basin Map, tabled by Senator Pauline Hanson, on 2 March 2018.

Appendix 2

Additional Information received

Infrastructure and Regional Development portfolio

Correspondence received 19 February 2018 from Ms Kim Forbes, A/g General Manager, Department of Infrastructure, Regional Development and Cities, regarding notable absences and structural changes in the portfolio.

Correspondence received 22 February 2018 from Dr Steven Kennedy, Secretary, Department of Infrastructure, Regional Development and Cities, regarding notification of differences to ICAO Standards and Recommended Practices.

Correspondence received 7 March 2018 from Mr Shane Carmody, Chief Executive Officer, Civil Aviation Safety Authority, providing further information on FalconAir matters.

Agriculture and Water Resources portfolio

Correspondence received 16 February 2018 from Dr Patrick Hone, Managing Director, Fisheries Research and Development Corporation, regarding attendance at additional estimates.

Correspondence received 20 February 2018 from Ms Melissa Brown, Assistant Secretary, Department of Agriculture and Water Resources, providing a breakdown of expenditure by the Agricultural Industry Advisory Council and a summary of implemented Agricultural Competitiveness White Paper measures.

Correspondence received 14 March 2018 from Dr Chris Parker, Chief Executive Officer, Australian Pesticides and Veterinary Medicines Authority, correcting evidence given on 27 February 2018.

Correspondence received 15 March 2018 from Ms Peta Slack-Smith, General Manager, Australian Wool Innovation, correcting evidence given on 27 February 2018.

Correspondence received 16 March 2018 from Mr Richard Norton, Managing Director, Meat and Livestock Australia, correcting evidence given on 27 February 2018.

Correspondence received 5 March 2018 from Ms Lyn O'Connell, Department of Agriculture and Water Resources, correcting evidence given on 27 February 2018.

