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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

Estimates

(Public)

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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Tuesday, 12 February 2013

Members in attendance: Senators Abetz, Back, Birmingham, Brandis, Colbeck, Edwards, Fawcett, Gallacher, Heffernan, Joyce, Ian Macdonald, Nash, Rhiannon, Smith, Sterle, Thorp, Whish-Wilson, Williams, Xenophon.

INFRASTRUCTURE AND TRANSPORT PORTFOLIO

In Attendance

Senator the Hon. Kim Carr, Minister for Human Services

Department of Infrastructure and Transport

Executive

Mr Mike Mrdak, Secretary

Ms Lyn O'Connell, Deputy Secretary

Corporate Services

Mr David Banham, Chief Operating Officer

Ms Marilyn Prothero, Chief Financial Officer

Infrastructure Australia

Mr Michael Deegan, Infrastructure Coordinator

Nation Building—Infrastructure Investment

Mr Andrew Jagers, Executive Director

Mr Richard Wood, General Manager, Rail and Intermodal

Ms Christina Garbin, Acting General Manager, Infrastructure Policy

Mr Roland Pittar, General Manager, North West Roads

Mr Alex Foulds, General Manager, South East Roads

Ms Emma Buckley, Acting General Manager, Major Infrastructure Projects Office

Surface Transport Policy

Ms Judith Zielke, Executive Director

Mr Michael Sutton, General Manager, Land Transport Productivity

Mr Robert Hogan, General Manager, Vehicle Safety Standards

Ms Philippa Power, General Manager, Maritime and Shipping

Mr Marcus James, General Manager, Road Safety and Transport Access

Ms Donna Wieland, General Manager, Surface Transport Regulation

Policy and Research

Mr David Williamson, Executive Director

Ms Nicole Spencer, General Manager, Policy Development Unit

Dr Gary Dolman, Head of Bureau, Bureau of Infrastructure, Transport and Regional Economics

Mr Richard Farmer, General Manager, High Speed Rail

Major Cities Unit

Ms Dorte Ekelund, Executive Director

Office of Transport Security

Mr Paul Retter, Executive Director

Mr David Nockels, General Manager, Analysis and Operational Support

Ms Pauline Sullivan, General Manager, Transport Security Operations

Mr Steve Dreezer, General Manager, Maritime, Identity and Surface Security

Mr Peter Robertson, General Manager, Aviation Security

Ms Karly Pidgeon, General Manager, Supply Chain and Technology

Aviation and Airports

Mr John Doherty, Executive Director

Mr Jim Wolfe, General Manager, Air Traffic Policy

Mr Scott Stone, General Manager, Aviation Environment

Ms Leonie Horrocks, General Manager, Airports

Mr Stephen Borthwick, General Manager, Aviation Industry Policy
Mr Brendan McRandle, General Manager, Sydney Aviation Capacity

Airservices Australia

Ms Margaret Staib, Chief Executive Officer
Mr Jason Harfield, Executive General Manager, Air Traffic Control
Mr Unni Menon, Executive General Manager, Government and Industry Affairs

Australian Maritime Safety Authority

Mr Graham Peachey, Chief Executive Officer
Mr Mick Kinley, Deputy Chief Executive Officer
Mr Allan Schwartz, General Manager, Ship Safety Division
Mr Yew Weng Ho, General Manager, Corporate Services Division
Mr John Young, General Manager, Emergency Response Division
Mr Toby Stone, General Manager, Marine Environment Division
Mr John Fladun, General Manager, Domestic Vessel Division
Mr Brad Groves, General Manager, Navigation Safety and International Division

Australian Rail Track Corporation

Mr John Fullerton, Chief Executive Officer

Australian Transport Safety Bureau

Mr Martin Dolan, Chief Commissioner
Mr Ian Sangston, General Manager, Aviation Safety Investigations
Mr Julian Walsh, General Manager, Strategic Capability
Mr Peter Foley, General Manager, Surface Safety Investigations

Civil Aviation Safety Authority

Mr John McCormick, Director of Aviation Safety
Dr Jonathan Aleck, Associate Director of Aviation Safety
Mr Terry Farquharson, Deputy Director of Aviation Safety
Mr Gerard Campbell, Acting Executive Manager, Operations
Mr Peter Boyd, Executive Manager, Standards
Mr Greg Hood, Executive Manager, Operations Regulations Implementation
Dr Alyson Ross, Executive Manager, Safety Education and Promotion
Mr Peter Cromarty, Executive Manager, Airspace and Aerodrome Regulation
Mr Peter Fereday, Executive Manager, Industry Permissions
Mr Adam Anastasi, Executive Manager, Legal Services
Ms Elizabeth Hampton, Industry Complaints Commissioner
Mr Craig Jordan, Chief Finance Officer
Mr Brian Keech, Section Head, People and Performance

Committee met at 09:01.

CHAIR (Senator Sterle): I declare open the public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. Today the committee will commence its examination of additional estimates of the Department of Infrastructure and Transport. The committee has fixed Friday, 5 April 2013 as the date for the return of answers to questions taken on notice. This deadline is longer than the usual time frame that the committee sets for the return of answers to questions taken on notice. The extension accounts for the time frame for senators to provide written questions to the committee secretariat. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business on Friday, 22 February 2013. Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance the secretariat has a copy of the rules. I particularly draw the attention of witnesses to an

order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which I now incorporate in *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(Extract, Senate Standing Orders, pp 124-125)

CHAIR: As agreed, I propose to call on the estimates in the order shown on the printed program. I welcome Senator the Hon. Kim Carr, Minister for Human Services, representing the Minister for Infrastructure and Transport; Mr Mike Mrdak, Secretary of the Department of Infrastructure and Transport; and, of course, officers of the department. Minister, do you or does Mr Mrdak wish to make a brief opening statement?

Senator Kim Carr: No.

Mr Mrdak: No.

CHAIR: Let us go straight to questions.

Senator JOYCE: Thank you very much to the department officials and the minister for being here today. At the last Senate estimates hearings there were detailed discussions about the departmental buildings. Can you advise if there have been any changes to any of the leasing arrangements since then?

Mr Mrdak: There has been one adjustment since we last met with you and that is that we have subleased one of the buildings that we mentioned in our last hearings. We have now entered an understanding with another government department to sublease that space to them for the next two years.

Senator JOYCE: Which space is that?

Mr Mrdak: That is our Mort Street accommodation, which was previously occupied by the department of regional Australia. I will just check with Mr Banham if we can provide any more details on it.

Mr Banham: The sublease continues to the end of our lease for that building.

Senator JOYCE: What are your current staffing levels?

Mr Mrdak: We currently have staffing of 981 full-time equivalent staff.

Senator JOYCE: Is that up or down from this time last year?

Mr Mrdak: It is a slight reduction from when we last met with the committee. It is a reduction of around three staff overall from when we last met.

Senator JOYCE: And trying to reach your efficiency dividends—how is that going?

Mr Mrdak: Our total efficiency dividend this year is of the order of \$11.4 million. We are on target to come in on budget. We have gone through several processes within the department in terms of budget reviews and through a series of actions we anticipate finishing this year within budget.

Senator JOYCE: What have been the main mechanisms of meeting those efficiency dividends?

Mr Mrdak: We have adjusted each of our business divisions' budgets to a lower amount than previously. We are achieving savings in a number of areas—firstly through travel. The single government procurement contract for travel is realising some savings for us, as are some new arrangements we have put in place for travel which have essentially reduced the flexibility for our staff to take flexible fares. We have also made some adjustments to operating costs through reductions in consultancies and contractors. We continue to anticipate a continual reduction in our overall staffing level by 30 June.

Senator JOYCE: And that will be through natural attrition. The three positions that have been reduced to take you down to 981 full time—they were just natural attrition?

Mr Mrdak: That is correct. We continue to recruit into the market. We have recently taken on our 2013 graduate group and we continue to recruit as we do to budget. So there is considerable turnover still in the department but we are anticipating finishing this financial year with a reduction of about 30 staff from where we currently sit.

Senator JOYCE: At 62 Northbourne Avenue there was an empty floor or something there, wasn't there? What is the go there? Is that still empty? Has that been sublet out?

Mr Banham: That is still empty.

Senator JOYCE: Any luck subletting that out?

Mr Banham: I do not think our chances are particularly good given that it is just one small floor in the one building. We will have it on the market. We will see later on in the year.

Senator JOYCE: Are there any other floors or anything that are vacant at the moment that we should know about that are not being used?

Mr Mrdak: No; that is our only vacant space of any considerable amount. As Mr Banham says, obviously if there are machinery-of-government changes later this year then we will look at that in terms of the context of those if we have to make adjustments then.

Senator JOYCE: What is the process of you trying to sublet that floor? How are you going about it?

Mr Mrdak: At this stage we have not got a formal process to sublet that floor. Unlike our property in Mort Street, where it is an identifiable property which can be utilised by another party, it is a much more difficult space to lease, sitting in the middle of our building. We have done a rearrangement of some of our staff across our two major buildings in Canberra and at this stage we do not have a formal process to sublease that floor.

Senator JOYCE: In your staffing levels what is your average cost of staff?

Mr Mrdak: It is around \$93,000 per staff member.

CHAIR: Is that average wage or average cost?

Mr Banham: Average annual salary.

Senator JOYCE: And average cost?

Mr Banham: We do not have that information.

Senator JOYCE: I just want to go through the department capability review. Mr Mrdak, did you know the person who did that review? You seem to have got out of it very well.

Mr Mrdak: Certainly I know the—

Senator JOYCE: Are they related to you?

Mr Mrdak: No. I know Bill Farmer very well from his time as a former Commonwealth secretary and Ambassador to Indonesia.

Senator JOYCE: What actions has the department taken to address the recommendations of the capability review?

Mr Mrdak: We have lodged with the Australian Public Service Commissioner our action strategy, which includes a number of steps principally focused on three key areas, the first of which is greater definition of our strategic direction and how we present that, particularly to industry; and, secondly, work in relation to performance management. We have set up a team within the department headed up by our head of HR to look at how we better manage some of our performance management arrangements. I think we are already seeing some results in that. Thirdly, in relation to some of our regulation—a strong focus of the capability review was how do we focus our regulatory activities, which comprise around 60 per cent of our overall work, for the future where resources will become even more difficult to attain and changing industry structures mean that we are going to have to look at how we better become an industry regulator. That work is continuing. We have set up a number of processes within the department to look at our regulatory structures. We have a major piece of work happening now in our vehicle standards area but we will extend that to some other areas such as the Office of Transport Security, which is now looking at things like security management systems and a less prescriptive approach to the application of regulation on industry. So we have processes like that running in the department.

Senator JOYCE: What is your most expensive piece of lease property at the moment for the department?

Mr Banham: The most expensive is the Deutsche Bank building in Sydney.

Senator JOYCE: I thought it would be. How many staff have you still got there—about 13?

Mr Mrdak: It is about 11 staff now.

Senator JOYCE: And the lease for that is currently about 1.3 million or something per year?

Mr Banham: It is about that.

Senator JOYCE: A cheaper lease is an employee who keeps their job. Has there been any further discussion about trying to find a cheaper lease than that one?

Mr Banham: There has not been a discussion at this point in time.

Senator JOYCE: In the review were there any clear recommendations about the advantages—it is a reflection of more opulent times but were there any discussions about what the actual advantages are of holding that lease at that price?

Mr Banham: In the capability review?

Senator JOYCE: Yes.

Mr Banham: No.

Senator JOYCE: Has there been any scoping of where you could find a cheaper lease that will do the same job?

Mr Banham: Not at this point in time. As we get closer to the lease expiry date we will revisit the accommodation.

Senator JOYCE: When does that lease come up?

Mr Banham: 2015.

Senator JOYCE: I would not be making any promises beyond there. Specifically in relation to the review finding that stakeholders were confused about the role of Infrastructure Australia as separate from the Department, is a review of the relationship between Infrastructure Australia and the department planned?

Mr Mrdak: Certainly, as I mentioned in our response to the capability review, we are doing a lot of work in relation to how we set our strategic direction and more clearly explain that, but there is not a formal review per se of Infrastructure Australia being planned. The government undertook a review of Infrastructure Australia in the lead-up to the budget last year, where additional resourcing was provided at that stage for Infrastructure Australia's continuation.

Senator JOYCE: Will the department be looking to introduce corporate plans or strategy as recommended by the review?

Mr Mrdak: I do not see the need to have a formal corporate plan as such. One of the findings of the review was that our planning and business planning systems are in good shape, I think. However, what we do need to do is better communicate some of that industry groups. I am not so sure about a corporate plan per se but I am certainly having a look at setting some corporate direction statement which I can then use to work with industry. For instance, we do a lot of work at the moment with groups like the logistics industry who work pretty closely with us on our business planning. I would probably like to extend that a bit further to other industry groups.

Senator JOYCE: The capability review talks about the Major Infrastructure Projects Office. Can you tell me a bit about the scope of the work undertaken by the Major Infrastructure Projects Office?

Mr Mrdak: Certainly. The Major Infrastructure Projects Office sits within our Nation Building division. We brought it into being in 2009 recognising two things. Firstly, we were dealing with a large number of relatively new types of projects in which the Commonwealth was investing. Particularly at that stage, commitment by the government to look at taking equity in projects which were going out to the private market demanded different skill sets. Also, we wanted to improve the level of program design and also reporting systems. So we formed the unit at that time. It is a relatively small group within the division. It is designed to provide expertise across the department in project and program design and reporting, and secondly it also manages some of our more complex infrastructure projects such as oversight of projects like the Gold Coast Light Rail and the regional rail link in Victoria, which have been through a whole series of project planning and development processes.

Senator JOYCE: So the projects office would also be looking at the inland rail?

Mr Mrdak: At the moment the inland rail project sits within our rail group within the department.

Senator JOYCE: How many staff are in this projects office and what are their classifications?

Mr Mrdak: There are eight staff. I do not have with me their classifications. I can certainly get that for you.

Senator JOYCE: In the capability review there was the statement:

Other staff, particularly more recent arrivals, consider that more needs to be done to encourage managers to address underperformance. Those managers who have chosen to do so acknowledge good support from the department's People and Performance Branch. However, there does not appear to be a consistent indication of senior level expectation on all managers to manage staff performance, and aggregated performance ratings of staff are not considered or examined centrally by the executive.

What are your comments on that? Have you gone down a process of delivering a more hands-on approach to managing staff? It appears that when people come in externally they are, from what this report says, somewhat perplexed by an attitude that if you just coast you survive.

Mr Mrdak: I do not think people we deal with would have a view that we have any officers who just coast and survive. We certainly do actively manage the performance of our people. You are right—the capability review did reflect concern from our own staff at times that we have not been as effective in the past on performance management of some of our staff. I think what we saw in the capability review and since with the action strategy we have put in place is a much stronger focus. We have had, certainly over the last 18 months, a much stronger hands-on approach to managing those who have not met their performance requirements. Our head of HR has now set up a process and certainly in the last year we have seen a number of people depart the department following performance reviews.

Senator JOYCE: It is quite apparent, and anyone can see it, that the debt the nation is currently in and the deficits we are currently stacking up—that quite obviously, no matter who the government is, you are going to be heading towards tighter times. You cannot keep borrowing money; in the end something goes snap. What is the plan of trying to make sure that we support the staff we have got—'It is going to be a harder time and therefore you had better be completely focused on your job and make sure that we get to the other end'—whilst also dealing with the fact that obviously as people retire it is probably unlikely that jobs are going to be replaced in the way they were in the past? The money is just not there. How is the department planning for that?

Mr Mrdak: In our business planning we have had a number of years of resource constraints. You are right—we anticipate that situation continuing. If you look at our forward estimates you will see that the impact of the efficiency dividends which have already been announced and the savings measures will by 2015-16 result in an overall reduction of \$15.8 million from our budget last year. So that is a considerable reduction. We are meeting that through finding savings through more efficiencies in terms of, as I mentioned, contracting, travel and all of our consumables. We are rationalising, as we have discussed, our footprint in terms of accommodation and costs. We have also undertaken to look at our business costs. We are looking carefully at what we do and what we do not do. Hence we have seen a reduction in staffing in certain areas of the department. As I mentioned earlier, in response to the capability review we are having a complete look over the next year or so at all of our regulatory

activities to make sure we are performing those as efficiently as possible and to make sure we are, firstly, not adding costs to industry unnecessarily and, secondly, operating in the most efficient manner. But we are continuing to recruit. You are right: like a lot of Public Service organisations we face a demographic issue in that a lot of our experienced staff will retire in the coming years. Hence I put a very strong focus on graduate recruitment. We have retained a very strong graduate program and a very successful one. This year through both graduate recruitment and our Indigenous cadet program we will have 34 new starters who started with us a couple of weeks ago. That is a pretty considerable investment by a department as small as ours. So part of that renewal process is to keep high-quality people coming through and a pretty strong commitment to training and development to make sure we increase the professionalism and capacity of our staff. They are the main areas which we are focusing on at the moment.

Senator JOYCE: Have you made any changes to the processes of staff performance? Hand in hand with the process of making sure that people keep their jobs is the expectation that people in a job respect it. I suppose that is in any workforce anywhere. As a reflection of the report, has your staff management process changed in any way, shape or form over the last year or two years?

Mr Mrdak: We have put a very strong focus on training of our managers in relation to performance management. I will ask Mr Banham to give you an outline of what we are doing with performance management.

Mr Banham: Our current performance management framework and our methodology is very much related to the supervisor and the person reporting to them—that relationship. They do the assessment. What we are doing, and we would like to put it in place for the next assessment cycle which will start on 1 July, is that there will be an expansion of the number of people engaged in that process. So it is not just a one on one. The supervisor once removed will have an input into the process as well. So there is a broader understanding across the area about a person's performance and their assessment.

Senator JOYCE: This is probably more a question to you, Ms Prothero. In your assessment of budgets to actuals and how you are going, what is the timeframe that you go through for that process of assessment—of seeing where you are to date and comparing that to your budget?

Ms Prothero: We go through a process at the end of every month of looking at the financial performance against budget of every division. There is an executive finance committee that meets to consider that position every month. We also go through a process two to three times a year where we look more holistically—looking out into the future and what the budget position is at that stage, and we look at reallocation if necessary.

Senator JOYCE: Is that consolidation that you do at the end of the month across all departments?

Ms Prothero: Across all divisions, yes, across the department.

Senator JOYCE: Are you currently ahead of or behind budget?

Ms Prothero: We are slightly ahead of budget—we are slightly underspent against forecast.

Senator JOYCE: In salary and wages, where is that to budget?

Ms Prothero: It is pretty much on budget at the moment.

Senator JOYCE: Lease costs?

Ms Prothero: Lease costs are on budget at the moment. The larger costs are well budgeted for. Travel is slightly under budget.

Senator JOYCE: Where are your savings coming from?

Ms Prothero: At the moment it is in consultancies and contractors.

Senator JOYCE: Consultancy is more of a discretionary expenditure. How do you actually at the start of the year determine what your budget estimate is on consultancies? From my long and arduous time in accountancy it is pick last year's figure, add a bit to it and then try to be as frugal as you possibly can.

Ms Prothero: We have a fairly devolved budgeting process where the individual divisions are aware of what their expenditure is likely to be. They enter that budget into the system. We then do a quality assurance check across the top to make sure that it is consistent. Division heads are given an indicative budget to budget to. That gives them an idea of their parameters, which they balance between staff and other costs. For large consultancy expenditure, that is also known across the department and reflected within the budget system.

Senator JOYCE: In that budget consultancy process, have you seen in the department any sorts of deficiencies by reason of the savings you have made in consultancies? Has it caused any problems anywhere?

Ms Prothero: I have not seen any problems, no.

Mr Mrdak: While it has not seen problems per se we have made adjustments in areas: for instance, in our research program and in some of our consultancy work and some of our line divisions, which we have reduced over the last few years.

Senator JOYCE: So you are now doing that more in-house?

Mr Mrdak: Or we are not undertaking some work which we otherwise would.

Senator JOYCE: What has been your largest consultancy issue this year?

Mr Mrdak: Probably our consultancies around the completion of the Sydney aviation study and the high-speed rail study are our two major pieces of outsourced consultancy work.

Senator JOYCE: With the Sydney aviation study, the consultancy on that revolved mainly around a social side, an economic side or an engineering side?

Mr Mrdak: A mix of all three. The current piece is—we are finalising some further work for the government in relation to a range of potential airport sites in the Sydney region. That is work which is undertaken—for instance we have been doing engineering and environmental analysis of a site at Wilton. We have been undertaking an economic analysis of employment creation of airport sites.

Senator JOYCE: That was at what site?

Mr Mrdak: Wilton. We are undertaking an economic analysis of job creation and the aviation industry in western Sydney. That has been undertaken by Ernst & Young. We have also undertaken some further traffic forecasting modelling work for growth in Sydney aviation undertaken by Booz & Co.

Senator JOYCE: When the consultant is looking at Wilton, are they also doing a comparative analysis against no change, expansion of slots in Sydney Airport and alternative development of other sites such as Canberra or Newcastle? I know they knocked out Newcastle the other day, but is a comparative analysis study done in that consultancy?

Mr Mrdak: No; this current piece of work is solely focused on that particular site. That work you mentioned—the comparative analysis and all of the analysis of the various options to deal with the growth of traffic in Sydney—was done as part of the joint study report which was completed in March last year and provided to the Australian and New South Wales governments.

Senator JOYCE: How will that be overlaid with the study of doing on Wilton at the moment? At the end, how does the consultant determine that Wilton is the right decision or the wrong decision or whatever decision if it has nothing to compare it with?

Mr Mrdak: At this stage to work on Wilton is to determine the next level down. The joint study undertook essentially a look at alternative sites that may be available. It undertook a very preliminary piece of environmental and planning assessment. This current piece of analysis which has been done looks in much more detail at Wilton and much more detail in terms of the environmental impacts, the topography, the engineering challenges and the like on the site. So it is a much more detailed piece of work to determine the actual more detailed costs, looking at development on that site.

Senator JOYCE: When is their final report going to be delivered to you?

Mr Mrdak: We anticipate that that report will probably be available in the next month or six weeks.

Senator JOYCE: What access will the public have to that report?

Mr Mrdak: The minister has stated that once the government has considered those reports they will be made publicly available, as the joint study on Sydney was last year.

Senator JOYCE: Who has the oversight of that consultancy report? Who is actually doing it? Who is the chief consultant? Who is the chief sherrang in that process from your external consultant?

Mr Mrdak: The Wilton site is being done by WorleyParsons.

Senator JOYCE: Sorry?

Mr Mrdak: WorleyParsons is the consulting company doing that work on Wilton. The work is overseen by a small team within my department. We have a small unit which is looking after the Sydney aviation work. It sits within my aviation division.

Senator JOYCE: Who is the head of that?

Mr Mrdak: Mr Brendan McRandle.

Senator JOYCE: In the contract for that consultancy, do they bill you one time or is it a fixed consultant contracted price?

Mr Mrdak: We went out to the market last year and we have a fixed price contract for that work.

Senator JOYCE: What is that fixed-price contract for that?

Mr Mrdak: I do not have that with me but I will get that for you this morning.

Senator JOYCE: Are there any other consultancies? Obviously that is a major one. Are there any other consultancies that are going on at this point in time—major consultancies?

Mr Mrdak: The other major consultancy is our work on high-speed rail which is due to be completed shortly.

Senator JOYCE: And who is doing that?

Mr Mrdak: That is a series of companies.

Ms O'Connell: It is a consortium led by AECOM but including KPMG, SKM, ACIL Tasman, Booz and Company, Hinder and Grimshaw Architects.

Senator JOYCE: And is it looking at alternative arrangements—Newcastle to Sydney, Newcastle to Sydney to Canberra, Canberra to Melbourne—or is it looking at it as a holistic package?

Ms O'Connell: This is the second phase report. The first phase report was released. This second phase will look at the detailed alignment identification, the development of comprehensive and robust capital cost estimates for the preferred options, looking at financing options, patronage and revenue forecasts and assessment of the overall economic and financial viability, and it will also look at detailed route alignment as part of that.

Senator JOYCE: How much is that consultancy costing us?

Ms O'Connell: This second phase consultancy is \$12.1 million. That is within the allocation for both phase 1 and phase 2, where the government allocated \$20 million.

Senator JOYCE: So it is a \$12.1 million consultancy. What proportion of completion—how much have we paid them so far?

Ms O'Connell: I would have to take that on notice and come back to you, Senator.

Mr Mrdak: We can take it on notice and get you some details this morning. The work is nearly completed. I think we have paid nearly the full amount.

Ms O'Connell: We have made progress paying it but I would have to take that on notice.

Senator JOYCE: Just roughly, are you halfway through it or three quarters of the way through?

Mr Mrdak: We are nearer completion.

Senator JOYCE: And the WorleyParsons one on Wilton airport—how much did that consultancy cost? Or have you taken that on notice?

Mr Mrdak: Again I will take that on notice and get that for you.

Senator JOYCE: This \$12.1 million consultancy—in their scope, is Newcastle to where, or—

Mr Mrdak: The study, as Ms O'Connell is indicating, is actually looking at a network from Brisbane to Melbourne via Sydney, so it is the whole east coast network from Brisbane to Melbourne.

Senator JOYCE: What is the rough estimate of what that is going to cost? If they did that now, how much would that cost?

Mr Mrdak: We are currently finalising the more detailed implementation report for government but the first phase report had a range estimate of \$61 billion to \$108 billion.

Senator JOYCE: That is Melbourne to Brisbane—the whole lot?

Mr Mrdak: That is correct. The second stage report which we hope to conclude in the next month or so will have much more precise and detailed costings.

Senator JOYCE: Because that is a pretty wide scope.

Mr Mrdak: That is a range of estimates from P50 to 90. The \$61 billion is a P50 estimate. We anticipate in the next stage report we will have a much more detailed and much more precise estimate based on a more defined route than what we did in the first stage report.

Senator JOYCE: Have the people doing this consultancy had any involvement in high-speed rail anywhere else before?

Mr Mrdak: Yes we specifically chose firms that had experience and expertise globally in high-speed rail so most of the study team has had extensive experience in high-speed rail work globally. We have also employed some independent advisers to the department who have expertise in high-speed rail internationally.

Senator JOYCE: Are they doing it externally or working from your office?

Mr Mrdak: Externally. We have a small project team in the department which oversees the contract and also our resources such as our bureau of infrastructure and transport economics is heavily involved in the work as well.

Senator JOYCE: In your understanding, how many people are actually employed in this contract of scoping the study?

Mr Mrdak: I do not know how many people would be employed in the various companies involved. We have a small project team of about five in the department who work on this project. But it would be probably hundreds of people in the firms involved.

Senator JOYCE: In justifying their expense to you, what do they provide you with? Billing sheets, time hours—or do they just provide you with an invoice and say this is what it cost last month?

Mr Mrdak: We have an overall price for the contract which is set out in the contract in terms of the deliverables we are seeking. We manage the contract very tightly—our project management team inside the department. As Ms O'Connell says, we make progress payments based on milestones of achievement of the report and also that the work that comes to us is of sufficient quality to warrant the project payments. So we do carefully—it is not simply a case that the firm is going away and doing the work. We are very heavily involved. They are working quite closely to a project team inside the department.

Senator JOYCE: Have you ever had an occasion to reject payments, saying 'No, you have got to tighten up that work'?

Mr Mrdak: We certainly go back to the consultants at times as we do with all of our contractors and consultants. If we believe the work is not meeting our standard we will go back and question and query and, if necessary, withhold payments. But I am not aware that that has been required in this project at all.

CHAIR: Senator Joyce, your colleagues have some questions.

Senator JOYCE: That is fine. I will ask one final question. Can you just go through the scale of payment in the department—the number of employees that are currently on between \$500,000 and \$1 million a year?

Mr Banham: Over \$500,000? I would say none.

Senator JOYCE: \$400,000 to \$500,000?

Mr Banham: One.

Senator JOYCE: I wonder who that is—good luck to you. And \$300,000 to \$400,000?

Mr Banham: Two.

Senator JOYCE: \$200,000 to \$300,000?

Mr Banham: Eighteen.

Senator NASH: Can we just visit, unfortunately, again the issue of late answers to questions on notice. The minister might be able to assist with this. I think last time you may have undertaken to discuss with the minister a more timely response. My understanding is that answers to questions were two months late. I think we got the first of them on 6 February, which was only last Wednesday. Is that correct? Could you perhaps advise the committee, Mr Mrdak, when they went from you to the minister?

Mr Mrdak: The answers were provided to the committee on 6 February. We had a total of 160 questions that were asked of the department, of which 45 were in Hansard and 115 were written. The department provided the first batch of draft responses to the minister on 30 November. That was 123 draft responses. A further 26 responses were provided on Monday 10 December. Then there was a small batch provided on 9 January. The department did not this year meet all of our timeline requirements. Certainly they were all available to the minister—as I said, there was a final batch on 9 January.

Senator NASH: Well done to the department. Minister have you got any indication as to why there was such a long time lag between that material being provided to the minister and the committee actually receiving the answers? As you would well understand, it makes it extremely difficult for the committee to run an appropriate process when we do not have time to read the answers to the questions on notice. I would not raise it if it was a one-off but it is happening time and time again. I really do not think it is an appropriate way to conduct Senate estimates.

Mr Mrdak: Senator, I do apologise again.

Senator NASH: I am not blaming you in any way, shape or form, which is why I asked the minister if he had any indication of why there was such a time lag.

Senator Kim Carr: I have taken up this question with the minister's office, as I indicated I would. I have been given an assurance that much more attention will be paid to the responses to the committee's deliberations. I am looking forward to that actually being done.

Senator NASH: As are we, Minister. Thank you for your agreement with the committee at this juncture that it is not appropriate.

Senator Kim Carr: I think we can say in general terms that the government takes Senate committee processes very seriously. Obviously as a Senate minister I have been aware of the long history on these questions. We have raised the matter with the minister and I have been given the assurance that I have given to the committee today. I will pass that information back on.

Senator NASH: An assurance by the minister?

Senator Kim Carr: I can understand the frustration of senators. The minister has a great many questions; a great many questions were asked. There is a view that information has to be provided—I think 160 questions were asked—and that there has to be proper consideration given to those answers. The department put a lot of work into the preparation of answers and the minister's office is keen to have a thorough consideration of these matters.

Senator NASH: It was a little compounded, too, Minister, by the fact that there was an issue with misnumbering which caused a delay even further of 30 of the questions for the committee. It is impossible—and I know I am pursuing the point, Minister, but I think you would completely understand—for this committee to undertake an appropriate process when we do not have time to properly consider the answers to the questions on notice. If I could ask you to take again to the minister, and perhaps kick him in the kneecap or whatever you need to do, to try to get some attention paid to this. We are not asking for the world—we are simply asking for some time, which is only fair and appropriate. If you could do that, Minister, we would be much obliged.

Senator Kim Carr: Senator Nash, I appreciate the concerns you have raised and I will take the matter up again.

Senator IAN MACDONALD: Mr Mrdak, you are the Department of Infrastructure and Transport, involving the regional affairs element of the portfolio as well. Is it easy to work out what section of your department's expenditure and activities relates to regional Australia as opposed to the other various elements of an important portfolio that you have to administer?

Mr Mrdak: I can certainly take that on notice. We do not have an identified budget in that way since the machinery of government change in 2010. We certainly have some defined areas in the department. For instance we have a number of staff who work in our Bureau of Infrastructure and Transport Resource Economics on regional issues. I think we have about two or three staff who work on regional research as well as other matters. We have parts of the Nation Building division which work on programs such as black spots and Roads to Recovery which predominantly work in regional Australia. The whole portfolio at various times—and certainly we have an area of our aviation division, for instance, which manages our regional airports and regional aviation and support schemes. So we have those types of areas and I am happy to give you an indication of those. But apart from that most of the rest of the department would deal with regional issues but not solely.

Senator IAN MACDONALD: Clearly roads and airlines and railways are significant in a big country like Australia in regional Australia, and I understand that and accept the point you make. But that part of your department looking at regional Australia and thinking how they can help develop or help with services in regional Australia—is there no defined section of your department particularly doing that?

Mr Mrdak: Not a defined section as such, although we work quite closely with the department of regional Australia, for instance, in a number of our grand programs and theirs. We provide advice to them in relation to transport issues and grand proposals and the like. So we do not have defined area per se doing regional policy but certainly right across the department we look quite closely at regional issues in all of our work.

Senator IAN MACDONALD: Do you administer both portfolios, or only transport and infrastructure?

Mr Mrdak: Only transport and infrastructure.

Senator IAN MACDONALD: And you answer only to Minister Albanese?

Mr Mrdak: That is correct, and to Parliamentary Secretary King in relation to the matters she deals with in the portfolio.

CHAIR: We will move to Australian Rail Track Corporation Ltd.

Australian Rail Track Corporation

[9.42]

CHAIR: Welcome, Mr Fullerton.

Senator JOYCE: Inland rail—where you up to as regards planning for that?

Mr Fullerton: Our involvement with inland rail is to ensure that within our plans we provide for that project when it occurs. The bottom half of that inland rail is the Melbourne to Parkes section that we have substantially upgraded. On 1 July 2011 we exercised our rights under the New South Wales lease to take up the Werris Creek to North Star section of track which does form part of that proposed inland route. We are also involved in discussions, particularly in Brisbane and Melbourne, about future terminals that can provide important access points to that inland route.

Senator JOYCE: The Narrabri to Coonamble link which will head through the Pilliga Forest, which of course is now under coal seam gas exploration rights—and we have just seen the approval by the minister for the Maules Creek mine, so we are getting greater capacity there. Have any further discussions happened there? They are opening up these mines and they are going to start, I imagine, moving coal from them, so they are going to have to have a rail link to do it to give intermodal port access. Is this giving more impetus to this process?

Mr Fullerton: In terms of our involvement with the inland route we are just focusing on sections of track that we control. Obviously the government currently has a project under way to look at the preplanning of the inland route in terms of route selection, and that is a matter for them. Our focus really has been to ensure that all the work that we do that is important to the inland route when it is built is being done by us. That relates to the upgrade of the southern section, the preservation of that route in the northern section, the connection into Sydney with a dedicated freight line and our involvement with potential terminal developments in Melbourne and Brisbane.

Senator JOYCE: It sounds a little bit vague, to be honest, Mr Fullerton. Have you had any preliminary statements or negotiations with the Queensland government in filling the spot between North Star and wherever it joins up: Toowoomba, I suppose? Has there been any negotiation about making sure a corridor is in place, surveying—and what costs have been incurred in that process?

Mr Fullerton: We are not involved in that at all between North Star and Toowoomba.

Senator JOYCE: Have any negotiations happened at all on connecting New South Wales up to Queensland?

Mr Fullerton: No, not from ARTC.

Senator JOYCE: When Minister Albanese talked about the inland rail since that process—he talked about it as a project. Has he been actively engaged in trying to progress the issue at all?

Mr Fullerton: I think that is a matter for the government. We are not involved in the work that they are undertaking to do with the project that is under way. We are simply focusing on our network and growing the business on our network. We are doing it in a way that recognises that at some point the inland route will be built but we are not directly involved in the planning work in regard to the corridor. It is not part of our network.

Mr Mrdak: The department is now working on preplanning and a future program of works schedule for the government in relation to this matter. As we have discussed previously, the government has made an allocation commitment of \$300 million in Nation Building 2. The first tranche of that money is profiled in 2014-15—\$30 million. We are now undertaking work to provide advice to government on how that \$300 million might best be spent in terms of a program going forward. That is work which we will aim to have advice to government on later this year.

Senator JOYCE: As they build the Gladstone to Banana link in Queensland, and obviously it is heading south, has ARTC been in any discussions whatsoever with them to say, 'Let's coordinate a process—if you are coming south of this railway line and we are going north with a railway line, let's try and connect them up and make sure they are of a standard gauge'?

Mr Fullerton: No, we have not been.

Senator JOYCE: Why not?

Mr Fullerton: It is very clear from our point of view. We have a network that we have substantially upgraded. Our primary focus is to grow the business on our network, particularly between Melbourne and Sydney. That is what our whole attention has been focused on. We have been doing some work in terms of terminal developments which we think is very important in getting fat onto our north–south corridor. We are doing that in Melbourne and Brisbane but also we are involved in the Moorebank development as well. Those developments are important

for growing volume of freight on our rail network between Melbourne and Brisbane. That is very much what we are focused on.

Senator JOYCE: Between Melbourne and Brisbane, though, you are still having to go to Sydney, which obviously has huge bottleneck restrictions on it, doesn't it?

Mr Fullerton: It does, but the southern Sydney freight line that was commissioned on 21 January on the southern entrance to Sydney has overcome that bottleneck. It has been a significant project for us.

Senator JOYCE: Can you double-stack containers through Sydney?

Mr Fullerton: No, you cannot double-stack from Melbourne to Sydney.

CHAIR: Senator Joyce, I am so sorry about the tight timing today but, I will get you to ask just one more and then I will have to go to your colleagues.

Senator JOYCE: It would stand to reason that if you cannot double-stack and you are dealing with suburban networks then you are inherently planning for a bottleneck. Wouldn't it be smarter to just plan where there is not a bottleneck on a flat, straight path between our second biggest city, Melbourne, and our third biggest city, Brisbane, so that we can remove ourselves from these constraints and also the constraints pertinent to the weather, which we have seen innumerable times? Why is there always this reluctance to do the bleeding obvious when it comes to inland rail?

Mr Fullerton: The inland rail will provide long trains, double-stack and shorter transit times in the future but the coastal route is still a very important corridor. We have just over 20 per cent market share between Melbourne and Brisbane. Our customers tell us that if we can upgrade that route that we have done they will be able to move more of the freight across from road onto that rail network. They are still very committed to the coastal route in terms of terminals and business that they convey on our network, and the upgrade of that Melbourne to Brisbane corridor is an important development in terms of getting more trucks off the road and onto that rail network. We have 20 per cent market share. Our aim is to increase that well and truly towards a 30 per cent market share. We can still run efficient trains even though we cannot double-stack them. They are 1,500 metres long and that still provides a very competitive mode of transport compared to the road network.

Senator RHIANNON: I read that the ARTC has recently taken over the Sydney metropolitan freight network, including the Port Botany rail line. What proportion of the federal government's \$175 million investment in the Port Botany rail upgrades comes from the ARTC?

Mr Fullerton: The upgrade of the MFN was funds provided to the ARTC by the government. That \$170 million was provided to ARTC as grant funding for the upgrade of that network.

Senator RHIANNON: Given that you have recently taken over the MFN, does the ARTC have a position on the WestConnex project potentially receiving federal infrastructure funding as a solution to congestion problems at Port Botany?

Mr Fullerton: The metropolitan freight network is a link between our southern Sydney freight line at Enfield into Port Botany and the connection at North Strathfield. That is where our network starts and finishes.

Senator RHIANNON: So have you got any connection with WestConnex? Have there been discussions with the New South Wales government or with Infrastructure Australia?

Fullerton No, not by ARTC.

Rhiannon So you are not interacting with this project?

Mrdak Senator, that is one the department is managing on behalf the government so there certainly have been discussions at quite senior levels and we continue to be closely involved with the New South Wales government on the WestConnex project. The Australian Government has recently agreed to finalise its commitment of \$25 million to the establishment of the special purpose vehicle for the WestConnex project business case. And we—

Senator RHIANNON: Sorry, what was the \$25 million for?

Mr Mrdak: The development of the business case which would lead to the special purpose vehicle which would effectively take the WestConnex project design to the market. The department represents the Australian government on the steering committee for the project.

Senator RHIANNON: I just want to go back to looking at Port Botany and the Moorebank intermodal. Do you think that public investment in rail upgrades at Port Botany and the Moorebank intermodal project should take priority ahead of a road project? Given that investment is intended to create sustainable freight and reduce growing truck congestion in Sydney—we hear that is the commitment—but if the support is going to WestConnex, don't we have a contradiction there between the rail work and the road work?

Mr Mrdak: I do not think it is a contradiction. Certainly the Australian Government over many years has been a very strong supporter of rail, particularly to move container freight in and out of Port Botany. As Mr Fullerton has outlined, the southern Sydney freight line is a very important piece of national infrastructure in terms of improving rail freight competitiveness. Similarly the Moorebank proposal is really probably the most transformative piece of infrastructure development in the Sydney basin. It actually will provide the crucial link across the East Coast network. I think it is recognised by everyone that in the absence of Moorebank the Port Botany strategy cannot be implemented in terms of its future development. So I do not think it is a case of them competing. While the work is continuing on WestConnex in terms of the business case and the support for it, the reality is that the federal government is investing very heavily in rail freight as a measure which is equally required.

Senator RHIANNON: But considering the closest WestConnex to Port Botany is 8 kilometres, don't we have a problem that WestConnex does not get close to Port Botany and it is encouraging more use of the road and we have this massive congestion coming down—how those containers are going to be moved out?

Mr Mrdak: One of the critical issues for the federal government in our work with New South Wales is just that—how will WestConnex interconnect with the Port Botany precinct. The work we have done over the last few years highlights—and this is supported by Infrastructure New South Wales—that the Port Botany–Sydney airport precinct is probably the most important economic precinct, certainly in New South Wales if not in Australia. How we get the connection between the WestConnex project to the port is one of those outstanding questions. Certainly it is one that the minister has raised repeatedly with New South Wales ministers in relation to the design of the project.

Senator RHIANNON: Is part of those discussions maybe revisiting the tunnel that has been talked about or a motorway connection for that link taking WestConnex—taking a spur off to Port Botany?

Mr Mrdak: Certainly in our discussions with New South Wales and I know the minister personally in discussion with New South Wales ministers has raised those sorts of questions of how it will link to the M5 East duplication and what that then does to the access to Port Botany off Port Botany Road onto the M5, what it does terms of traffic flow and what New South Wales envisages in terms of forecast future truck movements on the M4 down WestConnex into that precinct. That is all work underway.

Senator RHIANNON: So considering those discussions have been handled with considerable detail, from what I understand, does that mean you are looking at more a road movement for the freight coming—a greater road freight movement out of Port Botany?

Mr Mrdak: No, we certainly see that there needs to be an improvement in both rail and road access out of Port Botany quite critically. The rail freight investment on the metropolitan freight network out to Enfield and then Moorebank is quite critical. Without that Sydney cannot handle the forecast growth through Port Botany. But at the same time we are trying to improve heavy vehicle access in and out of the port as well.

Senator RHIANNON: This is my last question. At the May 2012 estimates I was advised that ARTC was conducting air quality tests at Islington and one other location. What was the other location and what are the findings of those tests, and will they be made public?

Mr Fullerton: Those tests have been published on our website. They were published on our website in September.

Senator RHIANNON: What was the other location, please?

Mr Fullerton: Mayfield was the other site.

Senator WILLIAMS: Mr Fullerton, I want to bring you to a situation on the rail line between Karuna and Spring Ridge on the Liverpool Plains. Are you familiar with the problem there?

Mr Fullerton: No.

Senator WILLIAMS: This is what has happened. There is a culvert on the railway line to allow the Yarraman Creek to run under that culvert. The culvert is too small. When they just have a mediocre rain and not a flood, the water is backing up over farmland—and arguably some of the best farming country on this planet. There are three landholders involved in this. It is costing them, I would say, hundreds of thousands of dollars or even millions of dollars over years. I have some photos here that I will show you. But this is a problem that really needs to be addressed because the culvert is too small and hence the flow of water cannot escape through there. And it is backing up over the properties, destroying floods, not allowing access to the ground et cetera. I will give you these photos and I hope you will have a good, close look at it. The culvert needs enlarging. It is as simple as that.

Mr Fullerton: That is the country regional network, I think, isn't it?

Senator WILLIAMS: Yes, it would be. But it is a serious problem. In 2006 the catchment management authority's Upper Yarraman Catchment Plan recommended to the ARTC that the culverts be replaced and upgraded, but this was ignored. You are not aware of that debate?

Mr Fullerton: I think it may be one that I am aware of. I would need to look further into it. I do know we have been having some discussions in relation to those complaints with New South Wales, who are the owner of the asset. Of course we are no longer responsible for the maintenance of that network but that was a matter that was raised when we were in control of it. I can take that on notice and look further into it if you like, Senator. Upper Yarraman Catchment Plan—

Senator WILLIAMS: I will show you these photos when we complete the session. For example, just a few weeks ago when that rain came down from Queensland because of the cyclone they only had a few inches of rain there. The creek was running about a three-quarter banker but it was flooding the farmland without even running a proper banker. It is a direct result of the culvert being too small. As I said, it just floods the country backwards. They cannot have access for probably 12 months. If they have a crop it destroys the crop, plus the fencing and everything else. There is a huge loss of income to those farmers and this really needs to be addressed. Would you or someone in your department be able to go up and look at this situation and meet with the farmers up there? They will make you very welcome. Can you have a good close look at the situation?

Mr Fullerton: I think the fact is that we are no longer responsible. It is a matter we can go and talk to New South Wales about, but we are no longer responsible for that section of track. It is now under the control of John Holland. But as it is a matter that was raised when we were, I can certainly take that and have a look at that issue in more detail.

Senator WILLIAMS: I would appreciate it if someone from your department, along with John Holland, could actually go up there and meet these farmers. There is a serious problem—loss of income. It is costing the farmers a fortune. It is costing Australia loss of production and exports. It flows right through. We need to get people up there who are in a position of responsibility to meet with the farmers.

Mr Fullerton: I think the issue is responsibility. When we were maintaining that network for New South Wales we were the maintenance provider. They were the owners of the asset. We did work at their direction. But it is a matter I could look into further for you.

Senator WILLIAMS: In relation to the Cox's Creek rail bridge near Boggabri just before Christmas—you are having an investigation into the problems there, aren't you?

Mr Fullerton: There is an independent investigation by the OTSI in New South Wales. We have conducted our own investigation. There is nothing yet been revealed that would indicate cause.

Senator WILLIAMS: Nothing reported. When will the investigation be concluded?

Mr Fullerton: That is a matter for OTSI, the New South Wales investigator. We expect that investigation to go on for some months.

Senator WILLIAMS: Obviously later on we will have an opportunity to find out the cause et cetera and the loss of productivity and production as well.

Mr Fullerton: We will.

Senator IAN MACDONALD: I just have a couple of quick questions. Are you familiar with proposals to sell the minority stake in the Pilbara infrastructure subsidiary of Andrew Forrest's Fortescue Metals Group? It is a private railway but is the government in any way involved in that?

Mr Mrdak: Certainly not the Commonwealth. I do not know if the Western Australian government is involved but it is certainly not my portfolio.

Senator IAN MACDONALD: Okay, that is easy. The only other question I have follows on from Senator Rhiannon's. With the Moorebank rail and other proposals—and perhaps this might be better in the next session but I will do it here, following Senator Rhiannon—are you aware of what is happening with the alternative proposal?

Mr Mrdak: Yes, they are continuing with their planning approval process with the New South Wales government and continuing their work on that, as I understand it, as is our Moorebank proposal now going through the environmental and planning processes. The Australian government recently announced the membership of the board of the company that has been formed to effectively manage that site. That is now in place. My understanding is that as the board gets into place—and they are shortly to appoint a CEO—discussions

will start between the Australian government entity and the private proponents in terms of the overall precinct planning for that area.

Senator IAN MACDONALD: So the Commonwealth does require New South Wales government planning and environmental tick-offs?

Mr Mrdak: Yes.

Senator IAN MACDONALD: Is that irregular? Australia Post does not need local council approvals.

Mr Mrdak: In this situation the environmental assessment has been done under the Commonwealth legislation for our site. But there are clearly site linkages—off-site access road and rail access and the like—and planning requirements which require New South Wales approvals.

Senator IAN MACDONALD: Where would I find details of the board that has been announced?

Mr Mrdak: We can provide those for you. I think we can do that now if you like. I will get Mr Wood out to take you through that.

Mr Wood: The chair is Dr Kerry Schott. The board—and this was outlined in a media release by Minister Albanese and Minister Wong on 13 December last year—consists of Dr Kerry Schott, Ms Claire Filson, the Hon. Andrew Fraser, Mr Stephen Williams, and Mr Ray Wilson. The media release on the 13th outlines some of their background.

Senator IAN MACDONALD: They are all qualified board people, are they? They have a history of board administration?

Mr Wood: They are. It is an extremely high-quality board. It has been very well received, we understand, by both the private sector and the New South Wales government and others.

Senator IAN MACDONALD: Can I take it from what you say, Mr Mrdak, that both projects will be working together? I thought they were sort of almost competitive projects.

Mr Mrdak: Our first priority is our to get the whole precinct going. I think at the end of the day judgements will need to be made about how they integrate as the parcels of land come onto the market. We have always seen that we have tried to design a precinct which will maximise the whole area as a logistics hub.

Senator IAN MACDONALD: That is all I have, thank you.

CHAIR: I thank officers from Australian Rail Track Corporation.

[10.05]

Infrastructure Australia

CHAIR: We will go to Infrastructure Australia and Nation Building—Infrastructure Investment. Welcome, Mr Deegan and Mr Jagers.

Senator JOYCE: I understand the department has taken over the national freight strategy from Infrastructure Australia. Is that correct?

Mr Mrdak: Yes, we are now working with the states in implementation arrangements for the national ports and national freights work.

Senator JOYCE: When was this decision made and by who?

Mr Mrdak: The standing committee on transport and infrastructure, which is the ministerial council. I think that was taken around—

Ms O'Connell: Last November, I think, was the effective transition.

Senator JOYCE: What was the logic behind the decision?

Mr Mrdak: Infrastructure Australia has provided its advice and its analysis. Jurisdictions have now largely agreed with the direction of that work and now it needs to be implemented. So the role of department, along with the state and territory administrations, is to set an implementation plan with milestones and work with the industry to put in place the concepts and proposals of the strategies into operating practice. There is some work that Infrastructure Australia continues to work on, such as work on pricing trials on the Hume Highway, but predominantly the other implementation work now rests with jurisdictions.

Ms O'Connell: And that has been done collaboratively with involvement of Infrastructure Australia.

Senator JOYCE: So that would be the next step—the implementation of the national freight strategy—would it?

Mr Mrdak: The pricing work?

Senator JOYCE: Yes.

Mr Mrdak: There are two streams of work. Firstly there is an overarching piece of work for COAG on heavy vehicle pricing arrangements in the future. There is a specific piece of work which Infrastructure Australia and Mr Deegan may wish to comment on in relation to particular trials in terms of access to the Hume Highway and Chullora, I think.

Senator JOYCE: Are you looking at a national port strategy or has that been handed over to the department?

Mr Mrdak: That it is with the department and the jurisdictions now. That has been adopted by the jurisdictions and now we are at the implementation stage of that work.

Senator JOYCE: Further to questions on notice—answer 55 from the previous Senate estimates hearing in relation to the cost of the Toowoomba Range crossing. I understand that the Queensland government has estimated the cost between \$1.6 billion and \$2 billion but I understand that you have previously expressed some doubts about this final figure. Can you please throw some more light on what you think that Toowoomba Range crossing is going to cost?

Mr Mrdak: Mr Deegan wishes to start and we are then happy to go from there.

Mr Deegan: At the moment the Queensland government is working with us on its business case on the detail of the costings. As you know from the meeting on Friday in Toowoomba, there is some discussion about the extent of what that will end up costing and some of the history. So we are working with the Queensland government on that final detail.

Senator JOYCE: Has the federal government put any money towards the construction of the Toowoomba Range crossing?

Mr Deegan: The department may be better placed to advise on that.

Mr Mrdak: No, there has been no commitment.

Senator JOYCE: No commitment whatsoever? Obviously with the mineral provinces to the west it is becoming a vital link and it is quite absurd what is happening now in James Street in Toowoomba with coal trucks driving down the main street. Has there been any assessment on traffic usage?

Mr Deegan: As I indicated, we are working with the Queensland government on the detail of the business case. Currently, as we saw on Friday, there is a fly-through—a 41 kilometre stretch of road, two lanes in each direction, with a number of tunnels—so there is a considerable amount of work in refining those costs. In 2008 a submission was given to us. This current submission is about 20 per cent cheaper and we are just working through the detail of that.

Senator JOYCE: So what do you think it will cost? About 20 per cent cheaper than the—

Mr Deegan: That is the current proposal from the Queensland government. On the presentation we saw the other day I would be surprised if it came in as low as \$1.6 billion but that is the detail we need to work through. I am aware that there are some alternative proposals that may be cheaper and we will be opening that discussion up with the Queensland government.

Senator JOYCE: If we have all of the capital equipment there for the construction of the road bypass, and ultimately you are going to need a new rail link to connect the mineral province up, and people want to collect the royalties that are going to come out of the coal and everything else out of that area, wouldn't it make sense for the federal government and the state government to sit down and say, 'Let's kill two birds with one stone and get this piece of infrastructure out of the way because it is actually going to earn us money if we get it built'?

Mr Deegan: Certainly, Senator, again at the forum held Toowoomba on Friday there was considerable discussion about the opportunities around rail through to Toowoomba down potentially to Brisbane, the improvement in the current track and indeed potentially another track. Those are the sorts of discussions that we are actively engaged in, so rather than either/or, how do we best solve the long-term problem for that province and indeed other areas. Part of the rigour of our approach is also ensuring that there is value for money for the taxpayers in that discussion.

Senator JOYCE: Value for money is exceptional at the moment because the federal government has put no money towards it.

Mr Deegan: Senator, there are there are thousands of projects that we are considering at the moment. Toowoomba is one of those projects we are considering very seriously.

Senator JOYCE: On the basis of that, the Queensland government submission—you have given due consideration to it and that has been progressed?

Mr Deegan: Yes, we are working actively with Queensland on it and the event on Friday was the next stage in that process.

Senator JOYCE: It would make sense that if we do not get this done soon sooner or later the rail line from Gladstone will start connecting up with the provinces there and it will start directing freight away from the port of Brisbane to Gladstone.

Mr Deegan: There are two parts to it. I think the North Surat Basin will link into Gladstone. The South Surat Basin—there is a lot of sense in that connecting down into Brisbane. But there are a range of issues to be considered as part of that process.

Senator JOYCE: In the best timeframe, when would you envisage that program of the Toowoomba Range crossing being started and when would be it completed? How many years would it take to complete?

Mr Deegan: That is detail we are working on with the Queensland government at the moment. These are large projects and you want to make sure that in getting the value for money proposition we get it right.

Senator JOYCE: In connection to the Warrego Highway that runs to the west of it, has there been any discussion about the expansion of the Warrego Highway? It is completely and utterly at capacity—it is absurd. You have bumper-to-bumper trucks, literally. Once you leave Dalby you can forget about going any faster than the slowest truck because nobody is passing anybody.

Mr Deegan: While I have not travelled that road as often as you, Senator, I have travelled it a number of times and I am aware of the detail. Certainly part of the discussion at the forum about the Toowoomba bypass was a detailed discussion about also making sure that the Warrego Highway is part of that proper consideration.

Senator JOYCE: I will just quickly go to Nation Building. I refer to question on notice 93 from the last Senate estimates hearing, which was a detailed question on the Nation Building 2 program and projects from Nation Building 2 which are presently in the contingency reserve fund, and other matters. I received a three-sentence answer which did not address the specific details in the question. Again I refer to the Nation Building 2 program due to commence from 1 July 2014. Can you please provide a list of those projects committed to by the government under the Nation Building 2 program. You might want to take that on notice—or do you have them there?

Mr Mrdak: We are happy to give you that now, Senator, if you like. There is a range of projects which the government has committed to for Nation Building 2. I can just—

Senator JOYCE: I need the funding profile where applicable too, please.

Mr Mrdak: The funding profile is being settled for many of these projects. Nation Building 2 is currently being considered in the current budget, so the funding profiles—hence the reference to the contingency reserve, because while there are notional amounts in the forward estimates the settling of the program is yet to take place and will take place in this budget process. We can certainly provide you on notice a list of the commitments that have been made to this point. Details of the program, as I say, are now under budget consideration.

Senator JOYCE: If we provide them on notice, if they are at your disposal and at your fingertips how soon on notice can we get them rather than you dictating them all?

Mr Jagers: All of the projects where the government has made commitments in the Nation Building 2 period are detailed on the website.

Senator JOYCE: So if I went through these and asked for a year by year funding profile, would that be available on the website? I will tell you the projects and you can tell me whether I can get a financial year by year funding profile for these. Inland rail pre-construction?

Mr Mrdak: I can give you that now if you like. The inland rail project is currently \$30 million for 2014-15—

Senator NASH: Is that phased?

Mr Mrdak: Currently phased, sorry. The \$300 million at this stage for inland rail is \$30 million in 2014-15, 30 million in 2015-16 and then \$120 million—

Ms O'Connell: That is the forward estimates.

Mr Mrdak: That is the forward estimates.

Senator NASH: Can you just take on notice for us exactly what those funding amounts are for in those forward estimates—those figures of \$30 million?

Mr Mrdak: We can certainly do that for some of them. Some of them have yet to be finalised but we certainly will provide—

Senator NASH: Where it is not finalised, can you indicate that?

Mr Mrdak: Some of those will be finalised in this year's budget process.

Senator JOYCE: Parramatta to Yeppen rail link?

Mr Mrdak: We do not have a definitive forward split on that at this point. The total commitment is \$2.08 billion.

Senator JOYCE: Moreton Bay rail link?

Mr Mrdak: The total commitment is \$609 million and we have some—

Ms O'Connell: That is in Nation Building 2, Senator; there is some money for Moreton Bay rail link in Nation Building 1 as well.

Senator JOYCE: Richmond Bridge?

Ms O'Connell: That is a total commitment of \$18 million.

Senator JOYCE: And the timeframe of that?

Ms O'Connell: It is 2014-15.

Senator JOYCE: Princes Highway West?

Mr Jagers: There is \$257.5 million allocated to that project, starting in 2014-15 with \$77.5 and in 2015-16 \$120 million.

Senator JOYCE: Tasman Highway?

Mr Jagers: That is a \$13 million project. The 2014-15 estimate is \$13 million.

Senator JOYCE: Legacy Way—

Senator HEFFERNAN: Is that in today's dollars or in those years' dollars?

CHAIR: Senator Heffernan, you are an integral part of this committee but we are tight for time. Senator Joyce has until 10.30.

Senator JOYCE: Legacy Way Northern Tunnel link?

Mr Jagers: In the Nation Building 2 period there is \$400 million allocated, and that is in 2014-15.

Senator JOYCE: F3 Sydney orbital?

Mr Jagers: \$150 million and the profile estimate is 2015-16.

Senator JOYCE: 'The government has not has not finalised detailed funding for the Nation Building 2 program' is one of the quotes from the minister. The following nine projects—I just want to clarify if these are in the contingency reserve or if they are not. Inland rail pre-construction?

Mr Mrdak: I believe that is already profiled in the forward estimates.

Senator JOYCE: Parramatta–Yeppen rail link?

Mr Mrdak: I think that remains in contingency.

Ms O'Connell: I think we will have to take on notice the separation between those that are in contingency and those that are not.

Senator JOYCE: I need to know whether these programs are in the contingency reserve or not.

Ms O'Connell: Okay, and we will come back.

Senator JOYCE: Inland rail, Parramatta to Yeppen rail link, Moreton Bay rail link, Richmond Bridge, Princes Highway West, Great Eastern Highway, Tasman Highway, Legacy Way Northern Tunnel link and F3 Sydney orbital.

Ms O'Connell: We will come back to you on that.

Senator JOYCE: I also need to know the current status of negotiations with state and territory governments in relation to these programs. You might be able to tell me that now.

Mr Mrdak: Certainly, Senator. The states and territories have provided submissions to Infrastructure Australia and to the government in relation to these projects. We are in the process of discussions at this stage. As I said, a number of these decisions will be in this year's budget process.

Senator JOYCE: How much in the contingency reserve fund is earmarked for Nation Building 2?

Mr Mrdak: At this stage Budget Paper No. 2 does contain some estimates of forward funding for Nation Building. I would be happy to provide that to you on notice.

Senator JOYCE: So if we are uncertain of the size of the program—there have been discussions about cuts in that program. How are we going to cut money from a program we do not actually know the size of?

Mr Mrdak: As I say, there are budget decisions yet to be taken in relation to the overall size of the Nation Building 2 program. At the moment as set out in the budget papers there are forward estimates in relation to commitments to date, and we can certainly provide those. But obviously the government is yet to take critical decisions around the overall shape and size of the program.

Senator JOYCE: I am going to go through some specific items to get some details on them. Maranoa Bridge over the Mitchell River—the minister put out a media release on 17 January 2013 announcing an additional \$8 million in funding, \$4 million from the federal government and \$4 million from the Queensland government. It will be spent on replacing a flood damaged bridge on the Warrego Highway at Maranoa just near Mitchell. How is this progressing?

Mr Mrdak: I will get the relevant officer to the table.

Mr Jagers: While Mr Pittar comes to the table I have some information for you. You asked about state and territory and Commonwealth splits for those projects that you mentioned. Those details are actually on the departmental website, where it contains the total project cost and then the Australian government contribution to that total cost.

Senator JOYCE: And the timeframes?

Mr Jagers: It provides the funding timeframe with the amounts in Nation Building 1 period and Nation Building 2 period.

Senator JOYCE: Let us go to the Maranoa River bridge. Where are we up to with that?

Mr Pittar: Senator, as you indicated, the minister recently announced additional funding for the upgrade of the Maranoa Bridge. That is to increase its height following flood events in 2012.

Senator JOYCE: Up by a metre and a half—is that correct?

Mr Pittar: Something in that order. Construction on that bridge commenced in 2012 and is currently ongoing. I do not have the detail as to when that will be completed.

Senator JOYCE: And that will allow B-doubles and everything across it? People had to drop their B-doubles off before.

Mr Pittar: The bridge was originally going to be upgraded in order to carry B-doubles—

Senator JOYCE: Because that is the main road to Darwin.

Mr Pittar: Correct—and then coming back the other way as well, as you know, for cattle moving to Roma and the like. It has been designed to accommodate that.

Senator JOYCE: What about the Yeppen Floodplain—where are we up to with that? Is that \$5 million in funding from the current Nation Building program—or is that now in Nation Building 2?

Mr Pittar: The Yeppen Floodplain—there was \$5 million provided for a study looking at future options to cross the Yeppen Floodplain and to potentially bypass Rockhampton. The minister released that study—I think it was on 8 January, so last month. As part of that announcement he also announced a contribution of \$5 million toward further more detailed design.

Senator JOYCE: Was that redirected funding from somewhere else?

Mr Pittar: The \$5 million for the original study was part of Nation Building 1. The additional \$5 million was as a result of savings elsewhere in the program in Queensland.

Senator JOYCE: Whereabouts?

Mr Pittar: We have a number of projects that were coming in under budget and were used for that particular project. We are also looking at potential other projects where there may be a—

Senator JOYCE: I understand what that answer means. Where do the savings come from? Just a whole range of other projects?

Mr Pittar: A range of other projects in Queensland.

Senator JOYCE: When will that funding be available?

Mr Pittar: The funding is available from this financial year.

Senator HEFFERNAN: You cannot recall the projects?

Mr Pittar: Not off the top of my head, Senator.

Senator HEFFERNAN: That is what Eddie Obeid keeps saying. Will you take it on notice and provide the detail?

Mr Pittar: Yes, we can do that.

Senator JOYCE: The WestConnex—the \$25 million—is that the same funding that was foreshadowed in the 2012 publication Nation Building—Driving Australia's Productivity?

Ms O'Connell: O'Connell Yes it was, Senator.

Senator JOYCE: How is that progressing? Is this money being used to establish a special-purpose vehicle or—

Mr Mrdak: It will be, Senator. It is initially funding work as agreed with New South Wales. Minister Gay in New South Wales put forward a project steering committee proposal which will develop the business case which will ultimately lead to the special-purpose vehicle. The Commonwealth's \$25 million contribution is designed to fund a lot of that business case work.

Mr Jagers: We are still awaiting the project proposal report from New South Wales to detail exactly how that \$25 million will be broken up against the project.

Senator JOYCE: Is there any funding for the construction of the Yeppen Floodplain in the forward estimates?

Mr Pittar: No, there is not.

Senator JOYCE: Is there any funding for the construction of the Maranoa Bridge in the forward estimates?

Mr Pittar: The Maranoa Bridge I think will be completed in the current Nation Building 1 program, so by 2013-14.

Senator JOYCE: So if there is no money for the Yeppen—so basically for the government at this point in time it is an aspirational thing, the Yeppen thing: there is no money for it?

Mr Mrdak: The government is funding the next stage of the planning and design, Senator, and then future decisions will be taken in relation to construction off the back of that.

Senator JOYCE: What about WestConnex? Do we have money for that in the forward estimates?

Mr Mrdak: The \$25 million is provided in the current program.

Ms O'Connell: It is at the stage of the business case.

Senator JOYCE: What about the Scone level crossing study? Where are we up to with that?

Mr Jagers: The study is ongoing. I understand it is nearing completion but it has not been completed yet.

Senator JOYCE: So is there any money in the forward estimates for the construction of the Scone level crossing?

Mr Jagers: The Australian government's contribution to that is being paid to that study.

Senator JOYCE: Mackay ring road?

Mr Jagers: Again I understand the study is ongoing.

Senator JOYCE: The study is ongoing. It was a \$10 million study. How much of that study have we completed.

Mr Mrdak: We can get you that information, Senator.

Senator JOYCE: And is any of that money in the forward estimates—the Mackay ring road.

Mr Mrdak: It has been provided under the regional infrastructure fund commitment and, yes, it is in the forward estimates.

Senator JOYCE: How much is in the forward estimates?

Mr Mrdak: I think the Mackay ring road study is \$10 million.

Mr Jagers: Yes, that is correct.

Senator JOYCE: But none of the construction of the Mackay ring road is—the study is there but the construction—

Mr Mrdak: Future decisions will need to be taken on completion of the study.

Senator JOYCE: So to actually build the road, there is no money there for that in the forward estimates. There is no money for the construction of the Yeppen Floodplain project in the forward estimates. The Scone level crossing there is. That money has already been handed across—

Mr Mrdak: The Scone is for the study stage only.

Senator JOYCE: Only the study but not the construction?

Mr Mrdak: Not for construction.

Senator JOYCE: So that is not in the forward estimates. How about the North Queensland resource supply chain project?

Mr Mrdak: That, again, is funding that is being provided, I think this financial year, for that planning work to be undertaken.

Senator JOYCE: Planning work—there is no money beyond planning work?

Mr Mrdak: No, there is an initial allocation. I will just check what that amount was.

Mr Jaggars: The \$1.66 million for that North Queensland supply chain study has been provided.

Senator JOYCE: What about the Bruce Highway? In question 92 from the last Senate estimates hearing we asked for a list of projects on the Bruce Highway and where the construction from the federal government was greater than 50 per cent. I note the department's answer that information detailing funding levels for Nation Building is available on the website. The department has previously provided a project by project list for the Pacific Highway. Can you provide a similar list for the Bruce Highway?

Mr Mrdak: We will take that on notice and provide that.

Senator JOYCE: Take it on notice that you can provide a list or take it on notice and provide a list?

Mr Mrdak: Take it on notice and provide a list. I do not think we have the full list with us today but we can provide that for you.

Senator JOYCE: Can you provide a list of projects since 2004 when Auslink was introduced, not just from the Nation Building program? So when you provide that on notice can we go from 2004?

Mr Mrdak: Certainly. So all Commonwealth funded works on the Bruce since that time?

Senator JOYCE: Can you outline how projects on the Bruce Highway are selected?

Mr Mrdak: We have an ongoing process with the Queensland government in relation to identification of works. Some have been projects which the Commonwealth has been—

Senator JOYCE: Is there an application process?

Mr Mrdak: There is certainly a process with Queensland now for Nation Building 2 in terms of projects they have brought forward. But there are also long-term commitments. For instance the Queensland and Australian governments announced before Christmas their commitment to Cooroy–Curra A, which is the next stage of the duplication in that area. That is a \$790 million commitment which is being funded 50–50 between the Australian and Queensland governments. That project came out of ongoing discussions with Queensland, following detailed design work which the Commonwealth funded.

Senator JOYCE: What eligibility requirements are there projects if they want to be eligible for funding?

Mr Mrdak: Certainly there is a variety of categories. If they are on the national network, such as the Bruce Highway, then jurisdictions can bring forward projects. We have priorities, and for instance in to Nation Building 2 the Commonwealth government set out priorities in terms of productivity and safety which are the sorts of criteria against which we judge proposals that come forward. Obviously Infrastructure Australia looks at detailed proposals on large projects over \$100 million to ensure that they, as Mr Deegan, has indicated provide value for money and fit national priorities.

Senator JOYCE: Give me an example. Let us go Cooroy to Curra. Was there \$395 million or something in that project?

Mr Mrdak: It is \$395 million by each government for the next stage of Cooroy–Curra.

Senator JOYCE: Is any of that in the forward estimates?

Mr Mrdak: It is provided for Nation Building 1.

Ms O'Connell: And in Nation Building 2.

Senator JOYCE: The actual construction is in the forward estimates?

Ms O'Connell: Yes.

Mr Mrdak: Yes, the construction is in the forward estimates.

Senator JOYCE: And is it redirected from another—

CHAIR: We will have to wind you up and ask you to put further questions on notice.

Mr Mrdak: The Commonwealth contribution is being funded from savings within the Queensland program in Nation Building 1 and there will be further commitments in Nation Building 2.

Senator JOYCE: I need to know on notice where these savings are coming from because we seem to be having an awful lot of savings in an awful lot of projects. I am fascinated as to where these savings come from.

Mr Mrdak: We will come back on notice but essentially they are coming from savings on Cooroy–Curra section B and also savings that were made on the Ipswich motorway project.

Senator JOYCE: Okay, so you do not need to take it on notice.

Senator HEFFERNAN: Can I just seek clarification before we go to Senator Rhiannon. We talked about \$2 billion in the forward estimates for the north-west corridor or something in Sydney, et cetera. We are talking five and six years out for some of this stuff. Can you tell me whether it is in constant dollars or whether it is in today's dollars, which might be half the value by the time you get to it?

Mr Mrdak: The figures that we are quoting today are predominantly in 2013 dollars.

Senator HEFFERNAN: It is a con job.

Senator WHISH-WILSON: Just a quick question. In terms of Infrastructure Australia, when you are dealing with the states for their proposals do you have ongoing discussions with the states prior to them putting in their proposals? Do they come to you for advice?

Mr Mrdak: We have very regular discussions. We work with them quite closely on project delivery and for instance all of my Nation Building team are very heavily engaged with all of the jurisdictions in relation to both their current projects and their forward plans for investment.

Senator WHISH-WILSON: Okay so they go through a consultation process with you and then put in a final project for funding—

Mr Mrdak: We have certainly sought in the last six months detailed proposals for Nation Building 2, which is the next five-year Commonwealth investment program. Some of those projects are well known to us; other projects probably we know less about which have been brought forward by jurisdictions.

Senator WHISH-WILSON: In that respect, have you had any discussions with the Tasmanian government about the light rail project or the proposal for Hobart?

Mr Mrdak: I certainly know of the project. I will just check. Infrastructure Australia may wish to comment.

Senator WHISH-WILSON: It is not listed in their August submission but I was just wondering what discussions have been taking place.

Mr Deegan: In terms of Infrastructure Australia's approach we have detailed regular meetings with each of the jurisdictions about current and potential future projects. Light rail project in Hobart is one of those that we are in heavy discussions with. We are trying to work through some of the detail. It is a similar discussion again around the country.

Senator RHIANNON: In the October estimates, we were informed that the national public transport strategy is well under way. Can you let us know where it is up to and have you considered your investments in road projects compared to public transport, and if you have can we expect any shift in the proportion of IA funding towards public transport projects?

Mr Deegan: The Infrastructure Australia council considered a draft public transport strategy late last year and have decided that they would prefer to see it as an urban transit strategy to take in both road and rail and indeed other forms of public transport, so a comprehensive overview. That work is well progressed and there will be a further draft for the Infrastructure Australia council to consider shortly.

Senator RHIANNON: When will it be publicly released?

Mr Deegan: We are working on that. We are certainly hoping this calendar year. There is some potential for this financial year but there is a host of consultations that we are undertaking.

Senator RHIANNON: Could you take on notice who those consultations are with, please.

Mr Deegan: I can tell you. We are dealing with a series of people out of industry, community, academia—there is a whole host of players we are dealing with on this, and of course state and local governments.

Senator RHIANNON: Liveable Cities Program—is that you?

Mr Mrdak: No, that is with us.

Senator RHIANNON: I found the information on your website, which is very useful but, while each project detail is there, to get a sense of the proportion of funding is very difficult. So what proportion of overall funding is the \$6 million awarded to the three projects in New South Wales? And do you have an overall spreadsheet where people who visit this site are able to get an assessment of the proportionality that you apply in dividing up this funding?

Mr Mrdak: Generally the project funding is matched by state and local government. Mr Pittar may be able to give you a better indication of individual projects in New South Wales.

Senator RHIANNON: I was just after that proportion. What is the \$6 million a proportion off?

Mr Pittar: The total program as funded by the Australian government was a \$20 million program. As Mr Mrdak said, the criteria around that program sought to and did achieve matching funding from the particular proponents.

Senator RHIANNON: Would it be possible to put the spreadsheet up so that as well as getting each individual project, which is the way it is at the moment, present that data so you just have them all there in a spreadsheet and people can work it out?

Mr Mrdak: We can take that on notice.

Senator RHIANNON: Thank you. Do you know how the half million dollars to the Maitland city council aims to make their area more liveable, particularly in terms of the health impacts of coal dust from the coal trains that is being taken up by the community so strongly?

Mr Pittar: The half a million—

Senator RHIANNON: \$500,000.

Mr Pittar: The \$500,000 to the Hunter area—that work is currently ongoing. I cannot comment on the specifics.

Senator RHIANNON: Can you take on notice what they present that shows that it is liveable and whether there is any component around the health impacts of the coal industry.

Mr Pittar: Yes.

Senator RHIANNON: Thank you. This is either for IA or Nation Building. This is about WestConnex. In October it was indicated that no assessment of Sydney's WestConnex project had been carried out. So has there since been an assessment?

Mr Mrdak: As I mentioned earlier, we sit on the steering committee for the formation of the special-purpose vehicle and the project development but we await further advice. I think the New South Wales government is only in the early stages now of commissioning the business case and detailed planning. We certainly have not done any other assessment beyond that.

Senator RHIANNON: In January the *Sydney Morning Herald* reported that the absence of a link road between WestConnex and Port Botany was crueiling the chances of this project gaining support from IA. In the earlier response to my questions you said that you were in talks with the New South Wales government about the road links from Port Botany to WestConnex. Where are these talks up to and does federal government funding for the project or whatever level of involvement depend on agreement about that motorway link between WestConnex, M5 or whatever of those motorways that come down into Sydney getting out to Port Botany? Is that what it is all hanging off?

Mr Mrdak: I will ask Mr Deegan to comment from Infrastructure Australia's perspective on the first part of your question and then I will come back to where we are at with the project planning.

Mr Deegan: Certainly what Infrastructure New South Wales and the New South Wales government is trying to deal with is, as you know, a considerable problem about moving containers to and from Port Botany as well as car movements. Current capacity of Port Botany is approximately two million 20-foot equivalent unit containers. The development of a third terminal will shift that capacity to eight million containers over the next 15 or 20 years. So there is a lot of thought going into how those containers will be moved by road and rail and the capacity issues that will confront Sydney as a consequence. Trying to put the pieces of the jigsaw together, the development of the Moorebank facility will be important in this discussion. The sorts of things going on both at Enfield and Chullora are small parts in that jigsaw, and trying to develop a long-term solution to moving goods and services from Port Botany. Clearly with the proposal from WestConnex both Infrastructure Australia and the Commonwealth are interested in how the wicked problem of moving freight to and from Port Botany will be best solved, and it is certainly part of the discussions we are having with the New South Wales government both collectively and individually. There is also then further discussion about the connections potentially to and from

the city. I think in the current proposal WestConnex finishes about Camperdown, and there are some issues then of what connections to and from the city might be made. So it is all part of a much broader discussion around road and rail issues particularly associated with freight, but clearly there are lots of car issues as well for Sydney.

Senator RHIANNON: So in essence, to repeat the question, does your support for the project hinge off finding that link from the current motorways out to Port Botany?

Mr Deegan: Certainly the model that Infrastructure Australia brings to this discussion is to have a clear understanding of what the problem is before we go to the solution. Part of the problem is moving people and cars to and from the airport. A big part of the problem is moving freight to and from the port. So we get a clear definition of what the problem is and then work through what the potential solutions may be. There may be any range of those. That is where we are up to in the discussions with New South Wales—will their solution resolve the problem. That is what we are working through with them.

Senator RHIANNON: Does the motorway link have to be part of those solutions or is it either rail or motorway for you at the moment?

Mr Deegan: We are interested in options that will resolve the problem rather than just specifying a particular answer. That is what we are working through with the New South Wales government.

CHAIR: Senator Rhiannon, I am going to have to move on, so can you please put the rest of your questions on notice. Actually you can have one more minute.

Senator RHIANNON: Thank you. In 2011, Sydney Ports advised IA that it was essential that any proposal to extend the M5 East should ensure the additional capacity is provided directly to Port Botany. Are you in talks with Sydney Ports about this, and where is that aspect of the jigsaw up to?

Mr Mrdak: I think that, as you discussed with Mr Fullerton a little bit earlier, the Commonwealth's assumption of the responsibility for the metropolitan freight network is an important part of improving rail freight access to the port. The ARTC has completed considerable work on the first stage of their investment in the Port Botany rail line both within the port precinct and in the line. We are now considering further investments on the metropolitan freight network as part of Nation Building 2. We certainly think that that is a priority area of investment for the ARTC.

Senator RHIANNON: When you say priority investment, you are talking about the extent and extension of the M5 East?

Mr Mrdak: No, I was talking about the rail line.

CHAIR: Senator Rhiannon, I must move on.

Senator BACK: Can I just take you to the Regional Infrastructure Fund, worth \$6 billion over 10 years to 2021, with \$5.6 billion of that subject to the passage of the minerals resource rent tax. Obviously we have learned from the Treasurer over the weekend that it is falling significantly short of predicted revenues. Can you tell me what impact that now is going to have on the regional infrastructure funding given the three objectives under the program?

Mr Mrdak: The government has made commitments, as you are aware, of \$915 million under stream 1 of the regional infrastructure program and also recently announced funding of some \$5 million for planning projects under stream two. Future decisions are matters for the Commonwealth budget.

Senator BACK: So at this moment you have not been asked to do any readjustment of your estimates based on the declining or significantly reduced revenue from this particular tax?

Mr Mrdak: No, Senator.

Senator BACK: Mr Deegan, you will recall—we have had the discussion before—an inquiry conducted by the Senate committee last year into engineering skills shortages in Australia. Evidence was presented by Engineers Australia that we are losing about \$6 billion a year through tendering processes and their sequels not being undertaken correctly. Industry advised me subsequently that they believe the cost of litigation between the parties is also around about \$6 billion a year. You and I have had some discussions about how that could be improved. Are you able to advise the committee of any progress you may have made in terms of models that would reduce or eliminate those losses?

Mr Deegan: Certainly as part of our assessments of projects that are put before Infrastructure Australia we spent considerable time on the deliverability issues to try and pick up those important issues that you have raised. We have a small team working on this and I hope to get an update this Friday, so I do not have it today but it is close at hand.

Senator BACK: Thank you. Those two figures of \$6 billion and \$6 billion—in fact, if I refer back to the Regional Infrastructure Fund, that itself was worth \$6 billion over 10 years. So if we could make significant inroads into those figures, if they are real—and certainly Engineers Australia and industry believe them to be real—

Mr Deegan: Indeed, Senator, as you know, Engineers Australia is considering both the public sector and the private sector. Some of the cost overruns we have seen on major projects in WA are also cause for concern.

Senator BACK: That is right. Reflecting for the moment on Gorgon, Chevron's project, I was in the United States over Christmas talking to people in the oil industry in Texas and Louisiana and they were absolutely shocked to think of a cost overrun on a \$43 billion project of something around \$17 billion—it sent absolute shock waves. I was amazed at just how accurately they knew those figures in the industry in those two states.

Mr Deegan: And certainly as a productivity measure, whether public or private sector, that is a significant issue for all of us associated with infrastructure development.

Senator BACK: It is. Unfortunately it is going to pay out against Australia, I think, in the longer term. Just being a bit parochial for a moment, if I may, Mr Mrdak, the Roads to Recovery budget for WA between 2009-10 and 2013-14 is \$256 million; this financial year it is \$51.2 million. Are you able to tell me how much has been expended and whether the full allocation will be made this financial year?

Mr Mrdak: I think the full allocation will be made. I will just check on expenditure to date. I do not think we have that with this. Can I take that on notice and come back to you?

Senator BACK: Yes, certainly. I am going to try to speed up for the chairman and make more time for other people. Can I ask about the Gateway project in Perth—the \$480 million from the federal government. Obviously it is well under way. Have you got any idea for us long-suffering citizens when the proposed completion date will be for that project?

Mr Jagers: The Australian government investment in the Gateway project is \$686 million. That is a component of the Regional Infrastructure Fund but also a component in the Nation Building project program.

Senator BACK: \$686 million?

Mr Jagers: Yes. Minister Albanese turned the first sod on the Gateway construction project a week and a half ago.

CHAIR: I enjoyed every minute of it.

Senator BACK: Are you wasting time here, Chair?

Mr Jagers: We are expecting a project to complete in 2017.

Senator BACK: I must say that, despite the inconvenience it is causing, I think they are doing a great way to minimise that. I also then wanted to ask you about, under Nation Building 2, the Great Eastern Highway project. When is it flagged to commence and what will it actually achieve?

Mr Jagers: The Great Eastern Highway project is a project currently under construction and nearing completion. We are expecting completion in the next few months.

Senator BACK: What is it? What is the scope of the works?

Mr Jagers: The scope of the works is to expand the Great Eastern Highway by four to six lanes, to create bus priority lanes. It has actually changed the alignment of the Great Eastern Highway to improve traffic flow to the airport.

Senator BACK: Finally, on the Great Northern Highway, Minister Albanese and Minister Buswell from the state announced \$40 million on 19 December to straighten out what are very dangerous bends at a town called Bindi Bindi. Can you tell me when that project is due to commence?

Mr Jagers: April 2013.

Senator BACK: That is when it will commence?

Mr Jagers: That is correct.

Senator BACK: Thank you.

Senator NASH: When does your lease on the building that you are currently in finish? When does that run out?

Mr Jagers: The department would have that information.

Mr Mrdak: 2015.

Senator NASH: Can I ask you, if it has not been asked already, about the freight import strategy.

Mr Deegan: There was a question earlier.

Senator NASH: I am terribly sorry—I must have overlooked that one. We did touch on the Bruce Highway before, Mr Mrdak, but I specifically wanted to ask about the Bruce Highway safety package. Can you just briefly outline for me how the projects are selected. Is there an application process? I will put more of these on notice as well.

Mr Mrdak: I will ask Mr Pittar to give you an overview of the safety program, which is well advanced.

Mr Pittar: The Queensland government is responsible for identifying priorities for expenditure on the Bruce Highway safety package of works. We are reliant on their processes. They obviously consult as part of that exercise in order to put to us the priorities based on the consultation they undertake.

Senator NASH: What is the total funding under the package?

Mr Pittar: The total funding under the Bruce Highway black spots program during the current Nation Building program is \$250 million.

Senator NASH: How much of that has been expended?

Mr Pittar: I can come back to you on that.

Senator NASH: Perhaps someone can have a look. All the projects under the package—are they solely federally funded?

Mr Pittar: That is correct.

Senator NASH: how much of the package's funding is yet to be committed?

Mr Pittar: I will come back to you on that. I will take it on notice if I can.

Senator NASH: For the Frederickton to Eungai stretch of the Pacific Highway, was this funding part of the 2012 budget announcement?

Mr Mrdak: I will get the relevant officers to the table if I can, Senator.

Mr Jagers: Senator, just to clarify your question, you are asking—

Senator NASH: Sorry—is the funding part of the 2012 budget announcement?

Mr Jagers: That is correct.

Senator NASH: The project is due to commence construction in the middle of this year—is that still on track?

Mr Mrdak: I will ask Mr Foulds, if I may.

Mr Foulds: Yes, it is still on track to commence. I will try to get you the precise date.

Mr Jagers: The date we have is that it will commence in mid-2013.

Mr Foulds: And all of the acquisitions are expected to be completed in May.

Senator NASH: When is it due to be completed?

Mr Foulds: It is due to complete at the end of 2016, weather permitting.

Senator NASH: Can you give me the year on year projection over the forward estimates on that funding, how that is allocated?

Mr Foulds: Yes, I can. In 2013-14, \$260 million is predicted. I will come back to you on the others.

Senator NASH: Perhaps we could have those during the course of the morning if it is something that—

Mr Mrdak: Just to be clear, you are asking for the profile of Commonwealth expenditure over the agreed program?

Senator NASH: Yes. Sorry if I was not clear on that. Can I move to the Pacific Highway again. Is it correct that there is currently no agreement between the Commonwealth and New South Wales for the full funding of the Pacific Highway upgrade?

Mr Mrdak: There is agreement that has been reached between the two governments for the funding that has been matched to date by New South Wales, so there has been agreement for that. There is still a shortfall to complete the Pacific Highway. The shortfall, in the absence of further agreement, is around \$4.6 billion to complete the work. The Commonwealth has committed its 50 per cent of that funding, and that remains quarantined in the budget process pending New South Wales matching.

Senator NASH: So how does that compare with, say, the Ballina bypass and the Banora Point upgrade in terms of the federal funding component of each of those things? What was the federal funding component for the Ballina bypass and also the Banora Point upgrade?

Mr Mrdak: I will check Banora Point. Ballina bypass was certainly a fiscal stimulus injection from the Building Australia fund, from memory, but I will just check.

Senator NASH: I am fine with whatever bucket it is from; I am just trying to get an understanding of what percentage of the total cost came from the federal government budget in some way, shape or form.

Ms O'Connell: Senator, it varies over time for different segments. For example, the Kempsey bypass recently opened was 100 per cent Australian government funded and that was a stimulus project specifically.

Senator NASH: Insofar as you can have a look and perhaps answer it at some stage this morning, could you take that on notice.

Mr Mrdak: We can give you the answer now.

Mr Jagers: With the Ballina bypass the Australian government contributed approximately 70 per cent and the Banora Point upgrade approximately 97 per cent.

Senator NASH: With the Pacific Highway program is the priority order—which one is at the bottom of the priority list?

Mr Mrdak: The priorities have been set by the New South Wales government. There are three priorities sections—

Senator NASH: Can I just clarify that. The New South Wales government does all the priorities and you guys just do the funding injection—you do not have any say in the priorities?

Mr Mrdak: The priorities have been set between the two governments but they are initiated by the New South Wales government. Priority 1, which is involving duplication essentially between Sydney and Port Macquarie, Ballina to the Queensland border and north and south of Coffs Harbour—those are priority 1 and they are all under way.

Senator NASH: So does that mean that section from Ballina to Woolgoolga is right down the bottom of the list somewhere?

Mr Mrdak: Ballina to Woolgoolga falls within what we call priority 3.

Senator NASH: Is priority 3 as low as you can go?

Mr Mrdak: Yes. It is the third stage of the completion before duplication. We have some forward works under way, and part of the agreement that has been reached with the New South Wales government is that the funding that is being provided will fund all three construction activities to enable that section to proceed as soon as possible when New South Wales is able to commit their funding.

Senator NASH: Just very briefly on that, going back to the very first question about the Commonwealth and New South Wales fifty-fifty funding—we have had 70 per cent for the Ballina bypass, 97 per cent for the Banora Point upgrade. I take your point about the stimulus funding. What happens then? There is obviously an impasse between the federal government and the New South Wales government in terms of that 50-50. So will it just not be completed if that does not change or the New South Wales government does not kick in more—or what is going to happen?

Mr Mrdak: The Commonwealth's position has been that funding will be released as it is matched by the New South Wales government. We have reached agreement in relation to the funding that has been provided to date by New South Wales. That is enabling essentially completion of a substantial part of the work. At the end of what has been agreed we will have about 80 per cent of the highway fully duplicated by 2016. If there was further matching funding available then we would progress on with the other priority sections.

Senator NASH: Is that consistent with previous funding arrangements for road infrastructure between New South Wales and the federal government?

Mr Mrdak: It has certainly been a consistent approach in relation to the Pacific Highway by successive governments, yes.

Senator NASH: Over how many years?

Mr Mrdak: Going back to the commitments that were first made to duplicate the Pacific Highway in Auslink.

CHAIR: Senator Nash, last question.

Senator NASH: Last one! It is like choosing between your children, which you cannot do. Bruce Highway, Cooroy to Curra—I think you said it was \$395 million. How much will be from Nation Building 1 and Nation Building 2? I think you might have mentioned that before but if you could just clarify.

Mr Mrdak: It is \$395 million by each government. There is some funding in Nation Building 1. I do not know if we have the split—there is \$110 million in Nation Building 1 and the balance of the Commonwealth money in Nation Building 2.

Senator HEFFERNAN: When will it be the end of the spend?

Mr Mrdak: On Cooroy-Curra A? It is 2016.

Senator IAN MACDONALD: The Curra Cooroy thing is finished—I drove on it and it is absolutely fantastic.

Mr Mrdak: Section B is complete.

Senator IAN MACDONALD: Even though it was all for the wrong cause. Mr Pittar, is your sign right: north-west roads?

Mr Pittar: That is correct, Senator.

Senator IAN MACDONALD: So that is north-west of Western Australia?

Mr Pittar: No, it covers Queensland, the Northern Territory, Western Australia and South Australia.

Ms O'Connell: It is north and west of Australia. We have just split into two geographic zones for management.

Senator IAN MACDONALD: So it is north and west?

Ms O'Connell: Yes.

Senator IAN MACDONALD: Is there an arrangement with the states now that for the major highways the funding split is 80-20, or is that only in Queensland?

Mr Mrdak: It varies across jurisdictions across projects in Nation Building 1. The Commonwealth has stated its intention that its funding formula will be 50-50 going forward.

Senator IAN MACDONALD: It is a pity they did not do that when there were Labor governments in the state parliaments—but that is just a comment. Is the flood-proofing of the Bruce Highway something the government has a strategy on or is it just funding whatever Queensland is putting forward?

Mr Pittar: I think there was a question a little earlier in the morning which asked about projects on the Bruce Highway that are going to improve flood immunity.

Senator IAN MACDONALD: I am really asking what the strategy is. How are the priorities determined?

Mr Pittar: Flooding is one of the factors. Other factors that would be taken into account to identify projects such as in Nation Building 1 centred around things such as safety, congestion and a range of those factors.

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Mr Pittar: Flooding is one of the factors. Other factors that would be taken into account to identify projects such as in Nation Building 1 centred around things such as safety and congestion and a range of those factors.

Mr Mrdak: There was a strategy developed some years ago by the Queensland government working with the Australian government on prioritising flood proofing along the Bruce and hence the work that has been done starting really from just south of Cairns down has been following that strategic program over many years.

Senator IAN MACDONALD: I have a letter from the Clarke Creek Community Reference Group, which is a little community out the back of Rockhampton. It is not on the main highway but it is the alternative route when the highway is flooded. They were enquiring whether there it is something the Commonwealth would look at in fixing a bridge and a gravel road that becomes the main highway when the Bruce Highway is flooded. Is that something that the Commonwealth would look at?

Mr Mrdak: I am personally not aware of it, Senator, but I would be happy to have details on it provided to us.

Senator IAN MACDONALD: I will write to you about that. Similarly, I will put on notice if someone can give me an update on Blakey's Crossing at Townsville, the Yeppen roundabout and floodplain at Rockhampton and also the Burdekin bypass. The Mayor of the Burdekin Shire has written to the minister some time ago raising some issues. So far I understand he has not had a reply. Perhaps on notice you can tell me what is happening with that.

Mr Mrdak: Certainly, we will give you advice in relation to all three of those.

Senator IAN MACDONALD: Thank you very much. I think this is probably more to Mr Deegan. You have done a lot of work on ports assessment. Some foreign body or some United Nations program comes through and then tells Australia that you cannot build ports here, there and everywhere. Mr Deegan, in your assessment of ports and in your very extensive and detailed study of ports, do you take into account environmental issues?

Mr Deegan: Yes, we take in environmental issues as well as obviously the economic potential for the country.

Senator IAN MACDONALD: So a United Nations reference—it is a group made up of I do not know who but certainly no-one from Australia and no-one I think with any particular qualifications—comes through and directs Australia on the way it might do its port developments. Have you seen that or studied that report or direction or whatever it was from the UN body?

Mr Deegan: Yes, we have, and we have been in discussions with a host of industry and environmental groups about a way forward on some of those issues. We are in dialogue both with the Commonwealth ministers and the Queensland government as well as those other players in that discussion, particularly centred around Gladstone.

Senator IAN MACDONALD: I am interested in Abbot Point too—

Mr Deegan: And Abbot Point.

Senator IAN MACDONALD: I know you have spent a lot of money, time and expertise and I know that you have environmental considerations in relation to those things. Why didn't you identify the 'problems' that this United Nations group made up of who knows what—people I think people who live in Paris—has identified?

Mr Deegan: I am not going to cast aspersions on the United Nations—

Senator IAN MACDONALD: No, I am not asking you to. That was my commentary.

Mr Deegan: They are generally a body of expertise and they have raised some issues that I think the Australian government is committed to dealing with. I think that is a sensible approach. What we have said is that we need to work with all of the players in making sure that the response is appropriate both for environmental and economic outcomes.

Senator IAN MACDONALD: My question though was what is wrong with your group, which I have a very high regard for, that you did not identify these things before this group of foreign 'experts' comes and tells you that you have missed out on them?

Mr Deegan: The two of us who work on the National Port Strategy in my office have identified the environmental issues as needing to be part of a 50-year planning process around each of our major ports. You have indicated before to this committee that, of the 42 major ports in the country, 20 of those are global in nature.

We have worked very closely in particular with the Queensland ports around those environmental issues, both current and into the future, which will affect Australia's national wealth. I think we would prefer to work with the United Nations in a cooperative and collaborative sense in dealing with some serious issues in protecting the Great Barrier Reef. I think that would be a position that most Australians would agree with. We are particularly anxious though at the same time that economic interests are also considered and that we take that process forward properly. Given we are a small organisation there will be a host of players that we will interact with and cross-sector with on these issues and this United Nations report is one of them.

Senator IAN MACDONALD: Thank you for that. I will finish by saying that I am confident that you looked at those issues and quite frankly I do not think you needed that sort of help, but, anyway, I hear what you say. Thank you.

Proceedings suspended from 11.07 to 11.18

CHAIR: Welcome back.

Mr Mrdak: May I just respond to some questions that we found answers to during the break?

CHAIR: Please.

Mr Mrdak: Senator Nash asked about expenditure on Freddington to Urunga. I am advised that of the Australian government expenditure of a total of \$381 million, which is 50 per cent Commonwealth funded, the expenditure profile is \$121 million, which was paid in 2011-12. There was no payment this financial year, but then \$260 million is programmed in 2013-14 for the project. In relation to Western Australia, Senator Back asked me about Roads to Recovery in Western Australia. I can advise that the advice is that all the funds are expected to be expanded this year. Payments to date on Roads to recovery in Western Australia are \$15.4 million this year of the budget of \$52.2. Finally, Senator Joyce asked a question in relation to the high-speed rail project and the amount of expenditure to date on phase 2. I can advise that, to the end of December 2012, the department has paid their consultants ACOM \$11,860,000 in relation to project milestones reached on that study.

Senator NASH: Can I just clarify. Which year did you say there was no expenditure?

Mr Mrdak: This year—2012-13—because the money has been frontloaded to New South Wales essentially for the project milestones. So \$121 million was paid last year.

Senator NASH: So it has doubled up in the first year.

Senator BACK: Can I seek some clarification on that too?

CHAIR: Yes.

Senator BACK: Just with regard to the funds expended, you said about \$15 million has been expended on Road to Recovery—

Mr Mrdak: That is what has been paid to councils so far as of January this year.

Senator BACK: So the work is done by councils and they are reimbursed in arrears, are they? They are not going to get \$28 million worth of work done over the next four months.

Mr Mrdak: They claim it essentially in quarterly payments and so that is what has been paid to this date. We anticipate that the full \$52.2 will be drawn down this year by WA councils.

Senator EDWARDS: You would probably expect me, Mr Mrdak, to go to the Gawler rail electrification. I note that as to the previous questions which I have asked in this, I am really not satisfied as to those responses. I quote them for you just to refresh your memory. 'The Australian government is discussing options for timely completion of the project or the return of the unspent funds. Should the South Australian government not complete the electrification of the Gawler line then the department will work with the South Australian Department of Planning, Transport and Infrastructure to facilitate the return of the unspent money.' As you know, I have written to the Auditor-General and you have received a copy of that letter. They are obviously concerned about this. I would take you to a transcript of a radio interview which was conducted on 4 February 2013, which I am quite happy to give you a copy of. But for the benefit of this morning, the discussion was about resumption of train services into the Adelaide railway station, which was renovated over the month of January this year. The journalist talked about the inconvenience in general terms but then the journalist said, 'The northern line is electrified, yes.' and the departmental officer, a fellow by the name of Mr Rod Hook, a very competent public servant in Adelaide, responded, 'No, the northern line has a few poles out there. There is some, but we do not have the funding to electrify the line from Gawler at this stage'. Journalist: 'No, but the infrastructure is along that line'. Hook: 'The work we have been doing is to completely rebuild the tracks. We have done that on the northern line. We have got out of the harbour okay but we are still working on the Blair intersection so now we have some poles as the infrastructure towards electrification'. Journalist: 'How many? Is it half way, three-quarters?' Hook: 'From

Mawson Lakes out we have about 300 poles. We have some of the poles but we do not have the wires. We have done the signalling system and we have got the track ready to go'. Journalist: 'How long do you reckon you will let them stand there? Is there any plan?' Hook: 'We are dependent on government funding'. Journalist: 'Okay, so they could just rust away if you left them say for 10 years?' Hook: 'I would hope that we have not been installing poles that will rust away in the next few years. We are certainly working towards the stage where before too long we will be able to complete the electrification of the Gawler line'. Journalist: 'Before too long. We have not got the money'. Hook: 'I cannot answer that. That is up to the government. But notice that at Adelaide railway station we have done all of the gantries across the full width', blah blah blah. The whole point—and you can have a copy of this—is that this fellow says he does not have the money. They have got the money, haven't they?

Mr Mrdak: They certainly have a commitment by the Australian government for our share of the money. What I think is not available to Mr Hook is the South Australian government's commitment to the project. The Australian government funding is available—

Senator EDWARDS: You are very committed to it. You have \$41 million over there in their bank account for the electrification. Is that right?

Mr Mrdak: That is correct. Arrangements have been made—as we discussed at previous estimates, once the South Australian government took the decision to defer their expenditure on the project, we advised them to cease all expenditure of our funds until there can be an agreed timeframe for the completion of it. We have taken steps—the Commonwealth has paid \$258.3 million, of which \$10 million has been recently been recovered. Yesterday I received advice from Mr Hook that South Australia will repay the balance of the funds that have been paid to date and obviously the additional Commonwealth funds will not be paid until such time as a new timetable is set for the project.

Senator EDWARDS: When?

Mr Mrdak: Sorry, when will it be deferred to?

Senator EDWARDS: No, when are they going to repay the money that they have had free?

Mr Mrdak: I anticipate that will happen over the coming weeks. We have to complete an audit process, but the letter that I received from Mr Hook yesterday indicates to me that they have agreed to remit the funds to the Commonwealth and we will do that in the coming weeks.

Senator EDWARDS: The Auditor-General was very interested in it as well, wasn't he.

Mr Mrdak: Yes, from your reference to him the Auditor-General looked at it and I think is awaiting further advice from us and South Australia about where we have reached in our discussions with the South Australian government.

Senator EDWARDS: I will just go on. In this radio interview, which I will give you, the journalist said, 'How much money was sunk into that to get it where you are at where you cannot use it?' Hook said, 'We had \$290 million of Commonwealth money to do the work on the Gawler line, which included the rebuilding of the tracks including relocating services, so having 300 poles out there is a much smaller proportion of that and we still have some money that we have not been able to allocate to it for the reason I have explained. But there's probably still about \$70 million of Commonwealth money that we have not spent'. Have they earmarked it for something else?

Mr Mrdak: No, I think what he is referring to is the money that has already been paid to date and not progressed, which we are making arrangements for the return to the Commonwealth of. Also, there was an additional payment or final payment of \$35 million which was to be paid which until such time as the project is rescheduled will not be paid by the Commonwealth. I think he is referring to the two quantum—both what had already been paid and not expended of Commonwealth money and the funds which are due to be paid on final completion.

Senator EDWARDS: Did they canvas with you utilising those funds for another project?

Mr Mrdak: No. We certainly discussed with Mr Hook and his officers options to essentially reschedule the Gawler works in a way that will keep the project moving, but I am not aware that we have discussed utilising for any other funds in South Australia.

Ms O'Connell: No. The commitment I think he is talking about there is the South Australian government commitment to the project, for which he does not have the budget allocation at this point.

Senator EDWARDS: Let us pursue the rescheduling of the electrification of the Gawler line. When is it being rescheduled to?

Ms O'Connell: That is a matter for the South Australian government and for them to make a budget commitment about that.

Senator EDWARDS: So you are all collectively breathing a sigh of relief that you have a quarter of your money back and now you are waiting for the other three-quarters to come back into your account rather than in the South Australian government's account.

Ms O'Connell: And we have a commitment that that will happen.

Senator EDWARDS: In three weeks?

Mr Mrdak: We anticipate it happening in the next two weeks.

Senator EDWARDS: So \$30 million odd Australian—

Ms O'Connell: \$31 million will be returned. There is a commitment to do that.

Senator EDWARDS: You can do no more than that.

Mr Mrdak: No, and we again wait for further advice from South Australia as to which point they look to recommence that project.

Senator EDWARDS: Will you be a bit hesitant next time you hand them over some money without the project being completed or will you wait for a receipt for the work done next time?

Mr Mrdak: We pay on project milestones. In essence, we had not and I think to be fair to Mr Hook he had not anticipated the South Australian budget position—

Senator EDWARDS: I am sure he did not anticipate having the rug pulled on him, for sure.

Mr Mrdak: And we certainly did not in terms of the South Australian budget decision to not proceed with the completion of the electrification.

Senator EDWARDS: Thank you very much.

Senator WILLIAMS: Can you give me an update on the Scone level crossing? Last time you were here I think there were five options to be put to the public. Which of the options were favoured by the public?

Mr Mrdak: I will just ask my colleague Mr Foulds. I think there have been workshops held within the community and the like. I will just get an update for you.

Mr Foulds: Yes, the Scone level crossing workshops were held in December last year and there were five options that were canvassed there, as was explained at the last estimates. As a result of the community feedback and the value management workshop, there are two options that have come out of that for further consideration. Option 1, the New England bypass, was considered and a modified option 4, which is a road over rail bridge at Kelly Street rail crossing. Those two are currently within RMS procedures and I expect the preferred route to be announced this month by New South Wales.

Senator WILLIAMS: So it will be either a bridge over the railway line or a complete bypass around Scone?

Mr Foulds: Which will include a crossing of the rail line.

Senator WILLIAMS: Any idea of costings?

Mr Foulds: The costs that were announced in the community update were, for option 1, \$95 million; and, for option 4, of the order of \$70 million. Those are not P90 costs yet.

Senator WILLIAMS: So the bypass is not a lot more expensive than the bridge over Kelly Street?

Mr Foulds: Close to 40 per cent difference.

Senator WILLIAMS: Of course, Mr Mrdak said back in October that this would require a fifty-fifty split of funding from state and federal?

Mr Foulds: That is what Mr Mrdak said.

Senator WILLIAMS: I want to move on to the Heavy Vehicle Safety and Productivity Program. Have projects been announced for round 3?

Ms O'Connell: No, not fully, Senator. Western Australia's projects have been announced and the ACT's projects have been announced for round 3.

Senator WILLIAMS: Do you know how many applications were received and how many will be allocated?

Ms O'Connell: I can tell you how many projects have been received. But until the full announcements have been made I will not be able to tell you how many have been decided upon or granted.

Senator WILLIAMS: I think \$10 million was set aside for livestock—to improve the safety of trucking operations in relation to livestock, saleyards and holding facilities. Have you had any applications for that \$10 million fund?

Ms O'Connell: The round 3 program is \$40 million over this year and next year and then a separate \$10 million for livestock projects.

Senator WILLIAMS: Have you had any applications for the livestock projects?

Ms O'Connell: Yes, we have, Senator, and we can tell you how many.

Mr Jagers: We have had 120 projects for assessment. A number of those were livestock projects. I might just see if Mr Foulds has the detail on the number.

Mr Foulds: There were 60 livestock projects that were put up for assessment.

Senator WILLIAMS: Just out of curiosity, were there any from the New England area of New South Wales, do you know?

Mr Jagers: We have not announced the details of the applications that have been received and the decisions have not been announced either.

Mr Jagers: We are happy to take that on notice and come back to you after the announcement.

Mr Mrdak: I will see if we have the details of the applicants here. If we do not, we can provide that to you.

Mr Foulds: I will have to provide it to you later, Senator.

Senator WILLIAMS: That will be fine. When will the projects be announced?

Mr Mrdak: The minister is currently working through the various project proposals and the advice from the department. As Ms O'Connell has indicated, he has announced two jurisdictions. We anticipate as we negotiate funding splits with the jurisdictions that will happen over the coming weeks.

Senator WILLIAMS: I will move on to the National Heavy Vehicle Regulator. That has commenced operations based in Brisbane. Have all states and territories passed the necessary legislation yet or is there still much work to be done?

Mr Mrdak: The crucial first step is that Queensland parliament is due to pass the second tranche of bills. My understanding is that they are being introduced this morning in the Queensland parliament. We are hoping that they will pass through the Queensland parliament this week or next week. That will then provide the opportunity for jurisdictions to pass their enabling legislation. But the first step is for Queensland to pass tranche 2 of the bill. I think states have now scheduled to do that, but we do not have any other jurisdictions doing it because they are waiting for Queensland.

Ms O'Connell: The expectation is that they will have passed their enabling legislation within the jurisdictions to allow commencement from 1 July.

Senator WILLIAMS: We know that in Queensland it will not be held up in the upper house, anyway.

Mr Mrdak: They were factors we took into account in selecting Queensland as the host jurisdiction, Senator.

Senator WILLIAMS: Is it 1 July when we are actually supposed to have the national regulations in place this year?

Mr Mrdak: That is with the revised timeframe. Unfortunately, the legislation was delayed with the change of government in Queensland in terms of timetable, but the National Heavy Vehicle Regulator as of today is processing administrative approvals for productivity based standards and the like. From 1 July they will effectively go live subject to the jurisdictions passing their enabling legislation.

Senator WILLIAMS: With the negotiations with the other states, once Queensland has its legislation in place is the general feedback that the other states are ready and rearing to go?

Mr Mrdak: Certainly. The only state at this stage that has yet to agree to the national regulator is Western Australia.

Senator WILLIAMS: They are talking about running in parallel, anyway, aren't they?

Mr Mrdak: They are talking about doing mirror legislation, but it is not clear at this stage what their timetable is or how that will come into effect. It is not clear at this stage as to whether that will fully replicate the national law or continue some Western Australian modifications.

Senator WILLIAMS: Is there any reason that they have gone down that road, do you know?

Mr Mrdak: I think it is a decision of the state government. Western Australia has a longstanding position in regard to mirror legislation as opposed to adopting national law. But I think in these circumstances also the Western Australian government has reached a view that they wish to maintain a somewhat different regime in certain areas to the rest of the nation. That is a position that we are trying to dissuade them from, but I think that remains their position at this stage.

Senator WILLIAMS: What is the cost to set up a national regulator, do you know?

Mr Mrdak: The Commonwealth this year is funding the establishment costs as part of the cost-sharing agreement with the jurisdictions. I think this year we are due to provide \$15.3 million to establish the regulator and we have provided money in the past. I will just get you a definitive figure if I may.

Ms Wieland: The establishment cost still to be paid in 2012-13 to Queensland is \$13.9 million. We are currently working with the Queensland government on the project agreement to enable us to make that payment in the next couple of months.

Senator WILLIAMS: Where can I get a simplified form of the proposals for Queensland in relation to axle weights, driving hours, volume loading for livestock, et cetera, height, length and width? In New South Wales Minister Duncan Gay has widened it to 2.7 metres for hay and wool because you set them up on a combing rail. Prior to that, every load of hay and wool was illegal as far as width goes. Where can we get a breakdown just in a basic form? Has the Queensland government minister for transport or whatever got it on their website, do you know? Where can I go looking for that basic set of rules that hopefully will be adopted as standard national rules right throughout Australia? I ask this because I have been concerned that, if Queensland sets a very tight set of rules and does away with volume loading for livestock and 2.5 metres for hay and wool and perhaps very stringent driver hours, we could actually see a loss of production around Australia and productivity.

Mr Mrdak: There are draft regulations which are now out for final consultation. That will contain much of the detail you are seeking. These are the regulations which will actually set a lot of the mass and width dimensions as well as loading requirements. I think at this stage the regulations are out for comment by both industry and jurisdictions. We are hoping that ministers will vote on those regulations by the end of this month, which will enable them to come into effect. I can certainly take it on notice. I do not see any reason why we could not provide you with a set of the draft regulations as they currently stand. They are out with jurisdictions for comment and are due to be finalised. I will just check with my colleagues. But I do not think there will be an issue in providing you with the draft regulations as they stand.

Ms O'Connell: No—that would be fine. Can I also just make the point that they are not Queensland regulations. It is law through the Queensland parliament, but it is as a result of all of the transport ministers agreeing. They are national laws, but they are just through the Queensland parliament. They are nationally agreed.

Senator WILLIAMS: I suppose I could talk to bodies such as NatRoads and ATA. They have obviously been very involved in all of this.

Ms O'Connell: They are all very involved and very aware of it. They have been on the project board.

Mr Mrdak: David Simon, the chairman of ATA, sits on the industry reference group and has actually been involved in the drafting of the regulations.

Ms O'Connell: As does LTOP.

Senator WILLIAMS: Has the Transport Workers Union also been involved in negotiations?

Mr Mrdak: They have been consulted.

Senator WILLIAMS: So hopefully, come 1 July, we may see, excluding Western Australia, the national road rules in place for heavy transport?

Mr Mrdak: That is our hope, Senator. Subject to the legislation passing and then the enabling legislation we anticipate having this single set of regulations nationally from 1 July.

Ms O'Connell: With the exception of Western Australia.

Senator WILLIAMS: It would have to be a big win, wouldn't it?

Mr Mrdak: Certainly, it is. Just looking at how much progress we have made. As I said before, when our team sat down with the jurisdictions and worked through with industry their various differences I think at one stage we identified something in the order of 600 to 800 variations from the national law across the country. To actually get that back into a single national law—the process is still difficult. There are still jurisdictions that will want to apply some modifications. We are trying to minimise those, to be honest. But we have made huge strides. If we can get the national law and the national regulations as drafted in place on 1 July, as you know better than all of us, Senator, the ability for a heavy vehicle operator to traverse orders with one single fatigue regime and one mass regime is a huge benefit.

Senator WILLIAMS: Of course, and one width and one length. I spoke to a transport company in Grafton recently that carries electricity poles for Central Energy. When they go to Queensland and as they drive up through New South Wales they are not allowed to have this particular sign on their truck. But when they get to the

Queensland border the sign must be on their truck. So they carry the sign and when they get to the border they have to put it on, because it is illegal in Queensland to not have it on but it is illegal in New South Wales to have it on. Those are some of the crazy things.

Mr Mrdak: It is. It will not surprise you that it has been an exhaustive process to get people to agree to that very issue. It will not surprise you that there are some jurisdictions that are still insisting on some variations like that.

CHAIR: That is a shock, Mr Mrdak.

Mr Mrdak: The work of the federation is endless, Senator, as you know.

Ms O'Connell: The estimated productivity benefit is up to \$30 billion over 20 years from the national regulators.

Senator WILLIAMS: Which is a lot of money.

Ms O'Connell: It is very significant. I think too that once the national heavy vehicle law commences on 1 July there will be other things that need to be done. It will not all be done on that first day. There will be significant productivity improvements, but there will be other things to look at taking a more sensible national approach to.

Senator WILLIAMS: Hopefully we have learned our lesson from railway line gauges back in the early days.

Ms O'Connell: The National Rail Regulator commenced in January as well.

Senator WILLIAMS: Thank you.

Senator IAN MACDONALD: Can I ask whether you are giving him more than his time just because it is a trucking matter?

CHAIR: Senator Macdonald, you should be asking why Senator Gallacher is so quiet. That is what you should be asking. It is a matter of extreme importance to our federation and that is why our Western Australians are leaving the rest of you are dead, because we have it all worked out.

Senator GALLACHER: Mr Mrdak, can you give us a couple of updates on outlining the work that has been undertaken on the Midland Highway through the current Nation Building Program?

Mr Jagers: There is another project on the Midland Highway in the current Nation Building Program including the Brighton bypass, which is a \$173.5 million commitment from the Australian government. There is \$14 million that has been allocated the refurbishment of the Bridgewater Bridge and an upgrade of the junction of the Midland Highway. There is \$6.2 million for planning on the Baghdad bypass and also for the new Bridgewater Bridge as well. There is \$4.5 million towards safety upgrades on the Midland Highway including improvements at Constitution Hill. There are actually some other small projects as well, but they are the key ones.

Senator GALLACHER: Have you done an estimate of the cost to fully duplicate the Midland Highway?

Mr Mrdak: We have not specifically, Senator. I am aware that the Tasmanian government I think in the past has costed it at around \$2.7 billion.

Senator GALLACHER: Moving to Victoria, are you aware of the Main Road level crossing at St Albans? Can you please outline the safety problems at that level crossing?

Mr Mrdak: We are aware of that crossing. It is a significant safety and productivity issue. That is a crossing that has a very troublesome safety record and also is a very significant impediment to traffic flow. The Australian government has recently made an offer to the Victorian government to fund the upgrade and replacement of that level crossing interface and the Australian government has recently made an offer to Victoria to fund up to \$90 million for the replacement of that level crossing. We are now awaiting advice from the Victorian government in relation to that matter.

Senator GALLACHER: So you have been proactive in relation to the concerns, and approached the Victorian government with a monetary proposal?

Mr Mrdak: Certainly, we have been aware of that for some time, through federal and local representatives. The minister recently visited the location and met with, I understand, some residents and the local federal member and discussed the issues at the intersection. It has also had discussions with the Victorian transport minister in relation to that level crossing.

Senator GALLACHER: Just returning to the Tasmanian Midland Highway, \$2.7 billion is the Tasmanian government's estimate of cost of duplication?

Ms O'Connell: That is what we understand.

Senator GALLACHER: So a commitment of \$400 million would be nowhere in the ballpark to duplicate that?

Mr Mrdak: No, I think some of the projects that Mr Jagers talked about in terms of planning may provide some funding towards a number of those, but it would certainly not provide for a duplication of the full highway.

Senator GALLACHER: Can I go to Mr Deegan just to revisit some of the questioning from Senator Joyce in relation to the Toowoomba bypass. The \$1.6 billion which was the estimated cost—did you support that or did you have a qualification on that?

Mr Deegan: The presentation that was given to the forum in Toowoomba last Friday included a video flyover presentation. It is some 41 kilometres of dual road through some difficult terrain with a range of geotechnical issues and tunnelling. I would be surprised if it came in at \$1.6 billion. I think it would be considerably more than that.

Senator GALLACHER: Given that statement, what do you think of the project as value for money? Does it stack up?

Mr Deegan: What we have asked the Queensland government is to give us a breakdown of the traffic volumes, the number of trucks in particular using that route and the sorts of issues that you would consider in doing a profit cost benefit analysis on the project. I think there is still more work to be done. I think I mentioned earlier to Senator Joyce that there may be some cheaper alternatives that may do much of the work that is required. There are two parts to it. As those of you who have travelled up to Toowoomba might know, firstly it is tight geometry for trucks. It is a reasonably steep gradient and there are significant delays if there are any crashes. There is also a significant amenity issue for the people of Toowoomba. So there are two problems. What we are seeking to engage with the Queensland government on is what other options might be available to provide value for money in the discussion.

Senator GALLACHER: So in the current business case is tolling the road a proposal?

Mr Deegan: The Queensland government has indicated that they are prepared to put a toll on the proposal.

Senator GALLACHER: Has anyone assessed what that toll is likely to be?

Mr Deegan: There is a range of figures that they are working on in their business case. There was some discussion of tolls up to \$50 a time on Friday. I do not think the Queensland government are in that position. But certainly it is a significant cost to the local community.

CHAIR: Do you reckon anyone will pay it? I remember the drama in Sydney when they opened the new one and it was \$2.50. I said to the Comcar driver, 'What the hell is the drama? You have a beautiful road and nobody is on it. You don't want to pay \$2.50.'

Senator IAN MACDONALD: You would save it in petrol.

Mr Deegan: There was some discussion again at the forum from the chair of the Australian Transport Association, who was present. He said there is not a lot of savings going down the hill with braking costs, but there are savings in fuel and time coming back up to Toowoomba. But he did not think that \$50 would be an appropriate amount.

Senator GALLACHER: Thank you. Just to revisit the line of questioning from Senator Rhiannon in relation to West Connect, what is the estimated cost of this project?

Mr Deegan: I do not have that with me.

Mr Mrdak: It varies, but it is of the order of about \$10 billion and the cost may well be as high as \$13 billion based on very preliminary cost estimates.

Senator GALLACHER: Will the proposed route take people from western Sydney into the city?

Mr Mrdak: That is one of the areas where we need New South Wales to give us further advice on and do further work on. At this stage my understanding is, as I think Mr Deegan outlined, it does not provide a full transit from the M4 into the CBD.

Senator GALLACHER: What about the freight movements that were mentioned in the earlier discussion? Will it link Port Botany?

Mr Mrdak: Not at this point. It provides a linkage down through the inner west suburbs down to join the M5 East with a tunnel connection. It does not at this stage as far as we are aware provide a direct connection into Port Botany. They are both areas that we are seeking further advice from New South Wales on.

Senator GALLACHER: Do you have any idea what the underlying business case is for this project of \$10-\$13 billion, which will not do anything for Port Botany or ease people's travel into the city?

Mr Mrdak: Certainly part of the work that is now being undertaken by New South Wales is to determine the full business case and what the benefit cost of the project actually is.

Senator GALLACHER: Mr Deegan, last year the leader of the opposition, the Hon. Tony Abbott, made a number of infrastructure announcements and said that they had been approved by Infrastructure Australia. At the last estimates you stated that you had had no discussions with the Hon. Mr Tony Abbott. However, you undertook to determine whether council members had had any discussions and in what capacity. Can you update the committee on the outcome of your enquiries?

Mr Deegan: There was a question on notice that I presume has had an answer; I am not sure. But certainly the majority of council members indicated they had not had such discussions. Our chairman has indicated that he has had a range of informal discussions with a host of players including Mr Abbott about a range of infrastructure issues, as you would expect of someone of his stature. One or two other council members may have also had similar discussions given the sorts of linkages that they have in the business community, but on an informal basis. As you are aware, Infrastructure Australia is transparent in its advice. The formal advice to government is published each June and is made available to state and local governments, the community, the media and the like.

Senator GALLACHER: So your enquiries would lead the committee to believe that Mr Abbott was incorrect in stating that he was referring to approved projects by Infrastructure Australia?

Mr Deegan: Infrastructure Australia is still undertaking its assessment of a range of those projects. It has not provided formal advice at this stage on some of those projects.

Senator GALLACHER: Thank you.

CHAIR: I have to reiterate. The media is all over us like a cheap suit accusing us of all sorts of lies and all sorts of stuff like this, but the Leader of the Opposition can get out there and say that he has had commitments from Infrastructure Australia when he darn well has not. That is what you are saying, Mr Deegan?

Mr Deegan: It is not appropriate for me to comment, Senator.

CHAIR: I will comment. I think it is absolutely disgraceful. What about the \$400 million announcement for the Midland Highway? That is not the truth either. That will not rebuild the Midland Highway in Tasmania. Is that correct? You just said, Mr Mrdak, that \$2.1 billion I think is the quote from the Tasmanian government, isn't it?

Mr Mrdak: Certainly, that is the advice we have for full duplication of the highway.

CHAIR: So it is not the case in political Australia that, living in glasshouses, we should not throw stones. Fantastic. Thank you. I have had my dummy spit on that now.

Senator GALLACHER: That is all of my questions, thank you.

Senator RHIANNON: Mr Mrdak, are you a member of the West Connect steering committee?

Mr Mrdak: Yes. Ms O'Connell and Mr Jagers generally represent me at those steering committee meetings.

Senator RHIANNON: Does that imply federal government support for that project?

Mr Deegan: It certainly reflects the \$25 million that has been committed by the Australian government to the next stage of the project. Our engagement is in shaping the planning and business case to enable future government decisions on funding.

Senator RHIANNON: So it sounds like you are backing the project; it is just that you are on the committee to help to ensure that the project works for what you are committed to? Is that a fair description?

Mr Deegan: I think it is fair to say that the Australian government at this stage is awaiting further advice. It has made a commitment of \$25 million to enable the planning and business case to be developed. The Australian government has to take future decision as to whether it provides a financial contribution beyond that.

Senator RHIANNON: Since the steering committee was set up, you or one of your representatives has been to all of those meetings?

Mr Mrdak: Yes.

Senator RHIANNON: Who have you been briefed by? You can take that on notice if it is lengthy.

Ms O'Connell: We can take it on notice and provide you with the members of the steering committee if that is useful to you.

Senator RHIANNON: Yes, if you could take that on notice, please.

Ms O'Connell: It is largely officials from the New South Wales government from the Roads and Maritime Service, Infrastructure New South Wales, Treasury and Finance in New South Wales and their planning department.

Senator RHIANNON: Are there any community organisations that work on public transport issues?

Ms O'Connell: Not at this point, Senator.

Senator RHIANNON: Thank you. Mr Mrdak, is there a conflict of interest here considering that so much of your work around freight has very strong emphasis on freight and rail? You have spoken about that today. Clearly the West Connect project is all about road. We have such massive congestion in Sydney, particularly around this Port Botany area. Is there a conflict for you there considering that, by going on the board, you are putting your eggs in the basket of a motorway solution?

Mr Mrdak: I do not think so at all. We are represented in planning working, in cross-jurisdictions, on both road and rail. The West Connect project I would not characterise as solely a road project. It also involves quite a bit of urban renewal. It provides a lot of opportunity if the project develops as envisaged for revitalisation of that whole Parramatta Road strip and that inner west. So it has a number of aspects where the Commonwealth has a strong interest on productivity but also liveability of cities. I do not think it is a conflict of interest. We are participating to make sure, as you quite rightly point out, that the project business case is robust and the government is fully informed on the various issues involved in taking the next steps.

Senator RHIANNON: When you just disagreed with me that it is not just a motorway solution, do you mean that West Connect could actually incorporate a freight on rail public transport aspect to it as well?

Mr Mrdak: I think the West Connect project as it is currently proposed is largely around motor vehicle operations. Certainly you would envisage that, as it is progressed in planning, it would provide for public transport access through buses but also cycleways and the like. It also provides a great deal of urban renewal opportunities through various parts of the city. If you look at the current traffic operations at Parramatta Road, you would have to say that there is a huge opportunity for revitalisation of the inner west by redesigning traffic flows through Parramatta Road and what that then does to your commercial and redevelopment opportunities in that area.

Senator RHIANNON: Isn't there a contradiction here, though, considering the amount of emphasis that your department and the minister regularly give to the importance of freight on rail and to easing congestion, where you are introducing motorways into the most congested city in Australia and there is a whole science around induced traffic flows when motorways are built. Have those issues been explored?

Mr Mrdak: Certainly, I would not say there is a contradiction in the sense that the West Connect project is about trying to remove the congestion which is already there. It is operating suboptimally on a road network that is not designed or capable of taking the volumes that are available. As to your point on the science of induced traffic, I would not label it as a science per se. I think there are a whole range of theories around it. It is the subject of ongoing work. I think it is fair to say that West Connect offers in our view significant opportunities to address some of the traffic congestion in the inner west and also, as I said, urban renewal opportunities. The detail of that has to be worked through and that is really the stage we are at. I think if you look at the work by Infrastructure New South Wales and the work they have provided, I think they do identify significant opportunities for Sydney through that project.

Ms O'Connell: Also, in relation to freight on rail, there are already very significant investments already in train and underway in freight on rail. The southern Sydney freight line was opened last month or during last month. Port Botany connections on rail and Moorebank intermodal and all of those are very significant.

Senator RHIANNON: But just on the Port Botany rail connections, I understand that the freight component had been cut down by the New South Wales government considerably. That is why I am trying to explore this. Rail freight going into Port Botany I understand is decreasing and it appears that you are giving enormous emphasis to a motorway solution in such a congested area.

Mr Mrdak: Certainly rail freight access to Port Botany has not been cut down, as far as I am aware, significantly. There has been a decline and fall in rail usage on that line simply because of the capacity of the line to actually meet demand, hence the investments that Ms O'Connell mentioned that the ARTC has done. We are now looking at the next stage of investment in that Port Botany freight line to actually get that capacity lifted, removing some of the restrictions such as the level crossing at General Holmes Drive and some of those areas. At the same time, as Mr Fullerton mentioned, there is a very big program of investment in some of the terminals, particularly Moorebank. The rail line is going to be totally dependent on the capacity to create the terminal capacity to do the intermodal changeover. That sort of stuff is coming together. The overall picture then is that

Moorebank will give you the capacity, southern Sydney frail freight line and Port Botany rail upgrades will actually facilitate the growth of rail freight. At the same time there will also continue to be growth of heavy vehicle transport in that precinct.

CHAIR: Senator Rhiannon, I am listening intently, but I just do not understand why the Greens would be opposed to an intermodal depot at Moorebank.

Senator RHIANNON: We are not opposed to it. That is Mr Albanese's misinformation. We are not opposed to it. It's how you do it.

CHAIR: Not the way I have been listening to it.

Senator RHIANNON: That is absolutely not true, Chair.

CHAIR: Senator Rhiannon, I do get confused very easily, but the Greens transport policies absolutely baffle me half the time.

Senator NASH: Can I just ask you about the Moorebank intermodal. I do not think this was asked earlier but correct me if I am wrong. It is about the company board appointments.

Ms O'Connell: Yes, that was asked, and we answered it.

Senator NASH: All right. The other question goes back to the Pacific Highway again—the Nambucca to Urunga upgrade. It is a lovely part of the world, Chair—you should get up there.

Mr Mrdak: That is in our program for completion as part of priority 2. That will be done over the next few years.

Senator NASH: If I'd had a chance I would have asked if you could give me a timeline, but you are way ahead of me.

Mr Mrdak: As you can see, we are practically enthusiastic about this project.

Mr Foulds: The D and C preferred tenderer was announced in December last year. That will lead to a preferred tenderer later this year and then construction.

Senator NASH: That will lead to a preferred tenderer later?

Mr Foulds: Yes.

Senator NASH: I thought you said that was already done.

Mr Foulds: No, the D and C preferred tenderer has been announced and now they go into negotiations to actually come up with a contract.

Senator NASH: I am with you. Did you D and C?

Mr Foulds: Design and construction.

Senator NASH: Thank you. Is there any indication of expected completion? I understand it is early days, but is there any estimation of when the project might be complete?

Mr Foulds: Nambucca to Urunga would be mid to late 2016.

Senator NASH: Okay. Does that fit in one, two or three in terms of the priorities?

Mr Foulds: Priority 2.

Senator NASH: Do we have any kind of estimated ballpark figure on funding for that or does that all happen as part of the tender process over there?

Mr Foulds: That will happen as part of the tender process.

Senator NASH: So that will be concluded at the end of the year, I think you said, Mr Foulds.

Mr Foulds: Yes, later this year.

Senator NASH: Why does it take so long? Why does it take nine or 10 months to get it sorted?

Mr Foulds: When the preferred tenderer is announced they then go into contract negotiations. That involves a number of RMS processes.

Senator NASH: Enough of the letters.

Mr Foulds: Roads and Maritime Services do their procurement analysis and work with that preferred tenderer and sometimes that is an iterative process, where they accept or do not accept costs, and they will do an independent cost assessment through their normal processes until they come to the point where they do reach an agreement. Then they come up with a contract price. It does take that length of time.

Senator NASH: Is that an average length of time? Can it happen speedily or is that just how long it takes?

Foulds That might be that bit, but then there are the other statutory matters like property acquisition. They have timeframes in which they occur. Planning approvals need to be gotten and then sometimes those require controlled actions from the Commonwealth. So there are a whole range of variables.

Ms O'Connell: It can also depend on the method of construction—an alliance contract versus design and construct versus other methods.

Senator NASH: I appreciate that would be a very—

Mr Foulds: A lot of it is descopeing risk. When a tenderer is discussing a contract, they will be seeking to derisk their involvement. If you are doing just a construct only, we take the risk, or Roads and Maritime Services does. If it is design and construct, you are asking them to do more, so it takes longer to get to that point.

Senator NASH: What happens in this sort of process if there is not agreement? I note that as a preferred tenderer one fell over in another department entirely recently—there had been a preferred tenderer for two years and then it all fell over and the government pulled out. What happens? Do we go back to square one?

Mr Foulds: That would be a New South Wales government Roads and Maritime Services process. They have their methodology to deal with that. In my experience it has not happened. It has not happened in my experience on the Pacific Highway or any other road project.

Senator NASH: Okay, so where there has been a preferred tenderer you have been able to come to an arrangement for the contract and the build has gone ahead?

Mr Foulds: Yes, we usually come to an arrangement.

Senator NASH: But if it did get to a point where there was no agreement, what would be the process? Do you start all over again? I am not assuming it is going to happen; I am just interested.

Mr Foulds: I am not that familiar with their process. I would have to take that on notice and ask them to reply to that.

Mr Mrdak: In general terms they would go back to some of the other tenderers and rerun a process. It would set back the timing.

Senator NASH: It would set back the timing?

Mr Foulds: It would certainly do that.

Senator NASH: We will assume it is going to go ahead and we will come to a fantastic arrangement.

Mr Mrdak: Generally these things are settled around risk pricing and price becomes a key determinant once you have settled the design concept.

Senator NASH: Finally, just back to Frederickton to Urunga that was in priority 3, why is that in priority 3?

Mr Foulds: It is not; it is in priority 2.

Senator NASH: Which one were we talking about earlier that was in priority 3?

Mr Foulds: Woolgoolga to Ballina.

Senator NASH: Why is that in priority 3?

Mr Mrdak: It is generally driven by a relative traffic volumes and safety conditions of the road.

Senator NASH: Do you have some sort of matrix that works that out in terms of traffic condition and safety to assess priorities?

Mr Mrdak: There has been a lot of work over the last few years by New South Wales.

Senator NASH: Or is it depending on where the minister might think he might like the money to go?

Mr Mrdak: No, I think it is fair to say that ministers would like it all done at once and budget constraint is such that the prioritisation has been done on the basis of traffic and safety record. The volumes of traffic tend to be south of Coffs Harbour and north of Ballina and that is really what has driven the program.

Senator NASH: Is that from Coffs traffic down to Sydney and Ballina north to Brisbane? Is that why it is leaving that gap in the middle?

Mr Mrdak: Predominantly it is driven by that and also the size of the regional centres in that area tend to drive a lot of the interregional traffic. But the traffic south of Grafton tends to be lower-level traffic than other parts of the highway.

Senator NASH: How do you assess through traffic as compared to, say, Coffs to Sydney return or Ballina to Brisbane return? How does the department actually identify that?

Mr Mrdak: Survey data has been used in the past. There are estimations made of through traffic and also traffic counts are done and the like. There are various methodologies which are done to determine what is likely to be the through traffic driving the length of the Pacific as opposed to doing regional sections of it.

Senator NASH: Can I ask you to take notice for me then, and it may well be somewhere on the website, which I am happy for you to direct me to if that assists, the list of priority rounds 1, 2 and 3 and the projects that fit in those priority rounds 1, 2 and 3 and, insofar as you can, provide the information of that type of matrix that you have used for each of those projects to fit into those separate priority rounds?

Mr Mrdak: Certainly.

Senator NASH: Thank you.

Senator COLBECK: I think this probably goes more towards Infrastructure Australia. It relates to a submission from the Tasmanian government in relation to irrigation projects. I am just interested to know at what stage in the cycle that particular submission is that.

Mr Deegan: Tasmania gave us their submissions in late August and early September. Irrigation is a key part of their submission. We are still working with them on that. We think there is a lot of prospect for the proposals around irrigation, particularly up in the north, but the other proposals are of considerable interest as well. The value add that is proposed and creating real value for, as you know, fruit and vegetables and other goods is something that we have a great interest in. The dairy capacity, moving from beef to dairy, we think has significant promise and we are still working with the Tasmanian government and the relevant body on those proposals.

Senator COLBECK: So when you are working with them, what is the context of that at the end of the day?

Mr Deegan: What we are looking for is details around the costs and benefits of the proposals, who pays, how that is managed and what timeframe these things might be undertaken in and then priorities around which ones you would start doing first and how you would run that through. They are the sorts of discussions we are having with Tasmania.

Senator COLBECK: So you have had relatively detailed conversations, I would have thought, with the Tassie Irrigation Board, which developed the proposals and managed the dozen or so initial projects that are already being developed?

Mr Deegan: That is right. We have a very good relationship with that group.

Senator COLBECK: I think they are a good organisation and they are doing a good job in rolling out that infrastructure. But what place in the cycle are they at?

Mr Deegan: We are finalising our advice to the Commonwealth government and, as indicated earlier, we publish our advice each June. We are on track to do that work.

Senator IAN MACDONALD: Can I ask Mr Deegan or the department whether either is doing any work on the Cairns harbour in relation to the proposed dredging of that harbour?

Mr Mrdak: We are not, Senator. We are not aware of any proposal. The Queensland government in my understanding is managing that project.

Senator IAN MACDONALD: They are. I was wondering if there was any Commonwealth involvement, if not in a supportive way then in an environmental way, that may hold up the work.

Mr Mrdak: I am not aware of any issues, Senator.

Senator IAN MACDONALD: Mr Mrdak, there were some announcements made about roads in the north of Queensland. What is the current status with any suggestion of funding for the Hahn Highway, which is out the back of Townsville between Cairns and Hughenden?

Mr Jagers: There is no current commitment.

Senator IAN MACDONALD: There have been quite a number of approaches made to support work on that highway in particular. Is the department aware of any approaches? Perhaps that might be better to be taken on notice.

Mr Mrdak: Can I take that offline and come back to you? There have certainly been approaches in relation to the Kennedy Highway and the Hahn I think. There have certainly been lots of approaches in relation to it. We have been having a look at those issues. I will just take on notice if I may just where that is at.

Senator IAN MACDONALD: I have a feeling—I do not have the details, unfortunately—that there was some announcement made on it. Anyhow, if you could do that it would be great. This question might come into the next session and if so I can cross over the boundary. Does the Commonwealth have any involvement with the Gold Coast light rail project?

Mr Mrdak: Yes, the Commonwealth has contributed—

Ms O'Connell: \$336 million as part of the 2009 budget into the Gold Coast light rail project.

Senator IAN MACDONALD: Apart from providing some money, do you have any other involvement?

Mr Jagers: Yes we are involved in steering committee meetings on a regular basis on the projects. The Australian government funding has been provided for the project, but we are still heavily engaged on the day-to-day delivery.

Ms O'Connell: Can I correct something—the federal government investment is \$355 million in the Gold Coast light rail. I said a slightly different figure.

Senator IAN MACDONALD: Of a total of—

Mr Jagers: Of 949.

Senator IAN MACDONALD: Okay. And the other contributors are, I assume, the state government—

Ms O'Connell: The Queensland government and the council.

Macdonald: What is the extent of your involvement in that steering committee? What value can the Commonwealth have apart from handing over the dollars?

Mr Jagers: We have senior officers attend meetings to provide input on decisions that have been made by the project opponents, to ensure that the project stays on track and to ensure that the government's invest is protected in terms of the scope of the project; that there are not rescoping changes that may affect the Commonwealth's investment. So we have a vigilant approach to the project to make sure it is delivering what the Commonwealth government invested in.

Senator IAN MACDONALD: And it is due for completion—

Mr Jagers: In late 2014.

Senator IAN MACDONALD: They seem to be moving very quickly on it.

Ms O'Connell: They are. It is well under way.

Senator IAN MACDONALD: It is going to be a fantastic piece of infrastructure when it is completed, I would think. There will not be a lot of problems that other similar cities around the world have in getting traffic through.

Ms O'Connell: Particularly as they host the games in 2016.

Senator IAN MACDONALD: Ms Buckley, are you going to elaborate on something in the 30 seconds that we have left?

Ms Buckley: If there is a relevant question.

Senator IAN MACDONALD: You are the person on the steering committee, are you?

Ms Buckley: I am, yes.

Senator IAN MACDONALD: Okay. Are they having any problems at all or difficulties with street closures or traffic going around the construction?

Ms Buckley: It is a PPP delivered project so I think there are some complexities associated with delivery but altogether the program is on track for delivery in late 2014 as per the original schedule.

Senator IAN MACDONALD: There is no suggestion that it might be open before that?

Ms Buckley: Not at this stage, Senator.

Senator IAN MACDONALD: It goes from Southport to Broadbeach—is that correct?

Ms Buckley: It goes from the university down to Broadbeach via Southport.

Senator IAN MACDONALD: Thank you.

CHAIR: We will move to Surface Transport Policy.

Mr Mrdak: Chair, if I may, I just wish to clarify an answer to Senator MacDonald. We are getting the finer details, but there is a commitment to \$10½ million to the Kennedy Highway and I am just getting the project details and the timing of that payment for you. I am not sure if that is the same project we are talking about on the Hahn. But in that part of the world there is often confusion about those two and where they connect. So there is a commitment of \$10½ million. I will get you some details.

Senator IAN MACDONALD: The Kennedy Highway comes down from the same area, but it goes to Charters Towers. The Hahn Highway goes parallel.

Mr Mrdak: The media reporting may have been about that commitment. But I will get those details for you.

Senator NASH: On seatbelts on regional school buses, in an answer to one of the questions on notice, in year 2012-13 there was no funding allocated to retrofit buses. Is that because there were no applications to do so or the applications were rejected?

Ms Zielke: There are no funds, did you say, in 1213?

Senator NASH: Yes.

Ms Zielke: There are funds for the program in 1213 and we are currently assessing a round of applications in relation to the program.

Senator NASH: Can I get you to go back and check the answer to question 117, but not now. How much funding is available?

Ms Zielke: There is \$1 million in this financial year for programs.

Senator NASH: Have there been any applications for that million dollars at this point?

Ms Zielke: We have received applications for the round that is currently under assessment. We received around 50 applications in the current round.

Senator NASH: Fantastic.

Mr Mrdak: I think our answer was probably that we have not yet concluded any payments this year, not that there is no money this year.

Senator NASH: Thanks for the clarification. When is that process going to be finalised? When will all of those—

Ms Zielke: We would expect the applications assessment process to be finalised in late March or early April.

Senator NASH: Would you mind providing on notice for me just a list of the applications for that funding and where they are from? Is that possible?

Ms Zielke: Once the round is finalised then those that are successful are actually announced. We can provide you with that list once—

Senator NASH: So it is not public information until it is finalised?

Ms Zielke: Not in the lead-up, no.

Senator NASH: Did you say March or April?

Ms Zielke: Yes.

Senator NASH: In terms of the guidelines, are there any key things that we should be aware of that would result in the rejection of an application?

Ms Zielke: Generally the eligibility criteria are outlined in the guidelines.

Senator NASH: I will go and have a look, but just the key things I have asked you—

Ms Zielke: There is nothing there but generally they are quite clear—they are black-and-white answers to be responded to and eligibility is quite clear under the program. Are you looking for key points of the eligibility?

Senator NASH: No, I am looking for key reasons why you might reject one.

Ms Zielke: For example, if they come forward with information without their state recommendation attached to their application form or something like that it might mean they are ineligible. But generally they are black-and-white answers, so companies will not actually apply unless they are quite clear beforehand.

Senator NASH: That they are going to get it. All right. Just finally I think I asked this last time and I will just follow up. Is there funding in place for companies that want to retrofit a bus but there might be a significant cost involved in getting it to the place of retrofit? A lot of these regional towns will not actually have somewhere that can do it. Is that a consideration for the department? Also, are there preferred providers of the retrofitting, if you like, or can they go anywhere?

Mr James: They can put a case as part of their application if they have an issue. But it hasn't—

Senator NASH: So they can come to you if there is a funding issue for them? They might at least be able to come to you—

Mr James: It has not come up to date in the program. Your second question—

Senator NASH: About providers.

Mr James: They just have to be someone that is approved to do that sort of work.

Senator NASH: Approved by whom—the department or by the body or whatever it is?

Mr James: I would have to check, but I think that it is at the state level.

Senator NASH: Could you take that on notice for me?

Mr James: Yes.

Senator COLBECK: At a previous estimates we had a discussion about the department doing some costings around Tasmanian freight equalisation scheme and doing some costings to extend the scheme to all freight except for bulk goods. Can you tell me where that work is that, please?

Mr James: I am not aware of that particular piece of work. At this stage we are not actually doing specific costings on that at the moment.

Mr Mrdak: Can I be clear. We had a discussion around extension of the scheme to a broader range of categories or there had been suggestions around —

Senator COLBECK: There was discussion around exports and we put that to bed. The department was doing no costings around extending the scheme to include exports. The conversation went further than that and it was that there were some costings being done to extend the scheme to all goods except for bulk freight, which is a conversation that is being had more broadly in Tasmania around the scheme and the scope of the scheme at this point in time. It was either during the hearing or in response to a question on notice and I cannot recall which. Unfortunately I do not have the documents with me, but I am certain that there was discussion around doing some calculations about the cost of extending the scheme to include all goods. I am not making any allegations about consideration of doing it, but the clear understanding that I had is that there were some costings being done around what it would cost if that were to occur.

Mr Mrdak: Yes, that is right. We had done some preliminary work in relation to looking at the categories— if there was an expansion of categories. I do not have that with me. Can I come back to you on that if that is all right?

Senator COLBECK: I am happy to take that on notice, but I am interested in the outcomes of that process.

Mr Mrdak: It was very preliminary in-house work, but I will come back to you with the details of that, Senator.

Senator COLBECK: I would appreciate that. We have also had some conversations about where the rate for the TEFS sits in respect of a parameter review and how it relates to the actual cost of moving cargo backwards and forwards across Bass Strait. Probably at the hearing before last the indication was that, if there were to be another parameter review done, there is a possibility that the rate that is being paid could come down because we are getting paid over the rate. Can you get us an assessment of where we are in comparison with the actual costs of what the scheme is designed to do versus what is being paid? Is there any current information on that?

Mr Mrdak: We can certainly give you what the current expenditure is as per what is in the forward estimates.

Senator COLBECK: I am not interested in the expectation of the scheme. I am talking about the individual rate that might have paid versus what the actual cost of what it is looking to support is.

Ms O'Connell: The bureau is about to commence another program review and I think that would then set that as a new basis for that comparison.

Mr Mrdak: But your understanding is correct in the sense that previous parameter reviews have demonstrated that if they were applied there would be a potential reduction in the payments and successive governments have decided to retain levels where they are.

Mr James: The last parameter review was published in October 2011.

Senator COLBECK: Okay, so if I went to that documentation it would give me all that information?

Mr James: Correct.

Senator COLBECK: That is great. It is a great place to look for that. Is the government currently considering any proposals for the support of an export shipping service, particularly out of Bell Bay?

Mr Mrdak: There are proposals that have been discussed publicly. I think it is fair to say that we are aware of them and the government is looking at them generally. Beyond that I really could not give you much more of an indication. Certainly discussion is taking place I think is probably the best way I could put it.

Senator COLBECK: So there are no specific proposals on front of government at the moment?

Mr Mrdak: Not that I am aware of.

Senator GALLACHER: Mr Mrdak, can you for my education just briefly explain the Tasmanian freight equalisation scheme? The second question is have there been any cuts to that scheme?

Mr Mrdak: It is one of the more complex programs you will strike, I suppose, but essentially what it provides is based on the relative cost of shipping containers and also a land transport component. It is essentially a reimbursement of the proportion of shipping costs available and essentially provides a mechanism to effectively reduce the cost of shipping certain goods across Bass Strait.

Senator GALLACHER: You get invoices, do you? People will bill you?

Mr Mrdak: People make a claim. It is handled by the Department of Human Services—Centrelink—on our behalf. It has been established for some time. There has certainly been no reduction in resourcing though. It is a demand-driven scheme and the volume of goods moving across the strait determines the expenditure. There has certainly been no reduction in the forward estimates of the program.

Senator GALLACHER: So once something is shipped an invoice is sent to you basically?

Mr Mrdak: There is a claim made.

Senator THORP: Is it equally lucrative, if you like, for people who are doing their shipping in both southbound and northbound freight?

Mr Mrdak: The guidelines provide certain categories that are eligible for assistance. It varies depending on the product and also the journey, whether it is north or south. So there are variations and I would be happy to give you a copy of the guidelines to give you an illustration of how that operates.

Senator THORP: It is just that it has been put to me that the way the freight equalisation scheme works does not really help exporters as much it could because of the northbound issue.

Ms Zielke: The issue there is that we do not pay for exports. We pay for goods being moved to the mainland. That is what the equalisation scheme is there for.

Senator GALLACHER: So claims by the leader of the opposition that there has been a cut are unequivocally wrong?

Mr Mrdak: There has been no reduction in the estimates for that program at all.

Senator WHISH-WILSON: Can I get on notice a list of the historical expenditures that the government has put into the freight equalisation scheme since it started?

Ms Zielke: I can provide you with that now.

Mr Mrdak: We can give you some years. It goes back to the mid-70s, but we can give you some details now.

Senator WHISH-WILSON: Thank you.

Ms Zielke: Just quickly, 2008-09, \$109.4 million; 2009-10, \$98.3 million; 2010-11, \$98.54 million; 2011-12, \$93.23 million.

Senator WHISH-WILSON: If I could get the other time series since it started that would be fantastic as well. There was an eclectic bunch of characters here last week doing some lobbying that call themselves the National Sea Highway Coalition. I do not know if they met the Minister. They have been coming in one form or another for 20 years. Are you familiar with the concept of what they are proposing?

Mr Mrdak: Yes, although some of the detail of what they are seeking is very unclear. I met with them last year and I think Mr James met with them last week when they were here in Canberra for a very detailed discussion. We are aware of their position, I suppose. The issue I think is one of fiscal capacity to actually increase the support and also the effectiveness of what they are seeking. I suppose we do query whether an expansion of the scheme in the way they are suggesting would actually bring the benefit to Tasmania that they are suggesting. But in the absence of further detail I think it is fair to say that we are unable to do much more qualitative testing of their proposal because it is a little clear unclear what they are seeking.

Mr James: That is correct.

Senator WHISH-WILSON: If they put up something more substantial that could be costed, that could be then taken into consideration?

Mr Mrdak: That is right. It has been difficult for some time to understand the concept—and we have had long discussions with them. I suppose it has been difficult for us to cost a firm proposal.

Mr James: I certainly confirmed in a discussion with Mr Brohier yesterday that somewhat more detail would be useful. I got the impression that they were having a look at that.

CHAIR: I have one very quick question on the light rail—the project that has been discussed in Tasmania. Has the department had any correspondence or consultation with the Tasmanian government over time on this project?

Mr Mrdak: Not that we are aware of. It has not been put forward by the Tasmanian government as one of their Nation Building 2 projects. So while we are aware of the studies that have been done, it has not at this point been brought forward as a Tasmanian government project.

CHAIR: Okay, because Infrastructure Australia earlier said that it is in the mix for future funding.

Mr Mrdak: It is certainly part of the discussions, but it has not been put forward as a firm funding proposal.

CHAIR: Have you had a briefing from the Tasmanian government at all on the project?

Mr Mrdak: No, I think Infrastructure Australia is handling that.

CHAIR: That would have gone to Infrastructure Australia. Okay.

Mr Mrdak: Subject to those discussions, it may well come forward as a more firm proposal.

Senator RHIANNON: I am interested in how you advise the department about investing in public transport considering that investment favours road projects over rail.

Mr Mrdak: I think that is one for myself in Nation Building rather than the Surface Transport area of the department. In essence I think as you commented earlier we have seen a significant lift in investment in public transport by the federal government over the last few years. We do that principally through looking at benefit cost analysis in terms of projects. I would not necessarily say that favours road over rail.

Senator RHIANNON: But wouldn't you agree that your figures show that, when you actually add them up, there is still an imbalance? I think it is running at about four to one.

Mr Mrdak: There has certainly been a significant lift in public sector expenditure on urban passenger transport and particularly rail. When the government announced Nation Building 2 last year in the budget you would have seen the category that has been created for funding around movement of passengers. There is a much stronger focus in that area and I would suggest that as the government develops its Nation Building 2 program you will see even further investments in heavy and light rail.

Senator RHIANNON: Can you take it on notice whether that figure is correct between road and rail projects? Maybe take this on notice too because the chair wants to move us on: which divisions of the department look after developing public transport and sustainable transport work and how many staff work on this task? Can you take that on notice?

Mr Mrdak: It covers a range of divisions—our major cities unit, our Nation Building unit and aspects particularly of our policy and research area. It works across our divisions. I will take that on notice.

Senator RHIANNON: I am after that comparison between public transport and roads.

Senator IAN MACDONALD: I will put my question on notice except for the first part of it. In response to a question at the last estimates, we were told that there are currently 11,150 Australian-flagged vessels. Is that correct?

Ms Zielke: No, that is not correct. It is not Australian flagged vessels; it is a figure related to another question. Can I come back to you on that and check that for you?

Senator IAN MACDONALD: I have a series of questions that follow on from that, although it did not seem to be correct to me.

Mr Mrdak: It may be a figure for vessels operating commercially in Australia rather than Australian flagged as such.

Senator IAN MACDONALD: Anyway, we can clarify that confusion. There are some other questions but I will put them on notice in view of the time.

Australian Maritime Safety Authority

[12.34]

CHAIR: I welcome officers from the Australian Maritime Safety Authority.

Senator WILLIAMS: Mr Peachey, welcome along again. Just taking you back to the training of these marine engineers, I am just wanting to clarify a couple of things. The issue is whether there has been or still is a proposal to reduce Australia's standard of 36 months training for a cadet to become a marine engineer watch keeper. In 2012 when I questioned you about it and a consultation draft of marine orders part 3 issue 7, which was released

in December 2001, your officers said there was no proposal to reduce this three-year training period to one year. Is that correct?

Mr Peachey: Yes, that is correct.

Senator WILLIAMS: So there is no proposal to reduce that. The current marine order part 3 issue 6 specifies 36 months training for a cadet to become a marine engineer watch keeper. That is the situation, isn't it?

Mr Peachey: Yes.

Senator WILLIAMS: Did you ever propose to delete the current marine order part 3 issue 6 in its entirety? Was that ever suggested or put forward?

Mr Kinley: No, we have to have a marine orders part 3 in place so that we can undertake our obligations under the International Convention on Training and Certification of Watchkeepers. Our only proposal is ever that we have a new issue of that marine order part 3.

Senator WILLIAMS: Is that issue 7?

Mr Kinley: That is the draft that has been circulated most recently.

Mr Peachey: Can I make a couple of general comments on this. We have chatted about this a couple of times.

Senator WILLIAMS: We have.

Mr Peachey: Like you, we want to make progress and get it finalised. We are trying to engage with all of the parties involved, particularly the engineers union. It has been a bit of an exercise and a bit like groundhog day. We are going round and round in circles. We do plan to put a discussion paper out in the near future. We are not about lowering standards. The engineers in AMSA have a common interest here to ensure that standards are appropriate and deliver the safety objectives that we are bound by. We have an overriding obligation to ensure that we are consistent with international conventions relevant to these matters, in particular the STCW convention. I think we have a shared interest and we really need to find a way to get past this hurdle of going back and touching base on what may or may not have happened in the past.

Senator WILLIAMS: Exactly, yes. I want to take that point. The consultation draft only requires that training comply with the international standard STCW that you just mentioned. Is that correct?

Mr Peachey: Yes.

Senator WILLIAMS: Okay. That reference is found in division 3.3, eligibility requirements for certificates, in your consultation draft marine orders part 3 issue 7. You refer to STCW. Here is my problem. The national standard STCW does not require that a 36-month training be the minimum training period for these engineers.

Mr Peachey: I think in the last hearings Mr Kinley stepped you through the timeframe envisaged to become a qualified engineer.

Senator WILLIAMS: Yes, but back to this point. Does STCW require a minimum of 36 months training for an engineer? Yes or no—it is a simple question.

Mr Peachey: No, the convention does not require that, but—

Senator WILLIAMS: That is the point I am getting to. You are pushing these national standards under STCW, which does not require a 36-month training period for an apprentice.

Mr Peachey: You have just reminded me that I think the last time we spoke about this I mentioned the fact that we are adopting what has been adopted universally around the place in relation to qualifications. We have gone beyond time-serving prescriptive arrangements to competency based training. That is reflected in many places, including internationally with the STCW. But, having said that, we are clearly mindful of the fact that the engineers have to be properly qualified to deliver what they do. It is a very important task that needs particular attention and training.

Senator WILLIAMS: Do the STCW regulations specify 12 months training?

Mr Peachey: I would have to go and confirm that, but generally the convention does not specify minimum times of training to any of the qualifications—it specifies that there are competencies that have to be achieved and it specifies the minimum amount of sea time.

Senator WILLIAMS: Which is?

Mr Peachey: Which for an engineer is six months.

Senator WILLIAMS: So it is saying that to train an engineer or an apprentice if you want to call it that, it specifies a minimum of six months sea time?

Mr Peachey: Yes.

Senator WILLIAMS: Can you tell me of any apprenticeship in Australia that can be done in 12 months: building, brickie, carpenter—my son is a carpenter—mechanic? Is there any apprenticeship that you know of that can be done in 12 months? Even now, in year 11 and 12 at school, you can actually kick off your first year apprenticeship by doing those trades at school with TAFE.

Mr Peachey: As we went through last session, you cannot become a watch keeper in 12 months even with the time frame we were looking at with the draft marine orders part 3. The minimum academic time to do the diploma for watch keeping is six months. Again, my recollection about how much time there was going to be to achieve the necessary workshop skills was I think in the order of about nine months. The sea time that we were requiring—and I am just going back to my notes from last time—I think it all brings us up to think a bare minimum of two years. Just to cut to the chase on this whole issue, the proposed initial draft of the marine orders part 3 issue 7 was a consultation draft. We had the consultation. The intention has always been to come out and do further consultation. Feedback from industry as well as the engineers union has been that they would prefer to have the 36 months in there. So that is what we will do.

Senator WILLIAMS: So it is locked in until 2016 now—is that correct?

Mr Peachey: The marine orders draft we will bring out in due course over the next few months, I am hoping, taking into account all of the submissions we had from all of the parties. But, from our point of view, if that is what industry wants and they want to have 36 months spelt out in there then we can put that in there.

Senator WILLIAMS: Mr Peachey, you have stated

... Certificates of Competency for Masters, Deck and Engineering Officers and Certificates of Safety Training issued will be valid until 31 December 2016.

AMSA will consult industry prior to making any new issues of Marine Order 3—
which is reassuring.

Mr Kinley: We also have to pay regard to what are known as the Manila amendments to the STCW convention. That is where the 2016 date comes in because that is the end of the transition period for the Manila amendments.

Mr Peachey: Could I just have one final crack at this. We do have a seriously shared interest in making sure these qualifications are appropriate.

Senator WILLIAMS: We do.

Mr Peachey: We have a serious interest in addressing this quickly. The engineers in particular, as I think I mentioned last time, a lot of them are on the wrong side of 50. We have 1,707 AMSA registered engineers nationally and in five years time 30 per cent of those will be over 60. That is a pretty dire situation in an industry that is dependent on appropriate skills and qualifications to thrive and grow. So there is an urgency about this. We are encouraging those who are involved to actually engage in it constructively.

Senator WILLIAMS: I could not agree with you more. Probably you and me are on the wrong side of 50 as well. I am spending all of my life in rural Australia seeing the average age of farmers. But that does not mean that we can shortcut in any way. We must see that those engineers are trained properly because the reliability of the vessel falls in their hands.

Mr Peachey: I could not agree with you more. They have a critical role to play and we will make sure that qualifications are appropriate to the needs of the industry today.

Senator WILLIAMS: Hopefully we are on the same page now, but as to that STCW I was concerned when you were looking at adopting that because clearly it did not say that you had to do 36 months in the training. If we want to have good young people in this position then they must be trained properly—no rushing and no short cuts—or they will not do the job properly and we will have problems, no doubt.

Mr Peachey: You mentioned that we are looking at adopting STCW. Just to clarify, that is an international convention. It is a convention that imposes international obligations which we have accepted.

Senator WILLIAMS: Did we sign that convention?

Mr Peachey: Yes.

Senator WILLIAMS: Who signed it?

Mr Peachey: It comes into force through our legislation.

Mr Kinley: The original convention came into force in the 80s. What we are looking at are further amendments to the convention. I would also just clarify that the sea time requirements for watch keeper is nine months. I think I said six earlier and I should have said nine.

Senator WILLIAMS: Thank you.

Senator COLBECK: I just want to go to the tinny to tanker reform process. I understand that you are currently in a round of consultations with industry in relation to the structure of the regulatory process that works there. I am starting to get a fair bit of feedback, particularly from the inshore operators, around the requirements that they are being required to have for work in sheltered waters. Can you give me a sense of where that is and what sort of feedback you are getting around that?

Mr Peachey: Yes, you are right—we are in a process of consultation on this. The tinny to tanker concept as you recall was our attempt to actually try to create a career path from the inshore to the offshore sector. What we were just talking about earlier, about the MO3, covers the offshore staff. We have separated the two because there are two pieces of legislation governing those orders. We have now got effectively what has become part D, which is a qualification requirement for those inshore vessels or operators. Part D has been under review for some time. The most recent discussion we have had on it was a discussion that was convened in Hobart.

Senator COLBECK: I ran into some of the participants on their way.

Mr Peachey: We might know some of them.

Senator COLBECK: I am sure we do.

Mr Peachey: The discussion as I understand it was pretty productive, but it is a work in progress.

Senator COLBECK: What is the timeframe around settling that and recognising that it is about a career path but also having something practical that works for those people?

Mr Peachey: I understand. As I was trying to imply earlier, we have a particular interest in making sure that the qualifications are appropriate and ultimately the aim is to create that career path that we have been talking about previously. The consultations and discussion will go the some months. We are not talking years or anything like that—it is a priority for us to get that work done.

Senator COLBECK: So you are looking to have it completed this year if you can?

Mr Peachey: The latest advice I have is that we are expecting to get to officials in the states and territories and the Commonwealth in about May 2013. So the clock is ticking—it is not that far off.

Senator COLBECK: How far apart are we in respect of what industry is saying or asking for and what is being proposed? Are we still basically trying to come to some form of general agreement?

Mr Peachey: I think we are still trying to come to some form of general agreement. I do not sense that there are burning issues out there, but I may be corrected. Certainly no-one is on the phone to me. But if you spoke to those guys in the consultation, I hope they have passed on what I have heard—that the consultations were very constructive and certainly we are making progress.

Senator COLBECK: I have to admit I saw them pre-meeting, not post-meeting. But I will go back and have a further conversation. The thrust of what they are talking about goes more broadly across their business and a number of incremental costs additions. You make a cost addition there and another one here and another one there and cumulatively it has a bigger impact than one group doing a little bit that is not so much of a problem.

Senator BIRMINGHAM: I apologise if any of these issues have been dealt with beforehand. Can I touch on the destruction of illegal entry vessels in the waters off Christmas Island. Is that an activity undertaken by AMSA?

Mr Peachey: No, it is not.

CHAIR: It was raised yesterday under the DAFF portfolio if that is of any help to you.

Senator BIRMINGHAM: Has AMSA made any application to the department of environment and sustainability to facilitate the destruction of illegal entry vessels?

Mr Peachey: Not to my knowledge. In that particular area we are all about saving lives and that is where it starts and ends. We do not go beyond that.

Senator BIRMINGHAM: The reason I am asking questions here is that the department of sustainability thought it was AMSA in questioning that we had earlier this morning.

Mr Peachey: AMSA is a pretty popular acronym around the corridors, I guess.

Senator BIRMINGHAM: I am pleased that we can elevate your popularity, then. Does AMSA have any record, data or information about the destruction of illegal entry vessels to date?

Mr Peachey: Not to my knowledge, no.

Mr Young: No, we do not keep records on such matters. The engagement normally is that we conduct a search and rescue operation and typically a vessel is either left or, if there is a warship or a Customs and Border Protection vessel on the scene, they can deal with it. But AMSA completes its engagement at the end of the search and rescue operation.

Senator BIRMINGHAM: And it is then up to Customs or whoever has intervened in that sense as to what happens to any vessels that may still be left at the end of such an operation?

Mr Young: That is my understanding.

Senator BIRMINGHAM: Thank you.

Senator COLBECK: So do those agencies take control of the vessel?

Mr Young: Those agencies make decisions themselves based on the circumstances at the time and whether they consider it to be a dangerous hulk that might be a danger to navigation or not. My understanding is that not all vessels get destroyed, but that is a decision that is actually made by the agencies that have vessels on the scene.

Senator COLBECK: So who controls the broader considerations around what happens to those vessels?

Mr Peachey: I think we are probably straying into an area that we are just not actually engaged in on a day-to-day basis.

Senator COLBECK: I think it might be the problem that nobody is really engaged on some of the issues that we are pursuing around this.

CHAIR: I am sure they are, Senator Colbeck, if you are asking the right areas.

Ms O'Connell: I think quite possibly Customs and Border Protection might be a good starting point for discussion about it. It is clearly not an involvement that AMSA has.

Senator BIRMINGHAM: As you indicated before. The department of sustainability thought there was an application from AMSA, but perhaps they were mistaken.

Mr Peachey: I will give them a ring.

Senator COLBECK: Put them out of their misconception—don't blame us!

CHAIR: Thank you.

Proceedings suspended from 12:53 to 14:00

Bureau of Infrastructure, Transport and Regional Economics

CHAIR: Welcome back, Hansard and broadcasting. We are commencing with Policy and Research.

Mr Mrdak: I might just explain. One of our senior executives, Mr Williamson, is not able to be here today. He has had a death in the family, unfortunately, so Policy and Research will be represented by Dr Dolman, Ms Spencer and Mr Farmer.

CHAIR: Thank you. I can safely say on behalf of the committee, please pass on our condolences to Mr Williamson and we wish him and his family all the very best.

Senator IAN MACDONALD: Good afternoon, gentlemen, and Dr Dolman. In terms of the overall work schedule for the Bureau of Infrastructure, Transport and Regional Economics, what scope is there for industry and your bureau collaboration on research publications? Do you understand what I am asking?

Dr Dolman: I think so. We collaborate with industry in a number of ways. We rely on industry providing us with data, for instance, for our aviation statistics. We prepare a joint publication with the Australasian Rail Association, which is a report on the rail industry produced annually. We are currently working with Ports Australia and the port industry as part of the work we picked up out of the National Port Strategy, so there is work underway there to improve the performance reporting at ports.

Senator IAN MACDONALD: In relation to all of those, but from my point of view principally in relation to the regional economics, is there an opportunity for outsiders—businesses, state government instrumentalities or individuals such as me—to suggest to you that you should do a research project into X or Y? Is that possible? Where do you initiate your research projects from, or is it all ministerial direction?

Dr Dolman: The way that we develop our research program is that primarily our customer is the department and the minister. We work with other divisions in the department to identify the research needs for the coming year and the secretary signs off on a research plan each year. I guess it is not impossible that someone from outside the department might suggest a research topic, but that would require the secretary agreeing to us—

Senator IAN MACDONALD: So does it go through the secretary and get ticked off by the minister?

Ms O'Connell: To clarify: in relation to the regional aspects of the work that the bureau does, the client there is the Department of Regional Australia. So they have a say in the research agenda for the resources applied to the regional area.

Senator IAN MACDONALD: Were any of those two departments who, as of right, can ask for work to be done?

Ms O'Connell: I guess anyone can ask, but in terms of the authorising of the work, it rests with the secretary in the case of transport and infrastructure and on the regional side, the secretary of the Department of Regional Australia.

Senator IAN MACDONALD: I understand a lot of work is yearly or quarterly updates of certain defined information that comes out every year. Apart from that, what scope is there for original research within the bureau?

Dr Dolman: You are right. The work of the bureau has three broad components. One is the updating of unique statistics that we hold and collect, largely relating to transport; so aviation statistics, the rail states that I was talking about and the borderline series looking at container port performance are examples of that. We also collate the national road safety road fatality statistics. The second component is the analysis that directly feeds into the policy, program or regulatory work of the department. For instance, we might contribute to a cost-benefit analysis that supports a regulatory intervention. The third part is the research which we publish, but again it is applied research to forward the needs of the department to inform emerging issues. I can give you an example of that.

Senator IAN MACDONALD: No, that answers the question. Is yours a defined staff? There used to be the fallacy that the bureau was a sort of independent unit. In recent times you are clearly part of the department. Do you have a defined set of staff or do you share your staff in the department on other things?

Dr Dolman: No. We have a staffing level and a budget that is agreed like other parts of the department.

Senator IAN MACDONALD: What is your staffing level at the moment and what is your budget?

Dr Dolman: Our budget for this year is about \$4.4 million and our staffing is about 35.

Senator IAN MACDONALD: In historical terms, is 35 about what it has always been or is it a lot more or a lot less than, say, going back five years?

Dr Dolman: For the last three or four years it has been at that level. There were times when the bureau staffing was higher.

Senator IAN MACDONALD: What was it in those times, in round terms?

Mr Mrdak: It has been much higher. About a decade or more ago it was over 100 people.

Senator IAN MACDONALD: Of the 35 that you have, how many of those are research staff and how many are administrative staff?

Dr Dolman: Essentially, there is only one administrative staff. I am not sure how you count me; that would be two, potentially. The majority of people are experts in their field and have a research or statistical background.

Senator IAN MACDONALD: You may be able to tell me this or it may come into the category of department advice. Apart from the regular updates of yearly, quarterly and half-yearly statistics, are you able to tell me what research projects you have been working on this financial year?

Dr Dolman: One of the easiest ways to answer that is to look at what we have recently published, but I can also talk about some of the things that are coming to fruition. Our latest publications include an update on vehicle travel by state and by capital city for the period 1990 to 2012.

Senator IAN MACDONALD: I am sorry?

Dr Dolman: Car travel in states, so total kilometres travelled by car across each state and for each capital city. We have just updated that. I will leave out the ones that are the regular updates, if you like.

Senator IAN MACDONALD: Yes.

Dr Dolman: We have looked at air passenger movements through capital and, for the first time, non-capital city airports. We have taken the five largest non-capital city airports and added that to our projections for air passenger travel out to 2030.

Senator IAN MACDONALD: Has that been publicly released?

Dr Dolman: That has been publicly released, yes. We are publishing a series of one-off reports looking at individual cities. The latest one of that looked at Sydney. We have done Perth, Melbourne and Sydney, which have been published. We are just completing our Brisbane study. Those studies are looking at population growth,

jobs growth and community implications within cities. They are looking at the major trends and also how well each of those cities is performing against its planning objectives.

We did a one-off study on child pedestrian safety last year that looked at the numbers of deaths in driveways in particular. That found, for instance, that there is an average of seven eight- to 14-year-olds killed around the home each year. That is an example of the sort of work that we are doing.

Senator IAN MACDONALD: Perhaps I should ask Mr Mrdak this. Are those projects that you put papers out on generally something the department has thought of or is it generally through the minister's office where he says, 'I would like to know a bit more about child pedestrian safety'?

Mr Mrdak: It varies. Some of the tasks like that particular task are at the request of ministers, but broadly the research program is developed by the bureau in consultation with the divisions across the department. We talk to industry groups and we largely develop a research program internally, but we leave some scope—although not very much, unfortunately, because of resourcing—to take on new tasks at the request of ministers.

Senator IAN MACDONALD: Are you able to tell me what you are currently working on, or does that come into the category of advice to government?

Mr Mrdak: I am very happy to talk about the program.

Dr Dolman: We have quite a big program. We produce 20-odd research publications each year and about 50 regular statistics publications each year. Broadly, our research work can be considered in five categories. We are looking at work on reform and investment in infrastructure, and one of the main projects there is looking at the economics of road maintenance—so what is the optimum time and amount to spend on road maintenance.

Senator IAN MACDONALD: Well done!

Dr Dolman: The second category is infrastructure and corridors, where we are looking at weight and motion stations that are in place on major highways and looking at the trends in heavy vehicle movement on major highways and how that has changed over time, including in terms of change in heavy vehicle regulations and the implications of that for the infrastructure and future productivity in the freight industry.

Road safety is the third area. We have just completed a review of the National Black Spot program. Over a number of years we have provided a copy of that report to the committee and that has shown that there is actually very good return on investment in that area.

The fourth area is forecasting, where we are looking at, for instance, public transport. For the first time we will be producing later this year our forecasts out to 2030 on public transport use in Australia. The final area is city and corridor planning, which I spoke to you about, and then there is a regional research area which you might be interested in as well.

Senator IAN MACDONALD: You have well anticipated me. I was going to say that none of those seem to relate to regional Australia, but you do have some projects underway in regional Australia?

Dr Dolman: As was flagged before, when our department and the regional department split, we only had a very small team that works on regional research. It was considered that the best way of managing that was to keep them in the bureau so they have access to other experts in related fields.

Senator IAN MACDONALD: What is that small team in physical terms?

Dr Dolman: It is a total of three at the moment. We have an arrangement in place with the Department of Regional Australia where we both provide data and analysis on request, so we respond to their requests. At the moment, we have a main project which we are also working on, which is looking at the history and growth of small- and medium-sized towns over the last 100 years. We have gone back and got census data from 1911 to 2011, and in particular we are looking at the economic forces at play that define the history of those towns—whether they grow, remain static or, in some cases, shrink and disappear. We are looking at the drivers of that. That research is drawing to a conclusion and we are starting to get some interesting results out of that.

Senator IAN MACDONALD: Two very quick questions. Have you done work on the Flinders River irrigation project? It has a name with the Department of Regional Australia.

Dr Dolman: No, we have not been involved in that.

Senator IAN MACDONALD: I had a feeling you had. Finally, has there ever been any research undertaken on the state of local, state and federally controlled bridges across Australia?

Dr Dolman: Yes. We provided an answer from the last Senate estimates hearing.

Senator IAN MACDONALD: Did you?

Dr Dolman: I have it here.

Senator IAN MACDONALD: If there is an answer—I am clearly asking this on behalf of someone else.

Dr Dolman: The majority of the work that we referred to in the answer is done by Austroads, which is a company essentially owed by the Commonwealth and state governments to undertake technical research on roads. They have, for instance, produced in 2009 a *Guide to Bridge Technology*, AGBT.

Senator IAN MACDONALD: Are there any statistics available on which bridges are the responsibility of local, state or federal government? Is there any research into mass limits on freight routes on productivity?

Dr Dolman: Not in that detail. The closest we get to that is a study that was done by a precursor to the Bureau of Transport and Communication Economics in 1997. It is a working paper that we have referred to in there which actually looked at bridges on the national highway. It quantified the number of bridges and their general condition and looked at issues that were needed to maintain them.

Senator IAN MACDONALD: Nothing has been looked at in the last 15 years, clearly?

Dr Dolman: No.

Senator IAN MACDONALD: Thank you.

Senator RHIANNON: What research have you done into the West Connects Project?

Dr Dolman: The bureau has not done any research into that project.

Senator RHIANNON: I also wanted to ask about the bicycle and walking strategy, the Walking, Riding and Access to Public Transport, that was released last October. Is that relevant to this section?

Mr Mrdak: It is in our next section, Major Cities Unit.

Senator RHIANNON: The next section.

Senator IAN MACDONALD: I asked about the bridges, but just before that: of the projects that you have done in regional Australia, which ones did you say are currently underway?

Dr Dolman: Currently we only have that one project which is looking at the history of small- and medium-sized towns.

Senator IAN MACDONALD: What is the one that you did prior to that?

Dr Dolman: Most immediately prior to that we looked at population trends across Australia and their drivers of change. That looked at movements between regional areas and capital cities and also between coastal areas in regional Australia and non-coastal areas. It looked at all the population patterns over the last 10 years or so and the drivers of those.

Senator IAN MACDONALD: That currently available on your website, I take it?

Dr Dolman: Yes, that is available on the website.

Senator IAN MACDONALD: When do you expect to finish the regional towns?

Dr Dolman: By the middle of this year.

Senator IAN MACDONALD: Does your research process involve face-to-face meetings with prominent people—I would perhaps say the mayor—in some of these smaller towns and their views on what is happening, or do you tend to get it all from other academic research?

Dr Dolman: This one largely is analysis of data that is more the academic research that you were talking about. Past work that the bureau has done, in particular on the regional side, has involved working with rural stakeholders—the area consultative committees. We also did some work looking at impacts of irrigation that involved interviews with people and we did some work on cost of living that involved going out to regional areas.

Senator IAN MACDONALD: Thank you for that.

CHAIR: I thank the officers, and now call the Major Cities Unit.

Major Cities Unit

[14:21]

CHAIR: Welcome Ms Ekelund.

Senator RHIANNON: I want to ask about Walking, Riding and Access to Public Transport that I understand was released in October. How many submissions were received?

Ms Ekelund: We have received about 200 submissions.

Senator RHIANNON: Can you share with us what plans you are considering to target in terms of federal funding?

Ms Ekelund: The report itself explores how the Australian government can work with other levels of government and indeed, community, on improving the mode share for active travel, walking and cycling, and better access to public transport. In that area we explore the need for planning for active travel networks, investing in appropriate infrastructure for active travel networks and also what things could be done to actually encourage people to take up walking and cycling. The Nation Building Program, itself, does embrace the concept of connecting people, including the possibility of some of the Nation Building 2 funding being used for active travel. But that is something that the Nation Building team are working through, so there is nothing specific on that at the moment.

Senator RHIANNON: Are there any specific projects with recommendations for a certain amount of money? Do you go to that level of detail?

Ms Ekelund: Not at this stage. As you noted, we have only just finished the public consultation process and we are in the process of evaluating the submissions that we have received. We will then consider what options might exist and will work with other parts of the department, including those parts of the department that are responsible for funding programs. Then it will be up to the department to consider what options may exist, including the deputy secretaries and secretary, and what suggestions we would take forward to government.

Senator RHIANNON: When do you expect to have finalised the report?

Ms Ekelund: Not for a couple of months. We are really just starting the assessment of submissions at the moment.

Senator RHIANNON: So the end of April? That is more than two months.

Ms Ekelund: That is more than two months—a couple of months. I would not want to give an actual time. I would say this financial year; this half of the calendar year, but it really is up to the deliberations that we have within government and what direction the government might want to take as well.

Senator RHIANNON: I noticed that the report identifies that Sydney is not experiencing the same growth as Melbourne in cycling. There is mention of policy and provision problems, rather than just the hilly topography of Sydney. Have you looked closely at this problem?

Ms Ekelund: There has been quite a lot of work by the Australian Bicycle Council and also other organisations on what factors encourage people to participate in walking and cycling or what factors discourage them. One of the major disincentives to cycling, in particular, is actual concerns about safety—whether they are real concerns about safety or perceived concerns about safety—and it is suggested that one of the best ways to relieve that concern is about having protected cycling and walking infrastructure. Some jurisdictions have done a lot of work on walking and cycling, and states have helped local government to fund infrastructure. So in some of the areas where we have seen the most take-up of walking and cycling, it is where the states, territories and local government have actually actively provided safe, separated infrastructure.

I think it is fair to say that Sydney has been picking up that ball more recently, and certainly the city of Sydney itself has seen itself in quite a lot of controversy because not everybody is appreciative of the infrastructure that it is putting in there. Local government in Sydney has also been working collectively to establish a network of cycling infrastructure that spans 14 local authorities. So it is not just terrain, as you say; it is actually making sure that there are appropriate facilities to encourage.

Senator RHIANNON: You mentioned in your response a little bit about walking and I noticed that there is currently no nationally agreed strategy for walking as transport. Could you update us on where that is going?

Ms Ekelund: Since we released this report we have actually done a bit more work on walking. We have done a collaborative project with the City of Sydney and Transport New South Wales to understand walking in a bit more detail; indeed, the economic and health benefits of walking and the interrelationship between the use of public transport and walking. We want to further develop our understanding of walking; after all, walking is one of the most fundamental movement mechanisms we have.

The Active Travel paper that we rereleased certainly was about walking and cycling and access to public transport, but as I suggested, we are doing more work on walking and that will certainly be part of our considerations in whether there is a policy response to it.

Senator RHIANNON: Do you give a ranking between the cities on the sorts of issues that you are looking at with regard to transport and the liveability of these cities? Is there a ranking comparing Australian cities?

Ms Ekelund: There are lots of rankings comparing Australian cities. We do not do it, but we do report on various indicators, including which cities have the highest and least proportions of walking or cycling to work or education. A lot of that data is in our Active Travel paper. We also have quite a lot of data about such matters in

the *State of Australian cities* report. There we also show what sort of other indicators other organisations have used to assess the liveability of Australian cities.

Senator RHIANNON: You would be aware that active transport is so often seen as a poor cousin in transport policies. Can you see that it is starting to become more mainstream within your own department or does it remain more of an add-on rather than integrated into the real strategy of the department?

Ms Ekelund: The fact that we are doing this work illustrates that the department wants to embrace all modes of transport and analyse their various roles. The Nation Building 2 framework now includes the goals and objectives of the national policy, and part of that is about reducing dependency on cars and encouraging these other modes of transport. These policy objectives are now embodied in the framework for Nation Building 2, at least.

Senator FAWCETT: Can I take you to the COAG Reform Council's review of capital cities strategy planning systems report released publicly in April 2012, chapter 6 in particular, which deals with governance? Are you familiar with that?

Ms Ekelund: Yes. You are testing me for the detail of chapter 6.

Senator FAWCETT: I will not ask you for chapter and verse. There is a table in the chapter that looks at the level of compliance across the different levels of government and rates different states as consistent, largely consistent, et cetera. Did that include the NASAG process? Did you look at the interaction between city and suburb planning and aviation infrastructure?

Ms Ekelund: The COAG Reform Council, when it considered how well metropolitan planning systems were consistent with the COAG criteria, considered how well planning was done for significant economic infrastructure, and obviously airports are significant economic infrastructure. At the time that the COAG Reform Council was doing the work I do not believe the NASAG work was public. The secretary may want to correct me there. I would be very surprised if the COAG Reform Council dealt with that issue specifically, but rather more broadly looked at how well metropolitan planning systems were dealing with the need to adequately take into account economic infrastructure.

Senator FAWCETT: Given that we are seeing a number of interventions, if you like, from states, either querying or essentially overriding some of the NASAG principles— and Tralee is a classic example where the airport at Canberra is part of a major city, therefore part of its planning horizon, but that is being impacted by state government decision for a development under the flight path— what is the Major Cities Unit doing to actively try and get alignment between the levels of government in line with the principles that were agreed to under NASAG?

Ms Ekelund: The Major Cities Unit has the role of disseminating information, understanding data, encouraging good practice, best practice planning, and that has regard to what the statutory and best practice frameworks are for planning. That would include matters such as NASAG, so we would certainly be encouraging jurisdictions to consider these matters. We do not necessarily have a specific role in evaluating whether they have done so; probably some of my colleagues in Aviation and Airports may be better placed to answer this specifically and the secretary may want to add to it, but we do not have any sort of veto role over the states and territories. We still have a constitution that suggests that planning for urban systems is the responsibility, principally, of states and territories, albeit when it comes to airport, they have to have regard to federal policy and statutory frameworks as well.

Senator FAWCETT: The role of the Major Cities Unit, as I understand it, is looking at major cities and their capacity for transport, whether it is active transport and bicycles or aeroplanes. In November last year, for example, the state transport minister in WA was looking at the capacity of Perth airport and highlighting that with something that is a federally owned airport that there has been a lack of development there on behalf of the airport operator that has impacted on his state and Perth's transport infrastructure. I am just trying to get a feel for how much you are just monitoring and observing and how much you are actively seeking to engage parties in dialogue to reach alignment so that we do not get a situation, as is happening at Jandakot and Archerfield and other places, where encroachment occurs such that those expansions cannot take place in perhaps five years' time.

Ms Ekelund: Again, probably the best people to talk to that have a more active involvement are the Aviation and Airports' people. They certainly consult us.

Senator FAWCETT: I am sorry to cut across, but the reason I have raised this in Major Cities is that there is a lot of stove piping in government departments where it is 'That's their job', but my contention is that there is actually an onus on each area of government that where there are things that clearly cross boundaries, that you should be taking an active interest. What I am asking is: are there any areas where you are taking an active

interest or see that you could to further the cause of the NASAG principles to preserve and, in fact, grow aviation capability?

CHAIR: Senator Fawcett, may I just seek clarification and I will not chew up too much time. I am sorry, Ms Ekelund and Mr Mrdak. Are you saying Perth airport is Commonwealth government owned or are you talking about the land around Perth airport?

Senator FAWCETT: No. I am saying the airport belongs to the government. It is leased to a company.

CHAIR: I just wanted to clarify because it made it sound like it was a completely Commonwealth owned and operated airport.

Ms Ekelund: We would have views on things like Tralee. We would have views on how Perth airport interrelates with state and local interests around Perth and Jandakot and they would be conveyed to our airports and aviation people when they consider the planning for those airports. We are certainly consulted about those matters. We would have limited direct involvement with some of the airports. We have spoken to the airport CEOs, as part of the department consultative fora. I have a meeting coming up with Canberra airport. We have met with the management in the past of Perth airport. We certainly have an interest, but we do not have the regulatory function that other parts of our portfolio have. They rely on input, as they seek input also from states and territories.

Senator HEFFERNAN: You would not care to give us your view on Tralee, would you?

Ms Ekelund: I am sorry?

Senator HEFFERNAN: You would not care to give us your view on Tralee?

Ms Ekelund: My view on Tralee has been given prior to my working in this role. As our portfolio has indicated before, we have grave concerns about encroachment into that area. As an urban planner, I would say that it is not just about the airport; it is also about the interrelationship between the industrial estate that exists in the ACT. I think there are issues with that, but we do not have a responsibility over it. The New South Wales government has hopefully considered all of those matters and made a different decision.

CHAIR: Thank you, Ms Ekelund. I am sorry that we have run out of time.

Senator FAWCETT: Can I put two questions on notice?

CHAIR: Yes, of course.

Senator FAWCETT: The chair is snapping at my heels so I will put these on notice. Could you provide the committee with an indication of what input you have had to date to the NASAG process and plan to have into the future? Also, what you are feeding back to your counterparts in state and I assume local government associations around planning so that when issues are raised, rather than just assuming the New South Wales government is doing its job, you can be feeding back that there are parts of government that think perhaps they are not and seeking that response? If you can give us that on notice then that would be good.

CHAIR: Thank you. Senator Heffernan, really quickly.

Senator HEFFERNAN: Is there a document that you can provide us on Tralee that is your view?

Ms Ekelund: There was an inquiry that was held by the New South Wales government.

Senator HEFFERNAN: Your view of it?

Ms Ekelund: When I was working for the ACT government there was an inquiry and I was a presenter at the inquiry. That would have been in the early 2000s.

Senator HEFFERNAN: So there is not a living document from where you are now?

Ms Ekelund: No, there is not, but that is my technical view.

Senator HEFFERNAN: It does go to money speaks all languages.

CHAIR: We will move on. Thank you, Ms Ekelund. We are very tight for time.

Office of Transport Security

[14:38]

Senator FAWCETT: Mr Mrdak, welcome. The capability review of the department that was conducted by the Public Service Commission released in December last year noted that an area of concern amongst some external stakeholders was the relationship between the Office of Transport Security and other related areas of the department. It essentially says that the department seems to have difficulty in providing a common face or interface to stakeholders. I am wondering if you would like to respond to that, as to whether you agree with it and what you are going to do to rectify that situation?

Mr Mrdak: I was saying this morning to Senator Joyce that I think that is an area which we have paid particular attention to. Clearly, one of the great values of the capability review has been the extensive range of industry groups that they spoke to. Clearly there is a concern there that essentially between our Office of Transport Security and potentially our Aviation and Service Transport Divisions, have we got a divergence of divisions which are pushing hard on productivity and growth, and at the same time a regulatory task being done through the Office of Transport Security which may be countered to that by the way in which we are implementing security outcomes.

It is a major concern and I think one of the things we have undertaken to do this year is to develop a clear statement which we can work through with industry about what are some of the key reform directions we are seeking. As I also mentioned to Senator Joyce this morning, one of the key areas that we are working on, and Mr Retter is leading, is starting to look at our regulatory settings in transport security to see whether we can move to a much more security management system approach which aligns with our approach that we have done for some time in aviation safety management, where possible, to start to get more of an outcomes based approach on transport security rather than some of the more prescriptive approaches which we have been applying since September 2011. Mr Retter, is that a fair summation.

Mr Retter: I have nothing to add to that.

CHAIR: We are really tight for time. Senator Back and Senator Heffernan have questions and we have five minutes to go on this one.

Senator FAWCETT: I will move on fairly quickly then. Can you confirm that the intent of OTS is that a seafarer who currently holds a maritime security identity card who has been convicted of a maritime security related offence would be refused, or that card would be withdrawn or, indeed, if he was applying for one, he would be refused a card. Is that correct?

Mr Mrdak: That is the current provision in the requirement.

Mr Retter: Depending upon the nature of the offence, there are provisions in the regulations that if an individual is convicted of that particular offence, they will not be granted a card in the first instance.

Senator FAWCETT: That is all I need to establish. My understanding is that to work in the EEZ of Australia, a seafarer would need an MSIC. Is that correct?

Mr Mrdak: Not necessarily in the EEZ; they certainly need it for secure areas of security designed zones of our ports, but not necessarily in the total EEZ. You can operate in other parts of our seafaring system, but once you enter what are defined secure areas of our ports, you certainly need an MSIC.

Senator FAWCETT: The Institute of Maritime and Power Engineers has raised a concern that 457 visa holders are not required to hold an Australian MSIC card and are getting jobs within the EEZ in areas where Australian members who have been denied an MSIC are not able to work. I am happy for you to take that on notice, but could you come back to me and just explain if there are circumstances where an Australian who does not have an MSIC is denied the opportunity to work, whereas a foreign worker who also does not hold an MSIC is able to work?

Mr Mrdak: We will come back and explain that. Mr Dreezer may add to this. There are only certain designated areas where an MSIC is required; it is not across the whole of the navigation shipping industry.

Mr Dreezer: No, that is not the case. Certainly if there was a foreign seafarer they would obtain their job on the basis of their applicability for that employment under a 457 visa. We are certainly not aware of any instances where there is someone that has been denied an MSIC and has not been able to operate as a seafarer on an Australian registered ship. The other point to make, as the secretary made, is that you are only required to have an MSIC if you have a need to work unescorted within a maritime security zone, and a significant number of Australian registered ships do not have security zones in place at MSIC level 1, which is the current operating environment.

Senator FAWCETT: Thank you.

Senator BACK: Can you tell me whether a person who does have an MSIC can take with them a person who does not onto an area secured under the program? In other words, as I am an MSIC holder, can I take a parliamentary colleague onto the wharf with me?

Mr Dreezer: Yes, you can. A visitor can be escorted by an MSIC holder into a maritime security zone.

Senator BACK: Can you tell me, particularly with Fremantle—as you know I have great concern with those who illegally get access to the port in Fremantle to try and stop operations, particularly live cattle and sheep loading—can you take on notice and tell me the number of instances you are aware of since the last estimates

where this has happened, but I understand you work through the Western Australian police on that particular case. Is that right?

Mr Dreezer: Yes. We can take that on notice.

Senator BACK: Thank you very much.

CHAIR: In winding up in the last 30 seconds, Senator Heffernan, did you want to raise a new issue?

Senator HEFFERNAN: No, an old issue. Obviously there is some ongoing under-the-radar commentary on the security vetting of labour hire subcontractors like Sydney Night Patrol, et cetera, and obviously with the Australian Crime Commission there has been some commentary about organised crime getting access to clear paths, green light corridors with drugs through the wharves and so on. Is that an ongoing operation?

Mr Retter: The requirements for personnel, including security staff, who work in secure areas of our ports and airports are required to go through background checking. Those requirements have been in place for some time. Any other matters relating to specific issues or operations would need to be referred to the law enforcement agencies who obviously undertake those investigations.

Senator HEFFERNAN: There are obviously some flaws in that system. Thank you, Mr Chairman.

CHAIR: Thank you, Senator Heffernan, and thank you, Mr Retter. We will now call Aviation and Airports where we have allocated 40 minutes for questioners.

Aviation and Airports

[14:46]

Senator FAWCETT: Good afternoon. I would like to talk to you about the master plan of Jandakot Airport. We have had a number of concerns raised by users of the airport around the fact that the master plan sets out an investment program of more than \$60 million for the airport and expectations there, including fourth runway, taxiway, safety improvements, general aviation facilities and so on, but late last year in October the leaseholder of the airport, in a public meeting outlining their development plan, indicated that most of the further development appeared to be on the commercial precinct, including a range of roads and other infrastructure, with minimal development actually occurring on the airside, contributing to the aviation facilities. Do you have any visibility of progress against the master plan and, particularly, do you have any time frames that you seek to hold the leaseholder to for implementing things like the fourth runway?

Mr Doherty: Under the master plan process we are certainly concerned to ensure that provision is made for the growth and development of the airports, and with the GA airports that includes reserving land in large measure to make sure that that growth can happen in the future. They also include a measure of development for non-aeronautical purposes, and part of the reason that that balance is important is the commercial realities of funding the work under the privatised scheme that we have.

Senator FAWCETT: In the interests of time I will interject there. I understand the basis of the lease and the commercial. In fact I think the statement by the then Rudd government was that aviation related development must be the overriding priority, and yet consistently around Archerfield, Bankstown and Jandakot, feedback that we are getting from people on the ground is that the commercial is taking priority and the aviation is being subjugated. What I am keen to understand is: do you have a process in place for actively monitoring the implementation of master plans and particularly checking that the balance of implementation does, in fact, meet the government's intent of making aviation the priority?

Mr Mrdak: We do, in the sense that we have annual lease reviews with each of the airports where our team goes through progress against the master plan and also all of the conditions of the lease. As you are aware, one of the conditions of the lease is that the aeronautical side of the airport maintains pace with growth of traffic. We do go through that formal process at each annual lease review, as well as our ongoing interaction with the airports.

Senator FAWCETT: You mentioned growth of traffic, but what about growth of demand? If the demand is there but the traffic is not because the capacity is not there at the airfield and the master plan indicates that they are going to build capacity, then developments against utilisation are not actually an appropriate measure, are they?

Mr Mrdak: My language should have included demand. If there is a situation where capacity has not kept pace with demand then we would look at that issue. In the case of Jandakot my understanding is— and Ms Horrocks will correct me if I am wrong—work is underway in the preparation of the major development plan for the fourth runway. Ms Horrocks may wish to comment and give an updated position, but we are very closely working through that with Jandakot Airport owners.

Ms Horrocks: We are currently reviewing an exposure draft for the major development plan for the fourth runway at the moment and the master plan for Jandakot is due in 2015, so we are already in discussions about the strategic plan going forward for that airport.

Senator FAWCETT: When you do the reviews do stakeholders, other than the leaseholder, have opportunity to input to your review? Do you consult with users at the airport?

Ms Horrocks: Do you mean for the annual lease review?

Senator FAWCETT: Yes.

Ms Horrocks: We get feedback from a range of stakeholders right throughout the year. It is not a specific process. Obviously we get correspondence. We talk through the community aviation consultation groups where department representatives appear at every meeting and obviously talk to stakeholders and community representatives through that and, through those processes, gain feedback.

Senator FAWCETT: Is there a transparent process whereby, for example, this committee could look at the submissions you have received, because I am aware that there are people that are quite concerned about the proposed relocation of the fourth runway, from both a safety and an operational perspective, to then see how that issue or that concern has been addressed by the department in their discussions with the leaseholder? At the moment it is largely invisible to us as the taxpayers' representative as to what concerns have been raised and how they have been dealt with, if in fact they have been dealt with effectively.

Ms Horrocks: The major development process requires consultation with all stakeholders—state, local councils and the public of course—and then any public submissions are made through that process as well, and then the airport is required to identify how it will address any concerns or any issues raised by the public and then that is considered in our analysis of the MDP itself.

Senator FAWCETT: That process in terms of actually identifying each concern and the remedial action taken, is that available in a public form?

Ms Horrocks: No.

Senator FAWCETT: Would it be available to this committee were we to request it?

Ms Horrocks: I would need to take that on notice.

Senator FAWCETT: If you could.

Ms Horrocks: Certainly.

Senator FAWCETT: Do you also look to issues that in the big scheme of things might seem minor, but I am aware again at Jandakot that people are concerned about issues such as car parking where parking that was available to people operating aircraft—maintainers and others—free of charge, there have now been pay-as-you-go gates installed, which has caused an issue for operators there? It was done without consultation. Are those kinds of concerns, just at a very practical level of operating, taken into account?

Ms Horrocks: Absolutely. We did receive quite a number of representations from the general public on the introduction of paid parking at Jandakot, so I investigated that with the airport and with some of the sublessees. The outcome from that was that tenants are required, as part of their lease conditions, to provide parking for themselves and their visitors. That is part of their lease conditions. The airport also exempted charities, such as the Royal Flying Doctor Service, from paid parking and a range of other charities. They introduced the policy, essentially, to curb illegal parking. They were having a problem with that and that is the reason that they put in that policy as well. They did advise me and provided evidence that they had actually consulted with tenants prior to the introduction of it as well.

CHAIR: I am sorry to interrupt you, but we do have four senators wanting time. I know Senator Heffernan wants 10 minutes, but Senator Rhiannon does not. Senator Back, how long do you need?

Senator BACK: I just need a couple of follow-up questions to Senator Fawcett's questions on Jandakot, so probably five minutes.

CHAIR: Senator Fawcett you can go for another five minutes and I will pull you up at 3 o'clock.

Senator FAWCETT: Yes. I am aware Senator Heffernan will ask you some questions specifically about Tralee. I would like to look at the broader NASAG process, just to understand what the federal department is doing to not just liaise with, but influence the actions of local and state governments in terms of informing and raising skill levels to make appropriate risk assessments when it comes to airfield development, because despite the principles signed up to in NASAG, the implementation, as we are seeing at a number of both council

controlled and leased airports, does not follow the NASAG guidelines. So where to now? What are you doing to make NASAG work?

Mr Doherty: It is not an issue that we are very conscious of. The guidelines were approved. The next step that we are going through is to get a serious response from each jurisdiction about what they are doing about the implementation of that. That is to go forward to the meeting of senior officials in March, I believe, where that will be considered and through that group we will look at what action needs to be taken to try and maximise the participation and the implementation in that scheme.

Senator FAWCETT: Can you take on notice a request that when you have those submissions back from states, as to what they intend to do, to provide that information to this committee?

Mr Doherty: Certainly.

Senator FAWCETT: I will flick over to you for a moment.

Senator HEFFERNAN: I obviously want to start off with NASAG and what is happening as a group. Do they still exist?

Mr Doherty: We do not have an immediate meeting planned. We are trying to collect some of these reports out of session, but we certainly intend to reconvene the group, both to carry forward with the consolidating and reinforcing the work that has already been done, but also because we have got some further issues that we need to work through with the states there.

Mr Mrdak: The ministers have asked for a report back in May, which is the first 12 months of the operation since the guidelines were agreed, so we are forcing the states to come back with advices, as Mr Doherty has indicated, with a report to ministers in May about the next steps in the NASAG reforms.

Senator HEFFERNAN: So would it be unreasonable to suggest that they may have gone to sleep on the job?

Mr Mrdak: I cannot comment for each jurisdiction. I suspect some jurisdictions have not implemented as fully as we would like, as Senator Fawcett has indicated.

Senator HEFFERNAN: What would you define as their business? What is the business in a couple of sentences?

Mr Mrdak: We retain concerns about obstacles being approved not just within OLS and PANS-OPS services, but obstacle marking in particular and also the way in which the planning processes work around obstacles, including wind farms, aerials, towers, cranes and the like. We retain significant concerns about how that is being handled. There are issues and there is a piece of work now being undertaken by the Commonwealth aviation authorities in relation to our regulatory powers relating to obstacles and the like where we are looking to test the extent of Commonwealth powers.

Senator HEFFERNAN: Would a new subdivision under the landing and take-off path be an obstacle?

Mr Mrdak: It may, in terms of the structures being built. We certainly have a number of examples that we deal with where structures, particularly high buildings and cranes, are breaching into services.

Mr Doherty: There is also the issue about the guidelines relating to noise exposure, so that, even if there is not a physical construction, we may have a concern.

Senator HEFFERNAN: That is really what I was aiming at. How does NASAG fit in with the work of transport and infrastructure senior officials committee and the Standing Council on Transport Infrastructure?

Mr Doherty: As the secretary has just indicated, we will be reporting through the senior officials committee to ministers about progress in implementation of the NASAG program.

Senator HEFFERNAN: Given that all states originally endorsed the NASAG at the Standing Council on Transport Infrastructure in May 2012, are these guidelines to protect the airports and the communities around them going to be legislated by the Commonwealth?

Mr Doherty: There is no proposal at this stage.

Senator HEFFERNAN: So you have not decided to back away from the safeguarding policy that would come out of these meetings?

Mr Doherty: Absolutely not. It was an exercise that was about getting cooperation in achieving good practice. Obviously there is the option, following the implementation report, to look at what further action may be needed.

Senator HEFFERNAN: In the case of New South Wales and in particular the case of Tralee, would that be seen to be a difficult issue for the interests of Queanbeyan City Council—'We might get a new high school or we might get a new something else, but we need in return to have this new suburb under the flight path?'

Mr Doherty: It is a good indication that there is a whole range of factors that come into play. We push very hard on the protection of the airport. We are seeing push-back on some of the other issues.

Senator HEFFERNAN: If the push-back looked like winning against the longer term better interests of the development of the national capital, would there be any intention, without putting too fine a point on it, of court action by the Commonwealth?

Mr Doherty: Obviously court action would depend on legal advice about there being a reasonable cause which could be taken.

Mr Mrdak: In relation to the Tralee decision, the minister sought advice and we provided legal advice in relation to the prospects of an appeal or action against that. The advice was essentially that there was very limited recourse for the Commonwealth to intervene, given the nature of the decision that was taken by the planning minister—certainly to challenge that decision.

Senator HEFFERNAN: It has been a curious saga. With Sydney Airport, has the minister or the department published a formal response to the recommendations of the Sydney joint study?

Mr Mrdak: The minister last year released a statement setting out the government's response to the joint study, indicating the government's position on some of the key outcomes of the joint study, one of which is the further work which is now being undertaken for the government in relation to some sites. We have three pieces of work, coming to a conclusion at the moment, which is the next stage of advice to government. We can provide you with a copy of the minister's statement.

Senator HEFFERNAN: And any updates?

Mr Mrdak: Certainly.

Senator RHIANNON: Mr Mrdak, at estimates last year you stated in regards to Wilton:

... the next stage of the work we are doing for the Australian government is looking at the various site alternatives at Wilton as to whether they present major issues, and which may well be the more easily developed and viable option.

Have you found a viable option?

Mr Mrdak: That work is still underway. We will complete that work in the coming weeks and provide advice to the government on that. The consultants are at the final stage of completing that work and the department will provide a report to government on the various site options at Wilton.

Senator RHIANNON: So sometime in March we can expect that?

Mr Mrdak: That is when we expect to have the report available to government, yes.

Senator RHIANNON: So you will present it to the minister and it is up to the minister to release it?

Mr Mrdak: Yes, and the minister has publicly indicated his intention to release the additional work.

Senator RHIANNON: I wanted to ask you about regional airports. I will start with Moruya Airport. I understand that there has periodically been talk about major expansion there. To what degree does that come under you? It obviously intersects with state government. To what degree do you oversee regional airports?

Mr Mrdak: Those types of development proposals are undertaken under state planning and environment law. Those local aerodromes are generally owned freehold by the local council and they operate under state environmental and planning matters, not under Commonwealth. We only regulate the leased federal airports.

Senator RHIANNON: If Moruya has been talking about taking flights from New Zealand, would you become involved at that point?

Mr Mrdak: We would become involved in the sense of anything which required what we call a designation of an airport to handle international services. We facilitate the coordination of what we call CIQ—customs, immigration, quarantine—and those types of services, so if an airport is looking to operate international services then we would be involved.

Senator RHIANNON: Have there been talks or an approach from people associated with that airport or interested in developing it in that way with anybody within the department about that possible development?

Mr Doherty: We are not aware of such an approach.

Senator RHIANNON: At the hearing last year you advised that there has been no EIS in relation to Sydney airport operations since the third runway development in the early 1990s. Considering all the attention that has been given to the issue of Sydney airport, possible second airport and possible relocation of the airport, have you considered doing another EIS or some form of assessment?

Mr Mrdak: No.

Senator RHIANNON: Are you just saying that because you see the 1990 EIS as adequate or because there is no trigger in how your process works? I am just trying to understand how the system works.

Mr Mrdak: If there was to be a change of operations and certainly there was an environmental review undertaken at the time the long-term operating plan for Sydney airport was put in place in the late 1990s, when the decisions were made around noise sharing operations, that was subject to a review then, but in terms of that there has not been a substantial change. If the airport undertakes a major development plan process then that may trigger environmental assessment depending upon the nature of the development. I am not aware that any of the MDPs of Sydney thus far have triggered a formal EIS.

Mr Doherty: Not a formal EIS. There was some consideration of environmental issues when the runway and safety area was built because that involved some changes in patterns of activity, even though the runway line was the same.

Mr Mrdak: There is a process under the Airports Act by which certain trigger events trigger, effectively, a notice under the EPBC Act, but as I said, that depends upon the nature of the development being proposed.

Senator RHIANNON: There have been issues raised that some of the plans that the New South Wales Premier is raising—and I understand that the minister has commented on this—about the extension of the curfew and configurations that would result in more noise, could those issues, either speculation or definite plans that would result in more noise impacts for some residents, trigger another EIS?

Mr Mrdak: It would depend on the nature of the proposal, but I think it is fair to say at this stage that the Australian government has a very clear position, which is that there will be no change to the curfew arrangements of Sydney Airport.

Senator BACK: If I could just return to the Jandakot situation. I was wondering whether or not you are yet in the possession of a letter to Minister Albanese of 20 January 2013 from the Jandakot Airport Chamber of Commercial vice-president?

Ms Horrocks: We did receive some correspondence concerning some issues with Jandakot. It would have been earlier this week, but I could not recall the name of the signatory.

Senator BACK: Once you have read through it I think it will stick in your mind. It is a seven-page letter. Perhaps we will leave until the next round of estimates consideration of the issues. I will ask, in terms of the structure of the lease of this airport or any other, as I understand it, there was an initial figure of \$7.3 million when the original lease was granted. What would the annual lease amount be for an airport such as Jandakot, in addition to that original payment?

Mr Doherty: There would not ordinarily be an ongoing annual fee.

Senator BACK: There must be. This is a 100-year lease.

Mr Mrdak: No. The Commonwealth captured all of the lease value at the time of sale. There is no ongoing lease payment.

Senator BACK: So, with a lease that originally sold for \$7.3 million and when transferred six years later was on-sold for \$46 million, you are telling me that in 100 years the only amount of money that the Commonwealth gets out of Jandakot is \$73,000 a year in 1998 figures?

Mr Mrdak: The decision was that at the time of the privatisation of the airports there was essentially an upfront payment of the lease amount, the sale amount, which represented the full value of the lease entered into.

Senator BACK: Ms Horrocks, I think you told us that there is an annual lease review. Is that correct?

Ms Horrocks: That is correct.

Senator BACK: Could you tell us some of the terms and conditions of that lease? What sorts of issues are raised by the lessor, what sorts of issues are raised by the lessee and what sort of issues can be raised by other interested parties?

Ms Horrocks: We run through the airport's regulations and test compliance with that. We have a face-to-face meeting to do that. Prior to that face-to-face meeting we ask the airport to provide us with written evidence of a range of things such as ownership, operations and everything under the regulations.

Senator BACK: With restrictions on what the land can be used for, I have been to Jandakot Airport hundreds of times and I went there recently to take a charter down to Albany and I got lost. I could not find my way to the actual airside. The aviation side of Jandakot has just become a bit of an incidental. I ask the question: what limits are there? I am sure you will study this letter in detail in drafting a response to the minister. It is going on now

about housing development. Remember the original lessee was the one who wanted to completely get rid of Jandakot as an airport and head it south so that they could turn it into housing construction.

Mr Mrdak: The Australian government made clear its view on that.

Senator BACK: Can you tell me what sorts of limits there are? Senator Fawcett understands it all from an aviator's point of view, but I do not. I want to know what restrictions, if any, are there on this very aggressive company in terms of what it cannot do in the Jandakot airspace?

Mr Doherty: The restrictions are what is in the regulatory scheme and in the master plan. The master plan is, in effect, a zoning document for the airport site and a range more. It will designate those areas which can be used for purposes other than aeronautical, as well as the aeronautical uses, and those may fall into different categories.

In relation to the mention about a residential development, regulatory requirements would make it very unusual for there to be a residential development on an airport, and I am certainly not aware of a residential development proposed on Jandakot Airport. There is a development proposed, I think by one of the councils close to Jandakot, in an area that we would probably prefer they did not develop residential development, but it is not a development proposed by the airport itself.

Senator BACK: Time is against me, but when we revisit this in the next estimates I just want to pick up a very brief quote on page 5 of 7. This is from the airport operators, now the lessee—'They have deliberately and with malice forced the closure of a number of airside businesses at Jandakot Airport using bullying tactics on many occasions and stopping at nothing to achieve their aims.' In the words of presumably the chief executive: 'We have long memories.' They speak of favouritism in rental rates and unconscionable conduct. You are the landlord on behalf of the Australian people. I will wait for your advice and for the minister's response, but these are serious concerns. At best we are getting out of it \$73,000 a year. I wish I was around in 1998.

Mr Doherty: Without knowing the detail of those complaints, and we certainly will look at it closely, I should point out that the tenants have access to the normal commercial law remedies and complaints of unfair business practices if they want to—

Senator BACK: I bet they would rather have protection of the overall landlord. Having myself been the landlord of a statutory organisation representing the taxpayers, I know very well where people thought the responsibility lay. They thought it laid with me as the chief executive officer of that government trading entity. I, with respect, suggest to you that that is where these people should see you as well.

Mr Doherty: We are certainly keen to have a look at that, but it is not our role to arbitrate in what can, in some of these occasions, be really commercial disputes between the sublessee and the head lessee.

Senator HEFFERNAN: I will continue with the difficulty that Senator Back points out. We have also struck in the consolidated retailing world where the supplier feels so intimidated and puts his hand up, because that is the language they use too, 'We have long memories', when they go to cut the price, but they do not want to lose the contract. Senator Back, I am sure that will be the problem there, that they do not want to lose their tenancy.

Senator BACK: There are not many other places for them to go.

CHAIR: When was this company set up, or when did this all happen?

Mr Mrdak: Jandakot Airport was leased in 1998.

CHAIR: Then the lease was on-sold. So it was not the Rudd government and it was not the Gillard government. It was under the Howard government.

Senator BACK: Chairman, do you want to sort the issue out or do you just want to go into cheap politics?

CHAIR: I just think that these points—

Senator BACK: You are the one who, on this committee, says that we try and adopt a bipartisan approach for the wellbeing of the community. Now do not depart from your own rules please.

CHAIR: Thank you, Senator Back, but it is always nice to get all the facts on the table.

Senator BACK: I am finished.

Senator FAWCETT: Just to follow up on some of the points Senator Back was making about the imbalance of power, I will take you to Bankstown Airport. As the chair would appreciate, the master plan was signed off under a previous government, a coalition government, but the zoning that was regarded as commercial was viewed by the tenants at the time as being commercial aviation, because it involved areas that were used for the movement of aircraft, specifically helicopters approaching, landing and taxiing to maintenance facilities that people had invested significant amounts of money in building. There is now advertising on the internet that that land, which currently is a manoeuvre area for helicopters, is being made available by the leaseholder for

commercial warehouses, hard stands and other things. His response, when I contacted him, was that it is in the master plan that was approved as commercial areas and that there had been no objections.

To what extent does the department accept that if an airfield is an airfield, predominantly for aviation purposes, then it is reasonable that an existing business, when looking at a proposal saying, 'You are a commercial operation and we are zoning the area you are in as commercial', would expect that things like aircraft movement areas would remain aircraft movement areas and therefore not lodge an objection to that zoning that says commercial? Is it reasonable for the leaseholder to call for expressions of interest from the public to build warehouses on an area that would then essentially prevent the operation of an established business?

Mr Mrdak: I am not familiar with the circumstances.

Mr Doherty: Obviously in reaching the master plan decision the potential use of the site for aeronautical purposes—and that would be strongly evidenced if it was currently being used for aviation movements and I understand in this case that it is helicopters—then that would be a powerful factor. The difficulty here is that once the master plan is approved, where it is zoned as something to allow for broader commercial development, they are going to look at what they can do to make use of that site. We would certainly be keen for them, if they are moving current aviation users, to explore reasonable alternatives, but it is very hard for us legally to stop them doing what is being allowed under their master plan.

Senator FAWCETT: What is the duty of care by the Commonwealth, as the owner of the airport, if the basis of the lease was that it should predominantly be preserved as an aviation facility? Is there not a duty of care in the Commonwealth to make sure when approving master plans that those kinds of loopholes, essentially that then allow a lessor to shut down aviation related businesses, are actually prevented as opposed to being endorsed, tacitly, by the Commonwealth?

Mr Doherty: I cannot talk about what happened back in 2005 when that master plan was approved, but it is one of the things that we tried to get to the bottom of.

Mr Mrdak: I would say, as I have said previously, wherever possible our intention is to maximise aeronautical activity. That is what we are looking at. If there has been that issue of a merge which has in some way rezoning has happened without the aeronautical operators being aware or raising their concerns, then we would be concerned about that. We are looking to maximise the aviation operations of that airport, and as you know better than all of us, aeronautical assets are a very scarce resource.

Senator HEFFERNAN: If this is Bankstown, we have raised this some years ago. This is a doctoring aviation, this fellow here and the cross wind runway being scrapped, the airspace will become unmanageable.

Mr Mrdak: Our concern is to maximise the capacity of Bankstown. If you look at the work of the joint study report it makes it clear how critical Bankstown's aeronautical growth is.

Senator FAWCETT: I would like to take you to some media reporting from October last year that 'Bankstown is looking to take over a state government lease of an adjoining golf course'. Are you familiar with that reporting?

Mr Mrdak: Yes.

Senator FAWCETT: The stated intention is so that they can increase aviation facilities. Reading a bit further, what they are actually talking about is relocating buildings and businesses from the current airport site to the new golf course site, so essentially they have now just become a developer as opposed to an airport operator. What kind of oversight does the Commonwealth exercise on behalf of the existing leaseholders, given the reports we have had from many of these airports, including Canberra, where the leaseholder has almost arbitrarily moved, at the businesses' own expense, those people to a new location? What protection is the Commonwealth seeking to put in place on behalf of those aviation businesses?

Mr Doherty: If that transaction was to go ahead, the first question for the Commonwealth would be whether to incorporate the new land into the airport site, and if that was done then there would be planning. The first hurdle in this case, as I understand it, would be to convince the New South Wales government to make the land available to Bankstown, and I am not sure that they have crossed that hurdle.

Senator FAWCETT: I understand that. In fact, the local government, as well, appears to have objections because of drainage, but what I am more interested in here is the principle. Let us assume that those other two levels of government give it the green light. What I am asking is, in principle, for your governance frameworks, what processes do you have or will you put in place to protect the interests of people who have invested in aviation enterprises on that site or any other site around Australia?

Mr Doherty: Again, I can only think in terms of the existing regulatory requirements. If there was a substantial new part of the land to be added to the airport, we would certainly consider calling in a new master plan and try to examine some of those issues about what this would mean for the existing tenants on the site. Equally, if an airport was proposing to move tenants around on the airport under some power, we would look at how to satisfy ourselves about the impact of that before giving any regulatory approval that was required.

Senator HEFFERNAN: Back to Tralee, given where it is all up to and given that what is proposed by Tralee defies all aviation logic for everyone from the airlines and the department of Minister Albanese, are we at the inevitable stage of having to cop it?

Mr Doherty: The minister has written again to the New South Wales minister seeking reconsideration. There are a few elements of the decision which alleviated some of the serious concerns. It is only part of the proposal which has been approved. Development is to be kept outside the 20 ANEF. The housing is to be insulated and any tenants are to be formally notified of the potential impacts. So there is some attempt being made to alleviate it.

Senator HEFFERNAN: So it is buyer beware?

Mr Doherty: So buyer understands, when they go in, that there is that problem, which is not a perfect solution. I am not suggesting that for a moment.

Senator HEFFERNAN: I wondered—and I have asked Mr Winnell himself—why they did not negotiate a land swap. He originally took an option on it. I am aware that money speaks all languages and it is quite an interesting saga, but I wonder why it would not make sense still to do a land swap. We have plenty of land.

Mr Mrdak: We have raised with the New South Wales government the very issue that Queanbeyan council today is opening up industrial land within a kilometre of the town and is putting new suburbs 10 kilometres from town under a flight path. You would have thought the logical solution would be to have the residential areas close to the main street of Queanbeyan and the industrial estates out at Tralee, but that is not what Queanbeyan council has chosen to do. We continue to make that point to them.

Senator HEFFERNAN:

I just hope that this does not become an Eddie Obeid sleeper. I will leave it at that.

CHAIR: Thank you Aviation and Airports. We now call Airservices Australia.

Airservices Australia

[15:25]

CHAIR: I officially welcome you, Ms Staib, the new CEO of Airservices Australia, to your first estimates hearing in this role. I do not know what you have done wrong in a previous life, but on that you will certainly have some fun. I have no doubt that you will be able to handle yourself more than competently with the peanut gallery at times. I am sorry, not these colleagues here. It is the blow-ins that come in and one on my right. Ms Staib, welcome. I know that you have met with the references committee under the fantastic stewardship of Senator Heffernan.

Senator SMITH: Welcome, Ms Staib. My questions go to Perth Airport and the progress that has been made in regards to the operational performance and capacity assessment for Perth Airport report that was provided to you dated 25 July and then released publicly I think in mid-November. I am keen to know what the cost of that report was in the first instance.

Ms Staib: I am just going to ask my colleague, Mr Harfield, to answer that question.

Mr Harfield: We conducted those assessments across four airports and the total cost of the contract was \$600,000, shared with the four airports concerned.

Senator SMITH: What was the reason for the delay in you receiving the report and then making it available in mid-November?

Mr Harfield: There was not a delay from receiving it to releasing it, in the sense that what we do is when we receive the report we receive it in draft form and then we sit down with industry, the various stakeholders involved, going through and understanding what the report has. The report was then finalised and out of those reports a strategic plan and an action plan of a number of initiatives to meet the targets that are in the report were developed. Once that was developed and shared with industry, then we released the report publicly.

Senator SMITH: So between July and November you are developing a strategic plan?

Mr Harfield: Correct. There is a list of initiatives that support that strategic plan, which is about increasing capacity.

Senator SMITH: Is that for each of the four airports?

Mr Harfield: That is for the Perth Airport in that regard. The one for Brisbane is to be published shortly. The one for Melbourne has been published and there is one under development for Sydney.

Senator SMITH: That is in regards to the situation around Perth. What, in your assessment, were the most critical initiatives or recommendations detailed in the report for alleviating or bringing forward some of the capacity that was identified in the report?

Mr Harfield: The first and foremost is actually about reducing what we would call runway occupancy times, getting not only the airlines but also the airport as well as ourselves, as the air traffic provider, to work together to ensure that we can actually minimise the time that aircraft spend on the runway, which means that we can technically put more. That is where we see the biggest bang for the buck, so to speak, in the sense of increasing capacity. There are a number of other initiatives that have some effect, but that is the main area of capacity increases.

Senator SMITH: What has the progress been on that particular recommendation in regards to Perth?

Mr Harfield: It is underway. We have had some limited success so far. Depending on certain weather conditions, we can get an extra one to two slots an hour, but there is further work to be done. The main part is getting the airlines to start flying standardised speeds in the terminal area and on final. That is underway and it starts coming into effect from March.

Senator SMITH: One or two, did you say?

Mr Harfield: At the moment. There will be a few, what you would call, minor initiatives that are put into place, for example assessing certain acceptance rates based on weather conditions.

Senator SMITH: So one or two. How does that compare to the optimum that was identified that could have been achieved through improving that runway?

Mr Harfield: Once we actually get through all the initiatives that we have identified and have them implemented, we are expecting to see, on an hourly basis, depending on what runway configuration and what weather conditions are, anywhere between another 10 to 20 movements an hour.

Senator SMITH: For our frequent traveller through Perth Airport, as the chair and others would appreciate, that is a significant improvement. What time frame are we looking at to realise that improvement?

Mr Harfield: In general terms, you will see what I would call a phased improvement over the next couple of years.

Senator SMITH: A phased improvement.

Mr Harfield: Yes. In other words, you will not magically see 20 extra movements an hour in the next six months. We will have initiatives as they come on line that will incrementally increase the movement rate as we go forward.

CHAIR: Can I just interrupt? I will not take any more time off you. How do you increase the movements, apart from a cow prodder at the gate or something?

Mr Harfield: The demand that is on the airport is quite significant. At the moment that is where all the airborne holding comes from. There is pressure in the system. It is about releasing what we would call the latent capacity of the airport.

CHAIR: A what, sorry?

Mr Harfield: The latent capacity. In other words, achieving a greater movement rate at the airport, which means that we can put more aeroplanes on the ground now and you will see a reduction in airborne holding as a result.

CHAIR: I thought that. Thank you, Senator Smith.

Senator SMITH: We are talking about an improvement of 10 to 20 over the next few years. Is that assuming current demand or is that taking account of expected future demand?

Mr Harfield: That is just dealing with the capacity. The other challenge that we have is about managing the demand and the increasing demand that is on the airport. If I can just take a moment to explain what actually happens at Perth Airport on a daily basis. That would add a little bit more context to what I am discussing. There are three peaks that we have at Perth Airport. The first peak is in the morning and what we have is a situation where there are about 110 aircraft overnight at Perth, every night. About 90 of those aircraft want to depart between 5.30 and 8.30 in the morning, in a three-hour period. All of those aircraft are departing and if we are in what I would call a departure mode, we can get away about 40-odd aeroplanes an hour.

If you consider the fact that we are talking about 90 aircraft across three hours and 40 an hour, that seems fairly reasonable; however, we have the situation where 60 of those flights all want to go in the first hour, and we can only do 40, and 15 of those all want to go at 6.30 in the morning. So we have a situation where we instantly have a backlog in demand that we cannot get away. Then that feeds into a late morning peak where the mining traffic, or the FIFO traffic, is returning with some further outbounds which is in a relatively manageable situation at the moment, but it is the afternoon peak, where depending on how the traffic flows for the day, it gets into that afternoon peak which has a lot more airline or regular public transport traffic in it, and that is where we are seeing the excessive peaks and the excessive holding.

What we will do under what we call the ACE program, Airport Capacity Enhancement program, is that we will see a dulling of that peak in the afternoon where the holding levels would come back to what you would reasonably expect at a high density airfield such as Sydney or Melbourne. It will not eliminate traffic holding and delays.

Senator SMITH: If I have understood the report correctly—and I admit that you are the expert—it suggests that in regards to runway 21/24 there is potentially almost 100 extra air traffic or ATMs possible.

Mr Harfield: Over a day, yes.

Senator SMITH: Over a day and you are telling me that we can expect 10 to 20 phased in over the next few years?

Mr Harfield: That is the hourly rate. What I am talking about is the hourly rate increasing by 10 to 20. All I have to do, from an hourly point of view, would be to increase by about five or six to be able to deal with 100 air traffic movements over a day.

Senator SMITH: Speaking from a Western Australian perspective, I am keen to understand—

CHAIR: I am so sorry, Senator Smith, before you go on: on the same topic, before you change, Senator Back had a question.

Senator BACK: We can flow on. You will recall when we did the aircraft noise inquiry in 2010 that we were talking about the parallel runway space to runway 21 in Perth Airport. At the time people were saying that we did not need to worry about it for 10 or 15 years. I have seen some recent media in which they are saying, 'We are now going to look at bringing it forward', only then to read that there was something like an estimated three to four-year period for environmental studies to be done. This is on a piece of land that is already allocated. You can go up to the top of the tower, as we did, and have a look at it. Can you explain, from your point of view, why it would take three to four years—or is that report wrong—to undertake an environmental assessment of land within the airport that is already allocated for that purpose?

Mr Mrdak: I do not know of the media reports, but it is not unusual for that length of time for something because you need to go through what we call a management development plan process which would then trigger environmental assessment under the Commonwealth environmental legislation. Given the statutory time frames for consultation, it would not be unusual for that sort of period for both planning and assessment processes.

Senator SMITH: I think that points to the significance and the importance of the report, \$600,000 worth of it, because what we are trying to do here is increase capacity using the current paradigm, if you like. I am keen to understand or keen to be confident that everything is being done to make sure that the recommendations in this report are being realised as quickly as possible. When we look at prioritising resources, how significant are the congestion issues at Perth Airport in terms of the overall national scene for Airservices Australia?

Ms Staib: I can answer that by saying that it is very important, and we do prioritise that to the extent where we are meeting with the airport, the airlines and the mineral council in Western Australia quite regularly. I might ask my colleague Mr Menon to talk through some of those activities so that we can assure you that we are paying attention to that, as well as regular meetings around that strategic plan that Mr Harfield talked about, to make sure that we progress all of those recommendations. As you would appreciate, Airservices can help facilitate a lot of this activity, but it is all the parties working together to get that optimum result that is reported in that report that you have. I will ask Mr Menon to talk about the engagement we have over in Perth and how much emphasis we place on that.

Mr Menon: We place very high levels of importance in terms of trying to find a progressive solution to Perth. My colleague Mr Harfield has outlined some of the changes in operating behaviour that we would need to collectively work on from an airline, air traffic control and an airport perspective, in order to drive that sort of capacity efficiency, so a very good open line of communication between these three key players and others, particularly with some of the customers that rely on the decongestion and increased efficiency, like the Chamber of Minerals and Energy and others.

We get them around the table quite often. In fact—I am trying to remember now—6 March is our next meeting around the table with the captains of industry, the airline executives at senior executive level, us, as well as the airport. So where we actually march through that document that you were referring to and what Mr Harfield referred to as the Airport Capacity Enhancement document, we progressively trawl through every initiative, write progress against it and not only that, but equally the specific initiatives that the airport is responsible to deliver against and the specific initiatives that the airline industry have delivery responsibility for.

Senator SMITH: Just on that point, what is the mechanism? What is the methodology? Does it meet weekly? Does it meet monthly? How does it progress and update against the plan?

Mr Menon: We endeavour to meet quarterly because there are a lot of initiatives that need to be rolled out and that takes considerable effort and time and complexity. We tend to cycle these through on a quarterly basis and meet more often if required, but as a minimum we try to meet quarterly.

Senator SMITH: How many meetings have happened since the release of the report to date?

Mr Menon: From memory, I think this is the third one that we are having.

Mr Harfield: I can add that with the importance of what I would call the demand capacity challenge that we have in Western Australia I have appointed a senior manager who is now residing over in Perth assisting the air traffic control manager over there in dealing with that. They are in regular contact, on a daily basis, dealing with industry over there on this challenge. That is how important that we take it in focusing on this particular issue. The demand and capacity issue, as an organisation or as an industry, is something that we are dealing with across the entire country, not just in Perth.

Senator SMITH: Is that plan and list of initiatives a public document?

Mr Harfield: Yes, it is.

Senator SMITH: So I would be able to get that readily?

Mr Harfield: Yes.

Senator SMITH: Finally, before I pass over to my colleagues, just looking to the longer term—and we have heard some comments about Jandakot in a different perspective—but the efficient use of airspace that is attached to the Royal Australian Air Force Base at Pearce. The report makes the point that the United Kingdom experience might point to a better use of military/civilian airspace configurations. Has any work been done on that particular initiative?

Ms Staib: There has been some work commenced in working with the Royal Australian Air Force to look at how we can better utilise that airspace, particularly when the military are not using that airspace. We have commenced some trials. I will ask Mr Harfield to go into some of the detail about that so we can understand where we are progressing on that issue.

Mr Harfield: Having airfields with differing purposes is not uncommon around the world and it is a continued challenge to be able to meet the users' needs, whether it is a civil or military area. Our Perth facility is actually a joint-user facility where we have the air traffic controllers from Pearce sitting side by side with civil air traffic controllers. The whole reason for doing that is to get better synergies and working closer together. Obviously, it is always an ongoing process and, as traffic patterns change and different operations occur, then there is coordination and dealing with it. From the perspective that you are asking about, there is a lot more closer cooperation over in Perth as a result of having the staff co-located in the same facility.

CHAIR: I may comment that this committee has been to the facility and toured it. I can encourage any nonmembers of the committee, if they so wish to do; I am sure that Airservices Australia would provide that opportunity for other senators. It is well worth seeing. On that, Senator Smith, do you have any more?

Senator SMITH: I will put some additional questions on notice. I might actually speak to the minister about getting a private briefing about the detail and the progress of the implementation plan.

Senator XENOPHON: Ms Staib, welcome back.

Ms Staib: Thank you.

Senator XENOPHON: In response to a question I placed on notice in October last year, Airservices Australia responded:

Airservices Australia has an established code of conduct and other relevant policies which require staff to conduct themselves appropriately in the workplace.

How long has this code been in place and what measures are there to ensure that the code is actually adhered to?

Ms Staib: There has been a code in place for some time, as I understand it. I can talk to the time since I have been in the role. We have reviewed two documents and reissued those about the code of conduct and also the processes by which people should make complaints if they feel that they need to, if they feel that there has been an incident where they believe they have been treated unfairly, for example. The process for that is we introduced that to our senior management staff at a session back in November-December. I can just correct that for you. It has since been published and we continue to encourage people to work toward that code.

Senator XENOPHON: Is that all staff at Airservices Australia?

Ms Staib: All staff, yes.

Senator XENOPHON: On notice, can you give you me a note, because there were concerns about staff turnover, bullying and harassment within Airservices Australia. Can you tell me whether there has been any change in those figures in the last 12 months, for instance?

Ms Staib: I have some figures here now, but if you prefer I can go into the detail on notice.

Senator XENOPHON: If you can go into the detail on notice. I am just concerned about time constraints. I understand Mr Greg Hood, who was previously employed in CASA executive management has recently taken up a position with Airservices Australia. Is that correct?

Ms Staib: He has accepted a position. He has not started work with Airservices.

Senator XENOPHON: What position will that be?

Ms Staib: It is the position of General Manager, Demand and Capacity Manager, working for Mr Harfield.

Senator XENOPHON: Was that position publicly advertised.

Mr Harfield: Yes, it was.

Senator XENOPHON: So there was a normal selection process?

Mr Harfield: Yes.

Senator XENOPHON: In terms of the current staffing levels within Airservices Australia and in particular air traffic controllers, what is the position with respect to that, because there is an issue about the numbers of qualified air traffic controllers, isn't there?

Ms Staib: I do not think there is an issue. We have continually reviewed the numbers for qualified air traffic controllers. As you would have been told previously, a detailed review was done by Ernst & Young back in 2009 to look at the methodologies and the staffing practices, but not to be complacent because this issue is raised many times. I have just embarked upon an independent review of our numbers. I have commissioned one of our peers from overseas; NAV Canada is the organisation. They have commenced reviewing our methodologies for staffing to determine whether, in fact, we have enough air traffic controllers operational and also those in support of other parts of the business. They are not only looking at the day-to-day operations, as you would expect, but also looking out to the next five years as we approach the introduction of the new air traffic control system, to make sure that we are adequately prepared with our staff and particularly in terms of recruits. That report is due in the next couple of weeks. The people have actually come from Canada to Australia and are just finalising their review right now.

Senator XENOPHON: In terms of airspace, there have been a number of airspace closures due to a lack of air traffic controllers; is that right?

Ms Staib: Yes, that is correct.

Senator XENOPHON: Can you give us some trends in relation to that? What has happened in respect of that?

Ms Staib: There have been 18 occasions in the last four years in which that has happened. Aircraft were affected on six of those occasions. This equates to approximately 65 flights out of about 12 million. I do have the list of those actual occasions when that occurred and for the amount of minutes that the space was—

Senator XENOPHON: If you could put that on notice.

Ms Staib: I can table that for you.

CHAIR: Do you want it tabled?

Senator XENOPHON: Yes, I do want it tabled.

Ms Staib: I have the table.

Senator XENOPHON: Still though, in a developed country such as Australia, it is desirable for that not to occur at all.

Ms Staib: It is desirable for it not to occur at all, but the processes that we use when that happens are in line with the International Civil Aviation organisation rules and certainly the procedures that we use, if for whatever reason we need to do that, are approved by CASA.

Senator XENOPHON: Just finally, in relation to your criticism of Mr Russell, what are the protocols in terms of FOI requests relating to Mr Russell's time at Airservices Australia? Is it a case that you have had to consult Mr Russell in respect of any FOI requests?

Ms Staib: We certainly did receive an FOI request in regard to matters relating to Mr Russell. My understanding is that there was a consultation process with Mr Russell from my staff because it involved some personal detail, but nonetheless that FOI request was complied with.

Senator XENOPHON: So, that has been dealt with now?

Ms Staib: Yes, it has.

Senator XENOPHON: Could you, on notice, given that there was a concern that was expressed publicly about the expenditure on both credit cards and on travel for Mr Russell and senior executives, could we get some comparisons in terms of what has been spent in the last few months in respect of that?

Ms Staib: In respect to the previous CEO and compared to my expenses; is that what you are asking?

Senator XENOPHON: Since Mr Russell left. I am not picking on you. I am just saying since Mr Russell left, whether there has been a reduction of expenditure, in terms of credit cards, entertainment and the sort of matters that were raised publicly.

Ms Staib: I will take that on notice.

CHAIR: Thank you, Senator Xenophon. Senator Fawcett.

Senator FAWCETT: Ms Staib, can I take you to the issue of corporate sponsorships by Airservices?

Ms Staib: Yes.

Senator FAWCETT: At a time when everybody is looking at budgets I noticed \$350,000 annually is given to corporate sponsorships. Could you take a question on notice to come back to the committee with what those sponsorships are and the objectives for each one?

Ms Staib: Yes.

Senator FAWCETT: I would like, specifically, to go to the \$100,000 that is given to scholarships for people obtaining pilots' licences and the media release that was issued in November last year. It says, 'Some of the successful applicants have since taken up roles as commercial pilots.' In terms of a return, if you like, to the taxpayer, I would be interested to know how many people have actually translated parts of that \$100,000 into a commercial aviation career, as opposed to a nice bucket list activity that they have now ticked off.

Ms Staib: We will take that on notice in terms of the sponsorship question and in regard to the specific question around the scholarships for flying training.

Senator FAWCETT: Do you have processes in place whereby an employee—and I am talking particularly about an air traffic controller—observes practices at an airfield that he thinks are inappropriate, that he can report those practices?

Ms Staib: Yes, we do. I will have Mr Harfield talk through the detail of that. Do you mean operational matters or any other matter?

Senator FAWCETT: The claim has been made to me that air traffic controllers have been required to put on the ATIS that runways are not available when the reasons that have been given by the airport operator are patently not true and they feel as though this is an attempt to skew runway usage data for longer term planning considerations. I am wondering whether you have processes in place and whether you have had any reports from employees to that effect.

Ms Staib: I will ask Mr Harfield to answer your question.

Mr Harfield: There are a number of processes that we have in place for reporting what you would call anomalies, safety related or operationally related incidents on the airport. That does not necessarily have to affect air traffic control; it can be broader observations. With regard to your comment, we would report on the ATI if the aerodrome operator says that this runway is not available, obviously for safety reasons, regardless of what the reasons are behind it, and I would expect that the air traffic control staff would report if they felt that those reasons were not appropriate; however, I have not received any of those types of reports.

Senator FAWCETT: If, for whatever reason, the air traffic controller felt that he was not being listened to and went to people outside of Airservices, would there be any punitive action taken against him in terms of disciplinary action?

Mr Harfield: Not at all.

Senator FAWCETT: The manager of Airport Relations, Mr Sparrow, wrote to the Queensland Scouts in December last year. You may recall the Queensland Scouts had invested a large amount of donated money on building a facility at Archerfield Airport which was then knocked down by the leaseholder, or at the leaseholder's direction. It is now still sitting vacant. They have been in discussions with Airservices for some time about potentially using land near a non-directional beacon to build a building. I noticed in a letter here that Airservices indicated that they are happy to discuss the Scouts building a building there. In the same letter though, they say, 'Airservices has a policy of disposing land which is surplus to requirements at full market value and would not see an exception in this case.' What does that mean for the Scouts, if they went ahead and invested money to build a new Scout air training facility on that land and then when NDBs become redundant in 2016, Airservices disposes of the land at full market rate, what protections do the Scouts have to make sure that what happened to them and their publicly donated monies last time does not happen again?

Ms Staib: I would have to take that on notice, in terms of the time line of when this has happened. As I understand, the demolition of the building occurred in 2008 and it would seem that on our current planning that the land would be available at 2016. In terms of protecting the Scouts' previous investment, I cannot speak to that just at the moment.

Senator FAWCETT: I am talking about the offer for them to potentially build a building on the site now because the siting locations for NDBs have been relaxed. It appears that there is the option for them to build a facility on that site now, even ahead of the decommissioning, but the letter then goes on to say that it would appear to be Airservices' intention to dispose of the land at full market value in 2016. Clearly there is a conflict there for the Scouts, who are very wary of yet again raising money from the public and building a building just to have it knocked down. I would like some clarity around that on their behalf and I am happy to take that on notice.

Ms Staib: I will take that on notice because my understanding was that the land would not be available until 2016. I will need to take that on notice to clarify that.

Senator FAWCETT: It indicates here, 'The criteria appear favourable to locating an activity centre in the north-west corner of the NDB site, providing the buildings are more than 120 metres from the NDB and below 10.5 metres in height,' which clearly indicates that it is co-located with the NDB, not in 2016. If you could clarify that, that would be useful.

Ms Staib: Certainly.

Senator FAWCETT: That is it for me.

CHAIR: Thank you, Senator Fawcett. We will just wrap up. There are a couple of minutes, Senator Xenophon.

Senator XENOPHON: It was touched upon by Senator Smith, in part, in terms of airport movements and congestion. Not so long ago, Kerrie Mather, the CEO of Sydney Airport Corporation said, to paraphrase, 'We don't necessarily need a new airport in Sydney. We just need to increase the number of movements per hour.' Is that something that Airservices Australia has a view on? I think there are up to 80 movements an hour at the moment.

Ms Staib: We work to the legislative requirement of 80 movements an hour.

Senator XENOPHON: Sydney Airport Corporation is suggesting that can be increased. Is that something that you have been approached to model or undertake a risk assessment on, in terms of increasing the number of movements?

Ms Staib: Not Airservices, particularly, as I understand, but certainly through some of the other collaborative work through the department.

Senator XENOPHON: Perhaps I can ask the secretary.

Mr Mrdak: Certainly. There was work done for the joint study on Sydney aviation capacity over the last few years which looked at the effective operating capacity of Sydney airport at a sustained level. The advice which was provided by Airservices and which is reported in that report is that the effective capacity of the airport can be a little bit larger—probably 85 to 87—but the statutory cap is 80 movements per hour.

Senator XENOPHON: So, to change that statutory cap would require regulation or legislation?

Mr Mrdak: It would require legislation. The Australian government has been very clear in its intention to maintain the cap at 80 movements per hour.

Senator XENOPHON: So, the CEO of Sydney Airport Corporation's thinking is just wishful at this stage?

Mr Mrdak: It would require amendments to the legislation, which certainly the Australian government is not prepared to support.

Senator XENOPHON: Thank you very much.

CHAIR: We have two minutes left. Senator Fawcett.

Senator FAWCETT: I will put a number of questions on notice regarding ILS at the Gold Coast and also some other issues with master plans at airports and what part Airservices had in consultations, but just in the two minutes I will look at Wagner's airport in Toowoomba. I am wondering what involvement Airservices has at the moment particularly in terms of airspace and other broader air traffic issues, given the Amberley, Oakey and civil airspace in Toowoomba, itself, in the new mining place development?

Mr Mrdak: I might start. It has been coordinated through the Aviation Policy Group which I chair, which includes the CEO of Airservices, the director of Aviation Safety at CASA and the Chief of Air Force. At this stage we are seeking greater clarity from the Queensland government in relation to the proposal for that development. At this stage we do not believe we have enough information on what is proposed, nor the planning process to be undertaken to reach judgments at this stage and what will be the potential implications for both Oakey and Amberley. That is work underway. I have recently written to a number of senior heads of Queensland government agencies seeking advice and their guidance on what planning processes are underway and what information is available.

Senator FAWCETT: If you could come back to the committee when you have some further information on that?

Mr Mrdak: Certainly.

CHAIR: Ms Staib and Harfield, thank you very much. We will now look forward to hearing from Civil Aviation Safety Authority.

Civil Aviation Safety Authority

[16:01]

CHAIR: I welcome Mr McCormick and officers of CASA. Senator Nash is to kick off.

Senator NASH: Thank you, Chair. I am just referring to an AusTender date of 3 December 2012. It is for plants. You are seeking a 'professional organisation with proven track records to supply a comprehensive range of quality indoor plant display live vegetation'. Do you currently have plants?

Mr J McCormick: Yes, we do.

Senator NASH: What is wrong with the plants you currently have?

Mr J McCormick: Nothing, to my knowledge. They seem to be surviving.

Senator NASH: That is a very good indication that the plants you have at the moment are okay. What is wrong with the plants you have now and why do you need some more? Are they replacement plants or are they additional plants?

Mr J McCormick: That, I do not know. I think that is \$150,000 for five years.

Senator NASH: That was my next question because I was not entirely sure. Is there somebody here, from all of these wonderful people in the back of the room, who will be able to help me with that?

Mr J McCormick: I will ask the chief financial officer. No, we are not planning to replace the plants. I think a lot of that is to do with the turnover of natural attrition of plants.

Senator NASH: Somebody has not been watering the plants.

Mr J McCormick: We are not allowed to.

Senator NASH: You are not allowed to water the plants?

Mr J McCormick: That is an issue which we have under review in our cost cutting, I might add.

Senator NASH: Cost cutting.

Mr J McCormick: I will call on Mr Jordan, our chief financial officer.

Senator NASH: Can you enlighten me about the plants?

Mr Jordan: Yes. I am the executive responsible for that area. Basically, it is just a tender for maintenance of our indoor plants of approximately \$50,000 per annum.

Senator NASH: So it is maintenance for your existing plants?

Mr Jordan: Yes.

Senator NASH: Not extra plants?

Mr Jordan: No, it is existing plants. Part of that maintenance agreement is that they replace plants as they die; that is right across Australia.

Senator NASH: That sounds like an excellent business proposal. Who is maintaining them at the moment?

Mr Jordan: I will have to take on notice who is maintaining them at the moment.

Senator NASH: So, you know that you need to get somebody to maintain them, but you do not know who is doing it now?

Mr Jordan: The name of the company escapes me.

Mr J McCormick: I am not sure whether it is the same company across Australia.

Senator NASH: How many plants do you currently have? The reason I ask is because the department, in their wisdom, saw fit to take our plants away in this building. My plant, Pete the plant, is very nice but he is a self-funded plant. I am intrigued to know why CASA has plants and members and senators do not have plants, because Pete is a bit lonely and I can only afford one.

Mr J McCormick: I think that is terribly unfair.

Senator NASH: I think so too. So, how many plants do you currently have?

Mr Jordan: I will have to take that question on notice.

Senator NASH: Nobody, in all of the black blocks there, has any idea of how many offices you have got or how many plants you have got?

Mr Jordan: I am the executive responsible for that.

Senator NASH: Just going back to your cost cutting, Mr McCormick, do you think maybe you should cut your plants as our department did with ours for cost-cutting measures?

Mr J McCormick: Thank you for that question. I think, off the top of my head, it was \$150,000 for three years, that budget item, and that is an item which I have under review at the moment, amongst others.

Senator NASH: One hundred and fifty thousand dollars a year for plants for CASA?

Mr J McCormick: No, for three years.

Senator NASH: For three years. It would obviously be unfortunate if you were not able to maintain them.

Mr J McCormick: I am agnostic about plants, I am afraid.

Senator NASH: That does not surprise me. Having ascertained that it is \$150,000, thank you, Chair. I would hate to think that CASA has to go through the same restrictions that we in this building do and not have plants. I am sure they do a great deal for those of us in this place who need a little bit of greenery every now and again. If you could just take on notice for me the current amount of plants that you have, the current cost of maintenance, who is maintaining them and why you are moving to get a new maintenance regime?

Mr Jordan: In terms of the new maintenance regime, the current arrangement has finished and under the procurement rules listed in CASA, we have to go out and retender.

Senator NASH: How long is this tender process until we find a new one?

Mr Jordan: This tender process will take about six weeks, and it is just about to be completed.

Senator NASH: The current one has finished?

Mr Jordan: The contract has approximately two weeks to go.

Senator NASH: What happens for the four weeks to the plants, when this one is finished and you have not got a new one?

Mr Jordan: I said it would take six weeks. We have already gone out to market and we are in the process of evaluating the tender responses at the moment.

Senator NASH: When is that going to be finalised?

Mr Jordan: Approximately two weeks.

Senator NASH: Good luck with having that timely or those poor plants will be a little bit sad. Thank you.

CHAIR: Thank you, Senator Nash. Senator Back.

Senator BACK: I would be keen for your advice with regard to the potential threat to aviators of the new wave of industrial wind turbines. There has been discussion on two fronts; first of all, the height of the tower plus the blades when they are extended to their full height and the second, of course, is associated with bushfires in the area where wind turbines might be located. Could you help the committee by giving us some ideas as to where the risks might lie, what heights of wind turbines or the vertical height of any obstacle I suppose, but in this instance a wind turbine, that would constitute a risk to aviation? Could you also address that question in the context of limited visibility and presumably air turbulence occasioned with bushfires?

Mr J McCormick: As we discussed before, in an answer on notice to a question about wind farms, the question of wind farms has been addressed through the NASAG process, of which the department has carriage. As far as general terms of wind farms go, if they are within 15 kilometres and in some cases, depending on the regulation, within 30 kilometres of an airfield that is certified or registered, then it is on the operator, the constructor or the owner to ensure that the wind turbine does not impinge on the obstacle limitation surface. If it does impinge upon the obstacle limitation surface, in other words the safety slope into the runway, then CASA has the power to act in that area. Outside of that, it has been an issue which has been discussed many times in this committee. Secretary Mrdak might like to add a bit more and I will ask Mr Cromarty, our Airspace and Aerodrome Regulation Division executive manager, to give you a bit more detail.

Senator BACK: Thank you. Just before he does, that safety slope that you speak of, I guess what interests me is either 15 or 30 kilometres. What is the highest vertical height that triggers that concern regarding that safety slope?

Mr J McCormick: That safety slope goes away from the runway threshold at a defined angle, so depending on how far away from the airfield it is and what the elevation of the terrain is that the wind turbine has been built on compared to the terrain the airfield is on will vary. There is no fixed height where we, as far as the obstacle limitation surface goes, are concerned.

Senator BACK: Your concern would be height above the airfield, itself, whether that is made up of natural landforms and/or obstacles such as a tower?

Mr J McCormick: Yes. I will ask Mr Cromarty to give you a little bit more information around the 15 and 30 kilometre limits.

Mr Cromarty: I would just like to clarify one thing that the director said which is that the obstacle limitation surfaces and the PANS-OPS surfaces are different. There is no CASA power to stop obstructions penetrating obstacle limitation surfaces. If they are within the vicinity of an aerodrome and they penetrate the obstacle limitation surface, we have the power to make the proponent light the obstacle and that is all. If they are away from the vicinity of the aerodrome we have no powers at all. If they penetrate the PANS-OPS services then the department has powers to prohibit that.

Senator BACK: Light the obstacle or in some circumstances no capacity at all?

Mr Cromarty: Correct.

Senator BACK: Or if they penetrate the PANS?

Mr Cromarty: The PANS-OPS. That is the procedures for our navigation services operations surface. These are the surfaces that are derived when an instrument approach procedure is drawn up.

Senator BACK: When it comes to my concern about safe flying in bushfire circumstances, all of that responsibility rests with the pilot, does it?

Mr Cromarty: That is correct.

Senator BACK: To place his or her aircraft in a—

Mr Cromarty: If they are away from the vicinity of an aerodrome, which generally they are, then it is up to the pilot to do the proper preparation for his flight, flight planning, to determine where the obstacles are. In the case of agricultural aircraft, they often do a risk assessment of the whole area to make sure that they are aware of exactly where the obstacles are and, as you say, it is not just wind turbines. Quite often they put up towers to monitor the wind before they build the wind turbine—radio towers, mobile phone towers and so on—so the pilot would do their preparation in advance and know exactly where the obstacles are. In the reduced visibility circumstance that becomes even more critical, as you can imagine.

Senator BACK: But, once again, no role for the organisation to alert aviators to any special risk associated in this case with bushfire?

Mr Cromarty: We require notification when obstacles are going to be built above 110 metres above ground level. When we receive that notification we write to the proponent and point out to them the various stakeholders that they would probably want to talk to in the event that they do their due diligence and not put up an obstacle for aviation. All we can do is suggest to them the people that they should talk to, such as local aerodromes, Airservices Australia for the PANS-OPS criteria, the agricultural association and so on. There is a list of them that we suggest and we also tell them that they should be notifying it to the Department of Defence because they hold the database on obstacles.

Senator BACK: Thank you. That is all I wanted.

CHAIR: Senator Fawcett.

Senator FAWCETT: The chief financial officer is still here?

Mr Jordan: Yes.

Senator FAWCETT: Just a question on the portfolio statements. The appropriations estimated for 2011-12 were \$152,948,000. I notice what was actually received was \$42,739,000, but the other figure in the column has basically done a similar swap, so clearly there are changes in accounting rules there. In net terms, there has been a reduction of about \$100,000 in your budget, but given that there are cost growth pressures, clearly you have made some savings measures, along with some changes in your accounting rules. I am happy for you to take it on notice, but could you come back to the committee highlighting what those changes are, why we have seen the change in appropriations in 'Other', what that actually means, and where your key areas of savings have been that have allowed you, regardless of inflation and cost growth pressure, to make that reduction in your overall budget position?

Mr J McCormick: I will take that on notice.

Senator FAWCETT: I have heard some reports that there have been ongoing problems by Recreational Aviation Australia, RA-Aus, in terms of aircraft registration. Can you give us an indication as to what that problem is, why aircraft have been remaining on the ground and they have not been able to progress that forward?

Mr J McCormick: I will ask Dr Aleck, who is the head of my office that oversees the self-administrative sports organisation to answer in more detail. Yes, we are aware of the issues within Recreational Aviation Australia. They do have the authority from us to register aircraft within their own organisation. The problems that have occurred have occurred in that process of their organisation to their members and the registration that follows from that, but for a more comprehensive answer I will ask Dr Aleck to speak.

Dr Aleck: CASA conducted an audit of RA-Aus's corporation functions, including the registration of aircraft and found a number of deficiencies in the way that process had been conducted over a period of time. As a result of that it became apparent that information that was normally required to be provided to RA-Aus when aircraft were registered had not been provided in full or had not been provided at all in some cases. As a result of that, until it could be determined that the information that would have substantiated the air worthiness of those aircraft in fact existed, those aircraft would not be registered and new registrations could not continue unless and until the procedures in place were sufficient to ensure that it was dealt with.

Senator FAWCETT: What is the current status on that?

Dr Aleck: The current status is that the backlog had been attended to. RA-Aus engaged an independent consultant who sat beside the RA-Aus officers who were responsible for addressing this and basically went through every application that came through. They were running through quite a few. There was after hours and weekend work, I have no doubt. They dealt with the backlog of new registrations and are now dealing with—if there are any at all insofar as I am aware—those aircraft where the registrations had lapsed and had to be renewed as a matter of expiration of time. My understanding is that has been dealt with.

Senator FAWCETT: When RA-Aus was given the approval to register its own aircraft CASA, I assume, looked at their processes at that time and deemed that they were suitable?

Dr Aleck: That would be true. The process by which they register their own aircraft would have been part of the process by which RA-Aus has been doing this for quite a number of years.

Senator FAWCETT: My question then is: if CASA did an audit and found that the process was not adequate, was it the process that was not adequate or were they not complying with their own process?

Dr Aleck: A little bit of both. Primarily, the processes that were in place were not being followed. That was the primary issue. There were areas of deficiencies in the process, itself, but far and away the greater part of the issue involved a failure to follow existing processes.

Senator FAWCETT: Is CASA looking to do any review of its own approval processes such that not only do you put a process in place, but there is also a self-compliance check as part of that process, because clearly RA-Aus did not have that in place or they would have picked up the fact that they were not complying with their own process?

Dr Aleck: Absolutely. Over the past eight or nine months it has been very clear with the self-administrative organisations that the basis on which we oversee these activities is going to change significantly. This is a legacy arrangement that goes back many, many years and we have made no secret of the fact that the expectation is that their threshold will be considerably higher.

Senator FAWCETT: I would like to take you to Hardy Aviation and obviously an unfortunate incident there where they misread a letter and grounded themselves. What it speaks to, though, is the issue of communication between CASA and airlines. Is it your normal practice that if you were to ground an airline that that would be communicated via letter sent through the post or would you actually have a member of staff deliver the letter and explain it to the appropriate officer of the airline?

Mr J McCormick: It is the latter. We try to hand deliver the letter. In respect to Hardy, I met with Hardy last week in Darwin to discuss their issues. I think they have a better understanding now of what is contained in the requirements.

Senator FAWCETT: I would like to refer you back to the FAA audit that was conducted a couple of years ago. My understanding is that there were a number of deficiencies found during that. Can you give us a status report of rectifications of those?

Mr J McCormick: We can take most of that on notice, if you like. What I can give you now is that the majority issue was around the fact that we did not have sufficient training, in their mind, for our inspectorate. We had already set in place a training school which is now up and running and, in particular, their concerns were over the inspectors who oversaw what is called FAR 129 foreign operators operating RPT, regular public transport, into the US. It was around the amount of training that people had done, where most of the training in the past of say six or seven years ago revolved a lot around on-the-job training and then people had their basic training either that way or through a course to start with was perhaps not as extensive as it should have been. Since then we have rectified that completely.

Senator FAWCETT: I am happy for you to take those on notice. Are you aware of any areas where CASA is non-compliant with ICAO obligations, either inadvertently and you are seeking to rectify it or with your knowledge that that is the position that you think it is more appropriate?

Mr J McCormick: We have never been non-compliant with ICAO. Again, the area where they would not consider us or we would like to have seen ourselves higher in the marking where the score is out of 10, was in the area of training in particular. Most of the other points—and again, we can give you more detail on notice if you wish to ask—are in areas such as primary legislation. We scored nine out of 10. In most areas we scored nine out of 10 or seven out of 10. The training is what brought us down, but that has been a focus since I have been in this position. As I said, we have an established training school in Brisbane. We have restacked the building into training areas. It has saved us money as well, because we do not have to hire outside venues, and we have put all our inspectors, now, through a very comprehensive training course.

Senator FAWCETT: Recently the Joint Standing Committee on Treaties looked at some aviation treaties whereby we set up agreements with other nations about access to Australia's airspace and routes. One of the clauses in there was that either party could audit the other party. Given that the FAA has deemed it necessary to come and audit us, are there any incidents where we have gone and audited another nation, because I note that some of the countries that were in that list are not known for their world-leading status of aviation, shall I put it? The treaty essentially says that we will accept their governance of aviation as being equal to ours, but provides the option for audit. Have we ever done that?

Mr J McCormick: We have done work with countries to our north. I would prefer to answer that on notice, if I could.

Senator FAWCETT: If you could, thank you. You are on record, Mr McCormick, as saying in terms of Part 145 maintenance procedures that these are for RPT operations and they will not be directly applied to general aviation. Industry are telling me that some air worthiness inspectors are openly saying to them that that is not correct, that Part 145 will eventually be applied to small aircraft. Could you clarify what that situation is?

Mr J McCormick: The maintenance regulations that apply to the small aircraft will still be called Part 145. However, the 145 Part does apply to general aviation and what is currently now the charter category of operation. There are three or four discussion papers that are out now. They went out in December. We have left them open

until April for industry comment or at least until March. We will formulate the inputs from that and then we will go through our process with the consultative committee et cetera and we will move at a measured pace to make sure that the maintenance regulations that are applicable to the general aviation area are in keeping with what we think should be there and what the industry thinks should be there as well.

Senator FAWCETT: So, with the Part 135 public transport, which would encompass what we currently know as charter, is it your expectation that the same standards that are applied to RPT under 145 will be applied to that sector?

Mr J McCormick: No, 145 as it applies now applies to 121, or what will be the Part 121 of the operations, so the old high capacity RPT. The 135 and down is low capacity RPT. I should say that the discussion papers that are out there about the regulations give a number of options of how the maintenance for those aircraft could be maintained and the corresponding rotary wing categories as well. We have asked the industry—and the discussion papers highlights with an asterisk the one that we would prefer of the options—about who controls the maintenance, whether you need a maintenance organisation or just an individual licensed aircraft maintenance engineer and we are waiting for feedback from the industry in what they think. I will stress again that none of this is set in stone. They will go down in the way, in the style and the type of what is out there now, but how they apply, where they apply and where we draw the line, some of that we are stuck with because of ICAO requirements and our harmonisation requirements, and others we are listening for the industry's feedback.

Senator FAWCETT: What is your view on the future of approved testing officers versus inspectors? Industry feedback seems to be that ATOs are no longer favoured by CASA and there are situations where operators are required to use an FOI, as opposed to being allowed to use an ATO. I am wondering if you have a corporate plan or a strategic direction for the utilisation of ATOs?

Mr J McCormick: Some years ago—and we can give you the date on notice if you like—we did a review of the flying training organisations and their success rate at passing the initial instructor rating, the grade 3 rating. We centred that into some of the commercial flights and we found that there was a very large pass rate when most of those initial tests were being done by the industry. We, of course, always have the prerogative to do the test ourselves and anyone who proposes to carry out a test in the industry has to give us seven days' notice that they intend to carry out that test. We put much effort into carrying out a lot of those tests and we have quite a large failure rate. Since then we have seen that there has been a complete rebound in that sector and we are very pleased with the progress now being made by the flying schools and organisations around ATOs. So, in specific instances we still use our prerogative to check someone, particularly if there is any question over their competence or whatever, but we have no intention, to my knowledge, of removing or taking over all the duties that are done by ATOs. It would be beyond our capability.

Senator FAWCETT: A related issue, but not on the same topic of a grand plan, what flexibility do you give or should you or can you be giving regional officers to be responsive to commercial pressures? I think specifically here of an operator who was required to have one of their pilots renew an instrument rating. There was a qualified ATO in the state, qualified on the aircraft type who could have conducted it, but because he was not listed on that aircraft's check and training document, the company was required to fly that person from the west coast to the east coast to do the test in a simulator and then back to the west coast, where a suitably qualified person, with some discretion, could have conducted that test and saved the operator a lot of money. What options are there for CASA to have a responsiveness to commercial pressures in situations like that?

Mr J McCormick: Again, we are not a commercial regulator; we are a safety regulator. If you give us details of that particular test I can give you a specific answer. What I am getting at is that there are some instances now where we have mandated that certain asymmetric events et cetera must be carried out in a simulator rather than the aircraft, following on from the unfortunate Brasilia crash in Darwin, so if the test involves something of a multicrew or a multiengine aircraft or whatever, we may not have been prepared to allow that testing in the aircraft. Without knowing the specifics, I cannot tell you. If you give us the specifics we can give you an answer on notice.

Senator FAWCETT: In principle, though, if there was not a safety concern, do your regional officers have that flexibility to respond to a commercial pressure, even if there is an administrative measure they need to make to benefit industry?

Mr J McCormick: We do a lot of things out of hours and out of times at different places to benefit the industry. I guess that is the small 'c' of commercial, rather than the big 'C' of saying, 'We are going to regulate this on a commercial basis.' We try to enable, as best we can. We are quite often manpower limited, but we do a lot of things for the industry as best we can, and that is an example of where we have done it in the past.

Senator FAWCETT: My last question goes to flight tests by FOIs whereby they put pressure on the subject, whether it be a student, but more commonly an ATO who is up for approval, to conduct a test or a manoeuvre that is not in line with the manufacturer's recommendations but is what the FOI deems to be appropriate. There are a couple of examples that have been cited to me. One is the requirement to fly light twins at the blue line, as opposed to V_{ref} , which is normally a stall plus 1.3 which gives a lot of float and therefore the chance of overruns of runways, but that is being pushed by some apparently. Also, some aircraft where, for example, a double failure such as a failure of a control system and then a stall is not recommended by the manufacturer, but an FOI requires to see that. In situations like that are there guidelines within CASA that say that if the ATO or whoever is being tested can demonstrate that there is clearly from the manufacturer, or in the operation's manual, guidance that says that this is not appropriate, that it will be accepted at that level without having to go back to actually get letters from the manufacturer?

Mr J McCormick: I would need to see the examples and I could give you an answer on notice. Those examples that you give are the first that it has come to my attention, but that does not necessarily mean that it is not out there. We certainly, as an organisation, do not instruct our FOIs or our flight training examiners, our FTEs, to carry out a manoeuvre that is not prescribed in the AFM or in the pilot-handling notes, depending on the category of aeroplane.

Senator FAWCETT: I guess my concern is not so much that you would instruct them to do that. I would not suggest that.

Mr J McCormick: I know where you are going.

Senator FAWCETT: I am more concerned that they are allowed to essentially have their own agenda as opposed to being constrained to operate within what either an operations manual or the AFM for the particular aircraft specifies is normal practice for that aircraft.

Mr J McCormick: We spend a lot of time with standardisation and we are still working on that. That is an ongoing aim of the organisation for this year. As far as the organisation of FOIs and whatever, they are now in certificate management teams where they have a team leader who responds then to the regional manager who is the office manager as well, and our whole aim is to stop any sort of behaviour that is outside of the norms for flight tests because it will be in the manual standards. It is currently in the CAOs. The standards and the manoeuvres that have to be carried out and to the degree of accuracy that is required is laid out there. We certainly do not condone anything outside those limits.

Senator FAWCETT: What if the AFM prohibits something that is currently in the manual standards as a manoeuvre that should be conducted, but for this particular aircraft it cannot be? How is that resolved?

Mr J McCormick: The AFM would have overriding authority.

Senator FAWCETT: Your expectation would be that if the ATO or if the student and the test could show that, that should be accepted without question by the testing officer?

Mr J McCormick: Absolutely, and except for the small aeroplanes in the one general category, if we talking of a more specific aircraft where the AFM may prohibit a particular manoeuvre or particular, as you say, flight control sequence or whatever or a symmetric configuration to the stall or such, we have our flight training examiners qualified on type, so they should be aware of the AFM limitations. By the same token, anybody under test should be aware of their aircraft and what the AFM limitations are or the TCDS limitations and not allow themselves to go on that. We certainly do not condone anything like that.

Senator FAWCETT: Thank you.

CHAIR: Mr McCormick and to the officers of CASA, thank you for your time. We will see you on Friday.

Mr Mrdak: As we transition to ATSB can I just answer a couple of queries that senators have raised through the course of today?

CHAIR: Sure.

Mr Mrdak: Firstly, the Australian Maritime Safety Authority has asked me to clarify an answer it gave a little bit earlier to Senator Birmingham. Earlier today AMSA advised the committee, Senator Birmingham, that AMSA was not involved in the dumping of asylum seeker vessels. Although there is no obligation to advise AMSA, advice of the dumping of asylum seeker vessels is occasionally provided in the context of winding up a search and rescue operation in which vessels from Defence or Customs and Border Protection have been participating. AMSA does not keep specific records of the dumping of asylum seeker vessels.

Senator Heffernan asked for a copy of the minister's statement in response to the joint study report on Sydney aviation capacity. I am happy to table that, which I will do for you.

Finally, Senator Joyce this morning asked the cost of the consultancy study that is being undertaken into the next stage of work on Sydney aviation. There are three consultancies which we have underway—a passenger demand analysis being undertaken by Booz & Company at a cost of \$84,000; a detailed assessment of environmental infrastructure aspects near Wilton conducted by Worley Parsons, PricewaterhouseCoopers and Airport Master Planning Consultants at a total cost of \$980,000; and an examination of the impacts of airport developments surrounding Richmond and Wilton communities which is being undertaken by Ernst & Young at a cost of \$440,000. Those contracts were sourced from our panel of firms that we have in the department through our contracting arrangements.

CHAIR: Thank you, Mr Mrdak. That is very efficient of your department. Obviously Senator Fawcett has some questions.

Australian Transport Safety Bureau

[16:33]

CHAIR: Senator Fawcett, do you have questions?

Senator FAWCETT: I do. Mr Dolan, welcome. I am just going to your portfolio budget statements. I notice that the forecast appropriations and running through your total cash received estimated in the 2010 budget for the 2011-12 was around \$22 million and then actual is about \$100,000 less, so that is not a huge difference in the scheme of things, but given that there are cost growth pressures and indexations to take into account, you have obviously made savings within ATSB. Can you take on notice for the committee and come back to us to highlight the key areas where those savings have been made within ATSB because I cannot track, at the level of discernment within the papers, where those savings have actually been made?

Mr Dolan: I am happy to take it on notice. It is difficult to discern because there was some transitional funding to establish our new arrangements as the national rail investigative organisation in dealing with the sorts of budget pressures that all agencies are subject to. Given that we are largely a staff driven organisation we have had to carefully manage our future staffing arrangements, and that is our main mechanism of dealing with budgetary pressures.

Senator FAWCETT: I would like to go to the issue of training. Has training changed since the budgetary pressures or since the transition that has combined a number of modes of transport in terms of the competency levels you expect of your investigators by virtue of the type of training and their experience?

Mr Dolan: It has changed slightly. We reviewed our work level standards for our investigators and for senior transport safety investigators. It slightly increased our expectations of them and we have been providing training to support that but, generally speaking, we have continued with what has been a very successful program focused on diploma level qualifications for our people with an agreed curriculum. We are a registered training organisation for those purposes and we intend to continue with that. We think it is fundamental to our job and it would not be subject to this; we will do it even with cost pressures.

Senator FAWCETT: Organisations such as the Defence Force send their safety investigators to the United States generally or sometimes other places for training. Do you send people to peer organisations in world-leading countries—UK, US—for training in accident investigation?

Mr Dolan: Generally not. We will occasionally, in discussing the development plans of individual staff, give them an opportunity for a range of study opportunities, generally not overseas, but occasionally there. Courses for courses, but the core of it is the training we have developed and continue to deliver ourselves.

Senator FAWCETT: Is that training benchmarked on a regular basis against the training delivered by comparable organisations in, for example, the United States?

Mr Dolan: Yes, through the International Transport Safety Association, which is the heads of a range of counterpart agencies. We have benchmarking on both what is covered and the level to which it is delivered, and we remain well positioned against the NTSB, the TSB in Canada, their accident investigation branch in the UK and so on.

Senator FAWCETT: Is that a self-assessment or do you share investigators? So, for example, you might send someone to look at their training and they send someone here.

Mr Dolan: It was coordinated and assessed by TSB, by the Canadians, and they drew on the material supplied by a range of other bodies to do that.

Senator FAWCETT: Did that generate a report back to ATSB as to where you stood against the benchmark.

Mr Dolan: It generated a report to the various heads of agency, yes.

Senator FAWCETT: Could you make a copy of that report available to the committee?

Mr Dolan: I would have to check with my colleagues in other agencies who might have sensitivities about what it says about their training, so could I take it on notice?

Senator FAWCETT: You can take that on notice. I think the committee would be happy to receive that in confidence and not publish it, but I would be interested to see a copy of what was commented about your comparison for the benchmark.

You talk about differences with your workforce now and training—and again, I am probably talking specifically of the aviation side here—compared to when VASI was operating. Are there differences to the level, location and scope of training that is provided to accident investigators?

Mr Dolan: I have only been in the organisations 3½ years, so I am relying on what I have been told about history. However, my understanding is that compared to the VASI days there has been a much more explicit and enhanced range of training products made available, both for our entry level investigations and the ongoing training of them. As I said, we are now a registered training organisation, so it was done within a much more structured and rigorous framework. My assessment would be that there have been substantial improvements in what we have been doing over the past 10 or 15 years.

Senator FAWCETT: Could you take on notice to do a comparison of the scope of training in terms of who conducted it, where it was, how long it was and scope content of the training for an investigator under the VASI regime at various levels, whether it be entry or supervisory type levels, with what is currently conducted by ATSB?

Mr Dolan: To the extent that we have that material; I am happy to do that.

Senator FAWCETT: Thank you.

CHAIR: Senator Heffernan, have you thought of something that you might want to ask?

Senator HEFFERNAN: You may have already managed this issue, but on 2 October a Qantas jet came within 250 metres of a mid-air collision.

Mr Dolan: I am sorry?

Senator HEFFERNAN: A near miss at Darwin on 2 October 2012.

Mr Dolan: We have a number of matters under investigation.

Senator HEFFERNAN: Where are we up to with that particular one?

Mr Dolan: Mr Sangston is currently working his way through the list of investigations and to get those details for you.

Senator HEFFERNAN: I appreciate that. Is my understanding correct that there will be a Defence investigation into it?

Mr Dolan: There is an investigation that we are doing into a loss of separation in Darwin involving Defence controllers. We are doing our normal no-blame investigation because it involved civilian aircraft. It is possible that, given that they were Defence air traffic controllers, the Defence Force would have made its own inquiries into that, but that is a separate issue from any inquiries we undertake. We initiated the investigation on 3 October and we are aiming for that going to the public early in the third quarter of the current year.

Senator HEFFERNAN: Two hundred and fifty metres is a pretty near miss in my book. Have we understood what caused it and in the meantime, while we are investigating it, are we making sure that whatever caused it is not in the system to let it happen again?

Mr Dolan: We understand the basic mechanisms. There are differing views as to the amount of separation between the aircraft. What we have in terms of radar separation is a greater separation than has been reported by some people. We have sufficient understanding to have had discussions already with Defence ATC about this.

CHAIR: Mr Dolan, with your indulgence, are you able to tell us the distance because now that it is on the record there is the belief that it was only 250 metres?

Mr Dolan: We are still confirming distances. My point at this stage is that there are different ways of measuring this and we would like to be certain for the final report rather than putting 'to be verified' material out there.

Senator HEFFERNAN: A miss is a miss. Are you confident of the effectiveness of the ongoing air traffic management? Do you have full confidence in that?

Mr Dolan: We continue to select certain cases of loss or separation assurance for close investigation to satisfy ourselves that there are no problems in the system that need to be dealt with. In each of those we work on our normal basis, which is if we discover any significant safety issues we will not wait to complete the investigation, but draw it to the attention of Airservices.

Senator HEFFERNAN: At the some point in the future—and I will not burden you further today—it might be appropriate for this committee to have a briefing of some sort.

Mr Dolan: I could say one thing which is relevant. We are also completing—we hope by May—a general assessment of loss or separation incidents and whether there are any underlying safety issues. That is part of our overall review of these matters, so we are keeping a close eye on it.

CHAIR: On behalf of the committee, thank you, Mr Dolan. Now it comes to the sad part of the day. Minister, Mr Mrdak and your officers are leaving us. I can hear the collective cries of pain. I am so sorry that you have to go and you will not be joining us for the rest of the evening but, on the flip side, there are two days in May where you can come and do it all again.

Proceedings suspended from 16:45 to 17:02

REGIONAL AUSTRALIA, LOCAL GOVERNMENT, ARTS AND SPORT

In Attendance

Senator the Hon Kate Lundy, Minister for Sport; Minister for Multicultural Affairs, Minister Assisting for Industry and Innovation, representing the Minister for Regional Australia, Local Government, Minister for the Arts

Department of Regional Australia, Local Government, Arts and Sport

Executive

Ms Glenys Beauchamp, Secretary
Ms Stephanie Foster, Deputy Secretary
Mr Richard Eccles, Deputy Secretary

Corporate Services

Mr Jamie Clout, Chief Operating Officer
Ms Kym Partington, Chief Financial Officer

Regional Development Australia committees

Mr Simon Atkinson, First Assistant Secretary, Regional Strategy and Coordination
Mr Bruce Taloni, Assistant Secretary, Regional Policy Coordination
Mr Shane Bennett, Assistant Secretary, Regional Economic and Infrastructure Policy
Ms Julia Pickworth, Assistant Secretary, Strategic Policy and Ministerial Services

Regional Development Australia Fund

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Mr Gordon McCormick, Assistant Secretary, Regional Programs

Economic Diversification Package for Tasmania

Mr Simon Atkinson, First Assistant Secretary, Regional Strategy and Coordination
Mr Andrew Johnson, Acting Assistant Secretary, Southeast Australia

Murray-Darling Basin

Mr Simon Atkinson, First Assistant Secretary, Regional Strategy and Coordination
Ms Megan Lees, Assistant Secretary, Northwest Australia and Office of Northern Australia

Community Infrastructure Grants

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Mr Gordon McCormick, Assistant Secretary, Regional Programs

Regional and Local Community Infrastructure Programs

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Mr Gordon McCormick, Assistant Secretary, Regional Programs

Office of Northern Australia

Mr Simon Atkinson, First Assistant Secretary, Regional Strategy and Coordination
Ms Megan Lees, Assistant Secretary, Northwest Australia and Office of Northern Australia

East Kimberley Development Package

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Dr Matasha McConchie, Assistant Secretary, Local Government and Self Governing Territories

National Disaster Recovery Taskforce

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Mr Paul McInnes, Assistant Secretary, National Disaster Recovery Taskforce

Local Government

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Dr Matasha McConchie, Assistant Secretary, Local Government and Self Governing Territories

Constitutional Recognition of Local Government

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Dr Matasha McConchie, Assistant Secretary, Local Government and Self Governing Territories

Australian Centre for Excellence in Local Government

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Dr Matasha McConchie, Assistant Secretary, Local Government and Self Governing Territories

Local Government Reform Fund

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Dr Matasha McConchie, Assistant Secretary, Local Government and Self Governing Territories

Services to Territories

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Ms Belinda Moss, Assistant Secretary, Territories Service Delivery

Norfolk Island

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Dr Matasha McConchie, Assistant Secretary, Local Government, Self Governing Territories
Mr Bruce Taloni, Assistant Secretary, Regional Policy Coordination

Christmas Island

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Ms Belinda Moss, Assistant Secretary, Territories Service Delivery

Cocos (Keeling) Island

Ms Robyn Fleming, First Assistant Secretary, Local Government, Territories and Regional Programs
Ms Belinda Moss, Assistant Secretary, Territories Service Delivery

Office for the Arts

Ms Sally Basser, First Assistant Secretary, Office for the Arts
Mr Grant Lovelock, Acting Assistant Secretary, Arts Partnerships
Ms Stacey Campton, Assistant Secretary, Indigenous Culture and Arts Network
Ms Lyn Allan, Assistant Secretary, Collections and Cultural Heritage
Mr Stephen Arnott, Assistant Secretary, Creative Sector Development
Ms Louise Doyle, Assistant Secretary, National Portrait Gallery

Australia Council

Ms Libby Christie, Acting Chief Executive Officer
Ms Tim Blackwell, Executive Director, Corporate Resources

National Film and Sound Archive of Australia

Mr Michael Loebenstein, Chief Executive Officer
Mr Steve Vogt, General Manager, Collection Development
Mr David Boden, Acting General Manager, Access and Outreach
Mr Noel Florian, Chief Financial Officer and Manager of Corporate Operations

National Gallery of Australia

Dr Ron Radford AM, Director
Mr Alan Froud, Deputy Director
Mr David Perceval, Chief Financial Officer

National Library of Australia

Ms Anne-Marie Schwirtlich, Director-General
Mr Gerry Linehan, Assistant Director-General, Corporate Services

National Museum of Australia

Mr Andrew Sayers AM, Director

Mr Graham Smith, Chief Operating Officer

Screen Australia

Ms Fiona Cameron, Chief Operating Officer

Mr Richard Nankivell, Chief Financial Officer

Office for Sport

Mr Bill Rowe, First Assistant Secretary, Office for Sport

Ms Natasha Cole, Assistant Secretary, National Integrity in Sport Unit

Mr Jaye Smith, Assistant Secretary, Major Events Taskforce

Ms Celia Street, Assistant Secretary, Sport Policy and Programs

Australia Sports Commission

Ms Simon Hollingsworth, Chief Executive Officer

Mr Matt Favier, Director, Australian Institute of Sport

Mr Geoff Howes, Acting General Manager, Sports Development

Ms Carolyn Brassil, Deputy General Manager, People and Governance

Ms Fiona Johnstone, Deputy General Manager, Finance

Observers

Ms Nicole Metcalfe, Ministerial Services Unit, Department of Regional Australia, Local Government, Arts and Sport

Mr Geoff Hill, Director, Ministerial Services Unit, Department of Regional Australia, Local Government, Arts and Sport

Mr Julian Yates, First Assistant Secretary, Department of Regional Australia, Local Government, Arts and Sport

Mr Shaun McGuiggan, Chief Information Officer, Department of Regional Australia, Local Government, Arts and Sport

Mr Michael Nelson, Assistant Secretary, HR, Legal and Governance, Department of Regional Australia, Local Government, Arts and Sport

Ms Megan Bonny, Assistant Secretary, Strategic Communications, Department of Regional Australia, Local Government, Arts and Sport

Ms Karen Lindsay, Director, Department of Regional Australia, Local Government, Arts and Sport

Mr Andrew Dickson, Director, Department of Regional Australia, Local Government, Arts and Sport

Mr Brendan Wall, Director, Strategy and Planning, Australia Council

Mr Adam Flynn, Principal Legal Officer, National Film and Sound Archive of Australia

Mr Peter Hughes, Director, Finance Branch, National Library of Australia

CHAIR (Senator Sterle): This afternoon the committee will commence its examination of additional estimates with the Department of Regional Australia, Local Government, Arts and Sport. The committee has fixed Friday, 5 April 2013, as the date for the return of answers to questions taken on notice. This deadline is longer than the usual time frame that the committee sets for the return of answers to questions taken on notice. The extension accounts for the time frame for senators to provide written questions to the committee secretariat. Senators are reminded that any written questions on notice should be provided to the committee secretariat by the close of business on Friday, 22 February.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance the secretariat has a copy of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity shall be raised and which I now incorporate in Hansard.

The extract read as follows—

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(Extract, Senate Standing Orders, pp 124-125)

Department of Regional Australia, Regional Development, Local Government, Arts and Sport

[17:03]

CHAIR: I welcome Senator the Hon. Kate Lundy, Minister for Sport, Minister for Multicultural Affairs and Minister Assisting for Industry and Innovation, representing the Minister for Regional Australia, Regional Development and Local Government and the Minister for the Arts. I also welcome Ms Glenys Beauchamp, Secretary of the Department of Regional Australia, Local Government, Arts and Sport and officers of the department. Does the minister or Ms Beauchamp wish to make an opening statement? Ms Beauchamp, do you?

Ms Beauchamp: I do not necessarily want to make an opening statement, but just to mention to senators some of the changes that have happened in the department over the last little while. Probably over the last 12 months of so I have reduced the number of senior executive positions by about six, including two deputy secretaries and two first assistant secretaries, and a number of branch head positions. So there have been some changes in reporting arrangements. There might be some new faces and there might be some familiar faces. I just wanted to put that on the record.

Also, we have transferred to the Australia Council the national touring programs and the Visual Arts and Crafts strategy, which is mentioned in the portfolio additional estimates statements and we have additional resourcing for the National Integrity and Sports Unit, which was only set up over the last few months. We continue the additional work that is required around the major sporting events, particularly in relation to the Cricket World Cup and Asian Cup. I just want to mention those changes in the portfolio.

CHAIR: Thank you.

Senator JOYCE: Would you like me to sit in for the minister until she arrives?

CHAIR: No, thank you. We are more than well covered. Ms Beauchamp is well and truly qualified to answer any of the questions you may have and it is a standing rule in this committee that we all work together for the betterment of all members. I am happy to wait if you want to, but it will chew into your time.

Senator JOYCE: No.

CHAIR: On that, who would like to lead? Senator Abetz.

Senator ABETZ: I asked at Prime Minister and Cabinet yesterday about the Budget Statement No. 2 for 2011-12 which told us, on page 286:

Illicit drugs in sport and sport anti-doping programs—savings.

The government will achieve savings of \$5.6 million over four years from the testing and research components of illicit drugs in sports. Savings from this measure will be redirected to support other government priorities.

One assumes not the Australian Crime Commission. What was the underpinning policy imperative to reduce this important aspect by \$5.6 million?

Ms Beauchamp: Chair, can I raise that and go through that when we go through the sports part of the portfolio? The sports people are coming after dinner, according to the program that we were given. I am happy to go through the ons and offs in the budget process and how those funds have been retargeted to some of the other initiatives in the sports area.

CHAIR: In fairness to Senator Abetz, under the circumstances, probably because there could be other senators with questions similar in the sports folio, with your indulgence, could you agree and maybe pop back in the room then.

Senator ABETZ: I will try that, most definitely. The minister is here.

CHAIR: The minister was here all the time. She was just outside the doorway having a meeting.

Senator ABETZ: Can I ask the minister when she first informed the CEOs of the various sporting codes that they were required to be in Canberra for a press conference with the head of the Australian Crime Commission on Thursday of last week?

CHAIR: Senator Abetz, I understand that you are keen to ask questions of the Office for Sport. I am not keen to throw the program around. This is not taking away that questions will be asked and they will be answered, but in all fairness to our committee that sat here in this building on Wednesday and agreed to this program, I think it throws a spanner in the works.

Senator ABETZ: I would have thought that these are general questions, but if that is what the committee decides then that is what the committee decides and when you do not have the numbers, that is all you can do.

CHAIR: No, Senator Abetz, I will just help you out. In this committee when we meet on Wednesdays it is not a case of who has numbers. We collegially work together for the betterment of the Senate. It was agreed and on a number of occasions, as the chair, I have asked if every full-time member of the legislative committee of RRAT is satisfied with the program, and I was under no circumstances confused that the answer was yes. If there has been a decision within the leadership of the opposition that you might want to shift the timing around, I think in all fairness to this committee, I would urge you to come back at 10.30 tonight.

Senator ABETZ: I will do my very best.

CHAIR: I am happy to cancel the Regional Development and Local Government and go straight to Sports and go home at 7 o'clock, if that is the wish.

Senator ABETZ: Do not wind down the clock on the others.

CHAIR: I could get some support on this. I have the numbers.

Senator ABETZ: You do have the numbers.

Senator THORP: I will second that motion.

CHAIR: Thank you, Senator Abetz. We will go back to Corporate Services. Senator Joyce.

Senator JOYCE: Thank you. What is the current level of staffing across the whole department?

Ms Beauchamp: We have around 498 staff. That excludes the National Portrait Gallery and Artbank.

Senator JOYCE: That includes the National Gallery?

Ms Beauchamp: It excludes the Portrait Gallery.

Senator JOYCE: Just because you brought it up, why does it exclude the Portrait Gallery.

Ms Beauchamp: We see that as a separate entity, as the bills have been recently introduced to set it up as a separate authority, so we are in the process of transitioning that to commence on 1 July.

Senator JOYCE: What is the average wage/salary of your staff members?

Ms Beauchamp: I will ask the chief operating officer to answer that one.

Mr Clout: The average cost for our staff, if you include superannuation and all the other on-costs et cetera, is about \$121,000.

Senator JOYCE: The average wage is probably about \$97,000 or \$95,000?

Mr Clout: It would be around \$100,000.

Senator JOYCE: How many staff are currently employed in the regional development component of the portfolio?

Ms Beauchamp: In the regional development in terms of outcome 1?

Senator JOYCE: Yes, the people you are responsible for. It would be fair enough to say outcome 1, unless there are regional development people in any other outcome. How many would be employed under the guise of regional development?

Ms Beauchamp: I could give you some numbers that cover the regional strategy and coordination area, plus the local government and the regional programs area. We have 226. That is just a head count.

Senator JOYCE: The average cost is the same for them? Is there any differential in costs?

Mr Clout: I would anticipate that the costs would be pretty uniform across the operating divisions of the department.

Senator JOYCE: Does that 226 also include local government or is local government apart from that?

Ms Beauchamp: Yes, that includes local government.

Senator JOYCE: Is it possible to get a breakdown within that 226 of how many are in local government?

Ms Beauchamp: I could take that on notice, yes.

Senator JOYCE: What issues and programs are these staff currently working on? What are the main regional development issues that you are currently working on?

Ms Beauchamp: As you will see from the budget papers and our annual report, there are a very large number of responsibilities that the department has that cover a range of issues. We have a number of large programs to deliver, for example the Regional Development Australia Fund and the Community Infrastructure Grant, so there is a large component looking at providing program support.

In terms of some of the work that is happening right across government, we also lead and coordinate a lot of the place based interventions in terms of priority areas to government, like the Murray-Darling in terms of economic diversification, and Tasmania. We are working with South Australia on Upper Spencer Gulf, Far North Queensland, Latrobe Valley and the like. There are a number of priority areas where we are working with key stakeholders and state and territory governments. The minister has pursued and put in place a number of MOUs with state government so we can get joint investment strategies and joint work happening in those areas.

Obviously with our relationships with local government we do a lot with ALGA, the Local Government Reform Fund and the Centre for Excellence in Local Government continuing to look at infrastructure financing and some of the work around regional development, and working with Infrastructure Australia.

Senator JOYCE: Can I just drill down on that issue that you brought up of regional infrastructure financing? What is the expertise of the people currently working on that and what are you able to tell us about exactly where that program is going and how you are progressing with that?

Ms Beauchamp: We are doing a lot of work in partnership with Infrastructure Australia and we have actually contracted Ernst and Young who have particular regional financing expertise and who are consulting with a range of stakeholders, looking at how we might better support and fund regional infrastructure programs, and help local governments in terms of pursuing regional investment opportunities. So, in a sense, we have contracted that expertise in through the Ernst and Young consultancy.

Senator JOYCE: Does that also involve the expertise and the issuance and management of bonds and programs such as that?

Ms Beauchamp: Ernst and Young looked at a range of infrastructure financing mechanisms to see what would be appropriate, certainly at the regional and local government level. It was not at the national level because we have separate processes that the Department of Infrastructure and Transport and Infrastructure Australia are

pursuing. We are looking at those projects that are important for local government and regional areas and looking at how we might better provide the impetus to get local governments focusing more broadly on those projects that will make an absolute economic difference in regional areas.

Senator JOYCE: Are we able to find out who was the actual cell manager in Ernst & Young? Who was the lead consultant in that process?

Ms Beauchamp: Yes, I do have that information and again, through the chair, if we could cover that off in that particular program area. We have Darrin Grimsey and a number of others, but if we can cover that off in that area.

Senator JOYCE: That is fine. Will any staffing cuts be made to regional offices in this financial year? You have offices at Bendigo, Orange, Wollongong and Newcastle.

Ms Beauchamp: There is no intention to cut staffing numbers. That does not mean that people do not go on maternity leave or come and go as vacancies arise. We continue to operate in 23 locations outside of Canberra. Again, that is excluding Artbank, which is in two metro areas, in Sydney and Melbourne. We are not looking at closing any of those offices.

Senator JOYCE: In the current year your staffing levels are at 498 at the moment. Has that number increased or decreased and, if so, by what number?

Ms Beauchamp: Over the forward estimates period and since probably about 12 months ago and the 2011-12 budget, we have had a number of ons and offs through various programs that are either one-off or finishing, like the regional and local infrastructure program, for example, so we have had a reduction in 2012-13 of staffing numbers, compared to 2011-12, primarily as a result of, as I said, programs ceasing and one-off funding that was provided in 2011-12.

Senator JOYCE: Have consultancy fees been increasing or decreasing?

Ms Beauchamp: Our consultancy expenditure is on target to decrease, primarily as we have skilled up people in the department, being a relatively new department, and looking at opportunities to ensure that we can minimise expenditure on consultants. I expect by the end of this financial year to have spent less on consultancies than we did last year.

Senator JOYCE: Where is your most expensive office space, most expensive lease space, and what is the purpose of it?

Ms Beauchamp: I think we provided that information on notice in detail, but I might ask Mr Clout to go through those leasing costs. I think we provided leasing costs per square metre on notice.

Senator JOYCE: Yes. It is not particular to you. I am asking every department. I am trying to get some benchmark figures.

Mr Clout: On a total cost basis, the most expensive property we have is the department's main office in Canberra, in Garema Court. On a square metre basis, our most expensive property is in Perth, in St Georges Terrace.

Senator JOYCE: How many staff are in that office in Perth?

Mr Clout: We have eight staff in that office. The lease ends in 2015, so at that point we will be looking at whether we can get a better deal.

Senator JOYCE: Are they tasked with myriad departmental jobs, or do they have a specific area?

Mr Clout: That particular office in Perth relates to the Office for the Arts, which came into the department in the machinery of government changes at the beginning of last year.

Ms Beauchamp: We have another office in Perth that primarily looks after all the funding agreements we have with Western Australia for Christmas Island and Indian Ocean territories, and also to help us with some of the place based work in WA.

Senator JOYCE: What is the cost per square metre of that office in Perth?

Mr Clout: \$604.

Senator JOYCE: What would that annualise out at? Is it around about \$700,000 or something like that?

Mr Clout: I have it as \$192,000.

Senator JOYCE: So it is only small?

Mr Clout: It is a small space.

Senator JOYCE: With your efficiency dividend that has no doubt been placed on you like it has been placed on everybody else, how are you going in achieving that?

Ms Beauchamp: We are on target to meet our budget this year.

Senator JOYCE: In obtaining that efficiency dividend, where have your greatest efficiencies been found? Is it in just natural attrition of staff members?

Ms Beauchamp: Our priority, and one of the reasons I mentioned the changes earlier on, is to keep as many staff as we possibly can to do the work. Our focus has been on supplier expenditure, for example, travel costs, consultancies that I mentioned earlier, limiting our printing costs, having more documents available online and accessing panels from other agencies. We are continuing to have and be provided with shared services arrangements by the Department of the Prime Minister and Cabinet and the Department of Infrastructure and Transport. Our focus has been on those sorts of supplier expenses in terms of reducing our costs.

Senator JOYCE: At the supplementary estimates it was stated that the department had 23 locations throughout Australia. How many of these offices are working on regional development and local government program outcomes as determined by outcome 1, as opposed to arts and sport?

Ms Beauchamp: As determined by outcome 1?

Senator JOYCE: Yes. Because I am shadow for regional development I do not particularly want to know about arts and sport. I just want to know how many of those 23 offices are doing things in my shadow portfolio.

Ms Beauchamp: Just bear with me while I add them up. Mr Clout advises 17.

Senator JOYCE: I imagine the country regional offices are predominantly cheaper than capital city regional offices, so has there been any investigation on the capacity to move functions from capital city space to regional office space as a mechanism of cost saving?

Ms Beauchamp: We look all the time at opportunities for cost saving. We have to do cost-benefit analyses. As I mentioned I think to you a couple of estimates ago, one of our cost savings measures was co-locating people in Canberra and entering into new lease arrangements. We look at how we can maximise the opportunities from our regional offices, and we will do that on a case-by-case basis as opportunities arise.

Senator JOYCE: I have some minor issues. What processes has the department put in place to inform all staff of the consequences of credit card misuse?

Mr Clout: We have our credit card arrangements centred around our financial management system, SAP. We have processes where staff members only access or are issued with a credit card when there is a clear business requirement for that and it is signed off by a supervisor. Once they have used that credit card they have 10 days to acquit that particular transaction in our financial management system and then the supervisors have five days to approve that expenditure. The CFOs unit follows up late acquittals and approvals and all transactions have to be backed up with documentation, either electronic or paper based. Where there are any issues relating to the use of credit cards, any questions over transactions, they are referred to the CFO unit or to our Director of Corporate Governance and followed up in accordance with our procedures.

Senator JOYCE: We brought that up in the previous Senate estimates and I just wanted to make sure that that process has been reviewed because it is embarrassing for staff members when they are hauled over the coals and it is infuriating for the taxpayer when they find out their money is disappearing.

Ms Beauchamp: We also make sure that it is covered off on our internal audit program as well.

Senator JOYCE: I just want to go through a couple of areas. I was trying to get a list of expenditure under each of the following programs. You can probably take these on notice for financial years beginning 2007-08 including the most up-to-date spending for the current financial year. I would also like, if I could, to try to get a forecast in the areas of the Clean Energy Future, the Regional Structural Adjustment package, the Community Infrastructure Grants, the Northern Australia Sustainable Futures, the Regional and Rural Research Development Grants, the RDA committees and the Regional Development Australia Fund, if you could take those on notice.

Ms Beauchamp: We probably could cover off those as the program areas.

Senator JOYCE: Sure.

Ms Beauchamp: Primarily it reflects what is in the forward estimates there, but we can certainly go through some of the particular areas that you are interested in.

Senator JOYCE: No, I might have them on notice. The next part is: have you had any further engagement whatsoever with the Regional Australia Institute? I know that it became a corporatised entity and it stands aside, but what has been your engagement, because we have had concerns about what is the oversight over this

expenditure on this cell, as we cannot really get inside it, though we know that the taxpayers delivered \$8.5 million. How are they going with their reporting structure back to you? Are they delivering any sort of reporting structure back to you?

Ms Beauchamp: Ideally, it would be good to cover off in the program area, but in summary we do have a funding agreement with the Urban Australia Institute. We feed in and make a contribution in terms of what we think to reflect the government's priorities around research. In terms of their website, it is very clear where their research themes are, what research fellows they have in place and the areas that they are covering. They are looking at things like regional competitiveness index, a survey of regional business conditions, indicators of community wellbeing, obviously looking at opportunities and case studies around maximising opportunities under the Asian Century White Paper, looking at innovative service delivery options and also some of the learnings out of the successful transitions of regions going through transition. That is all clearly documented on their website and I am happy to take the details when we have the officers here under that program.

Senator JOYCE: I just want to go through a couple, but I can get that when we get to the program outcome. I want to quickly go back to staffing. What are the average days that have been taken as sick leave per employee per year?

Ms Beauchamp: I will ask the chief operating officer to provide that information. We do not separate sick leave from other personal leave, whether it is carers, bereavement leave and the like. We have figures on personal leave.

Senator JOYCE: Average personal leave per employee per year.

Ms Beauchamp: I think we have those figures.

Mr Clout: As at the end of January the department is tracking at around about 12.1 days per employee.

Senator JOYCE: So that is 12.1 days on top of holidays?

Mr Clout: That is unscheduled absence, which covers off personal leave, which is sick leave and carers leave, but it would also include those staff members who are on compensable leave, for instance if they have been injured at work. We have one or two cases of those, and if they are a long-term case then they can take your average up quite a lot. At the moment we are tracking at around or maybe slightly above Public Service average for last year.

Senator JOYCE: I am a little bit concerned about that. That is about 2½ working weeks per employee, if you look at a 37½ hour week. You are looking at around about 2½ weeks per employee on personal issues, away from the holidays. I imagine they still get four weeks leave. Two and a half weeks on top of that is 6½ weeks that people are not at work.

Mr Clout: As you would probably appreciate, it is an issue that has been raised in the State of the Service report by the Public Service Commission this year. It is one for particular attention across the APS. In the department we have been tracking this very carefully at the executive board level in our monthly human resource reports and put in place some strategies to make sure that we are on top of the problem in terms of its scopes and its causes and drivers, and looking at strategies to minimise unscheduled absence, which as you say, can present itself as quite a cost.

Senator JOYCE: Are there any exceptional cases of long-term leave for physical injury or psychological impairment?

Mr Clout: We have a small handful of cases of long-term sick leave or compensable leave under the Comcare arrangements.

Senator JOYCE: When we talk about physical injury, what type of injuries do these people have?

Mr Clout: I am afraid the information I have with me only tells me about the type of claim for the new cases in the month of the report that I have with me. I do not have that information for all of our current cases. I would have to take that one on notice.

Senator JOYCE: What is the longest leave that somebody has had?

Mr Clout: That is another one; I am afraid I do not have that information with me so. I would have to come back to you.

Senator JOYCE: What about unaccounted for leave, where they cannot account for it as sick leave, physical leave or psychological leave, where they just did not bother turning up?

Mr Clout: We do not have a case of that category. We know, for all of the staff, the reasons why they are not on duty. We do not have any cases of leave without reason.

Ms Beauchamp: I can add to that. If people are on five days consecutive leave, under the enterprise agreement they are required to provide evidence. Supervisors can also ask for evidence at any time they think there might be a case of people not turning up to work for no reason.

Senator JOYCE: This is a concern if you have 500 employees and there are 12 days for personal sick leave. That is about 6,000 working days. We are looking at around about one employee doing 18 years of work per year. That is quite a burden.

Ms Beauchamp: I think any unscheduled absence is a reason for ensuring we have tight oversight and monitoring arrangements. As Mr Clout said, we are on par with the average across the Australian Public Service, but I want to make sure we can reduce that as much as possible. We have put in place specific oversight arrangements to look at what we can do to ensure people are supported, whether it is either through carer's leave or the like. We take this seriously and obviously have a program in place to try to reduce it.

Senator JOYCE: I have no doubt that you do. In understanding not just your department but other departments, I am trying to work out what the process is. Ultimately, as things get tighter, this is a cost because someone on leave is someone else who does not get a job, and 6,000 days is a lot of jobs that other people might want to keep.

So what are the other programs? How is the department in your instance—and I suppose it is the same in other instances—approaching this problem? What do you see as the average out in the private workforce that you benchmark yourself against? Have you looked at another organisation, say Ernst & Young, when you are working with them? Do you say, 'How many days away from holiday leave happens in the private workforce?', and then ask the question, 'What is the difference between us and them?'

Ms Beauchamp: That is a difficult question to answer when you are looking at a number of factors that impact on unscheduled absences and, particularly in our case, personal leave, which is a combination of a range of leave types. It could be a reflection of the age of the workforce, for example. As people are getting to my age, they have carers old and young too, so there are a number of issues like that. Obviously we have a number of people on maternity leave, too. There are quite a few, actually. In terms of comparisons with the private sector, you really need to look at like-for-like organisations, what the age structure might be and some of those reasons that there might be. We need to really look at what the reasons are for people taking that amount of personal leave.

Senator JOYCE: What do you get for maternity leave? Is it three months?

Ms Beauchamp: That is correct.

Senator JOYCE: Of course that is a substantial amount of leave. How many cases of maternity leave—it should not be cases, I mean good luck to them. If we do not have people on maternity leave then it is going to be very hard to get a pension paid later on in life because no-one will be here. How many instances of maternity leave are accounted for by the department in the last 12 months?

Mr Clout: We presently have 17 staff on maternity leave.

Senator JOYCE: Do you have any record of substantial workers compensation claims over the course of the year?

Mr Clout: At the moment we have 10 active compensation cases.

Senator JOYCE: Are they physical injury?

Mr Clout: They are a mixture of physical and mental.

Senator JOYCE: How many are physical and how many are psychological?

Mr Clout: I would have to take the split on notice. I do not have that information.

Senator JOYCE: What is the average duration of those cases?

Mr Clout: Again, I will have to take that on notice.

Senator JOYCE: You said that one of the areas that you were covering off on was travel costs. With your procurement process currently for travel, especially air travel, how has that changed? What has been the change there?

Ms Beauchamp: I require, myself included, for people particularly on the eastern seaboard to travel economy. That is one practical example. Obviously the department of finance has the lowest fare of the day, so all of us are to pursue that, with rigour, in terms of the lowest fare of the day. We also look at opportunities for teleconferencing and videoconferencing wherever possible. We certainly have encouraged that. For example, I will have board meetings over the phone. With the Queensland Reconstruction Authority, for example, I will do a

lot of those over the phone rather than travel to Brisbane. I think we have actually reduced our travel expenditure quite substantially with those sorts of strategies.

CHAIR: Do you have many more?

Senator JOYCE: No. I am happy to leave it on that?

Senator THORP: As we have heard in previous estimates, you do have regional offices around the country. How many offices do you have north of the Tropic of Capricorn?

Ms Beauchamp: I will just add those up.

Senator THORP: That is 23 degrees, 26 minutes north.

Ms Beauchamp: Twelve.

Senator THORP: You have 12 offices?

Ms Beauchamp: Yes.

Senator THORP: Are you considering opening any more offices in that area above that Tropic of Capricorn?

Ms Beauchamp: Not at this stage, no.

Senator THORP: Do you consider that you have sufficient coverage?

Ms Beauchamp: We have quite a flexible workforce and where we are required to put in additional effort, then we will look at where we need to locate staff. For example, our Townsville office, as we do work in Far North Queensland, has four people to help out there and we also make sure that we have people that travel up there to meet with the Queensland government, local stakeholders and the like.

Senator THORP: How many staff do you have at the main office, the Canberra office, I presume?

Ms Beauchamp: I will ask Mr Clout to answer that one.

Mr Clout: There are 414 staff presently in the Canberra space.

Senator THORP: How much would you estimate it would cost to relocate a staff member from Canberra to say Karratha.

CHAIR: I am a furniture removalist. I can tell you that—lots.

Ms Beauchamp: We would have to look at the availability of accommodation, travelling allowance, relocation costs and the staff level of the person, so it would absolutely vary from location to location. We would need to do that.

Senator THORP: Could you give me an average figure?

Ms Beauchamp: I am sorry, I could not give you an average.

CHAIR: If it helps, Ms Beauchamp, everyone who is calculating Karratha has four zeros. It is just the two down the bottom, so there you go.

Senator THORP: You are saying the cost would be considerable in that you would have to take into account relocation expenses, accommodation and a work site.

Ms Beauchamp: The availability of accommodation, the availability of office accommodation, the normal relocation costs if we can attract and ensure that there are appropriate skills for that particular position. They could be sourced locally or they may have to be imported. There is probably a range of issues. We look at it on a case-by-case basis. Where we have offices already in these locations we will obviously look at co-location opportunities and drawing on the skills and expertise of the local areas.

Senator THORP: So if the situation is complicated enough in thinking of moving one person, I can only image it would be an exponential situation if you were required to move, for example, 100 staff.

Ms Beauchamp: Indeed, and it depends on the location. Certainly some state governments have done something similar, and it is in the order of millions of dollars.

Senator THORP: How long is the lease that you currently have on your main office?

Mr Clout: The lease for the Garema Court building is a 12-year lease.

Senator THORP: How far along are you with that lease?

Mr Clout: We are in our second year now.

Senator THORP: You are in the second year of a 12-year lease.

Mr Clout: Correction, we are still in the first year.

Senator THORP: You are still in the first year of a 12-year lease?

Mr Clout: Correct.

Senator THORP: What would it cost to break the lease on that office?

Mr Clout: The face value of the lease?

Senator THORP: Which is?

Mr Clout: Some \$70 million. I should say that whenever a government department changes its accommodation requirements we make sure, if we can, to sublease space that it already has leased. In fact, in this instance, we took the building over from another government department and the building we were in prior to this was also a building that was under lease to another government department. Until such time as another tenant can be found, the lease payments continue to be a liability that must be paid, so that would be the maximum.

Senator THORP: That would be the maximum. So if there was not another tenant who could come in, potentially you would be looking at \$70 million.

Mr Clout: Correct. My understanding of the history of this particular building is that it has always been occupied since its construction by a Commonwealth government department.

Senator THORP: That is assuming, of course, there are other government departments left in Canberra.

Mr Clout: That is what I was about to say. With the property market, at the moment, it is difficult to sublease space. We have managed to do that with a couple of our premises, and I know that a couple of other departments near us in the Civic area have also taken some time to find alternative tenants for space that they have vacated.

Senator JOYCE: What about Tasmania? Would it be really expensive to move into Tasmania as well?

Mr Clout: I think some of the costs would be common across a range of different locations in Australia, but then some of the costs would be quite different. One of the principal differences would be the housing costs and the office accommodation costs, which would be radically different in, for instance, Perth where we know the property values are very high, hence the information that we shared with you earlier about the cost of our office lease there, compared to some other areas where property is very reasonably priced.

Senator JOYCE: We do not want any regional development in Tasmania, either! It is very dangerous.

CHAIR: For the purposes of time, it is nearly time, Senator Thorp. Do you have many more questions?

Senator THORP: Four.

CHAIR: If we can get the answers as quick as possible then we can move into regional development.

Senator THORP: Could you please elucidate, given our time constraints, the benefits of having your main office in the national capital?

Ms Beauchamp: In terms of our role, we lead and coordinate a lot of cross-government activity. The government has looked at revamping the whole place based regional strategy. Part of my biggest challenge over the last couple of years is ensuring other agencies work with us. One of the benefits is being able to meet our Commonwealth agencies. Another benefit is being close to Parliament House as well to support ministers and the like. I think there are certainly economies of scale in having people co-located with the ones you work with. Similarly, we have a number of staff located in a number of states to work closely with state and territory governments as well. History and the availability of skills are also other factors, but we would look at things and proposals on a case-by-case basis to make sure a cost-benefit stacks up. In terms of our business and supporting the government, being located in Canberra, which is probably a regional centre for some, has been a good thing.

CHAIR: Senator Thorp, if I may, we have a tight time table, but you have some time in the next area so if you want to continue, it is the same people at the table. I do not want to break the agreement that we have with the timing with everyone around the table. Thank you, Ms Beauchamp and no doubt there will be some more questions coming along that line from Senator Thorp. We will move on to Regional Development. It includes a host of offices. I will not waste time going through them because we know who they all are. Do we need any more officers or is this it?

Ms Beauchamp: I will just wait until we do a quick switch over.

CHAIR: I may as well prattle off. In case there are some staff sitting in offices that have to let their senators know, this includes the Office of Northern Australia, National Disaster Recovery Taskforce, RDAs, Regional Development Australia Fund, Economic Diversification Package for Tasmania, Community Infrastructure Grants Program, Regional and Local Community Infrastructure Program, Office of Northern Australia East Kimberly Development Package and Murray-Darling Basin. We now go to outcome 2: regional development.

Senator JOYCE: How much is currently left in the Regional Development Australia Fund?

Ms Fleming: Two rounds of Regional Australia Development Fund have already been committed. The first round was \$150 million and the second round was \$200 million. There are two current rounds out for expressions of interest and application at the moment. Round 3 is \$50 million and round 4 is \$200 million.

Senator JOYCE: How much is that?

Ms Fleming: That leaves \$400 million, hopefully.

Senator JOYCE: How much of these cheques have actually cleared the bank and gone?

Ms Fleming: All of round 1 is under contract. A substantial part of round 2 is under contract. I would have to give you an exact figure, so I will take that on notice and come back to you, but not all of round 2 is under contract. None of round 3 is under contract and none of round 4 is under contract.

Senator JOYCE: So what we are looking at, at this point in time, is around about \$350 million of it that has gone, but it has not actually cleared the bank; it is contracted? How much is paid for where the money has disappeared?

Ms Fleming: The programs under contract are generally seen to be as paid.

Senator JOYCE: The provision has been made.

Ms Fleming: The provision has been made for those payments. We would anticipate that by 30 June we will have round 2 fully contracted, so about \$350 million. I could take on notice and get you the exact payments that have been made to date. I will see if I can get that figure for you.

Senator JOYCE: Because a range of this was hypothecated under the mining tax, what discussions have you had to verify that the future fundings will be maintained.

Ms Beauchamp: It is probably important to understand what has been appropriated and agreed by parliament in our budget papers, that is that the government has actually appropriated funding for the Regional Development Australia Fund to the full amount that was committed.

Senator JOYCE: The full amount being?

Ms Beauchamp: Nearly \$1 billion. As Ms Fleming said, some has been contracted from 2011-12 onwards. Those funds have been made available and funded from Consolidated Revenue, so in a sense they are in the budget.

Ms Fleming: Could I just correct the record?

Senator JOYCE: Yes.

Ms Fleming: Round 4 of RADF is \$175 million and the committed funds for round 1, as in money actually paid out the door, is \$149 million roughly, and \$121.5 million of round 2 has been allocated.

Senator JOYCE: None from the 50, none from the 200 and we have 400 still up our sleeve?

Ms Fleming: One seventy five is that round 4.

Senator JOYCE: How many of the Community Infrastructure Grants programs remain to be approved?

Ms Fleming: I will try to give you the correct figures. There are 88 projects under the Community Infrastructure Grant. Thirty-two have been completed, 39 are in progress, one has an active contract negotiation in place and 16 are currently unapproved.

Senator JOYCE: Now, is there any reason for the unapproved ones being unapproved? What is the hold-up there?

Ms Fleming: Some of the projects were added in to the Community Infrastructure program later than others. Most of them that are delayed have not been able to provide the information at this stage onto which we can make a value-for-money assessment. They might have had planning delays through councils or appeal processes.

Senator JOYCE: Can you give me an example.

Ms Beauchamp: It is still being assessed. It is not as if they have not been approved. They are still going through the assessment and due diligence process.

Ms Fleming: I can give you an example with the city of Ryde. Initial plans and costings were only provided by the proponent in July at a conceptual level. Then there was ongoing community consultation. The project later commenced in August 2012. The Mackay Regional Football Club had delays due to finding a suitable site to relocate the soccer grounds. The Brisbane City Council has a Moorooka Community Hub and, again, difficulty finding a suitable site. These have held up some of the assessments.

Senator JOYCE: Let us take Mackay as an example, not being able to relocate the soccer club. What steps are we taking? Mackay would have to have a bit of spare ground around there somewhere. It would not be incredibly difficult to find some country for a soccer club.

Ms Fleming: I might ask Mr McCormick who has more detail than I, but my understanding is that the original site was under a flight path. The state government owned the lease so they needed to acquire a different land site and I think they are still looking at those elements.

Senator JOYCE: How is your role in trying to facilitate the 16 jobs that are not approved progressing? Are we ringing them up every second day?

Ms Fleming: I will refer to Mr McCormick, but we are in regular contact with proponents. We write to them. We remind them to provide us with the necessary information.

Mr G McCormick: As Ms Fleming stated, we are working with proponents to get a funding agreement executed as quickly as possible. The majority of reasons are community consultations and development approvals that have to be established before funding agreements can be negotiated. We expect all of them to be completed this financial year, the majority being done by the end of March 2013.

Senator JOYCE: How long do they wait before the money is redirected?

Mr G McCormick: The money is paid on milestone payments. Depending on what is actually agreed with the applicant and what is actually completed within that time will define the actual payments. Some have smaller amounts upfront and some have quite large amounts upfront, really depending on the expenses that they have undergone.

Senator JOYCE: For instance, where exactly is the Horsham theatre and art gallery construction project up to? This project was on the list of the 16 unapproved projects of 7 December 2012; however, it does not appear to be on the original list of projects announced during the election. Can you give me a bit more information about the life and times of the Horsham theatre and art gallery? Where did it come from? How did it get there? Where are we up to with it? What was the premise of its approval?

Mr G McCormick: The project description is the redevelopment of the 1939 art deco Horsham Town Hall complex, basically to become a state-of-the-art regional performing arts centre and art gallery located in Horsham. The status: the design documentation has been completed through the expert consultancies, through the council and the specialist theatre equipment for the centre is being procured. We have completed a value-for-money assessment and it will be with the minister for consideration this week.

Senator JOYCE: Where did it come from? It was not on the original list of projects announced during the election, so how did it pop onto that list?

Mr G McCormick: It was a Regional and Local Community Infrastructure program and strategic projects.

Senator JOYCE: Who put it there?

Mr G McCormick: It was part of a competitive process and they won that.

Senator JOYCE: What I cannot work out is that they did not have it there during the election, but they somehow got it there later on. How did they get it there?

Ms Fleming: The community infrastructure grants program is a combination of the 2010 election commitments. There are a series of government commitments that have come on, so the government took a decision. The Horsham project, having been competitively selected in the RLCIP program under Minister Albanese, had a range of community appeal processes and the government decided to continue that project and announced it under the community infrastructure grants.

Senator JOYCE: What was the group at Horsham that actually came up with this project?

Ms Fleming: It was a local government project originated under the strategic projects, the 550, which was a competitive strategic round, but there were a number of appeal processes that went through under the community consultation, so historic building. They took longer than anticipated to work through. Government made a decision to transition that to the Community Infrastructure Grants. I think another example—

Senator JOYCE: The government flicked it from one program to the other to try to get it through?

Ms Fleming: The government made a decision to transition it, as happened with the Margaret Olley Centre in the Tweed River that you raised last time.

Senator JOYCE: Who made that decision to transition it from one program to the other? Minister Albanese?

Ms Fleming: No, Minister Crean.

Senator JOYCE: I want to ask some questions about the freeze or stocktake on all regional funding. When is the stocktake due to conclude? I remember this was announced by Minister Crean where he talked about a freeze or stocktake.

Ms Beauchamp: We no longer have a freeze or stocktake occurring. That happened in consideration in the June forecast last year.

Senator JOYCE: So the freeze or stocktake is now unfrozen? What Minister Crean announced was a freeze. Was that the understanding that you had?

Ms Beauchamp: I think he had announced that there was a stocktake of programs, as we do in terms of looking at the position of the budget as at the MYEFO statement, so those questions probably would be best directed to the department of finance.

Senator JOYCE: What are the outcomes from that stocktake?

Mr G McCormick: The outcomes from that stocktake are that we continue to work in terms of guidelines and the like and I think in budget papers there is one program where funding has ceased for 2012-13.

CHAIR: Would you like an extension—because if you do I may have to check with some of your colleagues if they can give you some time—or can you wait around to see if there is some time left?

Senator JOYCE: It will probably take all night, so I do not particularly want to run over time.

CHAIR: I will move to Senator Nash if I can. Let me put the timing here so we do not muck everyone around. Senator Edwards has to go somewhere else. You only want five minutes, I believe, so we will flick to you. Thank you, Senator Joyce.

Senator EDWARDS: I want to take everybody to the written question on notice No. 17 in the supplementary budget estimates of October 2012. It is with regard to affordable housing. Has the funding agreement with Unity Housing been finalised?

Ms Fleming: I understand that it has, but I will just get Mr McCormick to give you the details.

Mr G McCormick: Yes, it has.

Senator EDWARDS: Is it publicly available?

Mr G McCormick: Through Unity Housing.

Senator EDWARDS: They have no problems providing it?

Mr G McCormick: We would have to check with Unity Housing.

Senator EDWARDS: Would you mind, because in that there were some agreed project milestones that had to be met?

Mr G McCormick: Yes.

Senator EDWARDS: And, of course, we are very keen for people to achieve their milestones. Could you let us know on notice about that one. Has the funding agreement of \$7.48 million with the South Australian government, or their contribution, changed in any way?

Mr G McCormick: Yes, it has. The South Australian government is providing the land with a value of around \$1.9 million.

Senator EDWARDS: What on earth happened to the \$7.48 million?

Mr G McCormick: Unity Housing are now providing nearly \$16 million. They have increased the amount of money.

Senator EDWARDS: Where did they get the extra money from? Was it from the government?

Mr G McCormick: No, not from us.

Senator EDWARDS: From the state government? You would have to know that, because you would want to know that your partners are going to be able to finish the project, so you would have done some due diligence.

Mr G McCormick: Yes, we have.

Senator EDWARDS: Where is the rest of the money coming from, from Unity Housing?

Mr G McCormick: Unity Housing and, looking at their not-for-profit, they have the financial capacity.

Senator EDWARDS: How do you know?

Mr G McCormick: On the papers, the financial statements and the assurances that they have provided to us.

Senator EDWARDS: Assurances. How do you know that we are not going to get all of the walls up and cannot put the roofs on because we were not diligent? I have just had an electrification of the Gawler rail line where \$41 million went missing for four or five months. You have \$5 million in the game here, and now there is a substantial change to the way this project is going to be funded.

Ms Fleming: When the RDAF panel are provided with the applications there is an independent viability assessment that we outsource to a range of commercial providers who look at the financial viability of the—

Senator EDWARDS: That has been done?

Ms Fleming: That was done in the RDAF round, and also under the Community Infrastructure Grants, that Senator Joyce was talking about before, we do a number of checks and balances in-house. We put the two together.

Senator EDWARDS: Senator Siewert is going to cut me off. Is that available to me?

Ms Fleming: We do not normally provide those assessments.

ACTING CHAIR (Senator Gallacher): I might intervene there. I received the Unity Housing annual report last month which sets out significant financial details.

Senator EDWARDS: I understand that, so we have a good balance sheet. Eddie Groves had a good balance sheet for a while. I am not, in any way, being disparaging of Unity Housing in that comment, either.

Ms Fleming: Could we take that on notice to talk to Unity Housing and see what we can provide between their public documentation and a summary of the steps we went through?

Senator EDWARDS: I am interested to know about the \$5 million that you are stumping with that you have actually made sure that this project is going to be completed with your \$5 million in the game.

Ms Fleming: Yes.

Mr G McCormick: We have done a comprehensive risk assessment.

Senator EDWARDS: I just want that and that is all.

Mr G McCormick: We are also paying in arrears as well, based on milestones not achieved.

Ms Beauchamp: I confirm that we will take that on notice because through the assessment process and doing the due diligence and the risk assessment, there may be some commercial sensitivities, so we would need to consult the proponent to see what could be released.

Senator EDWARDS: It is not a big issue.

Ms Beauchamp: I understand that.

Senator EDWARDS: This is done, proven viability, all the time. Has the location of the 100 dwellings been decided?

Mr G McCormick: The original application was up for refurbishment and building of up to 100 dwellings.

Senator EDWARDS: I just told you that.

Mr G McCormick: No. It is refurbishing—

Senator EDWARDS: I am going to run out of time. They are going to pull me up.

Mr G McCormick: We have agreed to build 84 houses in 12 locations.

Senator EDWARDS: So we are not spending as much, or that has just been the projects identified?

Mr G McCormick: We are not refurbishing houses. We are building 84 new houses.

Senator EDWARDS: Can you tell me why the state government is effectively down \$5 million in this thing? Did they walk away from the deal?

Mr G McCormick: In the original application Unity Housing had sought that money from the state government and it had not been confirmed. Through contract negotiations and seeking confirmation the South Australian government confirmed the \$1.9 million.

Senator EDWARDS: In land?

Mr G McCormick: Yes.

Senator EDWARDS: They had that hanging around, but they have no cash. That is my words, not yours. I do not want to get you into trouble.

Mr G McCormick: Thank you.

Senator EDWARDS: Did the state government have any say, given their \$1.9 million, as to who did the project or where they went?

Mr G McCormick: I know Unity Housing was in negotiation with the state government, but I am not aware of how much influence they had.

Senator EDWARDS: Was Unity Housing the South Australian government's preferred applicant?

Mr G McCormick: We went out to all state governments under round 2 and asked for comment on each of the applicants. As far as I am aware they did support this project.

Senator EDWARDS: On notice, can you table where those 84 homes are going?

Mr G McCormick: Certainly.

Senator EDWARDS: The critical things are the milestones in that, that we can follow. That would be good. I will just move to the Wakefield region water supply, if I may. Can you provide a funding agreement between yourself and the Wakefield Regional Council regarding the funding of that water supply arrangement?

Mr G McCormick: I would have to take that on notice. I do not have it immediately available.

Senator EDWARDS: Are you providing any other assistance or resources to the project aside from the \$10 million funding already allocated? You can take that on notice.

Mr G McCormick: Thank you. I might be able to come back to you on that one.

Senator EDWARDS: Has the South Australian government, through the South Australian Water Corporation, made a \$20 million contribution to the project?

Mr G McCormick: We would have to take the Wakefield one.

Senator EDWARDS: The funding agreement should be able to provide the conditions, when that money needs to come in and things like that. If we are able to get that, that would be helpful.

Mr G McCormick: Again, I think that would be under the same situation.

Senator EDWARDS: You would be aware if there has been any delinquency on the payment or the milestones, either from the council or the South Australian Water Corporation, in the payments towards that?

Mr G McCormick: As part of the funding agreement they would be in breach.

Senator EDWARDS: They would be in breach?

Mr G McCormick: Yes. If they miss payments without any reason, we get into them and ask whether—

Senator EDWARDS: You have a robust discussion, I think it is called in another forum.

Mr G McCormick: A very robust discussion.

Senator EDWARDS: Are we in that situation with this project now?

Mr G McCormick: Not as far as I am aware.

Ms Fleming: Could I just ask you to repeat your question on Wakefield Regional Council?

Senator EDWARDS: In regard to the \$10 million.

Ms Fleming: The water supply.

Senator EDWARDS: It was all four of them before that. Can the department provide the funding agreement between itself and the Wakefield Regional Council regarding the funding of the Wakefield regional water supply?

Ms Fleming: I thought it was a financial question; my apologies.

Senator EDWARDS: The document would contain all the financial answers, I am sure. It was if the department was providing additional assistance; was that your issue?

Ms Fleming: We are providing \$10 million to that project and I think that is what we always provided. It is \$10,039,000 to be precise.

Senator EDWARDS: SA Water Corporation is providing \$20 million.

Ms Fleming: It is a \$30 million project, so that would be my understanding, but we will clarify that.

Senator EDWARDS: When do they have to stump up with the money?

Ms Fleming: They pay their part of the project. We make a contribution based on agreed milestones. We have made the first milestone. There are five milestones in that agreement.

Senator EDWARDS: Where are we at? Have we started? Are we in the first milestone or are we in the second one?

Ms Fleming: The second payment has been made on milestone 2. It is due to be completed in July.

Senator EDWARDS: So the first one and the second one is due. Has the South Australian Water Corporation paid its money on the first milestone?

Ms Fleming: Yes, it has. Confirmation of state government financial support; I understand that is the case.

Mr G McCormick: Whether they have paid, we would have to look at the funding agreement to see what activities—

Senator EDWARDS: I fully understand. I just want to make sure. They made \$100 million last year and I reckon the pot is being raided. I just want to make sure that the contracts along the way are being adhered to and that it does not embarrass your minister, because with \$13 billion worth of debt over there, they are having a bit of trouble. There are only 1.5 million people to repay it.

ACTING CHAIR: Will that be your last statement or question?

Senator EDWARDS: No. I am just putting it into context for you. Is the Wakefield Regional Council responsible for the spending of all of the funding allocated by both the state and federal governments?

ACTING CHAIR: You will have to make that the last one.

Mr G McCormick: They are the proponent with which we have a funding agreement of which the \$10 million that is being provided by the Commonwealth; activities are clearly defined. They are responsible for the total project and delivery of that outcome.

Senator EDWARDS: It is just as well. I was about to bring the government down, Senator Gallacher, with the last one.

Senator IAN MACDONALD: Ladies and gentlemen, as you understand we have very limited time. I have 10 minutes, so can we try to keep the answers as brief as the questions? Your website shows the North Queensland Irrigated Agriculture Strategy was last updated on 20 July 2012. Has there been any activity since July 2012?

While someone is coming to the table for that, I will ask whether the department has had any involvement in new air routes being discussed with the Cloncurry Shire Council or with the Garuda flights into Darwin?

Ms Foster: No.

Senator IAN MACDONALD: Then I do not need to ask you about that. On the same line, what involvement has this department had with the AACo Darwin abattoir proposal?

Ms Foster: Yes, we have. I will get Ms Lees or Mr Dickson to respond to that. They will also take up your questions on the irrigated agriculture strategy.

Senator IAN MACDONALD: Mr Dickson, are you doing the North Queensland Irrigated Agriculture Strategy?

Mr Dickson: Yes.

Senator IAN MACDONALD: I am sorry I am slipping around, but I am just trying to alert you to things that I want to talk about. Can you tell us what the update is since July 2012?

Mr Dickson: You are quite right: the website has not been updated recently. The reason for that is the officer responsible for doing that has been on extended sick leave. She has just returned to work now and in fact we are having a conversation today about updating that website, so I apologise for that. There is a range of activities that CSIRO have undertaken and they have provided an update report to the office. I think you would appreciate that the North Queensland Irrigated Agriculture Strategy is an extensive program of work. It involves—

Senator IAN MACDONALD: I have now eight minutes left to ask every question I want to ask about Northern Australia. Is there anything new that you can report? I know about the CSIRO. They were making an independent modelling of the river system. Has that been completed? Is it halfway done?

Mr Dickson: The project is due to be finally completed at the end of this calendar year. There is a series of reports on each element of that program which will be produced, and the first set of reports we hope to have published in March.

Senator IAN MACDONALD: March 2013?

Mr Dickson: March 2013. There will be 12 technical reports produced this year and then at the end of the year there will be two reports, one on each catchment and then an overall summary report.

Senator IAN MACDONALD: So we will start seeing them in March?

Mr Dickson: Yes.

Senator IAN MACDONALD: Apart from paying CSIRO, what has the \$10 million that was part of this strategy been used on?

Mr Dickson: The \$10 million comprises approximately a \$6.1 million contribution from the Commonwealth, \$6 million of which is for the CSIRO and \$100,000 was for the joint work with Queensland on the Cloncurry abattoir study. The Queensland Department of Agriculture are also contributing \$3.2 million. Their work is focused principally on on-farm assistance for producers in the Gilbert and the Flinders catchments, and then there is another contribution of \$800,000 from CSIRO which has funded the aerial electromagnetic survey of the Flinders and Gilbert catchments.

Senator IAN MACDONALD: Is your department in any way involved in the Gilbert River Development Scheme working group? I see that the members seem to be locals, but are you aware of that working group?

Mr Dickson: I am certainly aware of that working group.

Senator IAN MACDONALD: Do you have any input or involvement with it?

Mr Dickson: The CSIRO is directly engaged with that working group, as they are with the Flinders irrigators group. They are not directly participants in the North Queensland Irrigated Agriculture Strategy, but they are an integral part of the engagement process that we are undertaking.

Senator IAN MACDONALD: I am aware, and I am asking if you are aware, of at least two expressions of private interest in some sort of water storage on the Gilbert. Is the department aware of that?

Mr Dickson: I am certainly aware of one. I am not sure that I am aware of two.

Senator IAN MACDONALD: Are you able to tell me, or is it commercial-in-confidence, what the one is that you are aware of?

Mr Dickson: I would have to take it on notice.

Senator IAN MACDONALD: Could you do that, please.

Mr Dickson: Yes.

Senator IAN MACDONALD: I do not think that there is much else that you can tell me. We will await those reports. Is there anything else that the department is doing in relation to the Gilbert and Flinders which is not touched on by the things that you have already mentioned?

Mr Dickson: Only that we are also undertaking, also being led by the CSIRO, an extensive program looking at the opportunities for mosaic irrigation within the context of the beef industry. There is some overlap between the coverage—

Senator IAN MACDONALD: What is the department doing in relation to that?

Mr Dickson: The department has funded that work through the Northern Australian Sustainable Futures program.

Senator IAN MACDONALD: I wanted to ask about the department's involvement in the beef industry. As you know, the beef industry in the north of Australia is doing it very, very tough, and that is to put it politely. There have been proposals made, which I raised with Minister Ludwig yesterday, to assist. Is your minister or your department involved in any way in submissions that have been made for assistance to help the beef cattle industry in its time of need?

Ms Lees: Through the Northern Australian Sustainable Futures program, led by the Northern Australian Ministerial Forum, there has been quite a substantial piece of work with the beef industry. Components of that have included some work that was commissioned by ABARES to look at the assessment of the contemporary risks and opportunities facing the northern beef industry. There is a project being led by DAFF looking at Indigenous pastoral projects. We have had the work that Mr Dickson referred to about mosaic irrigation.

Senator IAN MACDONALD: Thank you for that. That is helpful, but I have three minutes left. Are they all studies? There is no money being given to people to try to help them through?

Ms Lees: As in direct support to producers?

Senator IAN MACDONALD: Yes.

Ms Lees: No. We are looking at the facilitatory framework to help the beef industry. For example, we have some work being undertaken at the moment, jointly funded by jurisdictions, looking at logistical analysis.

Senator IAN MACDONALD: Could I stop you and ask you, on notice, to finish your answer please and perhaps recapitulate on what you have already told me. It is just that I have not got time.

Has your department had any direct involvement with the fires that were in the gulf? Has your department in any way been involved?

Ms Lees: No.

Senator IAN MACDONALD: Was the department in any way involved with the work related to stage 2 of the Ord River scheme? I know that the Commonwealth put in almost \$200 million for what I call social infrastructure.

Ms Lees: Yes.

Senator IAN MACDONALD: Just on that, has that program been completed?

Ms Beauchamp: On the two issues that you have raised around the Ord scheme and the beef strategy, it is certainly a key focus of the Northern Australia Ministerial Forum, covering not just our department portfolio minister, but other ministers in the north. There has been quite a bit done around the Ord in terms of agreement in looking at the second stage and the Commonwealth facilitating and being involved on a working group of officials to support both the Northern Territory government and WA government looking at an extension of that.

In terms of the beef industry, there have certainly been studies that have been released at particular roundtables with industry. The last Northern Australia Ministerial Forum included key members of the private sector as well, looking at what can be done to support and improve efficiency and effectiveness in the beef industry across the north.

CHAIR: I am sorry, Senator Macdonald. If it does help, this committee is heading to Kununurra in April and, if it suits, it would be great to have you along to check out what has been happening. Through the secretariat, it is under the references committee.

Senator IAN MACDONALD: Thank you. I am more interested in the two real problems with the beef industry in the north: firstly, the live cattle ban and, secondly, the difficulty with bovine Johne's disease. Both of those are meaning banks are foreclosing, and there are going to be very few people left there. I know an approach has been made to government because I have written to Senator Ludwig, but I am just wondering if the department has been involved in anything trying to ameliorate the difficulties in which the northern beef industry currently finds itself?

Ms Beauchamp: Those specific assistance measures would be better directed to the Department of Agriculture, Fisheries and Forestry. Our role is looking at the long-term strategies around the beef industry, in terms of the supply chain and the logistics work.

Senator IAN MACDONALD: Could I just come back to the Ord? Has the federal government's role in stage 2, which was the provision of social infrastructure—schools, hospitals and so on—been completed?

Ms Lees: Not yet. There are three projects to be completed and they are due to be finished by 30 June.

Senator IAN MACDONALD: So, \$200 million. Has it almost all been spent?

Ms Lees: Yes.

Senator IAN MACDONALD: My other question was the operation of the land by a new group which got a lot of publicity, which I think is great, but I just want to know whether the Commonwealth has in any way been involved in that aspect? Of course, as we all know, that was the Western Australian government's part of the \$400 million Ord River stage 2 package. You have spent yours on social. Have you been involved in any way with the allocation of the land for agricultural purposes?

Ms Lees: We are involved in a collaborative MOU with the Northern Territory and Western Australian governments looking at the potential expansion into the Northern Territory of the current Ord River scheme.

Senator IAN MACDONALD: That is stage 3, which is good. You are involved in an MOU to look into it. I will have to learn about that.

Ms Fleming: The answer is no, there is no involvement by the Commonwealth in stage 2 of the Ord, but we are involved in stage 3.

Senator IAN MACDONALD: What is your role in stage 3?

Ms Lees: We are a partner to that collaborative MOU, looking at the common issues that need to be addressed across governments in order to facilitate or overcome—what are the issues that need to be addressed.

Senator IAN MACDONALD: Because it goes across the border?

Ms Fleming: That is right.

Senator IAN MACDONALD: That is why the Commonwealth is involved. With the allocation of the land to the Zhongyu group or whatever it is called, the Commonwealth had no role to play?

Ms Fleming: That is correct: no role.

CHAIR: Senator Joyce wants about five minutes to wrap up your part. Is that all right?

Senator IAN MACDONALD: Yes.

CHAIR: I just got a nod of yes. I do not want to cut you off because I am happy to fall into the dinner break if that gives you the chance to finish your line of questioning and for Senator Joyce to have his, and then you can disappear somewhere else.

Senator IAN MACDONALD: I helped do the things. My time was 10 minutes and I have done 11, so I will stop there anyhow.

CHAIR: Thank you, Senator Macdonald. Senator Joyce, did you want the last remaining few minutes?

Senator JOYCE: Yes. I want to follow up something that Senator Thorp said. This is with you, Ms Beauchamp. We signed a \$70 million lease for 12 years. How did we decide to do that?

Ms Beauchamp: We signed that. As the chief operating officer indicated, I think we are one year into the lease. When we were looking at ways to cut our costs we were in a number of buildings, particularly with the machinery of government changes around arts and sports. So we looked at, on a cost-benefit basis, where we could get the best value for dollar around lease arrangements. We co-located our sports and arts people and the regional people from the temporary accommodation that we were in into this longer term lease which did provide hundreds of thousands of dollars per annum rental savings. I am not too sure of the exact figure. I am looking at Mr Clout. He would be able to exactly say what the savings were per annum.

Senator JOYCE: A comparative analysis against what site? An amount of \$70 million is a very substantial financial transaction. What was the comparative analysis that you matched that lease deal up with against other alternative lease deals around town or in other towns?

Mr Clout: When we approached the market we provided our requirements to our property service provider who came back with six properties.

Senator JOYCE: All in Canberra?

Mr Clout: They were all in Canberra. This property suited all of those requirements. We go through a process of defining what it is that we need as a department and the property consultants come back to us with various options. In this case they came back with six.

Senator JOYCE: Was this the cheapest?

Mr Clout: Yes, it was, and over a period of 12 years it gave us—

Senator JOYCE: That is a good point that Senator Thorp brought up. Did you ever envisage going out to any regional towns?

Mr Clout: I will just finish the information. It provided a benefit of \$10 million in a rent incentive for us over a 12-year period and came with about \$7.5 million worth of fit-out. The fit-out that we provided ourselves was about \$150 per square metre, and I think the standard average when you are going into a new building with fit-out is usually about \$1,200 to \$1,500. So it provided us with a quick and ready solution for our needs and also a very, very good financial deal.

CHAIR: It is 6.30. We should really be taking our break now, but if you have not got long to go you could go into the dinner break for five minutes—or do you want to come back after the dinner break?

Senator JOYCE: I am happy to come back after the dinner break.

CHAIR: Let us do that. What we will do is we will be in continuation, bearing in mind that we still have a list of senators that want to ask questions.

Proceedings suspended from 18:31 to 19:00

CHAIR: Welcome back. We are still in regional development.

Ms Beauchamp: Excuse me, Chair, in regard to the previous discussion before we broke for dinner: I want to clarify exactly the savings that are going to be attributed to the lease arrangements we have entered into. I also want Mr Clout to clarify the regional office network that is allocated to outcome 1.

CHAIR: That is good; that could assist Senator Thorp, as well.

Ms Beauchamp: Thank you.

Mr Clout: Taking the second matter first, in the earlier evidence I said that there are 17 locations related to delivering programs and activities under outcome 1. On a closer inspection, there are now 12 locations. I had included some offices that related to the Office for the Arts. So the answer should have been 12.

CHAIR: Thank you.

Mr Clout: In relation to the department's lease for its Canberra premises, it is important for us to tell the committee that collocating the pre-existing department, and its local government, regional development and territories functions, with the new functions added to it in the machinery of government changes earlier last year in arts and sport, was critical to the department's operations and was very important to our realising savings and efficiencies. We collocated into Garema Court from two other locations, in SAP House and in Mort Street, where the savings available to us in rent alone were over 30 per cent on existing rent payments per square metre. With a 12-year lease we stood to gain over \$10 million in rent incentives as well as saving between \$12 and \$14 million in fit-out. Using industry standards of \$1,200 to \$1,500 per fit-out we ended up spending about \$120 per square metre for fit-out—so, in all, realising a benefit of between \$22 million and \$24 million over the term of the lease.

Ms Beauchamp: That is very useful. Thank you.

Senator GALLACHER: Can you explain what the Northern Australia Sustainable Futures program includes and how it has been developing?

Ms Lees: The Northern Australia Sustainable Futures program is building on the work that was already under way through the Office of Northern Australia, which was established in 2008. The Office of Northern Australia was established to do a couple of things, including deepening our understanding of Northern Australia, raising the profile of the north in broader policy discussions and focusing cooperative efforts on addressing the challenges to sustainable economic development in the north. The NASF program was established in 2010, with \$6 million over three years.

In December 2011, the \$10 million North Queensland Irrigated Agriculture Strategy was announced and included in the focus of the Northern Australia Sustainable Futures program. The program is looking at the emerging opportunities for growth, understanding the potential of the region and how best to take advantage of the opportunities and potential.

Senator GALLACHER: How do the program and the report of the Northern Australia Land and Water Taskforce align?

Ms Lees: I might ask my colleague Mr Dickson to answer that one, given that he has been involved with the task force from its early stages.

Mr Dickson: Thank you for the question. The Northern Australia Land and Water Taskforce was asked to consider a broad range of development opportunities for Northern Australia that are based on water resource availability, and to examine the critical issues relevant to long-term sustainability. The \$6 million Northern Australia Sustainable Futures program that Ms Lees just referred to was established in 2010 and provided an initial response to the main priorities identified by the task force. The program was organised around two key themes, including improving national leadership and interjurisdictional cooperation and assessing sustainable development opportunities and risks.

Since 2010 the program has grown both in scope and in funding, with additional contributions provided by Western Australia, Queensland and the Northern Territory, and by CSIRO and a number of other Commonwealth agencies. The budget, which is now in the sustainable futures envelope, is close to \$17 million worth of work. This program now represents a comprehensive and detailed response to the recommendations of the task force.

Senator GALLACHER: There is also a Northern Australia Ministerial Forum. Can you explain how the forum operates?

Ms Lees: Certainly. In the context I talked about, the cooperative approach that is being taken. The Northern Australia Ministerial Forum provides essentially the focal point for strategic leadership and collaboration across jurisdictions with regard to the sustainable development of the north. The forum was established in 2010. It brings together the regional development ministers from the Commonwealth, Queensland, Northern Territory and Western Australian governments. Current representatives are Minister Grylls for Western Australia, Minister McVeigh for Queensland and Minister Anderson for the Northern Territory. The forum is chaired by Minister Crean.

The forum is supported by two expert advisory groups. We have a Northern Australia Indigenous Experts Forum on Sustainable Development, which is led by Pat Dodson and Peter Yu. We also have an expert advisory panel—which is made up of more than 30 academic and industry experts who provide services free of charge—

providing advice to ministers on technical or policy issues. So far the forum has met five times: in Darwin in December 2010; in Port Hedland in July 2011; in Mt Isa in December 2011; in Alice Springs in July 2012 and the last meeting was in Kununurra in November of last year. We are currently setting dates for the next meeting, which is proposed to be late May, early June of this year in Cairns.

Senator GALLACHER: There has been a change of government in two jurisdictions—Queensland and the Northern Territory. Have there been any issues with the continuity of the forum? Or has it just marched on, irrespective?

Ms Lees: It has truly been a bipartisan approach to common issues across the north, regardless of changes of ministers or parties. We have had strong representation. For example, at the last meeting in Kununurra we had three representatives from the Northern Territory government elect to come, including the Chief Minister himself for part of that meeting.

Senator GALLACHER: Decisions—are they the result of a vote or a consensus?

Ms Lees: Largely consensus. As I said, it is truly a collaborative forum. Ministers are there, and the reason it works is because they are there for a common purpose. There are issues that are common to the north of Australia. They appreciate the opportunity to be involved in the work that sets the framework for understanding both potential and setting-in-place measures that will allow the potential across the north to be realised.

Senator GALLACHER: Given the large Indigenous population, how have traditional owners been engaged and what role are they playing in some of the development that is happening; for example, the Ord? Are they getting jobs out of this?

Mr Dickson: I will refer to my colleague Mr Dickson.

Mr Dickson: As you would appreciate, a key pillar of the Northern Australia program has been an acknowledgment that the consideration of Indigenous rights and interests in the economic development of Northern Australia is important. That is, a close and effective engagement with Indigenous stakeholders from across Northern Australia is crucial to shaping outcomes that are genuinely sustainable.

At the inaugural meeting of the ministerial forum in Darwin in December 2010 ministers agreed to establish an Indigenous experts forum. As Ms Lees mentioned earlier, this is led by Indigenous leaders Pat Dodson and Peter Yu. The forum is also supported, with funding from our department, by the Northern Australia Indigenous Land and Sea Management Alliance Ltd, which is based in Darwin. Pat Dodson and Peter Yu convened a meeting of over 60 Indigenous experts from across Northern Australia on the Mary River in the Northern Territory over three days in June last year. The next large-forum meeting is scheduled to be held in May this year.

A smaller panel of about 15 Indigenous experts from across Northern Australia also meets more regularly, generally on a quarterly basis. They also support Pat and Peter to formulate advice for ministers. Currently the Indigenous experts forum is focusing on priorities in the Indigenous, pastoral and tourism sectors and on opportunities in land use and natural resource management, as well as exploring the opportunities that are arising out of the emerging carbon market. The work of the Indigenous experts forum is being built around a theme which they refer to as 'resilient communities through reliable prosperity'. This is a fairly intensive and extensive process of consultation and engagement with Indigenous interests across Northern Australia.

Senator GALLACHER: Thank you. The next major issue is water. What is being done on developing water use in Northern Australia? It is a pretty broad question. Are we looking at irrigation? What are the opportunities? We know it rains for three months of the year and it is fairly dry for the other nine months.

Mr Dickson: Absolutely. It is widely acknowledged that the development of water resources is critically important to the longer term economic development of the north, be it in the context of the resources industry, agriculture, pastoralism, tourism or even conservation and natural resource management. Equally, the development of water resources needs to be sustainable and based on a contemporary and informed understanding of the complexities of the northern landscape. This is one of the key points that was brought out by the Northern Australia Land and Water Taskforce.

Through the Northern Australian program, the Australian government has commissioned primary research on both the opportunities for broad scale irrigated agriculture, drawing on the development of surface water, as well as opportunities for mosaic development, drawing on groundwater resources. In the case of surface water, Ms Lees spoke earlier about the \$10 million North Queensland Irrigated Agriculture Strategy, which is a collaboration between the Commonwealth government and the Queensland department of agriculture. The \$10 million strategy focuses on building capacity for future commercial agriculture development in the north and includes a large program of on-ground research drawing together world-class scientific expertise with local and commercial experience. That program is being led by the CSIRO. Contrary to the views expressed by some

people, this work, which is being undertaken by CSIRO, is filling a number of information gaps which have never been filled before. It is in its true sense primary research which is essential to the development of agriculture in Northern Australia.

In terms of groundwater, an additional program valued at \$1.2 million has also been commissioned to assess the prospects for mosaic irrigation drawing on groundwater resources in the context of the northern beef industry. This work is focused on the availability and suitability of soil and water resources through the beef industry across the north, the agronomic resources that could be exploited by the northern beef industry, the animal production systems that could utilise irrigation mosaics and the socioeconomic viability of beef enterprises in industries that rely in part on mosaic irrigation. That project is due to be completed in December 2013. Through the Northern Australia Program, and building on the work of the Northern Australia Land and Water Taskforce, we have a fairly comprehensive program of work which is focused both on groundwater resources and surface water resources and on the opportunities for the development of irrigated agriculture in Northern Australia.

Senator GALLACHER: How are you engaging the local communities and the pastoralists? Are they supportive of these efforts?

Mr Dickson: The close engagement of local communities, local stakeholders, is critically important. As much as possible the programs and projects that are undertaken through the Northern Australia Program are informed by local expertise and experience. As an example of that, I make reference to the governance structure for the North Queensland irrigated ag strategy. Through that project we have established an overarching governance committee and a steering committee. The governance committee includes representatives of the funding partners—the Commonwealth government, the Queensland government and CSIRO—and it also includes independent experts, and in that case a representative of the region, which is the North Queensland region.

In the case of the steering committee it includes, again, representatives of the funding partners, but also a more extensive list of local stakeholders, including representatives of each of the shire councils from that particular region and representatives of regional development organisations like the Mount Isa to Townsville economic zone group and the Gulf Savannah group, which is focused on the North Queensland region.

Senator GALLACHER: I understand land tenure has been a major barrier to development in Northern Australia. Is this an issue that has been looked at by NAMF, the Northern Australia Ministerial Forum?

Ms Lees: It is certainly true that land tenure is at the heart of a whole range of issues affecting sustainable economic development across the north. The Northern Australian ministers have considered that a consistent approach to land tenure has the potential to unlock further investment in the region in agriculture and food production and the potential to advance Indigenous employment and enterprise opportunities.

As such, they have asked the expert advisory panel that I referred to earlier to do a piece of work that will consider the implications of land tenure issues. In particular it will look at the different approaches between governments and advise the ministerial forum on how governments can work towards consistency across Northern Australia.

CHAIR: Ms Lees, when you talked about three Liberal governments working with the federal government collaboratively for what is best for Northern Australians that is fantastic news, regardless of the political persuasions of those sitting around this table. I congratulate the ministers, under Minister Crean's leadership, on putting the politics aside in order to do what is best for the north. It is just a shame that other premiers cannot extend below the 26th parallel to work on what is best for the country with the federal government. I have had my little say.

Senator IAN MACDONALD: On notice, Ms Lees and Mr Dickson, you mentioned in the course of your response to Senator Gallacher a number of different programs, many of which I suspect were not funded by your department. Could you go through all of those programs that were mentioned in your evidence, such as the Indigenous forums, the ministerial forums and everything else you mentioned? I did not get a chance to write them down. Could you, on notice, identify the program, how much money comes and from which department it comes?

Ms Lees: I am happy to do that. I would say most of the programs we have mentioned today are actually funded by this department.

Senator IAN MACDONALD: If you tell me that, I would be grateful. That is what I am seeking to ascertain, where the money is coming from.

CHAIR: They can take that on notice.

Senator JOYCE: I want to follow up on the very interesting information that Senator the Hon. Lin Thorp got out of the committee. I went away over the dinner break and researched it. I had a look at what you could buy for \$70 million. In regional areas, the ones that Senator Lin Thorp is so reticent about you having any involvement with, even though you are the department of regional Australia--

Senator THORP: I do not like being verballed like that. It is just that Tasmanians are very used to being conned by your lot--

Senator JOYCE: You could buy in her state, Tasmania, whole blocks—

CHAIR: Settle down!

Senator THORP: Midlands Highway—

Senator JOYCE: Multistorey buildings in Queensland. Why is it that--

Senator THORP: Rip off communities—

Senator JOYCE: Why wouldn't you think about it—

Senator THORP: You don't give a damn.

Senator JOYCE: The honourable Senator Lin Thorp obviously does not want you to invest in Tasmania.

CHAIR: I think you two should take it out the back. My money is on Senator Thorp.

Senator JOYCE: Why wouldn't you use that \$70 million that you put into a lease in Canberra and invest it in the home state of Senator the Hon. Lin Thorp and actually buy a building? Not only could you buy a building, you could buy a whole block in Devonport. You could buy a whole block—

Senator THORP: You are being completely banal.

CHAIR: Senator Joyce, use your time for questions. I do not mind anyone making a statement—

Senator JOYCE: The question is: why did you not do a comparative analysis on the capacity to move to these regional towns?

CHAIR: I think she has touched a nerve.

Senator JOYCE: You could easily do it for between \$20 million and \$30 million, refurbish the office with another \$20 million or \$30 million and be way ahead of the game. The department of regional Australia would then actually be in regional Australia.

CHAIR: Ms Beauchamp, did you get the question out of that?

Ms Beauchamp: We have gone through with the senators the process we went through for co-locating people in the office in Canberra. We had a machinery of government change with arts and sports added to the portfolio. Prior to that we were in temporary accommodation which was more expensive than where we are currently located. Our aim was to look at the efficiencies and effectiveness of co-locating Canberra based staff.

As I said earlier, of course we would look at a cost-benefit analysis around where we should be located in the longer term. When we did those sums with the six providers that we were looking at, it was most cost effective at that point in time to co-locate Canberra based staff. Of course there are a whole lot of other issues that we would need to consider longer term about relocating to a regional area. I will not ask the chief operating officer to again reiterate the process that we did go through.

CHAIR: Ms Beauchamp, we have gone through all of this. I understand it is important that we get it all out and I am happy to get it on the—

Senator THORP: Just read the *Hansard*.

CHAIR: Thank you, Senator Thorp. Senator Joyce, I am not going to slap you down but what I am going to--

Senator JOYCE: Okay. Thank you very much, Chair. I was interested because I had looked up Tasmania--

Senator THORP: It is a small island south of Melbourne; 42 degrees south of Melbourne.

CHAIR: I understand it is getting late. Senator Joyce, let me go through your colleagues first and then I will come back, time permitting, to your good self. We try to give everyone a fair chance.

Senator RHIANNON: I want to turn to the regional area of the Hunter. I was very interested to read about the Hunter regional strategic infrastructure plan, in the context of some of the excellent work that has been done there in terms of diversifying the economy and identifying education and training., I hope that this gets wide coverage, and it could certainly be a model for other areas.

The question I wanted to ask was in the context of what is set out in the Liveable Cities Program, 'Support cities in tackling the challenges of climate change.' When we come to the Hunter regional plan, and I understand

half of that is the government's contribution, it sets out the need for a regional economy in a carbon constrained future.

When I looked at it, the Hunter regional plan is a further impressive document after we have looked at Liveable Cities. But I noticed, when I looked at the New South Wales aspect of it by visiting the Infrastructure New South Wales website about the Hunter strategic infrastructure plan, it features three large photographs—it is not a long document—of coal loaders at Newcastle harbour. I was wondering if you have looked at this—having three photos, the only photos, of coal loading when this is so controversial in Newcastle. Certainly it is widely disputed that the coal industry is making this area a liveable city, because there are a lot of local health impacts.

The first question is: are you aware of this webpage? Does the way that that webpage is set out illustrate what the New South Wales government is bringing to this project?

Ms Foster: We are aware of the Hunter regional plan, obviously, and the issue around the coal loaders. I am afraid we are not going to be able to be terribly helpful because the answers to your questions lie between Infrastructure Australia, which was on earlier today, and the New South Wales government. Part of the question is around Infrastructure Australia's role and the second part of the question is about the New South Wales government's intentions and plans, which obviously we cannot answer to.

Senator RHIANNON: Yes, obviously I understand about the New South Wales government. Just to clarify, could you explain your input into the Liveable Cities Program?

Ms Foster: Again, at the risk of sounding unhelpful, the Liveable Cities Program is not administered by our department.

Senator RHIANNON: You do not have any input into that? You would not be giving advice to any of these parties?

Ms Foster: With most of these programs where there is a regional aspect, we work with the relevant departments at the time they are formulating either the policy proposal or the guidelines for the program. It was at that point that officers in my area worked on the program to make sure that we were inserting into the guidelines the interest that we had in regional Australia.

Senator RHIANNON: So you have not prepared a report; you have just overseen one aspect of the process and given advice?

Ms Foster: At the time that it was developed it was SOPAC, in the department of the environment, that was developing the program. They have overseen the whole thing. They consult with us and other departments as they develop the program and we make suggestions about what they might put in the guidelines. That is the kind of input we have into the program. We have no responsibility or management oversight of the program.

Senator RHIANNON: Considering the heavy emphasis on coal loaders in a program where the introductory documents have set out the issue of a carbon constrained future and the need to address climate change, is the outcome consistent with the guidelines that you provide?

Ms Foster: I think that question would have to go to the department that is currently running that program. They take input from a lot of people and then it is they and their minister who makes the decision about the guidelines and what is consistent with them.

Senator HEFFERNAN: In the future, if there were a class action against the impact of atmospheric heavy metals, who would bear the legal liability in the planning decisions?

Ms Foster: I think that would be an issue for the state government.

CHAIR: Senator Heffernan, there might be a punch-up between you and Senator Joyce next because he is getting toey with people cutting in on him.

CHAIR: I did not know that.

Senator RHIANNON: Do you have a role in ensuring the aims of the Liveable Cities Program are adhered to?

Ms Foster: No, Senator. That is the responsibility of the department that administers the program.

Senator RHIANNON: Just in terms of giving advice for the guidelines, there is no follow-through for you?

Ms Foster: We do not have responsibility for the delivery of the program. We will always continue to engage with our colleagues across the Commonwealth but not in the administration of their programs.

Senator RHIANNON: Do you interact with Maitland City Council at all on this project?

Ms Foster: No, we do not.

Senator RHIANNON: Thank you, Mr Chair.

CHAIR: Thank you very much, Senator Rhiannon. Senator Joyce, we have 14 minutes and I will give the last five to Senator Thorp.

Senator JOYCE: Thank you very much. Given that the mining tax has only produced \$126 million of revenue, can you please advise how the successful projects under the RDA Fund are to be paid for, noting that \$573 million from the RDA Fund is to be funded from the mining tax?

Ms Beauchamp: I think I raised that earlier in saying that the funds for the Regional Development Australia Fund have actually been appropriated to the portfolio.

Senator JOYCE: That money has actually been borrowed, the cheque cleared; it is gone?

Ms Beauchamp: The money has been appropriated from government to the portfolio to administer the Regional Development Australia Fund.

Senator JOYCE: That is a book figure. Has the actual money to do that been set aside in that account in its raw form or is it just a book entry?

Ms Beauchamp: The money has been set aside from consolidated revenue, which I said earlier, and appropriated to the department, which has been through—

Senator JOYCE: So you have \$573 million sitting in your account?

Ms Beauchamp: I think Ms Fleming went through exactly what was available, what had been contracted and what was left earlier. It is there. It is not a matter of hypothecation in terms of the tax. This is something that the government cleared through and agreed through parliament that is appropriated to the portfolio to manage for the Regional Development Australia Fund.

Senator JOYCE: If it does not come from the mining tax we are going to have to borrow the money.

Ms Beauchamp: I beg your pardon?

Senator JOYCE: If it does not come from the mining tax, because we have only made \$126 million in the first six months from the mining tax, we will have to borrow the money.

Ms Beauchamp: Any issues related to the mining tax would best be directed to the Treasury. Our responsibility is administering the Regional Development Australia Fund of which the government has appropriated the funding for that to meet the commitment.

Senator JOYCE: So those funding agreements around the projects have been finalised?

Ms Beauchamp: I am sorry, Senator?

Senator JOYCE: The funding agreements from the round 2 projects have been finalised?

Ms Beauchamp: I think we went through that in detail, but I will get Ms Fleming to talk about how much is actually being contracted again. Round 1 was all contracted. Round 2, there was still—

Ms Fleming: Around half.

Senator JOYCE: There was 141 or something?

Ms Fleming: That is right.

Senator JOYCE: It is 121.5.

Ms Fleming: That is right.

Senator JOYCE: That is contracted. The rest is uncontracted?

Ms Fleming: Correct, at this stage.

Senator JOYCE: I want to go to that Murray-Darling Basin regional diversification plan. That is \$100 million, isn't it?

Ms Foster: That is correct, Senator.

Senator JOYCE: Has any of that money gone out?

Ms Foster: Not yet.

Senator JOYCE: What would be the maximum amount of the grant from the \$100 million?

Ms Foster: I think that is yet to be determined.

Senator JOYCE: Do you have any scope or criteria and an example of what that money could be used for? Could it be used for a gas pipeline, an extension of a runway? What sorts of projects would we use it for?

Ms Lees: Those details are still under development and in negotiation with states. The broad parameters of the program are economic diversification opportunities. That could be facilitatory infrastructure, it could be funding direct to projects that may be community-based projects or identified in partnership.

Senator JOYCE: How do people actually get to participate in this program if no-one actually knows what the money is for? My district, St George, belong to the shire council. Can they send an application in now to somebody?

Ms Foster: As Ms Lees was explaining we are still finalising the parameters of the programs. When the guidelines are released that will make it very clear to proponents what is within scope and how they go about applying.

Senator JOYCE: When was this first announced?

Ms Foster: The program was announced late last year, I believe, Senator. Ms Lees is looking for the date.

Mr Atkinson: It was on 22 November last year.

Senator JOYCE: 22 November 2012. When do we think these criteria will be finalised?

Ms Foster: That is really a question for the government. We are working through the details of the program and as soon as that is finalised and governments have considered them and are happy then they will be released.

Senator JOYCE: This year?

Ms Foster: My opinion is not relevant. It really is a matter of when the details have been finalised and approved for release by government.

Senator JOYCE: There is no such thing as a not relevant opinion. Even an opinion where you say it is not relevant is relevant because you have said it. When was the last time that a meeting was held to discuss the guidelines?

Ms Foster: Our team have been working pretty consistently on those guidelines. They have been in a very regular dialogue with colleagues across the Commonwealth and with colleagues in the states affected.

Senator JOYCE: When was the last time you all sat down and said, 'Today we're going to discuss the \$100 million for economic diversification projects for the Murray-Darling Basin communities'?

Ms Beauchamp: Can I say everything is on track in terms of the minister's announcement last November. You will see from the budget papers the profile of that \$100 million. It is not just to happen all in one go. The portfolio additional estimates talk about the program being rolled out over four years. We are on track in terms of developing and for the government to consider the guidelines so we can expend the money according to that profile.

Senator JOYCE: The last time you sat down and had that meeting about 'Today we are discussing the Murray-Darling Basin community's \$100 million economic diversification fund' was what date?

Ms Foster: We had discussions today. We had discussions a couple of days ago.

Senator JOYCE: Today?

Ms Foster: Yes. As I said, it is an active work in progress for us.

Senator JOYCE: Who is the head of that active work in progress group?

Ms Foster: Ms Lees has been leading our Murray-Darling team for the last 12 months or so.

Senator JOYCE: Ms Lees, when was the last time you were sitting down in that meeting discussing the \$100 million fund? Did you have that meeting today?

Ms Lees: Yes, Senator.

Senator JOYCE: Whereabouts was that meeting?

Ms Lees: In the department.

Senator JOYCE: In the department. Who was present at the meeting?

Ms Lees: Several of my colleagues working across the department in this space, including colleagues who have expertise in program guideline development.

Senator JOYCE: Can you name some of those colleagues?

Ms Beauchamp: Senator, I am not too sure what you are getting at. There has been a lot of work happening within the department. There are other processes in relation to Murray-Darling that have been gone through in terms of the environment department. What we are doing and what Minister Crean has announced his support for all those other initiatives that are being pursued under the Murray-Darling Basin Plan. We have been engaging

with a range of stakeholders to look at what will work and what will not work in terms of developing up the guidelines. As I said, we are on track to deliver the expenditure profile announced in the portfolio additional estimates.

Senator JOYCE: You have given evidence that this meeting took place. You have given evidence in the Senate committee hearing. This is a privilege issue. What time was that meeting?

Ms Lees: I have had several discussions about this program with several colleagues during the course of today.

Senator JOYCE: These colleagues were sitting down at a table with you at this meeting, were they?

Ms Lees: Yes.

Senator JOYCE: How many of them were there?

Ms Lees: There were different meetings. Some of them had one or two people in them. Some had three or four people in them.

Senator JOYCE: These were specifically designated meetings about this \$100 million, or were they coincidentally involving this \$100 million?

Ms Lees: I can assure you that there is an ongoing program to try to resolve this work.

Senator JOYCE: It was a specific meeting about the \$100 million?

Ms Lees: Yes. A large part of my job every day is to work out the details and implementation for this program.

Senator JOYCE: Were there two colleagues or three colleagues at this meeting?

Ms Lees: I have already mentioned there was more than one meeting and there were different attendees at different meetings.

Senator JOYCE: At the last meeting how many attendees were there?

Ms Lees: Three.

Senator JOYCE: Three. Those attendees were you, Ms Lees, and who else?

Ms Lees: As Ms Beauchamp has just said, there have been a range of meetings with different participants.

Senator JOYCE: Who were the other two?

Ms Beauchamp: Other departmental officers, Senator.

Senator JOYCE: Their names were?

Ms Beauchamp: I do not know whether it is appropriate to name officers in the department.

Senator JOYCE: It is very appropriate.

Ms Beauchamp: It is an internal meeting. We have meetings to discuss program guidelines--

Senator JOYCE: It is very appropriate. It validates the meeting. It is very appropriate that you give that.

CHAIR: I am going to come in here now. It is now 8.10 pm. I agreed that Senator Thorp could have the last five minutes, Senator Joyce.

Senator HEFFERNAN: Can I just ask--

CHAIR: No, Senator Heffernan, you cannot. Senator Heffernan, we have got time spare; put it on notice. We know where you are coming from. Senator Thorp has the call.

Ms Beauchamp: Chair, would you like me to read out the profile of funding? The profile of funding--

Senator HEFFERNAN: Chair--

CHAIR: Just wait. We have a timing agreement. If you want to play, I am going to play in your time, so test me. You really can test me this time of night. You will not win. Senator Thorp.

Senator THORP: Thank you, Chair. I am just curious to know whether you have ever considered locating your department to Northern Australia. By 'Northern Australia' I mean north of the Tropic of Capricorn.

Ms Beauchamp: The department is very young by other standards of age of other agencies. Our key priority has been getting people together and collocated together with significant machinery of government changes and the set up that occurred in 2010. We would like to be located in as many regional offices as we possibly could. It comes with a cost. We do need to look at value for money and making sure that we provide efficiencies and productivity for the use of government funds.

My focus at this stage has been getting the department established, getting Canberra based staff collocated and getting, certainly, regional staff located. If the opportunity arose to look at the cost benefits of locating elsewhere then we would certainly look at that longer term. At this stage, no, I have not looked at locating in Northern Australia. We have to look at the availability of skills, the profile of work and the priorities of government. Obviously our focus is on delivering for the government of the day its key priorities around regional Australia.

In a sense what we have embarked on, in terms of regionalism and localism, is a new look at the way we are working across the Commonwealth. When we do take a place based regional approach it is very different from a programmatic silo driven approach that has happened in the past. As I was saying earlier, my biggest challenge, I guess, over the last couple of years has been bringing my colleagues and other agencies with us in terms of place based interventions, better coordination of services and better coordination of programs. As Ms Foster was saying, our influence and where we can add most value is looking at how other mainstream programs can best meet the needs of regional Australia, whether they are the regional health fund, education, infrastructure and other things. I think we have much more influence, certainly in these early years, here collocated and near other agencies.

Senator THORP: If a government of the day, however misguided, were to direct you that the vast majority of your staff needed to be relocated to the north of the country, would you envisage there would be any difficulties--staff movement, for example?

Ms Beauchamp: If that were a requirement of the government of the day, certainly we would take direction. That would come at a cost. There is no guarantee that officers would move. We would have to look at the availability of the labour market, the skills of the labour market in the particular area and whether we could actually deliver what is required of government.

Senator JOYCE: Would you do that in Tasmania?

Senator THORP: I would imagine that--

Senator JOYCE: You should ask about Tasmania.

Senator THORP: I would imagine that something like the NBN would be beneficial if one were to relocate overnight into a regional area.

Ms Beauchamp: Sorry, Senator?

Senator THORP: The use or access to something such as the NBN would be useful if one had to overnight--

Ms Beauchamp: Very beneficial. Teller presence and uploading and downloading information quickly is certainly beneficial anywhere we are located.

Senator THORP: Thank you. Thank you, Chair.

CHAIR: Very good. Thank you, Senator Thorp. It is 8.15. We have finished with Regional Development. We will call officers from Local Government. Sorry, Senator Heffernan, did you want to clarify something?

Senator HEFFERNAN: Can I just clarify: \$100 million, is that in constant dollars or in 2013 dollars?

Senator THORP: In Australian dollars.

Senator HEFFERNAN: By 2017, \$100 million is not \$100 million.

CHAIR: It is present value.

Ms Beauchamp: It is very clear from the budget papers the \$100 million is \$100 million.

Senator HEFFERNAN: In today's dollars. It depreciates as every year goes past?

Ms Foster: Senator, it is profiled across the forward estimates for expenditure of exactly what—

Senator HEFFERNAN: But what you get for a dollar today you are not going to get for a dollar in 2017.

CHAIR: Senator Heffernan, Ms Foster is answering you. You might not want to hear it. Officers will now change. Others will come in. Ms Foster is quite capable of dealing with Senator Heffernan.

Ms Beauchamp: It is an assumption he is making that he would need to put to the Treasury.

Ms Foster: It is in out-turn dollars. So with regard to the dollars, for example, in 2015-16 it is \$26 million and we are appropriating \$26 million in 2015-16.

Senator HEFFERNAN: That is in 2016.

Ms Foster: No, in 2015-16.

Senator BACK: It is appropriated in the dollars of the day, future value.

Senator HEFFERNAN: The value as time goes out.

Senator BACK: No, that is wrong.

Senator HEFFERNAN: A dollar now is not a dollar in 2016.

Senator BACK: If there is \$16 million to be allocated in 2016, it is \$16 million at that time.

Ms Foster: Exactly.

Senator BACK: Not a depreciated value.

Senator HEFFERNAN: No. It would be an appreciated value I am looking for, not a depreciated value. The dollar now is not a dollar in 2016. It is probably 85c. You know what I am talking about.

CHAIR: No one knows what you are talking about, Senator Heffernan. But that is just tongue in cheek. We are all having a bit of fun.

Senator HEFFERNAN: If you do not know you should not be there.

CHAIR: No, a bit of order. I do not think it is ingenious to throw barbs at the officers like that. Senator Heffernan, I do not normally do this but I am going to ask you to retract it.

Senator HEFFERNAN: I do unreservedly retract it.

CHAIR: All right. Sorry, Ms Beauchamp, no-one deserves that. Excuse me, Minister, there is a part of me that says let us just sit back and enjoy the sideshow because it is Senator Heffernan's time that is being chewed into. I can play that game too. We are not going to go back to the bad old days of senators abusing officers

[20:18]

CHAIR: Welcome officers from Local Government. Senator Joyce.

Senator JOYCE: Thank you very much, Chair. The report of the Expert Panel on Constitutional Recognition of Local Government was released in December 2011. What actions or responses did the government take in the months following the release of the report?

Ms Fleming: Following the release of the report of the expert panel, the government worked with the parliament to establish a Joint Select Committee on Constitutional Recognition of Local Government.

Senator JOYCE: Has the minister been negotiating with you about a program between now and the election as to how to facilitate a referendum in such a way as to give it some prospect of success?

Ms Fleming: Senator, there was an interdepartmental committee formed, led by this department, that is looking at the issues related to the holding of a referendum, timing and associated issues.

Senator JOYCE: What budget has been allocated for that process?

Ms Fleming: The interdepartmental committee is using existing resources.

Senator JOYCE: Is there any envisaged program of advertising tactics, a nation-wide program?

Ms Fleming: The minister has noted publicly that the government will respond to the joint select committee report when the final report is released. They only have an interim report released. The final report is due no later than the end of March. That is my understanding.

Senator JOYCE: If the timetable as currently set out is correct—let us say Mr Rudd does not come back and there is an election on 14 September—that will mean we have March, April, May, June, July, then August? It is really five months?

Ms Fleming: That is correct, Senator.

Senator JOYCE: Have there been any discussions about what the prospect of a successful referendum is to try to convey this issue to the Australian people in five months? Let us be honest, at this point in time, away from local government, they do not know what on earth we are talking about when we talk about constitutional recognition. The hesitancy of the Australian people to let a referendum through has to be noted. I know all about Indigenous recognition. I hear about it all the time. Constitutional recognition is not being ventilated. What is going on?

Ms Fleming: There are a number of issues related to the constitutional recognition of local government. One is the timing of a referendum, and the IDC is looking at the timing and the risk issues. The other is the success factors or preconditions of success set out by the Australian Local Government Association and other experts, building on parliamentary reports in previous periods. Technically, there is still time to have a referendum and the JSC's final report will advise a joint parliamentary view as to whether the success factors, in their opinion, are likely to be met.

Senator JOYCE: Obviously states have every right to raise their concerns. There are states with serious concerns, one of them being, obviously, Western Australia; another one, to a lesser degree, being Victoria. Has

the minister basically entered into closer negotiations with the Western Australians as to how we can deal with the issues of difference?

Ms Fleming: The minister has indicated that he is waiting for the final report. The JSC will have another hearing on 20 February and there will be a number of parties called to that, including me, and we will hear again what the states' positions are. Western Australia certainly raised its position in its submission to the JSC, and other states are still to confirm their position.

Senator JOYCE: I know the opposition in Western Australia have absolutely every right to say, 'We have serious concerns and these are the concerns.' It is not my role but the role of government to say, 'We will go out and sit down with these people and find out exactly if there is any common ground and where there is and how we can build on it.' To do that, you need a face-to-face meeting. There is no point trying to do it over the phone or via the *7.30 Report*. You have to do it face to face. When was the last time Minister Crean and the Western Australian minister sat in a room together?

Ms Fleming: I would have to take that on notice.

Senator JOYCE: When was the last time that Minister Crean and any of the local government ministers from any of the states sat in a room together?

Ms Fleming: There was a local government ministerial forum. I would have to check the date.

Ms Beauchamp: I would have to take that on notice in terms of the time. It was very clear also that the minister raised last year at the local government forum assembly in June 2012 that local governments have clearly a very strong role to play in terms of negotiations and information raising with state governments and certainly local constituents. The government actually provided funding to ALGA, the Australian Local Government Association, to pursue that. The minister has met with local governments in the assembly and said, 'Please step up to the mark. We are going to give you some money to ensure that state governments are well informed, that local constituents are well informed about this.' In addition, he did meet with the Local Government Ministers Forum, which I will have to take on notice in terms of the timing.

Senator JOYCE: The Local Government Association were, I would have to say, kind of ambivalent in the last few days about their position on this referendum, saying they thought that they wanted it but the prospect of success seemed to be sliding, and they did not want to go to a referendum that failed. Have you had any further luck in finding out their position? If they are not on board, we might as well forget it.

Ms Fleming: We talk regularly with the Australian Local Government Association and I think the Australian Local Government Association is keen for a referendum. But you are correct, their evidence to the joint select committee said that they are keen should the referendum have a likelihood of success, and that is why the government has worked with the parliament to establish a joint select committee so that the joint select committee can provide a bipartisan view as to whether they think there is a strong chance of success.

Senator JOYCE: But the expert panel recommended that the government, not ALGA, start negotiations with the states.

Ms Fleming: That is correct.

Senator JOYCE: They are looking to you to get the ball rolling.

Ms Fleming: Senator, when we negotiate with the states we actually have to have a referendum bill, because in that same part of the negotiations South Australia, for example, agreed in principle, but they are waiting to see the actual bill. The interim report of the joint select committee supported the expert panel's referendum bill around financial recognition, in the same way the expert panel put it, but government would have to consider that recommendation in the final report. If we go to the states and start negotiating a bill that is not the exact bill, then we might confuse matters rather than illuminate them.

Senator JOYCE: I will be more succinct. Since the joint standing committee brought down its report, has the minister organised a formalised meeting with the state local government ministers?

Ms Fleming: The minister has—

Senator JOYCE: Not prior but since?

Ms Fleming: The minister has asked us to look at a meeting of the LGMF but dates are still to be sorted through.

Senator JOYCE: So it has not. How is the FAGs review progressing, that is, the financial assistance grants system, for those listening on radio?

Ms Fleming: The Grants Commission has set hearing dates. I have to look up the exact dates for you. Submissions are due by 1 March this year. Then I think there will be a series of meetings in Canberra. I have to take on notice the actual date of those meetings.

Senator JOYCE: This next matter is sort of interlinked. Since the Williams case, what is your legal opinion? What is the legal opinion you have received as to what local governments can send money to and what they cannot?

Ms Fleming: That is a question for the Attorney-General.

Ms Beauchamp: It is very clear that that decision was in relation to the chaplaincy program.

Senator JOYCE: Yes.

Ms Beauchamp: The government, as you would be aware, put a number of arrangements in place towards the end of 2011-12 to ensure there was specific legislation to cover the grants that we administer, including grants to local government and other bodies. In relation to the financial assistance grants, they are actually delivered through the states and territories.

Senator JOYCE: I know that. Roads to Recovery, are we going to have any problems there?

Ms Beauchamp: Roads to Recovery is not part of this portfolio. Again, the government has taken necessary actions to ensure that those risks are mitigated.

Senator JOYCE: Mitigated or removed?

Ms Beauchamp: I think it is very clear that towards the end of 2011-12 legislation was passed. As I said, that High Court decision only related to one program.

Senator JOYCE: Can you give me an update on the Ernst & Young report on strong foundations for sustainable local infrastructure reports?

Ms Fleming: The government is still considering its response to the first report. We have commissioned further work from Ernst & Young. I think you asked earlier who were the leads on that from Ernst & Young. I have that for you.

Senator JOYCE: There seem to be a lot of reports done by Ernst & Young. Is there any reason for that?

Ms Beauchamp: This was all part of the one report that was commissioned.

Senator JOYCE: Ernst & Young did the infrastructure program, getting greater access to infrastructure money, similar to our infrastructure bond scheme. Ernst & Young gave you a report on that as well.

Ms Beauchamp: This is all part of the same process. We are in the second stage of the process. Ernst & Young had particular expertise in the release of the first report which we took to local government, and we are in the process of looking at the second stage in terms of pursuing the infrastructure financing authority and other mechanisms in terms of mobilising resources for regional infrastructure.

Senator JOYCE: How much is that consultancy fee to Ernst & Young worth?

Ms Beauchamp: The first consultancy was \$161,000.

Ms Fleming: The second was \$65,000.

Senator JOYCE: The second one was \$65,000?

Ms Fleming: Correct.

Senator JOYCE: Will there be a round of regional and rural research and development grants during 2012-13?

Ms Beauchamp: No.

Senator JOYCE: Why not?

Ms Beauchamp: That was one of the programs that, once we went through the funding round for 2011-12, would no longer continue.

Senator JOYCE: What is the status of the Local Government Reform Fund?

Ms Beauchamp: I think we are in our last year, but I might hand over to Ms Fleming on the Local Government Reform Fund.

Ms Fleming: Phase 1 of the Local Government Reform Fund has been delivered and the second phase of projects approved by Minister Crean is under development and continues to be worked through. Twelve of the 18 state and territory projects have been completed and the remainder are due to be completed by 30 June 2013.

Senator JOYCE: Can you provide a list of expenditure under each of the following programs for financial years, beginning 2007-08, and include the most up-to-date spending for the current financial year? Can you also provide forecasts or projections for these programs over the forward estimates—the financial assistance grants and the supplementary funding to South Australian roads? You might take that on notice.

Ms Fleming: The forward estimates for financial assistance grants are in the budget papers. We can provide historical data back to 2008 for that program.

Senator JOYCE: Have there been any discussions at all in regard to the recalibration of, or amendments to, the FAGs away from a per-capita basis in small geographical areas to more appropriately suit those local government areas which have a large geographic footprint but obviously a small per capita base? The Gold Coast—and good luck to it—has half a million people and so has a huge rating base. Their application and criteria for a financial assistance grant might be the same as the Diamantina shire, with a massive geographic footprint and a very small population.

Ms Fleming: I think the minister announced that a first cut of a financial assistance grants review is looking at the efficiency and effectiveness of the distribution of the funding. Then, pending that review, there is intended to be a second review of the financial assistance grants, but the terms of reference have not been set for that at this stage and we have not specifically looked at alternative financial models. The Grants Commission has tended to take a number of reviews of the financial assistance grants system over a number of years. There are a number of public reports on the equity and distribution principles of the current model which, as you know, is population increase and roads.

Ms Beauchamp: The terms of reference actually do look at assessing the relative need of local governments in each state and territory, with a particular focus on those that service regional and remote communities. So that will be looked at in stage 1 of the review.

Senator JOYCE: Obviously they have a distinct disadvantage. Even in my discussions with more populated local government areas, they say, 'This is ridiculous—we've got a massive rating base and they don't have a massive rating base and they've got to deal with roads and they should be given a better advantage.' Has there been any feedback on the capacity of the FAGs to properly cover the local government requirements? Now that states are basically running out of money and the federal government is running out of money, what is local governments' feedback to you about their capacity to stay financially viable with the current funding stream?

Ms Fleming: The financial assistance grants are a direct Commonwealth payment, as you know, untied to the local governments; the grants assist local government to provide more equitable services in their communities. States also provide funding to local government and local governments have their own resource rate base. So different local governments are feeling different pressures at different points.

Ms Beauchamp: When you look at the break-up of the contribution of Commonwealth and state funding to local governments, the Commonwealth contribution is small. But, in terms of revenue raising and viability, you would also need to look at some of the state government policies around capping revenue raising activities and other things. Those sorts of things are outside of our control. What we manage, through both the discretionary funding and the financial assistance grants, provides a small component of local government funding.

Senator JOYCE: How much of the FAGs is lost in administration charges to the state?

Ms Fleming: None—it is all wheeled through.

Senator JOYCE: It all flows through?

Ms Fleming: It all flows through. States bear their own costs; that is in the legislation.

Senator JOYCE: Are there any grants from the government to local government that lose an administration charge on the way through?

Ms Fleming: I would have to take that on notice.

Ms Beauchamp: The delivery of our programs, as detailed in the Regional Development Australia Fund, does not attract an administration fee.

Senator JOYCE: If you say you can provide mitigating legislation to placate the effects of the Williams case and its capacity to deliver to local government, and if you say there is no administration charge and that grants flow through, what is the argument that local governments put up as to why they need financial recognition?

Ms Fleming: The financial assistance grants are a section 96 payment and they have been in legislation since 1974. They are a very specific payment. Direct funding of local government is the issue local governments are concerned with. It comes through a range of mechanisms—such as childcare centres—particularly in regional and rural areas, where local government direct provision of services is perhaps greater proportionately than the

services in metropolitan capital cities. So that is their concern; that it is discretionary around discretionary programs.

Senator JOYCE: So what is the latest legislation to be brought forward to bring about a referendum, if we are going to have an election on 14 September?

Ms Fleming: There are a number of dates.

CHAIR: Senator Joyce—

Senator JOYCE: I am just working it out—they have to bring forward legislation to pre-empt a referendum. I am trying to find out what is the latest date that legislation can come forward.

Ms Beauchamp: The latest date for consideration of the bills for a referendum?

Senator JOYCE: Yes.

Ms Beauchamp: I think it would be sometime in June.

Senator JOYCE: So from March to June—that is going to be a tightly run race. What success has the Australian Centre of Excellence for Local Government had?

Ms Fleming: The centre of excellence has commissioned and worked with local government around a number of long-term issues. It has looked at building awareness of the use of debt and how debt financing can increase the capacity of local government. It has worked on skills. It has worked on positions around women. It has worked on some papers around the contribution of local government to Indigenous communities and how local governments might work more closely with Indigenous communities. So it is playing a broad-based leadership role, together with a number of other associations.

Senator JOYCE: Who represents the department on the board of ACELG?

Mr Eccles: That would be me at the moment.

Senator JOYCE: Congratulations, Richard.

Mr Eccles: I have not attended a meeting; I am only new in this position.

Senator JOYCE: Who else is on the board?

Ms Fleming: I have a list of members.

Mr Eccles: I can tell you. The Hon. Margaret Reynolds is chair. There are Professor Attila Brungs, Professor Frances Shannon, Peter Allen, Penny Holloway, Paul Di Iulio, Felicity-Anne Lewis, and me.

Senator JOYCE: Can you provide an update of the Australian Local Government Workforce and Employment Census? I think it is being coordinated by the Australian Centre of Excellence for Local Government.

CHAIR: Can you make that your last question, Senator Joyce? Senator Fawcett is patiently waiting.

Ms Beauchamp: We will take that on notice.

Senator JOYCE: You will have to take this on notice, then. I also want to know how much funding has been provided for it.

Ms Fleming: For the centre, or for that project?

Senator JOYCE: I am interested in the census.

CHAIR: That is on notice. Thank you, Senator Joyce.

Senator HEFFERNAN: It is a pity you couldn't get rid of all the crooks out of local government before you—

CHAIR: Senator Heffernan, we will have that conversation later. Senator Fawcett has the last five minutes.

Senator FAWCETT: Just to follow up on some of Senator Joyce's points regarding the referendum, Ms Fleming: can I confirm that the expert witness that was provided to the joint select committee, Professor Brown, indicated that a minimum of six months would be required to successfully initiate and hold a referendum?

Ms Fleming: I attended that hearing, but I cannot quite recall the exact time frames that he provided. Different experts provided different time periods. There is a strong range of opinions around the times.

Senator FAWCETT: You are correct, and they range from 18 months down to six months—six months is the minimum put forward by Professor Brown. That occurs in 30 days time. Can you indicate whether the minister has any plans to meet and consult with his state counterparts in the next 30 days?

Ms Beauchamp: Those dates are still being worked on. In terms of the 30 days, that is one expert opinion. We are continuing to work and support the government in terms of responding to the JSC report, which comes out at the end of March.

Senator FAWCETT: I am on the JSC, and the expert opinions presented to us range from 18 months to six months. If the minister is not planning to meet within the next 30 days and then there is six months beyond that, clearly the chance is not good.

Ms Beauchamp: I am sorry—I did not say that; I said we were working on it.

Senator FAWCETT: I know; I am summarising. I am sure that you will do whatever the minister directs you to do; that is fine. On the completely separate issue of Regional Development Australia: are you aware of the report by the Local Government Association of South Australia looking at the viability of regional airports?

Ms Beauchamp: In terms of the viability of regional airports, it is probably the Department of Infrastructure and Transport that is looking at that through their regional airports program.

Senator FAWCETT: What I am coming to relates to the part of the government responsible for looking at the relationships of local government for local government to be viable. I will use Whyalla as an example. They are pinning their hopes on a grant from the Regional Development Australia Fund for half a million dollars to upgrade their airport—and not even to an RPT standard; high capacity or security over 20 tonnes—and keep it viable. Councils around the country have a similar issue. So strategically, are you having any input into other parts of government in terms of the quantum of funding that will be required for local governments—which need to draw on grants like this just to keep airports safe, open and viable? Can we have an assurance that that funding will be available for them to bid for? Are you having an input, are you engaging with local government, to assess the size of the need for that funding pool?

Ms Beauchamp: There is quite a robust process around consideration of projects under the Regional Development Australia Fund. I am not too sure of the status of the application or if there is, indeed, an application that is being prioritised in relation to that airport.

Senator FAWCETT: I am not talking about that airport in particular; I am asking if you are taking a strategic view with local governments around the country about aviation infrastructure, which is crucial to regional communities in terms of health and many other services, such as transport, and recognising the size of the financial bucket that will be required that they can bid into through funds like the Regional Development Australia Fund? Are you looking at the strategic local council need for funding to maintain their airports?

Ms Beauchamp: I will answer your question in terms of strategically looking at the infrastructure or infrastructure raising at the regional level. With respect to the work we are doing with Ernst & Young in terms of regional infrastructure, this is not just looking at airports but at the viability and how we can look at different financing models for regional infrastructure. The Department of Infrastructure and Transport and Infrastructure Australia are looking at national priorities. Indeed the Department of Infrastructure and Transport is looking at airports in particular. But we are taking a strategic view around infrastructure financing at the regional level. I think it has been acknowledged strategically that there is a gap in how we actually mobilise the balance sheets of local government. For example, how do we look at innovative financing options? How do we leverage the balance sheets—and some of them are quite healthy—in terms of debt raising and capital raising opportunities?

The department is very much on the front foot and is working with Regional Development Australia groups, Infrastructure Australia and local governments in looking at how we actually do that. In fact, through the Ernst & Young report and the work we are doing on local government, we are looking at whether there are some trial projects that would be worth showcasing in terms of these innovative financing models. That is not in relation to particular airports, but it might be—

Senator FAWCETT: The chair is snapping at my heels about time, so could I ask you to take this on notice: could you come back to the committee with a brief of the key areas of that work that Ernst & Young is looking at?

Ms Beauchamp: Sure.

Senator FAWCETT: And the role that you are playing in terms of aggregating the demand—and I am sure there is a range of infrastructure issues—

Ms Beauchamp: Exactly.

Senator FAWCETT: Everyone says, 'Airports will look after that.' In fact, they are not in terms of the funding side, which is why I am keen to see where we are looking at a whole-of-government approach.

Ms Beauchamp: Sure. I will take that on notice.

CHAIR: I got a vibe from Ms Fleming that she may want to answer that.

Ms Fleming: I think Senator Fawcett was not in the room when we were answering Senator Joyce's questions about the fact that the department has established an IDC to work on matters related to timing, risks and other elements of the constitutional recognition issue, and that IDC meets regularly. So the government is responding through that IDC. You may not have been here for that part of the response.

[20:47]

CHAIR: Thank you, Ms Fleming. I thank the officers. We will call up those responsible for services to territories.

Senator WILLIAMS: Who is the officer responsible for Norfolk Island, which is my main interest?

Ms Fleming: That would be me—newly expert!

Senator WILLIAMS: The road map for Norfolk Island—you are familiar with what has been proposed?

Ms Fleming: Yes.

Senator WILLIAMS: Does it include privatising the alcohol shop on Norfolk Island?

Ms Fleming: There are a number of reforms proposed for Norfolk Island and the selling of government business enterprises is one of them. That would be part of one of the government business enterprises.

Senator WILLIAMS: But the alcohol shop is a monopoly. It does the importing and supplies all alcohol to the pubs, the clubs and everything. Surely privatising a monopoly is a bad move. There is no competition.

Ms Fleming: That is correct. We are looking at consulting with Norfolk Island to look at opportunities for privatising government business enterprises. That does not necessarily mean a transfer of a monopoly to a monopoly. An example of that is in the funding agreement that we have with Norfolk Island where we are looking at competition in the telecommunications sector, where there is currently a monopoly. There is a commitment there, under the current funding agreement, to look at competitors in that marketplace.

Senator WILLIAMS: First of all, I think privatising a monopoly is a very bad move. You would say that buying alcohol is an essential service in a holiday resort—perhaps not essential but to many it would be. The electricity is going backwards because there is so much solar there. They look like running at a loss, so I do not know who would be interested in buying an electricity supply for 1,800 people plus some tourists. Likewise with telecommunications: it is not as though you have a market there big enough to have two or three retailers. I am just concerned that they may be forced into a deal where they go onto our pension, collect our dole, have our Medicare et cetera and pay our tax, instead of the 12 per cent GST they have. But surely we cannot be in a position where we are telling the government to privatise monopolies—one that is very profitable and one that is obviously losing money. Competition must be brought in. The market, to me, in many of those areas is simply too small to have competition.

Ms Fleming: These are difficult issues but that does not mean that they should not be looked at and alternative options put to the Norfolk government to see whether there is a better way of doing things than is being done now. That review might throw up a number of options to be talked through with the Norfolk government. But I think competition is always better than a monopoly situation, whether it is a government monopoly or a private monopoly. We are not favouring necessarily a private monopoly, but we are working with the Norfolk government to see where competition can be increased in the marketplace to refresh and renew product, because that is what is required on Norfolk Island—a refreshed and renewed product. It is difficult. It is complex. But we want to work systematically through the issues in a phased way with the Norfolk Island government.

Senator WILLIAMS: Is there any plan to upgrade their piers—Cascade pier or Kingston pier? The unloading of supplies there is probably 18th century style. It is farcical.

Ms Fleming: I did see it personally; I know what you mean. We work with the Norfolk Island government, but it is a self-determining government and responsibility for infrastructure is the responsibility of the Norfolk government at this stage.

Senator WILLIAMS: Well, it is.

Ms Fleming: But we are working with them—

Senator WILLIAMS: I am glad you have raised that point.

Ms Fleming: If I could just—

Senator WILLIAMS: Time is the enemy.

Ms Fleming: We did open the RDAF funding for Norfolk Island for the first time to try to assist Norfolk Island to compete in the funding envelope that other local governments can compete in.

Senator WILLIAMS: This is all fine but the point is that they could have a fishing industry if we did not basically control the whole waters around them. Their farm is the water around them. There is no commercial fishing. They could actually fish and fly the product here instead of us bringing it all from Thailand. So we actually handcuff them with their arms around their back and say, 'Now, swim to the other side.' It is all right for us to say that they are a separate island, but we have put a lot of the regulations on them that have restricted them from growing their business anyway.

Ms Beauchamp: We reiterate that we are working with the Norfolk Island government on a number of themes. Economic development is one of them, and what you have raised is obviously a constraint to ongoing economic development. We are working with the Norfolk Island government on how we might be able to assist with those. The GBE reform is another element—social and family services, the health system. So there is a range of issues that we are working with the Norfolk Island government on, and that is in addition to the financial assistance that has been provided—and it is quite substantial—over the last few years.

Senator WILLIAMS: Of course it is. If we let them get their own businesses going, that financial assistance may be a lot less.

Ms Beauchamp: Looking at and testing the market around the GBE reforms is probably worthwhile doing, particularly to minimise the costs on the Norfolk Island government.

Senator WILLIAMS: Thank you, Chair. Senator Back is pressuring me to give up.

Senator BACK: The Norfolk Island road map that was signed in 2011 by Minister Crean and the Norfolk Island government: can you tell me what the current status is?

Senator WILLIAMS: There is not much bitumen on the roads, I can tell you.

Senator Lundy: It is perfectly fine.

Ms Beauchamp: It provides a framework for pursuing the reforms on which we are currently working with the Norfolk Island government and other areas across government. We are in the process of doing that. For example, we have provided and just entered into a funding agreement with the Norfolk Island government to pursue some of the elements of the road map. But the road map was really a sort of framework to pursue key areas of reform, whether they are the tax transfer system, economic development, family and health services and a range of other things. Obviously, it is not a quick fix and it is something that we have to work through with the Norfolk Island government and the Norfolk Island community.

Senator BACK: The road map signed by the minister states that the Commonwealth will extend the Australian tax system to Norfolk Island next financial year and that the Commonwealth will take measures in this financial year to assist that extension. Can you tell me what action has been taken or is being taken to honour that commitment by Minister Crean?

Ms Beauchamp: As I was saying, the road map is a framework. I think you will see at the front of the road map that it is obviously subject to a number of government processes, both from the Norfolk Island government side and certainly from our side, in terms of the Commonwealth through normal government and cabinet processes. We have been doing a lot of work to look at the application of a tax system and getting advice from the tax office in terms of what would work and what would not work, what the priorities for tax reform might be, and what is achievable by when. So it is really going at the pace that the Norfolk government can sustain but also looking, obviously, at the budget implications for the Commonwealth on an ongoing basis and where the priorities should be.

Senator BACK: So is it reasonable that four months out from next financial year it is unlikely that our Australian tax system would actually be applied on Norfolk Island? Is that being pessimistic?

Ms Beauchamp: There might be some elements of taxes that we can work with the Norfolk Island government on. I might ask Mr Taloni—

Senator BACK: I would also be very keen to know just what provisions cabinet has approved and what activities departments of government are engaged in, if you like, in delivering on the road map. I would be most appreciative.

Mr Taloni: It is fair to say that we are still working through a lot of this detail. One concern that we do have is that, if we do start applying this stuff to Norfolk Island, what will be the implications for Norfolk Island. This could really, if not handled in a proper way, set Norfolk Island back and its businesses back. So we are working

through all those details with a whole range of agencies across Canberra and working with the Norfolk Island government on the various aspects of reform. So we are mapping out all the detail of that road map.

Senator BACK: Perhaps putting ourselves in the shoes for a moment of the Norfolk Island community, where is their understanding, would you say, of the Commonwealth's position in terms of delivering on the road map? Do they see it as an Australian government issue or do they see it as a Norfolk Island government issue? Where do you think their concern lies?

Ms Fleming: Mr Taloni and I met with the Norfolk Island government in December. We spoke broadly around the processes that we were undertaking and we talked to them about their processes. As you know, they are in an election period of caretaker, so we will have to wait until those elections finish. But it is a partnership—

Senator BACK: Can you tell me when those elections are? I am sorry to interrupt you.

Ms Fleming: I think it is 13 March.

Mr Taloni: Yes, 13 March.

Ms Fleming: So we are working on a partnership basis. We work with the Administrator as well to get a feel for what the priorities are from their side around the pace and scale of reform and with the Commonwealth agency about what is possible and what the Commonwealth priorities are. We are trying to draw those together for consideration.

Senator BACK: If I read it correctly, back in the 2006 report, reporting from 2004-05, my recollection is that there was an estimate of about \$9.1 million of difference, which I understood to be the cost associated with bringing the Norfolk Island community up to a comparable standard with the states, as I saw it; correct me if I am incorrect. But by the 2011 study, which was reflecting 2009-10 figures, that \$9.1 million had increased to \$13 million. Do you have any current figure for what you think that differential is in terms of, if you like, the gap between services on Norfolk Island and services to a mainland state or territory or indeed Tasmania?

Ms Fleming: We have not updated those figures at this stage. We are still working through those issues.

Senator BACK: Could I go to a couple of questions on the Commonwealth's decision on the territory's taxation and governance. The Administrator has reportedly stated that the Commonwealth government will decide Norfolk Island governance and taxation arrangements in May of this year. Is that correct? Is the Administrator's understanding correct?

Ms Beauchamp: I am not sure what you are referring to, but we actually work with the Administrator. As I was saying earlier, we are looking at progressing reforms in terms of what the Norfolk Island government can sustain. If we are in caretaker period, obviously, that will have an impact on what is achievable and what is not. In terms of the gap and updating the gap, it obviously relates to their revenue raising capacity, reducing costs and the like. Our focus has been on a number of areas with the Norfolk Island government, whether it is immigration, tourism, health services, and just building the capacity of the local government there as well—the Norfolk Island government. I think we will continue to work through the tax issues. Whether the caretaker period actually impacts on that, we will have to see on that time frame.

Senator BACK: You were on Norfolk Island recently, I gather. You no doubt had discussions with the Administrator. What about the Norfolk Island community? Can you tell us of any discussions or any outcome of those that you may have had with community members as well as the Administrator?

Ms Fleming: We met with government members but we did not meet with the community on this particular issue at this stage.

Senator BACK: Therefore, you might be able to advise me: what input will the wider community on Norfolk Island have into the decision making, as and when they go out of caretaker mode and we move towards some final decisions?

Ms Fleming: It is our intention to revisit Norfolk Island once the election has been held and have discussions with the government around a broader consultation process. But until that election is finalised, our consultations to date are that we should just wait for that process to conclude.

Senator BACK: Thank you for that. Have the government of Norfolk Island, prior to their going into election mode, presented a model for self-governance to the Australian government through the minister?

Ms Fleming: Not to my knowledge. We have been working with them around the models that we have been doing some early preliminary thinking around. We will wait to see if they have a model of their own they wish to present back.

Ms Beauchamp: We certainly have not been presented with a formal government proposal.

Senator BACK: In deciding then what the future taxation arrangements will be for Norfolk Island, can you give us some indication of the weighting that the Commonwealth would give to the economic impacts of extending Commonwealth taxation to Norfolk Island and what weight would be given to their current economic conditions? Can you give us any appreciation—

Ms Fleming: We would be looking at all elements in a broad-ranging reform package. We would be looking at timing, risks and opportunities.

Mr Taloni: It is not just the economic, it is the social impact as well that we would be working through and assessing quite closely.

Senator BACK: In the time that we have been discussing Norfolk Island, my understanding is that the number of residents is declining.

Ms Fleming: I understand that is the case.

Senator BACK: Tourism is declining. In fact, it is a fairly sad outlook, isn't it?

Ms Fleming: Certainly they are under difficulty as a consequence of the strength of the dollar and the tourism market. There is no doubt that economic activity has significantly reduced.

Senator BACK: What does the modelling show? Does it show that the Norfolk Island community has capacity to meet its costs? Do you have some feel for even a percentage figure of its capacity for self-sufficiency? Is it at 50 per cent or is it at 35 per cent? Do you have any sort of, I guess, guidance as to—

Ms Fleming: I understand your desire for a kind of range of figures here, but at this stage it is just too early for us to have formed a view because we are still working through scenarios and options. Even if you were inclined to do a full-scale reform, you could not do it in one measure. You have to phase it in over time. We just need to think about those different models. The Norfolk Island government will have one perspective and the Australian government might have a different perspective. We have to marry those two things together into a package for consideration. We have to identify the risks and opportunities, both for Norfolk and for the Commonwealth, in undertaking such a package. We do not have a position at this stage.

Ms Beauchamp: You have raised some important issues. Our approach is like how we approach other place-based interventions. You have raised some structural issues around the level of economic activity and population. Our focus is the framework of the road map and working on a number of levels, and economic development is clearly one of them. Infrastructure is part of that. The skills and employment pathways and GBE reform, again, is another one. We are looking at Norfolk Island just like we look at any other community going through transition. The difference with this one is that they have got their own government, so we obviously need to work in very, very close partnership in terms of what that government can sustain, both while the government is providing financial support, and has for the last couple of years, and looking at some of those structural issues that you raise but also doing some practical things like opening up the Regional Development Australia Fund to Norfolk Island, looking at the health services and a range of other things. It is, like I said, not going to be a quick fix and it is something that we are working on with the Norfolk Island government.

Senator BACK: You commissioned the Centre for International Economics to undertake a study of Norfolk Island. Where are they in that process? Have they completed it and is it both economic, social, administrative; does it deal with governance? What is the scope and the current status of that report?

Ms Fleming: Is this the ACIL Tasman report in 2012 on Norfolk Island?

Senator BACK: I thought it was the Centre for International Economics.

Ms Fleming: I am not familiar with that report. The Norfolk Island economic development report by ACIL Tasman was completed in 2012 and released on our website and the Norfolk Island government website.

Senator BACK: That was undertaken collaboratively between both the Australian government and the Norfolk Island government or by the Australian government?

Ms Beauchamp: We commissioned that report, but obviously it involved a huge amount of consultation with Norfolk Island.

Senator BACK: So there has not been a Centre of International Economic study that anyone is familiar with?

Ms Fleming: Not that I am familiar with. I will take it on notice. Not that I am aware of, but I am quite new, so it might—

Senator BACK: I would be appreciative if you could take it on notice; thank you. I think in 2008 in a submission to the federal parliament, am I correct in my question that the Norfolk Island government showed that

in their view the extension of Commonwealth taxation and laws to Norfolk Island would cause substantial economic detriment to Norfolk Island? Is that accurate?

Ms Fleming: I would have to take that on notice.

Senator BACK: Would you?

Ms Beauchamp: I think you would have to look at it in terms of what has changed since 2008 obviously in terms of population, revenue raising capacity, expenditure—Commonwealth Grants Commission-type methodology there. I am not too sure of the application of that report that was done in 2008 to now, but we will certainly take that on notice.

Senator BACK: We asked a question on notice—it was question 30—at the last estimates, and thank you for getting the answer back, to do with some comparison of equivalent services on Norfolk Island to what Australians would expect on the mainland and in Tasmania. It was fairly general, the response, but it said, 'The report includes tables of comparison on state and local government average expense per capita for state and local government services.' So that would be in the report. But it did go on to say that comparable services include but are not limited to education, health expenses, health user charges, welfare, public housing, law and order. Do you believe it to be the case that those services are comparable for citizens living on Norfolk Island to their family members who might be living on the mainland?

Ms Fleming: I think it would depend on which community was taken as the comparator base. I am just not quite familiar with the details of that analysis. I would have to take that on notice. I think for some communities of a similar size it probably is comparable; in other areas it is probably not comparable. So it depends on what the base community is. I know for Christmas Island a number of identifier communities have been identified for grant commission comparisons. I am just not clear whether that is the case for the Norfolk study. I would have to take that on notice.

Ms Beauchamp: Perhaps I can say that the government's and the minister's key aim in ensuring and pursuing this reform process is that we can look at improving the outcomes and outlook for people on Norfolk Island. That is why we are pursuing it on a number of fronts. In terms of making comparisons, to make comparisons with a small regional community, a remote community regional centre and the like I think is very, very difficult.

Mr Taloni: It is worth my stating that the education on island is delivered, as I understand it, by the New South Wales government. So the quality of education, as I understand it, is quite high. In terms of law, the AFP, the Australian Federal Police, actually have a presence on the island; they have several officers there, so the quality of service is not too bad there. What we have done via this \$4.5 million funding agreement is to try to lift aspects of their health system. We are using those funding agreements as opportunities to keep moving forward on these things and we do that in some of those areas that have been highlighted in that question.

Senator BACK: That would be the interesting benchmark, wouldn't it, to actually identify two or three regional, rural or remote communities, perhaps one in Tasmania and a couple on the mainland, and use those as a benchmark? Do you think it is fair criticism that the Commonwealth has failed to meet its commitments under the road map? Is that fair criticism or not?

CHAIR: You may be asking for a matter of opinion there, Senator Back.

Senator BACK: Am I? If I am—

CHAIR: Would you like to rephrase it?

Senator BACK: Let me put it to you differently then. There are those on Norfolk Island who believe that the Commonwealth has failed to meet its commitments under the road map. I would ask for a response as to whether that is factual or whether the government would dispute that assertion. Is that reasonable, Chairman?

Ms Beauchamp: I think we continue to pursue reforms on Norfolk Island and they are subject to a number of government processes and ongoing consultation with Norfolk Island. So I guess, from the department's point of view, we are still in the process of delivering that and we have not finished the work.

Senator BACK: Could I just focus for a few minutes on environmental impacts and ask you what consideration has the Commonwealth given to environmental impacts of measures that it has required the Norfolk Island government to take under the funding agreements?

Ms Fleming: Could you clarify? I am not quite clear.

Senator BACK: We have been focusing on social and economic. I just want to start focusing on some of the environmental aspects now.

Ms Fleming: I am not sure that you would call it environmental in the kind of SEWPaC area, but we have commissioned the Australian Quarantine Inspection Service to look at a pests and disease study, if that is what—

Senator BACK: You have commissioned such a study?

Ms Fleming: Yes, we have, and they are looking at a one-year analysis of Norfolk—

Mr Taloni: Over a two-year analysis of what pests and diseases exist on Norfolk Island, such that if we move down the path of bringing them onto mainland standards we have data behind us to move forward. In terms of the funding agreement, a lot of the issues, as I quickly have a glimpse, do not have direct environmental impacts. Some of the items are about appointing a new director to the health system. I am not quite sure where your question is coming from.

Senator BACK: You have not quite used an equivalent of an environmental or regulatory impact statement as you would in a—

Mr Taloni: No. Some of the milestones deal with looking at and upgrading some aspects of the Public Service and how the Public Service works.

Senator BACK: Coming back to the administration and/or the community, can you tell me what is the mechanism or process by which either members of the community or, indeed, the Norfolk Island administration can voice their concern or disapproval or a complaint indeed in the way in which they perceive the Commonwealth to be dealing with them? Would that be direct to Minister Crean; would it be through the secretary of the department? How would they actually express that concern, give voice to that complaint?

Ms Beauchamp: I think the role of the administrator on island is very important in this regard as an appointment of the minister and a representative of the minister. I know Mr Pope is quite active in terms of engaging the community on the reform agenda and certainly the government as well. So our expectation would be that they would probably work through the administrator before they came direct to us or the minister. We have had approaches, obviously, from the Chief Minister. I have been out on island and our officers go out on island a fair bit as well. The community is certainly not backward in coming forward when we are over there.

Senator BACK: I ask it partially in the context of funding and I ask the question: is it correct that funding agreements, the issuing of Commonwealth finance minister orders and the appointment of the Commonwealth finance officer have given the Commonwealth control over most, if not all, expenditure by the Norfolk Island government and Public Service? Is that a reasonable assumption? Is it a reasonable summary from your point of view? Do you concur that that is the case, that the Commonwealth finance ministers and financial officer effectively have control over the island's funding?

Ms Beauchamp: I do not think that is a reasonable statement to make. One of the things we were looking at was the capacity of the Norfolk Island government. It was seen to be lacking in particularly financial expertise to manage its budget. We did actually work with the department of finance to help them out, but one of the things that they were looking at was getting, in a sense, a proper CFO out there that understood public sector, public administration budgeting and the like. Certainly the control of their budget remains with the Norfolk Island government and what we have done is try to build the capacity of the government with that financial expertise.

Senator BACK: Just in the final few seconds—and I do thank you for the answers—I mentioned that figure of \$9.1 million, which has now gone up to \$13 million as of 2009-10. Can you tell us what the annual allocation from the Australian government currently is to Norfolk Island, I suppose, to keep it afloat?

Ms Fleming: There is no ongoing allocation, but in the budget papers you will see that there is a \$4.5 million funding agreement that we negotiated with Norfolk Island. That is associated with some of the reforms that we spoke about around a new health system, working with New South Wales to assist them in their health, looking at their Public Service Commission, looking at their immigration, government business enterprises. There are about six or seven elements in that package and there is \$4.5 million that we are paying.

Senator BACK: So if the need is \$13 million and the allocation is \$4.5 million, and the \$13 million has gone up from \$9 million, do we draw the assumption that the gap is widening?

Ms Fleming: I think perhaps I can also add—

Senator BACK: Certainly their internal capacity to earn revenue has not gone up, has it?

Ms Fleming: Since 2010-11 I think the Commonwealth has provided \$27.9 million in assistance. There is not an annual allocation.

Senator BACK: No; you explained that.

Ms Fleming: It is self-governing, and they have sought assistance since 2010-11 on a range of fronts and what we have put in place is financial assistance. The government has provided that level of financial assistance on the assumption, with the funding agreements, that it will support reform because, in a sense, we cannot just look at bandaids fixes. But we are absolutely looking at what are some of the longer term reforms that can be put in place on the island, whether they are immigration reforms, their health system and the other things. So I think the government is clearly looking at it in terms of administering that assistance that has been provided over the past couple of years, to look at improving outcomes for the longer term and their financial sustainability. Certainly having a CFO and building the capacity of the public service over there is a key part of it.

Senator BACK: Thank you. Thank you very much, Chairman.

CHAIR: Thank you, Senator Back. Before you do go, very quickly, Ms Fleming, I believe that part of your role is the administration of the east Kimberley development package.

Ms Fleming: Yes.

CHAIR: May I congratulate you. What a fantastic effort. I know Senator Back will join with me on that. We are actually escorting the committee to Kununurra and we are going to actually give the opportunity to other members who have not been up there to see the fine work between the two governments, federal and state, in that \$400 million package. The implementation is exemplary. So congratulations. I would probably ask, Ms Fleming, could you forward to the committee—we have had it all out here before—what it actually entailed, what it has delivered on the ground. That would help form part of the agenda for our two-day or three-day sojourn into that fantastic part of the world. Senator Back and I will be bragging when we do that.

Senator BACK: I do endorse your comments, Chairman.

Ms Fleming: Our officer in Kununurra would be only too happy to offer to help set up—

CHAIR: That would be great. It is going to be chaired by Senator Heffernan, the reference committee, but I think it would be very helpful if they were able to appear through Senator Heffernan's chairmanship at a public hearing. Ms Fleming, congratulations. Ms Beauchamp, it is always a pleasure. Thank you very much. Thank you for your patience.

Ms Fleming: I am still here, Chair.

CHAIR: Oh, you are still here.

Ms Beauchamp: Unless we have finished for tonight.

CHAIR: I gave you the opportunity. You should have said, 'Good on you Sterlie,' and gone. I do apologise. Ms Lees is still around. No-one deserves to be spoken to like that, but that was a one-off and we hope that will not happen again. We will now have a 15-minute break.

Proceedings suspended from 21:19 to 21:30

CHAIR: Welcome back. We have one hour put aside. Senator Brandis, I am going to go to you. I believe there are two more of your colleagues, but it is all yours.

Senator BRANDIS: I am going to try and finish well before that because I understand that Senator Abetz wants to get onto the department of sport. So I will not be an hour.

CHAIR: All right. That is an agreement that I did offer to Senator Abetz today, so we are certainly going to honour that, if we finish early. Let us get to it, Senator Brandis.

Senator BRANDIS: Thank you. I would like to ask some questions of the Office for the Arts. That is you, Ms Beauchamp? You are the right person to respond?

Ms Beauchamp: Yes, we have the relevant officers here.

Office for the Arts

[21:31]

Senator BRANDIS: I want to start with the National Cultural Policy. Where is Mr Eccles? I saw him before. Is he not here anymore?

Ms Beauchamp: He no longer has responsibility for this area.

Senator BRANDIS: All right. I want to take you through the history of the Labor government's promises of a National Cultural Policy. On 26 September 2006, more than a year before the election of the Rudd government, the then shadow minister for the arts, Mr Peter Garrett, announced that a Labor government would publish a National Cultural Policy. During Mr Garrett's tenure as arts minister, nothing was heard of the National Cultural Policy. When Mr Crean took over the portfolio, in a speech to the National Press Club on 29 September 2010 he

affirmed his intention to produce a national cultural policy. On 8 November 2010, in her speech to the Literary Awards function, the new Prime Minister, Ms Gillard, said:

... an important priority for the Government which will demonstrate our leadership in valuing a creative culture will be a national cultural policy.

On 28 March 2011, in a speech to the National Regional Arts Broadband Forum, Mr Crean said: 'A new national cultural policy is my number one priority as minister for the arts.' Although he described it as 'new', there had not been one at that stage, more than three years after the election of the Labor government. Then on 10 May 2011, in a media statement, Mr Crean said: 'My number one priority as arts minister is the development of a national cultural policy.' Then at this estimates committee on 24 May 2011, in response to a question from Senator Humphries inquiring whether the National Cultural Policy would be available by the end of the 2011 calendar year, Mr Eccles, on behalf of the department, said: 'The precise timing is something that the government is considering, but that is right. The minister has referred to it in those terms.' On 30 August 2011, in a further media statement, Mr Crean said: 'The National Cultural Policy is an important piece of work for our government over the coming months and my number one priority as arts minister.'

On 17 January 2012, in an interview with Matthew Westwood, the arts writer for the *Australian* newspaper, Mr Crean said: 'It's been our policy for two elections and was the centrepiece of the 2020 thing'—by which I assume he meant the Australia 2020 Summit. 'We have done bugger all.' Those are the words attributed to Mr Crean by Mr Matthew Westwood. On 28 March 2012, in a further media statement, Mr Simon Crean spoke of it being 'the eve of the release of Australia's first national cultural policy in almost 20 years'. On 24 May 2012, in response to questions at this estimates committee, Mr Eccles said in response to a question from Senator Milne: 'The release of the National Cultural Policy will be later this year.' In response to questions from Senator Humphries he said: 'I can assure you that our intentions are to conclude the current reviews and finalise the National Cultural Policy this year.' And further: 'I can guarantee that it is the government's intention to release the National Cultural Policy this year.' On 23 June 2012, Mr Crean said, in words attributed to him in an article in the Weekend Australian newspaper: 'If I had the money it would be out now.' On 1 August 2012, in a further media statement, Mr Crean said: 'More details will be released with the National Cultural Policy later this year.'

On 22 August 2012, in a further media statement, Mr Crean said: 'This program reflects the development of our National Cultural Policy, which will be released later this year.' In the same media statement on 22 August 2012, Mr Crean also said: 'The review of the Australia Council for the Arts and the Review of Private Sector Support for the Arts will be released as part of the National Cultural Policy later this year.' Mr Crean was reported in the *Australian* newspaper on 4 September 2012 as saying, through a spokesman, that he remained 'committed to launching the National Cultural Policy by the end of the year'.

This policy, first promised seven years ago, and promised to be released before the end of the year in each of 2010, 2011 and 2012, on 14 separate occasions that my office can identify, is still not released. Will we ever see a national cultural policy from this government?

Ms Foster: The government remains committed to releasing a national cultural policy.

Senator BRANDIS: This year?

Ms Foster: The timing of the policy will be a matter for government.

Senator BRANDIS: No, no—the government has told us what the timing of the policy is. The government has told us that the policy would be released in 2010. It is late. The government has told us the policy will be released in 2011 and the government has told us the policy will be released in 2012. The National Cultural Policy is seriously overdue. It is not—with respect, Ms Foster—a sufficient response to my question not to respond to that part of the question which asks when.

Ms Beauchamp: Ultimately, the actual policy will be a decision for government and the minister. The minister is still pursuing release of that policy as soon as possible. It does not mean that key elements of the foundation of the NCP have not been pursued. The review of the Australia Council, the recommendations of the Mitchell review, the release of the Australian Interactive Games Fund and a range of other commitments in relation to the arts go some way to providing the building blocks for the National Cultural Policy. We are continuing to support the minister in finalising that policy.

Senator BRANDIS: When will it be finalised?

Ms Beauchamp: As I said, as soon as possible.

Senator BRANDIS: If the announcement of the release of the policy is a matter for government—and we know from the many statements by Mr Crean that it was due to have been released years ago, can you tell me, Ms Beauchamp, what work your office is doing on the National Cultural Policy at the moment?

Ms Beauchamp: As I mentioned, we have continued to support the government in terms of the number of initiatives that have already been announced and reviews undertaken. We are continuing to work across government on finalising the National Cultural Policy for consideration by government which will, as you mention, ultimately be a decision for the government and the minister on its release.

Senator BRANDIS: Is there a draft of the National Cultural Policy within the Office for the Arts?

Ms Foster: As you would expect, we have been working on the draft policy over the period that you speak about.

Senator BRANDIS: You mean the entire period of the Labor government—first elected on 24 November, 2007?

Ms Foster: We will continue to work on the draft until the government decides to finalise it and release it.

Senator BRANDIS: Do you have a draft? To say, 'We are continuing to work on a draft,' does not tell me very much. Do you have a draft? In what early stage or iteration do you have a draft?

Ms Foster: Senator, I just said we have a draft. We are working on a draft.

Senator BRANDIS: You do? You have a draft of the National Cultural Policy?

Ms Foster: It will not be the National Cultural Policy until the government chooses to release it.

Senator BRANDIS: No, but you have said you continue to support the minister and to work on the development of the National Cultural Policy.

Ms Foster: That is correct.

Senator BRANDIS: I asked you if you have a draft and you said you do.

Senator Lundy: I think the officers are responding quite adequately to Senator Brandis's questions. It will ultimately be a decision of the government as to when we release the cultural policy.

Senator BRANDIS: It has been promised at two consecutive elections. So you have a draft of the National Cultural Policy. Is this the first iteration of the draft or a subsequent one and, if so, how many iterations of the draft have there been?

Ms Beauchamp: It is in ongoing development. It is changing. As governments announce particular initiatives we will continue to work across government and within the department on finalising the drafts.

Senator BRANDIS: Do you have the draft here?

Ms Foster: No, I do not.

Senator BRANDIS: Can you call for it?

Ms Foster: No, I am sorry; we do not have the draft—

Senator BRANDIS: No, I am asking you to call for it.

Ms Beauchamp: Asking us to—

Senator BRANDIS: To have it delivered, please, to the committee room.

Senator Lundy: Senator Brandis, that is not appropriate.

Senator BRANDIS: Why not? We are told there is a draft national cultural policy. It has been promised since at least 2010—to take a charitable view.

Senator Lundy: The timing of the release of the—

Senator BRANDIS: No, no, I am not asking about the timing. I am asking whether it exists or not. So we know it exists at least as a draft. Ms Foster, the draft, the document you have described, I take it is not like the bunyip or the Loch Ness monster—people have actually seen it. Is it the first iteration of the policy or a subsequent iteration and, if so, through how many iterations has it gone?

Ms Foster: It is very difficult to say that the draft exists at this date and this date and this date, and therefore it has various iterations. As I said, we will continue to work on the policy and, as Ms Beauchamp said, to update it to include government announcements around things like the Games Fund until the point at which government makes a decision to release it.

Senator BRANDIS: You have made yourself perfectly understood, Ms Foster—it will not be released until government makes a decision to release it. You have made it clear to me that you are not in a position to tell me when that date will be. I understand you correctly, don't I?

Ms Foster: Yes.

Senator BRANDIS: That is not what I am asking about. You have given me answers to those questions. I am asking about the draft you have described. When was this draft first prepared?

Ms Beauchamp: I think Ms Foster is saying it is not a static document; it is ongoing development, ongoing working papers. We will continue to finalise that, as we have said earlier.

Senator BRANDIS: I think the choice of the verb 'finalise' in these circumstances is a little unfortunate since this has been going for seven years. Ms Foster, when was the first draft of this document, which is in continuing development, prepared?

Ms Foster: I am afraid I do not know that.

Senator BRANDIS: Do you know, Ms Bassar?

Ms Bassar: I just want to reiterate that this has been an iterative process over—

Senator BRANDIS: That is why I used the word 'iteration'.

Ms Bassar: Particularly over the last two years. There have been various drafts. I could not actually tell you how many because it is a continually iterative process.

Senator BRANDIS: That is exactly what I expected it to be, an iterative process. Now we know that the early drafts, as far as you can tell, Ms Bassar, were prepared about two years ago; is that right?

Ms Bassar: The beginnings of the—

Senator BRANDIS: The beginnings of the early draft were prepared two years ago. That is in 2010; no, 2011. Who prepared, within the department, the first draft, the one prepared two years ago?

Ms Bassar: It was not a document. There have been various elements of the document, as I said, over an iterative process. There have been a number of officers at various times over this period who have worked on the whole document.

Senator BRANDIS: This is a very mysterious document, Ms Foster.

Ms Foster: It is not unusual for us to prepare elements of policies and to work on those and to refine those. That is the kind of process that Ms Bassar was describing.

Senator BRANDIS: I can understand that. When were they first brought together in a first draft of the National Cultural Policy? This is, by the way, a proper noun. It has been described by Mr Garrett and Mr Crean as being this government's version of Mr Keating's Creative Nation. It is a consolidated document that has been promised, drawing across all areas of the arts. I can understand that different parts of it may have been prepared by different people at different times, but it must have been put together. When was the first draft put together? Is that the two years ago you were telling me about, Ms Bassar?

Ms Bassar: The initial thinking and the initial—

Senator BRANDIS: Was that it?

Ms Bassar: I suppose drafting. This is the discussion paper.

Senator Lundy: Nice try, Senator Brandis!

Ms Bassar: I suppose in terms of explaining the iterative process, the initial policy thinking and analysis were articulated and brought together in this discussion paper, which I suppose was the basis of the public consultation that occurred.

Senator BRANDIS: Indeed. Just remind me when that discussion paper was published?

Ms Bassar: That was in—

Senator BRANDIS: Does it not have a date?

Ms Bassar: Yes, it does. I am just trying to remember. It was 2011.

Senator BRANDIS: Which month?

Ms Bassar: It came out in August 2011.

Senator BRANDIS: August 2011. That is consistent with the evidence you have given, Ms Bassar. At the time that document was prepared, presumably that was prepared on the basis of the early drafts?

Ms Bassar: It was prepared on the basis of the early thinking and analysis. I think an early draft is too strong about where this was at.

Senator HEFFERNAN: What proportion of the draft gives consideration to our Indigenous heritage?

Ms Basser: The discussion paper and the consultation the first goal in the discussion paper. So as the discussion paper outlined, essentially the idea was to test goals and test analysis.

Senator HEFFERNAN: No, without all the preamble.

Ms Basser: The first goal in the discussion paper was to ensure that what the government supports and how this support is provided reflect the diversity of a 21st century Australia and protects and supports Indigenous culture.

Senator HEFFERNAN: Can I ask two questions. How many people for those years to which Senator Brandis SC has referred worked on this document? Hundreds, thousands or just three or four?

Ms Foster: I wish we had that many staff to work in the Office for the Arts.

Senator HEFFERNAN: But how many? Just a rough guess.

Ms Foster: It has been a small handful.

Senator HEFFERNAN: What is a 'handful'?

Ms Foster: Sometimes we would have had one person working on the draft; at others we would have had a few.

Senator HEFFERNAN: This is seriously important work and one of the most disregarded and dysfunctional cultural aspect of Australia is the whitefella cultural habits that have destroyed a lot of our Indigenous culture. I have to say it is a disgrace, and there are still 7,000 kids in the Northern Territory that have not got a high school to go to. What proportion of the thinking in this picks up our Indigenous culture and does it study the destruction of that culture by whitefella habits?

Ms Foster: Responding more broadly to your question, the cultural policy pulls together the forward agenda, the vision, if you like, for where our cultural policy will go. But the Office for the Arts has many programs which are in place which support Indigenous culture.

Senator HEFFERNAN: Does it have a section to preserve the originality of our Indigenous culture?

Ms Foster: As Ms Basser read out from the goal that was in the discussion paper, the centrality of Indigenous culture to Australia is very much part of our thinking and work around the cultural policy.

Senator HEFFERNAN: Can we have a copy of that?

Ms Basser: Absolutely.

Ms Foster: We can make one available to you after the estimates.

Senator HEFFERNAN: Can I also ask just one other question with your indulgence, Senator Brandis SC. How much of the cultural planning for Australia is picking up the institution of family farming and all that sort of stuff? How much of that is in there?

Ms Foster: We also have a very strong focus in our thinking and our policy making on the role that arts and culture play in communities, in families and particularly, as you say, in regional communities where, as you know, arts and culture are a really critical part of what makes those communities function.

Senator HEFFERNAN: Part of the culture of the bush is horse riding and all sorts of things. Does it pick that up or is it more plaiting your armpits and smoking—

CHAIR: Senator Heffernan!

Senator HEFFERNAN: There is some dinky di culture, things that—

CHAIR: No.

Senator HEFFERNAN: I withdraw that. There is some dinky di culture that is being forgotten in rural Australia. It is precious to rural Australia. Can we include that?

CHAIR: Before you answer that, Senator Heffernan, I have just had a conversation with Senator Brandis and for those from Screen Australia, National Film and Sound Archive, National Gallery of Australia, National Library of Australia and National Museum of Australia, Senator Brandis does not have questions for them.

Senator BRANDIS: I do not have time.

CHAIR: He does not have time now to ask questions of them. If they would like to escape—

Senator HEFFERNAN: If you want to stay for the fun—

Ms Beauchamp: Based on the program of the committee, some of them have come from interstate. But if that is the wish of the—

Senator HEFFERNAN: They would rather stay for the fun.

Ms Beauchamp: If that is the wish of the committee.

Senator BRANDIS: We are very limited with time. If we could get direct answers to questions then we would move through this much more swiftly. Ms Foster, at the time—

Senator Lundy: Chair, I want to clarify something. Have each of the agencies that have been called, who have travelled, including those who have travelled from interstate, just been dismissed?

CHAIR: Senator Lundy, I certainly do not put out who can come and for how long they are going to be here. That is the job of the committee. It is left to the opposition and the Greens to say who they want. This program has been floating through our committee for two weeks. There was never any suggestion of either/or. It is embarrassing for our committee. As Senator Brandis is being up-front, there is no time for questions. They can stay here. It is not a good look for the Senate, I agree, Minister.

Senator Lundy: I am trying to clarify which agencies have been dismissed.

Senator BRANDIS: The only agency I have questions for is the Australia Council. I have questions for all the others but there is no realistic possibility I will be able to reach them in the very short time available.

Senator Lundy: I do recall the harsh criticism that was imparted upon the previous opposition in such circumstances, Senator Brandis, so I think—

Senator BRANDIS: Let us just press on, Senator Lundy, because we have 65 minutes.

Senator Lundy: I think it is important to acknowledge the unusual nature of your request at this very late hour.

Senator BRANDIS: I am not making a request.

CHAIR: Let us get this clear. If there are officers here that want to sit here and listen to the proceedings, I am not going to tell them no. I will reiterate, once again, Minister, that this is embarrassing for our committee. It does not make me feel great. I have no questions for officers of Arts. It was a request that I put to Senator Brandis.

I get sick to death of senators popping in—this is meaning no disrespect to those who have a genuine interest—and thinking they have to fill a piece of paper up with their name to make sure it appears everywhere. Then they do not turn up. There is a very clear running order here. I do not sneak up on people. There is a time here. Everyone gets the opportunity to ask their questions. If senators are not in the room, I am not going to ring them. Senator Brandis has made it clear that he would like to finish early, and I have granted the—

Senator BRANDIS: I want to leave enough time between now and 11 pm for others, in particular Senator Abetz, to deal with the Office for Sport.

CHAIR: The Office for the Arts was programmed to finish by 10.30 pm.

Senator BRANDIS: That is right.

CHAIR: I was of the impression, Senator Brandis, you were going to wrap up questions from the coalition before the—

Senator BRANDIS: I am going to try. If I can get back to the questions, I will do my level best.

CHAIR: Okay. So now you might be here until 10.30. You might be asking until—

Senator BRANDIS: I am going to try and finish this as fast as possible. I am due at another estimates committee at quarter past 10 so I am going to try and get through this as fast as I can.

CHAIR: All right. Here we go again. I have a list in front of me that has Senator Humphries, Senator Brandis and one other, Senator Colbeck. I am looking around. I cannot see them. I see Senator Brandis. If that is the case then if other senators come in and they want some question time, Senator Brandis, I am going to have to give it to them. I will have to interrupt you.

Senator BRANDIS: Ms Foster, I think where we were when Senator Heffernan intervened is that we had established there was a draft national cultural policy in some form at the time at which the discussion paper to which Ms Bassar has drawn our attention, which was published in August 2011, was prepared; is that right?

Ms Foster: No.

Senator BRANDIS: It was not?

Ms Foster: What Ms Bassar was trying to say was that the discussion paper reflected at the time that it was produced—

Senator BRANDIS: Ms Foster, my question, please.

Ms Foster: I am just watching the copy of the discussion paper leave the table. Senator Brandis, the discussion paper reflected the thinking and the discussion that happened around a national cultural policy. So it is not that the discussion paper reflected a draft; it reflected the discussion and thinking and was pulled together, if you like—

Senator BRANDIS: So there was no draft national cultural policy in August 2011 when that document was published?

Ms Bassar: No.

Senator BRANDIS: There was not. All right.

Ms Bassar: My point was that this was canvassing in effect a draft discussion paper for a cultural policy. That was the product that was a draft in the sense that you are talking about.

Senator BRANDIS: Mr Eccles told Senator Humphries in May 2011, in this committee, that the policy would be published by the end of 2011 and now you are telling me that in August 2011 there was not even a draft policy.

Ms Foster: What Ms Bassar is saying is that the discussion reflected, if you like, an early draft of what you might have expected to see in a cultural policy. So in a normal green paper/white paper process you would expect to put out a discussion paper, a green paper, which encapsulated your thinking at the time to get consultation and discussion which you would then develop further. So it is certainly not beyond our capacity to take the sort of content of a discussion paper and the feedback we get on it and turn it into a draft policy within a few months.

[22:00]

Senator BRANDIS: And you have done that, because you told me earlier that there now is a draft national cultural policy.

Ms Foster: That is correct.

Senator BRANDIS: So when would—

Mrs Beauchamp: Senator—

Senator BRANDIS: Excuse me, Ms Beauchamp. I am going to be very intolerant of interruptions because we have little time. Ms Foster, when was the document you described, when you told me there was a draft national cultural policy, prepared?

Ms Foster: I know you are finding this frustrating, but until there is a decision that the document becomes final, any draft is simply a point along the way of its development.

Senator BRANDIS: I know what a draft is. I have written many, many things for publication myself. I am perfectly familiar with the concept of a draft and multiple iterations of a draft. I want to identify when the first draft of the national cultural policy which you have told us now exists in draft was prepared. We know from your evidence that it was after August 2011 because you told us it was not in a draft form at the time the discussion paper was prepared. When was the first draft ready? In what year and month?

Mrs Beauchamp: Senator, you say 'a first draft'—a draft in itself means a document is incomplete. I would have to take on notice when we had the first shell of a draft. Was it an outline; was it a table of contents and the like?

Senator BRANDIS: A table of contents is not a draft document.

Mrs Beauchamp: What I am saying is a draft is an incomplete document. We will take that—

Senator BRANDIS: No. A draft is a document that is not yet perfected.

Mrs Beauchamp: A draft, from my point of view—

Senator BRANDIS: A draft may be a document that is as full as the final document but remains to be perfected if only through proofreading, or it may be in an earlier or more primitive form. I want to identify when the earliest document that you regard as 'the first draft' was prepared.

Mrs Beauchamp: I will take that on notice.

Senator BRANDIS: Ms Foster, do you know?

Ms Foster: The secretary has said we will take it on notice.

Senator BRANDIS: I am asking if you know.

Ms Foster: I am sorry, but I just do not agree with the premise of your question that, from our perspective, the draft is not—

Senator BRANDIS: You are the one who you told me there is a draft national cultural policy. All I want to know is when that document came into existence. That is not hard.

Mrs Beauchamp: It is an incomplete document. We will take it on notice.

Senator BRANDIS: No. It may be an incomplete document but nevertheless it is a document identified by Ms Foster as a draft national cultural policy. She must have had something in mind when she said it because I am sure she is not misleading the committee. I want to know when it was prepared.

Mrs Beauchamp: As I said earlier, we will take that on notice.

Senator BRANDIS: Ms Foster, do you know? There is no point taking something on notice. We are six months before the date on which the Prime Minister has said she will advise the Governor-General to call an election. There are six sitting weeks left of the Senate before the announced date of the election. This is a document promised three parliaments ago. The failure to produce it is a disgrace. It is not something you can blame your minister for by saying well the timing is a matter for him if the document has not even been prepared. It is perfectly clear from the evidence of all three of you that there is no final document. There is nothing that is ready to be released, is there? Is there?

Mrs Beauchamp: There is a document to be considered by the minister and government formally before it is released.

Senator BRANDIS: There is a document in a sufficiently developed form that it can be put before the minister. Is that right, Ms Beauchamp?

Mrs Beauchamp: We have not yet finalised the documentation.

Senator BRANDIS: It is not finalised. Well, is it finalised for consideration by the minister or isn't it?

Mrs Beauchamp: As you would be aware, in terms of finalising the policy, we are in the process of working with other agencies to finalise—

Senator BRANDIS: So it is not finalised.

Mrs Beauchamp: A document for consideration by the minister and government.

Senator BRANDIS: Ms Beauchamp, that is not the minister's fault. The minister, of course, has to take ultimate responsibility. This was a document first foreshadowed by the then opposition in 2006, promised by two successive arts ministers, which this committee was assured by your department, by your predecessor on two and now three consecutive years—certainly in each of the last two years—would be produced before the end of that year. Now you come before this committee and say, 'We don't even have a finalised document.' That is what you are saying, is it not?

Mrs Beauchamp: I am saying it is up to the government in terms of the release of the policy—

Senator BRANDIS: No, do not blame the minister.

Mrs Beauchamp: I am not blaming him.

Senator BRANDIS: Do you have a finalised document for the minister's consideration or do you not?

Senator Lundy: Senator Brandis, I think it is fair to let the officers at the table at least answer the question before you interrupt.

Senator BRANDIS: Do you have a finalised document for the minister's consideration—

Senator Lundy: And I do not think you should interrupt me when I am talking either. It is not very polite.

Senator BRANDIS: Ms Foster, do you have a finalised document for the minister's consideration or don't you?

Ms Foster: We have provided the minister with versions with elements of the national cultural policy for his consideration, but it will not be finalised until the government says it is finalised. It is not a question you can ask me.

Senator BRANDIS: Of course this has to be signed off by the minister. But, from your point of view, were the documents you have just described, that have been provided to the minister, finalised? Was that the ultimate fruit of your labours in developing a national cultural policy document for the government's consideration?

Ms Foster: The ultimate fruit of our labours will be when the minister tells us that that is the document that he is ready to publish.

Senator BRANDIS: When did you send the document you have just described to the minister?

Ms Foster: I do not recall.

Senator BRANDIS: Was it this year?

Ms Foster: We sent a number of iterations. We meet with and talk with the minister very regularly.

Senator BRANDIS: You have adopted my words. You have sent a number of iterations. When did you send the first iteration, when did you send each subsequent iteration and when did you send the most recent iteration?

Ms Foster: I would have to take that detail on notice.

Senator BRANDIS: Did you send the most recent iteration this year or last year?

Ms Foster: We have certainly sent iterations to the minister this year.

Senator BRANDIS: In what year did you send the first iteration--was it 2011 or 2012?

Ms Foster: I do not know that. I will have to take that on notice.

Senator BRANDIS: How many iterations of the document have you sent to the minister?

Ms Foster: I cannot answer that detail.

Senator BRANDIS: Approximately, please.

Ms Foster: I don't know, Senator.

Senator BRANDIS: Do you know, Ms Beauchamp, approximately?

Mrs Beauchamp: As I said, a draft is an incomplete document--

Senator BRANDIS: No. We are not going to have a quibble—

Mrs Beauchamp: I think it is important.

Senator BRANDIS: Ms Beauchamp, we are not going to have a definitional quibble. Ms Foster, your junior officer, seems to have no difficulty whatsoever understanding the concept of iterations of a draft; nor do I, which is why I am directing the questions to Ms Foster because she seems to make perfect sense to me and I just want to identify the dates on which what you have described, Ms Foster, as the various iterations of the policy were sent to the minister. That is all. You have said that the most recent iteration was sent this year; is that right? That is what I understood you to say.

Ms Foster: Ms Foster: That is correct, Senator.

Senator BRANDIS: The earliest iteration was sent before this year, I assume; is that right?

Ms Foster: Yes, I think so.

Senator BRANDIS: Was that in 2012 or 2011? Can you help me with that?

CHAIR: Senator Brandis, I am hearing the same question over and over again.

Senator BRANDIS: We are getting somewhere, Mr Chairman; we are getting somewhere.

CHAIR: If you can just indulge me, please, Senator Brandis. I understand that, with your training, Senator Brandis, you ask the same question 30 times and sometimes you get 31 different answers.

Senator BRANDIS: Sometimes you have to ask more than once for the answer, but we are getting somewhere.

CHAIR: What I have heard very clearly is Ms Foster has answered you. I have also heard you putting the question where it is going to be taken on notice. Just for the clarification of where we are actually going, Senator Edwards has told me that he wants some time as well. We are going until 10.30. Senator Edwards, how long do you need?

Senator BRANDIS: Can I just ask one last question prior to him starting?

CHAIR: You can.

Senator BRANDIS: Ms Foster, thank you very much. You have been very helpful, if I may say so. We now know that there have been several iterations of the draft sent to the minister. The most recent of them was in 2013. The earliest of them was before 2013. We have established that that was subsequent to the discussion paper document which was August 2011. So we know that sometime after August 2011 a first iteration of the draft was sent to the minister and sometime in 2013, before today, the most recent iteration was sent to the minister. All I want to know from you, and you are welcome to take this on notice, is the date on which each iteration of the draft was sent to the minister. Are you able to take that on notice for me?

Ms Foster: Yes.

Australia Council

[20:10]

Senator BRANDIS: Thank you. I also have questions for Senator Abetz. Senator Edwards, can you be pretty quick?

Senator EDWARDS: I will acquiesce; go.

Senator BRANDIS: I do not want to dismiss the department—

CHAIR: While they are arguing about it—

Senator BRANDIS: Senator Abetz has asked me to ask some questions to the Australia Council, that is all.

Senator HEFFERNAN: Can I just say this is an interesting document. I do not know whether I was supposed to get it tonight. It has Indigenous concepts to it, but it does not have anything rural. Part of the culture of the bush shows places, all of those things that are part of the bush, but there is not one word in this. Can I confer with you later about—

Ms Basser: Yes.

CHAIR: Senator Edwards, are you on the reserve bench?

Senator EDWARDS: I am on the reserve bench.

CHAIR: All right. Senator Abetz, we have until 10.30. I will let you know that Senator Humphries and Senator Milne also have their names down. They are not here, and I said very clearly that if they are not in the room, that is tough. If they come in the room now that we are going to go through, I will have to pull you up and go to them.

Senator ABETZ: Yes, that is fine. I am assuming we can deal with the Australia Council here on the literary grants. Let us cut right to the chase. Who can assist with the funding, or lack of, to *Quadrant*?

Ms Christie: I can.

Senator ABETZ: Thank you very much. Can we be told what the total amount is for these grants that are given for literature each year for these publications?

Ms Christie: I am sorry; I do not have the detail of the grants for the literary publication.

Senator ABETZ: All right. If you can take that on notice. Can you advise us what percentage of that *Quadrant* actually receives?

Ms Christie: I can tell you how much *Quadrant* receives, but I do not know what percentage that is.

Senator ABETZ: It will not take you long, will it? It is \$20,000, which is 50 per cent of what they got previously. Can I ask how many applications were received from publications for the 2012-13 year?

Ms Christie: Again, that is a matter for the Literature Board of the Australia Council. They consider a lot of grants in the meeting. I can certainly provide you with all of that information. I can tell you that 18 literary magazines were funded in that round.

Senator ABETZ: I know that. I got a kind letter from a Ms Sophie Cunningham telling me that but not explaining there was one extra publication funded and the funding of that one extra publication somehow justifies cutting the *Quadrant* funding in half. It looks as though *Quadrant* was singled out for special treatment but in the wrong way. Are we able to be given a reason and a rationale for that cut, given the subscription levels, given the amount of literary works that are actually in *Quadrant* and how often *Quadrant* publishes and given that their literary editor is none other than Les Murray who, I hope we would agree, is Australia's pre-eminent poet? It ticks all the right boxes, it has got all the readership, it has got all the literary talent and it is worthy of \$20,000—now tell me that there is not a political agenda involved.

Ms Christie: I think the situation with the way that the Australia Council art form boards make their funding decisions is that there are seven-in the case of the Literature Board last year-Artform Peers, that is, other writers, who make decisions on the basis of very competitive rounds of applicants for what is limited funding each year. My understanding from the Literature Board is that they do value the work of *Quadrant*.

Senator ABETZ: Try to the tune of \$20,000.

Ms Christie: I believe *Quadrant* has been in receipt of about \$700,000 worth of Australia Council funding over the years. The challenge for the Literature Board is to consider a number of highly competitive applications and making decisions.

Senator ABETZ: What are the criteria? Can you tell me one that has a literary editor that is more eminent than Les Murray? Can you tell me one that has more subscriptions than *Quadrant*? Can you tell me one that has

more literary pieces in it than *Quadrant*? Can you tell me one that publishes more often than *Quadrant*? Somehow it is highly competitive but each time *Quadrant* gets cut. There has to be some objectivity and transparency in this process and it clearly is not occurring. The 5,500 subscribers to *Quadrant* are becoming somewhat agitated by this.

Ms Christie: I can certainly provide you with information about who the applicants were, the number of applicants, what the assessment criteria that the Literature Board used in making their decisions. But the questions you ask really are questions for the peers who make decisions at arm's length from government on the basis of the applications that they are considering on the day.

Senator ABETZ: Can I tell you: at arm's length from the Australian taxpayers as well who have shown their support for *Quadrant*, and other organisations that do not have that sort of readership, do not have that sort of support base in the Australian community and seem to get bucket loads of money. *Meanjin*, for example, sells how many copies per edition? Can you tell me that?

Ms Christie: No, I cannot, I am sorry.

Senator ABETZ: Take that on notice for us and let us know why that particular literary magazine is a key organisation which gets triennial funding.

Ms Christie: Again, that is based on the competitive assessment processes that are set up and managed very carefully by the Australia Council to ensure the principles of fairness and at arm's length decision making.

Senator ABETZ: So the less subscription, the less literary work and the less times you publish, the more taxpayers' money you get to subsidise?

Ms Christie: I cannot answer that.

Senator ABETZ: I will have to tell Professor Windschuttle and others in *Quadrant* to halve the literary content, only publish half the number of times, get rid of half of their subscribers and they might actually get a proper grant.

Ms Christie: I think it is important that we actually look at the assessment criteria that are used. Some of the points that you are making, Senator, may or may not be part of the assessment criteria that are used for this particular grant. I cannot answer the question, I am sorry.

Senator ABETZ: I do not think anybody really can. Is it too many literary contributions? Is Les Murray too pre-eminent? Is it the editor? Why is *Quadrant* continually being cut in its funding? *Meanjin* only publishes four times a year, *Quadrant* 10 times. It carries less literary content. In the last edition, in the autumn edition, *Meanjin* had three pieces of short fiction and 12 works of poetry while *Quadrant* had two pieces of short fiction and 27 works of poetry. It is not encouraging our literary people, 27 to whatever the other number was, 12. There are over twice as many but yet we are slashing the funding and this other magazine gets key organisation status which allows it to get triennial funding. It just beggars belief. Can somebody tell me about the *Australian Book Review*? That has received—

Senator BACK: Senator Abetz, before you go on to that—Ms Christie, you might be able to come back to the committee and give us some advice on those criteria?

Ms Christie: I will submit that.

Senator BACK: I know questions on notice are always very interesting but they get lost and it just seems to me it is a very interesting issue.

Senator ABETZ: This answer will not, I can assure you.

Senator BACK: I just wonder if it is possible for you to give this committee a response at the next estimates. Sorry, Senator.

Senator ABETZ: No. Thank you, Senator Back. It is a great suggestion. The *Australian Book Review* has received special funding for a number of years in exchange for a pledge to review all significant Australian published, I understand the term is, trade books. It does not mean anything to me but I understand that is the jargon in the trade, in literature and other humanities. Is it actually living up to that undertaking?

Ms Christie: Again, I would have to take that question on notice because it is a specific matter for the Literature Board.

Senator ABETZ: My advice is that it is not. Then the question is whether they will continue to enjoy their elevated funding. Yes, take that on notice as well.

Ms Christie: I will.

Senator ABETZ: Thanks. I am told from the website that the Literature Board of the Australia Council have agreed to open up their key organisations grant category. They have four requirements: leading national writers organisations, with a national membership base, that support the professional development of Australian writers—I would have thought *Quadrant* might fit into that; established centres of excellence that offer consistent programs of activities with a national reach; genre-based organisations with a national membership; established literary magazines with a minimum national circulation of 500 subscribers. *Quadrant* only has 11 times the minimum number but does not seem to qualify. On what is published, on any objective standard or analysis, *Quadrant* should be in the funds and it is continually being cut. All the literary grant money, I understand, is audited to ensure that the money given is not for the other sections of *Quadrant* but for the actual literary content of *Quadrant* and *Quadrant* make absolutely sure that all of the money they do get, and in fact from private sources as well, goes into the literary section of *Quadrant*. There are at least 5,500 subscribers around Australia scratching their head, wanting to know why these decisions, adverse decisions, are continually being made. Chair, that is it for me.

CHAIR: Senator Edwards, I will give two minutes before the end. Would you like to take it through to 10.28?

Senator EDWARDS: Yes. No worries. I doubt I will be that long. My questioning goes to Arts SA and their funding cuts to festivals state wide and your interaction with them on that. Is the office aware of the funding cuts that the South Australian government has made to Country Arts SA?

Ms Christie: Sorry, is that a question for me or for the Office for the Arts?

Senator EDWARDS: The Office for the Arts, I would have thought. Sorry. It depends who has got the answer, I suppose.

Ms Basser: I have not got those details here, Senator.

Senator EDWARDS: You are not aware of any?

CHAIR: Someone might be able to help you out here, Senator Edwards.

Mr Lovelock: We are not aware of any funding cuts made by the South Australian government to Country Arts SA at this point.

Senator EDWARDS: I will probably then put the rest of these on notice. I will go to question 34 of the supplementary budget estimates of 16 October and specifically part 5. While you are getting that, I will just give you some background, in view of the time. There was a grant provided for \$1,587,300 to the South Australian Arts Trust for the purpose of variations of terms of the 2008-12 funding. What are variations of terms of funding? Can you give me an idea what that is? You provided that on a table for me in answer to question 34 of last year. It looks like, just for your own benefit, that table. What is the purpose of the variation to terms of 2008-12 funding? If it was \$150, I would not mind but it is actually \$1.5 million.

Ms Foster: We are just having trouble finding the element of the answer that you are referring to.

Senator EDWARDS: It is question 34. I had five questions. I am referring to the answer that you gave to question five that expended funding provided by the department for the South Australian government, through the Office for the Arts, since 12 February, is at attachment A. If you come down there you will see the recipient is the South Australian Arts Trust and it is a \$1.587 million variation of the terms of the 2008 funding. My question is: what was the variation of the terms?

Ms Foster: I think we might have to take the question on notice because it would appear that we do not have those words on the attachment A that we have in front of us. Let us take it on notice and get back to you.

Senator EDWARDS: It is likely that you are not going to have information on my subsequent question. I will put them all on notice. To be fair, Chair, you wanted some minutes. Also, my questioning will go to the subsequent funding provided by the Office for the Arts. There was another grant provided, \$1.492 million, to the South Australian Country Arts Trust. I will be looking for some detail on that. I am just giving you the heads up. Thank you, Chair.

Ms Foster: Certainly.

CHAIR: Before everyone goes, I suppose, Ms Beauchamp, through you: who is from interstate and who did not get any questions asked of them today? Can you tell me?

Ms Beauchamp: Probably the Screen Australia people. I am not sure whether they are still around.

CHAIR: I understand you are okay, but I am not. I will reiterate what I spoke about earlier in this room when other people thought it was all right to keep people here who were not going to get questions. It may be all right by some senators but on this committee it is not all right. It is damn embarrassing to invite people, not only from

interstate, to sit here if they are not required. It is also damn embarrassing to have another four agencies here. I am not talking about our regular members of this committee who work diligently and hard and work with me very closely to make sure we do not embarrass this committee.

When I say that there are people here that will not be asked questions and they can go, I do not expect to be overridden. I do not expect to have an agreement from someone and then be ratted on. I can assure those people that they will not be called next time. If there is a drama with that, senators can take it up with me. It is damned disgusting. I am sorry you have had to sit here till 10.30 at night. I do not want to hear any weak excuses from senators because they had to sort out their sock drawer in another committee or something. I feel a lot better. Good night. It will not happen again in this committee. There was no disrespect directed at you, Senator Abetz, but I am damned furious at the others. I will seek some guidance from the committee whether it is the Clerk or the Senate, whatever we need to do.

Office for Sport

[22:29]

CHAIR: Senator Abetz, we are going through until 11. As you know, I do not extend past 11, but you certainly have the call, and if you run out of time you can flick to your colleagues.

Senator ABETZ: Thank you very much, Chair. You had a hint of this one, Minister, earlier today.

Senator Lundy: Before you start, Senator Abetz, can I clarify whether you want the Australian Sports Commission to stay, or can they go?

Senator ABETZ: Sure; it is a very good question because I have been handed some extra questions. Excuse my ignorance, but ASADA—?

Ms Beauchamp: They have not been called and they are not here.

Senator ABETZ: They have not been called, but they are not part of Australian sport—

Senator Lundy: My question is in regard to the Australian Sports Commission, as distinct from the office for sport and the department. The Australian Sports Commission is an agency.

Senator ABETZ: What role did they have in relation to the big announcement? Were they there with you and Minister Clare?

Senator Lundy: No, they were not.

Senator ABETZ: Can we wait for five minutes?

Senator Lundy: Yes, sure; there is no drama. If you did not have any questions, I was going to see if they could head off, with the permission of the chair.

Senator ABETZ: I fully understand. I am just not sure where the questions might lead. As you might understand, this is not my portfolio so I am the hired gun for tonight on this.

Senator Lundy: It is good to see that you are gainfully employed, Senator Abetz!

Senator ABETZ: Yes. First of all, as I gave you notice of earlier today, Minister, what was the government's thinking in cutting \$5.6 million over four years from the testing and research components of the Illicit Drugs in Sport, IDIS, program, which was announced in Budget Paper No. 2 of 2011-12, on page 286?

Senator Lundy: In last year's budget, the government made a decision to refocus those funds. I will ask Mr Eccles to explain the details of how those funds were expended.

Senator ABETZ: Given what has transpired, it is not a good look, is it, that we have cut, and plan to cut so much money from the testing and research components of illicit drugs?

Senator Lundy: Far from it, but I think it is useful if you listen to the explanation.

Mr Eccles: It is important to bear in mind a little bit of background and context around the IDIS program. IDIS funding was never intended to cover testing for illicit drugs in the large sports. The decision to redirect funding from the IDIS program to other programs came in light of a number of factors. One of those factors was the emerging need to focus on other elements of integrity. In June 2011, the Australian government led the negotiations which led to the finalisation of the National Policy on Match-Fixing in Sport, for example, which all states and territories signed up to. Key features of that were commitments from state governments to introduce legislation to make match-fixing an explicit criminal offence and also to introduce legislation to better regulate the relationship between sports and the betting industry.

Senator ABETZ: So you are saying that that is where the \$5.6 million went to?

Mr Eccles: No. I am saying that there was a range of other programs that it also went to support. Since then, the Australian government has also established the National Integrity of Sport Unit. The National Integrity of Sport Unit is collaborating very closely with ASADA and the Crime Commission and certainly will be working hard to implement some of the next directions in light of Project Aperiio. It is also important to bear in mind some of the features—

Senator ABETZ: Mr Eccles, can I interrupt? Time is very short.

Mr Eccles: Sure.

Senator ABETZ: On page 286 of the budget paper to which I refer, we were told that savings from this measure will be redirected to support other government priorities.

Mr Eccles: Yes, and I am talking about those in the general.

Senator ABETZ: It did not say 'to other government priorities in sports' at all. So this is, if I might say with respect, a reconstruction that this was simply a savings measure. That is how it was headed: 'savings'. It was not a redirections measure. It was not designed to be spent elsewhere. It was, in fact, announced as a savings measure. But please spare me all the other wonderful things the government did. The government made the cut, in its own words, as a savings measure.

Mr Eccles: And at the same time reinvested funding in terms of some other integrity issues. There is another important thing that I need to draw to your attention, and that is some of the features of the IDIS program. The IDIS program, as I said, was never intended to cover testing for illicit drugs in the major sports.

Senator ABETZ: Did I say that?

Mr Eccles: No, but—

Senator ABETZ: So can we stop there then and I will ask the next question, because time is very short. I have not asked for a full explanation of the program; I have only asked about the cut in the program. I do not want to know how many people are employed by—

Senator Lundy: Senator Abetz, you have made an observation that perhaps this measure was not appropriate in the circumstance, and I think we are entitled, and Mr Eccles is entitled, to respond in full as to why the measure was there and what we are doing with respect to integrity because of the imputation you have made.

Senator ABETZ: Yes, and he has done that. But now he is going on to tell me what IDIS still does—

Senator Lundy: No, because there are some other things that it does as well. He has mentioned—

Senator ABETZ: I am not interested in what IDIS still does; he was not asked about it.

Senator Lundy: I am sorry, Senator Abetz; he has gone through some of the things, but it is very important to understand the character of the IDIS program in the context of that saving as well.

Senator ABETZ: No; that is just winding down the clock, Minister, and you know that. Can I ask: when did you, Minister—

Senator Lundy: With due respect, Senator Abetz, no, it is not. I think these issues are incredibly important and part of, certainly, this government's commitment to improving the integrity of sport.

Senator ABETZ: When did you, Minister, first inform the CEOs of the various sporting codes that they were required to be in Canberra for a press conference with the head of the ACC on Thursday last week?

Mr Eccles: Minister Lundy did not inform the sports. That was the responsibility of the CEO of the Australian Crime Commission.

Senator ABETZ: So the minister did not—

Mr Eccles: The sports—

Senator ABETZ: The Australian Crime Commission organised the big press conference.

Mr Eccles: No. The Australian Crime Commission wrote to the sports and invited them to Canberra to participate in a formal briefing process.

Senator ABETZ: What—

Mr Eccles: I am sorry, Senator; it is important. As an outcome of that briefing process, it was agreed that there would be a joint press statement.

Senator ABETZ: And a press conference, which is different to a press statement.

Mr Eccles: Yes, that is true; both.

Senator ABETZ: So were they told before arriving in Canberra that there would be this press conference?

Mr Eccles: Absolutely.

Senator ABETZ: So it did not come out of the meeting and the briefing that they decided to have a press statement and then a press conference—they were told about it beforehand. So by whom—

Senator Lundy: I am sorry, Senator Abetz. They were present in Canberra at different times. The first time was for the briefing, and that is what Mr Eccles is referring to.

Senator ABETZ: So on different days?

Mr Eccles: Yes.

Senator Lundy: Then the second time was back for the press conference.

Mr Eccles: So they were briefed at a period of time before the press conference.

Senator ABETZ: Who invited them for the press conference?

Mr Eccles: I am not sure it was something that you could characterise as the issuing of an invitation. After the briefing, there was a discussion that I participated in with the Coalition of Major Professional and Participation Sports. At that meeting, it was the view of—

Senator ABETZ: Can I interrupt? When did the briefing occur?

Mr Eccles: The Crime Commission's briefing; that is a question you should ask the Crime Commission.

Senator EDWARDS: When did the first briefing happen?

Mr Eccles: Of the sports?

Senator ABETZ: Yes.

Senator EDWARDS: Yes, the first one—when they all went away and then they got called back. When was that first briefing?

Mr Eccles: I will need to check with the Crime Commission, but it was either this Monday—no, it was in the week preceding.

Senator ABETZ: So how much notice were they given about this intended press conference on Thursday last week?

Mr Eccles: There was a meeting of the Coalition of Major Professional and Participation Sports on the Tuesday before the press conference and it was the view of that group that they wished to participate in the press conference that the ministers intended holding.

Senator ABETZ: At whose suggestion did they decide that they wanted to be there?

Mr Eccles: That is something you need to ask the Coalition of Major Professional and Participation Sports. There was a general discussion amongst them all.

Senator ABETZ: Was there a government representative there?

Mr Eccles: Yes; I was there.

Senator ABETZ: So you would know whether or not you initiated that suggestion or whether one of the sportspeople said, 'Hey, what a great idea! Let's have a press conference with the ACC.'

Mr Eccles: I think it was all of the above.

Senator ABETZ: All of the above; all at the same time? The meeting must have been pandemonium. Come on!

Mr Eccles: No; it was very structured.

Senator ABETZ: Come on—somebody made the suggestion. Who was it?

Mr Eccles: It was a discussion. I had had several discussions in the preceding week with a number of the key CEOs, including the chairman of COMPPS. We spoke about the broader release strategy. The sports indicated that they wanted to be part of the solution and part of representing what the issues were at hand. To characterise it as something where we said, 'You should be in Canberra', I think is not accurate. It was a discussion that led to the conclusion that 'We're all in this together, so let's present a united front'. It was certainly the intention of all the sports, from the moment that they were briefed, that they would be part of presenting a united front with ASADA, with the Crime Commission and with us to deal with the issues at hand.

Senator Lundy: Which I think, Senator Abetz, is the whole point: collectively the Coalition of Major Professional and Participation Sports takes these issues very seriously and obviously, post their briefing with the Australian Crime Commission, they were very strongly of the view that they were going to be a part of the public announcement relating to the ACC's report, along with Minister Clare and me.

Senator ABETZ: Mr Eccles, with all these individual meetings you had, did you raise the prospect of this press conference?

Mr Eccles: I raised the prospect of the government's intention to hold a press conference.

Senator ABETZ: So you were the one, on behalf of the government, who raised the prospect of a press conference with all of them. So it was not something that just morphed out of everybody sitting there, holding hands and deciding at exactly the same time that they wanted to do this. This was a government initiative—and that is all I wanted to find out. Thank you.

Senator Lundy: Senator Abetz, I think it is very important to understand that the sports represented by COMPPS have taken absolutely the most responsible approach and attitude that they possibly could.

Senator ABETZ: I am not even going there.

Senator Lundy: They are choosing to stand up with the government on the—

Senator ABETZ: We have just wasted about five minutes because Mr Eccles would not tell me straight out—

Senator Lundy: Senator Abetz, it is really rude to interrupt me when I am trying to answer your question.

Senator ABETZ: You are not answering a question.

ACTING CHAIRMAN (Senator Gallacher): Can I just ask for a point of clarification? Are we going to get on to the Australian Sports Commission?

Senator ABETZ: Chances are, from what I can gather from these questions, not from my perspective.

ACTING CHAIR: Does anybody else have a question of the Australian Sports Commission?

Senator EDWARDS: I am happy to go after my leader.

Senator ABETZ: Chances are that we will take the full time—regrettably, Senator Edwards.

Senator EDWARDS: I would like to know when the first briefing was. When was the first briefing? You would have been there, Mr Eccles, when the ACC and you pulled all those other sporting groups together some weeks ago. I am really interested to know who tipped off Essendon.

Senator Lundy: Excuse me, Senator Edwards; it is entirely inappropriate to say things like that. There have been speculative media reports about that, but there is no evidence whatsoever that anyone tipped off anyone about this. It is irresponsible of you to raise those kinds of allegations in the way you have at this hearing.

Senator EDWARDS: When was the meeting, Minister, the first meeting?

Senator Lundy: Which meeting?

Senator EDWARDS: The meeting between ACC and all the interest groups which were subsequently called to a subsequent meeting.

Mr Eccles: On 31 January the AFL and the NRL were briefed separately.

Senator EDWARDS: In Canberra?

Mr Eccles: Yes.

Senator ABETZ: What consultations were undertaken between the government and with the CEOs of those sporting codes prior to their being informed that they would be required to travel to Canberra for this announcement? So we have the NRL and we have the AFL, and they occurred on the 31st. What other codes—

Mr Eccles: There was a further briefing of the secretary of COMPPS, the Coalition of Major Professional and Participation Sports.

Senator ABETZ: That was it; three?

Mr Eccles: At that point in time. There was a subsequent briefing later of all the CEOs.

Senator ABETZ: On what date?

Mr Eccles: That was Tuesday of—

Senator ABETZ: That was the Tuesday before the Thursday?

Mr Eccles: No; Tuesday after the Thursday. So we went Thursday, briefing the two codes and COMPS, at a meeting with all the CEOs, to discuss how we could have a joined-up approach and their commitment to work with us and our commitment to work with them, on the following Tuesday, followed by the announcement on the Thursday.

Senator ABETZ: Did every organisation pay its own travel costs to and from?

Mr Eccles: Yes.

Senator ABETZ: What briefings were provided to the CEOs of these sporting codes as to the nature of this announcement, and by whom and how?

Mr Eccles: The nature of the briefing that was provided to the AFL, NRL and COMPS on the 31st was a classified briefing. Mr Lawler would be much better placed to go into detail. I am not going to risk tripping these things up.

Senator ABETZ: That was the ACC?

Mr Eccles: Absolutely; ACC.

Senator ABETZ: Michael Lawler?

Senator Lundy: John Lawler.

Mr Eccles: John Lawler, yes.

Senator ABETZ: When was the CEO of the Australian Sports Anti-Doping Authority advised of the time and date of the press conference?

Mr Eccles: The CEO of the Australian Sports Anti-Doping Agency was in the middle of all the meetings and was a collaborative partner with the Crime Commission from very early days in Project Apero. They would have been fully informed as plans emerged. Ms Andruska would have been as aware as anyone at any time; she would have been fully informed of what was going on. We were working very closely.

Senator ABETZ: By inviting the CEOs of every major sporting code in Australia to this announcement, does the government believe that sports doping and match fixing are widespread and endemic across all sporting codes?

Senator Lundy: We are, as everybody is, working to the advice as released in the public document by the Australian Crime Commission. So we will refer you to the language used by the Australian Crime Commission in the expression of their findings.

Senator ABETZ: So that is the government's view: that which the ACC has given to you, you have now adopted as your view. You do not have an independent view?

Senator Lundy: You asked the question. My view is that we do have cause to be concerned about these findings and that I certainly have a responsibility, as the Minister for Sport, to do what is possible, through policy, through programs, to harden the environment around sport to protect its integrity. To that end, accompanying the ACC on the day of their release of the report, we were able, through discussions with the Coalition of Major Professional Sports representatives, to announce a number of initiatives and that included their intention to strengthen their integrity structures and responses within each of their sports. We in turn were able to point to the establishment of our national integrity of sport unit that we previously announced and the role that it would play in coordinating and supporting sports in the establishment of their integrity units. We were also able to announce and advise the sports of the tabling of the ASADA amendment bill, which went a long way to providing a solution to a problem identified in both the ACC report and also previously identified in the Wood review into Cycling Australia. There were things that needed to be strengthened within ASADA's legislation to allow ASADA greater investigative powers—for example, the ability to compel people to attend interviews and provide information. Further—

Senator ABETZ: No, the question was—

Senator Lundy: No; this is important because it is about the character of—

Senator ABETZ: You might think it is important—

Senator Lundy: You asked me what the government's response was and I am telling you.

Senator ABETZ: No, I did not ask what the government's—

Senator Lundy: I also want to reference the fact that we have a match fixing policy.

Senator ABETZ: Chair, the minister has just put herself in it by saying that I had asked something which I did not. In fact I asked: does the government believe that sports doping and match fixing are widespread and endemic across all sporting codes? The answer is either yes or no, or 'We would not use that sort of terminology.' But I did not ask anything about the response.

CHAIR: In defence, I think the minister has the full right to answer the question as best she sees fit. It is in the *Hansard*. Minister, continue your answer.

Senator Lundy: That is right; and I did want to also—

Senator ABETZ: Yes, but she cannot make ministerial statements that are not addressing the question.

CHAIR: The minister was answering, Senator Abetz, and I cannot tell the minister how to answer it. The question has been asked. We only have 10 minutes left.

Senator ABETZ: I know; that is why I am trying to get her to be relevant to the actual question asked.

Senator Lundy: Match fixing was raised in the ACC report quite extensively, and it is the link between both performance enhancing and illicit drug use and the potential for corruption in sport associated with match fixing, which is why our response and the fact that we are the first government in the world to have a national match fixing policy is entirely relevant. I am going to ask Mr Eccles to outline progress to date on match fixing because of its direct relevance to the government's view about the findings in the report.

Senator ABETZ: Is there a drug that leads to verbosity, because you ought to be tested for it, Minister.

Mr Eccles: You asked whether we believed that match fixing was prevalent.

Senator ABETZ: Yes; and the answer is either yes or no.

Mr Eccles: The answer is very clear that the Commonwealth government and the state and territory governments, all united, absolutely believe that the preconditions for match fixing are absolutely in place. The preconditions include growing and increasing links between organised crime and sport; growing and increasing use of illicit drugs; growing and increased use of performance enhancing drugs. All states—

Senator ABETZ: Is it widespread and endemic; yes or no?

Mr Eccles: Match fixing?

Senator ABETZ: Yes.

Mr Eccles: There are instances of match fixing that the law enforcement agencies are aware of and the preconditions are in place. Is it widespread and endemic?

Senator EDWARDS: 'Are there a lot of them?' is the question.

Senator Lundy: The issue here, of course, is that classified information has been compiled by the ACC and passed on to authorities, so it is really not for us to reflect on that data. I just cannot help interpreting your question as doing it.

Senator ABETZ: That is a fair enough answer.

Senator Lundy: What I can say, Senator Abetz—

Senator ABETZ: No; you ought to stop. You cannot talk about it because it is classified.

Senator Lundy: Again, you are using your questions to misrepresent the government's position.

Senator ABETZ: What?

Senator Lundy: Australian sport has an incredibly proud history and reputation and it is incredibly important that we protect it. The best way to protect that, of course, is to make sure that these issues are adequately aired and responded to and investigated. That has been our approach in the past; it will continue to be our approach. I am proud of that and I think all of Australian sport does understand why we need to be continually vigilant in the fight against both performance enhancing drugs and the risk and dangers associated with the infiltration of organised crime in sport. That was the focus of the report.

Senator ABETZ: You would do well in water polo; you would not have to come up for breath.

Senator Lundy: Water polo, Senator Abetz? I have to confess that it is one of the sports that I do not play.

Senator EDWARDS: You could play underwater marbles.

Senator ABETZ: As I understand your answer, given the ACC's investigations et cetera, you do not want to divulge as to how widespread match fixing and sports doping actually are because it could be sensitive with ongoing investigations. That is a fair enough answer but you could have said that in about five seconds. Can I ask about the ASADA CEO; excuse me, he or she?

Senator Lundy: Ms Aurora Andruska.

Senator ABETZ: When was she advised of the time and date of the press conference?

Mr Eccles: As I mentioned earlier, Ms Andruska was a partner with the Crime Commission, or ASADA was a partner with the Crime Commission, for quite some time in the lead-up to finalising the report through the end of last year. She and her staff were present at the meeting of COMPS the Tuesday before. She was present at the briefings of the AFL. She knew at the same time I knew.

Senator ABETZ: Yes, but you were the one that made the suggestion to all the bodies about a press conference.

Mr Eccles: No; I alerted them to the fact that it was taking place. Yes, Aurora was in the room and was aware, and I had spoken to her about it at the same time. She had contemporary knowledge all the way through.

Senator ABETZ: So the Tuesday before the press conference?

Mr Eccles: No. She would have known on the Thursday when the sports were briefed and the sports were indicating an interest to join together with the government. Ms Andruska's knowledge of the press conferences was exactly the same as mine.

Senator ABETZ: This interest was an interest that was suggested by you—in the press conference.

Mr Eccles: Yes.

Senator ABETZ: I think we agreed on that previously. When was ASADA first made aware that the Australian Crime Commission was conducting an investigation into drug use in Australian sport?

Mr Eccles: We will send that to ASADA, but it is fair to say that they were involved. It was the early exchange of information at the very beginning of the project that led to the joint agreement that there was something worth pursuing. So we are looking at well over 12 months ago. I will need to check; it was before my involvement.

Senator ABETZ: Take it on notice.

Mr Eccles: Yes.

Senator ABETZ: Minister, when were you first made aware that the Australian Crime Commission was conducting an investigation into drug use in Australian sport?

Senator Lundy: I was first made aware of the investigation, albeit in no detail, back on 19 September last year.

Senator ABETZ: That is, 2012; yes?

Senator Lundy: Yes. I received my first briefing on 29 January this year and that was obviously at the conclusion or coming to the conclusion of their report.

Senator ABETZ: Has ASADA had any budget cuts in recent times?

Mr Eccles: We would need to refer that to ASADA; we will take that one on notice. But there is none that springs to mind.

Senator BACK: Can I ask who the catalyst was? Was ASADA or the ACC the catalyst for the decision to go ahead and—

Mr Eccles: I think it is fair to say that it was a discussion about vulnerabilities. They have a regular interaction, as you would imagine, and it was some information that ASADA had that they shared with the Crime Commission, and the Crime Commission were able to essentially put two and two together and they identified a joint work program and essentially Project Aperio was—

Senator BACK: ASADA's was on the basis of positive drug tests?

Mr Eccles: They do not just gather information through positive drug tests, but it is something that we should take on notice and get their details—

Senator BACK: Okay. I will defer to Senator Abetz.

Senator ABETZ: If you could take that on notice, I would be obliged. If ASADA and the ACC have been investigating drug use in Australian sport for at least 18 months—is 18 months about right?

Senator Lundy: Senator Abetz, it is very difficult for the Office for Sport to speculate on that because obviously conversations were occurring between ASADA and the ACC. As for any specificity about that, I suggest you refer questions directly to those agencies.

Senator ABETZ: Mr Eccles, from your knowledge, talking with ASADA officials and ACC officials, are you aware of when they started?

Mr Eccles: When they started discussions? I would need to take it on notice, but I think it is consistent with what Mr Lawler said, that it was certainly at the beginning of last year, towards the beginning of last year. I will need to get the precise dates.

Senator ABETZ: Can somebody provide us with an explanation as to why an Olympic gold medallist like Sally Pearson told us on the weekend that she was drug tested 11 times last year outside of competition, yet professional footballers may be tested only once or not at all in a whole season? How did that evolve or happen?

Mr Eccles: That is a question for ASADA. ASADA's guidelines will be able to steer you to that answer.

Senator ABETZ: I will not try to get one in in the next 50 seconds.

CHAIR: Thank you, Senator Abetz. On behalf of the committee, thank you, Ms Beauchamp, and I thank your officers. Thank you, Minister. Once again—I sound like a broken record; we have had two very long days—Stephen, to you and your crew, Kirstie and company: thank you very much. To Hansard and broadcasting, the hard workers behind the glass, you never hear a peep out of them. Well done and thank you very much. I thank my colleagues. That concludes today's hearing. The committee now stands adjourned.

Committee adjourned at 22:59