



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

RURAL AFFAIRS AND TRANSPORT LEGISLATION
COMMITTEE

ESTIMATES

(Additional Estimates)

TUESDAY, 22 FEBRUARY 2011

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE RURAL AFFAIRS AND TRANSPORT**LEGISLATION COMMITTEE****Tuesday, 22 February 2011**

Members: Senator Sterle (Chair), Senator Heffernan (Deputy Chair) and Senators Hutchins, Nash, O'Brien and Siewert

Participating members: Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Birmingham, Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Coonan, Cormann, Crossin, Eggleston, Faulkner, Ferguson, Fierravanti-Wells, Fielding, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Humphries, Hurley, Johnston, Joyce, Kroger, Ludlam, Macdonald, McEwen, McGauran, Marshall, Mason, Milne, Minchin, Moore, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Stephens, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Abetz, Back, Boyce, Colbeck, Coonan, Heffernan, Hutchins, Joyce, Ludlam, Macdonald, Milne, Nash, O'Brien, Sterle, Williams and Xenophon

Committee met at 9.02 am

INFRASTRUCTURE AND TRANSPORT PORTFOLIO**In Attendance**

Senator Carr, Minister for Innovation, Industry, Science and Research, representing the Minister for Infrastructure and Transport

Department of Infrastructure and Transport**Executive**

Mr Mike Mrdak, Secretary

Mr Andrew Wilson, Deputy Secretary

Ms Lyn O'Connell, Deputy Secretary

Corporate Services

Mr David Banham, Chief Operating Officer

Ms Cheryl-Anne Navarro, Acting Chief Financial Officer

Infrastructure Australia

Mr Michael Deegan, Infrastructure Coordinator

Major Cities Unit

Ms Dorte Ekelund, Executive Director

Nation Building—Infrastructure Investment

Mr Andrew Jagers, Executive Director

Mr Richard Wood, General Manager, Rail and Intermodal

Mr Neil Williams, General Manager, Infrastructure Policy

Mr Roland Pittar, General Manager, North West Roads

Mr Alex Foulds, General Manager, South East Roads

Mr Troy Sloan, General Manager, Major Infrastructure Projects Office

Surface Transport Policy

Ms Karen Gosling, Acting Executive Director
Mr Robert Hogan, General Manager, Vehicle Safety Standards
Ms Philippa Power, General Manager, Maritime Policy Reform
Mr Michael Sutton, General Manager, Land Transport Reform
Mr Joe Motha, General Manager, Road Safety and Programs
Ms Donna Wieland, General Manager, Surface Transport Regulation Taskforce
Ms Pauline Sullivan, General Manager, Shipping Policy Reform Branch

Australian Maritime Safety Authority

Mr Graham Peachey, Chief Executive Officer
Mr Mick Kinley, Deputy Chief Executive Officer
Mr Brad Groves, General Manager, Maritime Standards 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, Regulatory Affairs and Reform

Policy and Research (incorporating the Bureau of Infrastructure, Transport and Regional Economics)

Mr Brendan McRandle, Acting Executive Director
Dr Gary Dolman, Head of Bureau, BITRE
Mr Stuart Sargent, General Manager, Policy and Research Division
Mr Richard Farmer, General Manager, High Speed Rail
Ms Jackie Raynor, Acting General Manager, Policy Development Unit

Office of Transport Security

Mr Paul Retter, Executive Director
Mr Peter Robertson, General Manager, Aviation Security
Mr Guy Richardson, Acting General Manager, Analysis and Operational Support
Mr Michael Rowe, Acting General Manager, Transport Security Operations
Mr Steve Dreezer, General Manager, Maritime, Identity and Surface Security
Ms Karly Pidgeon, Acting General Manager, Supply Chain and Screening

Aviation and Airports

Mr John Doherty, Executive Director
Mr Scott Stone, General Manager, Aviation Environment
Ms Ann Redmond, Acting General Manager, Airports
Mr Stephen Borthwick, General Manager, Aviation Industry Policy
Mr Jim Wolfe, General Manager, Air Traffic Policy
Ms Jessica Hall, Acting General Manager, Sydney Aviation Capacity
Mr Marcus James, General Manager, Airport Economic Regulation

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 Peter Cromarty, Executive Manager, Airspace and Aerodrome Regulation
Mr Gary Harbor, Executive Manager, Corporate Services Division

Mr Peter Boyd, Executive Manager, Standards Development and Future Technology
Mr Greg Hood, Executive Manager, Operations
Ms Elizabeth Hampton, Industry Complaints Commissioner

Airservices Australia

Mr Greg Russell, Chief Executive Officer
Mr Jason Harfield, General Manager, Air Traffic Control
Mr David Byers, General Manager, Corporate and International Affairs

Australian Transport Safety Bureau

Mr Martin Dolan, Chief Commissioner
Mr Ian Sangston, General Manager, Aviation Safety Investigations
Mr Neville Blyth, Manager, Technical Analysis
Mr Peter Foley, General Manager, Surface Safety Investigations

CHAIR (Senator Sterle)—I declare open this public hearing of the Senate Rural Affairs and Transport Legislation Committee. The Senate has referred to the committee for examination the particulars of proposed additional expenditure for 2010-2011 and related documents for the Infrastructure and Transport portfolio. The committee has fixed Tuesday, 12 April 2011 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business this Friday, 25 February 2011.

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 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)

Officers called upon for the first time to answer a question should state their full name and position for the *Hansard* record and witnesses should speak clearly into the microphone. Could I please remind everyone present to switch off their mobile phones or render them inaudible. As agreed, I propose to call on the estimates in the order shown on the printed program. We will take a break for morning tea at 10.30 am sharp. Other breaks are listed in the program. I now welcome Senator the Hon. Kim Carr, Minister for Innovation, Industry, Science and Research, representing the Minister for Infrastructure and Transport; Mr Mike Mrdak, Secretary of the Department of Infrastructure and Transport; and officers of the department.

[9.04 am]

Department of Infrastructure and Transport

CHAIR—Minister, do you or Mr Mrdak wish to make an opening statement?

Senator Carr—No, I do not.

Mr Mrdak—No, sir.

CHAIR—Thank you. Senator Colbeck.

Senator COLBECK—At the last estimates you answered some questions about who might be the Coordinator-General, and you indicated that it might be you or it might be another officer in the department. Has that position been finalised?

Mr Mrdak—Yes. Ms Lyn O’Connell, my deputy secretary, has been appointed as the Commonwealth Coordinator-General; that took effect from November last year.

Senator COLBECK—That was in that period just after estimates, as you indicated it would be during the last estimates.

Mr Mrdak—That is right, Senator.

Senator COLBECK—What has been Ms O’Connell’s specific output since that time?

Ms O’Connell—Senator, I took over the role of Commonwealth Coordinator-General in November of last year. Largely, the activities and works were well underway in terms of delivering the programs that were part of the Coordinator-General’s role, along with the economic stimulus plan. There has been further delivery in terms of the activity there, such as the social housing programs, the completion of many of the road transport activities and also the Building the Education Revolution. During that time, Brad Orgill delivered his final report on the Building the Education Revolution in about January, I think it was, of this year—last month.

Senator NASH—Can I just ask: in all that, what do you actually do?

Ms O’Connell—My role as Coordinator-General has changed. At the very beginning, at the creation of the Coordinator-General role, it was very active about forming the program delivery aspects of the overall economic stimulus plan. Many of those programs are now at their final stages; in fact, they should all be completed by the end of this financial year—so, by the end of June 2011, the programs will be delivered. My role is one of coordinating and dealing with both the state and federal government agencies responsible for delivery of the programs, reporting on the delivery of the programs et cetera, and resolving any issues.

Senator COLBECK—In the context of that reporting process, what slippage is there? Is everything going to be finished by 30 June this year? What is running behind schedule; what particular projects or programs are running behind and will not be completed within that time frame?

Ms O’Connell—Certainly, as part of the overall stimulus plan, there are almost 50,000 major construction projects, and 97 per cent of those have commenced and are well underway; so there are very few, less than three per cent, of major construction projects that are yet to have commenced as part of the economic stimulus.

Senator NASH—Could we have a list of the three per cent put through? I am happy for you to take that on notice.

Ms O’Connell—Yes. We can certainly provide that on notice. In terms of completion of the major projects, of the 97 per cent that have commenced, over 73 per cent have been completed by various agencies under the social housing—

Senator COLBECK—Have been completed?

Ms O’Connell—Have been completed.

Senator COLBECK—Does your role include gathering data on completion within the specified time frames of the project and within the specified budget of the project?

Ms O'Connell—Yes, it includes basic reporting on delivery of the project, according to timelines and budgets for the projects.

Senator COLBECK—Is there a document available that could give us information relating to that 73 per cent, whether they were completed by their individual project deadline and within their project budget?

Ms O'Connell—The progress of the projects is reported on the economic stimulus plan website on a regular basis. In terms of an overall report, that would obviously take place at the end of the delivery of the overall program—so after 30 June this year.

Senator COLBECK—You do not monitor that as it goes along to see whether there are particular problem projects or whether you might need to intervene in any particular place to ensure a project meets its benchmarks and its budget? There is no process where you have to participate in that—all you do is watch the data flow past?

Ms O'Connell—No, Senator. There is ongoing monitoring of the program, hence we have figures like 73 per cent completion and 97 per cent commencement, so there is active monitoring of the program.

Senator COLBECK—With regard to the three per cent that have not commenced, given that we are talking about a completion date of 30 June, what is the likelihood of them commencing and being completed within the time frame?

Ms O'Connell—I will ask my colleague to answer directly. Andrew Jagers is Executive Director of Nation Building, Infrastructure Investment, and he assists me in the delivery of my responsibilities in my role as Coordinator-General.

Mr Jagers—Senator, Ms O'Connell is referring to data that was available at the end of December 2010. We receive regular reports on progress from state and territory governments and also from Commonwealth government agencies. In relation to the three per cent that have not yet commenced, there are a small number of primary school projects that, at the end of December, had not commenced, and a small—

Senator COLBECK—At the beginning or the end of December?

Mr Jagers—at the end of December—and a small number of social housing projects that had not commenced work on site. In relation to the primary schools program, 99 per cent of Primary Schools for the 21st Century projects had commenced construction on-site and I think the figure for social housing is, similarly, around the high 98-99 percentage level.

Senator COLBECK—Do you have any later figures than those for the three per cent of projects that have not started? That was at the end of December. You have no figures that relate to any time beyond that? If these are major infrastructure projects, are they going to be completed within the time frame?

Mr Jagers—Just to explain the reporting process: state and territory governments provide progress data to the relevant Commonwealth agencies at the end of each month; so, at the end of January they would have started preparing data to provide to, say, DEEWR or to FaHCSIA

in relation to housing. That data usually comes through to those agencies in the third to fourth week of the month, for the month previously, and then that data comes to the coordinator-general's office, and then it is collated. So end of December data is the latest data that we have. We do also receive reports from states and territories directly, from coordinator-generals in state and territory governments, about progress and how they are tracking against each of their projects, and that happens on a fortnightly basis.

Senator COLBECK—What is the value of the projects not commenced as of your latest report?

Ms O'Connell—I have taken the earlier question on notice, which is to provide you the break-up of what is in that three per cent that had not commenced at the end of December. I can also provide you information on the value of that on notice, and I can provide a more up-to-date figure with an additional month's data at that time.

Senator NASH—Can I just clarify when the last report was made public?

Ms O'Connell—The process is an active updating of the website with the particular projects, in terms of their status, completion.

Senator NASH—I assume you have reports up on the website. Do you?

Mr Jagers—The Economic Stimulus Plan website does provide updates against each of the programs in the stimulus plan. I think the last update was in November, based on end-of-October data, and we are preparing now for a further update, once we have data from the end of January.

Senator NASH—So there is not a specific report from the coordinator-general that comes out quarterly, or six-monthly, or anything like that; there is just a rolling—

Ms O'Connell—It is anticipated that there probably will be one at the end of the program; so at the end of June there would be likely to be a report.

Senator COLBECK—What is the likelihood of these projects being completed within the time frame of the program?

Ms O'Connell—The additional projects have been scheduled and I can certainly come back to you with information about when they are scheduled for. One of the things that we are doing at the moment is having a look, in terms of the impact of the floods in Queensland, New South Wales and Victoria, to understand if they have any impact on that remaining small number of projects that have not yet commenced.

Senator COLBECK—I am just trying to reconcile the difference between the numbers. You say 97 per cent commenced. Then you tell me that primary schools and social housing projects are the two categories of projects that are not commenced?

Ms O'Connell—That make up that three per cent of projects that have not commenced?

Senator COLBECK—That make up that three per cent.

Ms O'Connell—I believe that to be the case.

Mr Jagers—Yes, I think so.

Senator COLBECK—So the three per cent of the economic stimulus projects that are not commenced are primary school projects and social housing projects. There is nothing else? There is no other category of project?

Mr Jagers—I think we agreed to take on notice and to provide you the details of that three per cent.

Senator COLBECK—I am just trying to make the numbers add up. You have said that there is 97 per cent commenced; that leaves three per cent not commenced. You have mentioned to me that 99 per cent of primary schools are commenced, and social housing is in the high 90s—98 or 99 per cent. I am struggling to find three per cent of the overall—is that by number or is it by value?

Mr Jagers—That is by number.

Senator COLBECK—I am just trying to get a perspective on how 98 or 99 per cent of the two categories, if they are completed, relates to 97 per cent commenced under the broader picture.

Mr Jagers—In relation to social housing, I said I think the number is in the high 90s, but I will have to confirm that and get back to you.

Senator COLBECK—Can you tell me where those projects are?

Ms O'Connell—We don't have that information with us. We can provide that information.

Senator COLBECK—You have got about 27 per cent of the projects that are not yet completed. Of that 27 per cent, which includes obviously this three per cent that were not commenced as of the latest report, which was December figures, how many of those projects will not be completed by the end of the program?

Ms O'Connell—In those where work is underway, it is actively underway in terms of the construction work.

Senator COLBECK—I understand all that; that is my trade. I am just trying to find out what is going to be the lag at the end of the project—what percentage of that 27, including the three that have not started yet. It depends on the size of the project. But here we are, towards the end of February, and you have got four months to complete a number of projects: primary schools, social housing. You have already told me that there may be some other issues relating to the recent extreme weather events that impact on them. All I am trying to do is get a sense of how much of it is not going to be finished by 30 June.

Ms O'Connell—Seventy-three per cent have been completed. Of that remaining number, construction had started on all but three per cent.

Senator COLBECK—Yes. I think we are on the same wavelength with that bit.

Ms O'Connell—For those where construction had commenced, the expectation is that that construction was continuing. Those figures were as at the end of December. We will soon have updated figures to bring us to the end of January. In some of those areas, in particular the Building the Education Revolution and primary schools work, a lot of that was focused so that the major construction activity could occur during the school holidays. My expectation is that the completion rate will be high for those projects that—

Senator COLBECK—You would expect a fair bit to be completed, if possible, over the summer break, depending on the weather, of course. There are mitigating circumstances; I understand that only too well. But I am just trying to get a sense of where we are with the overall package, what percentage is completed, what is anticipated to meet the deadline, which is, as you have said, 30 June, and what is anticipated to be an overrun. The next question is: how you are going to manage that? What is the process that you have? If your job is to oversight, to monitor, to make sure that all this stuff works properly, what is the process with dealing with the individual states or whoever it is that is undertaking these projects to get them through?

Ms O'Connell—I will talk through the process. The issue for us at the moment in getting more up-to-date data on projects that have not commenced and projects where construction had commenced is the issue of the impact from the floods in the states and any impact that that will have. We are expecting that we will have the information about the flood effects on any of the projects by the end of this month and then be in a better position to look at what that will mean for the overall program.

In terms of interaction and delivery of the projects, we hold regular update opportunities with both the state coordinator-generals and the coordinator-generals from each of the federal government agencies who have responsibility for project delivery. As part of that, we regularly monitor the delivery of all the different elements of the project according to the time lines.

Senator COLBECK—What processes do you use or what processes do you have in place to ensure that projects meet their specified deadlines?

Ms O'Connell—We have got reporting in place to understand how the overall program is tracking as part of that process. The funding agreements that were struck in order to deliver the projects and the program were struck around achievement of those deadlines.

Senator COLBECK—What penalties, what processes within the funding agreements? If they don't meet the deadlines what happens to the projects? You must have some process that actually pushes this to make it happen?

Mr Jagers—The primary mechanism for ensuring that the stimulus programs were delivered was the establishment of the new governance arrangements around the delivery of the program. Each of the key areas of responsibility has a coordinator who has been dedicated to ensuring the delivery of the programs within their respective portfolio, and a number of coordinator-generals appointed for each state and territory, as well. So the network is still meeting regularly to ensure that projects are completing and completing on time.

There have been some delays, as Ms O'Connell mentioned, in relation to some projects in relation to some areas. For instance, the Primary Schools for the 21st Century Program projects were meant to finish by the end of March 2011. There have been some extensions granted to states and territories for projects because they are not able to meet those timelines. Some of the factors are in relation to the weather. The last 12 months have been, I think, if not the wettest year on record on the eastern seaboard. There have been some delays in some projects and extensions have been granted by those agencies in relation to those projects.

DEEWR, for instance, has detailed records about which projects have been extended and where there have been agreements about that. There was also a small amount—

Senator COLBECK—Excuse me, but don't you collate all that information together? Isn't that part of the role that you undertake as coordinator-general? Isn't it your role to pull that stuff together?

Mr Jagers—Yes.

Senator COLBECK—They have got it, sure. But isn't it your role, on behalf of the government, to pull all that stuff together, to oversight it and then to act as a driver to ensure that things keep moving and projects actually get completed?

Mr Jagers—Yes, that is absolutely right. We do collect the information. We do know what is happening with the programs in jurisdictions and are able to raise issues with jurisdictions as needed. You asked what the mechanisms are to make sure that the projects are delivered and the key mechanism is that government structure and that continued reporting process. For instance, if we get a report from a state and we identify from that report that the progress on a particular area isn't as expected, we then will discuss that with the line agency responsible and discuss it with the state agency to see what can be done. That is where the role goes to.

Senator COLBECK—Effectively, what you have done is you have built a fairly elaborate governance process based in this agency with similar structures within the other agencies that you are working with—education and that sort of thing—and also at a state level. So you have got a hierarchy of governance that you have built up as part of this exercise that is designed to oversight the delivery and hopefully push to drive completion on time and on budget. We have had the arguments about the budget stuff and you have mentioned Mr Orgill's report, so we don't need to go there specifically now.

Mr Mrdak—That is right. As you have outlined, one of the key points in delivery was this governance structure with clear lines of responsibility within agencies and jurisdictions. As Mr Jagers has indicated, we think that has been one of the reasons why we have delivered such a large number of projects. This jurisdiction has been able to do that because of the way the network has operated.

Senator COLBECK—Has there been any work done within the department or within the government on the overall perspective on how effective this government structure and reporting structure has been? Has there been any review of that process?

Mr Mrdak—I do not think there has been any formal review as such. There has been ongoing work to try to refine and streamline the processes to pick out the best points. But I do not think there has been any formal review as yet. That will come later this year as we do the final wrap-up of the whole program and look at how this has all operated. It has interesting to note that a couple of jurisdictions have sought to extend the role of their coordinator-generals beyond the fiscal stimulus and certainly I am aware that New South Wales, for instance, has sought to set up a more permanent role for a coordinator-general as Queensland—

Senator COLBECK—They would have to be prime candidates. That is a personal perspective that perhaps is shared on this side of the table and not on that side of the table. But I would have to say they are prime candidates.

Ms O'Connell—Queensland have had a coordinator-general position for a while.

Senator COLBECK—It is a very elaborate and detailed structure and obviously the government has put a fair bit of work into actually setting it up, refining it, as you have said, Mr Mrdak. Is there any reason why it was not chosen to deliver the restructure and the reconstruction works in relation to the floods? You have just spent quite a deal of time telling us how it has relationships with the states, how it has relationships with other agencies and how a lot of work has been done on refining the structure and making it work effectively. Is there any reason why it wasn't chosen to oversight the reconstruction work on the floods? There has been yet another structure set in place.

Mr Mrdak—The government structure in response to the floods reflects the fact that the nature of the flooding has been different across jurisdictions and regions. In a number of regions they are more normal events, they have been handled with existing governance arrangements under the NDRRA arrangements, which is a reimbursement. States have not felt the need to set in place particular specialised reconstruction activity. Quite clearly in Queensland, the extent of the damage to both public infrastructure and personal property is much larger than in other jurisdictions. In that situation, the Queensland Government took the decision to set up the Reconstruction Authority with the Commonwealth and the decision has been taken that that is being handled by our Regional Australia colleagues in that department as a regional development initiative rather than being taken back through this coordinator-general mechanism here that we have, which is largely focused, as we say, on the fiscal stimulus.

Senator COLBECK—But with the oversight process yet another group that has been set up to do the oversight, the value for money and all that sort of stuff. Yet that has clearly been one of the roles that this group has had, not necessarily all the time in this department because it was initially set up in the Prime Minister's department when it was originally established, and it has been transferred across. I understand that. That occurred some time last year.

Mr Mrdak—It occurred about October.

Senator COLBECK—Yes, after the election, and we explored that at the last estimates. You have quite an elaborate structure in place that is designed to do a range of duties, which we have discussed at reasonable length. Yet it has been set aside despite other jurisdictions expressing confidence in what it does and deciding that they would like to see an ongoing role for it. Does the role of this organisation disappear at 30 June?

Mr Mrdak—Certainly we anticipate that at this stage the Office of the Coordinator-General won't continue beyond the fiscal stimulus programs.

Senator COLBECK—Is there any funding for you to continue post-30 June or is there a wind-down period afterwards or a final reporting period? What happens there?

Mr Mrdak—There is a short wind-down period but, essentially, there is funding for this year, and a small amount into next year, to complete the wind-up.

Senator COLBECK—It just seems incongruous to me that you have got a really positive structure in place and then the government sets something else up, headed by John Fahey, to do effectively the same sort of job, with a completely new organisation.

Ms O'Connell—Sorry, you mentioned reviews earlier and my colleague has mentioned that there was a review of the coordinator-general governance arrangements over 12 months ago.

Mr Jagers—Yes, if I could just add that there was a business assurance review conducted by PricewaterhouseCoopers into, essentially, the government's arrangements around the economic stimulus, and the report of that review is on the Economic Stimulus Plan website.

Senator COLBECK—That report is on the website?

Mr Jagers—It is.

Senator NASH—Just on the website—and I understand you do these progress reports—unless I am missing something the last report on the website was to end of December 2009. Is there any reason why there is no reporting on the website since then? It is over a year?

Mr Jagers—Yes. Two formal reports were released by the coordinator-general—after the first six months and then after the first 12 months of the stimulus—and those reports are on the website. The website also contains snapshot data from each of the key programs, and that data is updated on a regular basis now.

Senator NASH—Obviously you have started doing these regularly—you have got progress report to end of June 2009, progress report to end of December 2009. Why did that just stop?

Mr Jagers—The key component, the stimulus, was getting programs up and running quickly. There was significant interest in how those programs were established, so formal reports were prepared and released over the first 12 months. Since that time, the website has been used as the primary tool for updating generally across the stimulus programs, so the same sort of data is available on the website as was in some of those reports.

Ms O'Connell—The data on the website is up-to-date as at the end of November last year, 2010.

Senator NASH—I understand that. You did mention that before, thank you. What I am getting at is: I was following this in 2009, I went to the end of December 2009 to look at this particular information, to mid-June 2010, and all of a sudden there is nothing here. So where am I going to on the website to find exactly that information at that point?

Ms O'Connell—It is all there in terms of the project reports. I think what that is—

Senator NASH—Just bear with me for a second. I have been looking at these progress reports for a year and I have been doing this process on the website. I know all that other information is there, but all of a sudden it stops coming in this format. How do I know where to go and look for this same information?

Mr Jagers—The website has a subscription service, so people who subscribe to the website get notified of updates. Certainly, there is a flash banner on the website that gives you details about progress on programs. The two reports are there. They were point-in-time

reports. We are now providing data at regular intervals to update on each of the programs and that can be found on the website.

Ms O'Connell—I think the two earlier reports were done at a time when the fiscal stimulus programs were early in their development, so, in terms of tracking delivery, there was not a lot of tracking of delivery available on the website, so they helped to explain what was happening and set out the commitments of the program and the schedule. Since the time of the last report, the focus has been on updating the website with actual data of constructions of projects, because, if we were to produce a report, it would largely reflect the progress of the actual projects. So the focus is on the website data being—

Senator NASH—The data going up on the website is the responsibility of the coordinator-general?

Mr Jagers—Yes, our office manages the content on the website. The website is run by the Department of Education, Employment and Workplace Relations, but we provide the data input for them to update the website, and that information obviously comes in from other Commonwealth agencies.

Senator NASH—Do you have an oversight role?

Mr Jagers—We have an oversight role.

Ms O'Connell—And a quality assurance role to make sure—

Senator NASH—How does that work? How does that operate? In terms of your oversight of quality assurance, what do you do?

Mr Jagers—The data comes to us on a monthly basis from Commonwealth agencies. We distil that data and provide updates—that we provide to DEEWR—to put on the website. We do not do that on a monthly basis, but, as I mentioned earlier, we are intending to do an update in the next few weeks, once we have received end of January data.

Senator NASH—I am sorry if Senator Colbeck has already covered this, but my understanding was that in last year's budget—as this used to sit with PM&C—\$1 million was allocated to PM&C for this. Has that been reallocated to infrastructure? What has happened to that \$1 million?

Mr Mrdak—The balance of the funding for this financial year and the funding for next financial year have been transferred to this department.

Senator NASH—That million has come across completely?

Mr Mrdak—Yes.

Senator NASH—Thanks.

Senator COLBECK—Let's move on to delivery of the government's three major election commitments in the portfolio. Can you tell us where you are up to with the road projects, particularly from Nation Building 1, until 2014-15?

Mr Mrdak—Are there particular projects, Senator?

Ms O'Connell—Sorry, Senator, were you talking about the 2010 election commitments?

Senator COLBECK—That is my understanding from the information I have got in front of me.

Ms O'Connell—In terms of the 2010 election commitments, a range of commitments were made, so is it useful if I say what they are and then you can inquire about any specific projects?

Senator COLBECK—Yes.

Ms O'Connell—A number of them have been phased for the Nation Building 1 period out to 13 and 14, and a number of them go into beyond that 13 forward—

Senator COLBECK—Nation Building 2.

Ms O'Connell—Yes.

Senator COLBECK—Can you give us a sense of any that might have been rephased, any that have been changed, and the background behind that, or are they all as they were originally programmed?

Ms O'Connell—The election commitments were phased and published as part of the midyear economic and fiscal outlook.

Senator COLBECK—Where are we at in the planning for delivery of those?

Ms O'Connell—I can go through each one, if you like.

Senator COLBECK—Yes.

Ms O'Connell—There were 15 projects in total: 14 election commitments and one that was a commitment with the Independents. In addition to that, there were also a number of commitments under the regional infrastructure program—

Senator COLBECK—Let's go through the first batch first, which is the 15—14 plus one.

Ms O'Connell—Yes. I will go through by state, if that helps.

Senator COLBECK—That is good.

Ms O'Connell—New South Wales: the Richmond Bridge planning works—we have counted that as a second project because it falls into the second Nation Building, which is the Richmond Bridge construction works. The commitment for the Richmond Bridge planning was \$2 million and the Richmond Bridge construction was \$18 million. A feasibility study on Eden Port for \$100,000.

Senator COLBECK—As we go through, where are we at with each? The planning project, obviously, will go first on the Richmond Bridge.

Ms O'Connell—That is correct.

Senator COLBECK—That is the phase 1 project.

Ms O'Connell—That is correct, and we are—

Senator COLBECK—Then, phase 2 would be the construction.

Ms O'Connell—The construction—

Senator COLBECK—Right, we are on the same wavelength.

Ms O'Connell—Subject to the planning.

Senator COLBECK—Yes.

Ms O'Connell—We are working with the Roads and Traffic Authority in New South Wales on that planning work and are developing terms of reference for the study.

Senator COLBECK—What is the completion date for the planning study, or you do not have that finalised yet?

Ms O'Connell—We would have that date.

Mr Jagers—We can get it for you.

Ms O'Connell—We will get that date for you, in terms of when that is completed. That is done in the envelope, out to 13-14, but we will get the date.

Senator COLBECK—No, that is fine. You have commenced the process on that particular project and, of course, stage 2 is dependent on what comes out of that first one.

Ms O'Connell—That is right.

Senator COLBECK—That is fine.

Ms O'Connell—Eden Port feasibility study, \$100,000. We have received the project proposal from the New South Wales government and it is currently being assessed by the department.

Senator COLBECK—That is the proposal to conduct—

Ms O'Connell—The feasibility study.

Senator COLBECK—Does that have any relationship with the National Ports Strategy?

Ms O'Connell—In a sense, it forms part of Australia's port network, so—

Senator COLBECK—I understand that.

Ms O'Connell—Broadly, it does.

Senator COLBECK—So it will be done with an eye to that?

Ms O'Connell—Yes.

Senator COLBECK—Fine. If you can give me the project milestone dates on that, I am happy to take that on notice.

Ms O'Connell—Okay. Also in New South Wales, the Epping to Parramatta rail link. Yesterday there was an agreement signed between New South Wales and the Commonwealth, on the Epping to Parramatta rail link, with early works to commence in 2011.

Senator COLBECK—2011 is the commencement date?

Ms O'Connell—Commencement of works, yes. That would be some of the pre-planning.

Mr Mrdak—Planning and pre-construction work is due to commence this year.

Senator COLBECK—Are there any issues with that with the pending New South Wales election? That is not one of those projects? Pardon my not understanding the geographics.

Mr Mrdak—I believe that the New South Wales opposition has a view that it is not a priority project for them.

Senator COLBECK—What contingency planning do you have for that?

Mr Mrdak—At this stage, as Ms O’Connell has indicated, the Premier and the minister signed the agreement yesterday. That is the basis on which we are proceeding.

Senator COLBECK—Have we reached the stage of caretaker in New South Wales yet?

Ms O’Connell—No, senator.

Senator COLBECK—No-one here from New South Wales?

Mr Mrdak—No, senator. My understanding is that takes place in early March.

Senator HUTCHINS—May.

Senator COLBECK—On 4 May? What contingency does the department have, based on what might happen there?

Mr Mrdak—At this stage, we do not have a contingency. The government’s position is clear: the funding is available to that project. The MOU was signed yesterday, and that is the basis on which the Commonwealth is proceeding.

Senator COLBECK—Interesting. Thank you.

CHAIR—All right?

Senator COLBECK—No, we have still got plenty of projects to go through—don’t get excited.

CHAIR—Why would I get excited?

Senator COLBECK—Go back to Waldorf and whatever his name is.

CHAIR—Statler.

Ms O’Connell—That was New South Wales. Moving to Victoria, it is again a project in two parts—the Princes Highway West planning work and the Princes Highway West construction work, and the construction work would be expected to fall into the Nation Building phase 2 envelope in 2014-15 onward.

Senator COLBECK—Phase 2. What is the value of the Epping to Parramatta railway project? Sorry to go back to that.

Mr Mrdak—The Commonwealth contribution is \$2.1 billion, capped.

Senator COLBECK—\$2.1 billion.

Ms O’Connell—An overall project cost of \$2.6 billion.

Senator COLBECK—A \$600 million contribution by the—

Ms O’Connell—\$520 million.

Senator COLBECK—From New South Wales?

Ms O'Connell—Yes. Moving to Queensland, the Moreton Bay Rail Link project, for which an intergovernmental agreement was signed between the Australian government, the Queensland government and the council late last year.

Senator COLBECK—That is a project; it is not planning—

Ms O'Connell—No, that is a project to deliver the Moreton Bay Rail Link.

Senator COLBECK—What is the value?

Ms O'Connell—The Australian government contribution to that is \$742 million. My colleague will find the total project cost if you like and there is a contribution from the Queensland Government and also the Moreton Bay Council as part of that project.

Mr Jagers—The total cost of the project is \$1,147 million.

Senator COLBECK—When is that proposed to commence?

Ms O'Connell—Construction commences in 2012 but there are planning works, approvals et cetera underway.

Mr Jagers—Community consultations are occurring on that project as well at the moment.

Senator COLBECK—Okay.

Senator IAN MACDONALD—What state and council did you say?

Senator COLBECK—Queensland state government and Moreton Bay Council.

Senator IAN MACDONALD—What were the amounts? Federal was \$742 million?

Mr Jagers—Yes. The state is providing \$300 million and the council is providing \$105 million.

Ms O'Connell—Continuing in Queensland, Calliope Crossroads has preconstruction underway from funds available in Nation Building phase 1 and construction is to commence in the last year of Nation Building phase 1 in 2013-14.

Senator COLBECK—That project will carry over into the second phase?

Ms O'Connell—Correct.

Senator COLBECK—So it is a project that crosses the two?

Ms O'Connell—Both Nation Building Programs.

Mr Mrdak—It is a project where the initial allocation in NB 1 was found to be not sufficient for the level of safety and traffic works that need to be done, so the government has made an additional commitment of \$95 million, which will be available from NB 2 for the redesigned and upgraded project.

Senator COLBECK—What is the value in the first stage?

Mr Pittar—I can answer that.

Senator COLBECK—I thought you looked familiar; just to turned up in the wrong department. Welcome.

Mr Mrdak—I am sure it is the right department.

Senator COLBECK—Last time we were fishing together.

Mr Pittar—Thank you, Senator. Under the Nation Building Program phase 1 there is \$55 million for the Calliope Crossroads, and then, as Mr Mrdak mentioned, \$95 million out of NB 2.

Senator COLBECK—That is a pretty significant change in project value if the first round was discovered not to provide the safety. That was the driver—you went through a scoping process, looked at the project, decided that that was not going to provide the desired result, and then went for a higher project value rolled across onto the second stage of the program?

Mr Pittar—That is correct. The project is quite complex. Quite an amount of service relocation is necessary with the project and so during the preconstruction and planning phase the costs were revised further, and that contributed to the additional amount that has now been earmarked for that project.

Senator COLBECK—Who did the initial work? Who made the initial assessment of the project and what it was going to cost? You are talking about almost tripling the project value; it is a fairly big blowout in cost. Or was it a process of discovery once you started ferreting around as to what was—

Mr Pittar—More the latter. The usual process in the case of Queensland is for the Queensland Department of Transport and Main Roads to prepare project proposals and costings. The project was always a staged project, stage 1 and stage 2, with stage 1 essentially focusing on the planning, the preconstruction and the land acquisition. During that period, which is funded under Nation Building 1, the costs of the project were able to be better estimated and that has contributed to—

Senator COLBECK—How much did we spend on that?

Mr Pittar—The Nation Building Project—NB1—is \$55 million, of which \$40 million is construction. That \$40 million for construction is earmarked for expenditure in 2013-14 and around \$15 million was involved in that stage 1 planning, preconstruction and land acquisition.

Senator COLBECK—That stage 1 stuff has been expended, obviously?

Mr Pittar—That is correct; it was expended in the 2010-11 financial year.

Senator IAN MACDONALD—Is the Queensland government making any contribution or the Gladstone Regional Council?

Mr Pittar—It is entirely funded by the Australian government.

Senator IAN MACDONALD—I am pleased to say that Mr Ken O'Dowd, the local member, is keeping a good eye on that.

Ms O'Connell—Continuing in Queensland, the Port of Townsville project is to the value of \$4 million. This project is also being in part funded by a contribution from the Department of Defence. At the moment it is in basic planning with a view to construction in late 2011. The value of the election commitment from the Australian government Nation Building Program is \$4 million.

Senator IAN MACDONALD—Four or seven?

Ms O'Connell—Four from our program, but then there is also a component from Department of Defence as part of that project.

Senator COLBECK—So they are putting up the other three?

Senator IAN MACDONALD—I thought the Department of Defence were putting a lot more in.

Ms O'Connell—I think they are putting a lot more in.

Mr Pittar—My understanding is that the Department of Defence contribution to that project is in the order of \$30 million.

Senator IAN MACDONALD—That is right.

Mr Pittar—That is focusing on the Defence components in relation to movement of amphibious craft.

Senator IAN MACDONALD—But this department's contribution to the election commitment is only \$4 million, you are saying?

Mr Pittar—The election commitment, which this portfolio is funding, is \$4 million to that overall project.

Senator IAN MACDONALD—Do you know what the election commitment was in total?

Ms O'Connell—It was \$4 million.

Mr Pittar—Because the Defence fund has already been rolled into the project.

Senator IAN MACDONALD—Yes, I am conscious of that.

Ms O'Connell—There has been no change—it was \$4 million to begin with and it remains \$4 million.

Senator IAN MACDONALD—Sorry, is the \$4 million for road works or—

Mr Pittar—The \$4 million will need to be for components that under our legislation we can fund, which can include road works, which can include—

Senator IAN MACDONALD—No, what is the \$4 million for?

Mr Pittar—As Ms O'Connell said, the project is currently in planning, so we are liaising with the Queensland government and the Townsville Port Authority over precisely what parts of the overall project the Commonwealth's \$4 million under the Nation Building Program will contribute to.

Senator IAN MACDONALD—So you do not know at the moment?

Mr Pittar—That detail is still being settled.

Senator IAN MACDONALD—Is the \$4 million dependent upon expenditure by the Queensland government and the Townsville Port Authority?

Mr Pittar—The Queensland government is contributing funding to it. I do not have the details in front of me in terms of what that contribution is, or whether—

Senator IAN MACDONALD—No, my question was: what is it conditional upon? Is the Commonwealth contribution conditional upon funding by the Queensland Government?

Mr Pittar—We would need a project—

Senator IAN MACDONALD—Which as everybody knows is broke and has no money.

Mr Pittar—We would need a project that can operate and is fully funded. We would expect that our \$4 million and contributions from the other parties would go to the development of the overall project. There is not a level of conditionality there, but we would need to be satisfied that the overall project could go ahead, was viable and feasible with the \$4 million that we are contributing.

Senator IAN MACDONALD—Mr Pittar, are you sure of that, or should you take on notice whether the Commonwealth's contribution is conditional upon a certain amount by the Queensland Government and by the Townsville Port Authority and, if so, what are they? You may be sure—

Mr Pittar—I am happy to confirm that on notice, Senator.

Senator IAN MACDONALD—Yes, could you do that, please? Thanks very much.

Ms O'Connell—Continue, Senator?

Senator COLBECK—Yes.

Ms O'Connell—Moving on to Western Australia, again, a project in two parts, reflecting planning work first and then construction. The Great Eastern Highway in Western Australia, with planning works within Nation Building 1 to a value of \$40 million, which is currently being planned for, and the construction works in Nation Building 2 to the value of \$60 million. In Tasmania, again, a project in two parts, the Tasman Highway, with planning activity to the value of \$2 million in the Nation Building 1 program, and construction activity to the value of \$13 million in Nation Building 2, with that planning work scheduled to commence in the 2011-12 financial year. The final project of the election commitments is the inland rail preconstruction commitment, and that is in the Nation Building 2 envelope. It is a \$300 million commitment for preconstruction work to commence in 2014-15. You also mentioned, Senator, that there was one additional project that is part of the agreement with the Independents, that makes the 15.

Senator COLBECK—Yes.

Ms O'Connell—That is in New South Wales, and it is the accelerated work between Kempsey and Port Macquarie, with \$35 million worth of funding in the time frame of the Nation Building 1 project to accelerate works on that component of the Pacific Highway.

Senator COLBECK—So all those projects are running to program at this stage, on schedule?

Mr Mrdak—Yes.

Ms O'Connell—Yes, they are. It is early days obviously in terms of those particular projects but, as I outlined when we went through, work is taking place on those that are for work to take place.

Senator COLBECK—What about the commitment for shipping reforms, particularly the option for shippers to apply a tonnage tax?

Mr Mrdak—The government issued a discussion paper in relation to its shipping reform agenda in December and, as part of that, the minister convened three reference groups of industry to whom we would consult in relation to the package. That first meeting of those reference groups took place last week, so that work is now underway, with the intention of having the legislation in place by the middle of next year, with the package to commence from the middle of 2013.

CHAIR—Just for the purpose of other senators that may get all excited following the program, do I take it that next up are these questions here, and then will re-ask them all again in Nation Building?

Senator COLBECK—Hopefully not.

Senator IAN MACDONALD—Well, some of them yes.

CHAIR—Can I just ask: why are we asking now?

Senator COLBECK—Because this is the folder of stuff that I have been given to ask. I am following my program.

Senator IAN MACDONALD—This is fiscal stimulus.

CHAIR—It would be nice if I had your program too.

Senator IAN MACDONALD—I wonder, Mr Chairman, if we shouldn't be either bringing Nation Building forward to now or keeping fiscal stimulus back to Nation Building.

CHAIR—I think, Senator Macdonald, that is a good suggestion and I would like—

Senator COLBECK—I am happy to go on with that.

CHAIR—Just so we all know where we are at.

Senator NASH—Do you want me to clear off my corporate questions that are not related to that stuff?

Senator IAN MACDONALD—Yes.

CHAIR—Why don't we finish the corporate, and, Senator Milne, you have some corporate questions. Then we can let the officers go, and you want to move the Nation Building forward?

Senator NASH—I just have some questions around the Community Engagement Panel. I notice on the website, in reference to the Community Engagement Panel, it says:

To enhance and focus its capacity to engage effectively with stakeholders, the department has centralised all stakeholder engagement and communication functions in the newly established Community Engagement Branch. This branch supports the department and portfolio ministers through results based strategic communications campaigns designed to underpin the portfolios, policies and programs ... we are now seeking suitably qualified external service providers to help in our goal of connecting the department with the many individuals, groups and communities it serves.

Can you just explain exactly what the purpose is and why it cannot be done through existing resources in the department.

Mr Mrdak—Yes, certainly. When I was appointed secretary of the department I did do a strategic review of the department and how we were undertaking a range of functions. One of

the things we implemented in the light of that was to bring them together. We had a range of people performing events management and communications support functions right across the department. I decided to bring all those together into a central area. For instance, we had a team of people working in what was then our regional division supporting the implementation of the fiscal stimulus programs and the local government programs through events and the like. We combined those with a small communications team that we had in corporate. We also brought some of the mapping people and the like that were located in the Nation Building Division back into corporate and the like. So we were centralising all of our specialist expertise.

Senator NASH—Sounds very sensible so far, Mr Mrdak.

Mr Mrdak—I can assure you that it does not involve any additional resourcing. It just brought all of the resourcing that was spread disparately across the department into a central area. We have called that the Community Engagement Branch.

Senator NASH—Yes.

Mr Mrdak—With the machinery of government changes in October last year, about half of that branch left the department and transferred to the Department of Regional Australia; those that were predominantly working on local government and regional—

Senator NASH—How long had they been in the community branch before they went back out?

Mr Mrdak—We formed the branch in about September-October 2009. Since October, the Community Engagement Branch has been a much smaller team. Going out to the panel is basically what we normally do to get a panel of advisers and experts, if and when they are required, to draw on for us to utilise for expertise. That can range from functions from graphic design, right through to speech writing and the like, where we do set up a panel of firms that can assist us in any of those tasks we need.

Senator NASH—Do you not have that sort of resource within the department itself, graphic designers, those sorts of things? Is there no expertise within the department itself that you have to go and outsource?

Mr Mrdak—We have very limited expertise. We have a couple of people who assist in terms of publications and the like, but it is a very small team. If we do have to produce major publications and the like, we do use a panel at times if we are required.

Senator NASH—Will that go to a tender process? How will you appoint those people and what will the funding allocation be?

Mr Mrdak—That will be done through the AusTender process. We then set up a panel. Mr Banham may wish to outline that process.

Senator NASH—Mr Banham might.

Mr Banham—The current community engagement panel expires on June 30 this year. The tender has been for a replacement panel.

Senator NASH—How much is the tender worth? How does that work? What sort of cost to the department is there of running this panel?

Mr Banham—There is no cost to the department to maintain the panel and the services are all consumption based. It could be anything from zero to about \$2 million.

Senator NASH—Basically, you put a tender out and say, ‘Who would like to do this job?’ and then you set up the panel. And then from time to time, do you call on them for particular projects that will then have a cost attached to that on a project basis?

Mr Banham—On demand.

Mr Mrdak—We have a series of panels. For instance, we have a legal panel, where we have legal firms who are essentially on the panel which we have contracts with. We can then go to them at any time. We simply do the same with other services that we buy into the department.

Senator NASH—With those panels, at the end of each year, do you look back at the expenditure for that panel versus if you had a full-time employee or employees?

Mr Mrdak—We certainly do closely look at what the costs are for these things. The difficulty often is that when you need particular skills for particular jobs, it is often very hard to retain that skill set for ongoing roles.

Senator NASH—Yes, if it is only sporadic.

Mr Mrdak—It has real advantage to be able to go to a panel for these types of activities, particularly in areas such as strategic communications advice and the like, and graphic design, where clearly there are skills which would not otherwise be needed apart from in particular projects.

Senator NASH—How many publications would the department do a year in terms of reports?

Mr Mrdak—I would have had to check. We do quite a number. The BITRE, for instance, produces a large number of reports.

Senator NASH—Could you, if you wouldn’t mind, take that on notice. It would just seem, with the amount of publications that the department does, that consideration of having a permanent small group to do all this stuff rather than panels and outsourcing—obviously, as you say, there might not be enough work there to sustain them for—

Mr Mrdak—Certainly. We have, for instance, a dedicated publications officer in the community engagement team who largely works on bureau publications because of the steady stream of them. But we have found in the past that it is much more cost effective to buy in skills as we need to.

Senator NASH—To do it that way.

Mr Wilson—There is also the issue of skill retention, career paths and the like. When you create a very small unit within an organisation such as ours—it is 800-odd staff—you actually end up with a situation where the staff will have very limited career paths and career development opportunities within the organisation.

Senator NASH—You need them and they are stuck in their job. That is a fair point. Thanks, Mr Wilson. Can I just move on to a question that Senator Colbeck asked on notice. It

was regarding the department's hospitality spend since budget estimates 2010 and was, in part:

Please detail date, location, purpose and cost of all events.

I think that is a very good question that Senator Colbeck has probably asked a number of departments. The answer was a hospitality spend total of \$32,000, but then it went on to say:

The Department of Infrastructure and Transport does not record this level of detail in its financial management information system.

Why not? Why can't we have a breakdown of where the hospitality was spent?

Mr Banham—I would have to go back and look at the question. What was the breakdown, Senator?

Senator NASH—It is:

What is the Department's hospitality spend ...? Please detail date, location, purpose and cost of all events.

It seems pretty straightforward, but we have been told that you do not record this level of detail and the information has not been provided.

Mr Banham—That is correct, Senator.

Senator NASH—I know it is correct; you told me in the answer. I am asking why.

Mr Banham—We record the activity level—basically, the cost centre within the organisation itself. We may put in some text at some times as to what the event actually was, but we would not be recording the location of the event.

Senator NASH—Can I just draw you to the answer from the Department of Agriculture, Fisheries and Forestry to the same question, which is almost three pages and has dozens of individual and very specific, detailed entries of dates of events and their purpose, location and cost, which is very sensible. They have obviously just kept a very good record of what they have spent funding on in terms of hospitality. Why doesn't your department?

Mr Banham—We could certainly provide a list of all transactions with the comments we provide, but it would not aggregate them into those categories.

Senator NASH—You would not aggregate them into the categories. Why not?

Mr Banham—We focus on cost centre.

Senator NASH—Sorry, you focus on?

Mr Banham—We focus on our transaction level at the cost centre.

Senator NASH—Sorry, what does that mean?

Mr Banham—Basically, it is the area within the department that has spent the money.

Senator NASH—So what you are saying is you cannot give me something similar to the Department of Agriculture's list, which says, 'Date of event, 21 May 2010; purpose, Office of Horticultural Market Access Lunch; location, Canberra; cost, \$107'. You cannot do that for me?

Mr Banham—Not directly from our system, no.

Senator NASH—How do you keep track of individually what you spend on things? Or do you just spend the money and chuck it in a bucket?

Mr Mrdak—I think what Mr Banham is highlighting is that we have extracted details from our financial system, which does not record that level of detail, Senator. But I am happy to go back and see if I can give you a more detailed breakdown from individual divisions' reporting. What Mr Banham is indicating is that our financial system just gives you the aggregate spend across the cost code without the details. Let me go back and see if we can get you a more detailed breakdown by location and event and come back to you.

Senator NASH—That would be good. If it exists somewhere but just has not been collated and needs to be garnered individually—

Mr Mrdak—That is right. Mr Banham is giving you the answer in respect to our financial transactions system and what that reports. But let us go back and see what additional level of detail we can provide you.

Senator NASH—That would be useful, because I would think if it is not there and easily available for the committee, that would be very, very sloppy indeed. Just very briefly, the answer to question on notice CORP 14, again by Senator Colbeck—if I can just get you to go to that it might be easier—was about a list of all discretionary grants, including ad hoc and one-off grants since budget estimates last year and details of recipients. The third point in the question was:

Did the Minister approve each of these grants?

The answer was no. I am interested in knowing which grants the minister did not approve and what the normal process is for grants being granted without ministerial approval.

Mr Mrdak—I am just looking at the list, Senator. Some of them are ones for which there has been approval in the past under a program spend but the individual grant payment is then done under a delegation by the department. I think it is referring to that. We have made a number of payments. They range from, clearly, grants which are agreed to by the minister, such as programs such as seatbelts on school buses.

Senator NASH—The ones approved by the minister are not the ones I want; it was just that the answer was no.

Mr Mrdak—They are ones where we have subscriptions to the Australian Road Research Board and those types of grants which are part of a program payment agreed to by the minister but for which individual payments are then authorised by senior officers in the department.

Senator NASH—Would you mind taking it on notice to give me a list of those.

Mr Mrdak—Certainly.

Senator NASH—I have two last questions: I understand there is going to be a review of Part X of the Trade Practices Act. Is that correct?

Mr Mrdak—That is correct. I think there is a next scheduled review. There has generally been a review every few years of Part X to see whether it remains relevant.

Senator NASH—It is just like running standard—

Mr Mrdak—It is an ongoing review.

Senator NASH—that periodically you will do that.

Mr Mrdak—That is right.

Senator NASH—Senator Heffernan asked a question. It is MCUCO2 and, in part, is:

Is Infrastructure Australia aware of any project slippages, cost overruns and project delivery issues surrounding the Major Cities Program?

The reason I am asking about it here is that the answer was:

These issues are the responsibility of the Department of Infrastructure and Transport.

I just need to know where to ask that question as obviously sending it there was not the right place.

Mr Mrdak—To us, now.

Senator NASH—Are you aware of any project slippages, cost overruns and project delivery issues surrounding the Major Cities Program, or do you want me to actually ask in Major Cities? I just did not want to ask it there and then have it come back to corporate.

Mr Mrdak—Certainly. As to the Major Cities Program, the government funded a number of initiatives in the 2009 budget. There has been one initiative which has been cancelled recently by the government. That is the O-Bahn project in Adelaide. Of the other projects that are proceeding, there is the Northbridge project in Perth and there is a third one—I will come back to you. The only change to the announced program at this stage that is not proceeding to schedule is the O-Bahn project in Adelaide. The government announced its cancellation as part of its response to the flood budget requirements.

Senator NASH—If you could just take it on notice for me and give me some further detail and background on reasons for any of the changes.

Mr Mrdak—Certainly.

Senator NASH—That would be very useful.

CHAIR—Senator Milne.

Senator MILNE—I note from the agency's overview that the statement of intent is that the department contributes to the wellbeing of all Australians and one of the outcomes is improved infrastructure across Australia and an efficient, sustainable, competitive, safe and secure transport system for all transport users. What is the assumption built into all of the transport planning that you are doing about oil and oil availability into the future?

Mr Mrdak—I think, as Dr Dolman has indicated in past estimates, when we do look at future forecasts for transport growth we do factor in available estimates of oil price, as is done with best practice in transport forecasting.

Senator MILNE—I am glad to hear that you take it into account, but there is no evidence that we can see at all in the plans that you release that it is taken into account. So what is the assumption that you have made behind the release today of the draft national freight strategy, for example? What is the assumption about oil?

Mr Mrdak—All of the projections that are produced by our bureau, as well as other transport forecasters, make projections of what is the likely scenario for oil prices. I can get you the details of that specifically, but all of the transport projections that are produced indicate substantial growth in Australian land transport and marine and aviation transport over the forecast period. The presumption sitting behind the Infrastructure Australia discussion paper, which is being released today, is that that growth needs to be catered for and needs to be met, particularly the growth in freight. As you would be aware, it has been long said that the doubling of the freight task by 2020 has been a planning parameter to which we have been working.

Senator MILNE—I accept that you are projecting increased demand and I note that in the national draft freight strategy a lot has been said about provision of roads, et cetera, and road user charges. But if you are charged with providing advice to government about a sustainable transport system into the future then the community needs to know what the assumptions are behind this draft national freight strategy about the availability and price of oil into the future. What are you assuming: that oil will always be available to use to support the Australian transport system? Or do we have an assumption that we are aiming to reduce our dependence on imported oil by moving to other forms of energy? Or are we assuming we are getting people off the roads and onto rail? What are we assuming about the future and oil?

Mr Mrdak—I will come back to you with the specifics of the oil price that is factored into our transport projections. But, essentially, we are forecasting a continuation of use of the internal combustion engine powered by oil as the predominant use in land transport, and that will continue for the forecast period. Certainly our advice is that there is a need for, and the government has been investing quite heavily in, urban public transport over the last three years, but the projection is that we will see continued growth in heavy vehicle rail—there has been quite a substantial investment by the Australian government in the last decade in rail, particularly in the last few years—and also passenger urban rail systems, both light and heavy. We have been bringing to this picture a whole range of projections and advice on where governments need to be targeting their investment, whether in existing heavy vehicle facilities, passenger vehicle facilities, heavy rail or light rail, as well as future growth requirements for aviation and maritime.

CHAIR—Sorry, Senator; I am keen to stay on questions for Corporate Services

Senator MILNE—This is about as big picture as you can go in terms of what assumptions underpin the whole of advice to government.

CHAIR—We went through this a little bit earlier. I am just trying to keep things in line because there are other people who might be watching and might want to come and ask questions. So I would urge that we just keep questions to Corporate Services and then move into other areas as they come up on the program.

Senator MILNE—Okay. Where do you suggest I ask about their inland transport plan?

CHAIR—I will do the honourable thing. Mr Mrdak, where should Senator Milne ask questions about the—

Mr Mrdak—Infrastructure Australia is shortly to appear next, I understand, and Mr Deegan—

Senator MILNE—I will ask them then.

Mr Mrdak—Similarly, when we come to policy and research, the Bureau of Infrastructure, Transport and Regional Economics will appear, and that is probably the right place to discuss forecasts.

Senator MILNE—Thank you.

Senator IAN MACDONALD—Senator Milne was not here but, for her benefit, we have also decided to roll fiscal stimulus, nation building and Infrastructure Australia all into one.

Senator MILNE—Yes, I was aware of that. All right.

CHAIR—Similarly, there are some flights for officers to catch too. That is why we have put it all in. Do you have any further questions?

Senator MILNE—Thank you. I am happy with that.

Proceedings suspended from 10.18 am to 10.36 am

CHAIR—Thank you, colleagues. I welcome Ms Ekelund from the Major Cities Unit. Questions, Senator Nash.

Senator NASH—Firstly, has Mr Deegan moved on to a different role, or—

Senator MILNE—No, they have separated them out.

Senator NASH—They have separated them out, of course.

Senator MILNE—Major Cities is now before Infrastructure Australia, so this is Major Cities we are going to now.

Senator NASH—Right. Thank you so much for your assistance, Senator Milne; it is my head cold. One question: talking about money being spent on consultancies by the Major Cities Unit, there was an answer to a question on notice, I think only one was a consultancy, for the Melbourne City Council, for contribution to an Australian urban design protocol of \$5,500. What was that?

Ms Ekelund—That was some work that is now continuing to develop a national urban design protocol, using Rob Adams's urban design team as part of that exercise.

Senator NASH—What is a national urban design protocol?

Ms Ekelund—It will be a web based tool to provide best practice examples of urban design from around the country and internationally. It is an attempt to improve urban design outcomes nationally, with the Australian government providing some leadership, in a partnership that also involves the Planning Officials Group, the Planning Institute of Australia and the Council of Capital City Lord Mayors.

Senator NASH—Who would you imagine would utilise that and who is going to benefit from it?

Ms Ekelund—Local governments, state governments, urban designers, planners, engineers, industry practitioners and anyone with an interest in urban design outcomes.

Senator NASH—How have they been managing without it?

Ms Ekelund—We can look at examples overseas, for example, in New Zealand, where there is an urban design charter to really try and bolster better outcomes. Obviously there are many, many thousands of urban design practitioners already working, but this is a tool to provide good examples and provide some leadership.

Senator NASH—How does that actually work?

Ms Ekelund—It is not complete yet.

Senator NASH—Sorry, I should say, when it is complete, how will it actually work?

Ms Ekelund—It will be a web based product, so you can google it or you put the web address in, and—

Senator NASH—What isn't these days?

Ms Ekelund—Sorry?

Senator NASH—I said what isn't these days.

Ms Ekelund—Exactly.

Senator NASH—This department often refers me to the website. Sorry, go on.

Ms Ekelund—How it will work is that it will provide some principles for best urban design, good urban design, and then it will provide some case studies that you can draw from.

Senator NASH—What is it going to cost to run? Obviously the \$5,500 is for the design component, is it?

Ms Ekelund—That is for the development of it. It should not cost much to run. It will be part of our internal management, inside our current budget. We are looking at probably refreshing it every six months or so, with new research and examples, but we do not expect it is going to cost much. We are designing it so that it will be minimal maintenance required.

Senator NASH—If I have got this right, they have got examples of how things might look in urban design to give people ideas of what to do at a local level?

Ms Ekelund—That is right.

Senator COLBECK—Who assesses what is good urban design? Who makes that value judgment?

Ms Ekelund—We do have a committee that is helping to advise us and we have also been collaborating with all the state architects around Australia. Our steering committee involves, as I said, Professor Rob Adams from the Melbourne City Council's urban design area, Neil Savery, the current President of the Planning Institute of Australia, and we have been working with the architects and other urban design professionals. It is absolutely a value judgment, but one that is being informed by eminent professionals in Australia.

Senator COLBECK—Does it have various levels in it for different scales, or is it all based on major cities? You talk about who can use it. Local government ranges from your rural community right through to your major metropolitan city, but there is a whole heap of scale resolutions in between that. Is it all about the top end or does it cover—

Ms Ekelund—No, it will cover commercial, industrial, residential on different scales, but also infrastructure; public domain work as well.

CHAIR—I must just come in here. Senator Nash, you did have the call and I know Senator Colbeck is following on from your questions but Senator Milne was waiting too.

Senator NASH—I am happy to discuss it with—

CHAIR—Have you still got questions, Senator, on that—

Senator NASH—Senator Milne, did you have something on this?

CHAIR—All right. I will just shut up for a while.

Senator NASH—Have you got questions on this?

Senator MILNE—You finish your questions, yes, and then I will come on to mine.

Senator NASH—Yes.

CHAIR—Sorry, I did say Senator Macdonald and then Senator Milne.

Senator NASH—I am just about done. When do you think this is going to be completed?

Ms Ekelund—Around mid-year.

Senator NASH—What initiated it?

Ms Ekelund—It was actually initiated through the Planning Officials Group. That is basically the chief planners from the jurisdictions around Australia, and the Planning Institute. So it is a collaboration, and it was concluded that the best home for it would be in the Major Cities Unit.

Senator NASH—How are you going to measure whether or not it is successful?

Ms Ekelund—We are still working through the development of it, so we have not agreed on measurement approaches.

Senator NASH—Wouldn't you kind of do that at the beginning, though, if you are going to build something, to think what you want to actually get out of it and how you are going to measure whether it is going to be successful or not, or is it a kind of a 'build it and they will come' kind of thing?

Ms Ekelund—The measure of success may well be through how often it is accessed and downloaded, through, potentially, interviewing people after they have used it, to see how useful it is in terms of a tool and whether it has influenced their approach to urban design work.

Senator NASH—We might come back to this at other estimates and see how it is going. Thanks.

CHAIR—I did say Senator Macdonald, I do apologise, and then it goes Senator Milne, and Senator Ludlam has questions for you.

Senator IAN MACDONALD—Ms Ekelund, when did you separate from Infrastructure Australia?

Ms Ekelund—It was part of the machinery-of-government changes after the last election.

Senator IAN MACDONALD—How many are employed in the Major Cities Unit?

Ms Ekelund—We have currently got an FTE balance of 5.8.

Senator IAN MACDONALD—Where are they based?

Ms Ekelund—They are based partly in Sydney, still co-located with Infrastructure Australia, and partly within the department here in Canberra.

Senator IAN MACDONALD—How is the 5.8 split up?

Ms Ekelund—Currently, there are about four in Sydney and we will be increasing our presence in Canberra.

Senator IAN MACDONALD—What? Beyond the 1.8 that is left?

Ms Ekelund—That is right.

Senator IAN MACDONALD—What do you anticipate?

Ms Ekelund—There has been agreement to a total of FTEs of 10 by the end of this financial year.

Senator IAN MACDONALD—Of which, how many will be in Canberra?

Ms Ekelund—It will be about half-half.

Senator IAN MACDONALD—Are you going to stay physically located with Infrastructure Australia in Sydney?

Ms Ekelund—That is my understanding, yes.

Senator IAN MACDONALD—In Canberra you will just have a corner in the department somewhere?

Ms Ekelund—We have got an office presence in Canberra, yes.

Senator IAN MACDONALD—In the department?

Ms Ekelund—In the department.

Senator IAN MACDONALD—What ongoing funding do you have?

Ms Ekelund—For this financial year our funding is \$1.25 million and in the out years it is \$1.5 million.

Senator IAN MACDONALD—1.5 each year over the next three years?

Ms Ekelund—That is right.

Senator IAN MACDONALD—What projects and programs will this funding provide for?

Ms Ekelund—Our work falls into a number of streams, the most significant of which is the development of a national urban policy that we are currently out for consultation on. We also have the minister's agreement to continue to produce the *State of Australian cities* report, the first report of which was released in March last year. We also provide advice, through the department and also through Infrastructure Australia; on infrastructure proposals and their merits in terms of cities. We have talked at some length about the urban design protocol that is under development and we also intend on having a national planning policies portal or website so that there is a place that people can go to to see nationally significant policy

agreements such as the COAG cities agenda, the Healthy Spaces and Places document that has been released, and a number of other pieces of work.

Mr Wilson—If I might add, Ms Ekelund's unit also provides the department with the capacity to provide input to broader-ranging government policies that impact on cities; so it provides us with a level of expertise that the department previously has not had.

Senator IAN MACDONALD—Except through Infrastructure Australia, obviously.

Mr Wilson—Except through Infrastructure Australia.

Senator IAN MACDONALD—It is just a separation of work that Infrastructure Australia did but obviously with a specialised focus.

Ms Ekelund—We also provide the secretariat support for the Commonwealth Group on Cities that our secretary chairs, which looks at the work of the Australian government through a city's lens.

Senator IAN MACDONALD—I might come back to that later. I have a few quick questions of a factual nature. What do you class as a city, what is your definition?

Ms Ekelund—There are a number of definitions of cities.

Senator IAN MACDONALD—No, to be the Major Cities Unit, what qualifies as a major city?

Ms Ekelund—We generally use the ABS definition of 100,000 people. So if a city has a population of 100,000, we define it, as per the ABS definition, as a major city. It is those larger cities that our work is primarily focused on, although we do acknowledge that smaller cities have their challenges as well.

Senator IAN MACDONALD—You acknowledge they have their challenges, but are they part of your responsibility?

Ms Ekelund—No, they are not, not directly.

Senator IAN MACDONALD—Which regional cities are being studied or are you currently studying any particular city? I am particularly interested in any regional cities at this stage.

Ms Ekelund—There are 18 cities in Australia that are classified as major cities. In terms of regional cities, they include Geelong, Wollongong, Newcastle, Toowoomba, Townsville, Cairns—I have probably forgotten one or two.

Senator COLBECK—Launceston?

Ms Ekelund—Launceston, as well as the capitals.

Senator IAN MACDONALD—Ms Ekelund, did you work with Infrastructure Australia before you separated?

Ms Ekelund—Yes.

Mr Wilson—Senator, if I can just clarify: the Major Cities Unit was a separate entity, but, prior to working directly within the department, it was working to the infrastructure

coordinator, rather than actually as part of Infrastructure Australia. It is a subtle difference but it is a difference.

Senator IAN MACDONALD—In the role Mr Wilson has just explained, how long have you been operational?

Ms Ekelund—Nearly two and a half years.

Senator IAN MACDONALD—How many times have you or your officers been to regional cities?

Ms Ekelund—We are in the process of attempting to visit the 18 cities at this very moment. We have not been to all of them yet. I will be in Toowoomba this evening. Some cities, such as Cairns, we are giving a little bit of space before we visit them, to make sure that they have dealt with the current natural disaster challenges, but we had visited most of the cities around Australia before.

Senator IAN MACDONALD—As you may know, my office is based in Townsville. I understand you took part in the SEGRA conference in Townsville last year and that that is the only time anyone from your unit has been anywhere near Townsville in two and a half years. Is that right?

Ms Ekelund—That would be right, yes.

Senator IAN MACDONALD—Would I assume from that that most of your work has then been done in the capital cities in the last two and a half years?

Ms Ekelund—Most of it, yes.

Senator IAN MACDONALD—Your unit is to give advice. You do not have and are unlikely to have funds to spend money on any cities. Is that correct?

Ms Ekelund—At the moment we do not have any program funding, if that is what you ask, no.

Senator IAN MACDONALD—Are you expecting that you might from your answer?

Mr Wilson—Senator, that is a question for government. It is not a question for officials to answer in terms of expectations of funding.

Senator IAN MACDONALD—I would hesitate to ask Senator Carr, but he might take it on notice, or Mr Mrdak may know.

Mr Mrdak—The rationale for my decision to bring the Major Cities Unit into the department was really to ensure we integrated the work of the Major Cities Unit right across all of the programs in the portfolio. As Ms Ekelund has indicated, we had a disparate range of activities happening across the Commonwealth in relation to cities. We have sought to bring that together, following the machinery of government changes. Having the Major Cities Unit located within the department means that it can be an adviser on all of our program development, including our Nation Building Program. That is the intent of having it much more closely aligned with the department.

Senator IAN MACDONALD—Taking a regional cities like Cairns, Townsville, Rockhampton, can you define or perhaps articulate the role of the unit in relation to using those three cities as an example? What would you do? How would you add value to—

Ms Ekelund—In the first instance it is to try to understand what challenges those cities might have. The first part—

Senator IAN MACDONALD—Speak to any mayor and they will tell you that in 10 minutes. You do not need a unit to establish that.

Senator MILNE—You might need a unit to advise them on how better to design their city.

Senator IAN MACDONALD—That is interesting. You, in Canberra, are going to tell people in Rockhampton how better to design their city, according to Senator Milne.

Mr Mrdak—Senator, I think it is fair to say the role of the government's draft national urban policy discussion paper, which was released in December, really encapsulated the way in which the government wants to work with state and local government in relation to addressing a number of urban issues. The discussion paper did discuss in some detail some of the challenges facing growing regional cities and it is quite clear that much of our growth challenge is actually happening in many of our regional cities, particularly at the edges of some of our regional cities where the issues of dislocation of transport, the planning and transport dislocation, the social disadvantage is often greatest.

Those are the types of areas which the Major Cities Unit, through the work they are doing, is providing advice right across the Commonwealth on where Commonwealth programs can be better guided, and that is really the role the cities unit is performing. It is not seeking in any way to take state or local government responsibilities for planning. It is trying to find more effective ways that the Commonwealth can make a meaningful intervention if it is beneficial to those cities.

Senator IAN MACDONALD—Taking an interjection made by a colleague a minute ago about public transport in Townsville—which does in fact exist, in spite for the interjection—for example, you would be looking at how that public transport could be better funded by federal government, how it might be better organised. Is that the sort of thing—

Ms Ekelund—Potentially.

Senator IAN MACDONALD—That is the sort of thing you will be doing. Will you be relying upon local governments, for example, in the three cities I mentioned? They are very big local governments, they have very highly qualified technical staff. I suggest to you that they know what needs to be done, they just do not have the funding to do it. What value will you be adding to the work that I know, for example, those three cities have already done?

Ms Ekelund—We certainly do not suggest that we are the font of all wisdom and we very much are wanting to work with the other spheres of government and how we can actually assist them. That may be about helping to be a conduit through which we can inform, as the secretariat said, the work of the rest of the portfolio.

Senator IAN MACDONALD—For example, you would work with the Brisbane City Council. Clearly, you have a staff of, projected, 10. I would be confident in saying that the Brisbane City Council, in their future planning unit, would probably have a staff 10 times as

big as yours. And, with respect, not knowing the quality of your people, I would say they would have some very highly qualified people there. Bear in mind that the Brisbane City Council is a bigger government than the ACT and, I suspect, Tasmania. What value are you going to add to the Brisbane City Council?

Mr Wilson—The role of the MCU is not to replace, replicate or—

Senator IAN MACDONALD—I am trying to find out what its role is.

Mr Wilson—The role is to provide us with an additional conduit into the planning issues that major cities in Australia have. As the secretary and Ms Ekelund have indicated, the Major Cities Unit will consult and communicate with those major cities and will provide us a conduit for our understanding of how those cities are developing and the issues associated with the infrastructure provision, with urban public transport, with planning decisions and with airports. It will provide us with an additional conduit into those cities.

Senator IAN MACDONALD—Could I suggest to you, Mr Wilson, to pay for Councillor Newman to come down and speak to the minister for a couple of hours with his CEO. He will tell you everything you need to know about Brisbane.

Senator Carr—Senator Macdonald, do you not see the role of the Commonwealth in cities' development in this country?

Senator IAN MACDONALD—Sorry?

Senator Carr—Is it your position that there is no role for the Commonwealth in the development of cities in this country?

Senator IAN MACDONALD—No, I think there is a major role, Minister, but it mainly involves adequate funding to cities to do what is needed.

Senator Carr—So we just pay the bills; is that your line? The Commonwealth should just pay the bills and let the decisions be made elsewhere. Is that the argument?

Senator IAN MACDONALD—Minister, if you heard what I said, you would heard that I said that with a council like the Brisbane City Council, the best thing you could do, if you want a conduit, if you want some input, is to have a two-hour session between the mayor, the CEO, the minister and his—

Senator Carr—We could draw from the recent experience about the development along the river as an example, couldn't we?

Senator IAN MACDONALD—You have asked me a question. Do you want me to finish answering it or do you just want to keep interrupting?

CHAIR—For the purposes of efficiency in time, I would encourage, Senator Macdonald, that you to continue your questions to the officers.

Senator IAN MACDONALD—And ignore the interjections, yes.

CHAIR—Let's not start throwing stones—

Senator Carr—You are badgering the officers. They have given you an answer. You do not like it and so you keep going.

Senator IAN MACDONALD—I am sorry; Ms Ekelund does not look badgered, Minister. If have even got close to badgering her—

Senator Carr—You have insulted these officers. You have suggested that they have never been to Townsville and therefore there is some offence in that, that they should be just getting the CEO down to Canberra and that they are a waste of space. They have tried to answer your questions. I think you should move on.

Senator IAN MACDONALD—I am not going to be verballed like that. I have not insulted the officer by saying that. I asked if she had been to Townsville once and she confirmed she has. You may be sensitive about that, Minister, but it is a legitimate question.

CHAIR—Senator Macdonald, I encourage you to—

Senator IAN MACDONALD—Yes, to ignore the interjections.

CHAIR—ask your questions of the officers while they are at the table.

Senator IAN MACDONALD—Has the government followed any of the recommendations made in the state of the cities report that you mentioned?

Ms Ekelund—The *State of Australian cities* report is very much based on state-of-environment reporting. It is a facts based document; it is not a policy document, so it does not actually make recommendations. It was an information base that then helped us to move on to the discussion paper and the background research paper, which does evaluate the trends and challenges that are facing Australian cities.

Senator IAN MACDONALD—So the state of the cities report simply collects work that either the city or the state government has done, puts it in one document and gives it to the minister.

Mr Wilson—The *State of Australian cities* report, I believe for the first time, draws together a broad range of statistics and analysis in regards to the Australian city state as an information document. As Ms Ekelund has indicated, it was a base document that we have used to draft the national urban policy document that was released in December of last year as part of an ongoing conversation with the community in terms of the government establishing a national urban policy.

Senator IAN MACDONALD—You have pre-empted my next question. Have any programs or policies been introduced or considered by the federal government that stem directly from the state of the cities report? What you have just said is the answer to that. Is that right?

Mr Wilson—Ms Ekelund will provide any additional details, but the Major Cities Unit is currently going through a consultative process based on the discussion paper that was released in December. Those consultations will inform the government in the development of a national urban policy which they will consider later this year.

Senator IAN MACDONALD—Is the department aware of any program or policies that have been introduced by any state or local government that stem directly from the state of the cities report?

Ms Ekelund—Can I perhaps—

Senator IAN MACDONALD—Is the department aware of any, was the question.

Ms Ekelund—Not programs, but I think it is useful to note that it has now been set as a prescribed text in a number of universities that have planning courses.

Senator IAN MACDONALD—Please, this will take a long time if you are going to answer questions that I do not ask. My question was: are you aware of any programs that have been introduced by state or local government—

Ms Ekelund—No.

Senator IAN MACDONALD—Thank you. Someone else might want to ask you the other question. The state of the cities report, as you say, makes no recommendations. It is purely an advisory document for use by the department.

Mr Wilson—No, Senator. It makes no recommendations; it is not a document just for utilisation by the department, however. As Ms Ekelund indicated, it is a document that has been adopted by a number of universities in terms of their text. It is also a document that has been provided to all of the state governments as a background piece of research and analysis. So it is not just a document for the department.

Senator IAN MACDONALD—It is backgrounding them with the information that they have given you.

Mr Wilson—No, it is not information only from state and local governments. It has information from a broad range of sources, including the Australian Bureau of Statistics and our own internal bureau.

Senator IAN MACDONALD—Are you telling me the state government and the Brisbane City Council do not use the Bureau of Statistics to include in their reports—

Mr Wilson—Senator, it is, as far as I am aware, the first time that the broad range of statistics that are included in the document have been brought together in one place with pieces of analysis that go with it.

Senator IAN MACDONALD—You are currently undertaking a study into national urban policy. Is that correct?

Ms Ekelund—Yes, we developed a discussion paper and a background paper that is being used as the basis from which the government will consider a national urban policy.

Senator IAN MACDONALD—So the start of this study is completed?

Ms Ekelund—The discussion paper is currently out for consultation and, yes, it was released in December.

Senator IAN MACDONALD—That study is proceeding to schedule?

Ms Ekelund—Yes, it is.

Senator IAN MACDONALD—You are happy; good. Will this study make specific recommendations to government?

Mr Wilson—I would not describe the work that the Major Cities Unit is doing as a study. What we are undertaking is a community consultation off the back of the discussion paper that was released by the government in December last year. What that will do is inform the

department in terms of communities' expectations and local and state governments' expectations in terms of the Commonwealth's role in major cities. That will inform us in terms of assisting us to develop in conjunction with the minister a national urban policy.

Senator IAN MACDONALD—This is the Department of Infrastructure and Transport.

Mr Wilson—Of which the Major Cities Unit is a part.

Senator IAN MACDONALD—So the advice will be to the department in relation to principally infrastructure and transport matters?

Mr Wilson—The advice will be to the minister in terms of the development of a future national urban policy.

Mr Mrdak—The discussion paper goes beyond just infrastructure issues. It looks at a whole range of government policies and programs which impact on cities. Therefore, the advice that we will prepare through our minister for the government will look across the Commonwealth government engagement with cities.

Senator IAN MACDONALD—Will you be looking at things like the Epping to somewhere railway and advising on its importance and its essential need?

Mr Mrdak—Not in relation to that specific project. That is a commitment the government has entered into. We will progress that as an implementation task.

Senator IAN MACDONALD—It is for the next session to deal with that. I understand it is been entered into and unentered into but, anyhow, we will have that discussion later. For my final question—and thank you for your forbearance—I think Mr Wilson has mentioned that it is not a study as such, but is it a project that I can ask about what it is costing or is it just part of the general work of the unit?

Mr Wilson—It is just part of the general work. It is a key component of the Major Cities Unit's business plan. It is part and parcel of the operation of the Major Cities Unit.

Senator IAN MACDONALD—Finally, just to come back to where I started, are you allocating your relatively scarce resources, so many per cent, to capital cities and so much effort to regional cities? How are you thinking of dividing your work between major capital cities, minor capital cities—if there are such things—and regional cities?

Ms Ekelund—It is not via a scientific formula.

Senator IAN MACDONALD—Or a mathematical one either.

Ms Ekelund—No. It is based on our work program and collaborations, so we have done more work, indeed, in the capitals and we try to work closely with the Council of Capital City Lord Mayors, but we also recognise the importance of regional cities and are ramping up our work in regional cities. We will be featuring regional cities in the 2011 *State of Australian cities* report, so we are progressing—

Senator IAN MACDONALD—Have they not been mentioned today?

Ms Ekelund—The *State of Australian cities* report 2010 covered the 17 cities which were over 100,000 in the 2006 census. Post the 2006 census, Albury-Wodonga has also reached in excess of 100,000, so it is 18 cities we are working in.

Senator IAN MACDONALD—Sorry, you said you were going to focus on the regional cities in the next report.

Ms Ekelund—Yes, that is right.

Senator IAN MACDONALD—My question was: you did not focus on them in the earlier one?

Ms Ekelund—We did have data and information about them in the other report, but we want to do a special feature on regional cities in the upcoming report.

Senator IAN MACDONALD—You mentioned that in your work plan you had set out certain things. Is your work plan a document that I could ask to be produced to the committee?

Mr Mrdak—We can certainly provide on notice details of what the work program is, yes.

Senator IAN MACDONALD—Thank you.

CHAIR—Senator Milne.

Senator MILNE—Thank you for the state of the cities report. I think it was a really good start to identifying all the conflicting policies between local, state and federal governments and internally, even, at those levels of government. The next thing, though, is how to translate identifying the problems into a coordinated response. I wanted particularly to ask you about whether your unit had any input into the government's decision to put pressure on the states to release cheap land on the edge of cities for further urban development. Did you have any input into that decision or comment on that decision, or were you even consulted about that decision?

Mr Mrdak—I do not think we could even comment on that assertion, Senator. You have made an assertion about the government pressuring and I do not think we could comment on that; I do not think that is a valid comment.

Senator MILNE—Let me put it another way, Ms Ekelund. Was the Major Cities Unit asked its view of a policy position which would be to free up land on the edge of cities for further development to take pressure off housing and housing prices in cities?

Ms Ekelund—No, and it is very clear from our work in the discussion paper that we believe a balance of infill and greenfield is required, so we make it very clear in that work for the need to have different housing options inside existing urban footprints as well.

Senator MILNE—Given that and one of the issues identified in the major cities report—that is, that urban sprawl means that the public transport options have to be considered in that context, and that is one of the biggest issues in terms of health, amenity and planning for cities—what input have you had to date with the transport sector of the department about this issue of the interface between greenfields and public transport provision?

Ms Ekelund—I think you will note that the Australian government has made a lot more investment into public transport than earlier Australian governments have, so the importance of the public transport sector in our portfolio is significant and our work in that area is increasing.

Senator MILNE—Can you explain to me how this will work from your point of view? You have released the state of the cities report, you have identified the problems—quite rightly—you are developing a web-based tool which will assist a number of cities and towns, actually, regardless of size, in their planning futures, which I think is really a critical role. But now, as was pointed out by Mr Wilson—it might have been you, Mr Mrdak, sorry—part of the reason for the separation of the unit is so that you are better able to integrate policy advice across the department and across government. You have only got however many people you have said, but it is not very many, given the nature of the task. What are you going to prioritise? How are you going to have input into this issue of how to better provide public transport in major cities?

Mr Mrdak—The work that is now being undertaken for the national urban policy will be the framework. That will be the process by which the government will consider, as you say, the various interventions the Commonwealth already makes with states and territories, itself and local government. That will be the vehicle by which the government will set, we envisage, some directions for how it, in the future, may invest in infrastructure in cities and what its policies will be in relation to planning and land use and transport linkages. I think, very much, that the work of the Major Cities Unit, across the department, is designed to make sure those linkages are taking place; that has not been possible until the last few years. That is the framework in which that will happen. The national urban policy which the government will issue later this year, we envisage, will set out its future investment strategies in urban infrastructure.

Senator MILNE—Back to you, Ms Ekelund. In terms of that particular policy framework, is that your priority for the next six or eight months then?

Ms Ekelund—Completing the national urban policy is definitely the priority. If you have not had a chance to have a look at the discussion paper, I think when you do you will see that some of the issues that you are concerned about are being addressed and certainly have been developed into much more policy thinking than the state of the cities report, which, as we discussed, is really just facts.

Senator MILNE—What input do you have to other departments like the Department of Climate Change and Energy Efficiency, for example, in consideration of something like energy efficiency in commercial buildings? Have you been consulted to date and what input have you had into thinking around energy efficiency in commercial buildings?

Ms Ekelund—We have been consulted. There is the work of the Commonwealth group on cities that I mentioned earlier and we also work closely with the private sector, through organisations such as the Green Building Council of Australia.

Senator MILNE—Can you point to any outcomes as a result of that process?

Ms Ekelund—Part of what we do as part of that collaboration is provide input but also act as a conduit to share information or best practice. Senator Macdonald mentioned the work of Brisbane City Council, for example. In discussing with other entities good work like that, we are able to exchange information and point out good examples of initiatives that, say, the Council of Capital City Lord Mayors is taking in terms of energy efficiency. The city of

Sydney, the city of Adelaide, the city of Newcastle—many cities are doing excellent work. So we provide input but we also help to disseminate information.

Senator MILNE—Thank you.

CHAIR—Senator Ludlam.

Senator LUDLAM—Thanks very much for coming in. I will add my comments to those of Senator Milne; I think you folk have done amazing work. I did not realise it was such a small workforce. It is good that at least there is some expansion in prospect. Can you describe for us how, if at all, you are plugged into the COAG Reform Council process that is going on at the moment, where they have had, I think, quite direct engagement with at least local government and stakeholder groups?

Ms Ekelund—We work very closely with the cities secretariat of the COAG Reform Council. We meet with them regularly. We have met with the chair and members of the expert panel as well, because you may recall that part of the COAG cities agenda is about best practice and the contribution that the Australian government can make to the agenda. We work very closely with them and help them in some of their thinking through processes as well. They are located in Sydney and we have an office in Sydney, so it is quite easy for us to work together.

Senator LUDLAM—Is it formal collaboration or is it informal? Have you been commissioned to write papers for them or to produce particular research or anything of that order?

Ms Ekelund—No, it is more informal than that.

Senator LUDLAM—If you can just maybe spell out for us, because I am not clear at least, how the National Urban Policy sits between the two? They are not parallel if you are collaborating. I am just trying to work out how your work and the COAG Reform Council actually will combine to produce this thing.

Ms Ekelund—The National Urban Policy is expected to be a broader framework. The work of the COAG Reform Council is expressly in the capital cities and their metropolitan planning systems. Yes, they will be looking at best practice in the broader context, and Brian Howard is very keen to do that, but the work of the COAG Reform Council is principally reviewing the metropolitan planning systems. The issues around urban challenges are broader than just the capitals and broader than just the planning systems.

Senator LUDLAM—What proportion of Australians live in major cities, by your definition?

Ms Ekelund—Seventy-five per cent of our population live in cities above 100,000; two-thirds live in the capital cities, but we are one of the most urbanised countries in the world.

Senator LUDLAM—I think the work that you are doing is timely, if not long overdue. I have come across Rob Adams in the context of the corridor study work that he has done for Melbourne, which was really impressive. Can you just describe for us where he fits in within this website proposal that you discussed earlier?

Ms Ekeland—They have been providing the technical coordination for the website. As noted, our team is quite small and we work through leverage and partnering with other entities. His urban design team is developing the website and, with one of my team members, is coordinating inputs and collaboration with city architects and jurisdictions around the country. It is really using his expertise and a lot of their in-kind contribution. Melbourne City Council, as part of the capital city lord mayors, is contributing some of their resources to make sure this happens.

Senator LUDLAM—I am still not clear. Will the website be a collection of case studies or is there more to it than that?

Ms Ekeland—It will have a number of components—again, this is still under development. One will be a set of principles, which will be the protocol proper; there will be resource material, explaining the importance of urban design in more detail; and there will also be case studies.

Senator LUDLAM—At what point will we have a set of guidelines that can be more than voluntary but that can guide, for example, investment decisions? We have had the major announcement today around National Freight Strategy, for example, and states and territories are putting up proposals for urban infrastructure through IA. At least there is some process at the moment for assessing them but are there any prospects of you coming up with something a little bit less sketchy than what we have at the moment?

Mr Mrdak—I think it is fair to say that the government has quite clearly set out some draft objectives and principles to guide Commonwealth engagement with cities, and also investment principles, in the discussion paper which went out in December. I think that is the first time, from memory, that an Australian government has set out so clearly where it sees not only the issues in Australian cities but its program and investment decisions in the future. We are now consulting to see whether we have got that right and what other feedback we want to place back to the government about how its future investment might look. But that is probably the most key tool we have. I think that depending on where the government settles on its final principles, it will be a very important direction setter for future investment.

Senator LUDLAM—I am specifically after giving Infrastructure Australia some more black-and-white guidelines than what they have got at the moment, or to discourage states, for example, for putting up certain kinds of infrastructure proposals.

Mr Mrdak—When Infrastructure Australia set its seven national priorities, I think it was quite a telling guide in that the first time it actually said that investing in our cities was actually not just a major social inclusion agenda but a major productivity agenda. That was an important direction setter, I think, and that has guided the way in which jurisdictions have brought forward proposals subsequent to that. So I think we have already started to see that.

If you take the next step of the principles the government set out in the discussion paper, I think that they again will set the benchmarks and parameters the Commonwealth wants to see in future proposals for Commonwealth investment. That is why I think they will be quite critical themselves. How the Commonwealth presents those in the final National Urban Policy is a matter for the government to settle. If the sorts of principles that are set out in the draft are

carried forward, then I think they will start to drive quite significant changes in the way some jurisdictions have brought forward project proposals.

Senator LUDLAM—Without tying you down to timelines that are outside your responsibility, when do you think we might see a signed-off National Urban Policy and what kind of form will it take? What is it going to look like?

Mr Mrdak—The minister has publicly talked about later this year, I cannot be more specific at this stage. The consultation period will run through until early next month. We will then be in a position to come back to government, we hope very quickly, with some initial responses and reactions. I cannot give you more specific timing on when the government will finalise its position.

Senator LUDLAM—What have you done to encourage broader participation beyond what would be considered traditional stakeholders of local government and planners and so on? I presume this is a little bit broader than just opening up a document for comment. Are you running forums? Are you actually going out and encouraging people to participate?

Ms Ekeland—Most of our consultation has been quite targeted; to date, we have met with about 200 people. Yes, they cover state and local authorities but they also include peak industry, social and environmental groups, such as the Heart Foundation, the Green Building Council, urban researchers and industry. We are having a full-day workshop with those key non-government entities in a couple of a weeks' time. Likewise, we are also having a workshop with urban researchers and academics from around the country to get their input and their views.

Senator LUDLAM—The issue of retrofitting urban areas is a pretty nasty one in that we have built some of the most vulnerable cities on the planet as far as oil dependence goes. If we are coming into an era of very high oil prices—which are well beyond what I am presuming BITRE are going to tell us is the business-as-usual scenario when we get them a bit later today—what kind of thinking have you done or who are you working with on the prospects for quite rapid shifts and are they possible or are we stuck?

Ms Ekeland—In the first instance, there is a need to recognise broadly that that is a problem. In our work we stress the concept of living affordability—not just housing affordability.

Senator LUDLAM—Fantastic.

Ms Ekeland—We highlight things like the VAMPIRE index, that you may be familiar with, that was developed in Griffith.

Senator LUDLAM—Yes.

Ms Ekeland—So that people actually appreciate that the transport task associated with where you live, compared to where you work, access education and recreate, is going to have the biggest impact on those often with the least means. With the concept of pricing carbon and increasing fuel costs, some of the most vulnerable communities will become more vulnerable. In the first instance, it is gaining hopefully a broad appreciation that this is a real issue, and then working with states and local authorities—as well as other entities and our infrastructure portfolio—to consider how we actually help shape better outcomes for communities. It will be

a long and difficult challenge given that we have a housing affordability challenge and we have a growing gap between underlying demand and provision. The issue of greenfields versus infill will continue to challenge us.

Senator LUDLAM—Yes, because I think the principles by now are quite well understood, although I am glad you are doing so much work in better defining them, but we are still stranding people in notionally cheap land on the fringes of our cities. Even as we can see oil prices continuing to creep up, we are stranding people. At what point will we be able to draw a line, given that that responsibility is distributed around the states?

Mr Mrdak—I think we also deal with the challenge that there is significant opposition in a number of areas to higher density and urban infill.

Senator LUDLAM—Yes.

Mr Mrdak—I think the point Ms Ekelund makes is an important one: unless we start to generate the debate around the consequence of some of this action, we face significant issues. You commented about whether it is too late. Even where there has been recognition in a number of inner city areas of the need to increase density, there is significant community opposition to anything which seeks to improve public transport infrastructure in that region or increase density. It is a dilemma. It is not solely the fault of state and local governments; many of them are under significant pressure from communities to oppose developments which may increase density.

Senator LUDLAM—I would also sheet home some of the responsibility to industry, but that is a conversation for later.

Senator HUTCHINS—Ms Ekelund and Mr Mrdak, you were talking about an index comparing the availability of facilities for people in different urban areas—is that what you were talking about? You mentioned an index—the VAMPIRE index, I think you called it.

Ms Ekelund—Yes, the VAMPIRE index. That is a model that was developed at Griffith University in Queensland using ABS data and a GIS base. It compares the affluence of people in different areas by looking at their income and adjusting for car dependence, access to transport and mortgage exposure. It graphs different parts of cities against their vulnerability to increases in oil prices.

Senator HUTCHINS—You can measure affluence by access to public transport, hospitals, schools—

Ms Ekelund—There is certainly research that does do things like that, but this is a much simpler model that really just—

Senator HUTCHINS—It is not in-depth. Inner city dwellers appear to be more to be heavily subsidised, because they have access to very good public transport, in comparison to people who live on the fringes of a city like mine, Sydney, where there is no rail line, no bus line, no tram line or anything. There is a road that gets you maybe to the station or to a congested freeway. You said this Griffith University index measures relative affluence. Is there a measure of less than the affluence?

Ms Ekelund—There is a lot of work being done in this area, looking at the different levels of access to social and economic infrastructure. The University of Western Sydney has also

done a lot of very useful work in the transport sector, highlighting how vulnerable some communities are because they do not have access to alternate transport—transport other than the car.

Senator HUTCHINS—It would appear that the most affluent seem to be the most subsidised for public transport. I would be interested to find out about some of those reports or organisations from you at a later stage.

Senator COLBECK—I will ask a couple of quick questions on the back of some of the conversation this morning. I recognise the government is going down a policy track, so I do not want to get onto that. My concern is: what safeguards are in place to prevent this process becoming a tool that bludgeons people to death and stops them actually doing things? There is a set of principles in place and a set of policy principles. I understand the government would have a perspective on that and we may have a different perspective. That will potentially be reflected as the cycle works.

But my question is: what safeguards are there in the development of, say, this website that you are putting together? I understand that there is some value to it as a reference tool for people to say, ‘You can’t do this because the Better Cities website and the guidelines for planning say you can’t do that.’ I understand that, in your interactions with agencies or state governments, you are looking to achieve certain objectives, to bring community benefits, as part of that process. What safeguards do you have to stop this becoming a tool to bludgeon people, to actually stop things happening? You have mentioned that, Mr Mrdak, in respect of opposition to increased densities, for example. How do you manage that? I have a fear that there is potential for it to be used by certain groups who just do not want to see things occur or change.

Mr Wilson—I will deal with that question in two parts. First, the web portal is not being designed as a set of rules that must be abided by; it is an information-sharing, case study based, principles base which will be there for people to use or not use as they see fit.

Senator COLBECK—‘As they see fit’ is the very issue—

Mr Wilson—It is not the intent of the website to prescribe that particular councils or local government areas must use the guidelines on it. They are free to make, within their capacities and constitutional rights, their own local planning decisions and they are accountable to their electorate. How prescriptive or otherwise the National Urban Policy will or will not be is a question for government in relation to its future infrastructure or policy directions.

Senator COLBECK—I just thought it was important to ask that question. We did talk at the outset about a lot of this stuff being a particular set of value judgments and the need to understand that. I just wanted to put a bit of a line under that and have it on the record that this is a document to provide guidance and information—not something to beat people up with.

Mr Wilson—Yes.

Senator COLBECK—It has potential to become a tool for that.

Mr Mrdak—I can see the point you are making, but I think at this stage we certainly see it as an information tool and no more than that.

Senator COLBECK—It certainly has some value in that respect, and that is why I was asking about different scales for different sized cities and principles that might work in with those sorts of things. The question about consultation was quite interesting, as was the discussion of the breadth of consultation that has been undertaken.

[11.33 am]

Infrastructure Australia

CHAIR—Welcome, Mr Deegan.

Senator BACK—First a question regarding the Port of Bunbury in Western Australia. It is not a port that has exported wheat for some period of time, but I understand there are at least two exporters looking to the port as a possible outlet for up to about two million tonnes of wheat per annum. Can you help us at all about the capacity of the port to handle that? Presumably rail access would have to be a factor to be considered. Do you have any advice for us about upgrades to the Port of Bunbury to service what we think will be an increase in demand over time for wheat exports?

Mr Deegan—That question goes to the larger issue of how we handle our ports, and I will come back to Bunbury in particular. You might be aware that the Prime Minister took a national ports strategy to the Council of Australian Governments just two weeks ago, with a view to taking a 30-year planning arrangement around our major ports to try and deal today with some of the issues that are coming at us. Capacity in our ports will continue to grow. Many of our ports are growing much more quickly than people had predicted and we are getting these challenges in many of those port arrangements.

Bunbury has quite a sophisticated, well thought through approach to the future development of the port—you probably have seen the proposed changes to moving the river—and to some of the detailed road upgrade that they will need. We have had a very close look at the Port of Bunbury and have made a number of visits there to look at the sorts of issues that they are facing. We maintain a close relationship with the port authority in trying to deal with those issues. The combination between WestNet Rail—its integration with the port—is a better example than some of the other places that we deal with.

So we are working with them on that capacity issue, the operating patterns around the gauge rail that they are using and, indeed, Minister Albanese today released the discussion paper on the national freight strategy, and part of that starts talking about moving to standard gauge rail into Bunbury, for the longer term, so that we have got better connectivity generally.

On the particular issues at Bunbury facing both coal export, wheat, some of the timber and some other bulk goods, and cruise ships, as well—it is a growing part of that trade—we are working with the Port of Bunbury and the local government on how we might manage all of those issues. We do not have the particular answer today but we are working very closely with them on those issues and are happy to come and talk to.

Senator BACK—I am relieved to know that and I would like to follow it up with you.

Senator IAN MACDONALD—Thanks, Mr Chairman. Eat your words.

Senator BACK—Yes, I will.

Senator IAN MACDONALD—Mr Deegan and others who are here today: was Infrastructure Australia consulted on any of the government's deferrals to the Queensland infrastructure projects announced on 27 January to pay for the flood recovery?

Mr Deegan—No.

Senator IAN MACDONALD—Can you, or the minister perhaps, or the secretary, or someone, tell me why Infrastructure Australia was not consulted, bearing in mind that the role of Infrastructure Australia is to recommend priorities?

Mr Mrdak—The decisions were budget-related decisions; they related to an existing program and projects which were being implemented by the government. They are not matters in which Infrastructure Australia is involved and do not fall within its charter of responsibilities.

Senator IAN MACDONALD—None of these projects had been considered by Infrastructure Australia?

Mr Mrdak—Only one of the projects that has been announced for rephasing of funds was a project to which Infrastructure Australia provided advice; that is the Regional Rail Link project in Victoria.

Senator IAN MACDONALD—The Vantassel Street to Flinders Highway, the Herbert River floodplain, the Sandy Corner to Collinsons Lagoon, the intersection upgrades, the Burdekin Road, the highway from Cabbage Tree Creek to Carman Road and the upgrade of the highway between Caboolture and Caloundra: none of that had been to Infrastructure Australia?

Mr Mrdak—No, they were existing commitments of the government, under the Nation Building 1 program.

Senator IAN MACDONALD—Infrastructure Australia had never had a look at any of those sorts of things?

Mr Deegan—No. As the secretary has indicated, they were existing programs. We have offered our support to the Queensland government and indeed to the Victorian government, given the flood issues there, and worked closely with them on issues that may come about as part of that broader process.

Senator IAN MACDONALD—Mr Mrdak, bearing in mind that a couple of those projects, at least, were intended to mitigate future flood damage, can you indicate, or is this perhaps a question for the minister, the rationale for the cutting of those solemn promises?

Mr Mrdak—No promises have been cut. The government has deferred expenditure in the program to out years. All of the projects remain as commitments by the government, both the Australian and the Queensland government. Obviously, the flood situation in Queensland, as the Prime Minister has outlined, has been an unprecedented natural disaster. The Commonwealth and the Queensland government took decisions to look at the existing Nation Building Program in Queensland, to identify those projects that were at the early stages of planning and that were not scheduled for starts of construction for another year or two, to see whether those projects could be deferred for a period, to allow those funds to be reallocated. That is the process we have been undertaking.

To identify those savings, we looked at the existing Nation Building Program, we identified—with the Queensland government—projects that were at that stage and agreed with them that these six projects that you have outlined were able to be deferred for a period, given the scheduling of them, and that the commitment would be—

Senator IAN MACDONALD—You are starting to repeat yourself. Thank you, Mr Mrdak. Can you give me, perhaps on notice, when they are deferred to, the extent of the deferment? If you could, on notice, give me a schedule showing when they were going to be done and when it is now anticipated they will?

Mr Mrdak—Certainly.

Senator IAN MACDONALD—Mr Deegan, you mentioned you had offered your assistance to Queensland and Victoria. Have you been consulted in relation to restoration projects there at all?

Mr Deegan—We have been involved in discussions, particularly with the Queensland government, about some of the long-term issues that they will face. A number of the Infrastructure Australia council members have been up to have a look at some of the flood damage in the Lockyer Valley, impacts in Toowoomba and elsewhere, and those discussions and offers of support remain current.

Senator IAN MACDONALD—Have you been asked by Queensland or Victoria, through that COAG process, to give some analysis on infrastructure needs and priorities?

Mr Deegan—We have simply offered our support and there are some discussions going on.

Senator IAN MACDONALD—So, no, you have not been asked as of yet?

Mr Deegan—We have had discussions with officials, just generally, about the long-term impact that those floods will have—as you know, better than probably most—the enormous impact that that has had and the impact on the national productivity as a consequence, as well as the people—

Senator IAN MACDONALD—You have not been asked to do any back-of-the-envelope calculations of money?

Mr Deegan—Not at this stage.

Senator IAN MACDONALD—Tell me, Mr Deegan, have you provided any advice to either the department or the government in the last three months on your role or your future?

Mr Deegan—There has been some discussion between the Infrastructure Australia council and the government about its future and there are further discussions underway.

Senator IAN MACDONALD—I cannot ask you what that was, obviously, but you are having some discussions as to your future in the role. Your funding expires at the end of June, in a few months' time. Have you made any provision for staff redundancies?

Mr Deegan—At this stage, senator, discussions are going on with the department and the government about the future of Infrastructure Australia; we have not planned for staff redundancies at this stage. Most, in fact all, the officers belong to the department of

infrastructure, other than my own position; so that, if the government were to wind up the program, those officers would return formally to the department.

Senator IAN MACDONALD—Would they? All right. Could I just refer the secretary or the minister to an answer given by the minister for regional Australia, question 128, to the Member for Dawson, Mr Christensen, on a date—looks like 16 February—where Mr Christensen asked on notice where the funding for various projects in the Mackay area, or in the Dawson electorate, was to come from, and he also asked: ‘When will funding for the above election commitments become available and how will recipients access it as soon as possible?’ The answer has been:

Funding is available from the financial year 2010-11 and the department is working with proponents to finalise necessary details.

I appreciate this is a different department but it is related to the grants that I think would be in this section that we are dealing with. Can anyone tell me in relation to—perhaps on notice—the Mackay ring road, the Mackay Basketball Stadium, the Airlie Beach main street proposal, the Mackay junior soccer grounds and the water park on the Bowen foreshore, what funds are being expended during 2010-11 and what funds will be spent in the subsequent year?

Mr Mrdak—The only one of those projects that falls within this portfolio is the Mackay ring road study. That is a commitment of \$10 million under the Regional Infrastructure Fund. Arrangements for that fund are yet to be settled by the government. That is being considered as part of the current budget process, and, obviously, the Regional Infrastructure Fund is also contingent on the resource tax.

Sorry, we have one other project, I am advised: the Mackay Stadium project, which is under the Infrastructure Employment program, which is with this portfolio. I am happy to get you some details on that.

Senator IAN MACDONALD—According to the answer in writing given by the Minister for Regional Australia, Regional Development and Local Government, (b) is the community cultural development grants program. But the point is that he has answered them and I assume he therefore had some input from your department. I am wondering if you could take on notice those that are relative to this department as to what funding is being spent in the year 2010-11, which the minister indicated it was—I am just interested in the detail—

Mr Mrdak—Certainly, Senator.

Senator IAN MACDONALD—in your department, and what the projections are for future funding.

Can I move on now to the electorate of Leichhardt, and Cairns, regarding evacuation centres built to category 5 standard. As I understand it, in all of the cyclone areas—that is, putting it in representative terms, the electorates of Dawson, Herbert, Kennedy and Leichhardt—none of the projects under the Building the Education Revolution or any other program through this department have been built to category 5 level. Is that right, do you know?

Ms O'Connell—Senator, I am not aware off the top of my head. Obviously, we comply with all the requirements in terms of building codes, but we would need to take that on notice and ask the department of education.

Senator IAN MACDONALD—That is in relation to BER. The Cairns Base Hospital: was your department or Infrastructure Australia involved in the funding of that?

Mr Mrdak—No, Senator.

Senator IAN MACDONALD—Was Infrastructure Australia or the department involved in any building work at all in those electorates that I mentioned, the cyclone electorates, that you can recall?

Mr Deegan—We are not involved in any particular projects in a construction phase. The department may have some—

Senator IAN MACDONALD—No, not the construction phase, because you do not do construction, but in the looking-at and advice phase.

Mr Deegan—I am not aware of any.

Senator IAN MACDONALD—Could you take it on notice?

Mr Deegan—Yes, I will take it on notice.

Senator IAN MACDONALD—If there is, I would be interested in what they are, and I would also be interested in whether or not your advice includes recommendations that public buildings be built to category 5 standard. I mention that because a lot of the BER buildings in the cyclone areas that could have been used as shelters were not built to category 5, so they sat there empty while people were sitting in houses that were being blown round around them. The next stage for the Townsville ring road: can anyone tell me when that is planned?

Ms O'Connell—The Townsville ring road was a commitment under the Regional Infrastructure Fund, and the timing for that—Roland?

Mr Pittar—Senator, the timing for construction is still to be advised. The Queensland Department of Transport and Main Roads has previously undertaken planning to determine the route for stage 4 of the ring road, and further detailed planning and design works are now required to determine the full scope of that project and a construction time frame.

Senator IAN MACDONALD—Is there any projected time frame for those?

Mr Pittar—We do not yet have a construction start date for that.

Senator IAN MACDONALD—The \$40 million for the cultural precinct in Cairns: is there any update on that?

Mr Pittar—The Cairns cultural centre in the cultural precinct is a project that fits under the Infrastructure Employment Projects Program, and we are currently working through details of that proposal with the proponent. That is still in the planning stage.

Senator IAN MACDONALD—Finally—and I repeat that we have agreed that we will all have 15 minutes and go around, so I am rushing to get these through—in answer to a question on notice, No. NB-II 11, from the last estimates, you told me:

The Australian Government has committed \$25 million to the Bruce Highway-Sarina to Cairns-Burdekin Road Safety Audit Project in the Nation Building Program. Queensland Department of Transport and Main Roads has not yet submitted its Project Proposal Report for this project and a date for commencement of construction has not yet been determined.

I am not sure when I got this answer—I suspect it was in recent days—but is that still the case? When did I get them, Mr Mrdak, do you know?

Mr Mrdak—I just need to check. I think they were tabled with the committee on 15 February.

Senator IAN MACDONALD—It is a slight improvement on the last estimates, when I think we got them the day after the next estimates; but getting them three or four days before does not give us much chance to disseminate them.

CHAIR—Senator Macdonald—

Senator IAN MACDONALD—Chair, can I just get the answer to that?

CHAIR—Yes, of course.

Ms O’Connell—That is still the case, Senator.

Senator IAN MACDONALD—It is still the case?

Ms O’Connell—Yes.

Senator IAN MACDONALD—What is the next step? Does someone try to get the Queensland department to actually do something? They have a long history of getting allocated Commonwealth funds and not spending them for years—usually it is just before an election.

Ms O’Connell—We work closely with the state government departments who are responsible for the construction of the various projects, and there is a process, obviously, of undertaking the planning, preparation and design works before any construction begins.

Senator IAN MACDONALD—Yes, I know all that, but is there any certainty? Can you come along one day and say, ‘Yes, but by the end of this year they will have the planning done, by the end of the next six months they will have the graders in,’ or something? Can you tell me any of that, what the time lines are?

Mr Jagers—Senator, that particular project, the Burdekin Road Safety Audit Project, was one of the projects that have been deferred as a result of the requirement to put extra money into flood recovery work.

Senator IAN MACDONALD—So we have absolutely no idea now when that is likely to happen?

Mr Mrdak—We will come back to you, Senator. As I took it on notice earlier, we will come back with the likely dates, given the deferral, but we cannot do that here today.

Senator IAN MACDONALD—Thank you.

CHAIR—Senator Milne.

Senator MILNE—One of the tasks of Infrastructure Australia is to provide advice on infrastructure policy issues arising from climate change. I wonder, Mr Deegan, if you can tell us the infrastructure policy areas where you have given advice in relation to climate change.

Mr Deegan—Senator, in our current work we are looking at some 80 to 100 major infrastructure projects, and part of the assessment of those projects is to deal with the potential impact of climate change in each of them. We have considered, as part of the National Ports Strategy that the Commonwealth has taken forward, the impacts of climate change. The National Land Freight Strategy discussion paper released today by Minister Albanese is designed to consider some of the impacts of climate change in terms of road versus rail and the pricing arrangements that might go to those things, and it is also present in our work on both urban and regional water strategies, both of which are out in the public domain. While we do not have primary carriage for climate change policy within the Commonwealth, we do take those issues seriously.

Senator MILNE—I do welcome the fact that you have incorporated those. If we can go to the draft freight strategy that is out today, which you just mentioned. Can you tell me how you brought the climate change issues to bear on your policy recommendations?

Mr Deegan—Senator, because there will be a fair bit of detail in the response, can I take that on notice and come back to you? I do not have the document in front of me at the moment.

Senator MILNE—Okay. I am going to ask some questions on oil prices in a while. But, in relation to the level of car dependence and road freight dependence in Australia, did you take into account the emissions from petrol based engines?

Mr Deegan—In broad terms we have considered the environmental impacts and the potential. The national freight strategy was intended to look 30 and 50 years out as to the sorts of impacts that might occur. Clearly, any modelling and thinking about those arrangements are to try and deal with the sorts of impacts that we have seen through cyclone and storms, and the potential for climate change. In the ports, should the sea levels rise, what would be the long-term impact on port developments and their current structures? We have had the benefit of some research undertaken by Stanford University in the US about those long-term impacts on ports in particular. There is a range of work that we have considered behind the scenes in dealing with those issues and, again, some of that detailed modelling that the academics from Stanford have done deals with a whole range of different scenarios and the potential long-term impact on our ports, as one example.

Senator MILNE—So that is in terms of impacts on infrastructure if sea levels rise and as a result of various scenarios on climate change.

Mr Deegan—Yes.

Senator MILNE—I am really also interested, and you may wish to take this on notice, in this in determining the appropriateness of rail over road for freight and other infrastructure. What factor did climate change play in terms of emissions and also availability, or cost availability, of fossil based fuels?

Mr Deegan—As part of the national freight strategy work that we have been doing—and the discussion paper is available too on our website, because it is intended to get responses from and have engagement with the community on those and other issues—we have gone to the general issue of road and rail pricing and how those pricing arrangements will take account of externalities, including some of those environmental issues. We have put out in this discussion paper that these are the sorts of issues that we are seeking further responses from the community on, and they are the sorts of issues that we expect quite a lot of detail on. We have had positive engagement from the trucking industry in this discussion. They see that these are issues—the emissions and how all that is affected—that will have a long-term impact on their operations. We are also looking to see, on a longer horizon, the sorts of changes that might occur with high-performance vehicles and the changes that we think may be needed in the longer term for rail, including a considerable amount of track work—standard gauge rail up further both into Queensland and into parts of Western Australia—and the capacity then to use newer and more efficient locomotives and different rolling stock and to change the whole profile of rail within our freight industry.

Senator MILNE—In relation to the energy sector and provision of energy infrastructure into the future, one of your tasks, I note, is to identify significant infrastructure gaps that may well need to be filled in forthcoming years. Can you tell me whether Infrastructure Australia has identified any gaps, particularly in relation to the grid in Australia?

Mr Deegan—We did undertake an audit, as you indicate, to look at the sorts of gaps that might occur. We did focus on transmission issues. Generally, we were confident that the National Transmission Planner and also the arrangements within the energy industry were looking at those issues. We were not looking so much at the generation side of power but, rather, those long-term transmission issues. At approximately a million dollars a kilometre for transmission, there is considerable investment required should the community and governments decide to take a different approach to those arrangements.

Senator MILNE—I take from your answer that you did identify grid infrastructure as a capacity gap?

Mr Deegan—As an area of focus, yes, but we were generally satisfied that the arrangements for the National Transmission Planner would deal with those issues as they came through.

Senator MILNE—So where to from there on that particular issue? Have any of the states put up projects for grid infrastructure to Infrastructure Australia?

Mr Deegan—There are a couple of grid proposals before us, principally from South Australia and Western Australia—Western Australia up in the Geraldton area; South Australia as to a couple of different energy proposals—that we are currently considering.

Senator MILNE—They are currently before you in consideration of a priority list. Can you tell me if, in the list of requirements for Infrastructure Australia, you are also asked to perform any functions that the minister, by writing, directs Infrastructure Australia to perform? Have you had any directives from any minister about what you should or should not consider in relation to restricting the scope of your work?

Mr Deegan—No. I think I am accurate in saying we have had two directions from the minister. One was in relation to the Moorebank intermodal terminal in New South Wales, on the outskirts of Sydney, and the second, more recently, was to consider some projects that may be funded through the Regional Infrastructure Fund.

Senator MILNE—When you say to consider some projects through that particular fund, wouldn't they have been considered anyway in terms of projects that had come up through nominations from the states or otherwise?

Mr Deegan—Not necessarily.

Senator MILNE—So these are projects that the federal government wants to initiate and have you consider?

Mr Deegan—I think there are six projects: two of them have been proposed by the states; the four others are projects that the Commonwealth want to have a look at. I am happy to provide you with the details of those six.

Senator MILNE—Yes, if you would. Can you explain to me how you will deal with that? You have a directive from a minister to look at these six projects, but you already have a process for identifying priority projects that you would recommend. How does the minister's directive affect the priority list?

Mr Deegan—It is just a normal part of the process. Any individual community group, any government or the private sector is encouraged to put proposals for us to consider, to be done in the normal course of our work.

Senator MILNE—Returning to the transmission infrastructure and policy recommendations or funding recommendations that you might make, have you considered public-private partnerships with, say, the superannuation industry as a possible way of funding new grid infrastructure?

Mr Deegan—We do not have any specific proposals for PPPs in the energy space, but we certainly encourage proponents to consider the PPP model as an option. We are doing a considerable amount of work with the superannuation industry about both the long-term pipeline of work and what issues they have in terms of their decisions to make as to further investments in those sorts of assets. The superannuation industry are generally indicating a preference for brownfield assets where they can see the operating arrangements, the flow of revenue and how they might secure the appropriate statutory benefits to their membership that they are required to do—and their fiduciary responsibilities are taken seriously. That is a very active discussion between the Infrastructure Australia Council and the superannuation industry, and we are hoping to do more work in that area. That will affect a whole range of asset positions.

Senator MILNE—In relation again to the rollout of the grid, I know you have just said you are generally satisfied with the planning that is going into it. How much of that is in relation to taking into account the possibility of new large-scale renewable energy facilities that might come on stream—solar, thermal, large wind farms or geothermal—which would require a transmission route or a hub of industries very different from what we have

previously had necessarily? What confidence can the community have that Infrastructure Australia is looking to alternatives in that way?

Mr Deegan—Certainly you would be aware of discussions going on in the Mount Isa area about the potential future power needs of the mining industry in Mount Isa. There are a number of different proposals up in that vicinity and there has been considerable engagement with both industry and the local community on the sorts of issues. It is being handled with the Queensland government and the Commonwealth Department of Resources and Energy as to the future of the power supply in that area. That has raised a number of renewable energy sources and the potential for those resources to be engaged in that process. In that particular case, the purchaser of the output will be the mining industry and they will make their decisions on a commercial basis.

All of those issues have been canvassed very carefully. There has been a lot of mapping done by a number of agencies of wind power, solar potential and other arrangements. There has been, I think, one attempt at a pilot solar project in Cloncurry which I have seen. There have been some issues in getting that off the ground. But they are the sorts of things that we have shown some considerable interest in how that might go forward.

Senator MILNE—How can the renewable energy industry and Infrastructure Australia possibly work better together in anticipating grid infrastructure needs into the future? If we eventually get better funding arrangements for large-scale renewables, they will need the transmission infrastructure which will not necessarily be in place.

Mr Deegan—I think, Senator, they go to the deeper policy issues around carbon pricing and other arrangements—that we are not the central agency involved in those but clearly have a close interest in those outcomes.

Senator MILNE—You are not the central agency but you are engaged in—

Mr Deegan—In those discussions.

Senator MILNE—consideration in those matters.

Mr Deegan—Yes.

Senator MILNE—That is fine, thank you.

CHAIR—Senator Nash.

Senator NASH—I think last estimates or the estimates before we were discussing the rental cost of the building and the lovely view of the harbour. At the time you were saying that it was important, I think it was, to send a message to the big end of town. How is the message going? How has it being received? Are you finding value for money in the spend with the message that you were trying to send?

Mr Deegan—We have made the premises available to a range of various groups to conduct planning strategic days and meetings in our office. We have international guests on a regular basis. We have a range of players from the CBD of Sydney and people who fly into our offices and find that a very convenient location for the types of meetings we have had, such as Canadian pension funds and deputy prime ministers from other countries. I think we have

been able to show that we are a professional organisation and, in my view, the judgment made by the government about the selection of those premises was a worthy one.

Senator NASH—You would have a good view of the QE2 and the Queen Mary or whatever today.

Mr Deegan—Not today, because I am down here, Senator.

Senator NASH—I am sure there are others in the building who could take advantage of it. We are sure you are not a one-man band up there, Mr Deegan. To start, Infrastructure Australia had AECOM undertake a review of water quality and security. That is correct?

Mr Deegan—Yes.

Senator NASH—What was the reasoning behind initiating that?

Mr Deegan—Back in 2008 we undertook a national audit of our infrastructure systems across four spheres: water; energy; transport and telecommunications. In the water space the infrastructure gaps that were identified in that initial audit were a concern around particularly pricing of water in urban Australia—so again, back in the cities. The second gap was a concern around initially water security for regional towns—at the time we were in the middle of a severe drought—and associated with that were a range of water quality issues that have been subsequently identified. It was a national overview of the sorts of issues affecting the country in the supply of drinking water in regional Australia.

Senator NASH—The report seems to indicate—and I must say I have only read it fairly sketchily—that there is a problem of pricing and quality in the rural towns. Is that correct? Is that something the department agrees with?

Mr Deegan—There is a range of different responses. It is not a uniform issue. In some towns there do not appear to be any issues at all; in others, there are issues that are worth considering. I thought, Senator, that you just spent all your time reading the index and the appendix. How you could put it down, I do not know.

Senator NASH—Sorry, did you want to say that again?

Mr Deegan—No.

Senator NASH—I have got a bit of a woolly head cold at the moment, I might not have heard you correctly.

Mr Deegan—Sorry.

Senator NASH—The report states that the regional utilities, I think in New South Wales and Queensland, are not currently independently regulated. That is correct? Do you have a view on whether or not they should be or is it something that you will have a view on or comment on?

Mr Deegan—In our report we looked at each of the states and territories. At a broad level—and it is difficult to drill down to each individual part—we took a sample of a number of towns across Australia, a random sample, to test water quality and water security issues in those towns. In Tasmania we have seen a bringing together of the water agencies that used to be spread across 29 councils now brought with the councils into three regional groups. We think that is already starting to show some effect. But there are still issues with boiled water

alerts in a number of towns in Tasmania; there are still some issues that the Tasmanian government is dealing with.

In Victoria they have moved ahead. They have a regional water structure that has, on the basis of our work, provided very good drinking water quality to people in Victoria. South Australia and Western Australia operate on a state model, so it is a little different from some of the others that are operating. In New South Wales and Queensland we raised a concern and made some initial recommendations that it would be worth considering whether a regional water model similar to that in either Tasmania or Victoria, or some other working model, might better protect drinking water supply and drinking water quality.

One of the recommendations, again as part of a discussion paper, is the potential to move to mandatory arrangements under the Australian Drinking Water Guidelines. We think that would provide an appropriate mechanism to protect water quality issues for drinking water for Australians across the country.

Senator NASH—In terms of any funding being required to underpin those types of changes, where would that sit, if indeed we went down that road?

Mr Deegan—Because of the nature of the document—the document is a discussion paper—and the sorts of things to be considered, part of it is: have we the pricing arrangements in place; have we secured the appropriate funding for water and sewerage; are those funds being applied to water and sewerage and being applied elsewhere—which is a concern raised by a number of the councils; usually that is about some other council's, not their own—and whether in fact in the long term there will be some of those towns where, because of their size, they will simply not be able to get the pricing right and may need other support.

Senator NASH—So you would not envisage that local community members might have to wear an increase in their water charges as a result of any of this or, indeed, secondary to that, that the responsibility will fall to local government—or is that a possibility?

Mr Deegan—Local government in New South Wales already have the responsibility in large part for regional—

Senator NASH—I meant the responsibility for any increase in funding.

Mr Deegan—They are genuine issues that we have canvassed and which need to be considered properly. Some towns may be in a better position to pay more for their water. Others are too small to provide the infrastructure that they require. They are issues again that we have canvassed in the paper.

Senator NASH—So you could have some sort of financial viability assessment of whether or not a local government was able to bear the burden, given how extended they are at this stage right across the board?

Mr Deegan—I think that is a genuine issue and part of what we suggested is to also look at those governance arrangements. If a local council is looking after water, based on artificial council boundaries, would we be better to go to a catchment model—to have a group of councils or some other structure involved in dealing with those water supply and quality issues on the catchment to better integrate what is going on. We found evidence of cows within metres of water inlets to—

Senator NASH—Come to my farm!

Mr Deegan—for drinking water. I hope your farm operates differently, Senator. For drinking water for reasonably-sized towns. We found some practices that did not meet best standards. While there are always cost issues, it is about how we support those communities in providing drinking water of the same standard that we might get in the city or other major cities.

Senator NASH—When you are talking a catchment type of model, does that mean you would envisage some sort of cross-subsidisation from those that are more financially viable than others?

Mr Deegan—Not necessarily, but certainly the community service obligation issue would need to be considered. There are some of those catchments that would handle those issues quite well, as they have done in Victoria and are starting to do in Tasmania. In other areas it will be a struggle. We recognise that, but that is an issue we think, as part of our national approach, does need to be properly considered.

Senator NASH—When do you think this process will be finalised?

Mr Deegan—We have a discussion paper out, I think, until the end of the March. We will then take a response back to the Infrastructure Australia Council for them to consider and provide advice within the next couple of months back to the Commonwealth government. We would certainly encourage submissions from all those involved.

Senator NASH—I want to turn to the Epping to Parramatta rail line. Can you advise me of the federal government's responsibility in funding for the Epping to Parramatta rail line?

Mr Deegan—Mr Mrdak might be in a better position to respond.

Mr Mrdak—Senator, the agreement that has been reached with New South Wales is that the Commonwealth will provide \$2.1 billion and New South Wales will provide \$520 million for the current estimated cost of the project.

Senator NASH—Does Infrastructure Australia have any involvement in this at all?

Mr Mrdak—No.

Mr Deegan—Other than that following the election we provided some advice to the department on some of the issues that they might want to consider, but no other involvement in that.

Senator NASH—It is purely at the departmental level. When was that agreement signed off?

Mr Mrdak—Yesterday.

Senator NASH—Are there any conditions attached to that funding? Can you explain for me the bucket of funding that that money is coming out of, how it works and how the agreement was reached?

Mr Mrdak—The commitment was made by the Commonwealth government as an election commitment in the election campaign in August last year.

Senator NASH—The federal one, not the state.

Mr Mrdak—It was a joint agreement between the Premier and the Prime Minister, a joint announcement, last year. That has now been translated into a memorandum of understanding between the two governments that was entered into yesterday between the Premier and the Minister of Infrastructure and Transport. It essentially provides that the Commonwealth funding, the \$2 billion, will be available in Nation Building 2 from 2014-15. The New South Wales government will provide funding immediately to enable the commencement of work on the project from this year. Essentially, the Commonwealth money will be available in Nation Building 2 and is programmed out beyond the 2014-15 year.

Senator NASH—How long has the Epping to Parramatta line been on the drawing board?

Mr Mrdak—I could not answer that, I am sorry. It is a project which I know has been longstanding. The initial stage of it to Epping was completed some years ago.

Senator NASH—Would you mind taking that on notice for me—the history of it and how far back discussions were had around the potential for the Epping to Parramatta link.

Mr Mrdak—We have got some detail for you.

Mr Jagers—Senator, I think the New South Wales government granted planning approval in 2002 for the construction of the entire Parramatta rail link project. That included the Epping to Chatswood component, which is already constructed, and this further component, the 14-kilometre section between Parramatta and Epping.

Mr Deegan—Senator, I should add the planning approval was for two stages. Stage 1 is completed and planning approval is in place for stage 2, which is what the current proposal is.

Senator NASH—Sorry, I thought this did not have anything to do with Infrastructure Australia.

Mr Deegan—No, but I live in Sydney, so I know the history of it.

Senator NASH—Local knowledge. Thank you, Mr Deegan, that was very helpful. If that project does not go ahead—I understand that if there is a change of government that is not going to be as significant a priority for the incoming government—what then happens to the funding of \$2.1 billion from the Commonwealth?

Mr Mrdak—At this stage the Commonwealth government position is that it is committed to that project with the New South Wales government. I could not comment on anything beyond that.

Senator NASH—It is purely project specific.

Mr Mrdak—The minister has made it clear in his public comments that the Commonwealth commitment is for that project.

Senator NASH—Why would the department or minister not think of transferring that to another worthy project in New South Wales?

Senator Carr—Because a commitment has been made to that project.

Senator NASH—Hello, Minister. I do understand that. But, given the disastrous state of the transport system in New South Wales, surely that funding could be reallocated. I am a little at a loss as to why it is just for a specific project.

CHAIR—Senator Nash, just to help you out, the Prime Minister has made a commitment and it is very, very clear. So, if you do have other questions of the department, I would urge you to go through because you do have only two minutes left.

Senator NASH—Thank you very much, Chair, and I thank the minister for his very timely intervention. You always know you are on the right track when the minister wakes up and says something, don't you, Senator Colbeck?

CHAIR—In all fairness, you asked a question and you received an honest answer, Senator Nash.

Senator NASH—Absolutely.

Senator Carr—And it has been asked about seven times today.

Senator COLBECK—You will get asked a few more times.

Senator Carr—You will get the same answer.

CHAIR—Two minutes, Senator.

Senator NASH—Minister, if we had a rule in this place that one was never allowed to repeat a question, it would be a very, very boring and very unusual set of estimates—

Senator Carr—Let's have a productivity improvement by asking it once.

Senator IAN MACDONALD—Hear, hear. There's a little sensitivity—

Senator NASH—Absolutely.

CHAIR—Senator Nash, you have one minute.

Senator NASH—It seems there is more than one Labor minister that likes a bit of a hissy fit. All right, I will leave it there. Just to be absolutely clear, this funding is specifically for this project and, as I think the minister has stated on the record, it will not be transferred to any other project, no matter what the priorities.

Senator Carr—That is the advice you have been given.

Senator NASH—Thank you very much for that, minister. Thank you, Chair. I will yield my last minute to somebody else.

CHAIR—Thank you, Senator Nash. Now I am going to go to Senator Colbeck.

Senator COLBECK—I just want to go through some local infrastructure issues in Tasmania and I want to refer to the proposals released today by Minister Albanese for the national transport strategy. I note the word 'Tasmania' does not rate a mention in the whole document, although Bell Bay, as a port, does. Can I get some sense of who is advising the government in relation to the port strategy for Tasmania? Where is the advice coming from? Where is the direction coming from?

Mr Deegan—Senator, Infrastructure Australia identify it as one of its seven themes, the need to focus on our internationally competitive gateways, and we have taken responsibility, with the National Transport Commission, for preparing the National Ports Strategy, which was released by the Prime Minister on January 7 this year.

Senator COLBECK—Yes.

Mr Deegan—We have had extensive discussions, as you may be aware, with the Tasmanian Government about both Bell Bay and Burnie, and, indeed, the existing arrangements down in Hobart and the potential for their further development, particularly in relation to the science requirements through Antarctica. We have primary carriage of that advice at this stage.

Senator COLBECK—How does that sit in the context? I note that Bell Bay was listed in the release that the Prime Minister made on 7 January as effectively the key export port and that there is some concern about that at home, in Tassie. How does that sit in the context of last week's announcement by AAA, which is effectively the one consortium that exports out of Tasmania, that they are going to leave that port and leave Tasmania without an export port, and all freight will have to go through Melbourne? There are pros and cons around that. Also, Bell Bay is a port which has lost its rail link, which was shut down by the Tasmanian government in recent times, and also, due to a range of other factors, lost some of its port infrastructure—some of its throughput, things like paper from Boyer now going via Burnie, rather than being shipped direct from Bell Bay to Western Australia. How does that all fit together, when all these things are happening, and how does that leave Bell Bay seated as a key export port, or a key port in the overall scheme? I am not trying to downplay Bell Bay's importance in a Tasmanian context—I would not survive the trip back to Tassie if I did—but how does it fit in that major overview?

Mr Deegan—As we are trying to fit each of our 42 major ports into a national strategy, how do all of these things fit together? How does Port Kembla fit with Sydney and Newcastle in New South Wales? It is a similar style of approach that we are trying to take at a national level. What are the road and rail connections in and out of those ports? We have spent a lot of time looking at the Bell Bay-Burnie issues. The announcement by AAA has happened subsequently to the release of the strategic approach. But, basically, the country has not had a national strategic approach to these ports.

Senator COLBECK—No, I understand that.

Mr Deegan—A 30-year plan in each of these ports in a coordinated fashion we would hope would put us in a better position to respond to these sorts of individual issues as they come through. Some of those issues go to the cost of shipping and how that might work, the arrangements for moving to and from the port. The paper issue has worked fairly well from near Hobart up to Bell Bay.

Senator COLBECK—Burnie by rail, yes.

Mr Deegan—But there have been, as you know, a host of issues with those arrangements, and the Commonwealth department has been involved in funding some of those repair issues that are associated with it. At a strategic level, we are trying to say, 'Listen, as a nation we need to think through what we are trying to do with the ports and then think through how we connect the freight arrangements to it.' So the freight strategy today goes to a host of road and rail issues and how they connect into the ports and trying, for the longer term, to get those things sorted out.

Senator COLBECK—How do you manage those live issues, though? The decision to close the rail access to Bell Bay has been taken for a little while now. The ink is probably

hardly dry on this document released today and the announcement is very recent in respect of AAA, but it does potentially have a major impact on where the whole strategy goes to, so how do you actually manage those live issues as part of this process?

Mr Deegan—That is a really good question and at the Australian Logistics Council yesterday, dealing with all the major industry players, they took the opportunity to have some discussion about that. To come back to Senator Macdonald's question about Townsville, to use that as an example, long-term planning of that particular port, for defence, heavy minerals and cattle, will require longer-term thinking about the rail access, which takes about 90 per cent of the material through the port. And then there is the port access road, particularly for cattle and bulk goods, and indeed an increasing amount of raw materials that have been subsequently upgraded, and also there is the issue of what is happening with the dredging issues around the port. Residential development, downwind of a major port, is going to have some impacts.

To use Townsville as an example, they are live issues but, because we have not had a strategic thinking about that in the longer term, we perhaps have not been able to deal with those live issues today. I think the strategic approach will give us the tools to deal with those things. We met—again to use Townsville as an example—with the 14 mayors or their representatives all the way up the rail line from Townsville to Mount Isa, dealing with that whole supply chain and the sorts of changes that might have an impact. The issue of how the city of Townsville is planned in the future and its connection with the port is a really key event because of the juxtaposition of it, and similarly with most of our ports where there are cities related.

In terms of Burnie and Bell Bay, they are similar sorts of issues that we are looking at: what are the demand forecasts, what sorts of material, what are industry's requirements now and into the future, and then how do we strategically manage those issues better for the people of Tasmania and the national task? What happens with the treatment of bauxite in the future? Nationally, there are going to be some changes, potentially.

Senator COLBECK—Does Bell Bay remain an aspirational site? It is one of the key ports, it is the only port in Tasmania that is listed in the National Ports Strategy at this stage in relation to export; it is mentioned again today in this major transport document. Does that remain an aspirational port as far as Infrastructure Australia is concerned or—

Mr Deegan—I would not use the word 'aspirational'. It is an important port to the nation and it is how we best manage that. It is, for the first time, getting a national focus to support the Tasmanian government and community and the sorts of challenges they are going to have in their port system.

Senator COLBECK—What are the signals that you are getting out of the Tasmanian government on this, because they are an important process? I recall, I think it was, Minister Sturges about 18 months ago, made some public comments about the priorities placed on the three northern ports and, given the parochialities in Tasmania are no different to other places, perhaps stronger, it did raise a fair bit of comment at the time because there is a lot of aspiration about the drivers of the port as a key economic driver in these three locations. Where does the direction from the Tasmanian government fit into this at the moment?

Mr Deegan—We have had direct discussions with the now Premier on those issues, dealing very closely with her department and her relevant minister on those issues. Again, our focus is getting down into the detail of what are those demand forecasts for, whether it is car product or export, or other arrangements that might happen through those ports, and how then do we manage that asset, how do we help the Tasmanian government with those asset decisions around both Burnie and Bell Bay in the north.

Senator COLBECK—As I understand it, there is another stage of the ports that deals with the coastal ports, if you want to call them that, rather than the export ports. Is that still to be released as part of this overall package.

Mr Deegan—Yes. Our major focus is on the 42 major ports—you have got to start somewhere. We have got requests in from a range of other ports as to what role they may play in the 30 to 50 years outlook. We are encouraging those ports to work with us on a master planning arrangement for that.

Senator COLBECK—Your direction in this is influenced fairly heavily by the perceptions or the views of the various state governments as well as that process?

Mr Deegan—State governments have a lot of interaction with industry on these matters, clearly, because they are the big players in the space.

Senator COLBECK—In relation to the release today, and particularly the B-triples that are proposed as part of that process, how does that interact in relation to major highway links and proposed development on that? There has been an ongoing battle in Tasmania over whether we should have a two-, three- or four-lane highway between Launceston and Hobart and I think everybody now, at last, has decided we want a four-lane highway. How do these sorts of decisions that have been considered as part of this strategy influence those funding decisions for that sort of infrastructure?

Mr Deegan—Again, the point of having a national strategic approach for our freight system is to think it through and make sure that those financing and funding decisions, because it will not all necessarily come from government, are properly reflected in an overview of what we are trying to do. If the task is to move goods and services from Hobart to Launceston or other parts of Tasmania, what is the most effective way of doing that? Do we spend more and more money on increasing the road network as a nation; do we do something in rail; do we do a combination of those? Clearly, there are some other things you can do. There is the regulatory impact, and you are aware that there is a big push on to reduce Australia's nine rail safety regulators to one. Again, moving to a national heavy vehicle regulator department who is responsible for implementing will make a big change in our productivity outcome, similarly, with the sorts of vehicles that you might use on either road or rail. That will transform the way we do business. If you were to move—and not all roads are suitable for B-triples—to B-triples on suitable roads, you would clearly cut down the number of trucks that you require for the current effort. The problem we are facing is that we are doubling the freight task and we are just not geared for it. Without this sort of long-term thinking about the national freight view, we will struggle to manage.

Senator COLBECK—As part of that process, the decision between road and rail, is there any cost-benefit analysis work that is done in the context of that? I talk to people involved in

the freight industry in Tassie and obviously they have their views, based on which sector that they are in, but is there any cost-benefit analysis work that is done to actually drive those key decisions, whether to make that investment in rail versus road, or the other way round?

Mr Deegan—Certainly, with the pricing arrangements that sit underneath road and rail, the current arrangements in the trucking industry are through something called the PAYGO method. Some of the proposals from the Henry tax review were to look more deeply at those sorts of pricing issues and how that might operate. When we look at particular projects, and the department does the same for both road and rail, there is an analysis for cost-benefit. For example, we have a major project that both the department and ourselves have looked at, an inland rail project between Melbourne and Brisbane. We have asked the proponents of the various options to ensure that there is an apple-with-apple comparison between the Newell Highway, the New England Highway, inland rail, coastal rail and even, potentially, coastal shipping, so that the Commonwealth is in the best position to make the decision as to what funds should be provided. The other part of this that we are interested in is what capacity and opportunity is there for the private sector in some of these investment decisions as well, and we have got some work underway on a couple of innovative private sector funding solutions for some of these challenges.

Senator COLBECK—Are there any specific requests for additional funding for the Brighton bypass project, and where are we at with filling in the missing link?

Ms O'Connell—The situation at present is that there is approval for an alignment for that Brighton bypass. That alignment involves a bridge over the river and levee. The Australian government is contributing an additional \$12 million in terms of that alignment change for that bridge.

Senator COLBECK—What is the Tasmanian government contribution to that?

Mr Jaggars—It is, \$2.5 million.

Senator COLBECK—One more question: I want to ask about the Kingston bypass and a suggestion that there is a shortfall in the funding for that project. Can you give me some advice on that, please?

Mr Jaggars—The Australian government is contributing \$15 million for the Kingston bypass project. The total cost of the project is \$41.5 million. It is providing a 2.8-kilometre bypass of Kingston for the Channel Highway along the alignment.

Senator COLBECK—Yes, I know the basic details. I just want to know if you have had a request for any additional funding and whether there is a shortfall in the project that you have been advised of.

Mr Jaggars—No, not at this time. Construction is well underway on all the bridge structures and 80 per cent of the route.

Senator LUDLAM—Mr Deegan, thank you for coming back in. When Infrastructure Australia was announced, or a short time after it was announced, it was announced as a \$20 billion Infrastructure Australia fund. About a quarter of that was quarantined for version 1 of the NBN project. Open source reporting is indicating that there is about \$800 million left in the fund. I am trying to work this out. Are you only dealing with that amount of money, or are

you just setting up your pipeline of projects and letting government take care of funding decisions?

Mr Deegan—Essentially the latter point. We are providing advice on a range of individual projects that have been proposed by Commonwealth, state or other bodies, but we are also, in the strategic work, looking at other major funding requirements in the long term.

Senator LUDLAM—Is the \$800 million figure correct? I just read that in a newspaper. Can you confirm it?

Mr Deegan—I would have to take that on notice. I do not know off the top of my head.

Senator LUDLAM—You do not know how much money you have left?

Mr Deegan—No, principally they are decisions that the Commonwealth take in their budget, but I will establish that for you.

Senator LUDLAM—Yes, if you could. Do you have a fund still that you consider yours that has any kind of special status, or are you just assuming you are working out of Commonwealth revenue from here on?

Mr Deegan—We are an advisory body only. We do not allocate the budget decisions.

Senator LUDLAM—What ever happened to the Building Australia Fund? Did it just quietly get shifted back in—

Mr Deegan—The model is still there, and I will check for you the current balance.

Senator LUDLAM—Thank you.

Ms O'Connell—In terms of the Building Australia Fund in the 2009 budget, there were quite a number of key project decisions to commit funds out of the Building Australia Fund. In terms of the operation of the fund, those commitments I think valued \$8.5 billion. The draw-down on the cash within the fund is phased according to the progress with those particular projects.

Senator LUDLAM—Yes. We have heard this morning there is an enormous amount of work still to do, so I am just wondering what everything else will be funded out of, and it sounds as though it will be consolidated revenue. So we will not be hearing much more of the Building Australia Fund?

Mr Deegan—That depends on government decisions about how they allocate it. Originally, as you would be aware, the Building Australia Fund was made up of surpluses as they were predicted at the time. They are decisions that the government would take in the normal budgetary process.

Senator LUDLAM—Thank you very much. I want to get a quick update on WA proposals that are in the pipeline. State government obviously put out a set of proposals. In particular, I am interested in Point Torment. Do you want to just give us a run-down, first of all, of whether there is somewhere that we can already find out what the status of particular bids is without wasting your time here?

Mr Deegan—Sorry, the status of?

Senator LUDLAM—Of a particular bid. I am interested in all the WA ones, obviously, but particularly the Point Torment one in the Kimberley, for example. Where is that up to? Is there somewhere you can—

Mr Deegan—I am having trouble hearing, Senator, sorry. Which one in the Kimberley?

Senator LUDLAM—It was one of the WA government's proposals for infrastructure near Point Torment, about 40 kilometres from Derby in the West Kimberley.

Mr Deegan—I would have to take that on notice. I will take that on notice.

Senator LUDLAM—Okay. I might put the questions in writing rather than taking up your time now.

Mr Deegan—Thanks. That would be useful.

Senator LUDLAM—But there is a larger question there: how does the general public or interested stakeholders know what the status of a particular project is within your pipeline?

Mr Deegan—We produce a publicly available report each year, in June, and there will be another one produced for June this year.

Senator LUDLAM—Once a year?

Mr Deegan—We report on the major advice we have provided to government across a range of projects. A number of those projects are identified as early stage, right through five stages, to ready to proceed. We identify the status of those projects at that time.

Senator LUDLAM—In addition to that, you have the ones that come in from left field, like the New South Wales stuff. Maybe then, while we are on the subject of New South Wales, you have advised against funding of the M5 duplication, and again there is some reporting in the press about the reasons for that rejection. Is that something specific to a failure in that particular application, or are there some more fundamental issues around urban freeways that are in play?

Mr Deegan—There is a combination of issues associated with all projects put forward by jurisdictions. This is not New South Wales centric at all but, rather, we have a rigorous process of analysis of the projects that are put to us. In the case of the M5 and M2 to F3, Minister Albanese has asked for advice on potential private financing options. That was announced in the media post-election, or maybe even pre-election, but he sent the request subsequently. We are undertaking that work at the moment, and that is looking at a combination of issues associated with access to the Port of Botany for freight, access to Sydney airport for the M5 project, and the potential for private financing. There are similar issues associated with the options around the M2 to the F3, and we have had a former employee of the department of infrastructure who had the corporate history working closely with us on that. We would hope to provide that advice to the Commonwealth government in due course, dealing with all those issues that you have just canvassed.

Senator LUDLAM—Thank you very much. I am quoting from a piece that ran in the *Herald* this morning titled 'Transport stuff-ups cost state billions'. I will just read it to you. It is about the feedback that you have given going back quite a while now, to when the New South Wales government asked for funding for the M4 east. Infrastructure Australia said:

The project is not consistent with a number of IA strategic priorities.

You gave us an outline this morning again of what they are. Is it really your job to help the government find private financing for a project that would not meet strategic priorities for government finance?

Mr Deegan—Clearly, when a sensible request is made from an Australian government minister about private finance, we also look at the appropriateness of the financing arrangements, as would the private sector. The private sector are not going to stump up cash unless they feel that the project is going to work. They are the issues that we are currently dealing with, particularly in association with the M5.

Senator LUDLAM—Private financiers will not have your breadth of terms of reference. It is good that you have them. You are charged with looking after the public interest; private financiers are looking after whether it will turn a profit or not. So we might get a dramatically unpopular private road. I am just trying to work out whether your—

Mr Deegan—We would hope we get a dramatically popular solution to the challenge.

Senator LUDLAM—It might mean that there is no freeway, though.

Mr Deegan—It might mean a combination of issues. It might need better access to the port for freight, it might provide some pricing signals to the community about access for cars in the current arrangement, or it might look to some public transport options as part of the solution. We try and deal with the broader picture. Clearly, in and around Port Botany there are a host of freight rail issues as well—development of the intermodal terminal proposed at Moorebank, the current operating pattern of that rail system and whether it should be duplicated from Port Botany to Moorebank; how Enfield and Chullora work. We try and take that big picture view. I am pleased to say that, while the *Herald* report reflects our advice of some time ago, there has been a significant improvement in and a better strategic approach from the New South Wales departments that we are working with on these big issues.

Senator LUDLAM—You would not rule out Commonwealth funding, for example, for the M5 or the M4 extension if they tick certain boxes?

Mr Deegan—Our advice would be to consider those issues in the broad, and then it is the government's decision as to whether they accept that advice.

Senator LUDLAM—Does New South Wales have a state freight strategy?

Mr Deegan—They are working on one.

Senator LUDLAM—So that is a no.

Mr Deegan—They have had one. I think they are seeking to update that.

Senator LUDLAM—Does that make it a little bit difficult to develop a national freight strategy when our largest state—well, as a Western Australian, I should say 'our largest state' but I mean New South Wales—does not yet have one?

Mr Deegan—I think one of the features of our country is that to date we have not had that national overview of the sorts of long-term road and rail connections and the interaction with our ports that a country of our size and maturity should have. The detail of those arrangements within each jurisdiction should properly flow from an overview at the national level. That

New South Wales are still updating their current strategic approach gives them the opportunity to understand the national view of how these things might work. Add to that the work the department and Minister Albanese are undertaking in trying to reduce our regulatory burden on both rail safety and heavy vehicles, and I think those national impacts will have a very big role and produce a different outcome, I would hope, in New South Wales.

Senator LUDLAM—Given that there is a reasonable likelihood, some would say absolute certainty, that we will be dealing with a different state administration post-March, coalition leader Barry O’Farrell made some peculiar comments about distrust of Infrastructure Australia. Have you had direct dialogue with the opposition, or do you not really see that as part of your role?

Mr Deegan—It is not necessarily part of our role. We have had some informal contact with the opposition, and it is not our role to judge the outcome of particular elections, and we will see where that goes. I think the report today in the *Sydney Morning Herald* reinforces the rigour with which we approach these issues.

Senator LUDLAM—It does.

Mr Deegan—I do not think there is any question about our independence, based on that report on its own.

Senator LUDLAM—I would have thought so, that is why I am describing his comments as peculiar. In a nutshell, what should New South Wales be doing to ensure a larger proportion of funding? So far they have put up proposals that have been knocked back, and the Commonwealth has allocated some funding to help them get their planning act together. What do you see as the essential ingredients to bring New South Wales back to the table?

Mr Deegan—The essential ingredient is something that New South Wales has undertaken in the last couple of years, which is, in the transport space, to combine the transport agencies under one leader. That has been a significant development for Sydney and the state of New South Wales. The individual there is doing an extraordinarily great job in trying to pull together the various arms of the transport system. That, on its own, will produce a very different strategic approach and is something that our organisation has welcomed with open arms.

Senator LUDLAM—Are you confident that there will be continuity post the change of government then?

Mr Deegan—They are matters I could not comment on.

Senator LUDLAM—That is fair enough. I am presuming that you and everybody else in this space are operating on the assumption that freight volumes are going to double between now and 2030?

Mr Deegan—There is certainly considerable data about the freight impact, and that is something that we are testing. In the port strategy, we identified that there were different demand forecasts across different ports, often for the same product, so that is a piece of research that we are checking through to make sure that the data is the same and that we are using the same sort of demand forecasts, otherwise we will make mistakes in the long-term planning.

Senator LUDLAM—Recognising that you folk are guessing like anybody else, and we are paying agencies like BITRE to do the educated guessing, whereas the rest of us are probably doing uneducated guessing, I got a response to a question on notice that I put about how you judge the long-run forecasts of oil prices. I know you would be disappointed if I did not ask you about this at least once per session.

Mr Deegan—I hope the answer was sufficient for you.

Senator LUDLAM—No, it is not. It is three lines. It says:

The Infrastructure Australia Cost Benefit Analysis guidelines ask proponents to follow industry accepted guidelines and to provide sensitivity testing for key parameters, including changes in global oil prices.

So it does not really tell me what you do with that information. What I am interested to know is: what do you consider as the long-run oil price? Are you actually planning and preparing for a very, very expensive short-term oil future or not?

Mr Deegan—It is one of the issues that we take into account.

Senator LUDLAM—But it is a really, really important one.

Mr Deegan—Yes.

Senator LUDLAM—Because it seems to me as though, notwithstanding decisions around getting more freight onto rail and so on, which are quite clearly a priority of this government, so we are told, that investment decisions are still being made based on the past, not on the future.

Mr Deegan—In my response to Senator Milne, I outlined the importance of having a national freight strategy that deals with this and other issues so that in the long term we can take those issues into account. If we were to move from an oil based system, or the pricing was so different, they are the sorts of things that would drive a different outcome. What Minister Albanese has today released for the very first time a view of the national government's freight strategy. The sorts of issues that you raise about oil pricing are a very important part of that long-term thinking so that we can actually factor those issues into account far better than we have today.

Senator LUDLAM—I am going to drop some of these on notice, I think, because we are out of time and everyone has been very good at keeping to time. Do you encourage local governments, or consortiums of local government and industry and utilities and so on, to come forward with proposals for funding submissions? Is it necessarily a deal breaker if the state government is not at the table?

Mr Deegan—We do encourage the community groups, industry, state and local governments to come to us with proposals that are sensible proposals that would boost national productivity.

Senator LUDLAM—Are you aware or can you advise people of alternative funding pools for transport infrastructure?

Mr Deegan—Often we do provide advice, where we are aware of alternatives that they might consider.

Senator LUDLAM—Thank you. I will probably have to leave it there if I am out of time. My last question on notice then would be about whether you have any involvement in the high-speed rail study that is underway, because I presume they will be looking at many of the same corridors as your study and as are outlined in the freight strategy.

Mr Deegan—In part, yes. But I will take that on notice.

Senator LUDLAM—Yes, if you could—just the degree of the involvement that you have had. Thanks very much, Mr Deegan.

CHAIR—Senator Macdonald.

Senator IAN MACDONALD—I would like a very quick answer, please, from whoever. Is the federal government involved in the Gold Coast light rail project and, if so, where is that at?

Mr Mrdak—Yes, the government has provided \$365 million for that project and that project is now at the construction stage.

Senator IAN MACDONALD—Finally from me, in an edition of the *Rockhampton Morning Bulletin* of 4 November 2009 it was reported that, ‘Premier Bligh is taking a personal interest in the project,’ which was the third crossing of the Fitzroy River in Rockhampton, ‘and has given the green light for infrastructure planning stage to begin’. I am just wondering if either the government or Infrastructure Australia have had any approach from the Queensland government or anyone else in relation to a third crossing of the Fitzroy River. You will be aware that Rockhampton and the township were substantially flooded in January and much of the existing highway was under water.

Mr Deegan—I have been to Rockhampton at the invitation of both the Rockhampton Regional Council and others to look at road and rail issues, in particular, and access in and out of Rockhampton. We have certainly been briefed on those issues and the department may have more information as to current status.

Senator IAN MACDONALD—When was that?

Mr Deegan—I can check for you.

Senator IAN MACDONALD—But, what, in January?

Mr Deegan—No. Prior to the floods.

Senator IAN MACDONALD—Do you recall if the third crossing was a subject of your discussion?

Mr Deegan—Every bit of infrastructure was the subject of those discussions; they don’t miss.

Senator IAN MACDONALD—But including the—

Mr Deegan—Including the third crossing, yes, and water issues and the pipe.

Senator IAN MACDONALD—Nothing further from the department?

Mr Jagers—We just might add that there is a Yeppen flood plain study that is underway at the moment, and that study is expected to be finished in early to mid-2011. That study is

looking at routes for a higher level crossing of the Fitzroy River flood plain. So that is considering alternative routes and crossings.

Senator IAN MACDONALD—Thanks.

CHAIR—Senator Ludlam just has 60 seconds and Senator Milne was short. So Senator Ludlam.

Senator LUDLAM—It is something I meant to ask about when we were speaking about the article that was in the *Sydney Morning Herald*, about Infrastructure Australia proposing a second airport on the Central Coast. That idea seems to have come from somewhere out of left field. Is there anything you can tell us about that?

Mr Deegan—There have been discussions in Sydney and New South Wales about increasing airport capacity for some time. I think the *Herald* article is referring to some advice some time ago. You will be aware that the Commonwealth department chaired by Mr Mrdak and a New South Wales official are looking at airport capacity and issues in the Sydney basin more generally.

Senator LUDLAM—I will leave it there then. Can you just identify for us where in the program will be the most appropriate time to pick that issue up?

Mr Mrdak—Aviation and airports.

Senator LUDLAM—That makes sense. I will stick around.

CHAIR—Senator Coonan.

Senator COONAN—I just want to ask a few questions about the high-speed-rail study, please. The minister announced in October last year a \$20 million feasibility study and said that the cost would be \$20 million. Can somebody at the table tell me why only \$6 million was sought in the appropriation bill that was introduced on 10 February this year?

Mr Mrdak—The funding that is in the additional estimates I think is over two years—\$6 million in the current year and \$14 million next year—which reflects the way in which the study terms of reference have been designed. Essentially, it provides that the first stage of work to be completed by July is the initial route and costing work, and then much more detailed work will be done over the following 12 months to complete the final study by the middle of 2012.

Senator COONAN—Yes, I thought that might be the case. It is pretty misleading in the description in the EM. I think it just says, ‘The Department of Infrastructure and Transport be provided with \$6 million to undertake the study.’

Mr Mrdak—I think that just reflects the additional estimates for this year.

Senator COONAN—On announcing the terms of reference: can somebody confirm if the tender has now been let, the date of it and to whom it was awarded?

Mr Mrdak—Yes, certainly, Senator. The first phase contract has been let. It is a consortium led by AECOM and that consortium includes KPMG, Sinclair Knight Merz and Grimshaw Architects in the AECOM consortium. That contract was awarded in January and that contract is now underway.

Senator COONAN—Dated 20 January; would that be right?

Ms O'Connell—That could be the announcement date. It was announced at the time.

Senator COONAN—It was the only one I could find. So I have assumed—

Ms O'Connell—It was announced at the time, Senator, in January.

Senator COONAN—What amount is that one?

Mr Mrdak—The contract I would have to take on notice, I think the work is around \$4.3 million for this initial contract.

Senator COONAN—How are the study costs going to be allocated? For example, is it being paid in full to the winning tender or is it being allocated to third parties and broken into various payments?

Mr Mrdak—It is being paid through the head contractor, AECOM. It will be done on a milestone basis on a work program that has been agreed with them under the contract.

Senator COONAN—I have a couple of other questions. The formal reference group: has that been established, and who is on it?

Mr Mrdak—Yes, the reference group has been established. It is chaired by me. It includes representatives from Infrastructure Partnerships Australia, the Australasian Railway Association—

Senator COONAN—Can we have their names?

Mr Mrdak—Certainly.

Ms O'Connell—Brendan Lyon from Infrastructure Partnerships Australia.

Mr Mrdak—Brendan Lyon from Infrastructure Partnerships Australia.

Ms O'Connell—Bryan Nye from the Australasian Railway Association. My colleague might have to help me with the person's name, but from the CRC for Rail Innovation there is—

Mr Mrdak—We will get you a list of names today.

Senator COONAN—You will take that on notice—

Ms O'Connell—We can tell you the organisations.

Senator COONAN—given the time.

Mr Mrdak—We have the head of the ACT Minister's Department; the Department of Infrastructure and Planning in Queensland; Transport New South Wales, Les Wielinga; the Australian Local Government Association, Mr Beresford-Wylie; and the Department of Premier and Cabinet in Victoria represented on that reference group. I will get you the names.

Senator COONAN—So it has met?

Mr Mrdak—Yes, it has. It had its first meeting two weeks ago.

Senator COONAN—Are you able to say, given that the timing that the minister said in announcing the study was—and parliament was again advised as recently as 10 February—

that the first stage would be completed by July 2011: is this still the case, and is the second stage of the study on track to be completed by mid-2012?

Mr Mrdak—Yes, we have built into the project milestones the first stage be completed by July. We are now also doing the planning for the second stage to ensure that those time frames are being met.

Senator COONAN—Have these milestones been met so far, or have they yet to be met?

Mr Mrdak—They have, yes.

Senator COONAN—Thank you.

CHAIR—That is it, Senator Coonan?

Senator COONAN—Yes, thank you.

CHAIR—Very good, thank you.

Mr Deegan—I need to leave.

CHAIR—Yes, you do, Mr Deegan, Thank you very much.

Senator COLBECK—I mentioned before, when I was talking to Infrastructure Australia, policy on the main highway between Launceston and Hobart. Has the government had any discussions with the Tasmanian government on delivering funding for a four-lane highway between Launceston and Hobart as part of the—

Mr Mrdak—It is not in current program, and I am not aware of any such discussions.

Ms O'Connell—Other than that perhaps, I think, there has been a submission to Infrastructure Australia. There may have been a submission to Infrastructure Australia on—

CHAIR—So we have just let the relevant person escape on us?

Mr Jagers—Senator, we have not been involved in discussions at departmental level on it.

Mr Mrdak—No, not at departmental level.

Ms O'Connell—We can check if there has been a submission to Infrastructure Australia.

Senator COLBECK—If you could find that out for me on notice, that would be fine, thanks.

Ms O'Connell—Yes.

Senator COLBECK—Have we had any requests from Tasmania for further gas rollouts?

Mr Mrdak—Not that we are aware of, Senator; not in this portfolio.

Senator COLBECK—The other stuff I will deal with under other agencies.

CHAIR—As there are no further questions, that is it. Thank you very much, colleagues. I thank the officers. I thank Hansard and Broadcasting.

Proceedings suspended from 1.02 pm to 2.02 pm

CHAIR—Now we will move to questions about nation building. Senator Williams.

Senator WILLIAMS—Mr Mrdak, in relation to truck stops, the federal government is providing \$9.7 million over 2010-11 and 2011-12 for 14 new upgraded projects. They include Goonoo Goonoo, on the northbound side of the New England Highway near Tamworth, and Boolaroo rest areas. How do you identify where these truck stops are most needed?

Mr Mrdak—They come out of a process that has been determined—we are working quite closely with the truck industry. I might ask my colleague, Mr Jagers, to take you through that process.

Mr Jagers—Senator, submissions are received from state and territory governments identifying priorities for funding, and are also received from interest groups, such as the Australian Livestock Transporters Association, Australian Logistics Council, Australian Trucking Association, Linfox, NatRoad Ltd, National Transport Commission, Queensland Transport Association and Toll Group. So the minister receives submissions, and approval of funding is based on the submissions and adequate project documentation and state's agreement to the terms of the funding and reporting requirements. So I think—

Mr Foulds—And the states contribute the same amount as the Commonwealth.

Senator WILLIAMS—Do they? So the states kick in 50 per cent. So you consult with the transport industry as well to—

Mr Foulds—Yes.

Senator WILLIAMS—Obviously, the distances between stops and the availability of truck stops play a priority in that, where you cannot have too much distance, obviously.

Mr Jagers—Yes, Senator. The stakeholders are a key part of the process.

Senator WILLIAMS—So—fourteen new truck stops over a two-year period—have you any idea what the demand is for more truck stops? For example—I will just do New South Wales alone—is there a need for another 50 or 100? How many applications do you know have been put forward to your department as far as more truck stops?

Mr Foulds—With the Heavy Vehicle Safety and Productivity Program, those submissions come when they are called for for that program—and there have been two rounds, round 1 and round 2—

Senator WILLIAMS—So you are saying the program is announced and then they call for submissions?

Mr Foulds—For those ones, but in the development of road projects in general, it is often the case that truck stops and service facilities are considered as part of the planning process. So take work around, for example, the Pacific Highway near Kempsey. There is provision for, or a lot of consideration going into, south of Kempsey, a truck stop, rest area, service facilities, and how close that is to others. So those things are considered as part of normal project development in the larger projects. But specifically for this program, they were part of it. Specific submissions out of that—I am not aware of any at the moment.

Senator WILLIAMS—Given that Minister Albanese has announced, I think, again today the Inland Rail Project—it has been announced many times now—the number of trucks on the road is obviously increasing. Am I correct in assuming that?

Ms O’Connell—Yes.

Mr Mrdak—That is correct.

Senator WILLIAMS—Do you have a congestion problem in some of those areas, as far as truck stops go? With more trucks, and with the regulations of log books, driving hours et cetera—work diaries I think they call them these days—are you finding that there are areas where truck stops need to be enlarged, as well as more put in?

Ms O’Connell—Certainly, and some of the proposals that we receive are about increasing the size of some of the heavy vehicle rest areas. Not necessarily all of them are for new rest areas; some of them are for increasing the size of the rest areas.

Senator WILLIAMS—So you have had to increase the size of some of the previous truck stops to cater for the number of trucks?

Mr Mrdak—That is right.

Ms O’Connell—That is right.

Mr Mrdak—It is fair to say, Senator, that, were there more financial resources available, we certainly would be looking to do more of the truck stops, because industry is quite rightly saying that, particularly, as you say, with the new fatigue requirements, we do need more of these facilities. When the priority lists are developed by the states with industry, we try and capture the critical ones in the program.

Senator WILLIAMS—So when the government increased the road user charge on the fuel, did that money flow on to more truck stops, or some of that money?

Mr Mrdak—This program has been funded out of that initial increase.

Senator WILLIAMS—But you are saying there needs to be more funding to actually build more truck stops?

Mr Mrdak—Certainly, I think the industry is clearly of the view—and we would share that view—there is a lot more we could be doing on truck stops, and as we design future programs, we would certainly like to be making more provision for those. That is certainly true.

Senator WILLIAMS—Have you any idea how much more funding would be needed over, say, four-year forward estimates?

Mr Mrdak—I am not in a position to give you an estimate at this stage.

Senator WILLIAMS—Okay.

Senator JOYCE—Mr Mrdak, can you please update us on the progress of the national heavy vehicle reforms? Is this on track to implement by 2013?

Mr Mrdak—Yes, it is. We are on track, and COAG reaffirmed, Sunday a week ago, its intention that we have the intergovernmental agreements all finalised by the middle of this year. Ms O’Connell may be able to give you an update on that.

Ms O'Connell—Yes, certainly. The work plan has the intergovernmental agreements agreed by the middle of this year and going to a COAG subsequent to that for endorsement, and with a view that the single national heavy vehicle regulator would come into being, if you like, or be enacted, from January 2013. That is the current time line.

CHAIR—Can I just interrupt, Senator Joyce? Is this more for surface transport policy?

Ms O'Connell—It is, Senator, but—

Mr Mrdak—It is. We are happy to deal with it if—

CHAIR—Only because if we can officially—

Senator JOYCE—Yes, well—

CHAIR—If you do not have anything on nation building, I will come back to you straight away, Senator Joyce.

Senator JOYCE—Fair enough, Chair. I just thought he was talking about trucks, so I thought I would ask another question about trucks.

Senator WILLIAMS—Just moving on to black spot funding, Mr Mrdak, what percentage of applications for black spot funding comes from authorities in regional areas? Have you any idea?

Mr Foulds—I believe it is of the order of half. There is no specific rule in the notes on administration for it, but it is roughly that.

Senator WILLIAMS—Roughly what percent?

Mr Foulds—Roughly 50 per cent.

Senator WILLIAMS—About 50?

Mr Foulds—Yes.

Senator WILLIAMS—And what percentage of projects are approved for funding in regional New South Wales? Have you any idea of that percentage?

Mr Foulds—No, I do not have that information with me, but I could—

Senator WILLIAMS—Take it on notice and perhaps file it?

Mr Foulds—Yes.

Senator WILLIAMS—That would be wonderful. And what is the process for determining whether particular areas should be eligible? Is there, for instance, an onsite inspection, or is it just determined from the written applications? How do you actually determine that a black spot area will be a priority?

Mr Foulds—The way the black spot program works is that any organisation or individual can nominate a spot on a road, a national highway: 'This is a black spot,' or 'I would like this to be considered.'

Senator WILLIAMS—You would get a lot from local government, would you not?

Mr Foulds—You get a lot from local government; you get some from individuals. In regard to the criteria that relate to it, it has to have a history of at least three casualty crashes

over a five-year period at that particular point for it to be eligible for the black spot program. It needs to be able to demonstrate a benefit-to-cost ratio of at least two to one. There are some sites which are eligible for consideration as a result of a road safety audit. Road safety audits do not require a crash history or a casualty crash history, but only 30 per cent of the program can be allocated on the basis of a road safety audit, as opposed to one which has a crash history.

When those are nominated, there is a desktop review, if you like, conducted by the particular road safety authority—so, in the case of New South Wales, it is the RTA—and all of those submissions are brought to the state or territory consultative panel. In the case of New South Wales, that is chaired by Mr Craig Thompson MP, and the membership of that is the Local Government and Shires Association, NRMA, Institute of Public Works Engineering, New South Wales Police, Council on the Ageing, Federation of Parents and Citizens, and the New South Wales RTA itself. They then go through a process of looking at the allocation of funding for that year. They will then produce a list of black spot projects—or potential black spot projects, really—which is then put to the minister for approval.

Once approved, the black spots solutions are then implemented and that can result in some changes. So it ceases to be, if you like, a desktop study and becomes a practical implementation issue. That is where problems may or may not arise and where the price or the cost of a particular solution, be it a roundabout, traffic lights or line painting, could go up or could go down, depending on a whole raft of issues. That is how you get to the list of potential black spots and hopefully every one of those converts in the funding year to a solution.

CHAIR—If there are no further questions of Nation Building, thank you very much, and we will call Surface Transport Policy. Senator Joyce, you have the call.

Senator JOYCE—Mr Mrdak, I presume that this question is going to go to Ms O’Connell, because she started answering it last time. Can you please update us on progress of the National Heavy Vehicle Program? Is it on track to be implemented by 2013?

Ms O’Connell—The introduction and the commitment to have a single national heavy vehicle regulator is on track and that regulator will come into effect from January 2013. It has been reinforced in the latest COAG agreement a couple of weeks ago that that commitment remains on track.

Senator JOYCE—I notice in the COAG agreement there was a media release that said it had been brought forward six months. Is that correct?

Ms O’Connell—No, I think the wording was that it remains a commitment for 2013 with the request that the relevant ministerial council, which is the Australian Transport Council, have a look at the possibility of introducing it six months earlier, so from July 2012. That is not the exact wording but that is the thrust of it, so it was a request by COAG to have a look at introducing it six months earlier.

Senator JOYCE—It is an amorphous statement—‘have a look at introducing it six months earlier’.

Mr Mrdak—It very much depends. What we are trying to do with the jurisdictions is bring forward the legislative timeframes. The critical piece is Queensland, where the heavy vehicle regulator will be based. We are looking to have the Queensland parliament pass the legislation, the national laws, by October and then we have got to get the other jurisdictions to legislate, to effectively apply that Queensland law in their own jurisdictions. So we are trying to get state legislators next year to bring forward their legislative programs. That is going to be a big ask.

Senator JOYCE—So basically the whole of Australia will have Queensland laws?

Mr Mrdak—It will be a national law done through the Queensland parliament.

Senator JOYCE—So where are your negotiations with places such as New South Wales? They would not know whether they are Arthur or Martha, would they?

Mr Mrdak—The New South Wales government is a supporter of the national regulator. There are a number of issues we are now working through. We have got a number of variations in jurisdictions which we are trying to minimise. What we are building into the national legislation is to protect some of the productivity benefits, the productivity measures that are in place in a couple of jurisdictions, to make sure they are locked in and grandfathered effectively. There are still some differences, particularly around fatigue hours and some of those things, between jurisdictions. We have got them down to a much smaller list of differences, and I am hopeful that when senior officials meet in March and then ministers in May we will actually have those resolved and we will have a consistent position. But at this stage New South Wales is a supporter of moving to the single regulatory approach.

Senator JOYCE—You had an ambition of, what, 362 areas of uniformity. How are you going with that? How many areas of uniformity have we achieved? I think it was the last estimates you mentioned 362 areas of uniformity.

Ms O'Connell—That is certainly the case in terms of divergence of the various different regulatory models in place across all the jurisdictions at the moment. The remaining issues that are to be the focus of agreement by transport ministers in May number about five areas. It is a small number of areas that we have. Transport ministers last agreed to engage an expert panel to have a look at these particular remaining issues and will consider the report of the expert panel in May.

Senator JOYCE—So how many have been achieved? That was really the crux of the question.

Mr Mrdak—We are down to about five key policy issues, but they are significant. They are fatigue hours, I think, and a couple of others—

Ms O'Connell—Compliance, enforcement, fatigue and registration are the issues.

Mr Mrdak—This is annual vehicle registration.

Senator WILLIAMS—What about axle weights? Are you getting uniformity there?

Mr Mrdak—I think we have got large uniformity. What we do not have at this stage is a guarantee of access. What we will get is uniformity of the regulations, but the road agencies

will retain the right to provide access onto certain pavements, and that is the next stage, once the regulator is in place, to get some of those access arrangements flowing through.

Senator WILLIAMS—What about livestock volume loading? How is New South Wales endorsing that under Queensland—and you know what I mean by volume loading livestock in Queensland. You get a 40-foot double cattle truck and you can just fill it up, but you come into New South Wales and you are overweight. Where I live we have an abattoir. A lot of stock comes down from Queensland, they get to Goondiwindi and they have got to unload 10 per cent of their stock because they are overweight when they get into New South Wales. Are there signs of some uniformity in this issue?

Mr Mrdak—Signs, but not yet settled I think is probably the way you would put it.

Ms O'Connell—These reforms, they are focused on safety regulations, so the uniformity is around the safety regulations. There are still, as the secretary mentioned, issues of access that are held by each jurisdiction.

Senator WILLIAMS—Can I just ask one on driver hours? We have got these outrageous regulations in South Australia where if you work more than 12 hours in a 24-hour period, you are gone. So if you start work at nine in the morning and you finish at nine at night and the next morning you start at eight and work till nine, one hour, you have worked 13 hours in a 24-hour period. You face up to a \$20,000 fine and the company faces up to a \$20,000 fine as well because you have worked more than 12 hours in a 24-hour period. Is South Australia showing some commonsense in these negotiations, do you know?

Ms O'Connell—This is one of the five areas of policy in relation to fatigue. Driving hours is part of the fatigue package. This is one of the issues in terms of jurisdictions having different views in terms of driving hours, and this issue has been referred to the expert panel to provide advice to transport ministers on it.

Senator WILLIAMS—Has there been any hint of some flexibility when you are near home, and I will give you an example. A mate of mine worked his 12 hours in South Australia. He got 30 kilometres from home and had to turn his truck off. He was empty after taking livestock down the south east. He had to sleep in his truck when he was literally 19 minutes from home where he could have had a shower and a meal and slept in his own bed. If he had got caught—he owns a company—he could have faced up to a \$40,000 fine for driving an extra 18 or 19 minutes to stay at home. Instead he slept in the sleeper of his truck. Is there going to be any flexibility? In some states, when you are within 100 kilometres from home you do not have to fill out a work diary. Is there going to be some flexibility when you get within that range from home—you can actually go home and have a decent night's sleep instead of staying in the truck?

Ms O'Connell—It is exactly these jurisdictional differences that are the reason behind introducing one single set of national laws.

Mr Mrdak—I think it is fair to say there is some flexibility by officials but, as Ms O'Connell says, we have got some big stumbling blocks on hours.

Senator WILLIAMS—Someone spending 20 minutes going home and facing a fine of up to \$40,000, so sleeps in the truck in a little country town that has no facilities instead of being at home, is outrageous.

Mr Mrdak—I think there is a recognition that some of those anomalies do not make a lot of sense. I think everyone is coming to the table with the right approach. I am hopeful that by May we will have settled a workable arrangement that will satisfy the industry.

Senator WILLIAMS—Let us hope there is some flexibility so that when they are nearly home they can actually go home instead of having to spend the night in the truck.

Senator JOYCE—Has the regulatory impact statement for these reforms, which is obviously the reforms pertaining to uniformity and the heavy vehicle regulator reforms, been completed?

Ms Gosling—In relation to heavy vehicles, the national transport commission is in the process of finalising the regulation impact statement and it is expected that that will be out very shortly.

Senator JOYCE—Right. So you cannot be more precise than that as to when it will be out?

Ms Gosling—We have heard the possibility of next week, but—

Senator JOYCE—Next week?

Ms Gosling—Yes.

Senator JOYCE—That is close.

Ms Gosling—It is not entirely within our control.

Senator JOYCE—I want to go onto something that is very close to my heart and the hearts of the people who live in my area. It might sound parochial, but we are dead-set serious about this. The Australian government has released a Consultation Regulation Impact Statement to examine the case for adopting an international standard on pedestrian safety and global technical regulation 9: pedestrian safety. As a new Australian design rule, can you please confirm that this will not include the banning of bull bars?

Ms Gosling—I might defer to my colleague, Mr Hogan, in terms of the details of that regulation impact statement, but the proposal is not to ban bull bars, and the statement actually goes to the issue of pedestrian safety and the standards that apply in relation to vehicles to address and ameliorate the issues in relation to pedestrian safety but not actually to ban bull bars.

Senator JOYCE—There is a recognition that in regional areas, where we live, bull bars are, for us, like safety belts. If you do not have them, you are putting the lives of the people in the car at risk, because if you hit a beast, you might wreck the car, but you are not going to kill the people inside. If you hit a roo, you are not going to go off the road and kill your wife and kids.

CHAIR—Senator Joyce, I agree with you 100 per cent. I am on board here too, but I think Ms O'Connell has made it quite clear that there is no plan. Am I correct, Ms O'Connell?

Ms O'Connell—That is right.

CHAIR—You have said no plan to ban bull bars.

Senator JOYCE—So the big thing is: has the minister made a direction or made any statement and said, 'Look, we are not going near getting rid of bull bars'?

Ms O'Connell—Yes, there has been a press release by Parliamentary Secretary Catherine King exactly to that matter about two weeks ago. We can get a copy of that and provide that to you.

Ms Gosling—The statement is out for comments until the middle of April, and then it will be assessed. But the statement, as it stands, does not propose the banning of bull bars.

Senator NASH—Can I just clarify that, then? So there is nothing in the document itself that says the regulation might mean that only vehicle designed for off-road use would be allowed to fit a bull bar on the front?

Mr Mrdak—There are proposals for standards for certain vehicles and how those bull bars would operate. I might get Mr Hogan to explain—

Senator NASH—But that is my question. We need to find if there is a distinction between off-road and on-road vehicles fitted with a bull bar.

Mr Mrdak—There is a proviso—

Senator NASH—I know you are giving us a broad statement—'There is no move to do it'—but if there is some sort of qualification between off-road and on-road, we need to know about it.

Mr Mrdak—I think I will get Mr Hogan to explain the proposal.

Mr Hogan—I can reiterate what has been said. The proposal in the RIS is emphatically not to ban bull bars. What the proposal actually does is propose standards to improve the pedestrian safety of vehicles by increasing the energy absorbency of the front of the vehicles. In a sense, they become softer. Now, so that that proposal is not undercut when people go and put bull bars on cars—and the safety benefits of bull bars are well understood, particularly in relation to animal strikes—the proposal also includes standards for bull bars. The standards for bull bars are in relation, for example, to passenger cars that are commonly used around town—different from the standard that is proposed in relation to four-wheel drives.

Senator NASH—In what way?

Mr Hogan—The standard that is proposed for vehicles that are used around town is more exacting.

Senator WILLIAMS—What does that mean?

Mr Hogan—It would be more difficult to meet. It is closer to the actual pedestrian safety standard that is proposed itself.

Senator NASH—Why are you assuming that a sedan is only used around town? Have you discarded the proposition that a sedan might be used on farm and still need the same sort of criteria as a heavy vehicle?

Mr Hogan—No, we have not. When we are dealing with vehicle standards, we cannot talk about the end use to which the vehicle would be put. So as a substitute for that, we use vehicle classes that might most closely approximate end use. There are two standards proposed. One is for passenger vehicles most commonly used around town, and the other one is proposed in relation to four-wheel drive vehicles. The standard that is proposed for passenger vehicles around town would be more demanding. The standard that is proposed for four-wheel drives is based on an Australian standard which had industry involvement in the development. Both of those standards have explicitly been stated in the regulation impact statement as being subject to people's comments, so they are precisely what we want feedback on. If people believe that those standards are going to be too exacting, that they create practical difficulties or that they create costs, that is exactly the sort of issue on which feedback is required during this consultation period.

Senator NASH—With regard to the passenger vehicle used around town that you are talking about, I would hazard a guess that that sort of vehicle is still precisely what many stock and station agents use to do thousands of kilometres out in the bush.

CHAIR—The Falcon Commodore.

Mr Hogan—It may well be, and that is the very sort of issue on which we are looking for feedback. On the other hand, there are many vehicles travelling around towns that have probably, at this stage, bull bars which we would consider, relative to the proposed pedestrian safety standard, to be too stiff with not enough give. So a standard is proposed. But in proposing a standard we are looking for comment back on that rather than saying, 'This will be the standard.'

Senator NASH—Okay.

Senator JOYCE—Can we suggest something? And I think it is a bipartisan view. When we have this inquiry into bull bars and how bad they are, you use your—get your sedan, come out to St George and we will have the inquiry at Mitchell at around 7 o'clock at night. You can do the drive up, and if you have got a car by the time you get to the end I would be surprised. So what I am asking is: are you saying now that on sedans—which are just normal cars which are used by people out in the country and people who live in cities who do the drive between country towns and do those long miles—people cannot attach a bull bar?

Mr Hogan—Not at all. What I am saying is that the standard for that particular bull bar would be closer to the actual pedestrian safety standard that is being proposed. The standard that is being proposed for the four wheel drive represents a significant concession against that standard.

Senator Carr—I may just jump in a little bit. What Mr Hogan is outlining is the sense of continuing to apply an Australian standard to vehicles which are specifically designed for off-road use. What is being proposed here and what is only out for public comment at this stage is that for vehicles which are designed for on-road use you would apply, effectively, the European commission standard for front protection for the fitting of these bull bars.

Senator JOYCE—How many kangaroos in Germany?

CHAIR—This is a very important issue. I want to hear the answer to that question, Mr Mrdak.

Mr Mrdak—What the government is saying is the proposal is for pedestrian safety for this ADR. What we will most likely get is a whole range of views on this. We will go back and reconsider this in the light of those comments received. The government is being very clear that there is no proposal to ban the fitting of bull bars or any of these devices on the front of vehicles. What we are trying to set is some form of standard which would apply to the manufacture and fitting, at the time of manufacture, to these vehicles; or, if they are post-manufacture, that we have a standard which does not defeat the purpose of the pedestrian protection in the design of the vehicle.

Senator NASH—What is the European standard that you just referred to that would apply to these passenger vehicles?

Mr Hogan—What do you mean by—it is a European directive, but you mean—

Senator NASH—How heavy is it? How big is it? Is it Perspex? Is it steel?

Mr Hogan—No, it actually sets no material standard. It sets out some performance requirements as to the impact—

CHAIR—Mr Hogan, I am sorry to come in. Can I just suggest to my fellow committee members that we seek a briefing?

Senator Carr—Very good suggestion.

CHAIR—I am not—this is just very important. This is very important.

Senator JOYCE—I think Senator Nash has a relevant question to ask, because obviously, the standard—I mean, when we hear about European standards for Australian roads, it is all very well if we are going to go for a drive down the Champs-Elysees, but we are actually trying to drive—

Senator Carr—We are getting a bit cute now.

Senator NASH—No, it is not.

Senator JOYCE—No, we are not.

Senator NASH—You don't get it.

Senator ABETZ—The minister for industry should be supporting Australian-made cars.

Senator Carr—No-one has said anything different to that. What we have had is the government making a clear statement that we are not banning bull bars.

Senator JOYCE—No, you have just made—

CHAIR—Just let the minister finish.

Senator Carr—No, we have made a very clear statement the government will not be banning bull bars. As the Minister for Innovation, Industry, Science and Research, I can assure you that there has been a long process of ensuring that Australian vehicles meet safety standards. If you just think about the way in which vehicles have changed their design over the last generation, it will become apparent to you: the whole sloping of the bonnet has

changed as a result of the application of new safety standards. It does not mean there is any more or any less commitment to ensuring passenger safety or driver safety or any of those other matters. It is just a question of making sure that the government's position is spelled out very clearly. And I think if senators do have an interest in this matter, I may well arrange a briefing with the department to actually discuss what this RIS has proposed. It is not the same as a government policy position.

CHAIR—I would actually welcome that opportunity once again and, do not worry, you will all be invited, because we really need to get our heads around this.

Senator JOYCE—But, Chair, the people who are interested in this are the people who are watching this.

Senator Carr—They are also sitting up here too, Senator Joyce.

Senator JOYCE—Yes, up there. But we are privy to their briefing. The Australian people would want to know why we are about to have a European standard applied to the sedan that someone's wife or someone's partner drives between towns, because as far as they are concerned they want the capacity to be able to survive the impact with roos generally and cattle or whatever.

Senator Carr—I think you are taking a liberty with the use of the term 'European' in this context. I suggest that you take up the offer for a briefing from the officers and actually find out what is being proposed by this RIS. This is not the government's policy. It is a proposal that is being put forward by the department at this point.

Senator NASH—I appreciate that, and we certainly will take up the offer of a briefing. But the point is there is a slight disconnect here in that the government is saying that there is no move to ban bullbars, which we appreciate, but if a bullbar of inferior quality is the only potential one we are able to put on a country—

Senator Carr—Senator Nash.

Senator NASH—Can I just finish. It is important, Minister. Certainly we agree there will not be a ban, but if it is a bullbar that is not going to be useful in rural circumstances then that negates the whole—

CHAIR—I am just going to come in here, Senator Nash. I have requested a briefing. It is not to be cute to try and avoid this issue. It is very, very damn important to a lot of people, and I think in all fairness we the committee deserve a briefing. The Minister has given us the tick-off for a briefing and I think we can do this as early as next week and the sooner the better with the blessing of my fellow full-time committee members.

Senator NASH—Absolutely, but as long as Senator Joyce has as many of his questions on the record that he would like, because he makes the very good point that our briefing will be a private briefing.

CHAIR—Senator Nash, they are certainly on the record and no-one has moved to shut Senator Joyce down.

Senator JOYCE—I will leave a question on the record then and we will move on. I appreciate, Chair, that you too, as a person who has done a lot of driving, will understand it.

We need to know this on the record. I do not know what they call them in Europe. I imagine they call them bullbars there. We certainly call them bullbars or roo bars here. What is the differentiation between the European standard and what is currently the practice in Australia as fitted to a whole range of sedans that are driving our roads and will this European standard have the capacity for which we attach a bullbar—that is, to protect the occupants from the impact with wildlife?

Senator Carr—We will take that on notice and get you a descriptor in technical terms of what the differences are.

Senator NASH—Can I just have a clarification?

CHAIR—There is no difference, Senator Joyce. We have European standards for diesel engines and everything.

Senator NASH—But I think we just want to know what it is, thanks. Minister, would you be happy for that briefing to be on the public record? Can we put that in *Hansard*?

Senator Carr—What is that?

Senator NASH—The briefing that you have offered.

Senator Carr—I would prefer it if we could actually have a private conversation and then you could have a hearing if you like. But that is not a part of the estimates process.

CHAIR—Why don't you take it on notice, Minister.

Senator NASH—I am not talking about the estimates process.

CHAIR—We do not always make a habit of having briefings. In fact, I do not know one—

Senator Carr—Senator Nash, that is a separate use of the committee.

Senator NASH—I was just clarifying because, as the minister had said, and quite rightly, the offer of the briefing was there. Not being able to do any more here on the public record, and given the offer, it is important that we actually do the briefing on the public record.

Senator Carr—Senator Nash, all I am saying is that there are procedures in the Senate in terms of the standing orders about what matters can be taken in evidence and how they are taken. There is nothing in the standing orders about taking a private briefing. That is all I am suggesting. Let's take it on notice, but the offer for a briefing stands. Whether it goes beyond that may well require a resolution of the Senate.

Senator ABETZ—I would have thought it would be very helpful, given the public interest this has aroused by the looks of it—the chair is aware of it and so are the National Party and the Liberal Party; there are a lot of people interested in the answers that will be provided—if the committee were to resolve of its own volition to ask the Senate to be allowed to sit for a period on the public record. I am sure the Senate would be more than agreeable. But the problem is if we are not resolved to that we might be in a situation where we truncate Senate estimates now. We cannot get anything else on the public record before this report comes out in end of March or April.

CHAIR—Senator Abetz, I will help you out there, because one thing about this committee is it is very, very approachable once it gets its teeth into something. I am depoliticising this

and saying that I think I can safely say the whole committee wants a briefing. There are processes in place. The committee shall have a private meeting to discuss that later. The minister has said he will take it on notice and we have been offered a briefing. I am not one to sit here in front of everyone and say everything is going to be on the record because we have never done that for that for briefings before. So with the greatest respect to the committee we will have a private hearing later.

Senator WILLIAMS—Could I ask one question on pedestrian safety?

Senator NASH—Can I just resolve this first? So could we, perhaps, determine the public nature or not of the briefing in the afternoon tea break so that, if we determine that we cannot have it on the public record, we can continue back with this at some stage today?

CHAIR—No. To be honest with you, we have a problem and we will discuss that. Senator Nash, I am not politicising a very important issue like this. I do not know how many times I have to say to you as not a member of the Liberals or the Nationals that I have a vested interest in this too, as do many Western Australians. But I do not want to go off half-cocked while we are all screaming across the table at each other, which has happened.

Senator NASH—I do not think we are screaming at all, Chair.

CHAIR—You are carrying on and then the minister answers and then you all attack him. Senator Nash, we will have a private meeting. I am not committing to anything. The committee will have a private meeting in the afternoon tea break.

Senator NASH—But you take my point, Chair; we do not want to truncate it.

CHAIR—I am not going to start precedents in here. You know that, Senator Nash, as a long-term member of this committee. It is cute to pull that before we have a meeting.

Senator ABETZ—There is a 127-page regulation impact statement dealing with the issue of pedestrian safety. Does that document deal with occupant safety?

Mr Hogan—The document is particularly focused on the application of the pedestrian safety standard. There are many Australian design rules which go to the issue of occupant safety. If you are asking whether—

Senator ABETZ—I am asking about this statement. Does it deal with occupant safety?

Mr Hogan—The intent of the document is that there should be no degradation of occupant safety.

Senator ABETZ—That is the intent. Can you take on notice whereabouts in the document that is indicated to us, please?

Mr Hogan—Yes.

Senator ABETZ—Thank you. Can I also ask: does this proposal deal with the issue of winches and driving lights on the front of motor vehicles as well, besides bullbars?

Ms O'Connell—We will take that on notice.

Senator ABETZ—Do we know at this stage or not?

Mr Hogan—It is possible to accommodate those devices within the proposed standards but, of course, they are matters on which we seek public feedback.

Senator ABETZ—What is the European standard in relation to winches?

Mr Hogan—It is not a standard in relation to winches; it is a standard in relation to impact forces and how they are dealt with. You can definitely have winches fitted to bullbars and those bullbars be able to meet the standards. They are not prescriptive—

Senator ABETZ—Also, what about winches? Would they be allowed if you had, for example, a car without a bulbar but just a winch and driving lights? Would that offend against the proposed European standard?

Mr Hogan—No, it is not a prescriptive standard, Senator. It is a standard that requires certain vehicle performance in relation to pedestrians and it does not preclude fitting of those devices.

Senator ABETZ—So these regulations might ban bullbars, but might still allow winches and—

Mr Hogan—No. The proposal does in no way ban bullbars.

Ms O'Connell—I offered earlier the media release from Catherine King that clarifies that. I can table that.

CHAIR—Please do.

Senator WILLIAMS—Just on pedestrian safety, having lived in rural Australia all my life, I was quite amazed when I went to Sydney recently and there was a red light sign that said 'Don't walk' and a lady walked out on the road and a bloke on a pushbike cleaned her up and he went head over heels. What is going on when people just walk straight across the road through the 'Don't walk' light? Isn't that one of the high-risk problems when you talk about pedestrian safety? There is a green light and a red light, and you can count people by the hundreds of thousands every day in Sydney walking straight through the red lights. Is that an issue that needs to be addressed, or do you just leave it up to everyone as individuals? And then, of course, when they get hit by a car it is the roo bar's fault, the car's fault or the driver's fault. Where do we stand on this?

Mr Mrdak—Certainly the proposal with the standard is to try and build in best practice in terms of absorption, as Mr Hogan has indicated. You obviously cannot control the actions of every person who steps out onto the road, but what you can try and do is minimise the impact if that is taking place with vehicles. That is what we are trying to do, and that is what design standards have been trying to do for some time.

Senator WILLIAMS—The point I make is that, if they obeyed the traffic rules, there would probably be fewer people being hit.

Mr Mrdak—Yes.

CHAIR—Where were we? After all that excitement, I have lost my place.

Senator JOYCE—We were going to have a private meeting to determine whether we are meeting on the record or not.

CHAIR—Fine. Members of the committee will have a private meeting at four o'clock.

Senator Carr—Actually, I think it takes more than the committee to determine whether—

CHAIR—I am talking about requesting a—

Senator Carr—Oh, the briefing.

CHAIR—Quite frankly, minister, there will be some positions put. This is out of the blue. We do not do this as a committee. I think it is rather cute to start pulling that onto the Senate estimates. That is my view, but we will have that discussion at four o'clock.

Senator NASH—Thank you, Chair.

Senator JOYCE—My next is on Australian maritime safety.

CHAIR—There are only two members here at the moment. We will get Senator Heffernan.

Senator JOYCE—I am on Australian maritime safety.

CHAIR—Okay. Are there any other questions of surface transport policy? Senator Colbeck, do you have surface transport policy questions?

Senator COLBECK—Yes, just a couple of quick ones. You provided to Senator Abetz answers to some questions that he asked on my behalf last estimates about vehicle numbers from Tasmania over the last five years, and the latest figures were 2009-10, so I presume they are calendar year numbers. Do you have any figures more up to date than that for the last six months—say, up to the end of December?

Ms Gosling—I would have to take that on notice. I do not have those figures with me, and—

Senator COLBECK—Okay.

Ms Gosling—I am not even sure whether we will be able to get them, but we will certainly try.

Senator COLBECK—Okay. The other thing that I would be interested in is if I could get some month-on-month trend lines to work out where the peaks and the troughs are in the claims for passenger vehicles under the Bass Strait Passenger Vehicle Equalisation Scheme.

Ms Gosling—I will take it on notice and we will see whether that is possible, I guess.

Senator COLBECK—Okay.

Ms O'Connell—Is it just restricted to passenger vehicles? There are a number of—

Senator COLBECK—The document that you give me, ST04 attachment A, is quite a comprehensive one, and I have to say I am pretty pleased with it.

Ms O'Connell—So it is the same break-up.

Senator COLBECK—If you could break it up based on that, that would really be very helpful. There is a bit of concern at the moment about capacity for passenger vehicles on those vessels, as I think Senator Abetz might have alluded to last time, and I am just trying to get a sense of where that is heading to. I think the effects are probably post the numbers that you have been able to give me. That is why I am trying to get something post June last year.

Ms O'Connell—Okay, June last year.

Senator COLBECK—So I am just trying to get a bit of a sense. But, of course, I recognise that there are seasonal impacts to those numbers as well, so, if I can get some

reflection of that, that gives me the capacity to have a bit of a look at what is actually happening in the system. It has dropped from 188,000 vehicles in 2005-06 down to 163,000—this is cars—in 2009-10. There may be a number of reasons for that, but one of the concerns that have been raised is that there is additional freight being placed on the vessels to the extent of about 100 cars per sailing. So I am just trying to get a sense of what the impacts were, and I think those things were instigated during the year last year, so they would not show up in these figures specifically.

Ms O'Connell—Okay.

Senator NASH—I get caught with this every time. The road safety issues—where do they fit?

Ms O'Connell—It is here.

Senator NASH—Thank you. Can I just ask about the issue of the draft National Road Safety Strategy. There are some concerns, I understand, from the Australian Automobile Association that the strategy only sets a target of 30 per cent reduction in road fatalities over the next decade. The AAA have put forward, from what they have said, that they would prefer a target of 50 per cent. Is that correct—that there is only a 30 per cent reduction? How is that figure arrived at, and are you aware of any concerns about the level?

Ms Gosling—Yes. The submissions on the draft National Road Safety Strategy closed on 18 February, so they just closed at the end of last week. We have actually received something in the order of around 600 submissions, so we now have a reasonable task in cooperation with our state and territory colleagues to analyse those submissions and pick up the key themes coming out of them. We are aware that that comment has been made, in terms of the target, and that will be one of the issues that will need to be considered in analysing the submissions and providing further advice back to the Australian Transport Council. In terms of how the 30 per cent figure was derived, I might hand over to Mr Motha.

Mr Motha—The 30 per cent was arrived at by a process of modelling. The Monash University Accident Research Centre, based in Melbourne, undertook a modelling project that generated some scenarios for the target, and that 30 per cent came out of that work.

Senator NASH—All right. The AAA has certainly brought to people's attention that this target is lower than the target in the last NRSS, which was 40 per cent. Is that correct?

Mr Motha—That is not quite correct. The target in the previous strategy was based on a rate, so it was a target that was 40 per cent based on a rate per hundred thousand people. The 30 per cent target in the current draft strategy is an absolute number-based rate, so it is based on reduction in the total number of fatalities or total number of serious injuries. If you do a calculation on that, you will find that the 30 per cent absolute number rate in the current draft is roughly equivalent to a 40 per cent rate in terms of rates. It translates to 40 per cent in terms of rates, so they are roughly equivalent.

Senator NASH—They are roughly equivalent.

Ms O'Connell—Yes. I think that in terms of the direct comparison, as Joe has explained, there is not a direct comparison. I think the other thing in terms of the current road safety strategy is focused not just on deaths but also on serious injuries. One of the developments is

the increase in injuries. As technology is improved in cars et cetera, there are fewer deaths but more serious injuries. So it is to get more of a balance of looking at both deaths and serious injuries in terms of the strategy.

In terms of the responses, there is a balance of responses. Certainly a number of them—and you mentioned the AAAs responses—are a higher target in terms of reductions. That needs to be underlain by the sort of activities or actions you put in place in order to achieve that higher target. I think it is fair to say that probably some of the responses have also not necessarily been supportive of some of the measures suggested to reduce the road fatality rate. So it is a balance of both, in terms of responses.

Senator NASH—Do these come out annually—the NRSS?

Ms O'Connell—The National Road Safety Strategy?

Senator NASH—Yes.

Ms O'Connell—The National Road Safety Strategy is a decade-long strategy. It is the international Road Safety Decade of Action, and most countries are looking at a decade of road safety initiatives. It looks at a systems-based approach, so it is not just one single initiative but looks at—

Senator NASH—At the whole lot.

Ms O'Connell—the whole lot.

Senator NASH—Is there any measurement on the way through of how it is tracking, or do you wait until you get to 2020 before you do that?

Ms O'Connell—No, there is measurement all the way through in terms of—

Senator NASH—Okay. When did it start? Has it only just—

Ms Gosling—The draft strategy has just closed. The submissions have just closed, so it will be considered by the Australian Transport Council in May.

Senator NASH—Can you, if you would not mind—and I am very happy for you to take this on notice—just say what that benchmarking will be over the next 10 years as you are measuring whether or not you are getting towards it or how that is all going to work, thanks. I have just one last very quick question on the vehicle rest stops. In answer to some very good questions from Senator Williams on notice, basically about the rest stops and the optimum number, one of the answers says: 'The audit did not quantify an optimal number of rest areas for this network. The audit did, however, identify that there was a deficiency of rest opportunities on 60 per cent of this network, as well as deficiencies in site facilities at existing rest areas.' It is STP03. How can you know if there is a deficiency if you do not know what the optimal number of rest stops is?

Ms O'Connell—I think, in terms of rest stops, when Senator Williams was asking some questions earlier, we did cover the process of the rounds for the heavy vehicle safety package 1, and the second round of heavy vehicle safety package—so that process of how the rest stops are prioritised and then selected. I think this is reflecting that the demands for rest stops are clearly high. The more rest stops, I think, the better, in terms of the process that people are allowed to put forward in submissions.

Senator NASH—But you see my point. It is difficult to find out how you can see what is not good enough when you do not know what is good.

Ms O'Connell—I think it is probably fair to reflect that there is not a sort of national standard for number of rest stops.

Senator NASH—I will go back and read the *Hansard*, sorry. I do not think I was in the room when Senator Williams was doing that. Perhaps I might put something on notice. I just find it very difficult to see how you can identify what the deficiency is if you do not actually know what the optimum number of rest stops is. Perhaps you could take that on notice for me anyway and come back with more of a thorough answer, thanks.

CHAIR—Thanks, Senator Nash. Thank you, Surface Transport Policy officers.

[2.54 pm]

Australian Maritime Safety Authority

CHAIR—I call the Australian Maritime Safety Authority, and there are questions. Welcome, gentlemen, while the seat is still warm!

Senator COLBECK—I would just like to run some quick questions through on an update on the 'Tinny to Tanker' program, on where you are at with that and where we are going as far as the time lines are concerned, particularly as we have some interest, as I have previously asked about, about some of the inshore type of businesses, the pearling industry, the oyster industry and those sorts of business that have expressed some concern about where they fit in this overall process.

Mr Peachey—Tinny to Tanker, Senator, has been on our books for a while. We have talked about it, I think, probably at the last hearings. It is one that is quite complex. We are not only trying to create a career path for seafarers from the inshore right out to the deep water sector; we are also looking at trying to sort of streamline those arrangements, but doing so in a way that does not compromise any standards. This has involved our usual constituency—they are the big end of town, if you like—but it also involves, as you are suggesting, people that we have not in the past had a great deal to do with. We have consulted with most sectors. We are about to consult more broadly, and what we are trying to do is engage with individual operators and people who are deeply involved in this sort of work so we can—

Senator COLBECK—Get some practical inputs?

Mr Peachey—get some practical inputs and actually engage them, rather than just turn up with a proposal and go, 'Here it is; what do you think?' We want to get that engagement from the early days. Where we are up to now is that we are developing a proposal. We have come and gone to some consultative forums, but the next step will be to more fully engage with particularly the people that you have been talking about.

Senator COLBECK—Have you had any interaction with some of the training entities that provide some of the courses that apply to these different entities?

Mr Peachey—Inevitably our work will go to the training entities. We deal with registered trading organisations already for our sector. Our role there is to ensure that they have appropriate standards—we actually audit them. So in the future the Tinny to Tanker proposal

not only will have the qualification requirements for the sector but also will be underpinned by formal training requirements, courses, and so on, as well as the prospect of us looking over their shoulder and auditing to make sure the standards are maintained.

Senator COLBECK—So you are going out to this next level of consultation. What is the sort of time frame around that?

Mr Peachey—We are taking a fairly careful approach because it is probably—certainly in my experience—the first national standard like this that we have developed, where we are picking up potentially all seafarers. Because of that, we are going to take our time with the consultation and we will be consulting over the next few months.

Senator COLBECK—So you do not have a specific end date as to when this process might be concluded, but you are effectively taking into account some of the issues that have been raised as you have gone around the traps—

Mr Peachey—That is right.

Senator COLBECK—and picked up feedback on what were initial proposals?

Mr Peachey—Yes.

Senator COLBECK—I just want to go to some questions that I asked you at the last estimates—and this may be more appropriate, perhaps, for the department; I am not sure, but we can sort that out as part of the process—around the position of chair of AMSA, Mr Zussino. We had some discussions about a period at which he had to stand aside as chair following the incident in the Gladstone port surrounding the *Shen Neng I*. Have there been any further instances where that approach has had to be taken, where there has been an incident in the port that AMSA has been investigating and it has required some action to deal with a potential conflict of interest?

Mr Mrdak—Not that I am aware of.

Senator COLBECK—So, for the incident last December, I think it was, where the port barge spent five hours drifting across the port, what was the requirement for investigation of that particular process, and was AMSA involved in that?

Mr Peachey—Senator, I do not recall that. If it is a barge floating in a port, it would not fall within our jurisdiction anyway.

Senator COLBECK—Surely a vessel of that nature drifting across a busy port would have some potential implications, would it not?

Mr Kinley—On that particular case, as far as I can recall the details: that sort of matter comes under the jurisdiction of the state authority, in that case Maritime Safety Queensland, because it deals within port waters.

Senator COLBECK—So it would not come to the attention of AMSA unless it created some other incident between vessels, between the vessel that was loose, effectively, and another vessel?

Mr Kinley—We were certainly aware of the issue. Had there been an incident which had resulted, as you say, in damage to another ship, for example, we would be involved, but that did not happen in that case.

Senator COLBECK—What about issues in relation to vessel proximity within the harbour operations? Would that be something that you would deal with?

Mr Kinley—Again, those sorts of matters are generally the domain of the state and territory authorities. The harbourmasters usually have control of waterways management within a port.

Senator COLBECK—So it is only if there is an incident—contact or something of that nature—that escalates it beyond the regime of the state authorities that you would get involved?

Mr Kinley—Yes. For example, if such an incident occurred because of a defect on a foreign flagged ship that was coming into that port, we would certainly have a role to ensure that that ship was seaworthy and those defects were rectified.

Senator COLBECK—For someone who is concerned about the barge that was loose for something like five hours in the port and across the port channel, the appropriate place for them to direct that particular concern would be to the state authorities?

Mr Kinley—Yes, that is right.

Senator COLBECK—So AMSA has effectively no jurisdiction over the activities of the port at all unless there is a contact incident or something of that nature?

Mr Kinley—We certainly have jurisdiction, and the jurisdiction under the Navigation Act that we work is currently a voyage based jurisdiction. So, for example, we have jurisdiction over a foreign flagged vessel coming into that port from an international voyage. Should there be, for example, an incident in that port between a foreign flagged vessel and a vessel such as the tug under state jurisdiction, again we would have jurisdiction over the seaworthiness of the foreign flagged vessel, but it is generally the state authorities who have actual waterways management control within that port.

Senator COLBECK—What about the bauxite carrier that was out of the shipping lanes in April 2009? Was that a case that you had to deal with?

Mr Kinley—I would have to check on the actual circumstances of that one. If you have more details there I can find out.

Senator COLBECK—The only information that I have here, unfortunately, is that there was the loss of power on a bauxite carrier in April 2009 and it required five tugs to retrieve it. It drifted a kilometre outside the shipping lanes. There does not appear to be any record of it in your records, so I suppose that raises the question of whether it actually comes within your jurisdiction.

Mr Kinley—I am not saying there is no record of it; I am just recollecting the particular incident.

Senator COLBECK—My information is that there is no record of it. I am not saying that there isn't; that is just my information. If that is wrong, I am happy for you to put me right.

Mr Kinley—Certainly in that case, where an incident like that happens within a port, we have a role in ensuring that the vessel is seaworthy following that incident, and again it would

usually be the state authorities that would investigate the circumstances surrounding that involvement where the ship is under pilotage by a state pilot, for example.

Mr Peachey—Senator, just on that one, it might be helpful if you can give us the details of that vessel—its name. I would be very surprised if it was one of our vessels and we were not aware of it. So it would be helpful. We can certainly provide you with answers on notice.

Senator COLBECK—I will follow that up and see what I can find for you. I appreciate that. The other incident that I was referring to was a 200-tonne barge and crane which broke its moorings in Gladstone harbour on 29 November and drifted on the tide for five hours. Apparently Maritime Safety Queensland, which is obviously the appropriate body that you are referring to, described the incident as minor and promised an inquiry. You have not played any part in that inquiry at all?

Mr Kinley—No.

Senator COLBECK—I will get that other information to you and we can take that further if necessary. Thank you.

Senator JOYCE—I want to ask some questions about a recently released report by the Australian Transport Authority on the loss of containers and a resulting oil spill in Moreton Bay from the *Pacific Adventurer* on 11 March 2009. The report found:

The Australian Maritime Safety Authority's International Maritime Dangerous Goods Code compliance audit regime had not detected that the method of packaging was not compliant.

Why didn't the audit regime detect this noncompliance?

Mr Kinley—Senator, in that particular case the packing method that was used involved ammonium nitrate prills being within a container within a plastic liner in that container. The noncompliance that was actually detected in that case—and that was detected by us following the incident—was the packing that was related to the end wall strength of that container, and that has since been rectified. We have an audit regime for dangerous goods going out of the country. There is a huge quantity of dangerous goods transiting in and out of our ports, and we never guarantee that we look at every single container that goes in and out of the ports.

We had had correspondence, certainly, earlier in the piece with that company about the container packing method they were using. The changes that were made to the IMDG Code actually came into force at a certain point and rendered how they were packing those containers noncompliant. We had not at that stage gone down and actually visited and inspected those particular containers. Following the incident we have certainly done a lot more work in our dangerous goods compliance role. In our view, that was not actually a contributing factor to that incident; it was something that was found consequential to that incident. The end wall strength was not a contributing factor to that particular incident, and certainly the ATSB is satisfied with the subsequent action we have taken with that particular cargo.

Senator JOYCE—So you are saying that it was an issue of compliance. Can you just reaffirm what steps you are taking now that you were not taking before? What are you doing now that is different to prior to the incident?

Mr Kinley—Certainly with the ammonium nitrate prills that were being packed in that particular vessel, we undertook a lot of work with Orica about how they were packing them. Basically they now pack them with a reinforced barrier in the end of those containers and they are now fully in compliance with the IMDG code. We have been doing further work; we have enhanced our surveillance of dangerous goods going in and out of the country to look at that issue. We have also done a lot more work, in particular related to cargo securing, with our inspection efforts in the cargo-securing side of ships, which was actually a fairly significant contributing factor to that incident.

Senator JOYCE—Just while we are on the issue: is there any reason that this never happened before the incident? Was there any reason we had not picked up these sorts of issues beforehand?

Mr Kinley—Again, it depends which particular issues you are talking about.

Senator JOYCE—The issue pertaining to the *Pacific Adventurer*.

Mr Kinley—There were quite a few factors that resulted in that incident. One of the major factors was the very adverse weather at the time, combining that adverse weather with what was found to be the poor condition of the container-lashing equipment. When you get an incident, an incident is usually a whole lot of factors that line up at the one particular time. In this case it was the adverse weather, the poor condition of the lashing equipment and the way the passage planning was done. We certainly have done a lot of further inspections with cargo securing and a lot of work to ensure that those cargo-securing arrangements are being brought up to the standard they should be at.

Senator JOYCE—While we are on it, what was the ship that went wandering off into the Great Barrier Reef?

Mr Kinley—*Shen Neng 1* went aground—

Senator JOYCE—What were the repercussions of the *Shen Neng*? How many feet or metres of coral did it actually dig up?

Mr Kinley—I could not answer that. That is a question for the Great Barrier Reef Marine Park Authority, who did the survey. But I am aware there was substantial damage to Douglas Shoal.

Senator JOYCE—Cyclone Yasi no doubt did vastly more. Did any of the *Shen Neng* incident come across your desk—what the role of the pilot was in that instance, for example? How did it actually happen? I do not think it is as big an issue as people make out. Everything seemed to work itself out there, but it could have been a big issue if it had sunk or if it had been an oil tanker or something like that.

Mr Kinley—Following that incident, we provided a report to our minister on what we then knew as the contributing factors to that incident and what additional precautions we felt should be taken on the Great Barrier Reef.

Senator JOYCE—And what were they?

Mr Kinley—The most important one was the extension of the Great Barrier Reef ship reporting system, the reef vessel traffic system, which is run jointly by Maritime Safety

Queensland and us. Currently it is based in Townsville and we are working with Maritime Safety Queensland to extend that ship reporting system down to the southern reaches of the Great Barrier Reef Marine Park. The main benefit of it is that, where we have the reef VTS fully in place, we have what we call electronic shipping corridors which are inside the designated shipping areas of the Great Barrier Reef. The ships that are in that area are tracked via ship-tracking technology automatic identification systems. They are monitored electronically so that if they stray outside of the corridors the operators can contact the ship via VHF radio and warn them that they are heading into shallow water areas or outside of designated shipping areas.

Senator JOYCE—How did the *Shen Neng* actually manage to park itself on a reef?

Mr Peachey—As I understand it, the ship went along the route it was meant to and just missed the turn.

Senator JOYCE—It just missed the turn?

Mr Peachey—It should have turned right and it did not and it went straight into the shoal. In our follow-up to that, as Mr Kinley has said, we have gone to the IMO and obtained approval from the IMO to extend that ship reporting system to the southern area of the Great Barrier Reef.

Senator JOYCE—Who was actually at the helm of it? Was it a pilot or was it the ship's captain?

Mr Kinley—It was one of the ship's officers. That is not a mandatory pilotage area.

Mr Peachey—We then tried to address the issues. We looked at the issue of fatigue and that is something that we are focussing on more in our inspection arrangements. We are also looking at penalties and that sort of stuff for the future.

Senator JOYCE—This is a totally naive question, but it needs to be asked. Many people driving a car would say that they have a GPS that drives them insane—that every time they miss a turn it tells them: 'Turn left. Turn left. Go around. Go back to where you came from and jump out of the door of the car.' Surely there would be something like that in a ship, too—something that would drive you crazy and say: 'Mate, I think you should have turned right there. I think you are going to park yourself up on the reef'.

Mr Kinley—That technology is certainly available and, if it is used properly, it will do that.

Senator JOYCE—Can you not just lick it and stick it to the—

Mr Kinley—One of the things I think we have to say about the *Shen Neng* is that the Australian Transport Safety Bureau is doing the full investigation and that report is yet to be finalised.

Senator JOYCE—When is that report out?

Mr Kinley—You would have to ask the ATSB that. But there are certainly many factors—there is never one single factor that results in these incidents. There would be a whole combination of things. It is fatigue, it is failing to program the GPS properly, it is not looking at charts properly. That report will, no doubt, bring out all of those factors.

Senator JOYCE—Type in the wrong street address or something?

Mr Kinley—Yes.

Senator JOYCE—If was probably supposed to go to Chile and it has gone to China.

Mr Kinley—Yes. Again, we do a lot of work with our ship inspection program looking at how ships do their passage planning, at the navigation officer's competencies, at making sure that they have the right charts and all of those sorts of things.

Senator JOYCE—When is this report coming out? Obviously there is going to be a lot of interest in it?

Mr Kinley—Again, that is one you would have to ask the ATSB when they are up.

Senator JOYCE—Do you know if it is halfway there or almost about to come out?

Mr Kinley—My understanding is that it is nearing completion.

Senator JOYCE—Nearing completion. Who are they actually investigating? Who are they talking to? The *Shen Neng* has gone.

Mr Peachey—I think that is probably something to ask the ATSB. They are a separate independent agency reporting in their own way. We have no influence over that and we are not party to their investigations.

Senator JOYCE—I have questions here about the National Plan to Combat Pollution of the Sea. Are you right to go there?

Mr Kinley—Yes.

Senator JOYCE—Can you tell the committee about the Parsons Brinckerhoff and Thompson Clarke Shipping review of our preparedness in the event of a serious marine pollution event?

Mr Peachey—The review of the national plan is underway. There are two consultancies involved in it. One is to reassess the risk associated with potential oil pollution in the future.

Mr Kinley—In simple terms, Australia is a party to the International Convention on Oil Pollution Preparedness, Response and Co-operation. Under that convention, the way we meet our obligations is by the National Plan to Combat Pollution of the Sea by Oil and other Noxious and Hazardous Substances. As called for under that plan, we do regular reviews of the plan. We have not done one for 10 years, so we were due. It is done on about a 10-year cycle. This year, following incidents such as the *Pacific Adventurer*, the *Shen Neng* and the *Montara*, it was seen as a very opportune time to do a significant major review. So we went to tender for a consultancy to do that, to make that review independent. Through that process, the contract was won by Parsons Brinckerhoff. We are currently working with them, starting off with the consultation plan and how they go out to the interested parties to obtain people's views on the national plan—how it is meeting our obligations and how it is working. They will also take into account the lessons learnt from recent incidents such as the *Pacific Adventurer* and the *Shen Neng*.

Senator JOYCE—When is that review likely to report?

Mr Kinley—We are hoping for that—certainly it is in their contract—in the second half of this year.

Senator JOYCE—Are they using information from the *Shen Neng* incident?

Mr Kinley—Yes, and from the *Pacific Adventurer* and Montara incident analysis reports.

Mr Peachey—The review will be a very comprehensive one because the arrangements are quite inclusive. We involve all the states and territories in the national plan activity. We have a role as the central coordinator of the activities, but we draw heavily from the jurisdictions. The consultation will take these consultants all around the countryside talking to the individuals concerned. It will take time.

Senator JOYCE—Will its findings be congruent with the findings of the review into the *Shen Neng*? We are not going to have two reports coming out with two different findings and two different outcomes, are we?

Mr Kinley—No.

Mr Peachey—The national plan review is a far broader review.

Senator JOYCE—I understand that.

Mr Peachey—Yes.

Senator JOYCE—And the *Shen Neng* is just a microcosm within that.

Mr Peachey—Exactly.

Senator JOYCE—We have gone down the path of starting the review. From the outset, what were your expectations of advantage? What did you want to achieve by instigating the review? What flaws did you think needed to be looked at and fixed?

Mr Peachey—Senator, if I could just open the batting on that, given it was 10 years since the last review and, as Mr Kinley said, it is timely given the incidents, but I think the landscape is changing as well. So our starting point is actually to assess the risk into the future. If you talk to anyone in shipping, there is a lot of chatter about the growth in the shipping industry in the years to come with coal exports and the like. There is a lot of talk about growth in the offshore sector and therefore shipping movements backwards and forwards to the offshore facilities, and there is lot of development and so on in the port itself, so all of that will contribute to an assessment of the risks into the future about how we actually respond to potential incidents. What we anticipate out of that will be, as I said, a reassessment of the risks, having regard to the future in shipping traffic and then a look at how we actually amend it through the cooperative arrangements I referred to in the past.

Senator JOYCE—How many people from your department are currently engaged in writing or participating in this report?

Mr Peachey—Senator, we are very lean and hungry, as you would expect. We have got probably a couple of people involved in this. We have sent it out to those experts—consultancies—but we have a point of contact within our agency to actually project manage the whole thing.

Senator JOYCE—And do you, Mr Peachey, have a weekly briefing as to where they are or a monthly briefing as to where they are? What is your engagement with them?

Mr Peachey—It is routine within the organisation. Our executive team meets each week and if things come up that relate to the national plan review they are raised at that time. I report to our board periodically on these things, as you would expect.

Senator JOYCE—How much is it costing?

Mr Peachey—Senator, I do not have the figures here, but providing there are no commercial-in-confidence issues, I am more than happy to give you the details.

Senator JOYCE—Thank you.

CHAIR—Thanks, Senator Joyce. Senator Nash.

Senator NASH—I understand you are currently calling to tenders to upgrade and install the Oracle Solaris, I think it is, tender operating system?

Mr Kinley—We may have to hand over to Mr John Young here.

Mr Young—I am aware that AMSA has tendered for upgrades to Oracle and Solaris. As I understand it, they are predominantly hardware upgrades because our equipment is reaching end of life, but that whole issue is actually managed by AMSA's IT section, and I think you have exhausted my knowledge of the subject.

Senator NASH—That is a bit tricky. I understand that it is obviously not your area. What do I do, Mr Secretary?

Mr Mrdak—We will take it on notice and get you some details.

Mr Peachey—Senator, we have been talking about a database with details of shipping and shipping traffic and so on. You would expect that we would have contemporary databases and facilities available to us. Maybe you could phrase the question differently. It is part of housekeeping within the organisation.

Senator NASH—I have not actually asked any questions yet. I am just figuring out where to send them. I understood it was actually the infrastructure. It is a search and rescue support system type, according to what I have read about it. It is a buoys rescue system. Is that it, or is it a database or—

Mr Kinley—Solaris is usually the servers and Oracle is the database software that would sit on them, in my understanding.

Senator NASH—So it is a mix of both. Then perhaps, Mr Mrdak, you might want to take this on notice for me. I have got a few questions, which I would have preferred to have dealt with today, on what the system actually does. I understand from reading that it is a rescue system. Obviously it has two components from the point of view of AMSA: the hardware itself and then the software that obviously runs it. I read a report that said the tender calls for a company to be based in the ACT, which seemed a little unusual. So I was interested to know why there was a specific requirement for the company to be from the ACT. Obviously it is going to be a company with particular expertise, and from my research that I have done there only seemed to be one in the ACT, and that was Oracle. So, putting those two things together—and I may be completely wrong, but not being able to get the answers, I am just

going to have to do this all on the run for you—if Oracle is the only company that can provide you with this in the ACT, and yet you have required specifically from ACT in the tender, that would seem unusual, to say the least. What would be the point of doing a tender if there is only one company that can do it? If that is the case, why go through the tender process and why is there a requirement for a company based in the ACT?

Mr Peachey—Senator, we would be happy to take that on notice.

Senator NASH—Can I just flag that it is a little unfortunate that we have not got anybody here who can be of assistance. The whole point of Senate estimates is actually to ask questions, preferably with an answer on the day. I understand there is no-one here, but—

Mr Weng Ho—The requirement that you mentioned is normally put in as one of the service requirements as people are able to turn up and address those issues as and when they arise. Normally what we have in the tender document is that we require the sort of service required. It was implied that it would be good to ACT presence but not necessary. If a company can come back with a response and say, ‘We can facilitate that but by another means,’ we will consider those.

Senator NASH—So why ACT in the first place? Why request it jurisdiction-specific?

Mr Weng Ho—I think the proximity of service is required because it is, as you say, emergency equipment and, at distance, if a company has not got the service capability within the ACT and it is about the emergency equipment, we have the potential where we might have down time.

Senator NASH—Is it correct that there is only the one company in the ACT that can provide this service for you?

Mr Weng Ho—I am not sure. I have to take that on notice.

Senator NASH—Okay. We might just go back to the on notice questions. Thank you for your assistance.

CHAIR—Senator Colbeck, have you finished with ASMA?

Senator COLBECK—I have.

CHAIR—Thank you. On that then, Mr Mrdak, the committee has had a quick chat amongst itself, and we would like to know if it is possible for you to bring back the officers from surface transport policy because we do have questions for them and we do wish to talk about the bullbar issue. Are they available? We have a four o’clock smoko break, but if they are not far, we would like to get into it now, if possible.

Mr Mrdak—We will bring them back.

CHAIR—We will start with Senator Joyce.

Senator JOYCE—Thank you very much.

CHAIR—Thanks, Mr Mrdak. We will wait. They are coming; they are not far away. Sorry, thank you to ASMA. In all the excitement I forgot the thank you. We are all in the room and can kick off. Senator Joyce.

Senator JOYCE—Thank you very much. You are aware that Australian designed cars have already incorporated in their sedan models forms of bullbars that work with the air bags, have all the gizmos, are well-accepted by the Australian community and are still a form of bullbar. I think they are also designed in such a way as to minimise as much as possible harm to pedestrians. As the minister said, it is to do with the shape of the vehicle and the design pack. Have you done any preliminary investigations to determine whether they would be compliant with the European standards?

Mr Hogan—We have not done any investigations on any of the current bullbars. We are certainly confident that metal bullbars can be manufactured to meet the proposed Australian standard, which would relate to a large majority of bullbar fitments. In relation to the European directive, we are very confident that polymer bullbars can be manufactured to meet that standard, and it may be that the metal composite-polymer bullbars can be manufactured to meet that standard but, as it is not an existing standard, it is not something we test against.

Senator JOYCE—This is where we get a little bit concerned. Steel bullbars stop impacts on wildlife. They may also stop the car. The car may break, it may smash, but the people inside walk away. In the past, we had things which were made of polymer. They were made of fibro. We used to call them budgie bars because we reckon that is about all they would ever stop. It was made of fibro—almost a perspex type set-up. When you start talking about polymer bullbars that comply with a European standard, what do they have in mind in Europe? What do they expect? Without trying to sound trite, what do they expect to hit in Europe, and is that a comparison to what we hit all the time over here? It is a regular occurrence in Australia. There are definitely trips you can go on where you could easily hit up to three roos in a night.

Ms Gosling—Perhaps if I could just take us back one step: my understanding of the RIS is that it actually deals with a performance based standard. So it is not really dictating a particular type of product or a particular type of material for any fitting on the vehicle. There is nothing in the RIS that would in any way detract or undermine from any current Australian design rules or standards in relation to occupant safety. But, in terms of pedestrian safety, it gives some scope for the industry to address and meet the standard in a variety of ways. So in terms of what materials may be used to meet the European standard, it is possible that there could be innovations over time.

Senator JOYCE—This is where we need to drill down, because there is a concern here. So you have obviously had some sorts of discussions already. When you are talking about suggested changes or things that you think are a problem, can you tell us or enlighten us as to what those problems are? Are they the fact that you say, ‘Oh, well, we think these aluminium bullbars are too hard. We do not like the shape of them. They need to be removed,’ or, ‘These steel ones are too hard,’ or, ‘We need to go to a softer form of metal’? Let’s start with what problems you have with the ones we have got at the moment.

Ms Gosling—Again, if we can just go back to the purpose of the RIS, in terms of bullbars the RIS is not necessarily focused on what the problems are or on any issues concerning how they work at the moment. It is really designed around improving pedestrian safety, in terms of any impacts on the vehicle and, as Mr Hogan indicated earlier, trying to soften the impact for pedestrians. So it is not necessarily a score card in terms of bullbars.

Senator JOYCE—Let's start with the problem then. We do not want anybody to get hurt, but how many pedestrians were hit by bullbars last year?

Mr Hogan—Can I approach the question a little bit differently? About 200 Australians are killed in pedestrian crashes each year.

Senator JOYCE—I understand that.

Mr Hogan—Therefore, we are seriously considering—and there is a RIS out to consider implementation of a pedestrian safety standard that will go some way towards addressing that problem. The RIS indicates that 65 lives and 3,000 fatalities will be averted over the coming 15 years. The proposed way of addressing the problem is to increase the energy absorbency of the front of the vehicle or, if you like, to soften it. We are well used to this in other contexts. We have moved away from cars which are largely steel boxes to cars that have energy absorbency zones out the front and we are now looking to apply that to vehicle crashes with pedestrians and other vulnerable road users, like cyclists.

Having set or proposed a standard of vehicle safety for the vehicle, you then face the risk that someone is going to go and put a very hard bullbar onto the vehicle which may undermine all the benefits that you have looked to achieve. Therefore, what the RIS does is propose bullbar standards, and it proposes two different standards in relation to two sets of categories of vehicle, that will ensure that the benefits of the pedestrian safety standard are, to some extent, preserved.

The reason that the European directive is proposed in relation to vehicles that are predominantly used within the cities is that it would preserve the full integrity, or largely preserve the full integrity, of the pedestrian safety standard itself. In relation to vehicles that more commonly are used in rural and regional Australia, another standard is proposed which is somewhat more flexible, which allows, if you like, a concession against the overall pedestrian safety standard. However, the really important thing to mention in this context is that this is only a proposal, it is a proposal that is out for three months for comment by 15 April and it is a proposal on which we are very seriously seeking comment.

If, for instance, people come back saying, 'We cannot design a bullbar to meet the European directive standard without compromising'—I mean, there is no way you can compromise against the occupant protection Australian design rules, because the vehicles still have to meet those but, if someone came back and said, 'We would have to compromise the protection of the car's bodywork in the event of animal strikes,' that is something that we would have to very seriously weigh in giving further advice to government.

Senator JOYCE—I have got a line of questions, so we have to truncate things just slightly. Quite obviously, the design of a bullbar is to absorb the impact so as to, first and foremost, keep the occupants of the car safe, and secondly, to as much as possible not damage the car, noting that you might have a number of strikes in one drive in one night. The reality is that the vast majority of the cars are not four-wheel drives on the road; they are sedans, and they are driven by—

Mr Hogan—Indeed.

Senator JOYCE—Without being parochial, driven by people driving their kids around at night, or something like that, especially at dawn and dusk. That is the time that you are most likely to have animal strike. You talked about 200 pedestrian incidents. How many of those involved bullbars?

Mr Hogan—I do not have the statistics on that at hand, but—

Senator JOYCE—Did any?

CHAIR—Senator Joyce, I do apologise for coming in, but I have got the parliamentary secretary's media release that refers to—there is a figure here. The proposal would save up to 65 lives and 3,000 serious injuries over 15 years. So you have got some figures there, Mr Hogan. Could you break that down for the committee to assist? I think that is where you were going, Senator Joyce.

Senator JOYCE—Yes.

Senator NASH—I think the point of it is that if we are looking at a potential change in a measure that is to assist with pedestrian safety, should we not we know in the first instance if the bullbars are, in fact, causing a risk to the pedestrian safety? If you do not have those numbers, how do you figure out the proportion of risk that a bullbar is actually creating?

Mr Hogan—The fundamental point is that the standard goes to softening and energy absorbency and bullbars are, to some extent at least, about stiffening the front of the vehicle.

Senator NASH—With the greatest of respect, that is not answering my question. What I want to know is if you have not determined the overall numbers of bullbars that have been involved in pedestrian fatalities, how can you address the issue if you do not know how big the issue is?

Mr Hogan—But that question is, frankly, irrelevant, unless you are proposing to ban bullbars.

Senator JOYCE—No, it is not.

Senator NASH—No, it is not. Sorry, Senator Joyce. Go on.

Senator JOYCE—No, it is not, because you have to identify the problem. If I have not identified a problem—that is, someone with a bullbar has actually hurt somebody—and we hope and pray it is not the case—and someone with a bullbar has not actually hurt anybody, then why are we fixing the problem with bullbars, because there obviously is not one?

Mr Hogan—Let me put the question another way back to you, Senator Joyce. If you are actually adopting a standard which is aimed at softening or increasing the energy absorbency of the vehicle, then wouldn't it be irresponsible not to do something about bullbars which, in turn, may completely undermine the benefits you are seeking to achieve from the adoption of that standard?

CHAIR—Mr Hogan, I may assist. There is a press release out here from the parliamentary secretary that mentions numbers. Can someone find out for the committee where those numbers came from? Could you do that for us?

Mr Hogan—Those numbers are contained in the regulation impact statement.

CHAIR—Obviously—for those of us that have got no idea—we could assume that 65 people would still be alive in the next 15 years that otherwise would have been killed if there were no polymer bull bars rather than steel. Is that what you are saying?

Ms Gosling—I think they are the forward figures, Senator.

CHAIR—So where have you come to get them?

Ms Gosling—They are the forward modelling in terms of: if this RIS is adopted what might be the lives saved over the future 15 years?

CHAIR—Obviously you had some figure to start with to say how many deaths were created because of steel bull bars.

Ms Gosling—Mr Hogan had mentioned previously the figure in terms of pedestrian deaths.

CHAIR—He said 200.

Mr Hogan—Two hundred-odd.

Senator JOYCE—But we do not know how many of them are caused by bull bars.

Ms Gosling—That is right, Senator. We do not have that.

Senator JOYCE—I can think of a number of people who have been killed by reason of not having a bull bar and I want to know—without being trite about it—how many people are we going to compromise and how many people are actually going to die because they have got the wrong bull bar?

Mr Hogan—Senator, there is some work quoted in the regulation impact statement undertaken by the Australian Transport Safety Bureau back in 2000 which showed that this was a very difficult issue to quantify. What the figures in the RIS are about are: if you had the pedestrian safety standard applied to all new vehicles—only new vehicles—from 2013—

Senator JOYCE—We are all going to own one of those new vehicles one day, Mr Hogan.

Mr Hogan—You would achieve savings of 65 lives and 3000 serious injuries averted.

Senator JOYCE—But I can think of one right off the top of my head where, of all things, a sheep got jammed into the steering mechanism and the car flipped. If he had had a bull bar it would not have. The person is dead. The trouble is, I can think of a number who have been killed because they do not have bull bars but I cannot think of one person who has ever been killed by reason of a bull bar.

Mr Hogan—We are not suggesting that people are going to be killed by reason of bull bars, Senator. What we are suggesting is implementation of a standard that makes the front of vehicles friendlier to pedestrians. It therefore makes sense that you do what you reasonably can to ensure—

CHAIR—Mr Hogan, I am sorry to cut you off. We are going around in circles. Senator Joyce, with your blessing, let's not let it go. Can we get the department to agree to take that on notice and come back to us with something, please?

Mr Mrdak—I am happy to try to. We will get some further analysis of those figures.

CHAIR—Is that all right, Senator Joyce?

Senator JOYCE—Yes.

Senator CARR—The secretary has been trying to say something for a little while.

Mr Mrdak—We are certainly happy to go and see what additional data we can provide. I think the critical point here is that this is a proposal about adoption of a standard. I think the very valid points being raised by senators are the sorts of issues we will pick up in comments back on the RIS document. As Mr Hogan has been outlining, this is a very difficult issue for which we are trying to find a way forward. If there are insurmountable issues with trying to find a standard that works that accommodates the needs of people who utilise bull bars then that is something we have got to work through. We are not locked in to a position here; I think that is very important.

CHAIR—I understand but I request, with the blessing of the fellow committee members, that you take that on notice. Please come back to the committee ASAP.

Mr Mrdak—Absolutely. We are happy to do that.

CHAIR—Thank you.

Senator NASH—We do absolutely appreciate that this is a working document, but this is the point in time that you do need the feedback, which is why it is appropriate to raise these things here.

Mr Mrdak—Absolutely.

Senator NASH—Within the context of taking that on notice—I think it was the 200 deaths—could you provide for the committee how many of those deaths occurred with a vehicle with a bull bar and how many of those deaths would have occurred with contact with that vehicle anyway even without a bull bar, to determine what can be attributed to a bull bar and what is just attributed to the accident.

Mr Mrdak—I am happy to do that. We will see what the data can tell us.

Senator NASH—I think you touched on this, Mr Mrdak, but can you tell us about any work that has been done on rural road fatalities in vehicles that have not been fitted with a bull bar.

CHAIR—That makes sense.

Mr Mrdak—They are valid points and we will see if the data actually provides that sort of detail.

CHAIR—Thank you.

Senator JOYCE—I am just going to go through a few questions. The bull bar industry in Australia is worth about \$300 million a year and obviously would be in significant jeopardy if there was a major change for which they were not compliant. What feedback have you got?

Senator CARR—I am not certain that is true, Senator. That is an assumption you are making there; it is not valid. It may actually enhance the industry.

Senator JOYCE—Have you heard the end of my question?

Senator CARR—No, but you have just made quite a wild assumption.

Senator JOYCE—You seem to have some Cassandra-like quality. Do you want to tell me what the end of my question is?

Senator CARR—Get on with it, Senator.

Senator JOYCE—I hoped to if you did not interrupt. What consultation have you had—this was the end of my question—with the bull bar industry?

Ms Gosling—Senator, the RIS is out for comment now until mid-April. There are quite a number of industry organisations that we have forwarded the RIS directly to and that we are in consultation with. I am happy to go through that list or provide that on notice in terms of quite a range of different industry groups that are being consulted and that will obviously make comment on the RIS.

Senator JOYCE—What feedback have you had from the public so far?

Mr Hogan—The website with the regulation impact statement on it provides a public response form. To date I think we have received around 35 comments. We are only one month into the consultation period, and of course we are keen to receive as many comments as possible in the remaining two months.

Senator JOYCE—And you have stated now that—

Mr Mrdak—If just add that the minister has received a large number of representations, as has the parliamentary secretary directly. So as well as the RIS, the public is quite rightly commenting directly to the government in relation to their views.

Senator JOYCE—You are prepared to look at a trade-off between pedestrian safety and passenger safety?

Mr Mrdak—I think, as Mr Hogan has indicated, we already have Australian design rules which are for occupant safety. We are not looking to compromise those in any way.

Senator JOYCE—Do those design rules take into account the utilisation of bull bars?

Mr Mrdak—They do.

Senator JOYCE—You have given statements of regional and urban use. How are you going to determine what vehicle is there for regional use and what is there for urban use?

Ms Gosling—As Mr Hogan indicated before, Senator, obviously it is very difficult for us in terms of setting a standard to predict what use the vehicle would be put to and we can only go on the types of vehicles or models of vehicles in applying the standard. That is how such a sort of design standard would be applied.

Mr Hogan—Senator, you made an important point there. There is no suggestion in the RIS of a trade-off, and indeed if there is commentary to be made suggesting that what is proposed would involve a trade-off, we would welcome it. The intention is that we improve pedestrian safety on vehicles, we set standards for bull bars that help achieve that objective, but at no cost to the safety of vehicle occupants.

Senator JOYCE—Does the RIS assess how many lives would be lost due to a change in the design of bull bars as proposed under the RIS?

Mr Hogan—There is no suggestion that the standards being set or proposed in relation to bull bars would lead to loss of life. Indeed, if there was evidence or commentary to the effect that it would lead to loss of life, we would obviously need to seriously weigh that.

Senator JOYCE—The RIS proposes ‘option 6’. Could you please tell me in plain English what that will mean to people who want to put a bull bar on their car?

Mr Hogan—The proposed option has elements—they are very much emphasised in the RIS as being open to comment—that would mean that in a phase-in period from 2013 to 2019 if you purchase a new vehicle and you then go to put a bull bar on it that bull bar would need to meet the prescribed standards.

Senator JOYCE—Believe you me, Mr Hogan, there are going to be a lot of very interested people in what you are just saying now. When and where will they find out what these prescribed standards are and how do they go about putting in their objections, if they have any, to changing them?

Mr Hogan—The standards are set out in the regulation impact statement. As I have indicated, there is an online form, which anyone who wishes to comment can use to make comments.

Senator JOYCE—What will it mean in regard to occupant safety? Are you saying there will be no loss of occupant safety or are you saying you are prepared for there to be a loss of occupant safety in the implementation of this bull bar protocol?

Mr Hogan—No. I am suggesting that if people put forward comments that indicated that either of the proposed standards would involve a loss of occupant safety, they would have to be very seriously considered. Our view at this stage is that those standards, of themselves, should not involve any loss of occupant safety.

Senator Carr—I think that is an important point. We are not countenancing any loss of occupancy safety.

Senator JOYCE—So what is the prescribed standard? Can you explain to me what that actually means to someone who wants to put a bullbar on a car? What do you mean by ‘prescribed standard’? What is that?

Mr Hogan—The bullbars would have to meet the performance standards that are set out in, respectively, the European directive and the Australian standard, and they are standards about how the vehicle should perform in an impact with a pedestrian.

Senator JOYCE—So what is the relationship between the European standard and the Australian condition? People will be asking, ‘Why is a European standard come in to play for me in Australia?’ You give me European roads, you give me the autobahn, and I will happily talk to you about a European standard.

Mr Hogan—I think the fact of it being called a European standard is a little bit of a distraction. What the standard actually is is a standard that proposes that, in fitting a bullbar, you essentially conform to the requirements of the pedestrian safety standard itself, which is called global technical regulation No. 9. So it is just a standard that says that that bullbar, in conjunction with the vehicle, must offer the same level of pedestrian safety protection as the standard itself.

Senator JOYCE—Is there an American standard and a European standard, or just a European standard?

Senator Carr—We are talking about the development of Australian standards.

Senator JOYCE—Is there an American standard as well as a European standard?

Mr Hogan—The US, to my knowledge, has not as yet implemented global technical regulation 9.

Senator JOYCE—Why not? Why is it important for us but it is not to them?

Mr Hogan—I would not want to be seen to be indicating it is not important to them. We have to consider the application of global technical regulation 9 under the international treaty obligations.

Senator JOYCE—What international treaty? This is going to fascinate people. What international treaty obligations do we have that we have to start changing all the bullbars on the cars throughout Australia?

Mr Hogan—That is not what I am saying. With due respect, Senator, vehicle standards are developed internationally under treaty within the UN system, and there is very good reason for that, and that is that developing strictly domestic standards would cost a lot of money.

Senator JOYCE—This prescribed standard—I mean—

Mr Hogan—Under the 1998 agreement, we must consider the potential application of all global technical regulations to Australia. That does not mean we are obliged to implement them. Now, in this case, we are considering the implementation of global technical regulation 9, pedestrian safety standard, and there are benefits that would derive from that standard which, in the context of the RIS, would support implementing that standard.

Now, because there are flow-on linkages between vehicle standards law, which is national law set by the Commonwealth, and in-service standards, which are regulated by the states, it was considered advisable within the context of the regulation impact statement proposal to address the issue of bullbars. Otherwise, you potentially set a national standard on pedestrian safety standard, and then states are confronted by judging whether vehicles still meet that standard once they are fitted with a bullbar. So hence it was decided to bring it into the regulation impact statement. Otherwise, you are potentially leaving it to state regulation, which might vary from state to state.

In that context, we searched around for the most applicable standards, or potentially the most applicable standards, for dealing with the bullbar issue. One of them is the so-called European directive, but it is essentially about maintaining the safety standard for the vehicle itself, and the other one is an Australian standard. We have proposed that the European directive standard could be applied to one subset of vehicles, where the RIS suggests that the other standard could be applied to another subset of vehicles. Now, one of the critical questions framed by the regulation impact statement itself is: do people consider that those are the appropriate standards to be applied to bullbars?

Senator JOYCE—Yes, well, I want to ask this because—Mr Hogan, from my recent memories of being to Europe, and in the past, and from all the films I have watched on

television, I cannot remember seeing one sedan—four-wheel drives, maybe—driving around Frankfurt or Munich or Paris or Zagreb with a bullbar on it, but it is ubiquitous in Australia. It is part of Australia, but it is not part of Europe, so can you direct me to one sedan that is going off a production line in Europe that has actually got a bullbar on it? Because I can certainly direct you to cars in Australia going off production lines with bullbars on them.

Mr Hogan—I think the question is a bit different. Can people, and industry in particular, having the opportunity to comment on the RIS, indicate to us one way or whether that they can comply with the European directive standard for bullbars, and tell us, in so doing, whether there would be any negative road safety issues that would arise from that?

Senator JOYCE—You can see where people are going to say, ‘I don’t know of any bullbars on sedans in Europe, and I’ve never seen one.’ I am sure there must be one there, but I have never seen it. It seems absolutely absurd that we would be using them to deal with the Australian environment, which is totally different.

CHAIR—Senator, there are two minutes until the afternoon break. Do you have a lot more questions?

Senator JOYCE—No, just one. When you go to this ‘prescribed standards,’ to be honest, Mr Hogan, from what we have said—and I know it is the initial stages—it seems like a lot of people just believe it is a lot of gobbledegook—RISs and prescribed standards. But I just want to drill down on one. You have stated that you will have a reduction of between four and 13 per cent in fatalities by reason of the use of prescribed standards. I quote:

Research has shown that by modifying the construction of the front of the vehicles, these fatalities and injuries could be reduced between four and 13 per cent, provided certain performance requirements are met.

That is a statement. How did you come to that? Where are your data sets? Show me the information. Where was this information plucked from?

Mr Hogan—The data sets are included in the regulation impact statement.

Senator JOYCE—Is it a sample set of 100, 1,000, 10,000, two, one?

Mr Hogan—The data is essentially derived by analysing pedestrian fatalities and working out how many fewer would occur if the vehicle was that much more friendly in a crash.

CHAIR—It is four o’clock. There are a number of other questions to be asked. We will take a 15 minute break. Thank you.

Proceedings suspended from 3.59 pm to 4.15 pm

CHAIR—I think Senator O’Brien would like to be asking a few questions, so why don’t we rock and roll with Senator O’Brien. Over to you, Senator.

Senator O’BRIEN—I want to clarify this. In the proposed pedestrian safety standard for VFPS or bull bars, the standard for vehicles specifically designed for off-road use presumably includes all the vehicles described as all-wheel drive.

Mr Hogan—Four-wheel drive?

Senator O’BRIEN—All-wheel drive.

Mr Hogan—I would have to check on that.

Senator O'BRIEN—You say it says 'such as four-wheel drive cars'. But then it uses as an example the Subaru Forester, which I would have thought would be described as all-wheel drive and not four-wheel drive.

Mr Hogan—I think it comes in different variants.

Senator O'BRIEN—It certainly does.

Mr Hogan—It might be a poor example to have used because of that fact.

Senator O'BRIEN—It is in the document, but I am just trying to find out what qualifies as a vehicle specifically designed for off-road use. It does also say 'four-wheel drive, sports utility vehicles'.

Mr Hogan—I will give you a list of examples that are actually supplied on the website for the RIS itself. On that website where the regulation impact statement sits, there also sits a short fact sheet and that short fact sheet talks about the vehicle categories, typical examples and the standard that would apply. In relation to MA, which is mainstream passenger cars, it cites the Holden Commodore, the Ford Territory, the Toyota Camry. That would be the standard which is equivalent to global technical regulation 9. It refers to vehicle category MB passenger vans. None are currently being marketed in Australia. That is not to say it will not happen in the future. Again, the standard being talked about is the standard equivalent to global technical regulation 9.

There is category MC four-wheel drive SUV—Toyota Land Cruiser, Nissan Patrol and Subaru Forester—and there the standard that is being talked about is Australian Standard 4876.1, which is a standard that was developed some years back involving industry. There is vehicle category NA two-wheel drive light commercial—the Hyundai iLoad; the Toyota HiLux, two-wheel drive; the Holden Commodore utility, the Ford Transit van—and again it is the standard that is compatible with global technical regulation 9. There is vehicle category NA four-wheel drive light commercial—Toyota HiLux, four-wheel drive; Holden Colorado, four-wheel drive—and again you are talking about the Australian standard.

Senator O'BRIEN—Which one was for the four-wheel drive passenger cars?

Mr Hogan—Four-wheel drive passenger cars are contained within vehicle category MA.

Senator O'BRIEN—And it is proposed that they would use the standard already established in Australia?

Mr Hogan—No, it is proposed that they would use the standard that is equivalent to global technical regulation 9 itself.

Senator O'BRIEN—That is not what the document on your website says. I have it on the screen now. I have just looked it up at 'Summary of proposed requirements for vehicles and VFPS (bull bars)' under the Australian Department of Infrastructure and Transport, Pedestrian Safety. It says 'where VFPS (bull bars) are fitted, the following would apply' and it says to see table 2. There is 'for vehicles not specifically designed for off-road use' and then it goes through a number of those, and you have got the European standard. It says 'for vehicles specifically designed for off-road use, such as four-wheel drive passenger cars, eg Subaru

Forester'. Then it goes on through four-wheel drive light commercial vehicles and four-wheel drive sports utility vehicles and says under a 'standard already established in Australia, Australian Standard 4876.1-2002'. So we are getting mixed messages here. As I said, that specifically names the Subaru Forester as a four-wheel drive passenger car which would qualify for the existing Australian standard.

Mr Mrdak—What is on the website is what is with the proposal.

Mr Hogan—I will have to take that on notice, Senator, and clarify that.

Senator O'BRIEN—Sure. I will be interested in that clarification. What is the document you are quoting from?

Mr Hogan—I am quoting from the fact sheet. There is a website for Australian design rules and on that website currently sit the draft regulation impact statement, a little bit of explanatory material and a link through to a fact sheet. I am reading from the fact sheet.

Senator O'BRIEN—Just in case I cannot find it, could you supply that on notice as well?

Mr Hogan—Absolutely.

Mr Mrdak—We will provide those, Senator.

Senator O'BRIEN—Thanks.

CHAIR—Thank you, Senator O'Brien. Senator Nash.

Senator NASH—Thanks very much, Chair. Firstly, I refer to the issue that Senator O'Brien has been discussing about the types of off-road vehicles while taking on board the point that the major population of pedestrians is obviously going to be in the city areas, so I imagine that is where the most impact is going to be. Have you taken into account though that, with the determination of off-road and on-road vehicles, in a lot of instances you are going to have the situation which I touched on before, of having your ordinary on-road sedan with a heavy bull bar in a rural area and you are going to have an off-road vehicle which will be allowed to have a heavy bull bar in a city area, where the most damage, according to the premise of all of this, is likely to occur? So isn't it a little bit contradictory, in some ways, to have the off-road use with a certain type of bull bar and the on-road use with a certain type of bull bar? They actually mix and match.

Mr Hogan—We can only regulate in relation to the standards we apply to particular vehicle categories. We cannot set standards in relation to their end use, so—

Senator NASH—No, I understand that, but then doesn't that make almost a mockery of the whole thing because you do not get a—

Mr Mrdak—You are raising a valid point. Once we have set a standard for a particular category of vehicle, how do we then deal with the disconnect of where those vehicles are being operated? You are absolutely right—there are a large number of four wheel drive vehicles that operate often solely in urban areas, sometimes with large bull bars on them; similarly, passenger vehicles operate in country areas. This is one of the complexities we are trying to deal with.

As I said earlier, this is a proposal. We are trying to find what the standard. I think the most important thing that Mr Hogan has raised is at the moment there is not clarity around what is a

standard for bull bars or these devices. What we are trying to set is a standard for the first time which actually provides some clarity and also builds in the best possible protection for pedestrians. That is the issue we are trying to deal with. You have raised an important issue that we will need to consider in the light of comments coming back but there has been an attempt here to try to find a categorisation which fits with our powers for regulation, which might find a way through this. If it is not practical, we will go back and review it.

Senator NASH—I understand you had to start somewhere with this and I completely understand that, but I just think these are some of the things that need to be taken into account, and that is one of them—the assumption that certain vehicles will go within certain areas, and it does not work like that.

Mr Mrdak—I think it is fair to say that when Mr Hogan and his team worked through this they looked at a whole range of permutations of how you might do this. This was a suggestion at the end of a consideration of lots of other permutations which were put out there for comment. It may not be workable, but that is what we need to understand.

Senator NASH—In the context of putting this together, did officials or whoever put it together, actually go to rural areas and spend time in rural vehicles?

Mr Hogan—That was not the case in this instance, but that is particularly why, on the issue of bull bar standards, it has been emphasised as one of the two or three crucial issues in the RIS on which we are seeking comment.

Mr Mrdak—Not in the specifics, but our officers certainly travel and take account of these issues.

Senator NASH—Can I just have some clarification about page 13 of the RIS, under the heading, ‘Why government intervention may be needed.’ I will just put this on Hansard—it is not particularly long:

Government intervention may be needed when the market fails to provide the most efficient and effective solution to a problem. In the case of pedestrian safety in vehicle crashes, an externality exists that market forces may not be able to correct. This is because the individual who pays for the pedestrian protection does not receive the main benefit of it. The main benefit is received by the pedestrian or other vulnerable road user through the reduction of road trauma, and not by the owner responsible for making the purchasing decision regarding the vehicle.

Could you just explain for me what that means in English?

Mr Mrdak—In layperson’s terms, the person who purchased a particular vehicle is not necessarily thinking about the safety of the pedestrian when they buy a vehicle to suit their own personal needs, particularly if they fit devices to the front of the vehicle. Their considerations are the sorts of issues you and Senator Joyce have raised, in relation to protection from animals and the like. They are looking for occupant safety. The pedestrian, who is the primary beneficiary of standards for pedestrian safety, is often not being factored in by the purchaser or owner of that vehicle.

Senator NASH—You should have written that bit, Mr Mrdak; that made a lot more sense. At the beginning of page 17, there is a comment there:

The Agreement on Technical Barriers to Trade, to which Australia is a signatory, requires contracting parties to adopt international standards where they are available or imminent.

I am guessing that this relates possibly to what you said before to Senator Joyce, Mr Hogan, about the UN issue. Is that correct? Or is the Agreement on Technical Barriers to Trade within that—

Mr Hogan—Essentially that goes to the fact that Australia is party to international agreements. The relevant agreement in this case requires that Australia consider the application of global technical regulation 9. It does not require the application of global technical regulation 9. So if, for instance, the regulation impact statement found that there were other ways of achieving the same objectives or other ways of doing better, you would pursue those other ways rather than implementing an Australian standard.

Mr Mrdak—But, essentially, Australia has had a longstanding policy of harmonising our vehicle design rules with international standards. Our motor vehicle industry obviously operates in a global market. We are an important supplier to the global market; hence, there are significant benefits in the adoption of international standards for safety and performance, as well as benefits for our domestic industry in being part of a global regulatory setting.

Senator NASH—I understand that, and where there can be harmonisation obviously that would be a very sensible thing to do. But in something like this, where the requirements are going to differ from country to country, but the underlying element is still going to be the same—say, bull bar to bull bar, but the requirements are going to be entirely different—that surely needs to be taken into account. All I need on this is just some explanation. Apologies if you have done it already, but it might have been a bit gobbledygook:

...requires the contracting parties to adopt international standards where they are available or imminent.

What does 'available or imminent' mean? Ehen it says it requires contracting parties to adopt, what is the basis on which we could opt out if we did not want to do it?

Mr Hogan—The particular international agreement under which this is being considered just requires that you consider application of the regulation; it does not require that you implement it.

Senator NASH—How many vehicles are there with bull bars in Australia?

Mr Hogan—The figure is somewhere in the regulation impact statement, but I would have to take it on notice.

Senator NASH—I am having a look at the form for the feedback for this. Apart from part C, which is terrific—'Please include any comments,' which is obviously very straightforward and it is obviously only the two-page feedback form—but it does not seem particularly user-friendly when it talks about options. After going through the RIS—and obviously the different options are there—when you look at the table 1 for option 6, it has all of the different things that you could look at under option 6 and it is very complicated. Is there any way of making that easier? Obviously, it is done and dusted now and it is out there, but I just make the point that for an average punter coming and having a look at section 1, 'No requirements,' section 2, 'AS 4876.1 2002 sections 1, 2, and 3.1,' and go across, 'Not applicable, not applicable'—

Mr Hogan—We can certainly look at making that easier to understand. I think to some extent it is based on a reading of the regulation impact statement and this table features in that with a lot of explanatory text around it, but I think we could certainly look at making it friendlier.

Senator NASH—I would think that that might help to just see what you can do.

Ms Gosling—We will take that on board.

Senator NASH—And if you could look at it not from the departmental point of view of what you need to get out of it—which obviously you need to take into account—but from the point of view of the end user doing this, some clarification might help.

Ms Gosling—Yes, we will do that.

CHAIR—Very quickly, just in case the rural press up here are off running around with some headlines, let's just make this very clear: the proposal will be phased in from 2013 to 2019?

Mr Hogan—That is the proposal, but like every aspect of the proposal, that is open for public comment.

CHAIR—Sure. That does not mean it is going to sneak up on us the day after we close the RIS.

Mr Hogan—No.

CHAIR—And it will apply only to new vehicles—a very important issue.

Mr Hogan—Exactly.

CHAIR—So it will not affect all of Senator Nash's constituents and all my fellow west Aussies who currently have bullbars on their cars now.

Mr Hogan—That is correct.

Mr Mrdak—They will be completely unaffected by this proposal.

CHAIR—Thank you very much. Now I will let you run away, so thank you. We will now call policy and research.

[4.33 pm]

Senator NASH—Could I just start with the website. Under the regional research section I could not find any research that was published in 2010. Was there anything published in 2010?

Dr Dolman—There was not actually any research that we published of a regional nature in 2010. That is not to say that we were not doing things. In particular, we were providing advice, including to the new department of regional Australia, and we also have in particular two products that we are about to deliver in the next few months, one of which looks at spatial trends in the Australian population and migration. The second one is a web database that provides the information on regional Australia.

Senator NASH—When are you expecting those two to hit the public domain?

Dr Dolman—As I said, hopefully in the next month or so.

Senator NASH—The second one, the web database of regional information?

Dr Dolman—Information on regional Australia. It is basically something that will allow people to look up their region and get information on population, economy, the industry in the region, health and education in the region.

Senator NASH—Are you continuing to do work with the department of regional Australia or was that more of a settling-in assistance period for them?

Dr Dolman—No, it was agreed that it would not make sense for the few people that we have in regional research to transfer across to the new department, so we have a working relationship with the new department where we continue to provide research on their behalf.

Senator NASH—Can I just flag, too—and, Chair, you may even agree with me on this—that it does seem strange that regional Australia now sits with PM&C. I understand the reasoning for it, that is now core business. But all of the regional expertise seems to sit with this particular committee, so I just note that that is a little unusual—it is perhaps for the minister to note rather than those of you at the desk. So there are those two pieces of research you are about to publish very shortly. Is there anything else in the pipeline that you are working on at the moment?

Dr Dolman—Yes. We are also updating the Northern Australia compendium, which was something we published a couple of years ago. We are providing an update on the material that has changed over the last couple of years in Northern Australia. We are also looking at providing an update on the information that we regularly publish on economic performance of regions.

Senator NASH—Just in terms of regional Australia, do you have a definition that you use for ‘regional Australia’?

Dr Dolman—The department of regional Australia is working on a definition with the Australian Bureau of Statistics, and we have been involved in those discussions.

Senator NASH—Isn't that extraordinary that they do not have an existing one?

Ms O'Connell—I think there are more than one existing definitions.

Senator NASH—That is the problem.

Ms O'Connell—What the department of regional Australia is seeking to do is—

Mr Mrdak—To standardise.

Ms O'Connell—to decide which one, to come up with a standard or perhaps a new one. I think there are a number of definitions that have been used.

Senator NASH—That is very true. Any ideas when there might be some sort of finalisation on a definition, now that we have a whole department working on what it actually is?

Mr Mrdak—I think that is probably a question you need to put to them, to be honest.

Senator NASH—In the context of this wonderful collaboration that is happening across departments, I thought I might seek some assistance.

Mr Mrdak—I think that is a policy judgment that they would probably best advise you on.

Senator NASH—That is advice well taken. Thank you, Mr Mrdak. Crane rates in ports and that sort of thing comes under your area and the research that you are doing?

Dr Dolman—That is correct.

Senator NASH—So what are the latest trends in the crane rates at the port? I am just interested if there has been an overall trend of increase, decrease or flat.

Dr Dolman—That is published in *Waterline*, the latest issue of which was released in October.

Senator NASH—I know—I should have gone online and had a look.

Dr Dolman—However, just broadly, that latest publication shows that there has been a recovery from the global financial crisis, where there was a drop-off in the numbers of containers moving through ports, not surprisingly. It also shows that productivity, particularly on the wharf side, is continuing to increase. You might have noticed that some of the data out of *Waterline* has been used, for instance, in the port strategy that Infrastructure Australia has developed, which shows that a lot of the challenges that ports face are on the land side. In particular, costs have increased at a rate greater than inflation on the land side, whereas they have actually gone down on the water side. I think the data that we publish also show that there has not been the uptake of rail movements that some of the states are trying to achieve out of the ports.

Senator NASH—And how do we compare to comparable countries? How do you measure us against comparable countries and the sorts of rates they are achieving? Do you do that sort of work?

Dr Dolman—We did actually do a study in association with the Australian Maritime Group, which is a Commonwealth-state subcommittee of the ministerial council of transport ministers, and that was published in 2009. We compared ourselves against a number of similar countries at the end of supply chains but also against world's best practice—Singapore, Amsterdam et cetera.

Senator NASH—How did we go?

Dr Dolman—I think generally Australia is performing in the middle of the pack. We are not as good as some, and you would not expect that. We do not have the same performance as some of those very large ports that have built their economy around shipping in some cases. But we have performed quite well, around the median for most of those.

Senator NASH—So why is that a differential? Why is a country that has built their port around shipping more productive in terms of crane rates than a country that has not?

Dr Dolman—It is the way that they build, design and run the ports. So some of our ports, Melbourne and Sydney in particular, are world class in terms of their size, but we also have smaller ports which have fewer ships—for instance, Adelaide—and there are some delays. It is clearly fit for purpose, but it does not have the same throughput as some of those other ports, and when you have high throughput you can build greater efficiencies.

Ms O'Connell—For example, if we have smaller ships because it is a smaller port, there will be fewer lifts because there are fewer containers per ship. Other major port countries who

focus just on the large ships, perhaps, also have a higher degree of automation that might be visible.

Senator NASH—That is more of a throughput issue rather than a crane rate per hour issue, though, isn't it? It is understandable when you have smaller ships and less production going through.

Dr Dolman—It is probably worth saying we have also done some recent analysis and we are going to introduce a new indicator to *Waterline* because we are finding that the crane rate is not particularly useful. We are actually getting close to the capacity of cranes. So virtually across the world they all operate at about the same speed when they are being run efficiently. We have done further analysis that shows the crane rate is still increasing, but it has slowed down over the last five to 10 years. But we have found that the total numbers of containers being loaded and unloaded on a ship has increased quite dramatically, so overall the productivity has improved, and that is largely because they are using more than one crane on a ship, sometimes three cranes on individual ships. So they are unloading the ship more quickly and also there are larger ships visiting Australian ports and there is less down time. They are doing things like putting the food and fuel into the boat at the same time they are unloading it, whereas previously that was not the case.

Senator NASH—You say we are sort of middle of the pack in terms of other country comparison. You have certainly done the work to identify where we are at and what we are doing. Do you do work, though, on how we could improve, or is it really just the retrospective where we are at, how we are going and that sort of benchmarking?

Dr Dolman—Essentially, this comes out of our statistics area, so it is largely recording what is happening. What we are looking to do is improve the quality of the statistics that we collect, but also get a deeper understanding of what is happening. And to some extent that is why we are working with the policy areas both from our department and the Australian Maritime Group to give them an understanding of how Australian ports are performing and how they can improve. And that information, as I said, showing that the wharf side is actually working quite productively, but the problems are on the land side, is then feeding into the port strategy that Infrastructure Australia is developing and the development of policy to address those problems.

Mr Mrdak—The port strategy which Infrastructure Australia has developed has got quite a bit of focus on setting performance indicators going forward, which is really designed to get around that issue, as you are saying, as to where we want to position ourselves. Therefore, the industry starts to work towards much more defined targets. Clearly, the issue that has been identified is the port land interface where we think the greatest opportunity is for productivity improvements on the Australian waterfront.

Senator NASH—How do you encourage that to happen? You can have targets here, but how do you ensure that all of those factors come together to reach your targets?

Mr Mrdak—In many ways the work that has been done around a number of ports already gives us a pointer. One is additional investment into some of the transport linkages on the waterfront. The other part of it is better coordination between the parties. We have seen, for instance, in Port Botany attempts to lift the movement rate by alternative opening hours,

alternative pricing arrangements and those sorts of things which actually provide incentives. That is the way it has been dealt with and that is consistent with what is being done offshore as well and also investment in new systems.

Senator NASH—Would you take on notice for me, just as an example on Port Botany, what they have done to improve that level?

Mr Mrdak—Certainly.

Senator NASH—That would be really useful. Finally, on road deaths what is the average road death per year over the last few years?

Ms O'Connell—In Australia?

Senator NASH—Yes, in Australia.

Dr Dolman—The most recent publication we have is for January 2010 and during the 12 months up to the end of January 2010 there were a total of 1,329 deaths.

Senator NASH—Have you got the year before as well?

Dr Dolman—It does include the year before. It is actually an 11½ per cent decrease on the 12-month period.

Senator NASH—Would you take it on notice to give me those figures annually for the previous 10 years as well. I find it extraordinary that if a thousand people died in one place in Sydney, the country would be in absolute uproar, but we have become almost immune to road deaths in the way they happen sporadically. It is an issue we certainly need to spend some more time on.

Dr Dolman—On the positive side, though, this is the lowest monthly fatality rate on record.

Senator NASH—That was my next question. It is our lowest monthly fatality. So are there any particular reasons that you have identified as to why that might be the case?

Dr Dolman—There are two ways we have done that. So from the data itself I guess we look at the breakdown of what is happening and there has been a decline over time, very positively, in the number of people in the 17 to 25 year age group. The number of fatalities in that group has declined over the last five years. In fact, across the whole range of different categories there has been a decline. The only real exception is people riding motorcycles and that is in part due to the fact that more people are riding motorcycles. We have also just published an analysis of the major things over the last 40-odd years that have had an impact on road fatalities. We have got quite a good analysis that shows cause and effect. The three biggest things that have made a difference over the last 40 years are the introduction of seatbelts, random breath testing and speed cameras.

Senator NASH—What is that document? Can you just refer the document to me?

Dr Dolman—That last one is information sheet 39, Effectiveness of measures to reduce road fatality rates.

Mr Mrdak—I can provide you with a copy, Senator.

Senator NASH—Yes, thank you very much. I will resist the temptation to say it will save me going to the website!

Mr Mrdak—I would not do that to you, Senator, I am happy to give you the hard copy today!

Senator NASH—Finally then given, obviously, the improvement that we have seen and those three attributing factors that you refer to, do you then do any sort of modelling work or work as to what could improve it even further or give advice to government from any research you do on what could improve it even more?

Dr Dolman—Yes. We are doing research in that area. And, again, there are probably two pieces of work that we are doing. One is looking at the measures that we should put in place to monitor the national road safety strategy that is being implemented. We have a working group with the states, with experts developing a set of indicators that will allow us to monitor that and collect regular data so that we can see what is happening. We are also extending that work I just spoke about on the effectiveness of different measures by looking at things like airbags and stability control. We are looking at how that has been fitted into vehicles and how effective those measures are.

Senator NASH—Thank you very much.

CHAIR—There are no further questions. I thank the officers from Policy and Research and call the Office of Transport Security. I have Senator Heffernan all fired up and ready to go.

[4.50 pm]

Office of Transport Security

Senator HEFFERNAN—I asked some questions last year and obviously there are a lot of concerns in the community about these X-ray machines that show all sorts of things in great detail. I have got a press clipping here about some bloke who was ogling a woman and commented on her physical makeup, et cetera. Have we made any progress as to how—with the challenge of health issues, little children, old people, wooden legs—we are going to allay the fears? The anti-paedophile mob have concerns. Have we got a way of doing this without doing it so graphically?

Mr Mrdak—Yes, Senator. I will get Mr Retter and Mr Wilson to explain some of the detail, but the government has made it very clear that any introduction of body scanner technology will only be of a form which is not identifiable. It only provides effectively a stick figure image, if I can use that term, which would not breach anyone's personal privacy, and the government has been very firm on that. I will ask Mr Retter and Mr Wilson just to give you a briefing on where we have got in terms of the available technology which has been accredited.

Mr Retter—Paul Retter, executive director, Office of Transport Security. Senator, thank you for the question. I noticed today there was a fair bit of media reporting on this issue as well, and I might take the opportunity to deal with the health and the privacy issues in the answer, if I may. With Senator Sterle's agreement, at some point, Senator, I would like to table a diagram which will assist the senators in understanding exactly what the technology will do.

CHAIR—Take it as a given, Mr Retter. Thank you.

Mr Retter—Thank you very much. Concerning health issues, you would be aware that there are two basic types of technology that can be employed at present with body scanners. Essentially there is a millimetre wave solution and there is a backscatter X-ray solution. The former does not omit ionizing radiation and is deemed largely free of major health issues. The second is the subject, as you know, of some conjecture around the world, in particular the United States. There has been some discussion about the potential for health effects as a result of repeated exposure to that technology. We are working with ARPANSA on this issue to make sure that the final decisions about which types of technology is the right one for Australian circumstances. Indeed, that analysis continues both within the department and in our discussions with ARPANSA.

If we do go down the road of looking at the backscatter X-ray technology, there is a requirement for the Radiation Health Committee, which consists of ARPANSA and the various state and territory health department representatives, to consider the merits of that technology and make recommendations for its approval or not, and that would be a formal process which the department would engage in. But at this stage, Senator, I make the point that we have not yet made definitive recommendations to the minister. We are still exercising, shall we say, an amount of due caution and working through with other regulators overseas all of the issues that they are uncovering as they go forward. So I am taking a very deliberate approach to doing this. The intention once we have got to the bottom of our analysis, having spoken to people around the world and other agencies, is to make recommendations to the government and thereafter pursue an appropriate course of action in terms of what technologies we might introduce.

A related issue is some of the concerns that have been expressed about privacy. If I refer senators to the diagram in front of you, which is a picture of a stick figure. The intention is that the technology that would be introduced in Australia, regardless of whether it is a millimetre wave technology or a backscatter technology, will have an automatic threat detection capability attached to it. In essence, the technology allows for an algorithm to determine whether there is an anomaly in terms of what is being shown on the person's body as they are scanned. As a result, there will be a representation of that passenger adjacent to the machine which will show something like this. And if there is something hidden on somebody's leg, or if somebody has left their car keys in their pocket, the machine will effectively place a box around that, highlighting that there is an area of potential concern.

Senator HEFFERNAN—So it will not be like that.

Mr Retter—Certainly not, Senator. The original technology back in 2007-08 when it first came out, as you would be aware, was very graphic and it required somebody to be placed away from the screening point who did not actually physically see the person, and that was because of concerns about associating the image on the screen with the actual passenger who was going through the technology. This new form of technology, the latest variation, eliminates the person in the back room who is looking at the raw picture. One, that is a good thing operationally. It speeds up the process and makes it cheaper. Two, it takes, in my view, a lot of the heat and light out of the privacy issue. We are working very closely with the manufacturers and the other regulators around the world to make sure that, when we do

introduce this technology, it is similar to how I have described it today; that it does not rely on graphic images being seen by anyone; that the machine is actually making the appropriate decisions based upon an algorithm; that algorithm having been tested separately in laboratories to make sure that it is providing it with the right sort of information.

Senator HEFFERNAN—So would it be fair to say that the decision has already been taken to do this?

Mr Retter—Yes.

Senator HEFFERNAN—But the question that is not answered is the health aspects of doing that.

Mr Retter—Yes, and that is not yet a decision that we have made, because I have not been comfortable I have had sufficient information and evidence before me to go to the minister with the appropriate recommendations.

Senator HEFFERNAN—So we do not know when the introduction date is?

Mr Wilson—As Mr Retter indicated, we are still working through a number of the issues. We are trying to work through those issues as quickly as we can, but the government has made it very clear to us that we need to be very certain of the technology we recommend be introduced into the system.

Senator HEFFERNAN—It would be a shame to have another asbestosis.

Mr Wilson—We have witnessed the challenges that sister regulators in other countries have had with the introduction of this equipment. We would prefer not to go through the same difficulties as they have. That is why we are taking our time to make certain that we answer all the questions.

Senator HEFFERNAN—It is fair to say that at the moment we have ticked the box which says we will not be doing what has happened at Heathrow where someone is suing them for \$32,000 for invasion of privacy. When it comes to storing the images and how long they will be stored, I do not suppose anyone would be very fussy about storing that image.

Mr Retter—No. Senator, if I may, the fact is we will not store images. What happens almost instantaneously as the scan is done, that image pops up, the resolution is with the screener who is standing beside the equipment together with the passenger. They go through a process which will resolve wherever the little box or boxes are located. And if that requires somebody to go off for private screening, then so be it. We will organise that as well as part of the process. That is something we are still working through.

CHAIR—If someone has a pacemaker, clearly it will come out on the appropriate side of the chest. Is that good enough for you to say that is a pacemaker?

Mr Retter—That has to be checked, but I do not think a pacemaker will be seen on the screen. This is looking at skin texture and it does not go as to invasive items such as a pacemaker or any other things that may be inserted into the body. The issue is more about what is sitting on the body, concealed under the clothing.

Senator HUTCHINS—Would the underpants bomber have been caught by that technology?

Mr Retter—Based upon the discussions I have had with my counterparts overseas, I am of the view that it will be highly likely that an anomaly of some sort would have been detected. That is based on a fairly robust set of discussions with other security regulators. There has been some conjecture about whether or not he would have been detected. My view is that it is more likely he would have been and, indeed, that this technology provides us with a much better opportunity to detect similar types of techniques being used, whether it is explosives hidden in somebody's underwear, a ceramic knife or some other form of non-metallic object. My view is this is the best technology there is in the world at the moment to do it.

Senator HUTCHINS—How much is this technology going to cost if it is introduced at all airports where we fly internationally?

Mr Retter—I will just check. I think, from memory, because it was in—

Senator HUTCHINS—I ask because, if you cannot categorically guarantee me that the underpants bomber would have been caught by it, what is the point of having it?

Mr Retter—Senator, I can tell you that as we discussed, or as the minister discussed when he announced the measures on 9 February last year, we are dealing with terrorists who are adaptive and flexible and who study our systems and identify our vulnerabilities. I have to say that to sit there as we are today with the technology we have today, in my view, is not an option. We have to move forward.

I am suggesting to you that the new technology is much more likely—together with other techniques that we will use, which I would rather not go into in public—to provide that layered effect for screening for a passenger, the aim being to detect this type of person who is attempting to subvert the screening process and take prohibited items, whether they are explosives or, as I say, ceramic items, knives or whatever it might be through the screening point. This is, in my view, the best opportunity to provide a reasonable degree of risk mitigation. I do not think you will find anybody who will tell you there is a 100 per cent guarantee in anything, but I would suggest to you that this technology is a much better and more effective solution set than what we have at present.

Senator HUTCHINS—So how much is it going to cost?

Mr Wilson—The costs of the individual machines will depend on the final decisions taken by government, because as it currently stands we have not ruled out any of the machines that are on the marketplace. There are a range of prices. I do not have the range of prices in front of me. I am happy to take it on notice and provide you with the range.

Senator HUTCHINS—It is just that Ms Pidgeon looked like she was getting an answer; that is all.

Ms Pidgeon—Sorry, Senator; I was trying to check my figures to see if I had them here.

Senator HUTCHINS—If you could take that, that would be appreciated.

Mr Wilson—Certainly.

CHAIR—Senator Heffernan, do you have any more questions?

Senator HEFFERNAN—Thank you. I want to go into regional security in a minute, but just quickly, in response to some questions that I asked at an earlier Estimates in October, I

just want to clarify a couple of matters; thank you for the answers you have given. In terms of the Maritime Security Identification Cards, what types of offences are classified as disclosable criminal offences? Maybe you would like to table it if it is a complicated document.

Mr Retter—Mr Dreezer will answer that, Senator, if you are happy with that.

Mr Dreezer—Disclosable criminal offences basically relate to those offences which are part of your criminal history, so it is any particular offence which, as I understand it, is an offence that you would have that would arise out of a background check. That is a disclosable offence.

Senator HEFFERNAN—When I apply for a security clearance card, I do not own up to you; you investigate me. If I am Joe Bloggs, I may have—which I have had plenty of—speeding tickets et cetera, but I have not threatened anyone with bloody murder or something. But, for the public to get a sense of where is the cut-off point, that would be a judgment that is made on the side by the government?

Mr Dreezer—CrimTrac conduct the background-checking process. It is not up to the applicant to advise the issuing body of their criminal offences, and those offences that are identified by CrimTrac are subsequently reviewed by AusCheck, which conducts the background-checking process to confirm whether or not they are offences that are within the offence categories within either the Aviation Security Identification Card regulations or the Maritime Security Identification Card regulations.

Separate to that, there are also offences that need to be disclosed by either an ASIC or an MSIC holder. In respect of ASICs, they are aviation-security-relevant offences, and the categories of those offences are outlined in the regulations as well. Similarly, MSIC holders also have to report to their issuing body on whether or not they have been convicted of a maritime security-relevant offence after the background checking process has occurred.

Senator HEFFERNAN—So, as I understand it from the answer, of 963 people who applied for an MSIC, only 30 had disclosable criminal offences and only 30 of these people were refused a pass. What specific offences precluded the 30 applicants but let the 933 people through?

Mr Dreezer—I would have to take that on notice, because I do not have those figures in front of me.

Senator HEFFERNAN—That would be good if you could.

Mr Dreezer—Are you referring to the application statistics that we provided you for ASICs or MSICs?

Senator HEFFERNAN—I am referring to the question I asked about how many applicants for your Maritime Security Identification Card had previous criminal convictions, and it was the Office of Transport Security 04, question 2.

Mr Dreezer—I will take that one on notice, if I could.

Senator HEFFERNAN—I asked a question also about the availability of these passes for minors and was advised that minors could obtain one without undergoing a background check.

Mr Dreezer—That is correct.

Senator HEFFERNAN—The answer that you have given is:

There are legal and operational impediments to conducting background checking for people under 18 years, including inconsistencies amongst State and—
federal—

jurisdictions on the availability of criminal history ...

That is understandable, but how many minors currently hold these passes?

Mr Dreezer—At the moment, as of 31 January 2011, there are 576 active ASICs and MSICs that have been issued to people under 18. Of those, 458 are ASICs and 118 are MSICs. That represents 0.2 per cent of all ASIC and MSIC cardholders. There are 268,326 cardholders at present.

Senator HEFFERNAN—So, on the hundred-odd MSICs, there is no intention to ever attempt to get a background on these young people? My difficulty, as you know, is that if I am a young 16-year-old—and that is dreaming—and I lend my card to Senator Carr and he has some other dubious purpose to pass a swipe post on an airport, he can use my card.

Mr Dreezer—I think that is a matter of access control. There are a range of other layers of securities at airports or at seaports that would prevent that from occurring.

Mr Wilson—Senator, to answer your original question in regard to whether or not it is the government's intention to extend the ASIC and MSIC regime in terms of background checking to under-18's, given the operational issues that we have identified it is not the current intention to do so but then it would be open to the government to make that—

Senator HEFFERNAN—It would be fair to say that if you, as I did the other day, even spent two hours in the injecting room in Kings Cross—where a lady came in and said, 'Aren't you too old to be still injecting?'—you would find that there are a lot of criminal minds who are minors, under 18. So we turn a blind eye to that.

Mr Wilson—I would not categorise what the current arrangements are as 'turning a blind eye' to the arrangement to security.

Senator HEFFERNAN—Yes, that might have been a bit too far out. But there is a potential problem. When they change the tax acts, smart tax lawyers change your affairs to suit the new act. If this is a soft entry point, as criminal elements would see it, they will use it, don't you think? Hopefully not.

Mr Retter—Senator, whilst there is a possibility that what you describe might occur, I would say that in framing the current arrangements the risk assessment was done of, in a sense, the art of the possible and the subsequent risk that remains as a result of the arrangements that are in place. The MSIC and ASIC regimes, as you know, are primarily designed to assist in preventing unaccompanied access into secure areas of ports and airports, mainly for the purposes of preventing unlawful interference, and that relates mainly to ensuring that people do not interfere with the aircraft or the ship or those sorts of things. So again it is a bit like the question that Senator Hutchins asked about technology: there is no

golden bullet that gives a perfect 100 per cent solution, but it does give a measure of protection and assurance that we are mitigating most of the risks.

Senator HEFFERNAN—If you are going to pinch a car you usually take one that has not got a steering lock, so it is a preventative but it does not stop it. Thank you for those answers. You will recall that I talked about the security company that provides the security guards, and I have read a little bit in the paper. Is that an area that has smartened itself up by way of who is employed by the subcontractors? Who is the major security contractor to Sydney Airport?

Mr Retter—The matters that you have raised with this office on a number of occasions related to a subcontractor being used for security services associated with Sydney Night Patrol. I have spoken separately with the law enforcement agencies who deal with this matter and I am assured that those matters are in hand.

Senator HEFFERNAN—Part of the \$200 million package announced for airport security in February last year was to fund the installation of security screen equipment at regional airports. Does it apply to all regional airports regardless of the number of passengers that pass through each month and year?

Mr Wilson—One of the measures that we have looked at in terms of the extension of security measures to a broader range of airports within Australia is just how that will be operationalised and how individual airports will be able to meet the regulatory requirements that the government has announced. In addition to the funding that the government has announced as part of last year's strengthening aviation security initiative, we have recently issued a discussion paper in terms of airport security classification to look on a risk-based approach to the arrangements that the individual smaller airports within the regions may take to meet the regulatory burden. I will get Mr Robertson to take you through the detail of that paper.

Senator HEFFERNAN—I am familiar with Wagga Wagga, and Rex fly out of Wagga as does Qantas. Qantas now have the bigger Qantas Airlink plane that requires, as I understand it, a higher level of scrutiny for security purposes. Rex has a smaller category that does not. I presume the dilemma that we face is that Wagga City Council or whoever owns the airport is going to have to install all this gear and charge everyone an extra charge for the security that Qantas requires but others do not. So that is the background to the dilemma.

Mr Robertson—You have pretty well got it in one, Senator. Wagga is currently served by the Qantas Q400 service, so that is in the higher weight category of just a little over 28,000 kilograms, whereas the Rex aircraft is under. So Wagga is actually looking to the options of providing a screening service. The airport classification paper that Mr Wilson referred to is out for public comment with the industry and that proposes a number of classification bands under which it may be possible for airports to consider lighter touch screening arrangements which provide a good security outcome but avoid some of the more onerous capital works required to establish a full sterile area and a full screening service.

Senator HEFFERNAN—Obviously there have been concerns expressed to me about everything from pilot training to what a monopoly like Sydney Airport can do to a small airline. They will have charges and they will want to get rid of them—but I do not want to go back to a horse and sulky. Can you provide information on the number of passengers that pass

through regional airports annually and the airlines that service them? Can you take that on notice?

Mr Robertson—Yes, we can.

Senator HEFFERNAN—Can you provide total government funding allocated to this measure and funding per airport?

Mr Robertson—I can provide total government funding allocated to the measure. The total funding allocated per airport will depend on the process under which the airports will apply for funding assistance and then the Minister will consider the applications.

Senator HEFFERNAN—So you might be able to give us what the options are?

Mr Robertson—What you would be looking at is a maximum of around about \$650,000 that would be available per airport.

Senator HEFFERNAN—And what equipment would that deliver?

Mr Robertson—If you are doing the full screening service you would be looking at a walk-through metal detector, and a handheld unit as well. You would be looking at an x-ray unit for cabin baggage and also the whole baggage x-ray unit. And an explosive trace detection unit as well.

Mr Wilson—As Mr Robertson indicated before, the discussion paper in terms of airport security classification and a more proactive risk-based approach to actually determining what level of equipment is required will mean that there will be a variation between airports subject to the conversation that we have with the community in terms of that and government decisions.

Mr Retter—If you have less numbers of passengers going through a regional airport and you have got passengers arriving 30 minutes, 40 minutes before their flight, you have got the capacity to achieve the same security outcome but perhaps using a different form of screening measure. It might be looking in bags, or using ETD instead of a check bag screening system. As long as you have got the time to do it more effectively and you have not got the major facilitation issues that the bigger airports have you can actually achieve the same security outcome but at a lower cost. What we are trying to explore with industry is what is the appropriate mechanism.

Senator HEFFERNAN—That is fair enough. If you go to Narrabri you get one plane in in the morning and one out in the afternoon, but if things pick up it might be three a day, so I always think if you are buying a tractor buy a bigger one than you need because eventually you will need the bigger one, so you might as well get the right gear. So that provides for the infrastructure, and the maintenance would be up to who?

Mr Wilson—The maintenance will need to be found from the individual airports.

Senator HEFFERNAN—So in practical terms, taking Wagga—and they are doing a pretty innovative pilot training scheme there, I have got to say—if I am going to Sydney and I am flying on the bigger Qantas Airlink plane and they usually load sometimes 10 or 15 minutes apart, it would nearly pay to put everyone down the chute, wouldn't it?

Mr Robertson—That will be a decision for the airport. We are getting interesting feedback from the airports. Some are taking deliberate decisions to build the infrastructure and adopt a full screening service. They are working on the basis that that actually could even attract larger aircraft.

Senator HEFFERNAN—So maybe the Rex airlines of this world, if they are put through this system, even though they do not have to go through it, could make out a case with the right set of books and words to the government for some sort of assistance to offset the cost of these facilities?

Mr Wilson—The government made the decision in February of last year to provide upfront capital grants to individual airports to meet the requirements in terms of provision of the equipment. The decision was not to provide funding for infrastructure changes or for ongoing operational or maintenance costs. That will be the funding envelope that is available to the individual airports.

Senator HEFFERNAN—It is \$650,000, is it?

Mr Wilson—I would not want to be held to the number of \$650,000 per airport.

Mr Robertson—Senator, what I can advise is that the program guidelines that have been approved by the minister make an allowance. The airports can claim up to that figure—no more, but less, certainly, if the equipment comes to under that number.

Senator HEFFERNAN—But the government is conscious of the fact that, in recent years, the bush has declined a bit. Some airports and regional services have been cancelled, but they may come back, and it would be a pity to half do the job in anticipation of no growth whereas, hopefully, it will grow again. So when is all this due to be implemented?

Mr Retter—On 9 February last year, the minister announced that the date from which the maximum take-off weight provisions for screening would commence would be 1 July 2012.

Senator HEFFERNAN—It has been suggested that this measure will cost about \$1 million to run for each small airport. I have no idea of the basis of that. Were this figure per airport in New South Wales only, costs passed on to the passenger would be around \$50 a ticket.

Mr Retter—Again, it goes back to the operational screening regime that we might implement. If I were to put in the full regime—as some airports are deciding to do—then potentially the costs, for the staff required and the technology maintenance, would be higher. But if we were to go to something for the lower passenger-throughput airports then that would be less onerous, in terms of both the technology capital outlay and, indeed, the number of staff required, because if you have only got 10, 15 or 20 passengers getting on board, you do not need a lot—

Senator HEFFERNAN—Yes, down the south coast. Yes.

Mr Retter—and then, I would suggest, those costs would be significantly reduced.

Senator HEFFERNAN—So was any cost benefit analysis carried out by the government into the cost of maintaining staffing, the measures based on the passenger rollout, et cetera? Is there a cut-off point: if there are only 20 passengers a day, this becomes horrendous?

Mr Wilson—Senator, I would answer that question in two parts. As part of the national aviation white paper process, the department undertook a cost-benefit analysis through the regulation impact statement that was undertaken, which detailed the costs associated with the measures, and the benefits that accrue from the changes to the regulations. The second is that, as we have outlined, in terms of the airport security classification work that Mr Robertson is leading, we are currently looking at, in consultation with the individual airports, measures to have a differentiated arrangement, in terms of the size and operation of the individual airports, which will take into account issues such as passenger throughput and aircraft throughput.

Senator HEFFERNAN—In any event, there will be plenty of consultations with people like Rex.

Mr Robertson—Most certainly.

Senator HEFFERNAN—They have got their own set of problems at Sydney Airport. Just by way of—thank you, Mr Chairman. I have just about finished.

CHAIR—Okay.

Senator HEFFERNAN—One more thing. Obviously, you have got to think like the enemy a bit in life. It would not make sense to me, I would have to say, to put half the passengers going through Wagga airport down the chute, and the other half out the side door. If a criminal mind had an intent, there would be a soft entry point for that person to do their dubious intent, wouldn't there, if you had it that way? You would choose to fly on the one that did not go through the scanners, if there was an option.

Senator HUTCHINS—If you answer that, Mr Robertson, does that suggest you have got a criminal mind?

Mr Robertson—I would not suggest that, Senator! The airport security arrangements mitigate as far as possible against that. For example, if you have got an aircraft that would not otherwise need to be screened, there is an operational period. So if two aircraft were sitting on the tarmac within 30 minutes of each other, the screening service applies regardless. So there is very little opportunity for somebody to beat the system by going out the door for an unscreened service, then running up the tarmac and trying to get onto a screened aircraft.

Senator HEFFERNAN—Anyhow, I will continue to take an interest.

CHAIR—Good on you, Senator Heffernan.

Senator HEFFERNAN—Thank you very much.

CHAIR—Thank you very much to Mr Retter, and officers of transport security. We will now call Aviation and Airports.

Mr Retter—Chair, could I just read in an answer to Senator Hutchins regarding the cost of body scans?

CHAIR—You can.

Mr Retter—Thank you. The cost is between \$200,000 and \$250,000 per item.

CHAIR—Thanks, Mr Retter.

[5.27 pm]

CHAIR—We will now move on to Aviation and Airports. Welcome, Mr Doherty, and officers from Aviation and Airports. We will go to questions. Senator Back has the call.

Senator BACK—Thank you, Chairman, for giving me a huge amount of time.

Senator HUTCHINS—Can I just ask a question?

Senator BACK—Please do.

CHAIR—Sorry, Senator Hutchins. Sorry, Senator Back.

Senator HUTCHINS—There is a report in today's *Sydney Morning Herald* that Infrastructure Australia has been speaking or negotiating with the New South Wales government or bodies about a second airport for Sydney, to be located on the Central Coast—have you seen that report?

Mr Mrdak—I have; I saw that in this morning's *Sydney Morning Herald*.

Senator HUTCHINS—You were here this morning, Mr Mrdak, when we were advised to ask that question at this particular point.

Mr Mrdak—I am certainly not aware of Infrastructure Australia raising that issue with the New South Wales government.

Senator HUTCHINS—No, no. I do not have the *Sydney Morning Herald* report in front of me; I just recall. Can you tell us whether that is the case—that there is consideration for a second airport at the Central Coast? And, if that is the case, whereabouts on the Central Coast is it being investigated?

Mr Mrdak—There is not a specific proposal being considered. We are currently undertaking a joint review with the New South Wales government of potential locations for greenfield sites for additional aviation capacity for the Sydney region. We are looking, essentially, at a whole range of areas within proximity of Sydney. There is not a site, per se, being considered on the Central Coast, but we are looking at existing infrastructure which can be expanded and also potential greenfield sites. I am certainly not aware of any discussion that Infrastructure Australia and the New South Wales government have had.

Senator HUTCHINS—As I said, I am—

Mr Mrdak—Yes. And certainly, I think if there had been discussions, it may well have been in the context of what transport needs in that corridor between Newcastle and Sydney are. Certainly, there is no specific site being proposed or considered on the Central Coast at this time, but we are looking at a range of potential sites which may be available for future aviation infrastructure.

Senator HUTCHINS—Just quickly, what would be the potential sites on the Central Coast?

Mr Mrdak—As I say, there are not too many areas which meet our topography and—

Senator HUTCHINS—I think there are two areas up there. I just wanted to know which was more favoured than the other. I cannot recall.

Mr Mrdak—There is none more favoured at this stage. There has been discussion in the past, I think. There have been proposals in the past for locations such as Peats Ridge. But, as I say, we are looking at those areas in terms of topography and access and the like, as to whether they would at all be suitable for airport development.

Senator HUTCHINS—Thank you.

Senator BACK—Gentlemen, thank you very much. Just some comment and questions with regard to Sydney Airport regional aviation. The ACCC released its report on 7 February for the 2009-10 year, raising some concerns about monopoly pricing at Sydney and Melbourne airports, particularly Sydney. Airlines have identified unsatisfactory levels of service over several years, particularly at an international level. Can I ask you: is the department actively monitoring both of these airports, but especially Sydney Airport?

Mr Doherty—It is true that the ACCC report did identify some reservations. I think it is important to note that the actual rating of quality of service of satisfactory even though Sydney was identified as the lowest of the major airports. The service level was identified as satisfactory. That is part of an ongoing process where that is monitored, and the response to that is the report will be considered as part of the Productivity Commission's review of whether the settings are right for economic regulation of the major airports.

Senator BACK—When is that Productivity Commission review likely to take place and report?

Mr Doherty—The Productivity Commission review has already commenced. They are in the process of inviting submissions.

Senator BACK—Presumably then there must be some form of contractual arrangement between the department and each of the operators of the airports, including Sydney, or is their legislation that pertains to the management of the airports? They are assets owned by the taxpayer, represented by the government.

Mr Doherty—The regulatory requirements which relate to the federal airport sites are essentially the Airports Act and what is in the lease document.

Senator BACK—What provisions would there be in either the legislation or the lease document that give the department the capacity to require the lessee to comply with reasonable requirements—for example, from the minister?

Mr Doherty—Those are basically the requirements of normal commercial law rather than anything specific in that legislation. There were initially some requirements in relation to level of investments, but those initial requirements have all been met by airports. At this stage it is the ACCC and the monitoring of the general provisions in relation to exercise of monopoly power.

Senator BACK—I want to go to landing slots. I understand there are provisions in place to protect the number of landing slots specifically for smaller regional airlines. Can you tell me what those provisions are?

Mr Doherty—Not in detail, but, yes, there are requirements in the Sydney Slot Management Scheme which preserve a number of slots, including at peak times, for regional services.

Senator BACK—Would those measures be in legislation? Would they be in the lease agreement? I would imagine that the benefit to the airport operator of having a 300-passenger plane land in the slot that a 20- or 30-passenger plane is landing in now would be obvious. What is in place to ensure that those slots are protected into the future?

Mr Doherty—Again, they come from the Sydney Airport Demand Management Act and the slot scheme, which is a statutory instrument. So the manager of the slot process is bound to one of those.

Senator BACK—If a regional airline were concerned, felt under pressure or whatever, to whom would they complain, appeal—to the department?

Mr Doherty—Initially to the slot manager. There is a separate organisation which manages the slots at Sydney.

Senator BACK—In the event that they do not get satisfaction, to whom would they then turn?

Mr Mrdak—It would be to the department and the minister. At the end of the day, we have responsibility for the Slot Management Scheme.

Senator BACK—Presumably you would then draw upon whatever standards or measures are in place to ensure those slots are protected.

Mr Mrdak—Yes. The government made it clear in its aviation white paper that it will continue to provide slots for regional services to Sydney (Kingsford Smith) Airport.

Senator BACK—I made an inquiry of one of the regional airlines, Rex aviation, which operates in New South Wales. They do not operate in my state. But they, I understand, have the lease of a hangar at Sydney Airport, and the Sydney Airport Corporation has actually refused to renew the lease. Is the department aware of that circumstance?

Mr Wilson—We are aware of ongoing commercial negotiations between Rex and Sydney Airport and we are aware of the fact that at this stage those commercial negotiations have yet to be settled.

Senator BACK—Once again I ask the question: would those negotiations solely be between the airport operator and the airline; and, in the event that the airline felt that it was not getting satisfaction to the extent of being able to continue operating, to whom would they have a right of appeal? Would it be to the department?

Mr Mrdak—In the first instance it is a commercial negotiation between the parties. If there were an issue where the airline felt that there were unfair practices involved then they could look to bodies such as the ACCC in terms of the Trade Practices Act. At the end of the day, the department has in the past looked into these types of issues, but as far as possible we try to ensure that a commercial outcome has been achieved.

Senator BACK—I am not seeking what advice the department may have given the minister, but, as a result of the ACCC's report released a couple of weeks ago, has the department given the minister any advice or does the department propose to give any advice to the minister?

Mr Wilson—The government has made it very clear that it is looking to obtain advice from the Productivity Commission in regard to this issue on the broad scale, in terms of all of the airports. We will, as part of our normal day-to-day business, provide advice on an ongoing basis, but at the end of that procedure we will provide the minister with advice in terms of the findings of the Productivity Commission.

Mr Mrdak—But certainly we did provide advice to the minister on that ACCC report.

Senator BACK—Just remind me again; the Productivity Commission has commenced a review?

Mr Mrdak—That is correct.

Senator BACK—And no doubt they would take the ACCC's report into account.

Mr Doherty—That was expressly one of the terms of reference for the inquiry—to take into account the ACCC's price-monitoring reports.

Senator BACK—Would it be the minister that would direct the Productivity Commission or request the Productivity Commission to undertake that review?

Mr Doherty—It was initiated jointly, as a government decision between our minister and the Assistant Treasurer.

Senator HEFFERNAN—I just need to raise a comforting point for regional travellers. Obviously Sydney Airport is a private set-up. It has got a pretty tough CEO and board. There is an ASIC obligation to maximise the profit for your shareholders and it obviously would be more profitable to land bigger planes and get rid of the little planes. Does the department recognise that that could, if it were allowed to run its commercial course, cause serious interruptions to the convenience of regional Australia?

Mr Wilson—As Mr Mrdak has indicated, that is one of the underpinning concerns that was recognised by the government in the national aviation white paper, which indicated that regional airlines would maintain their access to Sydney Airport. As Mr Doherty indicated, that access is maintained through the Slot Management Scheme.

Senator HEFFERNAN—I have been taken through the figures, which I cannot recall, of the cost of parking a plane—so much for half an hour et cetera, and you go out to the private—

Mr Doherty—We understand this is one of the issues that will be raised in the Productivity Commission review. It may not be just the direct prices for landing and per passenger throughput which affect operations. There is a range of associated costs. We would expect that that is a matter that the airline would put before the Productivity Commission as it examines the overall price arrangements.

CHAIR—Have the arrangements for the regional airlines at Sydney Airport changed in recent years?

Mr Doherty—Not to my knowledge.

CHAIR—Thanks very much. Senator Back.

Senator BACK—I want to move to the en route scheme. Could you explain to me what the scheme is and what its current status is, please.

Mr Doherty—I will ask Mr Borthwick, if I might.

Mr Borthwick—The en route scheme effectively reimburses regional airlines for the air services en route navigation charges. The government has confirmed the en route scheme will continue until June 2012 and then will be phased out, but continue for air ambulance operators.

Senator BACK—Be phased out for everyone except air ambulance operators?

Mr Borthwick—Yes.

Senator BACK—At the moment my understanding is that any routes or new flights are not currently enjoying the rebate. Is that correct?

Mr Borthwick—That is correct, senator.

Senator BACK—From when did that start?

Mr Borthwick—It was a government decision to not admit any new routes from May 2008.

Senator BACK—Is it possible for me to understand what the rationale was? Was it as part of a process of winding it down?

Mr Borthwick—It was part of a decision that was taken by government in recognition that the scheme was to be phased out by 2012.

Senator BACK—Is it the case that, if a plane has to make an unscheduled landing for either engine problems or fuel problems in bad weather, the rebate is also not payable in that circumstance?

Mr Borthwick—We try and work with the operator, in the event of unforeseen circumstances, to understand why changes were made to the route and work with the operator to resolve it.

Senator BACK—Can you tell me, since the rebate for new services ceased, which I think you said was—

Mr Borthwick—New routes, from May 2008.

Senator BACK—Has there been a change in the actual number of new routes either proposed by regional airlines, or indeed commenced by regional airlines as a result of the rebate being removed? It is a disincentive, isn't it?

Mr Borthwick—I do not have the figures with me, but my understanding is that there has only been a small number of routes that have been added, since that decision in 2008, that are not currently eligible for the scheme.

Senator BACK—From your experience in the industry, is it typical of any two-year period that you would only have a couple of new routes? Prior to that, when the rebate was payable, was there a higher degree of activity? I just do not understand New South Wales air routes.

Mr Borthwick—I think the activity is reflective of the state of the regional aviation industry more generally, where there are not a lot of new routes coming on due to just the economics of the industry at the moment.

Senator BACK—So this is a national scheme?

Mr Borthwick—It is a national scheme.

Senator BACK—Can you tell me—I think you said 30 June 2012 the scheme winds out.

Mr Borthwick—Yes.

Senator BACK—Can you tell me what is now, or what has been, the process of consultation with affected parties, in terms of planning whatever is going to replace it?

Mr Borthwick—The decision to phase out the scheme has been communicated to all the affected operators and it forms part of the national aviation white paper process. I do not really have much more to add than that.

Senator BACK—When you say ‘being phased out’, do I understand that there is not an intention to replace it with anything else?

Mr Borthwick—That is a matter for government.

Senator BACK—Do you then have any understanding as to what, for any typical air route—let’s stay with New South Wales—do you have any understanding as to what the impact would be on a per ticket, per person basis for RPT or presumably also other forms of flights? What is the impact likely to be?

Mr Borthwick—It will vary, depending on which route. Some analysis was done as part of a previous House of Representatives inquiry into regional aviation which suggested—and I will have to double-check the figure—that assistance translated to between \$2 and \$4 a passenger.

Senator BACK—Not per passenger mile, but \$2 to \$4 per ticket?

Mr Borthwick—Per passenger, yes.

Senator BACK—Have you had feedback from regional operators as to whether that is likely to have an impact on them?

Mr Borthwick—Not directly, though I think it is fair to say that the regional airlines are strongly supportive of the scheme continuing and have communicated that directly both to the department and the government.

Senator BACK—Can I ask you whether regional airlines have indicated to you whether even that level of ticketing would be likely to place in jeopardy services, particularly to some of the smaller, more remote airports around the country?

Mr Borthwick—To be fair, I think some regional airlines have raised it as a possible factor, which would determine whether or not to continue a route, but there is a whole range of other factors that would impact on any decision.

Senator BACK—Mr Mrdak, is that information of interest to the department in terms of your advice to government? Is there a concern that the provision of these services to smaller

regional airports, smaller regional towns, being placed in jeopardy? Is that something that you reasonably believe the department should take an interest in?

Mr Mrdak—We certainly do. It has been a fundamental principle of the government's white paper to try and promote services to regional communities. As Mr Borthwick has indicated, there are a range of factors impacting on the economics and the viability of a particular route. This is one of the issues that may affect the viability of particular airlines, but it is not clear it affects all. These subsidies are only available to certain operators, not to all regional operators for a variety of eligibility reasons.

Senator BACK—Did you say that the subsidy is only available to some operators?

Mr Mrdak—That is right. There are weight limits and the like which apply, so there are regional operators who have never had the benefit of the subsidy; others have, depending on the equipment they operate.

Senator BACK—So what, those who fly heavier aircraft get the benefit or have got the benefit in the past?

Mr Mrdak—Have never got the benefit.

Senator BACK—They have not?

Mr Mrdak—No.

Senator BACK—So it has been weighted in favour of those with smaller aircraft.

Mr Mrdak—Smaller aircraft and certain—

Senator BACK—How many passengers, up to nine or 10?

Mr Mrdak—It is up to 15 tonnes MTOW.

Senator BACK—How many passengers typically would an aircraft of up to 15 tonnes be able to carry?

Mr Doherty—It would certainly cover an aircraft of 30.

Senator BACK—Up to 30. So airlines with an aircraft of 15 tonnes, 30 passengers, have been receiving it. Others currently still do. So is it in fact the intention that the rebate be removed completely, or is it to be replaced? I am sorry, I think I might have asked the question. I cannot remember.

Mr Mrdak—Sorry, the proposal has been for some years that the subsidy will end in June 2012. To give you some of the history of this, this was an original scheme put in place following the collapse of Ansett Airlines and it has been the intention of government to remove this arrangement.

Senator BACK—So it was in place by way of some means of addressing the cost to government of Ansett. Is that correct?

Mr Mrdak—It was designed initially as a mechanism to try and assist small regional carriers who were trying to repair businesses that were affected by the collapse of Ansett Airlines. At that stage it was seen as a temporary measure. The government decided, as Mr Borthwick has indicated, that the measure will cease in mid-2012.

Senator BACK—Is there evidence that airlines have actually selected aircraft types to enjoy the benefit of the subsidy?

Mr Mrdak—I do not think so. I think the relative amount that Mr Borthwick has talked about does not make that sort of a difference. I think the aircraft selection is more based around the economics of the route in terms of passenger loads and the operational characteristics of aircraft. I do not think anyone would plan a route around the en route subsidy.

Senator BACK—The other questions I have relate to security at regional airports, Chairman, but that is not for this group.

CHAIR—Thanks Senator Back. Can you just tell me, Mr Mrdak, or someone, does Qantas get the en route charge?

Mr Mrdak—No, they do not.

CHAIR—Going back to the ‘no changes in arrangements for regional airlines at Sydney Airport’, it was no different under the previous—under the Howard government?

Mr Mrdak—In terms of access arrangements, no. It is consistent with what has been in place for some time.

CHAIR—Someone is having a little beat-up, I suppose. But anyway, on that, then, if there are no further questions of aviation and airports, thank you, gentlemen. And I now call CASA.
[5.53 pm]

Civil Aviation Safety Authority

Senator HEFFERNAN—The maintenance suite of the Civil Aviation Safety Regulations was made by the Governor-General and formally registered on 13 December 2010. It was advised that CASA will begin a comprehensive information and education campaign early in 2011 to make sure the aviation industry is ready for the new regulations well before they commence on 27 June 2011. Has this campaign begun?

Mr McCormick—Thank you for the question, Senator. Yes, we have commenced a mail-out of information to all the licensed engineers in Australia who currently hold the licence, and the workshops and roadshow of training that you mentioned will be conducted in March and April 2011.

Senator HEFFERNAN—Right. She is under way. On 2 December 2010—there has been another one since—the Civil Aviation Safety Authority issued a direction to Qantas to conduct a further inspection of the Rolls-Royce Trent 900 engines on its A380 aircraft and, of course, there has been a more recent incident. Can you provide us with the information on the outcome of this inspection?

Mr McCormick—Yes, Senator, I can do that. Referring to the A380 issue first, CASA has been involved in this issue right from the start. I think it was Harry S. Truman who said, ‘It doesn’t matter. You can achieve anything you like in the world as long as you don’t care who gets the credit.’ On 1 December the ATSB notified that there was a critical safety issue with a misaligned pipe, called a stub pipe counter-boring.

On 1 December 2010, as well, the ATSB made a safety recommendation to Rolls-Royce to address the safety issue and to take actions necessary to ensure the safety of flight operations in aircraft equipped with the Trent 900 engine, which powers the A380. We have been in discussions with Qantas. We agreed with Qantas's decision to ground their fleet and they actually gave us an undertaking that before they returned the fleet to service they would have to provide us with a plan which we were satisfied with, from a technical point of view, and which complied with the regulations, such as they were, before we allowed the flight to return.

On 2 December, we gave a CAR 38 direction to Qantas, requiring their inter alia compliance with the Rolls-Royce service bulletin. The Rolls-Royce service bulletin at the time said that 20 cycles or 20 flights were permitted with that aeroplane before this pipe had to be inspected. We did a technical investigation of that ourselves. We had previously sent people to Europe to talk to the European Aviation Safety Agency and to Rolls-Royce, the certifying body and the manufacturers respectively of that aircraft. They had issued, as I said, a directive saying that the aeroplane was fine for 20 sectors. We took a technical evaluation and we thought that was excessive. We gave a direction to Qantas, as I said, under CAR 38, saying that they could fly two cycles before they inspected that pipe.

The only aircraft that was flying at that time was in London, and two sectors did allow that aircraft to come back to Sydney, because it required a refuelling stop at Singapore. The next morning, on 2 December, Rolls-Royce issued a revision to their service bulletin, then they reduced the inspection schedule from 20 cycles down to two cycles. So we fell in line with that.

After that, Qantas gave us detailed plans of how they intended to return the aeroplane to service, first on limited operations. There was some concern that at very high thrust levels the engine may not be as reliable as they liked, so they did not operate it across the Pacific to LA, because the sector back from Los Angeles does require maximum thrust. Since that time, we have stayed closely with Qantas. We accepted their return-to-flight program, and the aeroplanes gradually returned to service.

Senator HEFFERNAN—Not to get into the mechanics too much, but just as an inquiring mind: is the engine design faulty if it cannot take the maximum thrust? Is there a basic engineering design fault?

Mr McCormick—The ATSB has not put out its report yet on the findings. It may be premature for me to make a judgment on Rolls-Royce's engine.

Senator HEFFERNAN—Okay. I understand that the Transport Workers Union has asked authorities to investigate alleged Qantas safety breaches at Brisbane Airport in relation to the trucks used by Qantas' catering arm. Can you please confirm that you have received a complaint, and can you give us some indication of how you are dealing with this inquiry?

Mr McCormick—Yes, Senator. On 31 January this year, Qantas dismissed a catering employee for alleged safety breaches. On 3 February this year, CASA received correspondence from the Transport Workers Union alleging safety breaches by Qantas catering at their Brisbane base. The TWU alleged that defects in catering trucks had not been appropriately dealt with and that trucks have continued in service with the defects present.

CASA initiated an investigation into the matters. The onsite and documentation investigation work has been completed, and the report is in progress.

Senator HEFFERNAN—There are no results out of that report yet?

Mr McCormick—No, not yet, Senator.

Senator HEFFERNAN—Thank you, Mr Chairman. Senator Boyce, I think.

Senator O'BRIEN—Yes. Questions, Senator Boyce? Or Senator Back? Senator Boyce.

Senator BOYCE—My questions, Mr McCormick, refer to a question on notice which is listed in my notes here as CASA 02, on page 99 of the *Hansard* of 21 October 2010. I had asked some questions about the potential conflict of interest of an organisation that you had delegated safety duties to having a person who was the agent for a particular safety product being also the person who was approving such products in Australia. Your response said:

Concerns and complaints about the purely commercial implications of an alleged conflict of interest on the part of a manager or officer of a self-administering organisation ... are not matters over which CASA has any control, authority or jurisdiction.

You said that 'a conflict or apparent conflict may have demonstrable safety-related implications' for you to undertake any action in this area. Could you explain to me why a safety device and the approvals of a safety device might not have safety related implications?

Mr McCormick—Yes, Senator. I think, in actual fact, in that answer, we said, 'Where such a conflict or apparent conflict 'may have' demonstrable safety related,' not 'must have.' So if there is any doubt about there being safety issues, we will investigate. The use of a particular—

Senator BOYCE—But isn't any conflict of interest around a safety device a potential safety related issue?

Mr McCormick—I think it goes to the technical aspects of the device, Senator. The use of a particular automatic activation device requires the approval of a self-administering body. They are not self-regulating; they are self-administering. In this case, it is the APF.

Senator BOYCE—Yes, but you delegate the authority to do that to them. That is correct, is it not?

Mr McCormick—That is correct, but the commercial implications of an alleged conflict of interest are outside our remit. I do not have a head of power.

Senator BOYCE—Even if it is about a safety device?

Mr McCormick—If it is about a safety device and it does not meet a safety standard, and the APF in this case—the Australian Parachute Federation—is not taking action, or it comes to our attention, we will take action on the safety related aspects of that device.

Senator BOYCE—So what would constitute a safety related aspect? Would it be when someone is injured or killed? When would you know that there was a safety related aspect?

Mr McCormick—We rely a lot on surveillance ourselves and also from industry intelligence and from what we find out from our other organisations overseas in the same position as us.

Senator BOYCE—So you would be relying on the self-administering organisation to tell you there was a safety issue, would you?

Mr McCormick—Not necessarily alone, but it is incumbent on them, if they know of a safety issue, to bring it to our attention. I think in the case of that automatic opening device, there are some issues around a fatality that occurred with that device in Poland on 25 July 2009, and a non-fatal incident that happened on 3 September 2010 in Portugal. I believe these technical issues are the basis of the disagreement about whether the Argus device is acceptable in this.

Senator BOYCE—I understood that the concerns that were raised in there had been successfully refuted in Poland and in Spain and to the satisfaction of the European Commission, but I do not have that information with me. What I am getting at here is a bigger issue where surely a commercial conflict of interest around a safety device must have the potential to be a safety issue.

Mr McCormick—They are, particularly in the case of where the commercial conflict of interest was perhaps—and I am not saying this is this case—trying to allow a device to be used in Australia which has a demonstrably bad safety record.

Senator BOYCE—It is quite possible in self-administering organisations, is it not, that you end up with little cliques of people who have been there for a very long time and are very good friends and have very good intentions but nevertheless may not be looking at the big picture. What has CASA got in place to ensure that what is happening there is in the best interests of safety for the people who use those organisations' guidelines and equipment?

Mr McCormick—I acknowledge what you are saying. There is that possibility in these organisations, because they are generally enthusiasts who have been in that particular activity for many, many years. I am aware of that. We have previously brought the organisations together into our sports aviation forum, which oversees the self-administration of these bodies. In recent times I have felt that there has not been enough governance around these organisations and around our covering of that. I have recently moved the administration of the sports aviation bodies, which includes the Australian Parachute Federation, into the office of the director, where we will put closer control over it while we take a better look at exactly what is happening. As for the actual technical decision on that device, I am advised that the decision was not made by any one individual but by the APF technical advisory group.

Senator BACK—I want to turn again, if I may, to the new technologies. I wonder if you could give us an update on the performance based navigation system trial which I understand is being trialled in Brisbane.

Mr McCormick—Perhaps Mr Peter Cromarty, who is the executive manager of the Airspace Regulation group, can give you the technical details.

Senator BACK—Fortunately, I have got Senator Heffernan here who can interpret those technical details for me.

Mr Cromarty—The trial to which you refer has completed a large number of approaches. It is called the 'green approach', which takes the traffic down the river. I do not have the exact figures in front of me but I can certainly supply those to you. For a period of about two years

up until the end of last year, there were several thousand approaches flown and several tens of thousands of tonnes of fuel and carbon emissions were saved. I cannot give you the exact numbers now, but I can supply those to you if I can take those on notice.

Senator BACK—Were there any safety issues as a result of that?

Mr Cromarty—None that I am aware of.

Senator BACK—I notice the Brisbane Airport stayed open throughout the floods. Do you have any advice on the effectiveness or otherwise of the navigation pilot during the floods? Did it have any influence at all on aircraft operations?

Mr Cromarty—The floods did have a substantial effect on some of the areas outside the Brisbane commercial area, and we put in place restricted airspace for two townships. I cannot remember the name of the first town, but Rockhampton was the second of them. These were adjusted in size and dimension so that the controlling authorities could have effective control over the airspace.

There were a substantial number of helicopters operating in and out of these places, and the authority that was in charge of the operation, which I believe was the Queensland Emergency Services, had in excess of 70 aircraft based in those places, including Defence Blackhawks and all the way down to quite small aircraft. The reason they needed restricted airspace was because many of the aircraft were flying and they were trying to continue normal operations during that period whilst the emergency services were trying to mount rescue operations. So we gave them a temporary restricted area to enable them to control the operations.

As the floodwaters moved downstream, so did the places that needed restricted areas and eventually, as you say, the flood reached Brisbane. But Brisbane is within controlled airspace already so we did not need to make any special provisions for airspace for them.

Senator BACK—Thank you. The navigation system requires technology to be actually put into aircraft. Is that correct?

Mr Cromarty—Correct.

Senator BACK—Could you tell us the take-up rate, for want of a better term, and the cost that would apply perhaps per plane to have this technology retrofitted?

Mr Cromarty—There is a wide variety of technologies and avionics types that are required under the proposals that we have put forward in the discussion paper. They are extremely complex and detailed and the time periods that we are talking about span from now until beyond 2020. I cannot tell you the price of this equipment at some point in the future. However, if you want to know about a particular type of equipment for a particular technology—for example, a transponder or an automatic collision avoidance system—then I can supply you with some figures.

Senator BACK—So clearly the system allows aircraft that are not equipped with this technology to also use the airspace at the same time as aircraft that are equipped with it?

Mr Cromarty—It depends on the technology and it depends on the airspace. For example, at the moment there is a mandate in place, which comes into effect at the end of 2012, which will require all aircraft above flight level 290, that is 29,000 feet, to be equipped with a thing

called ADS-B Out. At that point, all aircraft in that airspace will be required to have that equipment.

Senator BACK—That takes me perhaps to the smaller regional operators. I can understand it for the larger operators, including those operating overseas, but for a smaller regional operator, what would be the impact on the viability of their business? Yo said it comes into effect in 2012, so it is only a year away. What would be the impact on such an operator of having to retrofit or equip the technology to allow them to continue to use Brisbane Airport?

Mr Cromarty—If you are talking about, for example, turboprop type aircraft, regional operators are unlikely to be flying at those types of altitudes so they are unlikely to need the equipment.

Mr McCormick—That mandate that Mr Cromarty has referred to is en route airspace. There is no equipment fit required to operate into Brisbane.

Senator BACK—I misunderstood, thank you very much. You mentioned a discussion paper. Is this discussion paper leading towards an eventual decision to roll this technology out into other major airports in Australia?

Mr McCormick—We published a discussion paper, DP 106AS, on our website just before Christmas. I do not have the exact date of that in front of me.

Senator BACK—So that is on the website and you are inviting comment?

Mr McCormick—It was, but it has closed now as far as the comments go. The dates that were put there, and the technology numbers, were actually mostly from the aviation white paper 'Flight Path to the Future'. We received a very large number of comments. Some said we should introduce new technology now, some said we should introduce it a bit later, some said the white paper is okay and some said infinity would be too soon. We have so many reports and so many comments back that we will do another discussion paper. We will continue that process even though we would normally move to a notice of proposed rule making. We will continue the discussion papers in consultation with the industry until we get an agreed position. I do not expect that that 00will be this year.

Senator BACK—My final question then, if this is technology that is only required for aircraft who fly over 29,000 feet, and if the savings in fuel, as you mentioned, are as significant, you would not then be looking to some—have I misunderstood you—

Mr McCormick—Sorry, I think we are on two different things. The ADS-B altitude is a surveillance technology and Air Services will be able to tell you more about how they are integrating ADS-B. PBN is about navigation tolerances and the PBN trial flown into Brisbane that we referred to does not require the ADS-B, it requires other equipment. But I think Mr Cromarty is referring to the next mandate that is out there is for the ADS-B. It does not relate to PBN as such.

Senator BACK—My question really goes to whether or not there will be the need for government to provide some sort of financial assistance to airlines to actually equip themselves, but I would have imagined the major airlines, if they are making the sort of

savings we are talking about, would not need it, so I ask the question then across the board, but particularly to smaller airlines.

Mr Cromarty—The intention is that the discussion paper proposes a time scale that would allow operators the ability to integrate into their financial planning what they need to do to buy the equipment. The intention of the discussion paper is to allow comment on those time scales so that we do not impose a time scale that they would be unable to meet. So as the director says, we will be discussing and taking decisions about what the input was from the previous discussion paper, and work out what the next proposal will be so that industry can have another opportunity to comment on it.

Senator BACK—So your advice to us would be that industry is well satisfied by the level of consultation that CASA is engaging in, in this exercise?

Mr Cromarty—My understanding from my inputs that I have from industry is that yes, they have ample opportunity to comment. Now, we do have people always who think we do not consult enough, but there has to be a point at some stage where CASA as the regulator takes a decision on what the future will be, because there is always going to be people who do not agree with the proposal.

Senator XENOPHON—Can I ask CASA what oversight do you maintain over pilot training and cadet programs, and I am happy to get that on notice from you, because I have got a number of questions, but it is in the context of how do you monitor the delivery of the curriculum, what concerns do you have about the pay-for-training courses, and is there a concern, particularly on the pay-for-training courses, where some students pay in the order of a hundred thousand dollars for their licence, that there may be pressure on schools to pass those pilots?

Mr McCormick—I think we will expand on this on Friday at the pilot training inquiry. I think we are the last people on for that. Basically CASA oversees the flying training organisations as closely as we can. We have a flight training and testing office which we have established, which oversee flying schools. We are in the process of writing part 141 and 142, which will be governing flying school operations. We require not only hours as per the regulations—so many hours, 200, for instance, or 150 for a commercial licence—we also require competency. All of our regulations are around competency being shown. So we do track people's performance, and we do a lot of the testing ourselves. We can give you, as I say, at the committee hearing, if you like, more detail on that.

As far as the issue of cadets go, cadet courses have been around a great many years. In fact, Qantas had one running for many years before they terminated it. The cadet course itself is not necessarily a bad thing. I personally am involved with cadets and that is, in some respects, not a bad way to lead somebody into the company because you inculcate them into the procedures and principles that your organisation has.

As far as pay-for-training goes, and being a professional pilot myself by background, I do have some concerns about pay-for-training. I think there is an expectation on someone, and even if you took it out of the technical context of flying, if someone says, 'You pay me X amount of money and I will do X for you,' it has all the hallmarks of a contract and it certainly has all the hallmarks of raising people's expectations. That requires careful

management, and I think we saw unfortunately a few years ago where there was a spate of overseas students who got into dispute with flying schools around what they actually were paying for and what they expected to get at the end. It is a significant issue.

Senator XENOPHON—Sure, and I do not want to cut you short. I know we can elaborate on this, but I just wanted to tease some of these issues out. Because there is an expectation of a contract in a sense, a raised expectation of a contract, should that in itself raise the level of scrutiny of these courses from CASA's perspective?

Mr McCormick—We are very cognisant of this and as you know this issue was raised in the US as well—and the FAA's call to action. We do not necessarily consider that indicative that an organisation that has pay-for-training is any worse or any better than anyone else, but we do take regard of that, and it does give us the reasons to watch more carefully what is happening. That oversight is most probably still within the bounds of oversight we could have of any organisation, except that it is an issue that we do keep a close eye on, and if we find that we think there is abuse in this area, then we send investigators and we take action.

Senator XENOPHON—I have a question and it is not one for which I have any idea what the answer is, so there is no artifice to it. With pilots who are based overseas that fly into the country—and particularly Jetstar that has expanded significantly, and Jetstar has various entities—what jurisdiction does CASA have over those pilots in terms of issues of pilot training and standards?

Mr McCormick—If they are working—and you have used the example of Jetstar, but I do not particularly want to pick on Jetstar—on an Australian registered aeroplane, if it is a VH registered aeroplane belonging to Jetstar, they have to have an Australian licence. Therefore they will fall under our scrutiny by virtue of that.

Senator XENOPHON—But if it is a foreign carrier, if it is not VH registered, what level of scrutiny does CASA have over those overseas based pilots?

Mr McCormick—It falls into two categories. The actual operation of the aeroplane, even though it is foreign registered and the pilots are foreign licensed, is actually the responsibility of the country's national aviation authority as per the ICAO agreement. However, we have oversight of foreign airlines flying here and in previous years, and I think in previous times in here, we have pointed out where we have taken action against, in that case, some operators from Indonesia, where we do not like the particular level of safety we have seen.

We have oversight and when those aeroplanes arrive in Australia we have the ability to inspect them, go through whatever their procedures are et cetera. If the operator is overseas, but it is operating outside of that—in other words, their pay conditions or whatever of a foreign-employed pilot with a foreign licence on a foreign aeroplane, we have no jurisdiction.

Senator XENOPHON—But anything that comes into the country, you have got jurisdiction.

Mr McCormick—We have, in that we can oversight the operation, but we do not have the oversight we have of say, Jetstar in Australia. We require them to have a check and training organisation under CAR 217. I cannot demand that of an overseas operator.

Senator XENOPHON—Sure. And on notice, for those overseas pilots that come into the country, how many instances have there been in the last 12 months where you have undertaken checks and the like; if you could just take that on notice. On the issue of accident investigation and reporting, I have been contacted by some pilots who say to me that they are fearful to report incidents because of the negative impact it may have on their licence and future employment, even minor incidents that could potentially be more significant if it is a systemic issue. Has CASA investigated options to overcome this self-censorship, in some cases?

Mr McCormick—We do encourage an open reporting culture, and I will ask Dr Aleck to have a few words on this in a minute. I think we recently had a decision in the Administrative Appeals Tribunal which concerned an organisation, Avtex. The decision runs for 152 pages. We had grounded Avtex on serious and imminent risk criteria. Unfortunately they were the ones involved in the Canley Vale accident where the pilot and the nurse were killed. In that issue we had numerous pilots come forward and make witness statements about the organisation that they worked for, what they thought of the practices, what their conversion courses had been like and what their training had been like.

So I do not know whether there is a total culture of people not wishing to be known. The difficulty comes in Australia, that in general aviation it is relatively a small industry. If someone makes a whistle-blower type of complaint to us, when we take action, generally speaking, the operator will know pretty rapidly what sector or what area that complaint has come from.

Senator XENOPHON—But in the case of Joe Eakins, a Jetstar pilot who was sacked by Jetstar—it has been presumably the subject of a confidential agreement; he is now working back at Jetstar—he raised concerns about overseas sourced crews and safety concerns. He got sacked. What protection do you offer? What protection can CASA give to someone who raises something in good faith that is really, fundamentally, a safety issue?

Mr McCormick—Okay. I will ask Dr Aleck to comment, if I could. Dr Aleck is involved in the ICAO work on just culture, and that whistle-blowing type of operation, or thoughts around it.

Dr Aleck—In response to your specific question, Senator, as of December, I believe, last year, the Orders requiring high capacity RPT operators, or regular public transport operators, to have a safety management system in place is a legal requirement. It is a condition on their AOC. A provision of those orders specifies that, among other things, they must have an open and ‘just’, for want of a better term, reporting culture arrangements in place. The specific content of those arrangements are not specified in the legislation, but the fairly voluminous guidance material that CASA produces, which mirrors most of the ICAO literature on that, is fairly articulate about—

Senator XENOPHON—Do you think it should be more prescriptive?

Dr Aleck—Well, I do not know that prescription is necessary. The requirements that are there now make it clear that an acceptable safety management system must not have a system that punishes people for making safety related reports.

Senator XENOPHON—Many would say that Joe Eakins was punished for speaking out. He has got his job back, which is good.

Dr Aleck—Well, that is one side of it. You are asking about what we can do about it, and although this is relatively new legislation and it is a relatively new field in aviation generally, the fact of the matter is that if an operator inappropriately disciplines or takes punitive action against an employee, and it can be shown that they did so because the employee made a report, then that is actually inconsistent with a condition of their air operator certificate, and that does become a CASA matter. I would only add to that that whistle-blowing arrangements are notoriously difficult to govern, so we grapple with that, as everyone does.

Senator XENOPHON—Thank you, Dr Aleck. I have got a few more questions. I want to go to the question of fatigue, but this is more in relation to cabin attendants, not to the pilots. For instance, I have had complaints from crew who do Sydney-Bali or Melbourne-Bali return on the one day, and that can include a number of hours on the ground. So sometimes they have been on duty for 14, 15, 16 hours, or I think even longer than that where there have been delays, and crew have told me that they are simply exhausted. They worry about how fatigued they are towards the end of their shift. Is that something that CASA has jurisdiction to look at, given the important role that crew play in the event of an emergency?

Mr McCormick—At the moment, Senator, with the regulations as they are, there is no duty-period limitations on the cabin crew, such as there are on the pilots.

Senator XENOPHON—That is extraordinary, though, isn't it?

Mr McCormick—It is, Senator. I think it has probably been historic, more than anything else. In terms of the whole issue of cabin attendants and the number on board, as I think you might have seen today, Minister Albanese has referred that to the House committee on cabin crew ratios, which is, of course, discussing—

Senator XENOPHON—But they are not looking at hours; is that right?

Mr McCormick—The actual committee is the House, I think, Senator.

Senator XENOPHON—No, but hours are not referred to.

Mr McCormick—No, it is in relation to cabin crew numbers, because I think most of the fatigue relates to how many cabin crew you have, therefore, how much rest cabin crew can have during their tour of duty.

Senator XENOPHON—That is right. But also, if you are on a plane for 16 hours on duty, you get tired. So there is no jurisdiction for you at this stage?

Mr McCormick—Well, I think, following on from Dr Aleck, the safety management system that airlines are required to have should address these issues. Actual specifics on what is in there around cabin crew, I can take on notice and let you know what we have at the moment.

Senator XENOPHON—I am not asking you to make a policy call here, but there could be some legislative or regulatory change that would give you authority. It is within the purview of your role to be looking at issues of fatigue amongst cabin crew. It is not inconsistent with CASA's role, is it?

Mr McCormick—Not at all.

Senator XENOPHON—Okay. I will just move on. It has been put to me that some airlines are selling half the rest seats on flights for pilots, which means that pilots and crew have to share a seat with a passenger. I think sometimes they just have a curtain. I have had complaints that that is not a satisfactory way to look after pilots who are supposed to rest and might be nudged by a passenger next to them. Is there an issue there that CASA can look at? Is that within your purview?

Mr McCormick—To my knowledge, we have not had any of those complaints brought to us. We will check to see what there is. The idea of providing a seat that is screened off from the rest of the cabin, which is the technical term for what you are referring to, is quite widespread in the industry overseas and Australia.

Senator XENOPHON—I just want to finish up with the issue of language skills. Given the increase in the offshoring of jobs, there have been reports of incidents where there has been a complaint about the requisite English language skills, and concerns about passenger safety being at risk. I want to put that in context to a complaint that I have received. On 5 November last year, you may be familiar with Jetstar flight JQ62 from Singapore to Darwin, an elderly passenger died on an aircraft toilet. A fellow passenger, a nurse, tried to tell the crew repeatedly of her concerns because the man was in the toilet for a long time, but I am advised that the crew did not understand her. When they finally opened the door, the crew did not know how to perform CPR, and the nurse had to perform CPR. I think she ended up in the Darwin hospital that night because she broke a number of capillaries because she was working hard to try and save the patient's life. What changes has CASA made in response to this incident? There are issues there in terms of adequate training of staff and English language skills. Has there been any investigation at your end in relation to that?

Mr McCormick—We have not, to my knowledge, Senator, done any activity around that because it has not been brought to us as a formal consideration. If the ATSB are investigating that, we will, of course, get their report. English language standards have generally revolved around the standards of the pilots, and, in fact, we have discussed that here before as well. There are international standards and English language standards.

Senator XENOPHON—But CASA—

Mr McCormick—As for the cabin crew, I am not particularly over what Jetstar's manuals require them to do.

Senator XENOPHON—But what jurisdiction does CASA have over English language skills for cabin attendants? Does CASA have any role to play there, or is it a bit like hours?

Mr McCormick—The cabin crew are required to be able to communicate in English and communicate commands, such as 'Evacuate,' et cetera, for safety-related functions. So they are required to have a command of the English language.

Senator XENOPHON—Okay. In this particular incident there was a lot of criticism, in the information I received, about basic skills. And finally, Captain Geoff Klouth, a Jetstar captain, provided evidence to this committee—to the references committee, chaired by Senator Heffernan, in relation to pilot training and safety—and he raised issues about some instances

where captains have stood down crew because they were not satisfied that the crew understood basic safety issues. It happened to be almost by chance that the issue arose. There is no system in place, as I understand it, with any airline for that. Is CASA looking at that issue? Because I think the level of training of crew members has concerned some pilots.

Mr McCormick—Without making a judgment on the evidence, not having seen it, if a complaint like that is brought to our attention, we certainly will take action.

Senator XENOPHON—Thank you.

CHAIR—Can I just say something, Senator Xenophon. Aviation safety and security is foremost in every member of this building's mind, but we do have a hearing on Friday. We do have CASA coming. We do have ATSB coming as well, so—

Senator XENOPHON—I will not take it any further.

Senator ABETZ—May I revisit the departure of Mr Hart from your organisation, and might refer you to the last sitting of this estimates hearing on Thursday, 21 October, where our discussion is recorded from about page 107, I think, onwards. It started with Senator Macdonald's questions in May 2010, about Mr Hart's departure. You answered:

No, Mr Hart retired. It was his own personal request ...

Senator Macdonald asked:

No reason was given—relevant to the interests of the parliament, I might say?

You, Mr McCormick, answered:

Not that Mr Hart communicated to me.

You were asked:

Are you standing by that?

And you said:

Yes, I am.

We then asked whether or not there was a letter of resignation. You had to check your records, and you kindly indicated on CASA 04 on notice that you in fact do include, or the CASA personnel records include a signed letter dated 16 October 2009 from Mr Hart advising of his resignation, and I have made reference to that letter at the estimates in October. When I put the letter to you, Mr McCormick, you said:

Mr Hart and I had a verbal conversation. Naturally I would not have left just that letter sitting there.

Do you stand by that?

Mr McCormick—Yes. In actual fact, I have to apologise. The last time I was here my mind was not on this issue. I do recall, indeed, Mr Hart resigning, and I can give you more information on it. As for whether those were matters which were relevant to the Senate, it may be in my judgment that they were not relevant to the Senate. That may have been in error, and for that I apologise if you think they were.

As far as Mr Hart's resignation letter went, I accepted Mr Hart's resignation letter. I then spoke to Mr Hart about why he wished to leave and Mr Hart was in good spirits, particularly on the path that he wished to leave to pursue: his legal studies. Some time earlier in 2008, you

will find, this Senate—this committee, actually—questioned Mr Hart on his legal qualifications, which Mr Hart eventually admitted he did not have. But Mr Hart has always thought himself to be very much of a legal mind, and that is very good for him.

Unfortunately, reports came to me from various staff members that Mr Hart was making disparaging comments about CASA and its direction. I consulted with my head of HR and my chief legal officer. I called Mr Hart in—Mr Hart, I might add, never denied that he was making those comments about CASA—and I asked Mr Hart why he thought that it was important that he make these sorts of comments when he had already resigned. He, as the ICC, was fully aware that there is a code of conduct in CASA, and his actions were outside the code of conduct.

Mr Hart had previously said that he thought there was a substantive change to his contract. I can go through those details, if you like, where they were not.

Senator ABETZ—When did you become aware of all this extra information, Mr McCormick, that you had forgotten about during the October hearing last year?

Mr McCormick—About 10 minutes after I walked out the door when I turned my mind to it.

Senator ABETZ—You never felt obliged to tell this committee and write a letter to this committee that you had overlooked important information that should have been provided in the evidence to the committee? You have just left it in abeyance, and if I had not asked these questions today it would not be on the public record. That is correct, isn't it? If I had not asked about Mr Hart today you would not be correcting the public record or adding to the public record today?

Mr McCormick—I thought I answered the questions that you asked me to the best of my ability at the time. The fact I do not recall something—

Senator ABETZ—At the time you could not recall that Mr Hart had given you a letter of resignation.

Mr McCormick—I think I said that I most probably had seen it. I could not recall that letter. That is correct. That is what I said.

Senator ABETZ—From what you have just described to us, it turned out pretty ugly, did it not? You would have remembered Mr Hart's resignation and his—if I can paraphrase—'bad-mouthing of CASA after the event' but you just had no recollection of his resignation letter.

Mr McCormick—No. I said I most probably have seen that. What I had confused in my mind is the email that he sent, to which that letter was attached. Now, the actual process, as I said, was that I said to Mr Hart that if he thought he had substantive changes to his contract he had Fair Work Australia and he had complaints he could make within CASA. However, if he wished—and this is to highlight the other point, in which I said that conversation about his departure date was after his resignation letter—I offered Mr Hart four weeks pay in return for him leaving immediately. Now, Mr Hart then volunteered the information that he wanted to stay to the end of December because that suited his superannuation. At the time that I answered last time in the Estimates, I could not recall the details. I did not realise that you wished me to expand on the questions you had asked when you had asked them.

Senator ABETZ—I asked you, did you get a letter of resignation from Mr Hart last time. You had to take that on notice and you said:

I do not actually have a recollection of what we have in our systems. I will have to take that on notice and see what we do have.

Surely you must have known in October last year that there was in fact a letter of resignation, albeit I can understand that you might not have been able to recollect all its contents. But you will recall, won't you, that I provided you with a copy of that letter of resignation during the hearings in October?

Mr McCormick—Yes, and the reason why I looked at that for some time is that letter was unsigned, and I was aware, as I said, that Mr Hart had resigned, because I remember the conversation that Mr Hart is no longer employed here.

Senator ABETZ—The file in CASA has exactly the letter that I provided to you but with a signature.

Mr McCormick—That is correct.

Senator ABETZ—That is right, and it is not that unusual, is it, that you have a letter kept on file that is unsigned, because only the original gets signed, and provided to the intended recipient. That is also normal practice, isn't it? Any copies of letters on file in CASA you would not personally sign the copies of, would you? So the fact there was no signature on the letter that I presented to you was not of any real great moment, was it?

Senator Carr—I have listened carefully to what you have said here, and it strikes me that the issue here is about the standing orders in terms of correcting the record at the earliest possible moment. As you are both aware, it is the custom and practice in this place. I think what has happened here is Mr McCormick has had matters drawn to his attention and should have corrected the record earlier. But that, I think, is the extent of the issue as I understand it. There is no attempt here to mislead the parliament or mislead you in regard to the evidence that was tendered.

Senator ABETZ—I accept that is your spin on it, but we have a situation where in May 2010 this witness was asked whether there were any reasons communicated, and he said no. He was asked if he stood by that and said yes. We then submitted a letter to this witness, and the witness claimed that he was not really sure about the letter, yet we then found out that the letter, with signature, does exist. We have just heard from this witness that at the time of Mr Hart's resignation—and I am not going to blame anybody for this—things turned relatively untidy. To say that Mr McCormick could not recall a letter of resignation from this individual even when it was presented to him at the hearing, and then saying, 'It was an unsigned letter, so I cannot comment on it,' I must say, has left me feeling somewhat concerned about the nature of the evidence. That is all I am saying, minister.

Senator Carr—That has been said.

Senator ABETZ—So you then told us that naturally you would not have just left that letter sitting there. But, of course, you said you had this discussion. You said, 'You can leave with four weeks pay,' and Mr Hart said to you—and I do not know whether this is true or not, but I accept your version—'No, I'd like to stick around until the end of December because it helps

my pension entitlements.’ So you have this discussion. You say to Mr Hart, ‘Leave straightaway with four weeks.’ He says, ‘I want to stick around.’ And—surprise, surprise—in the letter of 16 October 2009, what does Mr Hart tell us? Do you have a copy of that letter with you?

Turn Information Header

Mr McCormick—No, I am looking for it, Senator.

Senator ABETZ—He asks and resigns:

Taking into account the terms of my current contract ... my last day of employment will be 31 December 2009.

So the letter must have been written, I suggest to you, after your offer of four weeks, because he responded to you, saying, ‘No, I want to leave on 31 December.’

Mr McCormick—No. In fact, I accepted that letter until I found that he had been making comments about CASA that were disparaging.

Senator ABETZ—When did you find that out?

Mr McCormick—Sometime after his resignation letter. I replied to him on 30 October.

Senator ABETZ—You also surprisingly forgot to tell us about at the last hearing. You were not sure whether you had received a letter, yet you had responded to him in writing.

Mr McCormick—Senator, as I said, it escaped my memory last time I was here.

Senator ABETZ—And when did you refresh your memory that you had, in fact, responded to Mr Hart?

Mr McCormick—When I got back to my office and checked the records.

Senator ABETZ—And, once again, you did not bother to correct the record in relation to this aspect of your evidence. I take you to your letter. You said:

I hereby acknowledge receipt of your letter of resignation dated 16 October. This letter also confirms acceptance of your resignation and your finishing date of 31 December 2009.

Mr McCormick—That is correct and that was before staff brought to my attention that Mr Hart was making disparaging comments about CASA.

Senator ABETZ—And you could not remember any of that at the last hearing and you told us at the last hearing:

Naturally, I would not have left just that letter sitting there.

Well you did because you wrote to him acknowledging receipt of that very letter and confirming—

Mr McCormick—Well, as I said, I was not going to leave it sitting there.

Senator ABETZ—your acceptance of his terms of resignation and when he was leaving.

Mr McCormick—That is correct, until he started to raise comments about CASA. Then I had a conversation with him when I said if he felt that unsatisfied with CASA, he could leave straight away and we would pay him money in lieu of his notice—

Senator ABETZ—When was that?

Mr McCormick—which is when he informed me that he wished to stay to the end of December. The reason he had chosen 31 December was that it suited his superannuation. But at the time of your questions, Senator, I did not know that I had to put all this information into *Hansard* in regard to your question. It was an error of judgment. I am sorry.

Senator ABETZ—This was a very serious matter. Did you make a file note as to when that conversation with Mr Hart took place?

Mr McCormick—I can check that. I would have to take that on notice.

Senator ABETZ—Is there a file note?

Senator CARR—He has already indicated that—

Senator ABETZ—No, is there a file note?

Mr McCormick—I do not know, Senator, so I will take it on notice.

Senator ABETZ—This was a pretty serious matter. Somebody denigrating CASA, and so you front that person and say, ‘Here’s four weeks pay. Now please leave,’ and you cannot recall whether you made a file note about that for his personnel file. You cannot recall that today.

Mr McCormick—Senator, I cannot recall that today.

CHAIR—Mr McCormick has said he is going to take that on notice and he will come back to you. Are there further questions, Senator Abetz?

Senator ABETZ—Yes, absolutely, but I am entitled to ask, yet again: you cannot recall whether or not there is a file note?

Senator CARR—Senator, the officer has indicated he will take that question on notice. No matter how many times you ask him, that will be the answer.

Senator ABETZ—So you have to take on notice whether you, sitting at this table, can recollect whether there is a file note in existence? You either know or you do not know, sitting here. It is appropriate for you to say—

CHAIR—Senator Abetz, Mr McCormick has answered the question. You may not like the answer—

Senator ABETZ—No, no.

CHAIR—but he has answered it, so you can ask another 20 or 30 times, and I am sure you will get the same answer, Senator Abetz. So sit here and waste as much time as you think you may want to, but I do not know how many more times you have to embarrass yourself. You got the answer you did not like.

Senator ABETZ—It is appropriate for you, Mr McCormick, to say, ‘I don’t know whether I made a file note, and therefore, I will check the file to ascertain whether one exists,’ but to claim at the moment you cannot recall, you either know or you do not.

Mr McCormick—I cannot recall, Senator.

Senator ABETZ—You cannot recall, and so we now have to go to the files and check to see if this important matter was put into a file note. If you can check on that, and if such a file

note exists, if you could please tell us the date of that file note, I would be much obliged. There is a very longstanding complaint by a captain or former captain, Stan Van de Wiel—V-a-n d-e W-i-e-l, a three-word surname. I do not want to canvas this in great detail, other than to note that he alleges that on 15 August he wrote to the then minister, the Hon. Mark Vale, requesting assistance with the issues that had been before CASA, and I do not want to canvas what those issues were. The minister's response, reference 08170 of 2007, was to request Mr Bruce Byron, CEO of CASA:

... to provide me with a detailed response so that these longstanding issues may be resolved.

I am advised that as of November 2010, there is still no response to any of his directed questions. If you can take on notice what the current status of that file is, whether his matters have been attended to, and any information that might assist us in relation to the nature of the complaint and the longstanding nature of the complaint.

Mr McCormick—Was that 15 August 2007? We did not get the year.

Senator ABETZ—Yes, it was, 15 August 2007. He wrote to the then minister.

Mr McCormick—I have heard the name. I do not know the issue. We will take it on notice.

Senator ABETZ—All right. Thank you very much. Thank you, Chair.

Senator HEFFERNAN—Richard Green is a retired engineer—I do not know who he is known to and who he is not known to, but anyone who rings with concerns, I usually help—who owns and flies his own twin turbine helicopter which is only used for private operations, wilderness photography. He has a private hanger. He has a CASA-authorized repair facility specifically for this machine. He was given a special instrument under the Civil Aviation Regulations about three years ago. So the questions following are: Mr Green's instrument came up for renewal in 2010 and under the new management policies, CASA refused to renew it. The question is: why?

Mr McCormick—I do not think Mr Green is a retired engineer, as such, but we do know of Mr Green. Mr Green's case is currently in the Administrative Appeals Tribunal. Mr Green is the pilot of a Eurocopter 135 Helicopter.

Senator HEFFERNAN—To clarify, I have an email which says:

I am a retired engineer and businessman. I own and fly my own twin turbine—
blah, blah.

Senator CARR—Is there a particular question you have?

Senator HEFFERNAN—I have a series of questions. I have just asked the first one.

Mr McCormick—As I say, the action is currently in the AAT. Mr Green does not have an aircraft maintenance engineering background, and CASA has no record of Mr Green completing any of the prerequisite aircraft maintenance engineering examinations. Mr Green has completed the factory course for EC135—that is his helicopter—and the Turbomeca—that is the maker of the engine—first line engineer course.

On 23 January 1996, Mr Green was issued with an airworthiness authority under CAR 33B for maintenance of his helicopter. The authority was last issued on 31 August 2007, with an

expiry date of 31 August 2008. The authority was limited and only allowed Mr Green to carry out specific maintenance tasks on his helicopter. Mr Green incrementally obtained a broader range of approved tasks each time his maintenance authority was renewed.

On 7 August 2006, Mr Green was operating his helicopter in Cape York when the main rotor blade struck the branches of a tree during landing. Mr Green carried out repairs to the main rotor blades using Araldite epoxy to repair the delamination damage to the main rotor blades. Not only was this maintenance outside the scope of his maintenance authority; the maintenance was carried out using an unauthorised material and was not carried out in accordance with the manufacturer's data or any other approved data. Mr Green subsequently flew the helicopter back to Cairns.

The issues that we have is that following this incident, Mr Green was sent a show cause notice dated 13 February 2007. This also listed six separate incidents in 1999, which evidenced past certifications when maintenance was not performed or operating aircraft maintenance was due but not performed. Mr Green provided lengthy written submissions responding to the show cause notice. Ultimately, a CASA delegate decided that it was not necessary to suspend, vary, or cancel Mr Green's maintenance authority or his private licence. The show cause process, however, was recorded formally as counselling. From 2006 forward Mr Green contacted the ICC and lodged a complaint. That complaint was eventually rejected. The report was rejected. Mr Green contacted the ICC in December 2008 and advised he wished to continue with his complaint.

Mr Green has since then had authorisation given to him to perform maintenance pursuant to what is called CAR 42ZC, which is far in excess of what anyone outside of a licensed aircraft maintenance engineer has. There were a significant number of CASA officers, technical specialists, who advised against issuing that instrument. However, a delegate who is no longer in CASA did issue that authority to him. The reasons justifying that were never set out in any detail, so we are unable to say why Mr Green received that authority, other than that it was given by a general manager in CASA against the advice of his own staff.

Mr Green then proposed that he have his application for another instrument to follow that one, also to have the same number of authorities on it, without showing any of the normal satisfactory information we need, such as showing us he has been adequately trained and has the practical experience to perform the entire scope of the maintenance. We refused to reissue that instrument, and that has been the result of the AAT proceedings.

I believe that when you have trouble with people you ring them up. I have spoken to Mr Green, as well as written to him, pointing out that all the maintenance authorities and our subject matter experts consider that his approval should never have been issued to the limit it was. We agree that Mr Green can carry out maintenance tasks, and in fact the AAT has left the matter where Mr Green is to provide us with a list of the maintenance tasks he wishes to carry out.

CHAIR—Did you say this is before the Administrative Appeals Tribunal?

Mr McCormick—It is at the Administrative Appeals Tribunal now, so that is where we are up to at the moment.

CHAIR—Would it not be better to let it do its work, rather than—

Senator HEFFERNAN—Can I just clarify for you, Mr Chairman, that point?

CHAIR—I am just not comfortable, if this is before the tribunal, that we should be discussing it.

Mr McCormick—That is where we are up to now.

Senator HEFFERNAN—I remember a bloke at Narrandera, without naming anyone, who used to maintain his own plane and he ended up in a heap on the ground. So there is need for competency and maintenance, and I am not saying there is not here, either, by the way. This matter went to the Administrative Appeals Tribunal and according to the information I have here the AAT directed CASA to reissue an instrument to Mr Green, but this has not happened. Why not, and when will Mr Green receive his renewal?

Mr McCormick—The matter is before the AAT. I think perhaps you have been given a very sweeping statement there, Senator.

Senator HEFFERNAN—So what you are saying is the AAT has not requested you to issue the ticket?

Mr McCormick—The actual wording of where we are with the AAT I do not have in front of me, Senator, but—

Senator HEFFERNAN—Thank you for your consideration of the matter. I think probably you need to clarify things and perhaps I can talk to this gentleman. I commend your talking to him. There is nothing like a phone call to sort things out. We can raise it on Friday if we need to.

CHAIR—I thank Mr McCormick and the officers from CASA and now call Air Services Australia.

Senator HEFFERNAN—Air Services Australia says its next long-term pricing proposal will provide an overall real reduction in charges averaging six per cent a year when inflationary pressures are factored in. Can you please explain this proposal?

Mr Russell—The five-year pricing agreement that we had in place until this stage expired in December 2009. Due to the global financial situation at that time and the impact on the aviation industry, the board of Air Services decided that we would freeze our prices for two years from the middle of 2009 until what we expect to be a new pricing agreement around the middle of this year.

We have been in consultation, we have issued a draft pricing proposal, as we normally do, we have been in consultation with all elements of the industry throughout Australia and we are just in the process of finalising our proposal that will go to the ACCC. The question is, in view of the fact that we have not had a price increase for the last two years, over the life of the coming five-year proposal, if it is agreed by the ACCC, there will be a modest increase in the order of seven per cent. We fundamentally are managing our costs, which are rising, through better productivity within our organisation.

Senator HEFFERNAN—It has been indicated that regional airports will also be capped with the shortfall recovered from en route services. Can you provide detail or a list of the regional airports which will be capped?

Mr Russell—I am happy to take that detail on notice, if you do not mind, and come back to you.

Senator O'BRIEN—I suppose you need to get an update on what the staffing situation for the tower staff at Launceston Airport is.

Mr Russell—That issue has settled from the disruption that we had a couple of years ago. We have made a number of personnel changes there, and we have not had interruptions to our services since that time. In summary it is settled, and I am satisfied that it is operating effectively.

Senator O'BRIEN—So there are no reasons for aircraft to be flying in without staff manning the tower?

Mr Russell—No. I think the incident you might have been referring to occurred a couple of years ago when two aircraft, operating late in the schedule and landing and staying in Launceston overnight, arrived after tower hours. I think in the circumstances we asked the airlines if they would like us to extend. We normally do this at towers where the network is running late around Australia. We did so on this occasion, but that offer was declined. This goes to a further issue about surveillance, in Tasmania in particular, which I am sure you are well aware of.

Senator O'BRIEN—I am. Finally, can you give us a brief update on where we are with the program you have to engage more air traffic control staff and train new staff?

Mr Russell—Yes. You would know that for the last couple of years we have ramped up our training and our intake of new recruits into our learning academy that we have centralised and now got well underway in Melbourne. We have gone back through our whole recruitment cycle, so we are putting more effort into assessing the candidates we get with a view to improving the pass rate, particularly for what we would call our ab initio en route controllers; that is, new recruits to ultimately the en route sectors of our operation in Brisbane and Melbourne. I am still not satisfied with the pass rate that we are achieving, and we are putting a considerable amount of work into this. At the moment—and my colleague Mr Harfield can explain in more detail—our numbers are okay but, as you know as well, we have a demographic profile in Airservices that requires us to bring in new recruits and train a lot of people across our business over these next few years. So it is still a challenge for us. There is no question about that. Would you like a little more detail?

Senator O'BRIEN—I am happy with that. I am in your hands.

Mr Russell—It is still an issue and we are working on it.

Senator O'BRIEN—Thanks.

CHAIR—Thank you, Senator O'Brien. Mr Russell, we thank you and your officers very much.

[7.03 pm]

Australian Transport Safety Bureau

CHAIR—I welcome the Australian Transport Safety Bureau officers. We will go to Senator Heffernan for questions.

Senator HEFFERNAN—Gentlemen, it is disturbing to hear that there were 164 stick-shaker incidents reported to you guys between September 2005 and September 2010. You also say that the number of stick-shaker events over the past five years has generally remained consistent, about 27 occurrences a year. Is that about right?

Mr Dolan—That is correct.

Senator HEFFERNAN—That is with the exception of 2008, when there were double the number of occurrences. What processes do you have in place to review the level of stick-shaker incidents to ensure that this statistic is reduced in the future?

Mr Dolan—Rather than focusing on reduction, what we did was review the circumstances in which those stick-shaker events had occurred. A number of them were in cruise at altitude and were actually the result of turbulence, with not much to be done about it. We got to the point of looking at the ones that may have had some significance: a genuine potential stall coming in to land, for example—a very small number. They are the ones we investigate. We have, I think, two or three investigations at the moment in that sort of territory, including one which should be out in the next month or so. We are focusing on those where it does generally seem to indicate a potential safety issue. The majority of them are not in that category. As for the trend itself, we are thinking, given that most of them are signalled by automatic reaction to turbulence and so on, that we are not yet seeing a systemic problem.

Senator HEFFERNAN—I guess it would be fair to say, Chair, that you flew a simulator and crashed it—didn't you? Was that a stick-shaker incident?

CHAIR—Yes, it was the A330. I 'crashed' in Melbourne. Thank you for that. I nearly had it all right. It was only the last 100 feet that got me.

Senator HEFFERNAN—The chair needs counselling, Gentlemen.

Your 2009-10 annual report says the ATSB:

... draws attention to an aspect of its trend analysis of safety in general aviation. The fatality rate has not significantly varied over the last ten years,—

and I have got to say there has been some terrific piloting, and the A380 thing was a really good example of that. I commend all pilots as the record of safety of Australian flying speaks for itself, even though there has been an increasing number of incidents, I would have thought, in recent times, which you may like to reflect upon—

nor has the relative proportion of the major contributors to those fatalities: fuel management, controlled flight into terrain, wire strikes and visual flight in instrument conditions. Detailed investigation is adding little safety value. It is clear that a shift of emphasis to greater safety education is necessary.

What measures are being put in place to ensure greater safety education is implemented?

Mr Dolan—We have been preparing a series of publications, some of which have already been issued, which are targeting general aviation and even within that specific groups, such as private pilots. Some of them are drawing graphic attention to the consequences of doing foolish things such as low flying, which has led to a series of fatalities over time. Others are assisting private pilots to better assess the set of risks they are facing and how to deal with them, and we are promulgating that to private pilots. We will have a strategy of getting out more to the flying schools, and flying clubs and so on, as and when our people have the time

available to do those presentations. So we are drawing out the safety messages from our various investigation reports and getting them in the faces of pilots.

Senator HEFFERNAN—So it is a bit like that smoking ad where the bloke coughs up the blood.

Mr Dolan—Yes. One of the examples I use is to draw the statistical comparison, which is that private pilots die at approximately the same rate as motorcycle riders—and that seems to get the attention of the private pilots.

Senator HEFFERNAN—Yes, I can relate to that. I recently visited the injecting room in Kings Cross and they queried whether I was too old to be still injecting. But I am probably too old as a pilot; I am beyond being a pilot—and three or four of the blokes that went through with me are dead.

Also in the 2009-10 annual report is that an investigation was done in relation to ‘an A320 aircraft that performed an incorrect go-around in fog at Melbourne Airport’. It said:

The investigation highlighted the risks of changing standard operating procedures, particularly without formal risk management processes. Even more significantly, it provided more evidence that issues remain about the adequacy of some elements of oversight and delivery of pilot training.

That is, of course, relevant to another inquiry. Would you please highlight what processes have been put in place to investigate this area of potential safety risk?

Mr Dolan—At this stage we are using—and this is the reason I drew attention to it in our annual report—this in our normal process of assessing which occurrences we are likely to investigate. So if there is one that looks as though it might illustrate an aspect of this broader question, we are more likely to give it our investigative attention. At this stage we are turning our minds to whether there is a reasonably definable set of issues or potential safety issues relating to training that would lend themselves to a focused investigation with a series of assessments of what the safety issues are, what potential safety actions might be taken. We have not quite scoped that out because—as I am sure you are aware, and no doubt we will discuss this a little on Friday—this thing called training has a whole range of dimensions. So the real challenge is to find a focused area where an investigation has a genuine capacity to make a difference.

Senator HEFFERNAN—In a recent Air Transport Safety Bureau report into take-off performance calculation entry errors, the bureau found 31 incidents in the past 20 years that could be put down to typos or miscalculations or fat fingers or whatever. Can you please provide us with a brief outline of what processes the ATSB are going to look at implementing in relation to reducing this high statistic of human error in the future?

Mr Dolan—The first point I should make is that, if you put that number, which is not just Australian but international, in the context of the level of operations, it is, in fact, a comparatively small number. But nevertheless it is significant because of the consequences that can accrue, such as in Canada, where there were fatalities. What we were trying to do with that research report was to say, ‘These are the issues that are leading to it. There is no silver bullet. There is no single answer to this problem.’ But we were drawing to the attention of operators the problem and the range of potential things that could be done. So we targeted that report very much at operators and said, ‘Here are some things you really should think

about.’ We will follow up with them in due course to say, ‘Have you been paying attention?’ Our role is to encourage and to draw things to people’s attention, not to regulate outcomes.

Senator HEFFERNAN—Mr Chairman, that is the end of my set list. We have, as you know, quite a lot of important work to do ahead of us, and I have to say it is a great privilege to be on that aviation inquiry, Mr Chairman. We have gone around and had a look, and I was recently at the graduation of cadets in Wagga. It has been a great privilege to get around and see how it all works. We thank you all for all the assistance.

CHAIR—Thank you, Senator Heffernan. Now I would like to thank the minister and Mr Mrdak and his officers. Thank you very much also for the invaluable support of the staff behind me in Broadcasting and Hansard. Well done! Finally, thank you goes to my fellow senators on the committee, Madam Secretary and the secretariat. That now concludes today’s hearing.

Committee adjourned at 7.12 pm