



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE

**Estimates**

(Public)

THURSDAY, 31 MARCH 2022

CANBERRA

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**RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE**

**Thursday, 31 March 2022**

**Members in attendance:** Senators Antic, Bilyk, Carol Brown, Ciccone, Davey, Hanson-Young, Lines, McCarthy, McDonald, Mirabella, O'Neill, Patrick, Sheldon, Watt and Whish-Wilson

## **INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS PORTFOLIO**

### **In Attendance**

Senator McKenzie, Minister for Emergency Management and National Recovery and Resilience, Minister for Regionalisation, Regional Communications and Regional Education

### **Executives**

Mr Simon Atkinson, Secretary  
Ms Diane Brown, Deputy Secretary  
Mr David Hallinan, Deputy Secretary  
Dr Rachel Bacon, Deputy Secretary  
Ms Maree Bridger, Acting Chief Operating Officer  
Ms Paula Stagg, Assistant Secretary

### **Civil Aviation Safety Authority**

Ms Pip Spence PSM, Chief Executive Officer and Director of Aviation Safety  
Dr Jonathan Aleck, Executive Manager Legal, International and Regulatory Affairs  
Mr Andreas Marcelja, Acting Executive Manager Stakeholder Engagement  
Mr Rob Walker, Executive Manager Regulatory Oversight Division  
Mr Chris Monahan, Executive Manager, National Operations and Standards

### **Data, Analytics and Policy**

Mr Phil Smith, First Assistant Secretary  
Dr Louise Rawlings, Head of Bureau  
Dr Justin Iu, Head of Bureau

### **Domestic Aviation and Reform**

Ms Janet Quigley, First Assistant Secretary  
Mr Phil McClure, Assistant Secretary, Airports  
Mr Jason Dymowski, Assistant Secretary, Domestic Policy and Reform Programs  
Ms Clare Chapple, Assistant Secretary, Regional Policy and Environment  
Mr Ben Vincent, Assistant Secretary, Aviation Programs

### **Finance, Legal and IT**

Mr Brad Medland, First Assistant Secretary and Chief Finance Officer  
Ms Carol Cote, Assistant Secretary, Finance

### **Infrastructure Investment**

Mr David Mackay, First Assistant Secretary  
Ms Diana Hallam, First Assistant Secretary, Significant Project Investment Delivery Office  
Mr Robert Bradley, Assistant Secretary, Victoria, Tasmania and South Australia Branch  
Ms Shona Rosengren, Assistant Secretary, North West Infrastructure Investment Branch  
Ms Robyn Legg, Assistant Secretary, New South Wales, ACT and Targeted Roads Branch  
Mr Andreas Bleich, Acting Assistant Secretary, Investment Advisory and Business Improvement  
Mr Benjamin Meagher, Assistant Secretary, Program, Policy and Budget

### **International Aviation, Technology and Services**

Mr Richard Wood, First Assistant Secretary  
Mr Jim Wolfe, Assistant Secretary, International Aviation  
Ms Naa Opoku, Assistant Secretary, Safety and Future Technology  
Mr David Jansen, Assistant Secretary, Western Sydney Unit

### **Major Transport and Infrastructure Projects**

Ms Jessica Hall, First Assistant Secretary

Mr Mitch Pirie, Assistant Secretary, Inland Rail Operations Branch

Mr Andrew Bourne, Assistant Secretary, Inland Rail Stakeholder and Regional Delivery Branch

Mr James Savage, Acting Assistant Secretary, Program and Shareholder Management

Mr Drue Edwards, Director, Inland Rail Stakeholder and Regional Delivery Branch

#### **People, Governance, Parliamentary and Communication**

Mrs Ruth Wall, First Assistant Secretary

Ms Stephanie Bourke, Assistant Secretary, Human Resources and Property

Ms Susan Charles, Assistant Secretary, Communication

#### **Regional Development, Local Government and Regional Recovery**

Mr Michael Gregory, Acting Assistant Secretary, Regional Intelligence and Local Government

Ms Meghan Hibbert, Assistant Secretary, Regional Programs

Ms Sarah Nattey, Assistant Secretary, Regional Intelligence and Local Government

Ms Natalie Weddell, Director, Regional Policy

Ms Jo Neuling, Acting Assistant Secretary, Regional Policy

#### **Committee met at 09:02**

**CHAIR (Senator McDonald):** Good morning. I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2022-23 and related documents for the infrastructure, transport, regional development and communications portfolio, excluding communications, and the agriculture, water and the environment portfolio, excluding the environment. All questions on communications and the environment go to the department's respective appearances before the Senate Environment and Communications Legislation Committee. The committee may also examine the annual reports of the departments and agencies appearing before it.

The committee has before it a program listing agencies relating to matters for which senators have given notice. The proceedings today will begin with an examination of the infrastructure investment division within the Department of Infrastructure, Transport, Regional Development and Communications. The committee has fixed Friday 20 May 2022 as the date for the return of answers to questions taken on notice. Senators are encouraged to provide any written questions on notice to the committee secretariat as soon as possible following the hearings.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate, by resolution in 1999, endorsed the following test of relevance for questions at estimates hearings: any question going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings. I remind officers that the Senate has resolved there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

I particularly draw the attention of witnesses to an order of the Senate from 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which will be incorporated in the 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).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

*(13 May 2009 J.1941)*

(Extract, Senate Standing Orders)

**CHAIR:** Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document. Senators, departments and agencies have been provided with advice on the arrangements in place to ensure that the budget estimates 2022-23 hearings are conducted in a safe environment. This guidance is also available from the secretariat. The committee appreciates the cooperation of all attendees in adhering to these arrangements.

Just before I welcome the minister and others, I want to advise that we have a change to the published program for today. We will be breaking at 5.20 pm to move to hearing the President of Ukraine make his address. We will then go straight to the dinner break and return at 7 pm; that is for those people watching remotely. I now welcome Senator the Hon. Bridget McKenzie, Minister for Regionalisation, Regional Communications and Regional Education; Mr Simon Atkinson, Secretary to the Department of Infrastructure, Transport, Regional Development and Communications; and officers of the department. Minister McKenzie, do you or Mr Atkinson wish to make an opening statement?

**Senator McKenzie:** I don't, and it's great to be back. Mr Atkinson awaits questions from the committee.

**Mr Atkinson:** I would like to update the committee on key developments in this portfolio since my last statement to the committee in February. At that time I spoke about the work of the dedicated staff in my department to deliver \$19 billion of investments across our portfolio last financial year to connect Australians, enrich communities and empower our regions. I also spoke about their work to continue to deliver essential ongoing functions, business-as-usual activities and COVID-19 response measures, administering over 130 programs. My staff have continued to work tirelessly with ministers, APS colleagues, key industries, unions and state, territory and local governments to support essential freight movements in the aviation industry through the

additional pressures imposed by the latest wave of COVID-19 as well as recent severe weather events. We've worked hard to minimise supply chain disruptions through a series of challenging external shocks. As border restrictions have eased throughout all of Australia, we've worked with industry and state and territory governments to ensure that the transport and infrastructure sectors are well supported to resume broader operations to support Australia's economic growth as we emerge from the pandemic.

My department has worked closely with the shipping industry and Australian companies to deal with supply chain disruptions, including the flooding that cut the east-west rail line in late January 2022. This work has facilitated the movement of approximately 90,000 tonnes of essential supermarket and other goods to Western Australia since the instrument commenced. Freight volumes in Australia are the highest on record: over 800 billion tonne kilometres were moved by road, rail, sea and air in 2021, up by over 35 per cent from over a decade ago. People are also driving more. Brisbane is up 46 per cent, Melbourne is up 34 per cent and Sydney is up 29 per cent over 2020 levels.

We are continuing to support the aviation sector, which is being hit hard by COVID-19, including through the Regional Airports Screening Infrastructure program. International air arrivals are now trending upwards, with 443,000 passengers carried on international flights to and from Australia during January, which is a more than sixfold increase on January last year. However, January 2022 passenger activity is only one-tenth of the activity recorded in January 2020; 4.2 million passengers were carried at that point. Domestic aviation activity between capital cities is also trending upwards and is now around three-quarters of pre-COVID levels. Domestic forward bookings are up five per cent over 2019 levels.

Through our stewardship approach to markets, we aim to ensure that markets are sustainable, accessible, competitive, efficient, safe and secure, keeping Australians connected to the world and to each other. The department is currently consulting on reforms to the Disability Standards for Accessible Public Transport. These reforms are aimed at eliminating discrimination as far as possible against people with disability when they are using public transport.

A key achievement since we last met has been supporting the signing of the South East Queensland City Deal, which includes a \$667 million investment from the Commonwealth. The deal will deliver enhanced transport connections in the Brisbane metropolitan region and support the 2032 Brisbane Olympic and Paralympic Games. In our territories work, we've transitioned our state partner arrangements in Norfolk Island to Queensland, ensuring continuity of services for the community. We've delivered on the commitment with the ACT government to establish the ACT Loose-Fill Asbestos Disease Support Scheme. We've worked collaboratively across government to inform an infrastructure-led approach to growing regional wealth, supported by the analysis of our Bureau of Communications, Arts and Regional Research. BCARR recently released its 2021 Progress in Australian Regions and Cities Dashboard, which contains a range of economic, demographic, social and environmental data for regions and cities. Since we last met, we've also made new data available in the government's Supply Chain Benchmarking Dashboard, further helping freight operators and the business that they support to improve their operations and save on costs.

Our department continues to support delivery of Inland Rail and Western Sydney Airport. These are two of the most important transport infrastructure projects in the country. Both are supporting jobs and economic activity now and will provide a foundation for productivity growth over the long term. In March, the New National Intermodal Corporation was announced; this will facilitate an integrated approach to Australia's freight network. National Intermodal will support the planning, delivery and operation of the Australian government's significant investment in Intermodal terminals in Victoria and Queensland to service Inland Rail. We continue to work to improve road safety for all Australians and to reduce the trauma suffered on our roads. Tranche 2 of the Road Safety Program commenced on 1 July 2021 and concluded on 31 December 2021, delivering \$490 million towards projects in regional and urban areas. Tranche 3 commenced on 1 January 2022 and will deliver approximately \$520 million in safety improvements; it is set to conclude on 30 June this year. To date, this program has seen safety improvement works delivered to more than 19,000 kilometres of the National Road Network. I would like to thank the people from my department as well as our portfolio agencies for their continued efforts. A strong and well-functioning Public Service continues to play a key role in Australia's effective recovery from the crisis. I'm pleased that staff are increasingly able to work in the office, and with the way in which we have lived our values of being respectful, informed, collaborative, adaptive and accountable through the challenges of the last two years.

In response to a request from Senator Sterle, I'd like to table a number of documents relating to program expenditure across infrastructure investment, regional development, local government and cities, and COVID-response funding for aviation support, targeted road safety projects and local and community infrastructure

projects. The information provided is consistent with what we've provided in response to previous requests. Owing to the limited time between the budget and the provision of this material, we've not been able to provide a response to some of the questions on budget measures; our teams are ready to answer those questions here today though. Thank you.

**CHAIR:** Have you tabled those documents electronically or did you wheel in a trolley?

**Mr Atkinson:** We tabled the large bucket of them over there. My chief of staff will email them to the secretariat so that you can have soft copies as well.

**CHAIR:** Marvellous; thank you. Senator Watt, over to you.

**Senator WATT:** We have those documents now.

**Senator O'NEILL:** I think the only question is: can you indicate which of the documents you have been unable to respond to, as you've said, as of today?

**Mr Atkinson:** It was actually questions about the spending profile for the new budget measures on regional. Our regional people will be able to give that spend profile. That wasn't published in the budget, so we just had to sort it out. But the regional people will be able to give it to you this afternoon. I think it's about eight numbers, so it should be okay.

**Senator O'NEILL:** Was that eight?

**Mr Atkinson:** Yes, I think it's about eight numbers.

**CHAIR:** Senator Watt.

**Senator WATT:** Just before I start asking questions, I'd flag that I understand the secretariat yesterday advised the department that we may have a pretty broad range of questions that may not fit neatly into the groups that have been listed and asked whether people could be available. Could I just flag that we will have some questions for people regarding the water announcement, the National Water Grid. I don't need to ask those questions immediately; however, if the relevant people are not here already and need to be brought along, perhaps you could arrange for that to happen.

**Mr Atkinson:** I'm sure that the water people are watching and I could arrange for them to come after lunch at the same time as the regional people, because there are water announcements as part of the regional announcements.

**Senator WATT:** At least from the opposition's point of view, we may get through the infrastructure investment division before lunch. So perhaps they could be here after the morning tea break, if possible.

**Mr Atkinson:** Yes.

**CHAIR:** Thank you.

**Mr Atkinson:** Perhaps I could just update the committee on our logistics. Unfortunately, we've been allocated a room in the Senate wing, one level down. I've got all the deputy secretaries and finance officers here—the infrastructure and investment division ones are here now—but other people will have a little bit of travel time—

**Senator WATT:** Sure.

**Mr Atkinson:** and if anyone is not here I'll endeavour to make sure that they are here within half an hour to answer questions.

**Senator WATT:** In that case, we do have questions about a number of individual projects that were announced, which are probably for the infrastructure investment division. But a couple of other things that I was hoping to get to earlier in the day concern the intermodal terminal in Melbourne, which I know is connected to Inland Rail. Are there people available here this morning to answer questions about that?

**Mr Atkinson:** Yes.

**Senator WATT:** Also, there is the announcement about what I think are referred to as the four regional hubs under the Energy Security and Regional Development Plan. If we could have some people available to go to that this morning, it would be helpful as well.

**CHAIR:** They'll be in the regional development section that's coming after morning tea; they'll be here and ready after morning tea.

**Senator WATT:** Yes, unless they are here already. That's obviously a key announcement for the government, so I was hoping to get to that as early as we could.

**Mr Atkinson:** Yes. I'm sure that the regional people could be here for after morning tea.

**Senator WATT:** Yes. Perhaps we could do that at 11.00. If they're not here now, then perhaps they could be here at the earliest opportunity after morning tea.

**Mr Atkinson:** I can speak at a macro level to most of it, but I think you probably might want some more detail.

**Senator WATT:** You and the officials who are here might be able to answer the questions that we've got about that anyway—

**Mr Atkinson:** We'll try our best.

**Senator WATT:** and, if we need more detail, we can come back to it.

**Mr Atkinson:** Yes. The only thing that we don't have is the Faster Rail Agency, if there are questions about that.

**Senator WATT:** I don't think we have any questions for it. While I think of it, I know that CASA has been listed for this afternoon, but we might just have a chat about whether that is necessary or for how long we would need them.

**CHAIR:** We'll have a chat about that.

**Senator WATT:** Okay. I'm just conscious that we don't have a lot of time. The Australian and Victorian governments are jointly undertaking further planning, design and development towards a new Melbourne intermodal terminal. There are two potential sites—one at Truganina and the other at Beveridge—that would connect to the Inland Rail; am I right, up until now?

**Mr Atkinson:** I think we'll probably do both of them.

**Senator WATT:** You probably will do both terminals?

**Mr Atkinson:** Yes.

**Senator WATT:** I thought it was a choice between the two.

**Mr Atkinson:** We'll need both over the long term.

**Senator WATT:** But as to the location of terminals, no formal decision has been made by the Commonwealth at this point in time?

**Mr Atkinson:** I think I might let Ms Hallam speak to it from here.

**Ms Hallam:** Yes, it's certainly correct that we have been working with the Victorian government on a business case for a Victorian Intermodal freight terminal investment, and we received a draft one in March 2021. From that, the government subsequently indicated its preparedness to contribute \$2 billion for a terminal at one of the two locations being investigated, either Truganina or Beveridge—that is certainly correct—with specific funding arrangements to be negotiated with the Victorian government and conditional on a matching contribution from the Victorian government. Over the past 12 months, we have continued to negotiate and engage with our Victorian counterparts but haven't made much headway with them. We've commissioned a series of further reports into both locations and the required connecting infrastructure, and that's led to the government making a decision in this budget to contribute \$3.1 billion for the development of both sites.

**Senator WATT:** So, there's an in-principle decision to go with both sites?

**Ms Hallam:** That's correct.

**Senator WATT:** Is that subject to any further planning, business cases or anything like that?

**Ms Hallam:** The Truganina site and the connecting infrastructure, which is known as the Outer Metropolitan Ring rail, south particularly—there are two elements, south and north—will be subject to a matching contribution from the Victorian government. The federal government has contributed the entire 100 per cent amount required for the development of the Beveridge interstate terminal and also \$280 million for the road connections, including Camerons Lane, for the Beveridge interstate terminal, but that is subject to an 80-20 funding split with the Victorian government.

**Senator WATT:** In relation to the Beveridge site, I'm sure that you're aware that Qube Holdings Ltd has announced that they have sold their option to buy land at Beveridge for the development of this new terminal.

**Ms Hallam:** That's correct.

**Senator WATT:** I'm not exactly sure of the date of that, but I think it was fairly recent. Why has the Commonwealth purchased the options for the Beveridge site before agreement on a site has been reached with the Victorian state government?



**Mr Atkinson:** The premise of that is inconsistent with what Ms Hallam has just said, which is that the decision has been made to do two.

**Senator WATT:** But has the Victorian government signed on to that yet?

**Mr Atkinson:** The Beveridge site is being 100 per cent Commonwealth funded.

**Ms Hallam:** It will be a Commonwealth development.

**Senator WATT:** So, for that one no agreement at all is required from the Victorian government.

**Ms Hallam:** Not that would have to be subject to the usual environment and planning approvals, and connecting the site to the inland rail line will require some negotiation with Victoria. But the development of the site alone? No, that can proceed.

**Senator WATT:** How much did the Commonwealth pay for this option?

**Ms Hallam:** I'm not sure whether the exact amount is commercial-in-confidence, but it was a few million dollars, not including legal fees, which I think amounted to approximately another million dollars.

**Senator WATT:** So, someone else owns the land at the moment?

**Ms Hallam:** That's correct.

**Senator WATT:** Can you tell me who that is?

**Ms Hallam:** I'm sorry; I don't think I have that detail with me. I'm happy to take that on notice.

**Senator WATT:** Yes, maybe you can take that on notice. I assume that's not confidential information. So, Qube Holdings paid the landowner, presumably, some money to obtain an option to buy that land—

**Ms Hallam:** Yes.

**Senator WATT:** and what has now happened is that the Commonwealth has bought that option from Qube?

**Ms Hallam:** That's correct.

**Senator WATT:** What Qube said in their public announcement was that the nominal consideration paid by the Commonwealth to Qube reflects the actual cost of the operations paid by Qube plus partial recovery of Qube's costs incurred to date to assess the development.

**Ms Hallam:** That's correct.

**Senator WATT:** So, you don't own the land yet, but you have an option to purchase it?

**Ms Hallam:** That's correct. The National Intermodal Corporation will now commence the appropriate procurement probity and evaluation processes.

**Senator WATT:** Was an independent evaluation conducted to determine the price paid for this option?

**Ms Hallam:** I'm not alive to whether there was evaluation of the option. I do know that there were two valuations of the land.

**Senator WATT:** Who did those valuations of the land?

**Ms Hallam:** I'm very sorry; I will have to take that on notice and ask the National Intermodal Corporation for that information; they're the ones who've undertaken that work.

**Senator WATT:** So, if you could come back to us on notice as to—

**Mr Atkinson:** Just to be clear, it's the Intermodal Corporation that did this and not the department. But we can get the answer back, yes.

**Senator WATT:** I would ask you to do that, as we need to get that information.

**Mr Atkinson:** Yes.

**Senator WATT:** We want to find out who conducted those valuations, when they were conducted and what the valuations were, that is, how much they value the land at.

**Ms Hallam:** I can certainly let you know that they gave the confidence—that board of the National Intermodal Corporation—to proceed with the acquisition of the option.

**Senator WATT:** But then, going back to the price that was paid for the option, how was that price worked out if there was no independent evaluation?

**Ms Hallam:** I believe, as Qube has indicated, that it was equivalent to the price that they paid for the option. But I will take that on notice and check for you.

**Senator WATT:** So, to the best of your knowledge, you think the Commonwealth simply paid whatever it was that Qube had paid for that option.

**Ms Hallam:** That's my understanding of the National Intermodal Corporation's actions.

**Mr Atkinson:** But we've taken it on notice to give you a precise answer.

**Senator WATT:** What role, if any, did the minister or his office play in the decision to purchase this option from Qube?

**Ms Hallam:** The National Intermodal Corporation briefed shareholder ministers—Minister Fletcher and the Minister for Finance, Senator Birmingham—and I understand that they approved or agreed with the board's position to proceed with the acquisition of the option.

**Senator WATT:** So—what's the name—the National Intermodal Corporation—

**Ms Hallam:** That's correct.

**Senator WATT:** briefed Ministers Fletcher and Birmingham about whether to buy an option, and that decision was signed off by the ministers?

**Ms Hallam:** I understand—

**Mr Hallinan:** Can I just check on the words 'agree' and 'signed off'?

**Senator WATT:** Yes.

**Mr Hallinan:** I just think they'd be independent legal choices of the National Intermodal Corporation; but, as shareholder ministers, the Intermodal Corporation would have briefed ministers.

**Senator WATT:** So, the ministers were simply informed as opposed to—

**Mr Atkinson:** Sorry; I'm just testing this because the language is important. So it was approved?

**Ms Hallam:** Yes, it was approved.

**Senator WATT:** Approved by the shareholder ministers.

**Ms Hallam:** Yes.

**Senator WATT:** And Minister Joyce had no role in this process?

**Ms Hallam:** He would have been copied in on the briefs, I imagine. But, no; the two shareholder ministers would have been making the decisions.

**Senator WATT:** Did Minister Joyce or his office have any contact with the department or the National Intermodal Corporation about the decision to purchase this option—

**Ms Hallam:** I'm afraid I'm not sure—

**Senator WATT:** to your knowledge?

**Ms Hallam:** Not to my knowledge. I can't speak for the minister or his staff; I'm sorry.

**Senator WATT:** Beyond receiving a brief from the department or from the National Intermodal Corporation, whichever it was, did either of the shareholding ministers have any contact with the department or the Intermodal Corporation about the decision to purchase this option?

**Ms Hallam:** Sorry, I'm not sure—

**Senator WATT:** Sorry; were there any discussions between the shareholding ministers or their officers with the department or the Intermodal Corporation about the decision to purchase the option?

**Ms Hallam:** I'm sorry; I am not sure. I haven't been party to any meetings between the minister and his staff and the National Intermodal Corporation. But as to the decision to create the National Intermodal Corporation out of the Moorebank Intermodal Company, the decision to allocate money and the decision to proceed with the acquisition of the option, ministers have been briefed on those by the company, I know, in writing. I'm not sure whether there have been any meetings or a verbal briefing provided.

**Senator WATT:** Do you know whether any of the shareholding ministers or Minister Joyce, or their staff, met with Qube prior to the sale of the option?

**Ms Hallam:** No, I don't know. I'm sorry; I can't answer that.

**Senator WATT:** Could you take that on notice for us, please.

**Ms Hallam:** Sure.

**Senator WATT:** Is there a reason that the purchase isn't listed on AusTender?

**Mr Atkinson:** We'd have to take that on notice and ask the Intermodal company.

**Senator WATT:** No representative of theirs will be appearing here at any point through the day?

**Mr Atkinson:** No. They haven't appeared for years, as far as I can tell.

**Senator WATT:** So, if a decision has actually been made to—

**Mr Atkinson:** Sometimes it's a timing thing with lodgement on AusTender and those sorts of things, but we can ask them and come back to you on that.

**Senator WATT:** Yes, sure. If a decision then has been made to go ahead with the Beveridge site in addition to the Truganina site, presumably that means that you're actually going to be purchasing the site rather than just having an option.

**Ms Hallam:** It's too soon to say that. A range of subsequent processes need to happen and so, at this point in time, only the option has been acquired. Whether they'll proceed with the acquisition of the site, I do not know.

**Senator WATT:** Just to wind back 10 minutes or so, I thought we were told that a decision had been made to proceed with both of these sites.

**Ms Hallam:** Yes; and the government has supplied the money for the acquisition of the land, if it proceeds after National Intermodal has finished their due diligence processes.

**Senator WATT:** In Qube's announcement, they said that the purchase price included not just what Qube themselves had paid for the option but also partial recovery of Qube's costs incurred to date to assess the development. Do you know how much of the purchase price was for that?

**Ms Hallam:** I believe that is the approximate \$1 million that has gone to fees and costs associated with the acquisition of the option.

**Senator WATT:** So it was around about \$1 million in addition to what Qube had paid for the option?

**Ms Hallam:** Yes, which I believe is about \$3.5 million.

**Senator WATT:** Why was Qube repaid for those costs as part of the purchase price?

**Ms Hallam:** Can I take that on notice and ask the National Intermodal Corporation?

**Senator WATT:** I suppose I might need it because my understanding is that the Commonwealth has already allocated funds of its own for planning and development of the terminal, so I guess I'm wondering why Qube is also being compensated for that.

**Ms Hallam:** I'm not sure. I would be hypothesising if I were to say that there might be some intellectual property associated with that which National Intermodal might want to acquire. But I'm happy to take that on notice and ask that question.

**Senator WATT:** The other thing that Qube said in its announcement was that, as part of the transaction, Qube has also been granted an option to buy back up to 200 hectares of developable land at a future point in time for consideration materially consistent with the price paid by National Intermodal to acquire this land and that this option expires in September 2023. Do you know what 'for consideration materially consistent with the price paid by National Intermodal' means? If National Intermodal does end up acquiring the land and, let's say, pays \$100 million or whatever the figure might be, with the 200 hectares perhaps being worth \$5 million, does that mean that Qube would have to pay that?

**Ms Hallam:** Yes. I understand that it's commensurate with the cost, yes.

**Senator WATT:** How is it in taxpayers' interests to guarantee Qube that option to buy back some of that land?

**Ms Hallam:** It was negotiated; there was a negotiation. The site is 1,100 hectares; some of that may be required for environmental offsets, but that still leaves an awful lot of land for construction of the terminal and warehousing and maintenance facilities. I don't believe that the provision of that amount of land to Qube is going to undermine the development of the facility as envisaged, if it is to proceed. Also, Qube being present on the site will help to facilitate the use of Inland Rail and new entrants, potentially.

**Senator WATT:** Presumably, if the Commonwealth does proceed with the Beveridge site, the value of that land will be considerably higher because of the intention to develop it, won't it?

**Ms Hallam:** Potentially, yes.

**Senator WATT:** So, why is it that Qube have negotiated a pretty sweet deal where all they've got to pay to buy back some of that land is whatever National Intermodal paid in the first place?

**Ms Hallam:** They'll be paying for the value of the land; they've agreed to pay for the value of the land.

**Senator WATT:** But if National Intermodal agree to buy the entire parcel of the land, the value of that land will go up significantly once they start building on it. That's normally what happens with land developments.

**Ms Hallam:** I'm afraid that I'm not an expert in property valuations.

**Senator WATT:** But that's a fair assumption, isn't it?

**Mr Atkinson:** It will come down to the timing and when the property valuations are done and how they're done. I think you're getting a little ahead of where they're at at the moment. What they've done is that they've secured an option to allow them to do the rest of the work about how the model will work. I think it's probably a conversation for the Intermodal company, because it is a commercial decision for them around how they manage that. That is because they're also looking at forward revenues and partnerships inside of it. They need to make it a commercial going concern because our intention is for Intermodal to actually make money.

**Senator WATT:** I guess I'm wondering why it has already been determined now that all Qube would need to pay, in order to buy back some of this land, is effectively what National Intermodal pay for it now or in the near future, when the value of that land is likely to go up significantly as decisions progress.

**Mr Atkinson:** I suspect that the valuation will be based on the purpose at the time. But I'm speculating, and obviously this is the sort of thing that we shouldn't be speculating about.

**Senator WATT:** Yes; but wouldn't that be—

**Mr Atkinson:** You're talking about a future commercial pricing piece and whether the value at the time of the acquisition is very likely to be the same as it was at the time of the purchase, if that makes sense.

**Senator WATT:** But we're talking about potentially millions of dollars of taxpayers' funds to purchase this land. I don't know but, if we're talking about a large amount of land, potentially it's in the tens of millions. Wouldn't it be more appropriate to establish the value of whatever Qube would have to pay at that point in time rather than locking in what could be a significant undervaluing of that property now?

**Mr Atkinson:** I think you're speculating well ahead of where the Intermodal company will get to, in terms of the timing of when they would acquire land and how that relates to the valuation of the option for a part of that land. These sorts of questions are well ahead of what's actually happening. So I think it would be better if you spoke to the Intermodal company if you want to ask questions about this.

**CHAIR:** Senator Watt, I just note that it's a fairly new iteration of the agency. Given that we haven't called them, we'll just put them on the list for next time.

**Senator WATT:** That's fine. I just want to put on the record my concern that taxpayers could end up being ripped off here, if some deal has been struck with Qube that allows them to buy back land at a significant undervaluing of what it's worth, given that a big development is proposed here. I accept that there are no more questions that can be asked. But perhaps the point of raising this is that we've been through Leppington Triangle and we don't want to go through something similar again; that's sort of why we're raising these concerns at an early stage.

**Mr Atkinson:** I understand the concern.

**CHAIR:** I'm sure that the secretary is alive to that. Senator Watt, may I share the call and come back to you?

**Senator WATT:** Sure.

**CHAIR:** Senator Mirabella.

**Senator MIRABELLA:** I have a few questions of clarification on some of the material that we've just heard. Ms Hallam or Secretary, the Commonwealth is clear that it's supporting both proposed Intermodal sites. So, it's a question of priority, and it would seem that the decision has been made to prioritise the northern site, the Beveridge site. The Beveridge site is north of Melbourne; it's on the Hume Highway and it's on the rail corridor as well. The Truganina site is in the west and so, presumably, it is destined to support east-west freight; is that correct? So, that's from Melbourne to Adelaide, for example. What relative percentage of freight is going north-south on the Melbourne-Sydney and Melbourne-Brisbane corridor versus the east-west corridor?

**Ms Hallam:** Thank you very much. If I could explain a little bit about how we got to the two terminals, that might help to answer your question. When the government announced the \$2 billion last year, it was an either/or proposition. In the subsequent 12 months, we have not only received a draft Intermodal terminal business case but also commissioned a peer review of that work by North Projects. We've also commissioned some work on the cost and timeframes for development of the Outer Metropolitan Ring by SMEC. The National Intermodal Corporation commissioned a review by Arcadis of the terminal designs at both locations. We also engaged EY and Herbert Smith Freehills to do a scoping study to identify an appropriate government structure and undertake a market sounding with industry. That told us a lot about the intercapital freight volumes going on both road and rail, north and south, east and west. It revealed that a terminal at Truganina cannot be built and connected to Inland Rail without a considerable amount of money—approximately \$8.5 billion for the connecting

infrastructure alone—and a build time frame of approximately a decade. Of course, Inland Rail, as you say, is on the alignment, and Beveridge is on the Inland Rail alignment; it can be built and connected far quicker.

I'd also say that the development of Truganina, by only building the Outer Metropolitan Ring rail south, cannot accommodate Inland Rail's double-stacked trains, putting at risk the government's \$14.5 billion investment in Inland Rail. So, in order to ensure that the Victorian government and freight transport and industry stakeholders already at Truganina and servicing east-west freight get what they want, the government has agreed to invest with Victoria in Truganina and what's called the 'OMR south'. Also, in order for the taxpayer to not lose out on the federal government's investment in Inland Rail, the federal government is keen to progress the terminal at Beveridge with a much smaller connection onto the Inland Rail alignment. Rail freight volumes between Melbourne and Sydney at the moment are less than five per cent; we have not yet done the modelling to see whether a terminal at either location would affect that. But certainly, with the ability to get freight onto Inland Rail in the volumes outlined in the business case, at a double-stacked capacity and at the time Inland Rail commences operations in 2027, there is no option other than to proceed with the Beveridge option.

**Senator MIRABELLA:** I assume that the NIC has fairly broad powers to make business decisions about this development.

**Ms Hallam:** It's a government business enterprise and so, yes, ministers will give it guidance. It had responsibility only for the development of the Moorebank Intermodal Terminal Precinct. That has been expanded since MYEFO last year—but it was announced this year—into a remit to develop the Inland Rail Intermodal terminals in both Brisbane and Melbourne.

**Senator MIRABELLA:** Just to be clear, could you clarify for me whether Qube is a private company. It is a publicly listed company, is it?

**Ms Hallam:** That's correct.

**Senator MIRABELLA:** When did they originally take out the option to purchase the requisite land at Beveridge?

**Ms Hallam:** That's a good question. It was quite some time ago, I believe. It was in 2017, I understand and I've just been advised.

**Senator MIRABELLA:** Five years ago; okay. Is that option over a single parcel or multiple parcels of land on the site?

**Ms Hallam:** It's multiple parcels totalling 1,100 hectares.

**Senator MIRABELLA:** Can you tell me how many owners they're dealing with?

**Ms Hallam:** I'm only aware of one significant owner; I'm sorry. I'll take that on notice, if that's all right.

**Senator MIRABELLA:** Okay. As for the terms of the option, I imagine that it's a standard sort of an option. Is there a time frame on it?

**Ms Hallam:** The option's expiration occurs within a couple of years, so I think National Intermodal will want to complete its valuations and due diligence processes reasonably quickly.

**Senator MIRABELLA:** Without trying to read the minds of the owners of Qube, what's their incentive for selling that option prior to any further announcements?

**Ms Hallam:** That's a very good question. It was actually part of their sale of some of their holdings at the Moorebank precinct to LOGOS. As a part of that, they needed to negotiate with the National Intermodal Corporation, and the National Intermodal Corporation was able to secure a number of conditions as part of providing consent to the sale. That included a 10 per cent stake in the interstate terminal at the Moorebank precinct, and it also included the ability to take over the option and subsequently exercise it, if need be.

**Senator MIRABELLA:** Do you have any idea of what the notional market value of the real estate in question was before this last budget or, let's say, a few months ago at the time of the sale of the option? What's a ballpark figure that we're talking about for this real estate?

**Ms Hallam:** Whether to ultimately acquire the land is subject to a commercial negotiation, so perhaps I can avoid answering you with a direct dollar figure. But I would like to say that, yes, two valuations were obtained, which gave us the confidence to recommend to ministers the allocation of some money in order to proceed with that.

**Senator MIRABELLA:** The purchase price of the option, you've said, was about \$3 million plus—

**Ms Hallam:** Yes. I think it was \$3.5 million, with approximately another \$1 million for—

**Senator MIRABELLA:** I have to assume that 1,100 hectares of future industrial land in that part of the world has to be worth a great deal of money.

**Ms Hallam:** That's correct. It's not inconsiderable.

**Senator MIRABELLA:** So, a \$3 million option doesn't sound like too much to me. Does the \$1 million worth of legal expenses involve the acquisition of intellectual property, such as planning permits, preliminary designs and that sort of thing?

**Ms Hallam:** I understand that it provides National Intermodal with all the material that it will need to determine whether or not to proceed with the acquisition of the land—

**Senator MIRABELLA:** So, there was actually some more intellectual property that came with that option?

**Mr Hallinan:** For clarity, these are matters for the National Intermodal Corporation. We will take that back to them and make sure that they come back with detailed responses.

**Mr Atkinson:** Ms Hallam is doing a very good job answering these questions.

**Mr Hallinan:** She's helping, but perhaps she could do with some additional help.

**Senator MIRABELLA:** She's doing a great job. Would it be fair to say that option might have been more expensive if it were transacted today?

**Ms Hallam:** As I was saying previously to Senator Watt, I'm afraid that I'm not a property expert. I do know that the Beveridge land has been identified in the Victorian government's long-term freight infrastructure strategy as a future site for an Intermodal terminal.

**Senator MIRABELLA:** That's right; it's not a secret. But there was a budget announcement on Tuesday.

**Ms Hallam:** Certainly, when we conducted the market sounding late last year, we spoke to a range of transport logistics companies, providers and operators, and industrial real estate investors. Already, since the budget announcement, we've had calls from a couple of them saying that it has given them the confidence to proceed with investing in northern Melbourne.

**Senator MIRABELLA:** So, it would be fair to say that the purchase by NIC of the option would have been a pretty prudent decision?

**Ms Hallam:** I'm happy to ask the National Intermodal Corporation that question. We certainly were happy to recommend it.

**Senator MIRABELLA:** I think that's all I have.

**CHAIR:** Senator Davey.

**Senator DAVEY:** This is directly relevant. How much engagement was there with the freight market on both sites?

**Ms Hallam:** Considerable engagement; I think we're well aware of the interests of freight transport logistics providers. To be honest, in the market sounding, they were very clear. A lot of them already have a presence at Truganina and so would like to see a terminal built there. In fact, I think the thought that one might be built at Beveridge and that Truganina would be left to wither on the vine was of distress. But a number of them also made the comment in the market sounding that land is very difficult to access at Truganina and so, to facilitate new entrants, it would be prohibitively expensive, which is another reason why Beveridge was encouraged, basically.

**Senator DAVEY:** Are the local councils supportive?

**Ms Hallam:** Very supportive, yes. I think the Mitchell Shire Council Mayor has said that the Beveridge Intermodal can pave the way for jobs and population growth in the region; Whittlesey has expressed its happiness; and I'm due to engage with north-west Melbourne local government areas next week actually, when I expect that they'll have questions about the timing of the investment and the jobs to be created from it.

**Senator DAVEY:** Great; thank you.

**CHAIR:** Senator O'Neill.

**Senator O'NEILL:** I have one clarifying question just on a statement. Ms Hallam, clearly you're excited about infrastructure, as most Australians are.

**Ms Hallam:** Sorry; yes.

**Senator O'NEILL:** When an announcement is made—we can already envision it—sadly, sometimes the front page of the Central Coast newspaper has a vision that never gets delivered. So I guess my question is in response to the statement that you made about how these things stack up. I'm trying to understand the Beveridge option

element that you were referring to. You said that, if that doesn't work out, the \$14.2 billion is 'at risk'. Could you just explain what you meant there?

**Ms Hallam:** Yes. The Inland Rail, I guess, standard train is 1,800 metres long and double-stacked. We cannot connect that reference train to a terminal at Truganina without the development of the Outer Metropolitan Ring rail northern section, which is approximately an extra \$6.5 billion beyond what has been allocated by any government. So, in the absence of OMR north, Truganina will only be able to accept a single-stacked train.

**Senator O'NEILL:** Is that the little bit—because I'm not from Victoria—that requires, as you were telling Senator Watt, a 50-50 partnership with the Victorian government? What's the interaction with the Victorian government on that one?

**Ms Hallam:** No. The Commonwealth has offered to 100 per cent fund the Beveridge facility and to 80 per cent fund the connecting roadworks for the Beveridge facility. Truganina and Outer Metropolitan Ring rail south have offered to fund 50-50 with the Victorian government. Also, it's fair to say that the Victorian government's interest, from our year of negotiations, is more firmly with Truganina and OMR south.

**Senator O'NEILL:** So, in a nutshell, why is \$14.2 billion at risk?

**Ms Hallam:** The business case as to the success of Inland Rail is predicated on being able to unload an 1,800 metre double-stacked train. If we can't unload an 1,800 metre double-stacked train, the value of the proposition is lessened.

**Mr Atkinson:** So, it's more about not being able to bring double-stacked trains at the end of Inland Rail. Basically, they need to be able to get off somewhere.

**Senator O'NEILL:** That's a pretty important detail though. So money can be announced, but if you can't do this double-stacking of the trains—

**Mr Atkinson:** But we can to Beveridge. That's why the decision was made; it will allow double-stacked trains to come off Inland Rail at Beveridge.

**Mr Hallinan:** So it's worth thinking about this as two different—

**Mr Atkinson:** I wouldn't use the language that the 14 is 'at risk'. It's more that, to get the most out of the investment in Inland Rail in the value proposition, you actually need to be able to use the double-stacked trains and get the freight off them; and that's what the decision at Beveridge allows.

**Mr Hallinan:** The Inland Rail route runs through to Tottenham; that's the agreed indicative route with the Victorian government at this point. As part of other projects in Victoria, the Victorian government has asked not to double-stack beyond Beveridge. And in order to have a double-stacked train for Inland Rail—which is a proposition for Inland Rail—we need to be able to double-stack them. So, you can think about the Beveridge project as being double-stacking for Inland Rail, and you can think about Truganina and OMR south as being part of the Victorian project for freight, particularly for the east-west.

**Senator O'NEILL:** Maybe on notice, you could give me something in writing about that and explain the business case dimensions about why that's important. I'd appreciate that because \$14.2 billion being 'at risk' rings alarm bells.

**Mr Atkinson:** I wouldn't say that \$14.2 billion is at risk; it's about getting the best out of the \$14.2 billion.

**Senator O'NEILL:** Yes, that's the business case. So, if you could provide that on notice, that would be fantastic.

**Mr Atkinson:** Yes, no worries. The way to think about it is that it's just the end of the Inland Rail where you can take the freight off.

**Ms Hallam:** But at this point, without Beveridge, double-stacked trains from Brisbane won't be able to proceed south past Parkes.

**CHAIR:** Senator O'Neill, we did an inquiry into Inland Rail and there was quite a bit of detail there. Yes, there's so much detail in that and it's a fascinating topic.

**Mr Atkinson:** Many, many folders' worth. We'll get it on notice. I think what you're after is just an explanation of the value proposition—

**Senator O'NEILL:** Yes, that's great.

**CHAIR:** Senator Watt.

**Senator WATT:** As I've mentioned, I just have a few questions about the announcement regarding the regional hubs, and probably most of the questions I've got are for the minister.

**Mr Atkinson:** I might get Dr Bacon to come to the table.

**CHAIR:** Will 'regional hubs' be supported by department officials from the regional section?

**Mr Atkinson:** Let's have a go at it.

**Senator WATT:** The questions that I've got are fairly high level. If you can't answer them now, we might come back to them a bit later on, if that's okay.

**Mr Atkinson:** Yes, of course.

**Senator WATT:** As I've said, I think probably most of my questions are to the minister, just to put her on notice. What I'm talking about is the announcement through the budget that the government is delivering \$7.1 billion to turbocharge our regions. That funding runs through a number of regions and will be provided in a number of different projects. Minister, basically four regions have been selected for this funding: the Northern Territory, North and Central Queensland, the Pilbara region in WA and the Hunter region in New South Wales. Minister, can you tell us how those four regions were selected?

**Senator McKenzie:** Senator, I'll go to—

**Mr Atkinson:** Can I start?

**Senator McKenzie:** I was going to give the question to Rachel. If the secretary wants it, he can answer.

**Senator WATT:** I've asked the minister.

**Senator McKenzie:** As you'd appreciate, for this part of the program I'm representing the infrastructure minister, so it is highly appropriate for me to go to the secretary of the department to outline the process by which these areas were selected.

**Senator WATT:** Did you have any discussions with Minister Joyce? I presume that he is the one we're talking about, when you say 'the minister'?

**Senator McKenzie:** He's the Minister for Infrastructure.

**Senator WATT:** Yes. Did you have any discussions with Minister Joyce about which regions would be selected for this program?

**Mr Atkinson:** Senator, could I just—

**Senator WATT:** Can I get an answer to that question?

**Senator McKenzie:** This was a decision of government.

**Senator WATT:** All decisions that we ask about are decisions of government. My question was whether you had any discussions with Minister Joyce about the selection of these four regions.

**Senator McKenzie:** As you would appreciate—I hope, Senator Watt—bringing down a budget requires discussions in a range of fora of government which remain confidential for very good reasons.

**Senator WATT:** So are you suggesting that this is—

**Senator McKenzie:** When I say 'these were the decision of government', that is what I mean. I will refer to the secretary now to outline the process for how these regions were determined.

**Senator WATT:** Hang on, please. I've got questions for you, Minister. I don't know why you're so eager to refer these questions away to other people.

**Senator McKenzie:** Because I'm trying to be helpful.

**Senator WATT:** Can I ask you these questions, please? In referring to fora of government that we can't talk about, are you suggesting that it was a Cabinet decision?

**Senator McKenzie:** I'm saying that it's a decision of government.

**Senator WATT:** Okay; but you still haven't answered my question.

**Senator McKenzie:** I have. You don't like it, but it's the answer.

**Senator WATT:** My question was whether you had any discussions with Minister Joyce about which regions were selected. Could you answer that question, please?

**Senator McKenzie:** The regions were selected by the government.

**Senator WATT:** I'm not quite sure how I can make this question clearer. Did you have any discussions with Minister Joyce about which regions were selected?

**Senator McKenzie:** Outside of Cabinet and ERC? Is that your question?

**Senator WATT:** Yes.



**Senator McKenzie:** No.

**Senator WATT:** So, any discussions that you may have had were within fora that you don't want to talk about?

**Senator McKenzie:** That we can't talk about, and these were decisions of government. If you want to go to the process of how these were determined under this particular initiative, the secretary and the department will be able to advise you of the process that the government went through to determine and arrive at the best decisions.

**Senator WATT:** So, we can glean from what you're saying that it was a decision of Cabinet or ERC to select these hubs?

**Senator McKenzie:** It was a decision of government. I can't be clearer than that.

**Senator WATT:** Mr Atkinson or Dr Bacon, would you like to briefly explain the process that was gone through to select these regions?

**Mr Atkinson:** Yes. It was through normal budget processes; that's how the considerations were done. The important thing about this particular plan is that it's a new paradigm for regional investment that's focused on opening up large economic activity that's actually going to contribute to the long-term national economy and is particularly focused on new export areas, as the economy transitions over the next 20 or 30 years. These are big investment areas based on a model of leveraging off large infrastructure investments where there are already comparative advantages in those regions, particularly for future energy exports, in terms of hydrogen and ammonia as well as critical minerals which have a very strategic importance. So, this is a really big and important change in how we go about infrastructure investment to support export markets. The identification of these was done through those budget processes—

**Senator WATT:** Was any economic or social modelling undertaken to determine the location of these hubs?

**Mr Atkinson:** I wouldn't use the word 'modelling'; as I often say, that has very specific meanings. I would say that 'analysis' was done around which regions have particular characteristics. I might get Dr Bacon to just talk about the characteristics of the regions that allowed the focus on this. One thing I would just add is that this shouldn't be seen on its own in terms of regional development. This is a regional development piece that's actually linked into major infrastructure investment as well as future export markets and driving economic growth for the future economy. But, from a regional perspective, it needs to be read with the other \$2 billion, which is nationwide, as well as PBRF, which is also nationwide. The focus is actually on macroeconomic pieces of—

**Senator WATT:** Okay. Before I get Dr Bacon to explain any further: Minister, talking about the characteristics of these electorates and these regions, it just so happens that the four regions that have been chosen for extra funding under this program by, ultimately, Minister Joyce and the government are North and Central Queensland, regions with lots of National Party seats that are under threat at this election; the Hunter region, with lots of Labor seats that the National Party is targeting; the Northern Territory, which has a marginal seat that the Country Liberal Party, otherwise known as the National Party, is targeting; and the Pilbara region, which is chock full of National Party donors—and that is just a total coincidence, is it?

**CHAIR:** Senator Watt, as a northern Australian I really just would like to ask you to be—

**Senator CAROL BROWN:** On a point of order, Chair, you are supposed to be chairing—

**CHAIR:** I am. Thank you for your advice, Senator Brown.

**Senator CAROL BROWN:** You're trying to tell the questioner the way they are supposed to be asking questions, because you want to put a bit of commentary on it. I think you should just let the senator ask the question and the people at the table answer.

**CHAIR:** Senator Brown, I am very grateful for your advice and your consultation on how I chair. Senator Watt, please remember that you are talking about parts of the country, as the northern Australia shadow minister, that I am sure you are also equally supportive of.

**Senator WATT:** I know. What I am supportive of is a government that does not roort public funds for its own political benefit.

**CHAIR:** Senator Watt—

**Senator WATT:** If I could just ask my questions, please: Minister, is it just a coincidence that the only four regions that have been chosen for this program are regions being heavily targeted by the National Party in this election?

**Senator McKenzie:** Senator, we are not targeting the seat of Durack, which is held by Melissa Price.

**Senator WATT:** As I said, there are a lot of National Party donors in the Pilbara.

**Senator McKenzie:** And as Dr Bacon has outlined to you, these regions were selected on quite specific and detailed criteria.

**Senator WATT:** I don't think we'd need to ask these questions if this government did not have a track record of grossly roting public funds for its political benefit—the National Party in particular.

**CHAIR:** Is that a question, Senator Watt?

**Senator WATT:** Minister, did you bring out some of those colour-coded spreadsheets that you are known for to choose these regions?

**Senator DAVEY:** On a point of order, that is absolutely irrelevant to the line of questioning.

**Senator WATT:** It is highly relevant and you know it, and that's why you're so defensive about it.

**Senator McKenzie:** Senator Watt, you continue to make your very cheap political points.

**Senator WATT:** They are not cheap. They are \$7 billion worth. It's \$7 billion of public funding.

**Senator McKenzie:** Dr Bacon has outlined the process that the government went through to select these regions, and she has been quite clear about that.

**Senator WATT:** So were there any colour-coded spreadsheets this time, or did you pack them away after sports rorts? Minister, any colour-coded spreadsheets?

**Senator McKenzie:** I'm not answering those questions.

**Senator WATT:** You're not answering that question?

**Senator McKenzie:** No, I am not, Senator.

**Senator WATT:** Why?

**Senator McKenzie:** Because it is trite and pathetic.

**Senator WATT:** You're not willing to answer questions about the track record of your government?

**Senator McKenzie:** I have actually answered questions about how these four regions were selected. It was a decision for government. Dr Bacon has been through the details. I'm sure she could provide more details if you were really interested in how these regions are going to contribute to the wealth generation of our nation, but I suggest that is actually not the purpose of your questions.

**Senator WATT:** So if there weren't colour-coded spreadsheets this time, was there a colour-coded map, maybe a bit like that one?

**Senator McKenzie:** Do you want to make sure the media come down to get a shot of that, Murray, or is someone actually in your office, clicking the video?

**Senator WATT:** There it is.

**CHAIR:** Is this a prop, Senator Watt, that you're using to identify where northern Australia is?

**Senator WATT:** It is only the Hunter region, which the National Party is chasing; north and Central Queensland, which the National Party is trying to hang onto; the Northern Territory, which the National Party is chasing; and the Pilbara, which has lots of your donors. But every other part of regional Australia doesn't get included. Why is that?

**CHAIR:** Senator Watt, this is terrific news, that you've bought a map of northern Australia. As the shadow minister for northern Australia it's great you have that.

**Senator McKenzie:** I'll let Dr Bacon answer why these regions were selected.

**Senator WATT:** No, you are the minister. You are the representing minister. I am asking you. I've even coloured the map a nice National Party green for you to make it easy to understand.

**Senator McKenzie:** You bought the map. I hope someone's clipped it. You should have actually coloured Kennedy, which is held by an Independent.

**CHAIR:** Yes, Kennedy is an Independent.

**Senator McKenzie:** Lingiari and Solomon are both held by the Labor Party.

**Senator WATT:** Which you are chasing at this election. We all know it.

**Senator McKenzie:** I hope in an election Australians of all electorates get a choice of candidates.

**Senator DAVEY:** I think Senator Watt is implying that Labor would not fund any of these regions.

**Senator WATT:** No, when in any way have I suggested that?

**Senator WHISH-WILSON:** Chair, could I make a point of order, please? There just seems to be some debate going on in the room between senators. Could you perhaps call the senators to order and let Senator Watt continue his questioning without interjection?

**CHAIR:** Senator Watt, could you ask a question, please? I see you've brought a prop.

**Senator WATT:** I have asked questions. Why does southwest Queensland get excluded? That is a regional area? Is it because it is a safe National Party area? Why is northwest New South Wales excluded? Is that because it is a safe National Party area?

**CHAIR:** Senator Watt, you're excluding the Labor Party seats that are held in those regions.

**Senator WATT:** Minister, you always bang on about how much you love regional Victoria. There is nothing in regional Victoria and nothing for regional South Australia.

**CHAIR:** Senator Watt, you're not being very accurate in your representation.

**Senator WHISH-WILSON:** Chair, on a point of order, that is actually the minister's job, to respond to Senator Watt, not your job. You're supposed to be impartial as the Chair.

**CHAIR:** Sorry, as a northern Australian I am just offended by the lack of understanding.

**Senator McKenzie:** Chair, I am trying to be helpful for Senator Watt, and I think his question goes to how else our government is supporting broader rural and regional Australia through our budget and through the investments we have made.

**Senator WATT:** No, that's not my question.

**Senator McKenzie:** I know the secretary in his opening statement made some commentary. I think it was \$19 billion since we last met like this, so I am very happy for the department to outline to you the raft of projects, programs and investments our government is making for the broader rural and regional community. Or are you simply needing more detail on how these four regional hubs were chosen? What is your question? Be helpful, Senator.

**Senator WATT:** I acknowledge that you're trying to rephrase my questions to make them into things that I am not asking. What I'm asking is why the only four regions selected for this program worth \$7 billion of taxpayer funds are being shovelled into electorates that the National Party either holds with small margins or is chasing with small margins and every other part of regional Australia, which the National Party holds safely, is excluded? Why?

**Senator McKenzie:** I completely reject the premise of your question, Senator, and I have tried to make that clear. This was a decision of government. Dr Bacon can run you through the criteria used for selection. To the broader point, federal elections are contested spaces, and to suggest that we should not be investing in areas of need or in areas of opportunity, which these four—

**Senator WATT:** Is regional Victoria not an area of need or opportunity?

**Senator McKenzie:** If you are really interested, I am very happy to get the secretary to outline in detail every single project in Victoria, South Australia, Tasmania, Western Australia, the Northern Territory, Queensland and New South Wales.

**Senator WATT:** But why have they been left out of this program?

**Senator McKenzie:** Our government has made the biggest investment in rural and regional infrastructure in our nation's history, and we're very proud of that.

**Senator WATT:** So regional Victoria is not a region of need or opportunity, to use your words?

**Senator McKenzie:** That is not what I said, Senator. Chair, can I not be verballed, please?

**Senator WATT:** You said this program is about regions of need or opportunity, so why are the other ones not classed that way?

**Mr Atkinson:** Senator, these characteristics we talked about were actually about long-term potential for national economic growth, and I think the key differential point for the places you are talking about is that it is also focused on export potential. That is why I was talking about hydrogen energy.

**Senator O'NEILL:** There is no export potential in Farrer or Parkes in New South Wales?

**CHAIR:** Well, there are no ports in Farrer.

**Senator O'NEILL:** That means they don't export? Is that right?

**CHAIR:** No, come on, please.

**Senator O'NEILL:** They are taking Nationals seats for granted. That's what this map shows. Take the Nationals seats for granted and go chasing billions of dollars. That's what's going on.

**Senator WHISH-WILSON:** Take control, Chair.

**CHAIR:** Senator O'Neill, just give it a rest, please. Senator Watt, can we just let Mr Atkinson finish his point and then we will go back to you.

**Mr Atkinson:** Senator, as I was saying before, the criteria are actually focused around where you have potential for large infrastructure investments to unlock future economic growth that is going to make a difference to the national economy, in particular with respect to new export markets, which is really focused around energy and hydrogen and ammonia exports, as well as critical minerals and opening up capacity for future agricultural exports.

**Senator WATT:** Come on. Anyone who knows anything about hydrogen knows that there is hydrogen being exported in Tasmania, in South Australia and in Victoria, for example. Minister, you cannot seriously be telling us that the only part of New South Wales that has export potential is the Hunter Valley. The Hunter Valley has a lot of export potential, but—

**Senator McKenzie:** Again, I don't think that's the case that's been made at all, Senator.

**Senator WATT:** Well why have they been left out? It has nothing to do with margins. Minister, you know very well that your government won the last election by rorting sports grants, rorting car park grants and rorting other infrastructure grants.

**Senator McKenzie:** I don't think Andrew Leigh's actual academic article shows that, if you read his academic article.

**Senator WATT:** It is just a coincidence that before this election we get a map of Australia that targets \$7 billion only at electorates the National Party wants to win. Deidre Chambers, what a coincidence! You guys just never give up, do you. You never learn. You never give up rorting public funds.

**Senator McKenzie:** I might get the secretary to outline the investment that our government has been making in rural and regional Australia, who do predominantly vote for the coalition.

**CHAIR:** Senator Watt, do you have another question to ask?

**Senator O'NEILL:** This is rorting on steroids. Most of the country misses out. Well, all the bits they take for granted do.

**CHAIR:** Senator Watt, I think you have asked that same question for about the last five or six minutes. Would you be happy if I share the call now, please?

**Senator WATT:** In terms of the funding \$7.1 billion has been allocated for this latest round of rorts by the government. How much of that is in the forward estimates?

**CHAIR:** Senator Watt, are you directing this as a general question?

**Senator WATT:** That's probably something for the officials.

**Mr Atkinson:** Senator, that's outlined in budget paper 2.

**Dr Bacon:** Secretary, while you're looking for that, I can give you some information about the profiling for the administered amounts that are set out in the budget. If you are interested particularly in the forward estimates period, as of 29 March the information I have here is that in 2022-23 there is \$108.4 million in administered funding, in 2023-24 there is \$207.5 million, in 2024-25 there is \$462.6 million and in 2025-26 there is \$585.5 million. That is the forward estimates period, Senator, that you were mentioning.

**Senator WATT:** And in BP2 the figures are roughly the same. It adds to about \$1.5 billion, I think, over the forward estimates.

**Mr Atkinson:** That's right.

**Senator WATT:** Minister, why does your government have this continual pattern of going out and grossly inflating the figures that it is spending? You claim that you're spending \$7.1 billion in this. You look at the fine print and you see that's over 11 years and in fact it is only \$1.5 billion over the four years. We have a range of questions along these lines. Why not just tell people what you are actually going to spend in the next four years, rather than working out what you are going to spend in 2082 and rolling that in as well?

**Senator McKenzie:** The profiling of the significant investments that our government has made in infrastructure projects over the last three periods of government very rarely are contained within the forward estimates.

**Senator WATT:** Yes, because you don't spend any money in the forward estimates.

**CHAIR:** Senator Watt, let her finish.

**Senator McKenzie:** As you would understand, I would assume, as a shadow who aspires to one day be sitting here, infrastructure projects take a long time, and you cannot actually get them completed, with iconic projects like Inland Rail, in four years. Is that what you're suggesting?

**Senator WATT:** No, but your government has made an art form—

**Senator McKenzie:** I will go to Secretary Atkinson to be helpful for Senator Watt in terms of how we profile infrastructure spending for larger projects such as this.

**Senator WATT:** Minister, it is not for you to decide—

**Senator McKenzie:** Under the standing orders I'm allowed to refer questions to any official at the table, as you'd know, because I'm sure you're right across them. I'm referring the question to the secretary.

**Senator WATT:** Minister, I think anyone who has been observing—

**CHAIR:** Senator Watt, did you want the answer provided as you've asked of the minister?

**Senator WATT:** What I'd actually like is answers from the minister about the actual questions I am asking, rather than the minister trying to reframe the questions.

**Senator McKenzie:** You asked me why we did not profile the \$7.1 billion over the forward estimates, four years. I gave a general comment, Senator, about how we profile large sums of money into large projects which take a long period of time in this particular department. They are not completed within four years, and Secretary Atkinson can give you more detail.

**Senator WATT:** I'm happy to hear from Mr Atkinson, but Minister, you have to acknowledge that your government has made an art form out of exaggerating the figures that it's going to spend on infrastructure projects for the announcement, only to—

**CHAIR:** Senator Watt, I don't think that's a question. You're making a statement. If that's the end of your questions—

**Senator McKenzie:** If you win the election, aren't you going to build these? Is that what you're saying? Is that the purpose of this?

**Senator WATT:** When have I ever said that? That is nonsense.

**CHAIR:** Okay, that is now commentary. Senator Watt, I'm going to share the call with Senator Whish-Wilson, and we'll come back to you, thank you.

**Senator WHISH-WILSON:** My questions also relate to the \$7.1 energy security and regional development plan, in particular \$300 million to support low-emissions LNG and clean hydrogen production at Darwin, together with associated carbon capture and storage infrastructure. It says on page 20 of the Department of Industry, Science, Energy and Resources portfolio budget statement:

Darwin is positioned to become one of the world's leading low-cost clean energy hubs, with access to excellent onshore and offshore natural gas and greenhouse gas storage resources, including the Beetaloo and Petrel basins and the Barossa and Bayu-Undan fields.

So my first question is: where did this policy come from, and whom did you consult with on the \$300 million for carbon capture and storage and developing that?

**Mr Atkinson:** Are you talking about whom we talked to with respect to the model for the Northern Territory and Middle Arm?

**Senator WHISH-WILSON:** Yes. Firstly, perhaps if I could step back, could you confirm that it is Darwin that you are going to spend the—

**Mr Atkinson:** And south.

**Senator WHISH-WILSON:** Darwin and the fields south, like Beetaloo.

**Mr Atkinson:** The one thing I'd have to be careful of is I don't want to pre-empt further government announcements. So we have our published material.

**Senator WHISH-WILSON:** No worries. So where does a project like this come from? Who originated it?

**Mr Atkinson:** The model of infrastructure-led economic investment was part of our policy development through the budget processes, the concept of building major infrastructure to facilitate new industries as the economy transitions into a lower carbon model.

**Senator WHISH-WILSON:** I understand. Sorry, I do have limited time. The \$300 million in particular for gas and developing carbon capture and storage, who originated that allocation within the budget? Can you talk us through that process? Does a company come to you and say, 'We've got these untapped gas resources that would be great for the nation and great for exports'?

**Mr Atkinson:** It would usually be the state and territory governments, but I will pass to Dr Bacon.

**Dr Bacon:** Senator, I understand you have limited time, but we did do a lot of very detailed and comprehensive policy work that sits behind these announcements. So the analysis included analysis with our infrastructure investment division colleagues, our water grid colleagues and Infrastructure Australia looking at all of our region's data. We also worked very closely, which goes to your particular questions, with our industry colleagues who have portfolio responsibility for the processes that sit behind some of the specific content of your questions. There is a hydrogen hub process, for example, that our colleagues in the department of industry are managing, and we have worked very closely with them, given that they are colleagues with the expertise, across portfolios to be able to provide advice on projects that are relating to issues like hydrogen or carbon capture.

**Senator WHISH-WILSON:** So you would have consulted closely with commercial industry, then?

**Dr Bacon:** We've worked very closely with our Industry colleagues.

**Senator WHISH-WILSON:** Industry colleagues in the public service?

**Dr Bacon:** My mistake—department of industry.

**Senator WHISH-WILSON:** And the Northern Territory government.

**Mr Atkinson:** Yes. I think the specific answer you are after about that \$300 million and where the thinking of it came from is probably best directed to the secretary of industry science.

**Senator WHISH-WILSON:** Why?

**Mr Atkinson:** Purely because we have overarching responsibility for the package, but various elements of it are administered and have their policy responsibility in other parts of the service.

**Senator WHISH-WILSON:** I could put more detailed questions on notice, but I'm particularly interested in at what point we'll have data or details as to what specific projects that \$300 million will be going towards.

**Dr Bacon:** There is a process to be undertaken there, Senator. Essentially for the initiative in terms of its implementation and delivery the process from here is firstly to engage with the states to shape the economic partnership that has been announced to prioritise and sequence the projects.

**Senator WHISH-WILSON:** Could I just ask on that point, before you continue, Dr Bacon, will the money essentially be flowing to the Northern Territory government, or will this be through grants?

**Dr Bacon:** We need to look in a lot of detail at the particular types of projects that have been part of the announcement. They are project opportunities that we need to work closely with the Northern Territory government on. We also need to be engaging with industry about the particular project opportunities. We need to look at the project priorities and the sequencing of those.

**Senator WHISH-WILSON:** By industry do you mean your industry colleagues again or commercial industry?

**Dr Bacon:** Sorry, in that context I actually mean companies who would look at potentially investing in or being proponents of some aspects of projects.

**Senator WHISH-WILSON:** Could I just stop you on that point and go back to my earlier question: surely you have already spoken to commercial industry about these opportunities?

**Dr Bacon:** Our colleagues at the department of industry would have regular engagement with their industry stakeholders about all of these types of opportunities and potential project opportunities.

**Senator WHISH-WILSON:** Do you know if those industry stakeholders originated this idea, this principle, that \$300 million should go to developing gas projects?

**Mr Atkinson:** That is the question I think is best directed to them, as in the department of industry.

**Senator WHISH-WILSON:** I will put some more detailed questions on that specific stuff on notice. DISER's portfolio budget statement notes this money is 'subject to the completion of business cases that demonstrate net benefits'. Who is in actually in charge of producing the business cases? Is that you guys?

**Mr Atkinson:** We will have overarching responsibility for the full package, and various elements of it will be administered by different departments that have policy responsibility. We are working with the department of industry on that allocation of administrative arrangement now, and we will do whatever is best fit for purpose. If

we have existing programs that can deal with things then that will work, but we also need to go and do bespoke business cases on many of the things in the package.

**Senator WHISH-WILSON:** Because the package is going to be full of lots of different things, presumably.

**Mr Atkinson:** Yes. So, for instance, port infrastructure would be us.

**Senator WHISH-WILSON:** Okay, like pipelines, for example, or port terminals, LNG facilities, gas wells.

**Mr Atkinson:** Port terminals are an obvious infrastructure one, whereas moving to, say, any sort of gas facility or hydrogen-based things I suspect would be administered by the department of industry.

**Senator WHISH-WILSON:** As a matter of interest, just thinking about it theoretically, if you are contributing to infrastructure that is enabling, for example, the development of the Beetaloo basin, is that capitalised by the commercial interests who are developing that in their balance sheet, or is it owned by the government?

**Mr Atkinson:** Ordinarily we would be doing supporting infrastructure that opens up areas, so rail and road type things, public infrastructure. But are there any specifics, Dr Bacon?

**Dr Bacon:** I don't have that level of detail at this point. Our next step in the process would be to engage with state governments and engage with private industry about the different project opportunities, and some of that work will involve more detailed business casework, engineering designs, looking at some of these financials.

**Senator WHISH-WILSON:** Do you have any time lines for that?

**Mr Atkinson:** Just as a principle what we're trying to do is create public infrastructure and common-user infrastructure that facilitates future business, rather than direct funding. But the department of industry I think do have some grant programs directly.

**Senator WHISH-WILSON:** Will that be part of this, specific grant programs giving money to commercial enterprises?

**Mr Atkinson:** You are talking inside of that \$300 million? I think you would have to ask DISER around what their thinking in the industry space is.

**Dr Bacon:** Senator, once we have prioritised and sequenced the different projects, as part of that work we would be looking at the best delivery mechanism for each element of each of the projects, and so we can't give you the detail today on what the different delivery mechanisms for each element of different projects will look like. That is the next step in the work that we now need to undertake in partnership with the states and closely engaged with the department of industry.

**Senator WHISH-WILSON:** Will you be working on the legislative instruments to enable this through parliament?

**Dr Bacon:** If there are particular legislative amendments that are required to facilitate or enable, I'm not sure yet if that's going to be the case, but to this point in the policy development work it has essentially, as the secretary was indicating, been a whole-of-government effort working across government, across our department, on the detailed policy work to this point. We need to broaden that whole-of-government work to include the state governments, to include private industry and to really get into the nuts and bolts of things like engineering designs, business cases et cetera for different project opportunities.

**Senator WHISH-WILSON:** So when will you have a timetable for us in parliament, apart from the details of what you're going to be investing and what this looks like?

**Mr Atkinson:** Once we have finished estimates, we're going to go out and sit down with our state and territory colleagues to actually work with them on the timing. We wouldn't want to pre-empt that. We will be moving quickly as we can, but we need to make sure that we do it properly. For instance, doing design work on port expansions and working out the commercial models of those things are things that you need to do very carefully and will take quite a bit of time.

**Senator WHISH-WILSON:** I won't go into Senator Watt's line of questioning, but I suppose that is part of it. Typically would your business case take into account the social costs of any scope 1, 2 or 3 carbon emissions from an investment like this in opening up new gas fields, given we are in a climate emergency?

**Dr Bacon:** I think it will take all of those things into account: the economic applications, social implications, environmental implications. Part of the government policy here, as the secretary has explained, is an infrastructure-led approach to regional development, and part of the key policy element in that is to actually take a very integrated approach, where there is major infrastructure investment and development occurring, and look at

how that works around more holistic, economic, social and environmental outcomes. So carbon capture, for example, is one of the project opportunities that have been talked about in the announcement.

**Senator WHISH-WILSON:** What kind of carbon capture, as a matter of interest?

**Dr Bacon:** I am sorry, Senator, to frustrate you again. We have been working with our colleagues in the department of industry who have expertise in relation to those elements of projects.

**Senator WHISH-WILSON:** Does it concern you that Chevron's biggest carbon capture project in the world has been a complete failure?

**Senator McKenzie:** Chair, I think that's an opinion.

**CHAIR:** Sorry, Minister, I missed that.

**Senator WHISH-WILSON:** I mean, in terms of your looking at the risks of this project and assessment—

**Mr Atkinson:** Senator, we are firmly now in the department of industry's responsibilities there.

**Senator WHISH-WILSON:** No worries. I will direct some questions to them. Just quickly, then—Chair, do you mind if I take it out for the next couple of minutes, until the break?

**CHAIR:** No, the break is at 10.45, and Senator Antic has questions too.

**Senator WHISH-WILSON:** Alright, just one more question, then Senator McCarthy. You also have the glossy *Building Australia and strengthening our regions* pamphlet from the budget, which states there will be \$2.6 billion for transformative infrastructure across the Northern Territory. Can you provide us with a breakdown of what projects are going to be spent within that \$2.6 billion allocation? In particular Middle Arm is mentioned to be transformed into an industrial and low-emissions energy hub. What actual industries are you referring to there?

**Mr Atkinson:** Senator, I can speak generally, but once again I don't want to get into the realm of making announcements on the government's behalf. The key areas of focus are about clean energy in terms of hydrogen, as well as critical minerals exports.

**Senator WHISH-WILSON:** Could I just stop you for one second there? By clean energy, rather than talking about green energy for hydrogen, you are talking about the potential application of gas to make hydrogen?

**Dr Bacon:** Senator, my understanding from my department of industry colleagues is that there are different types of clean energy in different geographic locations, depending on the infrastructure and the geographic location.

**Senator WHISH-WILSON:** Okay, but you can't rule that out, though?

**Mr Atkinson:** It's blue and green hydrogen.

**Senator McKenzie:** With respect, Chair, this is absolutely in the purview of the industry department.

**CHAIR:** Yes, the secretary has pointed that out.

**Senator McKenzie:** The officials have pointed that out a couple of times, so maybe we could redirect the good senator to the industry portfolio to have this level of detail.

**Senator WHISH-WILSON:** It is actually directly relevant to this department, especially when you are talking about in the budget papers an industrial and low-emissions energy hub and talking about clean energy.

**Senator McKenzie:** Oh, I know it's relevant. That's why the two departments are working together.

**Senator WHISH-WILSON:** Does the secretary understand clean energy to be hydrogen made from gas, or are you talking about renewable energy making hydrogen under this fund that is under your purview?

**Mr Atkinson:** I will take on notice exactly which model that is, but obviously there are multiple types of blue and green hydrogen. I would have to look at the specifics.

**Senator WHISH-WILSON:** My understanding from speaking directly to the commercial enterprises—you'd be surprised; I have actually spoken to the people who are trying to make hydrogen from gas—is they classify it as clean energy if they are offsetting the use of gas somewhere else in the grid, but they are planning to use gas to make hydrogen.

**Mr Atkinson:** There is also I think a lot of work on solar as well, and obviously we have vast solar capacity in those parts of Australia, which could contribute significantly to energy exports.

**Senator WHISH-WILSON:** But is that the plan for this, or are we developing Beetaloo to make blue hydrogen and dressing it up as clean hydrogen?

**Mr Atkinson:** I think that you would probably need to talk to the department of industry about that.



**Senator ANTIC:** We've talked a little bit about the selection of the regions, but I am just interested to hear a little bit more from the department about the types of commodities that are actually being supported by these port projects now and into the future. What are we looking at across those four regions, and what does that look like for Australia's exports?

**Mr Atkinson:** I think the key elements, Senator, are actually going to be hydrogen and ammonia capacity, particularly with common-user facilities; export capacity, upgraded ports and those sorts of things; and critical minerals capacity, which is a very important emerging market, as well as supporting advanced manufacturing in that space and, certainly in the Burdekin space, additional green hectares of food production, which will also feed into exports through Townsville.

**Senator ANTIC:** So these are pretty important projects for the future. You mentioned critical minerals there and the importance of those in terms of advanced manufacturing, electronics and that sort of thing. These are sort of futureproofing?

**Mr Atkinson:** Yes, there is a geostrategic element to critical minerals and making sure that there is a diverse market for availability of those, particularly as inputs to iPhones and those sorts of things.

**Senator ANTIC:** And were the dollar values, the export dollar values, of those commodities considered along with those geostrategic elements when these projects were being funded?

**Mr Atkinson:** Senator, I would not make it precisely that specific, because we still have to work through the individual infrastructure choices that will support these things, but yes, the idea is to create additional economic activity and export capacity in Australia as the economy changes over the next 20 or 30 years, and investing in public infrastructure for those purposes I think is actually very important for the future economy.

**Senator ANTIC:** We have seen elements in other regions where those port facilities have been able to be repurposed sometimes. I know there have been some down in parts of regional South Australia and Portland, which is just outside but close, where facilities have perhaps started with one particular product and then turned into woodchipping because the region does it. Presumably all that stuff is factored in as well and there's the prospect of futureproofing? We don't know what the future looks like sometimes with these projects, but are those the sorts of things we're also taking into account?

**Mr Atkinson:** As part of the business case and detailed design of port facilities and those sorts of things, those will be taking into account what all future potential uses might be.

**Senator ANTIC:** Tipping in from that, are there any other broad community benefits that we get from these projects? We've heard them attempted to be characterised today as pork-barrelling and all that sort of nonsense, but the reality is these are pretty important projects for the communities, aren't they, in terms of delivering jobs and other aspects to this that are not just simply export related?

**Mr Atkinson:** Yes, there are aspects to that. I've focused on the macroeconomic reasoning behind these investments, because they are big infrastructure investments, much like many of our other big infrastructure pieces that unlock economic opportunity, but of course these sorts of things will facilitate future industries and create jobs not just in the construction phase but in the ongoing activities around all of these sorts of things.

**Senator ANTIC:** Can you give us some sort of idea of broadly what we're talking about there? We're talking about putting in a piece of infrastructure, jobs to build it, jobs to run it in the future, the correlating industries around that, the build-up through. Are they the sorts of things we are taking into account?

**Mr Atkinson:** If you had something like a common-user facility, a piece of port export infrastructure linked to a rail link that facilitates opening up mining of critical minerals, you'd have an entire supply chain, as well as an advanced manufacturing process in the middle of that. So there is an important export component to that, but there will be jobs as well.

**Senator McCARTHY:** I would like to go to, just following on from Senator Whish-Wilson there in relation to the Northern Territory, if I could, Mr Atkinson, the \$1.5 billion to build new port infrastructure, such as a wharf and offloading facility, and dredging of the shipping channel. Can you walk me through just what the plans are there and how this came about?

**Mr Atkinson:** I will start with how it came about, because we've been working with Northern Territory government for some time about the economic future of the Northern Territory and working with them on what infrastructure can potentially support the Northern Territory going forward and the growth of their economy, and so we've been working very closely with them around what those opportunities are. I might get Dr Bacon to just expand a little bit. Once again I do not want to jump too far in advance of announcements and detailed business

cases and design work, but we have had proposals that we have been working on the Northern Territory government on.

**Senator McCARTHY:** So how long has that been going on for?

**Mr Atkinson:** I've been talking to the Northern Territory about their budget circumstances for at least two years, and when I was in Treasury I was talking to the Northern Territory government about their budget circumstances.

**Senator McCARTHY:** This concept of \$1.5 billion for new port infrastructure has been going on for two years?

**Mr Atkinson:** Sorry, I am just talking about the broader economic and fiscal circumstances in the NT and the need to support economic growth and opportunity.

**Senator McCARTHY:** So when did the port infrastructure come up as a significant area of funding?

**Mr Atkinson:** I might pass that to Dr Bacon. She'll be across that.

**Dr Bacon:** As the secretary said, there have been many conversations over a number of years now with colleagues in the Northern Territory government about the work that they have been doing, including on the Middle Arm precinct, and the types of infrastructure that would actually enable the export manufacturing downstream kinds of opportunities that the Northern Territory has the potential to capitalise on, but obviously these are quite expensive pieces of infrastructure that are required to enliven that potential. So the types of things that the Northern Territory government have been talking to us about include things like a wharf, an offloading facility, dredging of the shipping channel. Common-user facilities I think will be an important element there, and that is also taking into account how you would facilitate connection with energy supplies and connection with water supplies, as well as transport linkages and connections going in and out of a port to enliven the transport of commodities to a port, with a processing facility on location, and then the export of those. So there are a lot of different parts of infrastructure that would enable all those different things. They have all been spoken about in the context of the announcement, so there are other things that include water, for example, also looking at energy sources. But those conversations, particularly about the Middle Arm precinct and the nature of the projects that would be required to support that, have been under way with Northern Territory colleagues for a number of years now, and I am conscious that they've done a lot of work.

**Mr Atkinson:** Could I just add one thing? It is important in the context of this to note that the Northern Territory government does not have the fiscal capacity to do this themselves.

**Senator McCARTHY:** They have not for a very long time, Mr Atkinson. It is just interesting to see \$2.6 billion appear right now, so I'm trying to understand what the process has been. Can you give us some time line, though, in terms of the \$1.5 billion to build new port infrastructure, Dr Bacon? That is where I'm trying to get to here. You have both said 'over the last couple of years'. Obviously you have had ongoing conversations, as you would expect, with the Northern Territory, but when did this precisely begin in terms of putting forth this for an announcement?

**Mr Atkinson:** In the very original budget discussions 18 months ago?

**Dr Bacon:** Before that as well, I think, Secretary.

**Senator McCARTHY:** Sorry, I did not hear that, Mr Atkinson.

**Mr Atkinson:** Sorry, I said thought it was in budget discussions with the NT government, with our territories responsibilities, as opposed to infrastructure and regional. I thought it was about 18 months, but Dr Bacon is correct in saying it was longer than that.

**Dr Bacon:** That is right. Unfortunately to give you a precise time line we would need to go back and look through all of our records over I would say potentially a three- or four-year period, because my understanding is that the Northern Territory government have been working on some of these proposals and have actually done quite a lot of work underpinning what the opportunities are and what kind of infrastructure would be required over at least three or four years now around Middle Arm, for example.

**Mr Atkinson:** They have formally written with specific requests at points in time though, so we can get that on notice for you.

**Dr Bacon:** Yes, we could look through our records and give you the key points.

**Senator McCARTHY:** I will follow up with that, Dr Bacon, but can we just go to the \$440 million to build new logistics hubs at Alice Springs, Katherine and Tennant Creek. How did that come about?

**Dr Bacon:** Again I think, Senator, there have been a range of conversations over some time, months if not years, including with our Office of Northern Australia colleagues as well, about the opportunities there are around logistics hubs in those locations.

**Senator McCARTHY:** So what will they do? What are the logistics hubs meant to do?

**Dr Bacon:** To add, Senator, to give the context, as the secretary was saying, part of the policy intent around the Northern Territory announcements is to enliven opportunities around critical minerals export, for example. You would know better than I about the locations of different critical minerals deposits and the transport connections that would be required to get the infrastructure around the port in Darwin connected to those emerging critical minerals opportunities.

**Mr Atkinson:** Senator, you will have seen the map with the linkages of critical mineral deposits and opportunities heading south all the way down past Katherine towards Alice Springs, and the idea is to build infrastructure to allow the connection through to export ports and a logistics hub to support the opening up of those capacities. Also I think there's going to be rail passing loops and things to enable the on-track activity that will be necessary.

**Senator McCARTHY:** So when do you expect the hub, say, in Tennant Creek to be set up?

**Dr Bacon:** As we were saying to Senator Whish-Wilson, our next step in this process is to have more detailed engagements with our Northern Territory government colleagues in the first instance, in light of these announcements, on what the priority projects are and what the time frames for those are and look at the precise engineering designs, business cases et cetera where those are not yet complete. So I would have to take it on notice, Senator, in the sense that we are yet to have those detailed conversations with the Northern Territory government colleagues to be able to come back and precisely answer your questions about the detail.

**Senator McCARTHY:** It's just that it is really important to understand this decision has come out of the blue, and we will not sneeze at \$2.6 billion coming into the Northern Territory. Obviously infrastructure is greatly needed, and finances. However, just before the last election \$78.4 million was declared for Tennant Creek in the Barkly Regional Deal. Hardly any of that money has been spent. So now there is a new announcement of \$2.6 billion, with \$440 million to be shared between Alice Springs, Katherine and Tennant Creek. How real is this going to be in terms of hitting those communities on the ground when we have not seen really any dollars from the Barkly Regional Deal hit the ground?

**Dr Bacon:** We will have details on the expenditure in the Barkly Regional Deal. It's in my other folder, Senator. We can run through those with you, and officers are here for that.

**Senator McCARTHY:** I would be very keen to do that.

**Dr Bacon:** As the secretary was saying earlier, this is designed to build on and complement a whole range of both existing and new commitments, and this particular initiative is an infrastructure-led approach to regional development. So it is about identifying the priority infrastructure investments that will unlock economic growth, with the flow-on social benefits that come from that. Government has made the decision it wants to take that infrastructure-led approach to regional growth, and we have gone through a process over a number of months and in some cases many years to identify and understand what priority infrastructure project opportunities will best unlock growth and support that intent of that integrated approach to regional development that can then flow from that.

**Senator McCARTHY:** Minister, I'll put the question to you: \$440 million to build new logistics hubs in Alice Springs, Katherine and Tennant Creek. How soon will that money hit the ground, given the \$78 million Barkly Regional Deal has not hit the ground since the last election?

**Senator McKenzie:** I will have to take that on notice, Senator.

**Senator McCARTHY:** So this is just about an election announcement?

**Senator McKenzie:** No, Senator. As you know, I am a repping minister. I think the secretary and other officials have tried to answer your questions as best as possible—unless you have something to add, Secretary, about when the money hits the ground?

**Mr Atkinson:** The thing that I would add is the simpler things will be the quickest. Rail loops and logistics hubs are easier than ports, so I would expect that those will happen earlier. But we actually have to have the detailed timing of each of the individual projects. We have to negotiate with the NT government. We'll be moving as quickly as we can, though.

**Senator McKenzie:** That's a good answer.

**Senator McCARTHY:** Is a new Darwin port facility going to be built?

**Mr Atkinson:** I think that it has been announced in the budget that we will be working with the NT government on port facilities in Middle Arm.

**Senator McCARTHY:** A new one?

**Mr Atkinson:** It would be new, yes.

**CHAIR:** We are going to break for morning tea and come back at 11 am.

**Proceedings suspended from 10:46 to 11:02**

**CHAIR:** Welcome back. Senator McCarthy, over to you.

**Senator McCARTHY:** Just to confirm, there is going to be a new port in Darwin.

**Mr Atkinson:** There will be new port facilities at Middle Arm. There are already some facilities there but, yes.

**Senator McCARTHY:** Are there going to be further announcements about that?

**Mr Atkinson:** It would be up to the government to release more detail.

**Senator McCARTHY:** Minister, are there going to be more announcements on the new port in Darwin?

**Senator McKenzie:** That will be a matter for government.

**Senator McCARTHY:** Is that in regard to the concerns around the Chinese owning the lease deal over Darwin port?

**Mr Atkinson:** No, it's about additional export capacity for energy exports and critical mineral exports and advanced manufacturing exports.

**Senator McCARTHY:** Has Defence or security had any role in this decision about the new port facility?

**Mr Atkinson:** As we're working on ports, we will be working with Defence to ensure that the ports have multiuser capacity. Basically, in taking into account the design of ports, if we can we'll also support Defence activity—if a ship needs to pull up or something like that—and we'd look at that too.

**Senator McCARTHY:** So there has been discussion with Defence in regard to the new port facility?

**Mr Atkinson:** We have talked to Defence about these issues, yes.

**Senator McCARTHY:** When did you speak to Defence?

**Mr Atkinson:** It's been progressively over at least four or five months.

**Dr Bacon:** I think that's right—maybe a little longer. My most recent conversation with Defence would have been in March.

**Senator McCARTHY:** Who was that with, Dr Bacon?

**Dr Bacon:** That was with my colleague Celia Perkins in the Department of Defence.

**Senator McCARTHY:** What is it that Defence would be doing in terms of the new port facility?

**Mr Atkinson:** It would be more a question of us working with the NT government on the design and structure of the port, understanding what Defence's requirements would be if they wanted to put defence ships alongside the additional port facilities. It's more of a redundancy overflow capacity issue.

**Senator McCARTHY:** So a new port facility's getting built, because there's concern about the current port facility arrangement with China?

**Mr Atkinson:** No, Senator. The new port facility's being built to support additional export capacity for critical minerals and energy exports and other advanced manufacturing.

**Senator McCARTHY:** And when you expect to have the new port facility built?

**Mr Atkinson:** As we stated earlier, our next step is to—and we've got proposals that we've been talking to the NT government about—work out with the NT government what the next steps in scoping and design will need to be and the full project plans for delivery of those facilities. Port infrastructure is not just one thing. There are port piers but also dredging and all sorts of other things. It also has to be worked out with what the current land uses are but also common use of facilities, landside infrastructure—there's a lot involved in building port facilities.

**Senator McCARTHY:** Is there a sense of urgency in building this new port facility?

**Mr Atkinson:** I would say the normal sense of urgency we have in wanting to build good infrastructure.

**Senator McCARTHY:** So, at this stage, the department hasn't been asked to accelerate the building of a new port facility in Darwin for defence purposes?

**Mr Atkinson:** No, Senator.

**Senator McCARTHY:** Can I come back to the logistics hubs. Can we talk about Alice Springs and Katherine? What discussions have taken place with regard to the Alice Springs hub?

**Dr Bacon:** Senator, I think I was saying earlier this has been a whole-of-department—in fact a whole-of-government—endeavour to do the underpinning policy work that sits behind the budget announcements, so there would've been a range of conversations around logistics hubs.

**Mr Atkinson:** Dr Bacon, I think that Mr Hallinan might be able to help. The logistics and rail connections come through our major infrastructure investment area. Mr Hallinan possibly knows more.

**Mr Hallinan:** We've been working with Northern Territory government officials for a while now on various aspects attached to the announcements. The logistics hubs themselves are proposals that have come through to us from the NT government in the usual course of the business of budget development.

**Senator McCARTHY:** And when did that come through from the NT government?

**Mr Hallinan:** Tennant Creek was last budget; and Alice Springs and Katherine were this budget.

**Senator McCARTHY:** And how much of the \$440 million goes to each of the hubs?

**Mr Atkinson:** I'm not sure that we can get ahead of government announcements again. We can't go into a lot more detail than what's actually been announced in the budget.

**Senator McCARTHY:** So you can't break down how much Alice Springs will get of the \$440 million?

**Mr Atkinson:** It will be logistics hubs and rail projects. It won't be to towns, if that makes sense—it's public infrastructure.

**Senator McCARTHY:** Yes, I know, but how much will be broken down to go—

**Mr Atkinson:** How much will be in each one? Can I take that on notice and consult with government as to whether or not we can announce that?

**Senator McCARTHY:** Hang on a minute: it's already been announced that \$440 million is going to go to three logistics hubs in the Northern Territory.

**Mr Atkinson:** Correct.

**Senator McCARTHY:** Are you saying you can't tell us how much of the \$440 million will go to Alice Springs?

**Mr Atkinson:** Senator, can I just take it on notice, please? I talked about the fact that the government may have further announcements of more detail in here, and I can't pre-empt government announcements. We are—

**Senator McCARTHY:** Hang on. Sorry, Mr Atkinson—

**Senator McKenzie:** The official's already taken it on notice—twice.

**Senator McCARTHY:** you've already announced the \$440 million and you've said which towns it's going to. Surely, you've already done the work as to how much is going to Alice Springs?

**Mr Atkinson:** Senator, can I just take that on notice and come back to you?

**Senator McCARTHY:** So you do know, though?

**Senator McKenzie:** Three times—he's taken it on notice.

**Senator McCARTHY:** You do know the answer though?

**Mr Atkinson:** I personally don't, but I'm pretty sure that it's on a piece of paper somewhere.

**Senator McCARTHY:** Mr Hallinan, do you know?

**Senator McKenzie:** Officials have taken it on notice.

**Senator McCARTHY:** Mr Hallinan, do you know?

**Senator McKenzie:** They've explained their reasons three times.

**Mr Hallinan:** I can certainly get it.

**Senator McKenzie:** They're allowed to take things on notice according to the standing orders.

**Senator McCARTHY:** I'm asking Mr Hallinan, not Mr Atkinson. Mr Hallinan, do you know?

**Mr Atkinson:** Sorry, Senator, can I just say that we have access to estimates of what the individual projects would be—

**Senator McCARTHY:** Okay, so what's the estimate then for Alice Springs?

**Mr Atkinson:** but I took it on notice because I'm not sure about whether or not we're able to announce that level of detail as it hasn't been announced by the government yet. Governments announce packages of things and then they announce individual projects; I don't think we can pre-empt government announcements.

**Senator McCARTHY:** So it's something that might be announced during the election, then, perhaps?

**CHAIR:** It's the detail of the announcement, I think, Senator McCarthy—

**Senator McCARTHY:** I was looking at how much of the breakdown of \$440 million would go to Alice Springs.

**Mr Atkinson:** Yes, I've taken it on notice.

**Senator McCARTHY:** Who are you discussing the logistics hubs at Alice Springs with in the Northern Territory government?

**Mr Hallinan:** My point of contact there is Andrew Kirkman.

**Senator McCARTHY:** Would Mr Kirkman be your point of contact for Katherine and Tennant Creek as well?

**Mr Hallinan:** He would be, but we have contacts at various levels throughout the NT.

**Senator McCARTHY:** He would be your point of contact for those three logistics hubs?

**Mr Hallinan:** Yes.

**Senator McCARTHY:** Would he also be a point of contact for the \$1.5 billion for the new port infrastructure?

**Dr Bacon:** We would have a range of contacts there. I've had very initial conversations with the head of the NT Public Service. We've also had conversations with Mr Kirkman about those projects, and there will be other officers within the NT public sector who we would engage with about those projects and who we have engaged with in the conversations that we've talked about already having had.

**Senator McCARTHY:** Dr Bacon, you mentioned water in one of your previous answers in terms of what's going on in the Darwin port facility. Can you expand on what you meant when you mentioned that?

**Dr Bacon:** I was talking at a broad level; if the Middle Arm precinct is going to support processing and value-adding-types of activities—if it's going to support any manufacturing activities—the businesses who are undertaking those activities would need access to water and energy supplies. As I understand it—and we have colleagues here who know more about the details of water investments than I do—there are some initial investments here that are part of water supply in the Darwin region.

**Senator McCARTHY:** How much water supply would be required—

**Mr Atkinson:** It's referencing AROWS.

**Senator McCARTHY:** Alright. But you're saying, Dr Bacon, that you have people there who can talk about—

**Dr Bacon:** My colleague, Ms Purvis-Smith, would have details of the water aspects of the NT component.

**Mr Atkinson:** Sorry, Senator, one of the challenges for us is finding out what has been announced. Yes, the \$300 million for the Darwin Region Water Supply infrastructure program, stage 1, was announced in the budget—

**CHAIR:** Thank you, that's what I was going to ask you.

**Senator McCARTHY:** Yes, that's to do with the Adelaide River and the Manton Dam area.

**Mr Atkinson:** Correct.

**Senator McCARTHY:** Just tell us why that's important.

**Mr Atkinson:** Because it will provide water to the Darwin region and will support future investment in the Middle Arm—

**Senator McCARTHY:** For the Middle Arm?

**Mr Atkinson:** Yes.

**Senator McCARTHY:** What feasibility has been done in terms of how much water will be required for this particular project?

**Mr Atkinson:** I'd have to take that on notice.

**Senator McCARTHY:** Okay. I might defer to Senator Brown, who I know has questions in this same area as well.

**Senator CAROL BROWN:** I just want to turn to Tasmania, as you would expect, to talk about the infrastructure investment. Could you start with giving me some more detail about the projects under the Tasmanian roads package, northern roads package, please?

**Mr Atkinson:** I'll vacate this space to the person who has the detail for you.

**Senator CAROL BROWN:** That's fine. It's a lovely piece of world you have there, Mr Bradley.

**Mr Bradley:** Yes. The Australian government's commitment to the northern roads package is \$336 million. The Tasmanian government's contributing \$84 million for a total project commitment of \$420 million. The project will deliver upgrades on the East and West Tamar and Bass highway corridors. The project will improve safety on the highway, targeting an AusRAP rating of three, standard. That's the standard for roads and highways. We expect the project will involve safety work, such as installing flexible barriers, widening, some shoulder works, removing roadside hazards, intersection upgrades and realigning some of the tight curves that exist in the highway at the moment. This project will build on the northern roads package and highway works that are currently underway and funded through the program.

**Senator CAROL BROWN:** Do any of those works include rail?

**Mr Bradley:** It's a roads package.

**Senator CAROL BROWN:** I understand that, but whether that's going through—

**Mr Bradley:** Not that I'm aware of. Some of those works may help facilitate or have flow-on effects to the rail, that I'd have to look at, but, no, they are roads in the funding.

**Senator CAROL BROWN:** Is this the first time that this package, as you've styled it, stage 2, has been announced?

**Mr Bradley:** Yes.

**Senator CAROL BROWN:** So all the projects that you've just listed have never been announced before?

**Mr Bradley:** It's a new announcement through the 2022-23 budget.

**Senator CAROL BROWN:** Can you go through the forward estimates, in rough terms, of how that's going to roll out?

**Mr Bradley:** Tasmania will come back to us with a proposal through their project proposal report. Once they've scoped the project that'll define where their funding requirements will be, and we'll look to align funding to those priorities through future processes.

**Senator CAROL BROWN:** When are you expecting the projects to start?

**Mr Bradley:** This is a project that Tasmania has been working on as a priority project for Tasmania, so I don't think they're commencing from a standing start on planning for these works. Tasmania will only receive notification of the government's commitment to it through the budget on Tuesday night, but we'd expect Tasmania now to commence the planning process and start to bring through projects over the course—I was going to say 'as soon as possible' but that's, really, a little bit up to Tasmania.

**Mr Hallinan:** Indicatively, we've been looking at late 2024 for construction.

**Senator CAROL BROWN:** For the commencement?

**Mr Hallinan:** The commencement of construction.

**Senator CAROL BROWN:** So you're not able to give me a rough guide as to the distribution of funds. That starts now, in this budget, doesn't it, or not?

**Mr Bradley:** I'll see if I have anything here.

**Mr Hallinan:** As a general principle, for a package like this we work with the officials in the negotiation of the project through the national partnership agreement and that would give us our timing, so it might just be a little too early. But for this project we'd anticipate it rolling out of five or six years from 2024, in terms of construction.

**Senator CAROL BROWN:** How long do you expect it to take from the start of construction in late 2024 to completion?

**Mr Hallinan:** I said probably five or six years from there, but it could be longer; it could be shorter. That's something that we'll work through with Tasmanian officials.

**Senator CAROL BROWN:** So possibly 2030?

**Mr Hallinan:** That's the sort of thing that we'd anticipate. It's exactly why we have a 10-year pipeline for land transport infrastructure.

**Senator CAROL BROWN:** That was my question. So this package is over 10 years, is it?

**Mr Bradley:** The advice we put out is that, as Mr Hallinan said, we're seeking to commence construction in late 2024 and seeking works to be completed in late 2031.

**Senator CAROL BROWN:** In 2031. So just confirm for me what's the period of time that the funding is going to be rolled out or disbursed?

**Mr Bradley:** It would align with that construction. It would align to needs. That's where Tasmania will come to us and tell us the projects that they prioritise through this package and the cash flow requirements.

**Senator CAROL BROWN:** How does it work? Is there an intergovernmental committee with the state and the feds, or do they do the work and just submit it to you?

**Mr Bradley:** We meet regularly with the Tasmanian government's own agencies down there to talk about the priority projects in their program. That's the normal course of practice with all states and territories. Through our regular reporting systems we receive monthly updates on all projects through planning and construction, and states will submit proposals through the normal course of—

**Senator CAROL BROWN:** How much of this funding is new money in the budget? Is all of it?

**Mr Bradley:** That's correct.

**Senator CAROL BROWN:** So, 336?

**Mr Bradley:** Yes, Senator.

**Senator CAROL BROWN:** And the detailed planning hasn't yet commenced but will commence in the coming months?

**Mr Bradley:** Correct.

**Senator CAROL BROWN:** Alright. I also want to go to the Tasmanian Freight Rail Revitalisation Program as well. Let's just start by asking the same question: just give us some information.

**Mr Bradley:** Certainly. The announcement in the budget was for Australian government funding of \$96 million, and the Tasmanian government is contributing \$24 million—

**Senator CAROL BROWN:** Sorry, so \$96 million from the feds—

**Mr Bradley:** Yes, from the Australian government, and Tasmania is contributing \$24 million for a total project cost of \$120 million. This project's described as 'tranche 4'. You'd be aware, Senator, we've funded rail revitalisation tranches 1, 2 and 3; they're ongoing. This project will build on the earlier tranches of the rail revitalisation. It will install new rail lines, new sleepers, replace or upgrade points and formations, upgrade level crossings and install new culverts on the south-western and Bell Bay rail lines.

**Senator CAROL BROWN:** Have any of the projects under that tranche 4 program been previously announced?

**Mr Bradley:** No. This is all new money announced in the budget.

**Senator CAROL BROWN:** Is it the same situation in terms of the forward estimates around the allocation of funds?

**Mr Bradley:** It will be. We're expecting construction to commence on this tranche in mid-2024 and be completed by mid-2028, but, again, we'll work with Tasmania around where their cash-flow requirements are and where we need to profile funding.

**Senator CAROL BROWN:** And the money is new money?

**Mr Bradley:** It is, Senator.

**Senator CAROL BROWN:** How far have we got? Is this project or program more advanced in terms of detailed planning than the Northern Roads Package?

**Mr Bradley:** I'm probably not in a position to say. I think I'd need to take advice from Tasmania about where they are, but note that this is a continuation of tranches 1, 2 and 3. Certainly we expect that Tasmania would be taking a look for the future around a rolling program of what's required. I think they would have done significant work to understand the needs on these lines.

**Senator CAROL BROWN:** Do you mind if I ask some questions about South Australia?



**CHAIR:** No. I'm sure South Australian senators would be very pleased that you've got some.

**Senator CAROL BROWN:** Maybe I will toss to them and see if they miss the one that I'm interested in.

**CHAIR:** You should probably just ask the one you're interested in.

**Senator CAROL BROWN:** Okay. I want to go to the Marion Road between Anzac Highway and Cross Road. Can you give me some details about the project, please?

**Mr Bradley:** I can.

**Senator CAROL BROWN:** When did it start and finish? It's all road and no rail in this one?

**Mr Bradley:** It's an Australian government funded commitment of \$200 million. The South Australian government will be matching that on a fifty-fifty basis, for a total commitment of \$400 million. The project includes grade separation of the tram level crossing on Marion Road, at Cross Road. It will widen the Anzac Highway-Marion Road intersection and the Cross Road-Marion Road intersection. It'll improve pedestrian and cycling access around the area. Previously, the Australian government had funded the Marion Road planning upgrade study. That was completed in May 2021, and the Australian government fully funded that for \$2 million. This project, I guess, comes out of the findings of the needs that were identified through that planning study.

**Senator CAROL BROWN:** Are you telling me, then, that this \$200 million—

**Mr Bradley:** Is new money?

**Senator CAROL BROWN:** Yes, new money. But has it been announced before?

**Mr Bradley:** It hasn't, no.

**Senator CAROL BROWN:** So it wasn't announced once the study was completed.

**Mr Bradley:** No, it was announced for the first time in the budget this week.

**Senator CAROL BROWN:** So not even during the South Australian election?

**Mr Bradley:** Not that I'm aware of, no.

**Senator CAROL BROWN:** How long do you think the project is going to take from construction to completion?

**Mr Bradley:** We're expecting the project to commence in late 2023, and we are expecting completion of it in mid-2026.

**Senator CAROL BROWN:** In terms of the allocation on the forward estimates, have you got some details on that, or is that along the lines of how they are progressing with the construction?

**Mr Bradley:** Yes. Similarly to the situation in Tasmania, we'll work with the South Australian government to understand their requirements and where funding will be required. We'd usually see a profile that shows a little bit of a bell curve, I suppose. They'll need a smaller amount of money at the start to do some sort of planning and potential early acquisitions to get access to the site. The main allocation of funding usually goes through the bulk of construction, over the middle years. Then it tapers off towards the end. That's the general profile, I suppose, for infrastructure projects. We would expect to see something along those lines, but, as I say, we'll negotiate that with South Australia.

**Senator CAROL BROWN:** So detailed planning has already commenced, has it?

**Mr Bradley:** The study that was completed in 2021 was the Marion Road planning upgrade study. Generally, a study of that nature will look at the needs within the area and understand what are the broader needs. Out of that study, this project would have been identified as something that's a priority. The next level of planning they would do would be to get right into the detail of what utilities may need to be moved and what sort of traffic arrangements will be put in place. I think that's where they really get into quantity levels.

**Senator CAROL BROWN:** Are there any land acquisitions that need to be made?

**Mr Bradley:** I would have to check with the South Australian government on that. Obviously, it's in quite a built-up urban area, but I would need to take that on notice. It might even be the case that South Australia will need to do a little bit more planning before they're in a position to understand exactly what the requirements might be.

**Senator CAROL BROWN:** So, again, we're really not sure how much detailed planning has already been completed, other than the study?

**Mr Bradley:** The study was completed in 2016.

**Senator CAROL BROWN:** In 2021?

**Mr Bradley:** Sorry, 2021. Apologies.

**Senator CAROL BROWN:** So could you check whether there will be any land acquisitions? What about the Tasmanian projects under the road package?

**Mr Bradley:** Generally, on all those projects, that would be one of the things that we would see when the state submits its project proposal report to us, seeking funding. Following the commitment, they go away and get that sort of understanding about what their requirements will be, and we will get visibility on those needs. I would suspect that, for both these new projects, it's probably fair to say that there's a little bit of initial work that both Tasmania and South Australia would have to do, and I expect they'll do that work fairly quickly. But we'll get visibility on those land acquisition things at that PPR stage, so it might be a little bit premature to start answering those questions at this point.

**Senator CAROL BROWN:** Do you interrogate the information that the state governments provide to you around start and commencement dates, as to whether they're actually dates that can be met?

**Mr Bradley:** We do.

**Senator CAROL BROWN:** And you're confident, then—let's go back to the Tasmanian projects—that the date of late 2031, or the start date of late 2024, is going to be met? We've had some huge problems in Tasmania around cost blowouts because projects haven't started, and some of them still haven't commenced after a number of years.

**Mr Bradley:** I am confident that this is our best understanding at the time of where these projects will align. Obviously, you need to commence the projects and the states need to do the work to understand the environment they're working in. As part of that early planning, that's where sometimes they might find that they have things like geotechnical challenges—that the ground's harder than they anticipated or there are additional utilities that may need to be moved. It's that early planning stage which will show up, at times, a range of factors which may cause some of the timelines to change. But at this point in time that's our best estimate of when these projects will proceed. Sometimes they finish earlier and we can advance timelines; and, as you note, sometimes they do take a little longer.

**Senator CAROL BROWN:** So what sort of questions do you ask? Let's look at Tasmania: a state where there have been issues around commencement of projects. When you're looking at other projects do you interrogate, even further, the dates that they're giving you—as to whether they're actually capable of meeting those?

**Mr Hallinan:** Senator, we do that across the board for proposals that come to us from jurisdictions, but we do it relative to the stage at which a project is developed. If it's an early inception idea then we'll look at roughly when you would anticipate a project being able to start, on average. We won't have a detailed business case at that stage. We interrogate detailed business cases as they come through a project. A question for a state would be exactly how much effort they're willing to put into a project that isn't funded and that doesn't have a commitment from the Commonwealth to continue. So there's a balance that we play out with jurisdictions on exactly how much information is appropriate at an early stage versus at a stage of development.

**Senator CAROL BROWN:** I understand that. But you're getting the information and you're interrogating it—as you should—as to whether information states are giving you is a reliable indicator of the commencement of projects and the completion of projects. You only have to look at the Bridgewater Bridge, where we've had different start and end dates for that project.

**Mr Hallinan:** The vast bulk of projects go reasonably according to plan, but every now and then you'll have a project where there are challenges with the construction—

**Senator CAROL BROWN:** That hasn't been my experience of the last two years.

**Mr Hallinan:** They might end up in court. They might end up with heritage or environmental challenges that were unanticipated at the outset. That's where each of those projects will work through state regulatory arrangements, through local planning arrangements and also—if it's large enough—through Commonwealth planning arrangements to ensure that we're not in breach of other government policy or priorities across governments.

**Senator CAROL BROWN:** And that's why I asked the question. Obviously, you know all of this quite comprehensively, because you're able to roll off the issues that may get in the way of starting construction or completion. You know this, so these are obviously some of the questions that you put to state governments.

**Mr Hallinan:** The challenge is that, while we know the broad types of issues that could arise, the actual issue is unknowable until you come across it. It's about predicting the future, and we'll take a view as to whether or not something is a reasonable estimate. The closer you get to construction and the closer you get to commencement,

the better we'll understand the project itself. You do often come up with challenges with geotechnical arrangements—whether or not the engineering solution that you would have on average is the right one or whether it needs to be quite specific. That's the stuff that, as you get closer to construction, you understand better. At the outset we've got a reasonable estimate. As we get closer we get very close to actuals.

**Senator CAROL BROWN:** Thank you, Mr Bradley, for the information. I hope it goes better than quite a number of the other projects that have failed to start in Tassie. Thank you, Chair.

**CHAIR:** Thanks, Senator Brown. I've just got a couple of questions to ask you. We were previously talking about the infrastructure planning in the Northern Territory. Senator Brown has touched on some in Tasmania. Queensland, I assume, will be the same. It's been my learning during my time in the Senate that you come from a state-based place and we believe that everything in Canberra is bad and that the state should drive everything; and then you get to Canberra and you have a different perspective of how the states could operate, perhaps more in unison with a national agenda. That's an opinion. I just want to understand—particularly if we look at projects that have been brought forward to the Commonwealth and have now formed part of the budget announcements for this planning going forward—the process of the states then engaging with that. I understand the approvals process, but what bilaterals or MOUs do you have that insist that the states have to spend the money in a timely fashion, because I had complaints from the mayor of Litchfield and from other mayors in other states where they say, 'You've given the money to the state and we see it in the bucket, but we can't pull it down or we can't get it on the ground'. Do you have MOUs? How does that work, because we will have this discussion at every estimates, no doubt long after I leave here as well. Can you help me understand that, so I can communicate it to people?

**Mr Hallinan:** At a macro level it is a National Partnership Agreement with each jurisdiction. That's through the Federal Financial Relations framework. We've got an agreement run through the Treasuries and we'll have a schedule attached to that. With each jurisdiction you'll identify a series of projects: some of those projects will be delivered by the state; some of those projects will be delivered through the state to a council—to a local government entity.

The scheduling of when the announcement happens—the Commonwealth and the state might commit funding to something. You might say it's X dollars, but that X dollars is anticipated to be expended over a period of five or six years. So, while the X dollars announcement might be there, the actual scheduling for when the project will occur—these are long lead time items. We work on a 10-year profile across the whole portfolio of activities at the Commonwealth level. With that 10-year profile you'll see that some projects, based on advice from the jurisdiction, will come forward and be able to start quite quickly because they are a relatively low-risk planning exercise. Some projects will have to start in a little while longer, maybe two or three years down the track—we've just had a couple like that this morning. Depending on the size and complexity of the project, we might have a governance structure in place where we sit on a board attached to that project or the equivalent of a board.

I think we sit on the Bruce Highway Trust for Queensland—we'll have a representative who's very involved in the actual planning discussions. For others where we don't think that risk is the same, we will have a more distant relationship on the project. Really, that comes down to the level of complexity with the project or the state position at the outset. How many projects have we got on the go at any one time: we're in the thousands. Across the portfolio of activities we'll have most—the vast bulk of the projects will go roughly according to plan and no-one will hear about it. But there will be some, from time to time, where there is a challenge with it. Those are the ones we end up talking about in this group; and sometimes it feels like we're talking about them for too long as well.

**CHAIR:** Is there any way we can expedite that process? I assume it's professional courtesy that you don't throw another jurisdiction—that you're always very polite not to point out where blockages might be. But is there any way that we can expedite projects so that money is being spent—being delivered?

**Mr Hallinan:** It will depend on the capacity, of both the jurisdiction and the sector available in the jurisdiction, to deliver at any point in time. We do deal with a market, and there are limitations in the market for what can be delivered: how many construction providers there are; how many civil construction providers there are out there with available work and with the bench strength to go off and do stuff. Then there would be questions of prioritisation within a jurisdiction. From time to time, these things can be reprioritised in a jurisdiction—about what timing it wishes to undertake—and we'll have a big, detailed discussion with the jurisdiction about that. In terms of what we can and can't really advise in these forums, as a general principle, where it's a sensitive negotiation with the jurisdiction we can't talk about it in these forums. Under similar provisions to FOI, it could impact our ability to work with the jurisdiction into the future. So, there are some things that we find quite difficult to talk about publicly. There are other things where it's simply non-controversial and a simple discussion we can have.

**CHAIR:** Over my time here, I see so many projects that we have a discussion about—and I understand that sometimes you're limited by that relationship—but it would be handy if we could fast-track some of those conversations. I feel like we get bogged in them, and you all are very polite about perhaps where the problem may lie. Anyway, that's a comment. Thank you. Senator Mirabella, I can see you've got a question.

**Senator MIRABELLA:** Mr Bradley, given that you're looking after Victoria, I have a few questions. How many projects are currently under construction in Victoria that are receiving Commonwealth funding?

**Mr Bradley:** I'd need to take that on notice.

**Senator MIRABELLA:** Okay. Are you aware of any projects that Commonwealth money is going to that are significantly over time or over budget?

**Mr Bradley:** None particularly jump out at me. I'd like to check that and have a look at where—as Mr Hallinan has outlined, through all these projects at times we will come across some which may not be proceeding as quickly as we'd like. But I guess that comes down to the question of—we might have had an original time frame for where we expected the project to go. There might be very valid reasons why that time frame may need to change. If you take the view that we've rebased the start time then they're not over time or over budget. There are a number of projects that have encountered cost pressures across the project, and we work with the state to work out where we can meet those as they come up.

**Senator MIRABELLA:** Just as a matter of interest, what's the practice when a project which is receiving a significant amount of Commonwealth funding does go significantly over budget? What's the deal? Who pays for those overruns?

**Mr Bradley:** It would depend on the arrangement on that particular project. For most of our urban projects there are some commitments which are 100 per cent Australian government funded, but across the country we'll be in a fifty-fifty funding share arrangement for urban projects and an eighty-twenty for regional projects as a general rule. Usually, cost increases would be met in line with those funding share arrangements.

**Mr Hallinan:** Ultimately, they're decisions of government and policy choices as to exactly how much money the Commonwealth is willing to put into a particular project. This is where—I probably shouldn't talk hypotheticals, but conceivably you've got a—

**Senator MIRABELLA:** Is the contingency built in beforehand?

**Mr Hallinan:** We tend to build contingency into each project, whether or not that contingency is appropriate to the project. You work with averages, and across a portfolio it might work out about right, but across individual projects you might end up with a pretty substantial underestimate of cost, if that makes sense.

**Senator MIRABELLA:** Also, as a matter of interest, how many projects did the Victorian government submit—say, for the last year—to the Deputy Prime Minister? I'm assuming that's where it goes. How many projects did the Victorian government ask for in the last year?

**Mr Bradley:** Generally, the process is that Victoria would submit projects for consideration as part of the cabinet process. That limits our ability to talk about what's been put forward for budget consideration.

**Mr Hallinan:** We tend not to publish the proposals or the lists of ideas that come from jurisdictions, just on the basis that they feed straight into cabinet deliberative processes at the Commonwealth level. As a rule, we don't provide advice on the state lists or proposals that have come forward to the government. The government then considers those ideas and determines what it will and won't finance.

**Senator MIRABELLA:** The reason I'm asking that question is that, on the one hand, we might have criticism that a particular state or region is missing out, but we can't actually balance that with the amount of requests or the type of requests that come in.

**Mr Hallinan:** As a general principle we could say that how many projects that will be allocated to a jurisdiction is a factor of how willing the jurisdiction is to propose projects—that's one element. The other is what its asset base looks like and how many projects does it actually feel like it needs; and then whether or not the projects it's got are relatively small in scope or whether or not they're major and significant. Any comparison between jurisdictions over time is difficult because you've got some really lumpy profiles. You've got jurisdictions that may not actually be in a space where they want to do lots and lots of infrastructure and you've got others that might be in the space where they wish to do less.

**Senator MIRABELLA:** Your answer is agreeing with my proposition that there is a dimension of invisibility if you want to look at some metric of funding versus bid.

**Mr Hallinan:** Yes.

**Senator MIRABELLA:** Do you have some kind of ballpark number of the major infrastructure projects with Commonwealth funding in Victoria? Since the coalition came to government in 2013, how much money has the Commonwealth put into major infrastructure projects, past and current?

**Mr Bradley:** I don't have that number in front of me, but I can talk broadly that in terms of Victorian regional infrastructure projects we're undertaking upgrades on all the Victorian regional rail lines as a part of the funding; there's significant funding going into the Murray basin freight revitalisation project to upgrade some of those freight rail lines; and the Western Highway works around Ballarat. There's quite a number of significant projects that are being funded in the regional space, but I don't have a breakdown.

**Senator MIRABELLA:** Okay—

**Mr Hallinan:** I could say that we've spent over \$10 billion from 2013-14 to 2020-21 in Victoria. In total, from 2013-14 to 2031-32, it's \$35.5 billion worth of commitments into Victoria—actuals and commitments for spend.

**Senator MIRABELLA:** Let me ask a couple of jobs questions, then. Is there any metric on jobs created, construction and ongoing? I'm happy for you to take that one on notice.

**Mr Hallinan:** I have to take that on notice.

**Senator MIRABELLA:** I will ask you specifically about the Beveridge Intermodal Hub. Do we have an assessment of how many jobs that project will create?

**Ms Bridger:** Both terminals will deliver 1,350 jobs during construction and 550 jobs during operation.

**Senator MIRABELLA:** Collectively?

**Ms Bridger:** Yes, collectively.

**Senator MIRABELLA:** I saw we had an announcement about the Mickleham Road upgrade. Can you give me a very quick rundown? What does that entail?

**Mr Bradley:** It's a \$109.5 million commitment. The Victorian government is matching that commitment on a fifty-fifty basis, bringing total funding to \$219 million. That project will build additional lanes in each direction on Mickleham Road between Somerton Road and Dellamore Boulevard in Greenvale. The project will also replace the roundabout at the Somerton Road intersection with traffic lights. It will add new traffic lights to the Aitken College intersection. It will upgrade the Hillview Road and Dellamore Boulevard intersections of Mickleham Road. It will upgrade the existing paths and build new walking and cycling paths to improve connectivity.

**Senator MIRABELLA:** The Camerons Lane announcement: am I correct to assume that project will commence irrespective of the timing of the Beveridge—larger BIFT projects?

**Mr Hallinan:** The Camerons Lane project will commence subject to agreement with the Victorian government. I think we've committed to 80 per cent of the total cost of what we think the Camerons Lane interchange works out—

**Senator MIRABELLA:** Right—eighty-twenty?

**Mr Hallinan:** but that would require agreement with the Victorian government to proceed.

**Senator MIRABELLA:** So we don't have that agreement?

**Mr Hallinan:** What will happen at this point is that we write to each jurisdiction and we seek an update to the schedule in the National Partnership Agreement. Camerons Lane would be one of the items attached to it.

**Senator MIRABELLA:** Thank you.

**Senator SHELDON:** I wanted to ask some questions about the Sydney Metro Western Sydney Airport Stage 2 business plan. Can you explain a little bit about the detail of the projects and include some starting and finishing times as far as that's practical?

**Ms Legg:** The business case for the extension of the Sydney Metro Western Sydney Airport, which was recently announced in the budget, is an Australian government commitment of 77.5 million on a fifty-fifty basis with New South Wales. The project will provide funding for the development of a final business case, and possible early property acquisitions if required, for an extension of the Sydney Metro Western Sydney Airport line from Bradfield to Glenfield via Leppington. The final business case will provide the detailed design, economic assessment and cost estimation to inform an investment decision for the construction of the extension. In terms of the time line, the project is expected to commence planning in mid-2022 and be completed by mid-2025.

**Senator SHELDON:** Can you give me the breakdown of the 77.5 million—where that expenditure goes to and how it's constituted?

**Ms Legg:** I don't have the breakdown. I'll take that on notice.

**Senator SHELDON:** It says in the papers for the business case—obviously, it's just for the planning stage. Is any funding earmarked for actual delivery of the line?

**Ms Legg:** No, the announcement is just for the planning work.

**Senator SHELDON:** Run me through the time line. If it's 2025, is that the expected date for the completion of a project?

**Ms Legg:** Mid-2025, that's right.

**Senator SHELDON:** Remind me how long that is before the airport is to supposedly be completed.

**Ms Legg:** The airport, from recollection, is expected to open in 2026.

**Senator SHELDON:** Another question on that: can you step me through the arrangements with the state government on the funding—about what parts of the project have been agreed to be shared on the funding, including what's contained in the business plan as well?

**Mr Hallinan:** It's a fifty-fifty funding arrangement for this one, and I think Western Sydney Airport Stage 1 is fifty-fifty as well. This is an extension on from the Aerotropolis station back into the network as the Stage 2 plan, with the planning works finalised before opening of the Western Sydney Airport proper. Then I think there is some consideration as to when and how to do that extension piece of it.

**Senator SHELDON:** On the question of acquisitions, has there been early consideration about where those acquisitions may potentially be?

**Ms Legg:** At this stage, we wouldn't expect to have that information until planning is further advanced. There is just provision in that allocation, as announcements and designs are progressed for the state, to consider any hardship payments to affected property owners.

**Senator SHELDON:** I want to go to the infrastructure investment for New South Wales, and particularly the Milton Ulladulla bypass. Can you step me through similar questions—about the outline of the project and expected starting and finishing dates?

**Ms Legg:** The Milton Ulladulla bypass is part of the Princes Highway Corridor. There was some additional funding provided for the project in the recent budget, which took the Australian government commitment to 752 million with a 188 million contribution from the state on an eighty-twenty basis. The project is well underway. The preferred corridor was announced in June 2021 and work is now progressing on the design of the exact route within that corridor. The additional funding—as design has progressed, the state has advanced information about the geotechnical environment that they're working in, the number of water crossings that are potentially going to be required, and further design elements which indicated that additional funding would be required. You did ask about the time frames. Construction is due to start in April 2023 and complete in December 2026.

**Senator SHELDON:** For 2026, can you explain it to me a bit further. You mentioned those dates where this has added to the—there's obviously been an announcement about the amount of money which will be added to this project, so within what time line do you expect those moneys to be expended? Also, you didn't give me the date when this project overall was first announced. And this is additional moneys—is that correct?

**Ms Legg:** That's right. You want the funding profile, Senator?

**Senator SHELDON:** Yes.

**Ms Legg:** For the Milton Ulladulla bypass, 2021 is 9.29 million, 20 million in 2022-23, 140 million in 2023-24, 140 million again in 2024-25, 200 million in 2025-26 and 240 million in 2026-27.

**Senator SHELDON:** Thank you.

**Senator WATT:** I've also got some questions about Queensland projects. Can we start with Outback Way, which is not just a Queensland project—

**Senator McCARTHY:** The Territory's involved.

**Senator WATT:** We'll see. There's certainly an announcement that the Territory will be involved. So Outback Way is 678 million. How much of that funding is in the forward estimates?

**Ms Rosengren:** We had the announcement of \$678 million additional funding in February for the Outback Way. That built on an existing program where there was \$330 million of works which are currently rolling out. The additional funding is not due to start flowing until 2023-24, when this existing funding has already been

expired. This is an extension of the program to give certainty and continuity that the sealing works can continue right along the Outback Way.

**Senator WATT:** The 678 that has been promised is in addition to the existing 330?

**Ms Rosengren:** That's correct.

**Senator WATT:** Can you break down that 678 by year for me, please?

**Ms Rosengren:** Yes. WA got an additional 400 million to seal the Outback Way—

**Senator WATT:** Can I pull you up there: 400 of the 678 will be WA?

**Ms Rosengren:** That's correct. They had an existing \$176.5 million which is being spent. We have \$25 million in this year, \$51.5 million next financial year—

**Senator WATT:** That's of the existing funding?

**Ms Rosengren:** Yes. Then \$50 million in 2023-24 of the existing funding. Then the new funding starts flowing in 2024-25.

**Senator WATT:** And how much in that year?

**Ms Rosengren:** It is 50 million in each of the four years, going out until beyond the forward estimates.

**Senator WATT:** So that's eight lots of 50 million?

**Ms Rosengren:** That's correct. We keep rolling out the 50 million because that's what can be delivered—it's quite a good program, it's being done as a strong Indigenous apprenticeship scheme being run in WA. We've phased that so that they can continue to do the work and have that continuity of employment.

**Senator WATT:** So the first amount of new funding will be for 2024-25 for WA?

**Ms Rosengren:** Yes.

**Senator WATT:** So within the forward estimates for WA, it'll be 100 million of new money?

**Ms Rosengren:** Of new money—that's right.

**Senator WATT:** Have you got the figures for the other states and territories?

**Ms Rosengren:** In Queensland there are two different funding streams: \$41.5 million is going towards works being undertaken by the Boulia Shire Council on the Donohue component of the Outback Way.

**Senator WATT:** That's existing funding or new?

**Ms Rosengren:** That's new funding.

**Senator WATT:** And what year is that?

**Ms Rosengren:** That starts in 2022-23.

**Senator WATT:** Could you give me the dollar figure again?

**Ms Rosengren:** It is \$41.5 million going to Boulia Shire.

**Senator WATT:** And that was in what years?

**Ms Rosengren:** It was 2022-23, 15 million.

**Senator WATT:** So 41.5 all up to Boulia.

**Ms Rosengren:** And 15 million in 2022-23, 10 million in 2023-24, 10 million in 2024-25 and 6.5 million in 2025-26.

**Senator WATT:** Okay.

**Ms Rosengren:** And then, more broadly in Queensland, they received an additional 112.5 million, which built on their existing funding. There was an existing 33.5 million that hadn't been previously allocated to works. The Outback Way is actually on—the Donoghue Highway is a council-owned road. The other roads—the Diamantina roads—are actually owned by the state, so the funding sources in budget papers are actually split as two separate line items.

**Senator WATT:** So for Queensland it's 41.5 million of new funding to Boulia Shire, beginning with 15 million in 2022-23. Outside of that, also in Queensland, there's 112.5 million of new funding?

**Ms Rosengren:** That's correct. Building on an existing 33.5 million of funding, that takes it up to 146 million in Queensland funding to be allocated. And of that funding we've got flowing from 2022-23, there's \$10 million which is existing.

**Senator WATT:** This is of the 112.5?

**Ms Rosengren:** No, the 112.5 flows from 2024-25.

**Senator WATT:** So if you're talking about Queensland, it's a total of new funding of about 157, being the 41.5 plus 112.5?

**Ms Rosengren:** That's correct.

**Senator WATT:** And 41.5 is for Boulia, starting in 2022-23?

**Ms Rosengren:** That's correct.

**Senator WATT:** And then the 112.5 in other Queensland funding doesn't begin until 2024-25?

**Ms Rosengren:** That's correct, because we have existing programs and existing works that are already progressing.

**Senator WATT:** Have you got the figures for that extra Queensland funding for 2024-25—

**Ms Rosengren:** For 2024-25 it is 10 million, 2025-26 is 20 million, and then I've got the collective beyond the forward estimates as 96 million.

**Senator WATT:** And what about the NT?

**Ms Rosengren:** At the budget, the NT got an additional 124 million. That is building on an existing 50 million process, but the new funding starts flowing in 2024-25. In 2024-25 we have 20 million, 2025-26 is 20 million, and then there's the final up to 100 million from 2026-27. Those numbers are, as I said, because we've got existing funding already, and works underway already, on the Plenty Highway in the NT.

**Senator WATT:** So the 678 million for the Outback Way is split into 400 for WA—

**Ms Rosengren:** That's correct.

**Senator WATT:** commencing in 2024-25 with 50 million? Because it's 50 million a year, isn't it?

**Ms Rosengren:** That's right.

**Senator WATT:** So 50 million in 2024-25 and then again 2025-26 when we're thinking about the FEs. Queensland is a total of 158 or so, being the 41.5 to Boulia starting with 15 in 2022-23 and then the other 112.5, which starts from 2024-25. Then the Northern Territory is 124 new, starting with 20 million in each of 2024-25 and 2025-26?

**Ms Rosengren:** That's correct.

**Senator WATT:** So all up, if we're talking about how much of the 678 is in the forward estimates, it's about two lots of 20 for the Northern Territory, about 30 million for Queensland, plus the Boulia—it's around 100 million of the 678 that will be in the forward estimates?

**Ms Rosengren:** That's right. We are looking to continue the program that's already rolling out.

**Senator WATT:** Okay. Are there any state and territory contributions to that?

**Ms Rosengren:** Yes. All the Outback Way is funded on an eighty-twenty basis, except for the Boulia Council, which is 100 per cent Australian government funded.

**Senator WATT:** Why are they getting 100 per cent of the funding?

**Ms Rosengren:** That's a matter for government, who've made the decision that the council will be funded at 100 per cent to roll out those works.

**CHAIR:** Just further to that, Senator Watts, can I clarify—because Mayor Rick Britton, who Senator Watt would also know well—

**Senator WATT:** Yes.

**CHAIR:** He kind of dances a jig every time you talk about the Outback Way. I understand that they have 300 ratepayers in Boulia—is that correct?

**Ms Rosengren:** That's what I understand, Senator.

**CHAIR:** So the reason for the 100 per cent is a lack of capacity for that shire to build national infrastructure, because there's only 300 of them paying rates?

**Mr Hallinan:** That's a judgement that is taken by government from time to time, particularly where there's a limited revenue base in largely remote locations.

**CHAIR:** But they have asked for this funding to be rolled out piecemeal so that they can have the workforce remain in Boulia, they can maintain their own works department and it contributes to the social infrastructure that you're talking about in WA?



**Ms Rosengren:** That's correct. We've worked with the council to understand what they can spend in each financial year and to make sure there is that continuity of employment for the council workers.

**CHAIR:** Thank you.

**Senator WATT:** Did you also say that, with the component of the Outback Way that's in the Boulia Shire, at least some of it is council-owned roads?

**Ms Rosengren:** Yes, the Donoghue Highway is deemed to be a council road.

**Senator WATT:** Are there any other parts of the Outback Way that are council-owned roads?

**Ms Rosengren:** Not that I'm aware of.

**Senator WATT:** Is that a factor as well for the Commonwealth funding? I absolutely accept that there's a very small number of ratepayers in Boulia Shire. I imagine the same could be said for other parts of the Outback Way, because it has very remote locations in some places. But that was ultimately a decision for the government?

**Ms Rosengren:** The proponents on the rest of the Outback Way are the states and territories.

**Senator WATT:** Okay. Could I ask a similar range of questions about the Regional Australia Level Crossing Safety Program?

**Ms Rosengren:** Senator, that is not me.

**Senator WATT:** Do you do Queensland as well?

**Ms Rosengren:** I do.

**Senator WATT:** Maybe while you're there, why don't I do a couple of Queensland projects and then we'll do the level crossing. Can I start with the Sunshine Coast—the Beerwah to Maroochydore rail project.

**Ms Rosengren:** That's a National Faster Rail Authority project.

**Mr Hallinan:** We can try to give you some information.

**Senator WATT:** Really, it's going to be the same sort of questions. The announcement was 1.6 billion for the project. I'm interested to know how much of that will be seen in the forward estimates.

**Ms Rosengren:** I have got published cash flows that I can pass on. For the Brisbane to Sunshine Coast—so that's the 1.6 billion—there's 50 million allocated for 2024-25 and 200 million for 2025-26, and the remaining funding is beyond the forward estimates.

**Senator WATT:** So it'll be \$250 million of the 1.6 billion that's announced that will be spent in the four years from this budget?

**Ms Rosengren:** I can just comment that these are the cash flows I've got in front of me.

**Senator WATT:** What am I missing? I'm looking at BP2 page 139, 'Infrastructure investment in Queensland', and the payments that are shown in the graph there. Have you got that before you?

**Ms Rosengren:** I think it's a reflection of how measures are captured in this; I understand that this is not a full reflection of all the funding that's being allocated to this.

**Mr Hallinan:** If there is funding in the CR it'll affect your positions in the measure itself. If that CR provision has been made in a previous budget then you end up with a counterbalancing offset.

**Senator WATT:** CR being contingency reserve?

**Mr Hallinan:** Yes.

**Senator WATT:** I'll come back to that. What I'm wondering is: if there is \$200 million allocated in 2025-26, why is the total for infrastructure investment in Queensland in 2025-26 at \$103.6 million? Is it because the remainder is in the contingency reserve?

**Mr Hallinan:** I think the operation of the measure itself is probably something that's worth talking about with the Department of Finance. We don't publish the measure. As a general principle, sometimes if there is funding in a contingency reserve item or provision for something then it will net off for the purposes of the measure. I'm speaking from previously working in Finance.

**Senator WATT:** Is that another way of saying that a previous budget or MYEFO has set aside money for this project, and possibly others, in the contingency reserve and that's been drawn on to fund it in addition to any new funding?

**Mr Hallinan:** It's possible.

**Mr Atkinson:** I might add a little bit to that. The figures that are in the Budget Paper No. 2 are actually net impact after all movements of the existing provisional funding headroom that's already accounted for in the

budget and funding allocations that are held inside the budget bottom line in the contingency reserve. So, it's sort of a net outcome after all of those things have been taken into account, which is why I think Mr Hallinan is referencing that to Finance, because it's actually a net calculation of the bottom line.

**Senator WATT:** We've talked often in this committee about the underspends—I'm not trying to make a point about that at this point in time—

**Mr Atkinson:** I'm more than happy to talk about the record expenditure last year and how we delivered \$19 billion—and, in this space, up from \$5 billion to 12 last year alone.

**Senator WATT:** But I'm guessing you're less happy to talk about the \$8 billion underspend in the infrastructure program over the last X years. Anyway, we can take that offline.

**Mr Atkinson:** We've made improvements over time, Senator, and we can talk about that at length.

**Senator WATT:** Are you saying that you draw on what I'm calling 'the underspends'—

**Mr Atkinson:** No.

**Senator WATT:** to help fund the projects?

**Mr Atkinson:** No, because those are in the past.

**Senator WATT:** Okay.

**Mr Atkinson:** Not that I'm talking about that.

**Senator WATT:** That's in the \$8 billion underspend—

**Mr Atkinson:** I certainly wouldn't be confirming that, Senator. It's actually the net impact of the forward budget allocations and the project approvals that are in the UCB. The most useful thing to talk about is what the new project allocations are.

**Senator WATT:** Yes. And they're the figures that we've just been going—

**Mr Atkinson:** That's what you've been going through. They're the more meaningful figures.

**Senator WATT:** Okay, so Sunshine Coast rail is 50 million in 2024-25, 200 million in 2025-26 and the rest outside the forward estimates. Just remind me—I found it hard to keep up with the detail about this over the last few days—that is going to include two additional train stations, from memory?

**Ms Rosengren:** I don't have the details of that Brisbane to Sunshine Coast with me.

**Senator WATT:** Again, this project requires a state contribution as well?

**Mr Hallinan:** Yes, this is a project with fifty-fifty Commonwealth-state financing as proposed. I think the public information on it says that they will likely be including new proposed stations at locations such as Kawana and Caloundra.

**Senator WATT:** What did you say about state contribution?

**Mr Hallinan:** Fifty-fifty, so 1.6 billion from the state as well.

**Senator WATT:** And has the Queensland government committed to that yet?

**Mr Hallinan:** This would be included in a letter to the Queensland government about projects and proposals to add to the NPA. An agreement may or may not be reached with the Queensland government, but we would anticipate that it would in all likelihood.

**Senator WATT:** How was the \$1.6 billion figure arrived at?

**Mr Hallinan:** That's a piece of work from the National Faster Rail Agency. I can take it on notice regarding the detail of the costing or planning activities that occur—

**Senator WATT:** But, essentially, that's what they say it will cost? They say it will cost 3.2 billion in total?

**Mr Hallinan:** Yes, it's a Faster Rail Agency project.

**Senator WATT:** I'm not sure if you saw an article in *The Guardian* earlier this week—yesterday or Tuesday—where the Queensland transport minister couldn't understand how these figures were arrived at and said that they appeared to be plucked out of the sky.

**Mr Hallinan:** I understand from discussions with the Faster Rail Agency that they have been working with Queensland officials on it. But, again, I can take that on notice, seek advice and come back.

**Senator WATT:** You'll take on notice whether they were plucked out of the sky?

**Mr Hallinan:** No. I'll take on notice the detail that I took earlier, Senator.

**Senator WATT:** While we are talking about rail, the Brisbane to Gold Coast, Kuraby Beenleigh faster rail upgrade—do you have any figures on the forward estimates for that?

**Ms Rosengren:** Again, this is another Faster Rail Authority project. We have 70 million for 2023-24, 150 million for 2024-25, and 200 million for 2025-26; with 701 million beyond the FE.

**Senator WATT:** So 70 for 2023-24, 150 for 2024-25 and 200 for 2025-26.

**Ms Rosengren:** That's correct.

**Senator WATT:** And, again, that's expected to be fifty-fifty with the Queensland government?

**Mr Hallinan:** That's correct.

**Senator WATT:** In fact, I think they've already committed their funding, haven't they, for that project?

**Mr Hallinan:** Yes, I think there's been an announcement on this one.

**Ms Rosengren:** Yes.

**Senator WATT:** Can we now go back to the Regional Australia Level Crossing Safety Program, please? This is a project I'm not as familiar with. Is there a particular page of BP2 I should be looking at that goes through this one?

**Ms Brown:** It's in BP2 on page 135, but it's only a very short description.

**Senator WATT:** So the announcement was 180.1 million. Can you also please give me the breakdown by year for that?

**Ms Brown:** Sure. It's 180.1 million over five years. I've got 1.8 million in this financial year—2021-22; 48.3 million in 2022-23; 45.2 million in 2023-24; 42.1 million in 2024-25; and 42.7 million in 2025-26.

**Senator WATT:** Thanks. This project—is this a new program?

**Mr Atkinson:** Yes. It's a program, though, not a project.

**Senator WATT:** It's a program, not a project—out of which individual projects will be funded?

**Mr Atkinson:** Yes.

**Senator WATT:** And will that require state or territory or anyone else's contributions?

**Ms Brown:** Yes, it will. I'm happy to break it down a little bit for you. There is 160 million allocated for level crossing safety and protections in regional areas. That would include things like boom gates and additional lighting signals. They'll be funded as eighty-twenty, Commonwealth-state. There's 6.5 million for a national campaign to raise awareness about level crossing safety. There's five million for research and trials of lower-cost level crossing technologies and measures. And the remaining two million is for improvements to data and risk assessment at level crossings.

**Senator WATT:** Have the individual projects been selected yet?

**Ms Brown:** No.

**Senator WATT:** When's it anticipated that they'll be selected or announced?

**Ms Paula Stagg:** The guidelines will need to be finalised, approved and provided to states and territories to put forward projects. It would then go through the usual grant assessment process and advice to ministers.

**Senator WATT:** So that will take a bit of time?

**Ms Paula Stagg:** Yes.

**Senator WATT:** This is a regional-level crossing program. Is there any funding within the budget for urban-level crossings as well, in another program?

**Mr Atkinson:** We do level crossing removals as part of some of our other programs.

**Senator WATT:** That's more like if you're building a road and that requires a level crossing upgrade then you'd do that, as opposed to a distinct program?

**Mr Atkinson:** No, they can be projects within a broader IIP. Ms Stagg, do you have any more detail?

**Ms Paula Stagg:** I don't believe there's a designated urban-level crossing program. As Mr Atkinson has indicated, that would instead be considered as part of project designs through the IIP.

**Senator WATT:** Thank you. I think my colleagues have questions about other projects.

**Senator SHELDON:** Coming back to New South Wales and the Sydney Metro, you mentioned the land acquisitions and that it's still to be considered where those acquisitions might take place. I want to be clear that the

findings and the recommendations from the ANAO's audit of the Leppington Triangle are going to be factored into that process as well.

**Mr Atkinson:** They certainly will, Senator.

**Mr Hallinan:** I think this is a project that will be undertaken by the New South Wales government. The New South Wales government and transport officials have also gone through a fairly substantial uplift in land acquisition processes in recent times and it's certainly a content area that everybody is very alive to; and appropriate probity and acquisition processes will be in place.

**Senator SHELDON:** Can you step me through how that will work?

**Mr Hallinan:** It will depend on the land that's going to be purchased. The New South Wales government officials—and I think this will be in likelihood the Sydney Metro company itself—would undertake an acquisition under New South Wales land acquisition legislation. It's not something that we will control, but it is something that will be controlled at the state level through state regulatory and legal requirements. I do know that there's been substantial work in New South Wales departments on land acquisition processes in the last 12 to 24 months.

**Senator SHELDON:** So you're confident that they'll effectively implement concerns raised by the ANAO? I appreciate it's the state's responsibilities as well, but are you confident about the rigour of the processes that are being put in place? Are they not just taking into account but factoring in the Leppington Triangle audit program?

**Mr Hallinan:** I think the vast bulk of transport officials around the country will have looked at the Leppington Triangle audit and outcomes and will be taking that into consideration in how they undertake their acquisitions. I know that in New South Wales there have been separate audits and findings in relation to land acquisitions in the last recent years as well. I'm quite confident that there have been lessons learnt throughout both Commonwealth and state departments that undertake these matters.

**Ms Legg:** It's also worth pointing out that much of that corridor is already preserved. I think that the state governments certainly try to do that to minimise property acquisitions into the future.

**Senator SHELDON:** Who from the department is interacting with you when you're coordinating with that particular project?

**Ms Legg:** My branch already works with Sydney Metro and Transport for New South Wales on the delivery of stage 1 and we would continue to do so on stage 2 through the planning process. We would certainly expect to see, in our project proposal reports from them, adequate evidence that their processes have been followed.

**Senator SHELDON:** Are you aware whether there's been any representation or submissions from landowners to the department or—

**Ms Legg:** Not to my knowledge.

**Senator SHELDON:** I'm very mindful of what you've said about how the project's going to proceed, but I'm also asking about those landowners who may not be aware of the system—of who's got ultimate responsibility—until they talk to various players. Are you aware of whether there have been any representations from landowners to the department or to ministers?

**Ms Legg:** I'm not aware of any.

**Mr Hallinan:** To this department or to the state?

**Senator SHELDON:** I'm talking about this department first and then to the state.

**Ms Legg:** No.

**Mr Hallinan:** Certainly not that I'm aware of.

**Senator SHELDON:** Thank you.

**Senator O'NEILL:** Can I just ask a clarifying question? Mr Atkinson, earlier on you tabled the documents in response to Senator Sterle's letter and you indicated that there were eight areas where you had people to respond. Could you just walk me through that?

**Mr Atkinson:** It was the budget profile for the \$7.1 billion regional package that we talked about—the year on year profile.

**Senator O'NEILL:** The budget profile for—

**Mr Atkinson:** Dr Bacon's already read the first four years into Hansard.

**Senator O'NEILL:** So eight areas—

**Mr Atkinson:** I said I thought it was about eight numbers, but it turns out to be four.

**Senator O'NEILL:** Four numbers, not areas. Okay. I was trying to clarify. It didn't quite make sense, but I appreciate that now, thank you.

**Mr Atkinson:** During the break I will check to make sure that satisfied what was in there.

**Senator O'NEILL:** Thank you.

**Ms Brown:** Can I just correct or add some information to the last answer I gave on the Regional Australia Level Crossing Safety Program. Your numbers aren't going to add up because I didn't mention the 6.6 million for the department.

**Senator WATT:** Thanks.

**CHAIR:** Thank you.

#### **Proceedings suspended from 12:31 to 13:32**

**CHAIR:** Welcome back to RRAT.

**Senator O'NEILL:** As a senator for New South Wales, it won't surprise you that I have a few questions about the New South Wales infrastructure spend. Firstly, I will go to the \$1 billion for the Sydney to Newcastle and Tuggerah to Wyong faster rail upgrade.

**Mr Hallinan:** We can try to help with that. It is a National Faster Rail Agency project. We have some detail with us, but we won't have full detail. The NFRA hasn't been called.

**Senator O'NEILL:** The National Faster Rail?

**Mr Hallinan:** Agency, yes.

**Senator O'NEILL:** Are they expected here at any time?

**Mr Hallinan:** No. They haven't been called.

**CHAIR:** They were not called, unfortunately.

**Senator O'NEILL:** Perhaps we can think about that for next week.

**Mr Atkinson:** We'll try to provide you with answers.

**Mr Hallinan:** We'll try to answer your questions.

**Senator O'NEILL:** Let's get a bit of detail and flesh it out a bit. What is it? Where will it start? Where will it finish?

**Mr Hallinan:** It's on the existing Sydney-Newcastle line. It's duplication of approximately 10 kilometres of track starting south of Tuggerah and ending north of Wyong. It will create some extra platforms and station upgrades at Wyong and Tuggerah. It will allow, importantly, I think, better express services from Newcastle to Sydney on an express line because you will be able to bypass any of the all-stop services where the trains are stopping at those locations.

**Senator O'NEILL:** So it's best described as a slip lane past the stations for those commuting from Newcastle?

**Mr Hallinan:** It will cut out a bottleneck and it will probably improve the speeds for both those from Tuggerah and Wyong areas as well as those coming through Newcastle on the express.

**Senator O'NEILL:** So probably improve the speed. Could you talk to me about that?

**Mr Hallinan:** I don't have details on speeds or time reductions. There will definitely be a reduction in travel time associated with it.

**Senator O'NEILL:** So you are confident about that? Based on what?

**Mr Hallinan:** Just the simple scenario of not stopping at two stations and maintaining your speed at, I think, probably 150 kilometres an hour or thereabouts through there. That will be a substantial improvement. It will also mean fewer people on some services that will be stopping in those locations. There will be a bit more actual detailed work associated with it. NFRA can answer. I can certainly take it on notice, if you like.

**Senator O'NEILL:** Okay. We haven't had this project announced before. Is that correct?

**Mr Hallinan:** No. This is a new project.

**Senator O'NEILL:** Has it been considered previously?

**Mr Hallinan:** Considered by government previously?

**Senator O'NEILL:** Yes. How long has it been in the pipeline or on the train line, should I say?

**Mr Hallinan:** We wouldn't divulge if cabinet had considered it and not made a decision to proceed with it. This is the time where cabinet has made a judgement to proceed.

**Senator O'NEILL:** The total amount is \$1 billion. Could you take me through the allocation of funding for that, please?

**Mr Hallinan:** I don't have a profile for it. It is a total \$2 billion project, with \$1 billion from the Australian government and \$1 billion from the New South Wales government. My colleague might have a breakdown and an indicative estimate. It would start with \$10 million in 2024-25, \$50 million in 2025-26 and \$940 million scheduled from 2026-27 onwards. The time period over which I've got indicative construction is late 2024 to late 2028.

**Senator O'NEILL:** I want to make sure I have that right. We have an announcement of \$1 billion, but it is 2022, and no work will commence until 2024. Is that correct?

**Mr Hallinan:** I'm sure work will commence. It won't be construction.

**Senator O'NEILL:** So no-one will see anything happening until, at the earliest, late 2024?

**Mr Hallinan:** That is our indicative schedule. There might be some early works that happen. We need to negotiate with the New South Wales government the detailed time frames for it.

**Senator O'NEILL:** Have you secured agreement for the other billion dollars from the New South Wales government yet?

**Mr Hallinan:** That is subject to the national partnership agreement finalisation. So there are letters with jurisdictions that are what is out of the budget, and then we negotiate with that jurisdiction and update the schedule to the national partnership agreement with agreed projects.

**Senator O'NEILL:** But while that negotiation is still continuing, you're confident with the time line you've just given me? A lot of people drive up along that section of the road. They'll be seeing works. There will be no works commencing until late 2024 at the earliest, if the agreement with New South Wales to put in \$1 billion is made?

**Mr Hallinan:** I said that is an indicative time frame. It's something that will be finalised with the state—

**Senator O'NEILL:** Well, we don't have any other timetable to go by, Mr Hallinan.

**Mr Hallinan:** No. That's correct. You asked me for confidence. I was giving you the level of confidence.

**Senator O'NEILL:** So indicative means you are confident or not confident?

**Mr Hallinan:** It's indicative.

**Mr Atkinson:** I think we might be missing that this is the National Faster Rail Agency's responsibility. Mr Hallinan is trying to help. They have the details of all of this.

**Senator O'NEILL:** Late 2024 indicative with a reasonable degree of confidence, I am assuming, or you wouldn't have put it on the record. Let's just go to how much is going to come out. None in 2022-23? Zero dollars?

**Mr Hallinan:** As I said, our financial estimates start in 2024-25 with \$10 million.

**Senator O'NEILL:** So zero in 2022-23, zero in 2023-24 and then \$19 million in 2024-25?

**Mr Atkinson:** This is half of the project. The other half is New South Wales. It would just depend on what spending profiles are agreed with New South Wales.

**Senator O'NEILL:** We have to hope that they put a big chunk in early because you're not putting anything until 2026-27, by which time we'll be past the next federal election?

**Mr Hallinan:** As we often indicate in these hearings, large transport infrastructure projects do have a long time scale. They do require a lot of planning and work to make them happen.

**Senator O'NEILL:** They do. That is kind of the work the government should be doing while they are in government rather than making an announcement with no money arriving until after the next federal election.

**Mr Hallinan:** It is how you go about announcing a project and how much work you do before you announce your intent to build a project. As a general principle, we do work to give a good estimate of what costs are going to be and what a time scale might be. Over time—

**Mr Atkinson:** And scope.

**Mr Hallinan:** And scope. Over time when work is done, it is quite detailed work and considered work. When that work is done, we get a better understanding of exactly what a project will look like and we get refined cost estimates as we get construction dates and tendering as well. So there is a lot of work to occur on this before actual construction occurs.

**Mr Atkinson:** The next step is the detailed engineering design of exactly where the rail will be and what the geology is and how that fits.

**Senator O'NEILL:** Having confidence that it's actually going to happen is something that I don't always have with the government's announcements and the delay in delivery, which we have experienced on the coast. Has any detailed planning been done for the project? There must be something, surely. You wouldn't be able to come up with a number unless you are just pulling it off the back of an envelope.

**Mr Hallinan:** As I said, the National Faster Rail Agency is undertaking the work on this one. I can take on notice for you further questions on it or detailed questions.

**Senator O'NEILL:** Thank you. I will go to another item of some interest to people on the Central Coast and in particular in the seat of my colleague Emma McBride, the member for Dobell, who I know has been campaigning tirelessly for this project over many years with her state colleague David Harris. The Pacific Highway Wyong town centre is some bottleneck that you have to try to get through. It is a disaster. So \$336 million has finally been allocated to this project after much noise over more than a decade. Could you take me through the detail for this project? When will it start?

**Ms Legg:** That's right; it is a \$336 million Australian government commitment with a New South Wales contribution of \$84 million. The project which is expected—

**Senator O'NEILL:** Just to be clear, the \$336 million, is that in toto?

**Ms Legg:** That is Australian government funding.

**Senator O'NEILL:** And then the state government—

**Ms Legg:** Of \$84 million. The total project cost is \$420 million. The project is expected to commence construction in mid-2024 and be completed by mid-2027. The project description—and obviously this will evolve as we get the project proposal report from our state government colleagues—is that it will upgrade the Pacific Highway through Wyong, including duplication of the highway between Johnson Road and Cutler Drive in Wyong. It will also replace the existing Wyong River road bridge with a two new-road bridge, improving overhead clearance heights for River Road and South Tacoma Road. Obviously, Senator, as you describe, the population is increasing in that area. It currently experiences high levels of congestion. So the project is designed to both reduce congestion and improve road safety through that section.

**Senator O'NEILL:** I know that community has been waiting for a very long time. Emma McBride has been fighting for this for nearly a decade. Where is the detailed planning with regard to this project at this stage? How detailed are the plans?

**Ms Legg:** I will have to take it on notice. As I said, it has only been announced. We expect when we receive confirmation from New South Wales of their funding and it's added to the schedule that we will get an update from the New South Wales government. I understand that some work has already been undertaken.

**Senator O'NEILL:** How would you describe that work? I will wait until we agree with the state government. I think, 'Oh, my God, how many more years are these people going to have to wait for this road?'

**Ms Legg:** My understanding, Senator, is that they've already started planning work.

**Senator O'NEILL:** Is that engineering plans? Is that the stage it's at?

**Ms Legg:** They have started looking at designs. Obviously, they've identified things such as the duplication of the bridge. That would be required. I think some car parks need to be relocated. I am fairly confident that quite a bit of planning has already gone on. As I said, once we get that proposal from them, we will have more information.

**Senator O'NEILL:** It is now 2022. It won't start until 2024. Have you got a month?

**Ms Legg:** Mid-2024; that is what I have.

**Senator O'NEILL:** If it goes to plan, it will take three years to complete?

**Ms Legg:** That's right.

**Senator O'NEILL:** And mid to end?

**Ms Legg:** Mid-2027.

**Senator O'NEILL:** Great. Three years. Not starting until 2024. Can we now go through the allocation year by year?

**Ms Legg:** Sure.

**Senator O'NEILL:** Is there any allocation for spend for 2022-23?

**Ms Legg:** As we described on the other project, we can give out where the Australian government funding has been allocated. There is \$112 million in 2025-26.

**Senator O'NEILL:** So 2022-23 is zero?

**Ms Legg:** Yes.

**Senator O'NEILL:** And 2023-24?

**Ms Legg:** It says 2025-26 here of \$112 million.

**Senator O'NEILL:** Let's go through. The announcement is now. The expectation is way, way yesterday. I want to be clear when this is starting and the money is coming through. So 2022-23 is zero, and 2023-24 is zero?

**Ms Legg:** That's right.

**Senator O'NEILL:** And 2024-25?

**Ms Legg:** It is \$112 million.

**Senator O'NEILL:** In 2024-25?

**Ms Legg:** That's right.

**Senator O'NEILL:** And 2025-26?

**Ms Legg:** It is \$112 million in 2025-26.

**Senator O'NEILL:** So there's nothing in 2024-25 either?

**Ms Legg:** No. Then 2026-27 and 2027-28 have \$112 million each. This does not have New South Wales funding profiled. As we discussed before, the New South Wales money may come in the earlier years.

**Senator O'NEILL:** Ms Legg, I know that it's not your responsibility for the timing of this. Realistically, I have sat in the traffic myself occasionally. I know that Emma McBride and her whole family who have lived in that area for years and years, including her father, the former member for The Entrance. They've been sitting in massive traffic problems in that area for a very long time. Everybody is expecting this road. They've been waiting for it. They've been fighting for it. At this point of time, there is no money to be spent in the 2022-23 financial year. There are zero dollars to be spent in 2023-24 and zero dollars to be spent in 2024-25. Is that correct?

**Ms Legg:** That's right.

**Senator O'NEILL:** So, for the next three years, the people on the Central Coast in the seat of Dobell will have an announcement as their only consolation? They won't have a road and there won't be a cent spent?

**Ms Legg:** I will reiterate that the New South Wales money has not been profiled here. When they agree, we would work with them to profile their expenditure.

**Senator O'NEILL:** I understand that. But we don't have them here. This is a federal announcement. I'm not asking you to account for the \$84 million from the state. We have to hope that they are going to spend some money because despite the fanfare of the announcement by the federal government of \$336 million after years and years of this being fought for by the community, they will not see a cent of the \$336 million until 2025, 2026 and 2027. Ms Legg, is that correct?

**Ms Legg:** That is correct based on the profiling at this point. But as the stages progress and as we receive the project proposal reports, it's not unusual that we would look to reprofile the money to align with the stage of the project. So if certain aspects, including early works, can come forward, the commitment of funding is there.

**Senator O'NEILL:** Or, indeed, if it's that flexible, perhaps it might not be until 2026 that some money would flow through? I hope not. I know the need in that community. I know how long they've waited. I know how hard Emma McBride has fought for this. I know how excited people will be with an announcement. But an announcement is not a road. It is not a bridge over the Wyong River. It does not solve the height underneath as people get down.

**Mr Hallinan:** It is a full commitment from the Commonwealth government to this project.

**Senator O'NEILL:** Sorry?

**Mr Hallinan:** It's a full commitment from the Commonwealth government to this project.

**Senator O'NEILL:** I've seen plenty of full commitments from this government, and I can tell you what they like—

**Mr Hallinan:** It's going into the program with New South Wales.

**Senator O'NEILL:** on the Central Coast.

**Senator McKenzie:** Can the Labor Party not talk over the officials, please, Chair?



**CHAIR:** Do you want to finish your comment, Mr Hallinan?

**Mr Hallinan:** I was just making the point that it is a full commitment to the project and it allows the project to go ahead. There will be planning work that has to occur. We have got full confidence that the Pacific Highway Wyong town centre duplication work and the raising and duplication of the bridges will happen. There will be a level of uncertainty in the answers that we can provide at this stage because we are a little way away from actual commencement of construction. But as we get closer, you will get a lot more detail from us on it.

**Senator O'NEILL:** We are three years away from any spend. We are three years away from construction. Perhaps my frustration will become more apparent when I just ask another couple of questions about the Woy and Gosford commuter car parks. How many times have these car parks actually been announced? Have you kept track of that? It looks like they are announced every second week.

**Ms Legg:** To my knowledge, they were only announced the once in—

**Senator O'NEILL:** What year?

**Ms Legg:** In 2019.

**Senator O'NEILL:** So they were announced in 2019 prior to the last election. Is that correct?

**Ms Legg:** I do have the details of the exact timing of them. I think I have a table. I will keep looking for the exact date of the announcement for them as you ask your next question.

**Senator O'NEILL:** Prior to the last election, money was announced for the commuter car parks in Woy and Gosford. What was the quantum of the announcements in 2019?

**Ms Legg:** I found the table. Woy was announced, I believe, on 27 March 2019. The allocation was \$5 million. I think Gosford was announced at the same time. The commitment for Gosford was \$30 million.

**Senator O'NEILL:** Have we seen any of that money spent in 2019, 2020, 2021 or 2022?

**Ms Legg:** Yes. Excuse me flipping between tables.

**Senator O'NEILL:** It's alright, Ms Legg. If you can give us the truth, that will be a lot better than what we seem to get on the coast most of the time.

**Ms Legg:** There has been no money expended on Gosford.

**Senator O'NEILL:** So \$30 million announced but zero spent?

**Ms Legg:** There has been \$600,000 expended on Woy.

**Senator O'NEILL:** So \$600,000 of \$5 million that was announced and there are no works underway, are there?

**Ms Legg:** Would you like an update on Woy, Senator?

**Senator O'NEILL:** Could I just get the next announcement? There was a further announcement, I understand, in the budget. Is that correct?

**Ms Legg:** On Woy?

**Senator O'NEILL:** Yes.

**Ms Legg:** There was a further \$8.2 million allocated to the project in this recent budget.

**Senator O'NEILL:** That means the original announcement was a long way out from what was actually required to undertake the project?

**Ms Legg:** The original announcement was made obviously before design, scoping and development was undertaken. Now that the project has progressed, there is further certainty on the costs.

**Senator O'NEILL:** So the original announcement was an announcement of money, but it actually wasn't an announcement with a plan behind it? It was money just before an election. There's a bit of a pattern here. So Woy now has an allocation of funding of \$13.2 million?

**Ms Legg:** It is \$13.2 million.

**Senator O'NEILL:** Can we do the forwards on that, please? When is that to be expended? So \$600,000 has been spent. I'm hoping that means that there are some plans. Is there a partner?

**Ms Legg:** The Woy car park is 100 per cent Australian government funded. The \$600,000 was for scoping activities. It would be normal, I think as I my colleague described before, for expenditure to go up as we move into development and construction.

**Senator O'NEILL:** In that scoping phase, has a site been purchased?

**Ms Legg:** A site has been identified. It doesn't need to be purchased. It belongs to, on my understanding, an entity of the New South Wales government.

**Senator O'NEILL:** That is the New South Wales government contribution—land?

**Ms Legg:** Correct.

**Senator O'NEILL:** Do you have the quantum of that?

**Ms Legg:** Of the land?

**Senator O'NEILL:** Yes.

**Ms Legg:** No.

**Senator O'NEILL:** Do you know where that site is?

**Ms Legg:** It's south-west of the station on Railway Street.

**Senator O'NEILL:** Do you know the size of that land?

**Ms Legg:** The size, no. I could take the exact size on notice.

**Senator O'NEILL:** Do you know how far it is from the station?

**Ms Legg:** I do. It's a long, narrow piece of land. At the closest point it is 470 metres.

**Senator O'NEILL:** At the closest point, it is 470 metres from the station?

**Ms Legg:** That's right.

**Senator O'NEILL:** So nearly half a kilometre from the station. And is it multistorey or a single level?

**Ms Legg:** No. The design is an at grade car park.

**Senator O'NEILL:** That means a ground level car park?

**Ms Legg:** That's right.

**Senator O'NEILL:** Is there any coverage on it?

**Ms Legg:** I haven't seen the design so I can't tell you exactly whether there will be coverage. When that information is available, I can certainly let you know that.

**Senator O'NEILL:** At the moment, it will be like an asphalt outdoor car park on the ground level 470 metres at closest to Woy station?

**Ms Legg:** That's right.

**CHAIR:** Senator O'Neill, who does the plans for the car parks?

**Ms Legg:** It is Transport for NSW.

**CHAIR:** I am trying to clarify that we are not having a go at these department officials who aren't responsible for the design. I appreciate your question, Senator O'Neill. I want to clarify who is running the project.

**Senator O'NEILL:** Thank you. I want to go to the next question. So \$600,000 has been spent so far. Finally, we have a bit of detail about the shape of the thing. It's certainly not going to be multistorey, which was, I think, some of the expectation of the community. Could you just go through the spend as anticipated. So when was \$600,000 spent?

**Ms Legg:** So the profiling, Senator, is \$1 million in 2021-22. I suspect, but I will confirm, that money has been out this year. There is \$8.56 million in 2022-23, which would correspond to the major construction, and \$3.64 million in 2023-24. Again, these can move around. That is the information I have at the moment.

**Senator O'NEILL:** So at this stage there's a plan. It has cost a million dollars, basically, to get it to that stage. Nothing has happened yet, but it's going to cost \$8.5 million to deliver this ground level car park 470 metres from the station. How many car spots will that deliver?

**Ms Legg:** The commitment is for 140 car parks. It's possible that there may be slightly more. When we see the final designs, we'll know the exact number.

**Senator O'NEILL:** What is the cost per car space?

**Ms Legg:** Based on the commitment?

**Senator O'NEILL:** Yes.

**Ms Legg:** I can't guarantee that there won't be more than 140. But based on the 140—

**Senator O'NEILL:** Let's assume that it's going to be 140. How much is the cost per car space, then?

**Ms Legg:** Approximately \$94,000.

**Senator O'NEILL:** Per car space—thank you very much. Can we go to Gosford to clarify. The commitment was made to put \$30 million worth of funding in to commuter car parks in Gosford in 2019.

**Ms Legg:** Correct.

**Senator O'NEILL:** It's now 31 March 2022 and zero dollars of what was committed by the local member Ms Lucy Wicks for parking in Gosford has been expended.

**Ms Legg:** That's right.

**Senator O'NEILL:** What is the status of that \$30 million now? We know that the Treasurer gave back his \$65 million that he gave to himself. What is happening with Gosford?

**CHAIR:** Senator O'Neill, he didn't give it to himself.

**Senator O'NEILL:** He did. It looks like he did. At least he got the \$30 million, but we've got nothing yet on the coast. Nobody has got anything. What is happening with that money? What is projected to happen?

**Ms Legg:** That funding, Senator, is still allocated to the Gosford commuter car park. We are working with Transport for NSW. I think I provided an update in a previous estimate about the work we've been undertaking with the Central Coast council. Unfortunately, it went into administration. But Transport for NSW have agreed to scope that project for us. So the allocation remains on that project.

**Senator O'NEILL:** Has the scoping been done? Will it be done?

**Ms Legg:** Transport for NSW have done a rapid viability assessment for us and looked at over 12 sites in detail. We are considering that information. However, obviously, as you would know, Senator, the area is highly constrained. There are a number of existing car parks there. To build on and extend them, given their age, is not viable. So we're working through the advice that we have from New South Wales about what the options could be.

**Senator O'NEILL:** I know Mr Eddie Ellis from the Central Coast Commuters Association is very exercised about this matter. I know that Labor's candidate, Dr Gordon Reid, is very alive to the concerns in the community that there's been a lot of talk for three years and we still have nothing. So the best we can say about the commitment from the government in 2019 is that there's still a lot of talking about it. There's been a rapid viability assessment. There are 12 possible sites. We know it's congested. You can't build on to the old car parks. Is that what you just told me? It's impossible?

**Ms Legg:** That's right.

**Senator O'NEILL:** So don't expect any multistorey extensions?

**Ms Legg:** We have asked them to look as broadly as possible, including extending existing car parks. But they are old. To reinforce sufficiently, at this point, the indications are not viable.

**Senator O'NEILL:** So no site has been identified?

**Ms Legg:** There is not.

**Senator O'NEILL:** So \$30 million remains unspent?

**Ms Legg:** Correct.

**Senator O'NEILL:** And people have no car parks. Do you have forward estimates planned expenditure?

**Ms Legg:** We do. As I said, that would be subject to change based on identifying a site and being able to progress the project. At the moment, there is \$8 million profiled in 2022-23, \$13.25 million in 2023-24 and \$8.75 million in 2024-25.

**Senator O'NEILL:** So the money is still there, but there's actually no plan and there's nowhere to build at this point of time?

**Ms Legg:** There is not a site identified at this point, but we're working hard with New South Wales to—

**Mr Hallinan:** There has been an assessment of potential options. We'll work through with New South Wales refining them down to what might be the best options available to us.

**Senator O'NEILL:** Will there be a contribution in dollar terms from the state government, or will it be the same arrangement that you've described for Woy, where they'll provide nothing and scoping works?

**Ms Legg:** The commitment is a 100 per cent Australian government commitment to the Gosford car park.

**Senator O'NEILL:** So you have no partner for delivery?

**Ms Legg:** We have Transport for NSW scoping, but they are not co-funding.

**Senator O'NEILL:** In terms of the next stage for Woy, the ground level car park there, who is the partner for delivery?

**Ms Legg:** Transport for NSW.

**Senator O'NEILL:** They will be actually undertaking the works?

**Ms Legg:** They will.

**Senator O'NEILL:** Thank you very much.

**CHAIR:** Thank you, Senator O'Neill. It is a frustrating process, isn't it?

**Senator O'NEILL:** Yes.

**CHAIR:** The council went into administration.

**Senator O'NEILL:** The council was in a forced amalgamation brought on by the Liberal government determined to do that. There were administrators allocated. There has been a failure of management there that has been quite significant. I think we can sheet that home to the Liberal government in New South Wales as well.

**CHAIR:** I'm more interested in making sure that the department officials have responsibility for what they've got responsibility for as opposed to what is another jurisdiction's. We've teased that out.

**Senator O'NEILL:** Well, they've got responsibility for delivering something they've promised. The government hasn't actually done enough planning before they made the announcement so that people would get what they were told they were going to get. Three years later, the people on the Central Coast, are spending hours commuting to Sydney. It's so bad that they get in their car and sleep at the station at four o'clock in the morning for an hour before they have to go and get their train. If they don't get there early enough, they lose a spot. At this time, they've got zero car parks despite the commitment of \$35 million. I just have no confidence in this government to deliver for the people of the Central Coast.

**CHAIR:** Senator O'Neill, I think the officials have explained that they are trying to deliver.

**Senator O'NEILL:** I don't blame the officials. I blame the government.

**CHAIR:** Thank you. Do we have any more questions?

**Senator WATT:** I think we're done with infrastructure investment division. I think we're ready to move on to magic numbers. We're going to talk about a few magic numbers this afternoon. It is the major transport and infrastructure projects division.

**CHAIR:** Secretary, if you need to move any of your people around, please let the infrastructure investment division people move to the back of the room or elsewhere. Thank you. Bring forward major transport and infrastructure projects division representatives. I want to let people who are watching at home know that the Civil Aviation Safety Authority will be excused today and will appear on Monday instead. They will be appearing in place of AMSA, the Australian Maritime Safety Authority.

**Mr Atkinson:** Chair, I have our corporate people—our CFO and our chief operating officer et cetera—here. Do you have questions for our corporate group?

**CHAIR:** We hadn't called the corporate group, so I don't believe so.

**Mr Atkinson:** I would like people to be able to go and do their work. They are in the room next door.

**Senator WATT:** Why don't we get them in for five minutes before we go into major transport?

**Mr Atkinson:** I can't believe I got myself in that. I would prefer to have the questions so that we can release people to go and do their work.

**Senator WATT:** Yes.

**CHAIR:** What a sensible idea, Mr Atkinson.

**Mr Atkinson:** Senator, would you like to ask the question while people come in?

**Senator WATT:** My only question is about advertising programs.

**Mr Atkinson:** I thought it might be.

**Senator WATT:** Everyone is running a chook raffle about what day the Prime Minister's going to call the election. One consideration is the ability of the government to keep using public funding for advertising until the election is called. Was any new funding provided to your department in the budget for advertising campaigns?

**Mr Atkinson:** I think the answer is no.

**Senator WATT:** Advertising in a broad sense: communications, marketing or whatever you want to call it—magicking up numbers and projects.

**Senator McKenzie:** Murray Potter Watt!

**Senator WATT:** I'm about the right height!

**Mr Atkinson:** There were two things. As Ms Brown mentioned, there is the funding for level crossing awareness in the future. That is not now. We have funding for the online safety awareness campaign as well.

**Senator WATT:** That is through your communications part of the department?

**Mr Atkinson:** But that's on the other half of the portfolio.

**Senator WATT:** I'm trying to think back to the conversation we had at the last estimates. It might help if you join the table. I might need you to answer. At the last estimates, I'm trying to remember what you said. I don't think there was lots of money sitting in the budget for transport and infrastructure related advertising campaigns at the moment, was there?

**Ms Charles:** That's correct. There is no campaign funding for infrastructure or transport.

**Senator WATT:** Does that mean, then, that there will be no government advertising relating to infrastructure announcements made in the budget between now and the election? There's no money for it?

**Ms Charles:** That's correct.

**Senator WATT:** That's probably all I need on corporate, thanks. Two minutes.

**CHAIR:** Miracles do happen.

**Senator WATT:** They do.

**CHAIR:** Is major transport and infrastructure projects division the place where I should be asking about airport management, Secretary?

**Mr Atkinson:** No. That would be in transport group, which you have called on Monday.

**CHAIR:** Which I've called on Monday. I will save myself.

**Mr Atkinson:** You can ask me whether there is a process.

**CHAIR:** That is really all I wanted to understand. What is the process around that? I might kick off with a question on the process. How do we go about assessing the planning for airports around Australia? By that, I'm not just talking about the big publicly addressed ones—Sydney, Essendon and Moorabbin, which have been so publicly discussed. I'm talking about Broome, Caloundra, the Sunshine Coast, Redcliffe and Archerfield. What is the process of oversight for the department?

**Mr Atkinson:** Without the people here, I can't give a detailed answer. There is a formal planning and approval process for development on airports. Obviously, we're cognisant that developments on airports impact airport users, including flying schools and general aviation and all those sorts of things. With regard to the formal process by which we approve those, I would have to check on the scope of where our approvals sit. Certainly for many of the airports you mentioned at the start, we have a formal approval process that will consider those sorts of things as part of approving development proposals.

**CHAIR:** If I had airports like those where I had flying schools and general aviation maintenance, businesses and so forth coming to me and saying that the commercial arrangements were making it such that they were being pushed out of the airport under the cover of commercial arrangements, is that something that the department can have any oversight on?

**Mr Atkinson:** I think it would depend on which type of airport and exactly what they are talking about.

**CHAIR:** I'll come back on this.

**Mr Atkinson:** We can talk about it more on Monday with the experts. Certainly planning approvals and those sorts of things can impact on those parts of airports. We do have a role in that.

**CHAIR:** I will bring my specific questions on Monday. Thank you.

**Mr Atkinson:** Great. Thanks, Senator.

**CHAIR:** We now have everybody here. Senator Watt, do you have questions?

**Senator WATT:** Yes, thanks, Chair. Most of our questions in this section are going to be about some of the dam announcements. Before I start on that, I might ask a couple of quick questions about Inland Rail. This is about the potential extension to Gladstone. Where are we up to with the business case for that?

**Mr Atkinson:** Just before we answer, can I check one thing? There are no questions for transport group; is that correct?

**Senator WATT:** I don't think so from our point of view. It is a bit on Inland Rail and then the National Water Grid Authority and dams. Then we have some regional and cities questions.

**Mr Atkinson:** Perfect. Thank you.

**Senator WATT:** I wonder where we are up to with the business case for the potential extension of Gladstone.

**Ms Hallam:** A project proposal report was supplied by Queensland earlier this year. I understand approval for that is imminent from the Deputy Prime Minister.

**Senator WATT:** Does that then trigger commissioning a business case?

**Ms Hallam:** It officially kicks it off, although we have been working with our Queensland counterparts since Queensland indicated its preparedness to partner with us to get the process underway.

**Senator WATT:** What did you call that? A project proposal?

**Ms Hallam:** A project proposal report, or PPR.

**Senator WATT:** Is that establishing roughly what the route would be and things like that?

**Ms Hallam:** It is the basis on which we will conduct the business case. It's confirming that it's going to be undertaken consistent with the Queensland government's project assessment framework. There are three stages to that. It confirms the amount of funding and confirms that the route we will be looking at will be the inland route.

**Senator WATT:** When did the Deputy Prime Minister make the announcement about a business case? It was several months ago, wasn't it?

**Ms Hallam:** Yes, I believe so. On 3 September, the Deputy Prime Minister committed \$10 million.

**Senator WATT:** It's nearly six months and we haven't even started the business case yet.

**Mr Atkinson:** I think it is important to note here that we have to partner with the Queensland government and make sure that the scope gets agreed. This is a really big project.

**Senator WATT:** It definitely is.

**Ms Hallam:** There has been the exchange of several letters between the Deputy Prime Minister and his Queensland counterpart. The first letter that went indicated the Commonwealth's interest in undertaking it. Minister Bailey responded, inquiring as to which route and the basis on which it might be conducted. The Deputy Prime Minister responded to that. Minister Bailey confirmed his acceptance of that. We have been awaiting the PPR.

**Senator WATT:** So you will have to choose some kind of consultant to do the business case?

**Ms Hallam:** That's correct.

**Senator WATT:** Is there a tender process to choose a consultant for that?

**Ms Hallam:** Queensland will run that. They will hit go the minute the Deputy Prime Minister has confirmed the PPR is acceptable.

**Senator WATT:** Are you expecting that to happen before caretaker?

**Ms Hallam:** When I last checked in with the Deputy Prime Minister's office, his confirmation that the PPR was acceptable was imminent.

**Senator WATT:** Once the Deputy Prime Minister ticks off on the project proposal report, you can begin a tender process to choose a consultant to do a business case?

**Ms Hallam:** Our colleagues in the Queensland government will do that, yes.

**Senator WATT:** It could be a while yet before the business case actually starts?

**Ms Hallam:** I hope not.

**Senator WATT:** Is the funding in the budget for the business case?

**Ms Hallam:** Yes. I can confirm we have received \$10 million.

**Senator WATT:** That is for the current financial year or for the next financial year?

**Ms Hallam:** I think it's for next financial year. I will have to check that.

**Senator WATT:** I think the Deputy Prime Minister's previous announcement about a business case was that a business case would be conducted. Budget Paper No. 1 states:

The Australian Government has also agreed in-principle to the extension of Inland Rail from Toowoomba to the Port of Gladstone, subject to the outcomes of the business case demonstrating the project is economically beneficial.

Was there any reason that the government included that statement in the budget papers?

**Ms Hallam:** That is a statement of risks. I think it's forecasting the potential for further investment, as it says, subject to the outcomes of the business case.

**Senator WATT:** You say that the government has agreed in principle to the extension to Gladstone and it is subject to a business case. Is it not putting the cart before the horse to say that the government has made this agreement to do this?

**Mr Hallinan:** I think the government has decided that its commitment is such that it becomes a contingent liability. It's therefore represented in the statement of risks in the budget papers.

**Senator WATT:** Minister, when we asked about this previously, you said that it would be reckless for the government to extend the route before the business case had been completed. Is that still your view?

**Senator McKenzie:** I think the Deputy Prime Minister, as the responsible minister, has outlined a process to deliver this project. Obviously, along the way, different decisions are having to be made at different times. Projects rarely proceed as they are first envisaged.

**CHAIR:** Can I ask a follow-up question to that? Minister, do you know if the Deputy Prime Minister received correspondence from the mayor of Gladstone asking for that project?

**Senator McKenzie:** I wouldn't be privy to that information. I can take that on notice.

**Senator WATT:** I can pull out every public statement the mayor of Gladstone, who happens to be the candidate for Flynn for the Labor Party, has made calling on the government to do this. You're not seriously—

**CHAIR:** That is the point I was trying to make. This is a supported project.

**Senator WATT:** Yes.

**CHAIR:** Thank you for expanding on my point, Senator Watt. This is one that has been well received by Central Queensland.

**Senator WATT:** It has. How many kilometres of track have actually been built on the Inland Rail?

**Ms Hallam:** I will hand to my colleague in major transport.

**Ms Hall:** I am in COVID lockdown at the moment, so I'm online. To your question around how many kilometres of Inland Rail have been commissioned, it is 133 kilometres or thereabouts.

**Senator WATT:** It's a bit hard to hear. Did you say 133 kilometres?

**Ms Hall:** It is 133 kilometres.

**Senator WATT:** Thank you. I'm sorry to hear you're in COVID isolation. Minister, the Deputy Prime Minister, you and other ministers talk about this Inland Rail project a lot. You hold it up as one of the great achievements of your government.

**Senator McKenzie:** Yes. An iconic legacy.

**Senator WATT:** An iconic legacy, and you've only built 15 kilometres of track for each of your nine years in power. Is that as good as it gets from this government? Nine years.

**Senator McKenzie:** We're incredibly proud of this project.

**Senator WATT:** You're incredibly proud of your ability to lay 15 kilometres of track a year for the nine years that you've been in power?

**Senator McKenzie:** As I was saying earlier, a project of this scope and size rarely proceeds as you imagine and envisage it will on day one. That has been the case with this project. I'm sure the secretary can go to a few of those instances that have led to some delays. I'm really proud of it, and I'm looking forward to it getting completed as soon as possible.

**Senator WATT:** I will say to the secretary: can you explain?

**Senator McKenzie:** I'm very happy for the secretary to.

**Senator WATT:** I don't want to put him in a difficult position of justifying this.

**Senator McKenzie:** I'm allowed to ask the secretary to expand on my answer. That sounds like a fire alarm.

**Senator WATT:** Are you that worried about the questions, Minister?

**Senator McKenzie:** Such are my powers as emergency management minister.

**Senator WATT:** Have you got a fire alarm button under the table?

**Senator McKenzie:** That's right.

**Senator WATT:** In emergency, press button.

**Mr Atkinson:** Do you want me to talk about the 13 phases of the project and where it's up to?

**Senator McKenzie:** While we're working out what is happening, please, Secretary.

**Mr Atkinson:** Firstly, it wasn't approved nine years ago.

**CHAIR:** We will suspend the hearing while we attend to this alarm and do the appropriate things in the interests of everybody's safety. Thank you.

**Proceedings suspended from 14:23 to 14:25**

**CHAIR:** The alarm has gone off and we're now back to our hearing. Senator Watt, were you asking a question?

**Senator WATT:** Yes. Can you very briefly explain, Secretary, about the track laying or lack thereof?

**Mr Atkinson:** Okay. Ms Hall will correct me if I move too far off piece. Firstly, the project itself did not commence nine years ago. What happens with most of these projects is that once we get approval to progress it, we need to move into the detailed business case—the detailed design and engineering design phases—before we then can take a scope to market through a tender process. Then we do formal tender processes, awarding construction, and then construction commences. For mega projects like this, this first phase would usually take several years. Ms Hall can jump in on this. This financial year, I think there are 13 individual project elements. They all progress in parallel. We are moving to infrastructure projects. Spend profiles happen in a bell curve. In the first few years, we're doing all the detailed design stuff. The construction work starts after all the engineering design is done and all of the costing and those sorts of things. So it's not an unusual thing that you have several years before you get lots of major construction opening up. Another thing is that there's a difference between opening up brownfield and greenfield track. Basically, it's not unusual for us to be about where we're at in the course of this project, where it's looking to be completed in early 2027.

**Senator WATT:** My remaining questions in this section and my colleagues' are about dams. Do we have the relevant people? That is it for Inland Rail.

**Mr Atkinson:** So that's it for MTIP?

**Senator WATT:** We wondered whether dams sits here as well?

**Mr Atkinson:** No. Dams sits in the National Water Grid Authority.

**Senator WATT:** I would say that's it for MTIP.

**Mr Atkinson:** Could we have the water grid people come in, please.

**Senator WATT:** Mr Atkinson, just so I know who to put questions to, are the people who will be joining us departmental officials?

**Mr Atkinson:** Yes.

**Senator WATT:** They are officers of the department who administer the National Water Grid?

**Mr Atkinson:** Yes.

**Senator WATT:** I know there's the North Queensland water authority. I couldn't remember whether there was a distinct authority here as well.

**Mr Atkinson:** Some things are administered by them. I am speaking for Ms Purvis-Smith here. We should be able to speak to most of what you are going to be asking, I expect.

**Senator WATT:** You are probably aware—before I get into any of the specific projects—there was an article in the *Guardian* last night headlined 'Barnaby Joyce abolishes body set up to advise on major water projects after dam announcements'. Are you familiar with that article? I have copies if you need them.

**Mr Atkinson:** No. I am not familiar with it.

**Senator WATT:** I am happy to table it. I came prepared. To start with, is it correct that the Deputy Prime Minister, Mr Joyce, has abolished the National Water Grid advisory body?

**Mr Atkinson:** I will pass to Ms Purvis-Smith to cover off these questions.

**Ms Purvis-Smith:** The government, as part of the budget, had decided to conclude the work of the water advisory body.

**Senator WATT:** When was that decision taken?

**Ms Purvis-Smith:** It was taken during the budget process.

**Senator WATT:** Which obviously has been going on at least the last few weeks. When were—

**Mr Atkinson:** Senator, the budget process goes for many months.



**Senator WATT:** As I said, at least for the last few weeks. When were members of the advisory body told that it would be disbanded?

**Ms Purvis-Smith:** The chair of the advisory body was advised on the evening of budget night before the budget was brought down on Tuesday evening.

**Senator WATT:** I have forgotten who the chair is.

**Ms Purvis-Smith:** Mr Chris Lynch.

**Senator WATT:** So Mr Lynch was advised on Tuesday night just before the budget that the advisory body would be abolished. When were the members told?

**Ms Purvis-Smith:** The members were told the following day, Wednesday, about mid-morning.

**Senator WATT:** Was there any discussion with either the chair or the members prior to that the organisation would be disbanded?

**Ms Purvis-Smith:** Not that I'm aware.

**Senator WATT:** So the first even the chair knew that the advisory body was going to be disbanded was when the decision was made or after the decision was made on Tuesday?

**Ms Purvis-Smith:** It was when he was advised. As far as I am aware, it was when he was advised on Tuesday evening.

**Senator WATT:** Who advised him?

**Ms Purvis-Smith:** The Deputy Prime Minister's office.

**Senator WATT:** Why was it disbanded?

**Ms Purvis-Smith:** The advisory body was set up to provide specific advice as required by the minister. The government took a decision that the majority of the work of the advisory body as required had been completed. It decided to conclude the work of the advisory body.

**Senator WATT:** Was that a decision or a view that the department shared, or was it separate departmental advice? Was it one of those decisions of government that is pretty removed from departmental advice?

**Mr Atkinson:** I think in the document you tabled there is the position from the spokesperson from the government. We as officials can't give opinions on policy positions of the government.

**Senator WATT:** Did the department provide advice to the Deputy Prime Minister recommending that this body be disbanded?

**Mr Atkinson:** The government has taken a decision. We can't give commentary on policy advice.

**Senator WATT:** I'm not asking you to comment on whether you think it was a good decision or not. I'm asking whether the department gave advice recommending this body be disbanded or whether it was a decision of ministers separate to advice from the department.

**Mr Atkinson:** In the end, it was a decision of ministers. I'm not sure about whether there was advice.

**Ms Purvis-Smith:** In the end, it was a decision of ministers. It went to ERC, I believe.

**Senator WATT:** Can we be any more precise about when exactly? When did officers of the department first learn that the government or ministers wanted to disband this advisory body?

**Mr Atkinson:** As Ms Purvis-Smith was saying, it sounds like it was through the budget processes through the ERC.

**Senator WATT:** Can we be any more precise, then, about when that decision was made? I'm not going to ask you to talk about what was discussed in the meeting.

**Mr Atkinson:** We can take that on notice. There have been a lot of ERC meetings.

**Senator WATT:** It's pretty important, because there are some allegations made in this article, which I will come to, about the motivations for disbanding this water advisory body.

**Mr Atkinson:** We wouldn't be able to comment on the policy considerations behind the ERC decision as part of the budget process.

**Senator WATT:** I'm not asking you to do that.

**Mr Atkinson:** Or the timing of that.

**Senator WATT:** You understand, Mr Atkinson, that it's pretty reasonable for us to use estimates to ask questions about when advice was provided and when decisions were made. They're fundamental questions for estimates. I'm not asking you to say—

**Mr Atkinson:** We don't usually go into the timing of when budget decisions were made. That's not a thing that we usually do.

**Senator WATT:** Let me approach it a different way. The chair of the advisory body was only told that the body he chaired would be disbanded on Tuesday night. Did the department learn of this decision to disband the body a week before the budget or a month before the budget?

**Mr Atkinson:** We would have learned of the decision of the government through the ERC process in a cabinet minute, I imagine.

**Ms Purvis-Smith:** It went through the ERC processes.

**Senator WATT:** I'm clear on that.

**Mr Atkinson:** So we would be made aware of the decision.

**Senator MIRABELLA:** For this line of questioning I don't have a copy of the document yet.

**CHAIR:** It is being copied.

**Senator WATT:** I tabled a handful of copies. There should be at least one spare for government senators.

**CHAIR:** There's not. Senator Watt, can you wait for a moment?

**Senator MIRABELLA:** The *Guardian*?

**Senator WATT:** Yes. The *Guardian* last night. I'm clear that the decision was made through the budget process by ERC or cabinet, one or the other. I don't expect you to give me a precise date. You may not know the precise date. Was the decision communicated to the department to disband the body roughly a week before the budget? Was it a month before the budget? Was it two months ago?

**Mr Atkinson:** We would have been formally notified when we received a cabinet minute with the decision.

**Senator WATT:** Roughly, when was that?

**Mr Atkinson:** I genuinely don't know.

**Senator McKenzie:** They'd have to take it on notice.

**Senator WATT:** What this article suggests is that one member of the advisory board—I think it's Professor Stuart Khan, a water engineering expert from the University of New South Wales—wrote, I think, to other members of the body after some of the recent government announcements about dams expressing serious concern about the decisions being made. Was the decision to disband the body made after Mr Khan expressed concern about the government's announcements?

**Mr Atkinson:** We don't have those letters.

**Senator WATT:** I know that. I'm quoting from the article.

**Mr Atkinson:** I wasn't aware of those letters.

**Ms Purvis-Smith:** We don't have those letters either. It sounds like they are internal to the advisory body.

**Senator WATT:** What this article is suggesting is that Dr Khan wrote letters to other members of the expert advisory body after the decision by the government to build Urannah Dam was announced.

**CHAIR:** Senator Watt, I appreciate that you have a line of questions here. I am flagging that the department has just said they are not aware of the letters; they are internal letters.

**Senator WATT:** The question I keep trying to get an answer to is when the department knew or when the decision was made to disband the body. I'm trying to help the department identify when that might have been.

**Senator McKenzie:** You have heard the department answer at least twice, maybe three times, that they would have learned of that with an ERC minute.

**Senator WATT:** Agreed. When?

**Senator HANSON-YOUNG:** Was that last week or the week before?

**CHAIR:** They've taken it on notice to answer that question.

**Mr Atkinson:** It is based on the timing of this. I don't know, because I haven't seen the letters. Those letters seem to have come later.

**CHAIR:** Well, what the article is suggesting—I'm trying to confirm what is in it—is that the government announced funding for Urannah Dam. Dr Khan wrote letters to other members of the advisory board expressing concern about that, and then a decision was made to close down this advisory body.

**Mr Atkinson:** I'm not sure that sequence is correct.

**Senator WATT:** It would really help if we could get an answer on when the decision was made.

**Mr Atkinson:** I don't think it is correct.

**CHAIR:** Which the department has taken on notice.

**Mr Atkinson:** I have taken it on notice.

**CHAIR:** Dr Khan, as I say, expressed concerns about this. His letter said

It is my strong opinion—

and he's a water engineering expert—

that the Australian government should wait for the outcomes of this significant public investment—

being a business case—

... before committing public funds to the construction of the dam.

He goes on to say:

Water infrastructure investment decisions are far too important, with far too many consequences, to be used for brazenly political purposes in the lead-up to an election.

It is apparent that the Commonwealth commitment to funding it is being used as a device intended to extract political benefit.

So a member of the advisory body sends a pretty incendiary letter questioning the political motives for these decisions and it just so happens that straight away the advisory body is closed down by Barnaby Joyce.

**Mr Atkinson:** The letter wasn't sent to us.

**Senator McKenzie:** The department hasn't seen the letter. The officials just said they hadn't seen any letter.

**Senator WATT:** Well, I haven't either. I'm going off a media report. I'm trying to work out the sequence of events.

**Senator Davey:** Well, the officials said they haven't even seen the report. You're asking them to speak on the spare of the moment.

**Senator WATT:** That's why I am trying to establish when the decision was made.

**CHAIR:** They've taken that on notice. I am afraid that we have come to the end of that.

**Senator WATT:** I think Senator Hanson-Young might have some questions on this too.

**CHAIR:** Thank you, Senator Hanson-Young.

**Mr Atkinson:** I will take it on notice. I suspect the decision was before this letter.

**Senator WATT:** What makes you think that?

**Mr Atkinson:** It sounds like these letters weren't very long ago, right?

**Senator WATT:** That's right. But you've been unable to tell us when the decision was made, so how are you so sure now that the decision was made before the letters?

**Mr Atkinson:** Because the ERC process was run for a long time. I've taken it on notice. I'm not going to make a date.

**Senator WATT:** I'm not asking you to.

**Senator McKenzie:** And I hope that senators wouldn't be expecting officials to be doing that.

**Senator WATT:** No.

**Senator McKenzie:** They've taken it on notice. They've been as helpful as possible.

**Senator WATT:** I suppose I am just questioning Mr Atkinson's presumption that the decision was made before these letters. If he is not sure when the decision was made, I don't see how he can be sure it was made before the letters.

**Senator McKenzie:** It's not that he's not sure. He has taken on notice to get you the accurate date.

**Mr Atkinson:** It suggests here that these letters, which I haven't seen and I don't know what date is on them, were after the Urannah Dam announcement.

**Senator WATT:** Which is pretty recent.

**Mr Atkinson:** Which is pretty recent, yes.

**Senator HANSON-YOUNG:** Early March.

**CHAIR:** Thank you. Senator Davey.

**Senator DAVEY:** I will pick up on Senator Watts's questioning. I also saw this article last night. You've clarified that you haven't seen the letters. Minister, are you aware of whether these letters have made it to the ministers?

**Senator McKenzie:** I'll take that on notice.

**Senator DAVEY:** I appreciate that. These letters, which, according to the article, are internal letters from one member of an advisory group to other members of the advisory group, have now appeared in the public domain, which is interesting in itself. This article implies that it's not just one letter. This article implies that there's a series of letters which have conveniently been released by someone on the advisory group to the media. I am reading this article. Some of the concerns raised by Dr Khan allegedly, according to the article, regard planning for projects until the advisory group has had an opportunity to properly scrutinise business cases. We have also heard today about the way funding announcements go and the way the money is actually rolled out the door. Can you explain the process for projects like Wyangala Dam or, indeed, Urannah Dam? I guess that we've announced funding, but that doesn't mean the money is already handed over, does it? It doesn't mean that it's handed over prior to a proper review of the business case?

**Mr Atkinson:** We have detailed engineering design business cases, which have final costings, before we have an approach to market by usually a state government. Our payments are usually based on milestones underneath the agreement between us and the state or territory.

**Senator HANSON-YOUNG:** But Barnaby is claiming he's spending \$5 billion on this.

**Senator DAVEY:** I think Barnaby is claiming he is prepared to spend \$5 billion as long as the—

**Senator O'NEILL:** Rubbish. That's what it is.

**Senator DAVEY:** The process is—

**Senator O'NEILL:** That's what it is. It's a pretend announcement. It's not a real one. It's just a pretend one.

**CHAIR:** Colleagues. Cross-table debate is not helpful.

**Senator DAVEY:** You want to go down a path piece by piece but you don't quarantine funding in preparation for any expenditure. That is the Greens approach.

**CHAIR:** Let's return to questions.

**Senator HANSON-YOUNG:** No environmental approvals. No expert advice. Circumventing the—

**CHAIR:** Thank you, Senator Hanson-Young. Come on, this isn't a place for debate.

**Senator DAVEY:** This funding allows for environmental approval. It allows for business cases.

**CHAIR:** Senator Davey, can you turn back to questions, please.

**Senator DAVEY:** So the process does allow for the business case, environmental approvals and design engineering. It's paid on milestones. So there is an opportunity, if the business case is found to be flawed, for either going back to the drawing board, cancelling the project or revising the project to make sure that the business case stacks up?

**Mr Atkinson:** Yes, Senator. Particularly with really complex engineering and geology and environmental approvals and those sorts of things.

**Senator DAVEY:** Thank you. I want to get an understanding. You have said that the decision about the advisory board was taken at an ERC level, or expenditure review committee level. You can't talk about that. I understand. From previous budgets, do we understand how much the advisory group was costing per annum to provide advice?

**Ms Purvis-Smith:** Going forward, it will save, I think, \$1.5 million over the forward estimates. In a normal year, where there was travel, it cost around \$700,000. In recent years, because travel has been restricted, it has been slightly less than that—just over \$400,000 per annum.

**Senator DAVEY:** I understand the advisory body was never intended to be ongoing. Was the advisory body set up to specifically look at individual projects or to look at more broad-ranging opportunities?

**Ms Purvis-Smith:** When the advisory body was set up, it was set up to provide advice as required and as asked for by the minister. It wasn't a decision-making board to go through each project. Part of the things that it was asked to do, for example, was to set up the science program and the science research program that the

authority has and has set up. It also looked at opportunities and barriers to private sector investment in water infrastructure. So there were some particular things that the minister and the government asked it to do.

**Senator DAVEY:** Considering individual project business cases was not necessarily one of them?

**Ms Purvis-Smith:** Not as par for the course. It wasn't a decision-making board whereby every project went to the body. The way it was set up was it was an advisory body to provide advice to the minister as required on particular issues that the minister would like information on.

**Senator DAVEY:** And some of the advice that they have provided has actually resulted in proper outcomes, such as the science program and identifying roadblocks to development?

**Ms Purvis-Smith:** Their advice has gone into and informed decisions.

**Senator DAVEY:** Thank you.

**Senator HANSON-YOUNG:** Mr Atkinson, I've just been in the committee with the environment and water department. They've told me that in relation to the Hells Gates Dam there was originally referral for this put to the environment department and it was withdrawn. Why are we now seeing the minister announce \$5 ½ billion for a dam when proponents put in an application and then withdrew it and now there's currently nothing on the books?

**Mr Atkinson:** I'm not quite sure what that is. We went through a detailed design and business case for Hells Gates. That has been completed. It's nearly completed. There's a draft.

**Ms Purvis-Smith:** Again, I'm not quite sure what the proposal withdrawn through the department of agriculture refers to. In terms of the water grid authority, there is a business case being funded. We've got a draft business case. That is being managed by the North Queensland Water Infrastructure Authority. There is a draft business case. It is being finalised at the moment. We do have an agreement with the Queensland government for that business case. I'm not sure—and I'm not aware of the application being applied for and withdrawn—what that refers to.

**Senator HANSON-YOUNG:** The environmental approval.

**Mr Atkinson:** That was a future stage.

**Ms Purvis-Smith:** So the EIS, for example—the environmental approval—

**Senator HANSON-YOUNG:** I'm just telling you what they've put to me.

**Ms Purvis-Smith:** will go ahead. That is the future part of the process.

**Senator HANSON-YOUNG:** They said that in April last year the referral to the environment minister and the department was withdrawn. There was one put in prior to that and it was withdrawn. Now nothing exists on the books.

**Mr Atkinson:** We would just have to check the wording. What is the exact question you put to them, though? Usually we would have the detailed design business case. Then we would know what the hydrology looks like. You can make an investment decision. As you move into the preconstruction phase, you would have the environmental approvals at that point. I would have to check. We're not aware.

**Senator HANSON-YOUNG:** But Barnaby Joyce has announced \$5 ½ billion—

**Mr Atkinson:** Senator, we'll take it on notice.

**Senator HANSON-YOUNG:** for this thing.

**Mr Atkinson:** So announcing a funding commitment to move to construction. The next phase will have the environmental approvals as part of the project development.

**Senator HANSON-YOUNG:** What we've been told is that there was an original referral. It was withdrawn 12 months ago.

**Mr Atkinson:** A referral of what?

**Senator HANSON-YOUNG:** Well, you tell me. It's your government.

**CHAIR:** No. I think that would be under the state government department, wouldn't it, the environmental approvals?

**Senator HANSON-YOUNG:** I'm telling you what the environment department has put on the Senate record. It sounds like this is a total confusion in relation to what has been committed and what will be delivered and that all of this is just Barnaby Joyce spending public money willy-nilly.

**CHAIR:** Mr Atkinson, do you want to go through that process?

**Senator McKenzie:** Is that a comment?

**Mr Atkinson:** The only thing I would say is usually we would go through the detailed design and business case, funding commitment and agreement to approach. Once you've actually got the design, that then goes to the environmental approvals. I don't know what question was put to them.

**Senator HANSON-YOUNG:** I asked what referrals had been put to their department for this project? They said that one had been previously submitted and then withdrawn 12 months ago in April 2021. I would like to know why it was withdrawn. Was it because the feasibility studies don't stack up? What is the reason why the proponent would withdraw it? They wait until Barnaby Joyce decided to put money on the table?

**Mr Atkinson:** I'm going to have to take it on notice. There was a smaller hydro-electric proposal that was part of the Hells Gates precinct. It may have had to do with that. I will take on notice what it is that they were talking about.

**Senator HANSON-YOUNG:** Alright. So, at this point, the Hells Gates Dam doesn't have any feasibility study that says this is a good idea?

**Mr Atkinson:** There is a draft business case. We funded a business case.

**Ms Purvis-Smith:** The National Water Grid Authority has funded a detailed business case. The detailed business case has been managed by the North Queensland Water Infrastructure Authority. The detailed business case is currently being finalised. There is a draft.

**Senator HANSON-YOUNG:** So you don't have a business case?

**Senator McKenzie:** Senators are talking over officials as they are trying to answer their questions.

**Senator HANSON-YOUNG:** I'm just trying to get—

**Senator McKenzie:** They are trying to answer their questions. No. We know the modus operandi. I think it is important that we have respect for officials at the table, who are simply trying to give the most helpful advice to senators' questions.

**CHAIR:** Thanks, Minister. Would you like Mr Atkinson to finish that response and then you can ask your next question?

**Senator HANSON-YOUNG:** There is currently no feasibility study or business case?

**Mr Atkinson:** There was a feasibility study. The draft business case is being reviewed at the moment.

**Senator HANSON-YOUNG:** There is a draft. There is no final version?

**Ms Purvis-Smith:** There is a draft business case that is currently being finalised.

**Senator HANSON-YOUNG:** So at this point there is nothing available publicly to say that this is a good idea?

**Mr Atkinson:** I think the feasibility study is probably published.

**Senator HANSON-YOUNG:** Does it say this is a good idea?

**Ms Purvis-Smith:** The feasibility study is usually, as is a feasibility study, at the early stages of any concept and project. Once we get past the feasibility study, which has been done, it then goes into the business case. At the moment, we've gone from the feasibility study through to the more detailed business case. As Mr Atkinson said, it goes through the hydraulics and the engineering. That is the point we are in now.

**Mr Atkinson:** And design and costing and everything. It's actually how you build it.

**Senator HANSON-YOUNG:** So that we're all using the same terminology, there is currently no final business case for this project?

**Mr Atkinson:** There is no final business case.

**Senator HANSON-YOUNG:** Is there anything on the public record that says this dam is a good idea?

**Ms Purvis-Smith:** Moving into the feasibility study itself allowed it to go into the design phase of the detailed business case. In terms of the feasibility study, the study itself is allowing it to go into the detailed business case.

**Senator HANSON-YOUNG:** Did the National Water Grid Advisory Board say this dam was a good idea?

**Mr Atkinson:** It's not their specific role. They are not a clearing house for project approvals.

**Senator HANSON-YOUNG:** Did they give any advice on this dam?

**Ms Purvis-Smith:** As I mentioned before, the role of the advisory body was not to go through each business case or each project. It was to provide advice on items and particular information and projects that the ministers particularly asked for. I don't know that this—

**Senator HANSON-YOUNG:** What does that sentence actually mean?

**Ms Purvis-Smith:** For example, I think I explained just before that the advisory body is not a decision-making board.

**Senator HANSON-YOUNG:** I understand that. It gives advice.

**Ms Purvis-Smith:** It provides advice. It was set up to provide advice on issues as required by the minister and—

**Senator HANSON-YOUNG:** Did the minister ask the National Water Grid Advisory Board—

**CHAIR:** Senator Hanson-Young, do you want to let Ms Purvis-Smith finish that answer? I think she's working towards what you are getting at.

**Senator HANSON-YOUNG:** Did the advisory board give advice in relation to Hells Gates Dam at all?

**Ms Purvis-Smith:** The advisory body was not set up to provide advice on each particular project that went forward.

**Senator HANSON-YOUNG:** That wasn't my question.

**Mr Atkinson:** The reason the business case is still in draft is that it is being considered by the North Queensland Water Infrastructure Authority, which is not us, and the Queensland government before it gets finalised in the middle of the year.

**Senator HANSON-YOUNG:** That wasn't my question.

**Ms Purvis-Smith:** In relation to the advisory body, the Hells Gates and, as I think the secretary just mentioned, the detailed business case are being managed by the North Queensland Water Infrastructure Authority rather than the water grid authority. The advisory body itself was set up to provide advice as required on particular issues, including the research program, rather than project by project.

**Senator HANSON-YOUNG:** I see that. Is there any advice that the advisory board gave or was asked to give in relation to Hells Gates Dam?

**Mr Atkinson:** Not that I'm aware of, but that's not a surprise.

**Senator HANSON-YOUNG:** Is there any advice currently in the hands of the federal government that says that Hells Gates Dam is a good idea?

**Ms Purvis-Smith:** I think we go back to the process of the feasibility study having been done and the outcome of the feasibility study then meaning it went into a detailed business case. We have a draft of the detailed business case study.

**Senator HANSON-YOUNG:** What did the feasibility—

**Ms Purvis-Smith:** When we start the beginning of a concept—

**Senator HANSON-YOUNG:** We're not talking about a concept. We're talking about this concept. What did the feasibility study show? Is this dam a good idea?

**Ms Purvis-Smith:** The feasibility study allowed it to go into a detailed business case study. You need the detailed business case study to go through all of the detail.

**Senator HANSON-YOUNG:** So why do you keep referring to the feasibility study when I keep asking what advice is on the table that says that Mr Joyce's \$5½ billion is a good use of money?

**Ms Purvis-Smith:** I am referring to the process by which we get to—

**Senator HANSON-YOUNG:** I understand that.

**Ms Purvis-Smith:** that detailed business case.

**Senator HANSON-YOUNG:** I'm not asking about the process. I'm asking what is on the public record that says spending \$5½ billion of taxpayers' money is a good idea on this dam?

**Senator DAVEY:** You had evidence just before about the process. We heard that \$5½ billion isn't going to be spent until the process is followed and the milestones are met and the business case. They've paid for the business case. But the money is set aside for if all of the processes are ticked.

**CHAIR:** Thanks, Senator Davey. Mr Atkinson?

**Mr Atkinson:** Sorry, I missed it. I was trying to get some more information to assist.

**CHAIR:** Do you want to provide your information? We were having an internal discussion here.

**Senator O'NEILL:** It's just an announcement.

**Senator HANSON-YOUNG:** It's just an announcement.

**Mr Atkinson:** We're expecting the final business case will be made public in about June this year.

**CHAIR:** I think Senator Mirabella has questions. Do you want to wait and let Senator Watt finish this section?

**Senator MIRABELLA:** Yes.

**Senator WATT:** With regard to Hells Gate, as has been discussed, there was a big announcement by the Prime Minister, Deputy Prime Minister and others a few days ago announcing that the government would build a \$5.4 billion dam. Can anyone show me in the budget papers where there is money for that?

**Mr Atkinson:** Yes. It will be reflected in the National Water Grid Authority funding.

**Senator WATT:** I'm not just talking about the repetition of the announcement, because I know that's there. I would like to see where the money is in the forward estimates for this project.

**Ms Purvis-Smith:** Apart from Budget Paper No. 2, as you were just mentioning, I think, with the measures description itself, it is also in the National Water Grid Fund. It has been provisioned. I think it is also in Budget Paper No. 3 at page 65.

**Senator WATT:** Page 65 of Budget Paper No. 3?

**Mr Atkinson:** Which is the federal relations—

**Senator WATT:** I've got it here. What I can see in Budget Paper No. 3—

**Mr Atkinson:** It's part of the Queensland line.

**Senator WATT:** How much each year has been allocated for Hells Gates Dam?

**Ms Purvis-Smith:** We would need to take that on notice. The next part of the process in that is that we work with Queensland and we go through the national partnership agreement and a schedule for milestones. What has been provisioned is an indicative provisioning for that. It is in the out years.

**Senator WATT:** It is in the out years?

**Ms Purvis-Smith:** Some of it is in the out years. I can take that on notice to see what—

**Senator WATT:** Ordinarily, I would say that's fine. We all know that there is going to be an election before questions on notice are due. This is a big announcement that the government has made. I ask that those figures be provided today for—

**Mr Atkinson:** Are you after how much funding is allocated for this project?

**Senator WATT:** In the forward estimates year by year.

**Mr Atkinson:** So built into the bottom line is what you are after?

**Senator WATT:** Yes. Has any been allocated in the forward estimates?

**Mr Atkinson:** Yes.

**Senator WATT:** Could I get those figures preferably today?

**Mr Atkinson:** I will try.

**Senator WATT:** We've already established that there isn't yet a finalised business case. That won't be finalised until June?

**Mr Atkinson:** The draft business case is being considered.

**Senator WATT:** The final business case won't be finished until June, which happens to be after an election. Has the Prime Minister seen anything more than the draft business case or the Deputy Prime Minister at this point in time?

**Mr Atkinson:** They would have considered the proposal through the normal ERC processes informed by that work.

**Senator WATT:** Presumably, they've seen the feasibility study and they've seen the draft business case. But no-one has yet seen a final business case because it's not completed?

**Mr Atkinson:** Because it's currently being considered by NQWIA and the Queensland government.

**Senator WATT:** Do we know from the work that has been done through the business case, for instance, what the cost of water is going to be for people who want to use this dam?

**Mr Atkinson:** As we said earlier, this is actually the responsibility of the North Queensland Water Infrastructure Authority, not us. We are being as helpful as we can. They haven't been called so they are not here. I don't know the specifics of the water assessments inside that business case.



**Senator WATT:** Has this \$5.4 billion figure come out of the draft business case? Where has that figure been plucked out of the sky from?

**Mr Atkinson:** Let's just say that it has come out of that work.

**Senator WATT:** It's not the total cost, though?

**Mr Atkinson:** I think it is the total cost.

**Ms Purvis-Smith:** I think NQWIA in the previous estimates has mentioned the \$5.4 billion as coming out of the work that has gone into the draft business case. I think it is the total cost. I think it might be a P50.

**Mr Atkinson:** I think the P50 total cost.

**Senator WATT:** I think the what, sorry?

**Mr Atkinson:** The P50 total cost?

**Senator WATT:** What is P50?

**Mr Atkinson:** That is the maturity of the cost estimate. It is the total cost.

**Senator WATT:** Right. Does the business case say anything about any need for an ongoing government subsidy for users of water from this dam? That sometimes happens with dams.

**Mr Atkinson:** I would have to refer that to NQWIA.

**Senator WATT:** We've already established that this big announcement made is subject to the business case, subject to environmental approvals, state and federal, and subject to whether users want the water and are prepared to pay the cost of the water that's going to be required.

**Senator DAVEY:** It will be determined by the business case.

**Senator WATT:** Yes. But when the Prime Minister made this announcement—and it's in his press release—he said:

We've done the homework on Hells Gates Dam and it's now time to get on and build it.

Has the Prime Minister done his homework?

**Mr Atkinson:** Well, there was a \$24 million detailed engineering design business case that has been done. That has informed the consideration of it. Obviously I can't comment on prime ministerial comments. The investment and the money on the table is based on the best estimate of what that dam will cost. We will be progressing in our discussions with the North Queensland Water Infrastructure Authority and the Queensland government to deliver on that commitment.

**Senator WATT:** Isn't this another case, Minister, where we see an announcement from either the Prime Minister or Deputy Prime Minister where we really need to have a big stamp 'terms and conditions apply'?

**Senator McKenzie:** Again, I completely reject the premise and the way you characterise this announcement, Senator Watt. The officials have outlined the process that has been undergone and projected forward to the types of work that are going to have to be done following the announcement. The money has been put aside for this project. I think it is a great announcement. I'm sure the communities that will be the beneficiaries will be thankful for years and decades to come.

**Senator WATT:** But the Prime Minister always goes further, doesn't he? He says, 'We've done the homework on Hells Gales Dam except I haven't finished my business case yet and I haven't got federal environmental approvals and I haven't got state environmental approvals'. Why does he always speak out the side of his mouth when he makes these announcements? He's just full of it.

**CHAIR:** Senator Watt. I don't want to interrupt you, Mr Atkinson.

**Mr Atkinson:** I am trying to answer the question.

**CHAIR:** Senator Watt was just asking a question of the minister. I have been inundated with calls from Townsville Enterprise Limited, the Townsville community and the Townsville council to build this project. I think it was No. 1 on their lists of requests to be considered going forward.

**Senator WATT:** I'm trying to establish how real it is. You will note that I have not said anything critical about the dam. I'm trying to work out whether the Prime Minister and Mr Joyce are telling the truth here or whether this is just another example of a big infrastructure announcement made before an election. We get to the other side of the election and find out that it may or may not happen.

**CHAIR:** My question is—

**Senator WATT:** Well, that was my question.

**CHAIR:** I'm sorry. I have interrupted you. I am sorry. Ask your question.

**Senator WATT:** Minister, can you guarantee us that this dam will be built?

**Senator McKenzie:** The Prime Minister and the Deputy Prime Minister have announced this project. They've set aside appropriation in the budget over the forwards to ensure that this happens. The department has outlined the preliminary work that they've undertaken and the types of work that they are going to continue to undertake to make sure we can get this project built.

**Senator WATT:** So you're not guaranteeing it's going to happen?

**Senator McKenzie:** I have been around long enough to see enough infrastructure projects announced where state governments have put the brakes on so things don't get built.

**Senator WATT:** So we blame the state government here?

**Senator McKenzie:** Well, the fact is it is a partnership to build these sort of things. We can't roll the bulldozers down the highway from Canberra either to my home state of Victoria or your home state in Queensland to build these projects without the states coming on that journey with us. That is a fact of federation.

**Senator WATT:** Another thing the Prime Minister said the day he made this announcement was:

The sooner we can get the state government to approve building this dam, then we can get under way.

Again, terms and conditions—

**Senator McKenzie:** Senator Watt, are you actually wanting the federal government to have the power to build whatever they like wherever they like in this country? Is that what you're actually suggesting?

**Senator WATT:** I thought I was asking questions here.

**Senator McKenzie:** I need clarification on the question you asked.

**Senator WATT:** I couldn't get to ask you my question because you interrupted.

**Senator McKenzie:** You seem to question that we just didn't go into Queensland and build.

**Senator WATT:** The Prime Minister said on the day he made this announcement:

The sooner we can get the state government to approve building this dam, then we can get under way.

Is this another case where we need the big 'terms and conditions apply' stamp?

**Senator McKenzie:** It's one where you might need a stamp to say, 'C'mon, states. Get on board.'

**Senator WATT:** But doesn't the project also need to go through federal environmental approvals?

**Senator McKenzie:** There's a whole raft of processes, Senator Watt, that the department has outlined that all types of infrastructure projects, whether it's—

**Senator WATT:** So why is it saying—

**Senator McKenzie:** this dam, that railway line, someone else's road.

**Senator WATT:** So why is he saying it's all down to the state government?

**Senator McKenzie:** There is a raft of processes at both a state and federal level that need to be complied with prior to the construction.

**Senator WATT:** So why is he saying it's all down to the state government?

**Mr Atkinson:** The state government is actually the next step. They are considering the draft business case. The next step—

**Senator WATT:** It's not the only step, though, is it?

**Mr Atkinson:** After the Commonwealth funding, it is the Queensland government's agreement to it.

**Senator WATT:** It's not the only step because there's federal environmental approvals that have got to be obtained as well.

**Mr Atkinson:** The environmental approvals come after the joint commitment.

**Senator WATT:** That's right. But there's still a federal process to be gone through.

**Mr Atkinson:** With all of our infrastructure projects there are always environmental approval processes.

**Senator WATT:** I am conscious of the time.

**Mr Atkinson:** To your earlier question, Senator, there's \$600 million in the forward estimates commencing in 2023-24.

**Senator WATT:** There is \$600 million in the forward estimates for Hells Gates?

**Mr Atkinson:** Yes.

**Senator WATT:** Have you got a year-by-year breakdown for us? Can you get that for us?

**Mr Atkinson:** I will just check on that. It's commencing in 2023-24. But it's only an indicative costing. I wouldn't want to release it, because we still have to have negotiations with the Queensland government about money.

**Senator WATT:** Minister, how do the Nationals feel about a Liberal Prime Minister announcing the Hells Gates Dam?

**Senator McKenzie:** I think National Party senators and MPs are always excited to see iconic water infrastructure projects out in rural and regional communities. We know that water means wealth.

**Senator WATT:** An article in the *Australian* on 24 March states:

Nationals MPs are furious Scott Morrison has taken the glory over the government's \$5.4bn pledge to build the Hells Gate dam in Queensland...

Were you one of these National MPs who was furious?

**Senator McKenzie:** No, I was not.

**Senator MIRABELLA:** Point of order, Chair, about relevance.

**Senator McKenzie:** No, I was not. I think—

**CHAIR:** Thanks, Senator Mirabella.

**Senator McKenzie:** I think the National Party and the Liberal Party have been in coalition for over 75 years. We together have delivered untold prosperity, safety and security to the people of Australia when we've been in government together. That will continue.

**Senator WATT:** This article goes on to say:

Nationals MPs have told The Australian the party should have been given the lead on—

**CHAIR:** Excuse me, Senator Watt.

**Senator WATT:** Were you one of these National MPs?

**CHAIR:** No, I wasn't. Senator Watt, do you have a question regarding the forward estimates?

**Senator WATT:** We've just been told that there's money in the forward estimates for this project so I'm entitled to ask questions about the project.

**CHAIR:** You're asking questions about a newspaper article.

**Senator WATT:** About the project.

**CHAIR:** We'll do estimates by the *Australian*.

**Senator WATT:** I know you get touchy every time we talk about how the Nats and the Libs hate each other. I know you get touchy, but it will go a lot quicker if I can just do this.

**CHAIR:** Senator Watt.

**Senator WATT:** It states:

Nationals MPs have told The Australian the party should have been given the lead on selling the project—

**CHAIR:** We don't want to do estimates by newspaper, surely.

**Senator WATT:** Minister, which National MPs were upset about this? Was it the Deputy Prime Minister? Was it Senator Davey?

**Senator MIRABELLA:** I reiterate that this line of questioning is completely out of order.

**Senator WATT:** With respect—

**Senator HANSON-YOUNG:** It's not out of order. You might not like it.

**Senator WATT:** With respect, we've done a few of these and it's entirely okay to ask these questions.

**Senator MIRABELLA:** This is estimates.

**Senator WATT:** I know you don't like them, but you can't object to questions you don't like.

**CHAIR:** Senator Watt, I'm just trying to clarify—

**Senator WATT:** Who's furious?

**CHAIR:** Senator Watt, I know you don't like listening to me. Could you not ignore me, because I am the chair of the committee?

**Senator WATT:** Well, I have had three different senators and a minister interrupting my attempt to ask questions.

**CHAIR:** Because you never stop to listen when I say something. Thank you, Senator Watt. Do you have a question that is relevant to the forward estimates and is not regarding a newspaper article that the minister has already said she has not provided information to?

**Senator WATT:** Oh, c'mon! Find me the standing order that says we can't ask questions about newspaper articles about projects in the budget. C'mon! The three of you. Surely.

**CHAIR:** Senator Watt, I'm not saying you can't. I'm saying that there is not a basis for your question given that the minister has just said that she didn't provide commentary on the article.

**Senator WATT:** I think it's common knowledge that the Nationals and the Liberals don't like each other, so I probably don't need to take that any further. Can we finish on Urannah Dam?

**Senator McKenzie:** It is a strong coalition.

**Senator WATT:** How much money is in the forward estimates for that? Again, there was an announcement saying that the government was going to be putting in \$500 million for that one, or thereabouts.

**Ms Purvis-Smith:** The funding for Urannah Dam is not in the water grid fund. Water projects are being funded from the water grid. Some are being funded through the regions plan. Urannah Dam money has been put aside from the regions plan for Urannah Dam.

**Senator WATT:** Where is this funding?

**Mr Atkinson:** In the funding we discussed this morning in the regional space. It is in the north and central Queensland piece.

**Senator WATT:** That's right, because that's in the colour coded map.

**Mr Atkinson:** I believe that was your map, Senator. I don't have a map.

**Senator WATT:** That one. Do you want me to show you again? It's pretty precise, isn't it? I've got a very talented staffer.

**Senator McKenzie:** We'll pay for the tracer.

**Senator WATT:** I've got a very talented staffer.

**CHAIR:** Do put your name on it before you hand it in.

**Senator WATT:** So it's in the energy, security and regional rorts fund or whatever it's called.

**Mr Atkinson:** That's not the name of the fund.

**Senator WATT:** What year is—

**Senator McKenzie:** Can the senator please refer to government programs by their correct name?

**Senator WATT:** It's just easier to cut to the chase.

**CHAIR:** Senator Watt, do you know the correct name of the project? Could you use that, please?

**Senator WATT:** Colloquially known as that. Can you tell me how much per year for Urannah Dam is actually in the budget?

**Mr Atkinson:** I can't because I don't know it off the top of my head.

**Senator WATT:** Can we get those figures today as well?

**Mr Atkinson:** I don't think we have them. I'll take that on notice. I don't think I have a year-on-year breakout of that individual project.

**Senator WATT:** How much of the near \$500 million is in the forward estimates, leaving aside year-by-year figures?

**Mr Atkinson:** I'll take that on notice.

**Senator HANSON-YOUNG:** It would be good to see any of it.

**Mr Atkinson:** It's certainly in the total figure. We went through the forward estimates figures, as outlined in the budget papers this morning. I think there's couple of billion in there. I'll just have to check what contribution this is. But that's indicative costings and indicative timeframes as well.

**Senator HANSON-YOUNG:** Where is the final business case for Urannah Dam up to?

**Ms Purvis-Smith:** The final business case is currently underway. The water grid is funding a business case for Urannah Dam. That is currently underway.

**Senator HANSON-YOUNG:** So that is not final either?

**Ms Purvis-Smith:** It's not yet finalised.

**Senator HANSON-YOUNG:** There have been a number of feasibility studies done in relation to Urannah Dam, hasn't there?

**Ms Purvis-Smith:** I'm not familiar with all of the feasibility studies. I know that the water grid is funding a detailed business case.

**Senator HANSON-YOUNG:** Is there anything that publicly shows this is a good dam to be built?

**Ms Purvis-Smith:** I think the detailed business case—again, going through the process as previously, Senator—provides a lot of information about what is needed, all of the options and the geology as well as the final cost of larger projects.

**Senator HANSON-YOUNG:** When is this dam proposed to be completed by?

**Ms Purvis-Smith:** I think the completion is still to be finally determined. Part of the process is the detailed business case going through all of the ins and outs and all of the detail, obviously. We are working with the Queensland state government as well. So it is the same processes in working with the states and territories and then going through the detailed business case as well.

**Senator HANSON-YOUNG:** How much funding has already been spent by the Commonwealth on the Urannah Dam proposal?

**Ms Purvis-Smith:** I missed the very beginning of that question.

**Senator HANSON-YOUNG:** How much funding has been spent so far on the Urannah Dam proposal?

**Ms Purvis-Smith:** It is a \$22.7 million detailed business case.

**Senator HANSON-YOUNG:** Has there been any money spent prior to this particular business case from the Commonwealth coffers at any point?

**Ms Purvis-Smith:** Not that I'm aware.

**Mr Atkinson:** Not that I'm aware. We'll take it on notice to check, but I'm not aware.

**Senator HANSON-YOUNG:** So \$22.7 million has already been committed. We don't have a final business case. You're going to get back to us as to how much the government is proposing to spend in the forward estimates out of the half a billion dollars. So far, we still have to go through all the processes similar to Hells Gates.

**CHAIR:** Thanks, Senator Hanson-Young. Are we still on water?

**Senator WATT:** Yes. Probably for a little longer. My colleagues have got some questions about Dungowan Dam.

**Senator SHELDON:** There is something else you said before, Mr Atkinson. I want to be clear about it. You said one of the important aspects is to have a business case through the process. Obviously, that's an important aspect. When considering a dam, that is a fundamentally important aspect, considering what we should or shouldn't be doing with a dam. It seems logical, but that's what you said, isn't it, or words to that effect?

**Mr Atkinson:** Well, the engineering design is critical. That's usually in the detailed business case with the costings and the detailed engineering design, which allows you to understand the hydrology and what the shape and impact of the dam will be.

**Senator SHELDON:** I am very mindful, Minister, in answering the previous questions, how important it was that the communities see the benefit and will be satisfied with the outcome. You said words to that effect, Minister. I want to ask some questions about Dungowan Dam. Did the advisory body provide any advice on the dam proposal? If so, what was that advice?

**Mr Atkinson:** Not that I'm aware.

**Senator SHELDON:** So that's zilch on design?

**Mr Atkinson:** As we said before, the advisory body is not part of the decision-making processes for the consideration of business cases.

**Senator SHELDON:** Thank you. So there was no advice given to the advisory body. There are reports about the Deputy Prime Minister—I might circulate this article—from 24 March.

**Senator McKenzie:** There is a lot of reading of newspapers.

**Senator SHELDON:** I'm reading it from this sheet of paper here. There are reports from 24 March this year in the ABC News that the Deputy Prime Minister said that value for money wasn't an important consideration for the Commonwealth. Is he right?

**Mr Atkinson:** Where does it say that?

**Senator SHELDON:** It is headed 'Deputy PM Barnaby Joyce 'not interested' in calls for transparency about new Dungowan Dam'. It states:

We're not asking for a return, so we're not really interested in the business case, Mr Joyce said.

That's on page 2. That's for starters.

**Mr Atkinson:** Obviously I can't comment on government policy. All I can really talk about is the process that we'll go through from here, which is that we will have the detailed engineering and design business case, which we'll get from the New South Wales government, with the final costs in it. Then we will be progressing with respect to the dam.

**Senator SHELDON:** Would it be a normal practice that the government wouldn't be expecting a return on investment for this project?

**Mr Atkinson:** Return on investment is a funny thing. There are some things that are commercial in nature, which we usually set up government business entities around, that will make money. There are some other things that we invest in because they are a public good.

**Senator SHELDON:** Can you just describe for me a public good and what that means?

**Mr Atkinson:** I think it's good to have security of water supply for places.

**Senator SHELDON:** Is it important that the public see it as being good?

**Mr Atkinson:** That is a perception issue.

**CHAIR:** That is a difficult question for the public official.

**Senator SHELDON:** I'm not asking anyone else on the committee. I'm asking you, Mr Atkinson.

**Mr Atkinson:** There are infrastructure types that make a commercial market return with the return on investment, and there are infrastructure types that provide a public good, such as connectivity and those sorts of things, that are basic underpinnings of the economy and that are effectively part of the fabric of our society. Security of water supply, I think, is an important public good.

**Senator SHELDON:** Part of the public good is about making sure that actually the proper investment in projects is actually of value. That's what the business case is about?

**Mr Atkinson:** Yes. The business case will give the detailed engineering, design and hydrology and all of those things to allow us to know what the shape of the dam will be, what will happen with water, what it will supply and what it will cost.

**Senator SHELDON:** Is the government expecting a return on the investment in this project of the Dungowan Dam?

**Mr Atkinson:** I'm not sure what you mean by return on investment.

**Senator SHELDON:** Are there going to be opportunities to make sure that there isn't heavy cost to the local community? That has been raised in this article. I might spell it out to you this way. How does this help? In the article, which I gave you on page 2, there have been concerns raised about the approach that has been taken, about there not being transparency and about Mr Joyce saying that he's not really interested in the business case. You've been saying to us for the last almost hour how important the business case at various stages is within this process of considering dams. I agree that it is a very important process. In fact, I don't think any senator here would disagree with you. But the Deputy Prime Minister disagrees with you because he says he's not really interested in the business case.

**CHAIR:** Senator Sheldon, I don't think Mr Atkinson can comment on the DPM. He can comment on the forward estimates.

**Senator SHELDON:** I will go to Minister McKenzie. Is it appropriate that there be a project where the Deputy Prime Minister says that he is not interested in the business case? He is saying very clearly that it's not an important issue for him that there is a business case that this stacks up. There is public interest and all those very critical issues.

**Senator McKenzie:** I don't take that inference from the DPM's comments at all. I think it actually shows that he has confidence in the processes of government that have been outlined in the previous lines of questioning

around projects. When we as a government commit to funding a project over a long time, there is a sequence of events reports, considerations, collaborations and negotiations that occur over a long period of time. He has confidence that process will be undertaken and that the outcomes of that will see Dungowan Dam ultimately built. I think the DPM has been very, very clear, as the National Party MPs and senators are, about this type of iconic water infrastructure and the benefits it brings to local communities and industries.

**Senator SHELDON:** Both the department and you have rightly raised the importance of business cases in the process. When will we see a copy of the business case?

**Mr Atkinson:** I'm not sure when it's going to be done.

**Ms Purvis-Smith:** In relation to Dungowan, the New South Wales government is organising the business case. It is their business case, so it will be up to the New South Wales government to publish the business case.

**Senator SHELDON:** Is the \$433 million for Dungowan Dam and pipeline an addition to the government's previous Dungowan Dam commitments?

**Ms Purvis-Smith:** That's correct. It is an additional up to \$433 million.

**Senator O'NEILL:** Could you state that again?

**Ms Purvis-Smith:** An additional up to. So it's up to an additional \$433 million.

**Senator SHELDON:** Is that funding conditional or contingent on a business case or is it just provided?

**Mr Atkinson:** The receipt of the final business case will be the next step in the project.

**Senator SHELDON:** We've got the Deputy Prime Minister, in response to concerns raised—I am reporting from this article here—

**CHAIR:** Which article?

**Senator SHELDON:** The article I handed up just a moment ago. It is the same article, Chair. On the second page, it states:

... Councillor Stephen Mears instigated the push for more information, and said residents were concerned they could end up paying more for water.

"The best way to address the gossip and speculation is to provide the real information," Cr Mears said.

The motion was passed unanimously by the council, which includes former Chairman of the NSW Nationals Bede Burke, and former Nationals candidate for New England Phil Betts.

So there are serious concerns being raised right across the political spectrum about whether this is value for the community. They want to see the business case and how it works. There are questions of overinvestment. There are questions of environmental impact. There are questions of value. They're not saying they're against the dam or for the dam. They're saying that those things are critical to be able to work out the value for money for the dam. That's why we have business cases, don't we?

**Mr Atkinson:** I'm sure at an appropriate point the New South Wales government will make that public.

**CHAIR:** Senator Sheldon, I'm just flagging time.

**Senator O'NEILL:** I have a quick question on this. Ms Purvis-Smith, could you state again the amount up to?

**Ms Purvis-Smith:** Up to \$433 million.

**Senator O'NEILL:** It is \$443 million?

**Ms Purvis-Smith:** It is \$433 million.

**Senator O'NEILL:** How much in addition is that to previous announcements?

**Ms Purvis-Smith:** I think in total it brings it up to \$675 million.

**Senator O'NEILL:** Up to \$675 million?

**Ms Purvis-Smith:** That's right.

**Senator O'NEILL:** Is that because of cost blowouts?

**Mr Atkinson:** At the risk of repeating what I said at the last estimates—

**Senator O'NEILL:** A lot happens in between those.

**Mr Atkinson:** I appreciate that. I wouldn't use the term 'cost blowouts' in this sense. What we are now having is cost maturity based on actually having the engineering design work being done as part of the business case. So it's a better cost estimate as to what it would do.

**Senator O'NEILL:** So the original announcement was an incorrect number and now—

**Mr Atkinson:** A less mature number.

**Senator O'NEILL:** A less mature number. A less correct number, but it was announced nonetheless. So the new announced number is now up to \$675 million. That is now based on more accurate engineering plans. Is that correct?

**Mr Atkinson:** It's based on the work from the business case for the figures given us by the New South Wales government.

**Senator O'NEILL:** Is that engineering plans or a cost blowout or a combination of the above or anything else?

**Mr Atkinson:** I think they've got engineering design as part of that business case.

**Ms Purvis-Smith:** That's my understanding.

**Mr Atkinson:** The costing information is based on the draft business case from the New South Wales government.

**Senator O'NEILL:** Take it on notice. We all know that the price of everything is going up. I'm trying to understand how much is a cost blowout, how much of it is redesign and how much is finally getting the accurate information because the government jumped the gun and made an announcement without getting the details before they did it. I'm trying to figure out what is going on with these numbers. These people that Senator Sheldon has been asking about just want the truth from their government.

**Mr Atkinson:** Senator, I can't quite—

**Senator McKenzie:** Isn't this a process for the New South Wales government?

**Senator DAVEY:** Yes. There's also—

**Senator McKenzie:** Are there Labor Party House members that could assist you with that, Senator O'Neill?

**Senator O'NEILL:** Mr Atkinson, could you answer my question?

**Senator McKenzie:** Senator O'Neill, maybe the most helpful thing for your constituents and the questions would be to actually pursue this through the state government and the state parliament in New South Wales.

**Senator SHELDON:** I raise a point of order, Chair.

**CHAIR:** Senator Sheldon, what is your point of order?

**Senator SHELDON:** Could the minister just answer the question—

**Senator McKenzie:** Stop being helpful?

**Senator SHELDON:** and allow the questions to be asked. It would help if we didn't have interjections across the room.

**CHAIR:** Senator Sheldon, thank you. I think we all have thoughts on that.

**Mr Atkinson:** I won't answer the characterisations you gave because there's quite a lot in what you said. The original cost estimate was not based on a detailed business case with engineering and costing and all those sorts of things in it. I'm not sure what the original estimate was based on. The revised estimate in the budget is based on information from the New South Wales government from their business case work that they are doing at the moment. Any detailed questions around that business case at the moment would best be put to the New South Wales government.

**Senator O'NEILL:** I thank you for the honesty of that answer, Mr Atkinson, because therein lies some of the detail that is critical to this. These announcements that are made and the numbers that are announced and thrown around are often not correct. When you get the detail of a business case, the number changes. That makes a big difference to whether the project gets delivered or not. In fact, we've had Senator Davey indicate that one of the options, if it all doesn't add up, is that the project can be removed. So there's uncertainty every way we look at announcements from this government. That is an observation you don't have to answer. Thank you, Mr Atkinson.

**Senator McKenzie:** Just on Senator O'Neill's commentary: the Labor Party is running their narrative over here and failing to realise that the business case that they are talking about is actually a function of the New South Wales state government. To then somehow say that it is our government that is holding up projects and putting in uncertainty is completely misleading the public.

**Senator O'NEILL:** That's what we're talking about. The government has made an art form of that.

**Senator McKenzie:** It is a failure of leadership and a failure to actually recognise what needs to be done to govern. You need to partner with states. It's not easy.



**CHAIR:** Thanks, Minister. We have now only 20-odd minutes to go. Senator Mirabella has a question. Is that the end of water now?

**Senator McCARTHY:** I have a follow-up question. What Aboriginal organisations were involved with the Hells Gates Dam discussions and consultations?

**Mr Atkinson:** Senator Davey was coughing. I couldn't hear that.

**Senator McCARTHY:** Which Aboriginal groups have been consulted in the Hells Gates consultations and engagement?

**Mr Atkinson:** I'll have to take that on notice. The Hells Gates Dam proposal has been developed over at least four or five years, probably more. The consultations are huge. I'll take on notice who was part of the various consultations.

**Senator McCARTHY:** Thank you.

**Senator MIRABELLA:** There has been a lot of discussion and questioning based on the business case. I want to make a few preface comments. I will come back to the business case. When you do a business case for a piece of infrastructure such as a dam, how comprehensive is the template on addressing the non-quantitative aspects? As an example, what is the cost of a town running out of water? How do you factor that?

**Mr Atkinson:** That is what I was talking about by public good rather than commercial elements. I don't know whether Ms Purvis-Smith is in a better position to talk about what an ordinary template would look like. For these big dams, they are certainly not part of a costing because they don't lend themselves to an economic and commercial assessment. What I talk about is public good factors. They apply across lots of infrastructure. A lot of infrastructure is an underpinning part of what makes the Australian economy, society and communities work. There are some that will make a return on investment, such as Western Sydney airport and the intermodal terminals we talked about earlier today. Those sorts of things do make a commercial return. Very frequently, with things such as dams you wouldn't be expecting that. They do open up irrigated agricultural capacity. Sometimes there are benefits from flood mitigation. Water security is part of that element. I think ordinarily they would be covered off as part of the discussion in the business case. They certainly are not in the financials.

**Senator MIRABELLA:** So it's part of the discussion. It's fair to say, isn't it, that when you're talking about some of this stuff such as dams and water generally, return on investment is not really a metric that you can quantify or calculate?

**Mr Atkinson:** Very occasionally there will be a piece of water infrastructure where you can calculate that type of thing, where there's a clear commercial use piece, particularly if something such as pump hydro is built as part of it, where you can actually see what that would look like.

**Senator MIRABELLA:** I will give you an example. I speak with a couple of hats. I'm an engineer and I'm a farmer. Since I've been a farmer, I have a different perspective on some of these things. For example, when you are doing the case for a dam, do you factor a contingency? An example is a major bushfire event, where the local community might forgo 100 megalitres of water for firefighting. How do you cost that?

**Mr Atkinson:** I don't think you can. I've never seen that. I think it's safe to say that the business cases are based on economic analysis. They are one factor in terms of decision-making.

**Senator MIRABELLA:** When you're doing a business case for a dam, how do you factor weather cycles? How do you factor the likelihood that this dam will fill or be filled in five years?

**Mr Atkinson:** Usually that hydrology will be factored into a business case, but it is much more into the—

**Senator MIRABELLA:** So it is factored but it's not a commercial consideration?

**Mr Atkinson:** No, it's not. That's the thing with dams. There's a lot more to it than just the pure commercial assessment, such as if I were building an airport.

**Senator MIRABELLA:** I want to go back to this article. I recall this. I have some sympathy here. I am pretty sure, if my memory serves me, that the Deputy Prime Minister was taken out of context here. This was a couple of years ago.

**Mr Atkinson:** I think it was in the context of water security.

**Senator MIRABELLA:** Is the business case analysis different in the middle of a five-year drought? It's not, is it?

**Mr Atkinson:** No.

**Senator MIRABELLA:** We can throw this term 'business case' around, but the sense I'm getting at this level is that it's really a mistake, isn't it, to try to hang a return on investment and assets employed? These metrics are all very fluffy, aren't they?

**Mr Atkinson:** That's what I was saying to Senator Sheldon before. Return on investment is an interesting concept in this space. The business cases are one input into decision-making. I actually didn't make any commentary with respect to this article. What I talked about was our process going forward. The business cases are important to us because that has the design of what we are actually going to build and what we're going to fund. That has a cost in it. From our perspective, as deliverers, it's really critical to us to understand what we're building and what the money is. Then we can move to get agreement with the states on how we're going to go about doing it. I was just talking about the process going forward.

**Senator MIRABELLA:** I ask these questions too. I want to give you some perspective. For as long as I can remember, ALP policy has been a no dams policy. In my part of the world, that's problematic. I remember the millennial drought. Had I been in this place at that time, I would have had a bit to say about not bothering with business cases as a comment. I will stop there.

**CHAIR:** Thanks, Senator Mirabella.

**Senator WATT:** Our remaining questions are all for regional development, local government and regional recovery division. Is that the same people?

**Mr Atkinson:** No, different people. They are here.

**Senator O'NEILL:** Does the Regional Accelerator Program come in under that too?

**Mr Atkinson:** Yes.

**Senator WATT:** We've only got a limited amount of time, so we will try to be as quick as we can. I will start with some questions about the Building Better Regions Fund. Can you remind me when applications for round 6 closed?

**Dr Bacon:** I have information in my notes. I imagine my colleague Ms Hibbert is also coming to the table. It was in the last few weeks, because the assessments are currently underway.

**Ms Hibbert:** They closed on 10 February.

**Senator WATT:** How long do you expect it will take to assess those applications? I presume the assessments are underway.

**Ms Hibbert:** The end of April.

**Senator WATT:** The assessment is expected to end at the end of April. How many applications have you received?

**Ms Hibbert:** I don't have that information on me, I'm sorry.

**Dr Bacon:** I think I do. I think for round 6, a total of 815 applications have been received.

**Senator WATT:** Do you have the dollar value of all those applications?

**Dr Bacon:** It's 623 in the infrastructure stream and 192 in the community investment stream. I have to check my notes to see whether we have the dollar value for the number of applications.

**Senator WATT:** In the meantime, can someone remind me how much money is available for this round?

**Ms Hibbert:** It's \$250 million.

**Senator WATT:** I'm guessing it's oversubscribed, because they usually are.

**Dr Bacon:** They're usually oversubscribed; that's right.

**Senator WATT:** If you do have that dollar figure, that would be useful. I have a couple of questions for the minister. You've obviously had a bit of experience with grant decisions made on the eve of an election. Based on that experience—we're talking about BBRF here—do you expect decisions on this program will be made before the caretaker conventions take effect?

**Senator McKenzie:** That will be a matter for government.

**Senator WATT:** Well, we've just heard that the assessment won't be completed until the end of April.

**Senator McKenzie:** I can't imagine decisions being taken.

**Senator WATT:** Has there been any discussion with the minister's office—

**Senator McKenzie:** The process for BBRF decisions are a ministerial panel, yes.

**Senator WATT:** I remember that, yes. Because they are still being assessed by the department.

**Senator McKenzie:** It would be very difficult to convene a ministerial panel if the department is still in the process of completing assessments.

**Senator WATT:** Correct. Ms Hibbert or Dr Bacon, has there been any discussion with ministers about whether decisions on this round 6 will be made before the caretaker conventions take effect?

**Dr Bacon:** I haven't had any discussions myself, Senator. We're following our usual processes. It usually takes us a number of weeks to conclude the processes that are outlined in the guidelines.

**Senator WATT:** So it's pretty unlikely on that basis that decisions will be made before caretaker kicks in?

**Ms Hibbert:** Yes.

**Senator WATT:** Thank you. That's it on that.

**Senator O'NEILL:** I want to ask a couple on the Regional Accelerator Program. I'm reading from page 150 of Budget Paper No. 2. It's \$2 billion over five years. I can see it commencing in 2022-23 through to 2026. Could you give me an idea whether there are any new projects in this money? Is it like a bringing together of existing projects under a new banner?

**Mr Atkinson:** Yes. It's all going to be new. It's new money.

**Senator O'NEILL:** All of it is new?

**Mr Atkinson:** This is new money. It's going to be administered through new rounds of existing programs that we know work well. Projects will be funded through future rounds. Guidelines will be agreed with the minister and the other relevant minister, although one of the programs is within our portfolio. Those rounds will open for applications. Applications will come through as part of the Regional Accelerator Program and be funded based on those particular regional accelerator rounds of those programs.

**Senator O'NEILL:** And is the criteria for participating in this developed yet, or is this fresh?

**Mr Atkinson:** There will be criteria added into the specific rounds. Obviously, for ours, the guidelines are very mature. They will be signed off in due course. Across the other portfolio, it will be adding regional accelerator specific criteria to those rounds, which are about the types of regions that will be eligible and what sort of preferencing will look like inside those guidelines. It will be specific to each of those individual rounds and signed off by the minister based on the criteria that we are talking about for accelerating regional growth.

**Senator O'NEILL:** So it will be a ministerial decision?

**Senator McKenzie:** I am the minister responsible for this program, so I'm happy to go to the thinking around its development.

**Senator O'NEILL:** I just want to get a sense, if I can, Senator McKenzie. It says here in the papers that programs receiving regional extension funding include but are not limited to modern manufacturing, the Australian apprenticeships, critical minerals, accelerator initiative, export, recycling—

**Senator McKenzie:** Yes. Export development.

**Senator O'NEILL:** It sounds like these things already exist. I am trying to conceptually understand. Is this a bundling of those things to bring to—

**Senator McKenzie:** It's a special focused group of rounds under existing programs that we know work. A lot of what the research and data tells us, whether it's from the NFF, the Business Council of Australia or the Regional Australia Institute, is that we need to be targeting investment with regional capitals in a way that really steps them into next level growth and development. We know these programs already work within government. This \$2 billion has been spread amongst those programs so that when it opens, regions and local governments and others can apply for manufacturing support, for instance, export development support or supply chain resilience support. The criteria we're using is very data focused. It has to be catalytic to this community and take them to the next level. We're a country where 40 per cent of our population lives in two places. We're interested in really seeing regional capitals go to the next level. It's this type of investment over the coming decade that we're looking to really catalyse that growth. This money is spread over the next five years.

**Senator O'NEILL:** And across all of those areas that I just read?

**Senator McKenzie:** Yes.

**Senator O'NEILL:** As indicated in the budget papers?

**Senator McKenzie:** Yes.

**Senator O'NEILL:** It also says, 'But are not limited to'.

**Senator McKenzie:** No.

**Senator O'NEILL:** Are there any new projects or new—

**Senator McKenzie:** New programs?

**Senator O'NEILL:** New programs that you expect—

**Senator McKenzie:** We haven't considered that at this stage. We've chosen these particular existing government programs because we know they work. We want to see the next level economic investment. When you speak to industry and communities, they say they want skilled labour. Investing in skills and training at a local level is important to grow the labour force and the local economy. Investing in advanced manufacturing is important. Post COVID investing in supply chain resilience projects is important. We've specifically selected the government programs that will drive economic growth, and then we're targeting them at places that want them. They are quite targeted and strategic. As a rough rule of thumb, it's regional capitals.

**Senator O'NEILL:** Could there be any new programs yet to be determined, or are you just reflecting—

**Senator McKenzie:** We announced it Tuesday. I'm not of a mind to consider new programs.

**Senator O'NEILL:** Is it just build on what is already there in your thinking prior to the announcement on Tuesday? That is what I'm asking. Are you intending to expand it from the programs that have been identified here?

**Senator McKenzie:** No.

**Senator O'NEILL:** It says 'not limited to'.

**Senator McKenzie:** No.

**Senator O'NEILL:** I'm trying to understand where else this money could show up.

**Senator McKenzie:** We are setting up a specific regional accelerator round of the Regional Growth Fund. It has been rebranded. It is half a billion dollars.

**Mr Atkinson:** The Regional Growth Fund and a couple of others aren't in that paragraph because it's just an exemplar paragraph.

**Senator McKenzie:** I can go through the lot of them.

**Dr Bacon:** They are in Budget Paper No. 2.

**Senator McKenzie:** I might recommend my Labor colleagues get the nice glossy of our budget. On page 16—

**Senator O'NEILL:** If we can find it.

**Senator McKenzie:** It's the export development grant and defence capability improvement. Defence industry gets a piece. There is the Recycling Modernisation Fund. We've got critical minerals, the Modern Manufacturing Initiative, Australian apprenticeships initiative and the trailblazing university initiative. This funding will be able to see more of that great program out in rural and regional unis to connect them with industry so we can step up that growth and development.

**Senator O'NEILL:** This is a summary statement. That is the exhaustive list of what you are considering. Is that correct?

**Mr Atkinson:** The list is on page 75.

**Senator O'NEILL:** I might get a copy of that. That would be great. Thank you.

**Senator McKenzie:** Australia's plan for a stronger future.

**CHAIR:** We've got a different one.

**Senator McKenzie:** Murray had his map. I've got this. Senator O'Neill, I'll table the document.

**Senator O'NEILL:** Thank you. I'll get a copy of the relevant page to answer my question.

**Senator McKenzie:** The secretariat can get that for Senator O'Neill.

**Senator O'NEILL:** Thank you for that. I would like to ask a couple of questions about the applications for round six of the BRRF. I will start with south-east Queensland.

**Mr Atkinson:** They are still under assessment, obviously.

**Senator O'NEILL:** Which projects is the Commonwealth government providing funding for under the South East Queensland City Deal?

**Dr Bacon:** I will ask my City Deal colleagues to come to the table to answer those questions. They'll have a comprehensive list because they are in the cities division. They are here in the waiting room. I might ask them to

come in to answer your question. If you had any other questions for our regional colleagues, we're here now. The cities colleagues can come to the table.

**Mr Atkinson:** Are there any other regional questions?

**Senator O'NEILL:** No. While the others are coming in, I have a follow-up from when Senator Watt was asking questions. I think you committed, Mr Atkinson, to getting the details of the forwards on the Hells Gates Dam. There was mention that there was money in the outlying years as well. Could you provide that?

**Mr Atkinson:** There is \$5.4 billion in total and \$600 million in the forwards.

**Senator O'NEILL:** Could you give a breakdown of the outlying years as well.

**Mr Atkinson:** It will be \$4.8 billion and \$600 million in the forwards.

**Senator O'NEILL:** So it's just a block? It's not over 2026, 2027, 2028 and 2029? It's just a block past the forwards. Is that correct?

**Mr Atkinson:** Yes. It will be contributing to the general.

**CHAIR:** Senator Davey has questions on regionalisation.

**Senator DAVEY:** Under the Regional Accelerator Program, as you explained, there's a lot that's going to existing programs. Guidelines have been developed for them. Can you give us more information about the actual regionalisation fund, which, on my understanding and reading of it, is \$500 million? Can you explain that and the next processes for people?

**Mr Atkinson:** The next step in the process?

**Senator DAVEY:** Yes.

**Mr Atkinson:** The next step in the process for that will be that the guidelines will be signed off. A round will then be opened. I think it will be by the start of July.

**Dr Bacon:** Yes. As you said, Secretary, the next step is for the guidelines to be launched. Subject to that, our thinking is the round would open on 1 July this year.

**Mr Atkinson:** That will be the process by which all of that money is considered and committed.

**Senator DAVEY:** We know that the people who are eligible to apply under the Building Better Regions Fund have to be not-for-profit or incorporated or councils. Is the regionalisation fund going to be broader? I have had a lot of interest in regions from industries and businesses for programs that can be available to enterprise rather than just government.

**Mr Atkinson:** It's based on the Regional Growth Fund. I'll have to ask Dr Bacon for the details.

**Dr Bacon:** Perhaps to best answer your question, I would point to the features of the regionalisation agenda that Minister McKenzie has been leading across government. These features will be reflected in the design of this program and the guidelines when they are launched. The features will include, as the minister has said, backing the growing regions that have the ambition to grow further. It would be about funding projects that will drive economic growth, jobs and industry diversification. It would have a design that really incentivises and encourages an alignment of state, industry and local effort, for example, through co-funding requirements and through encouraging consortia to apply from different partners across a particular region. Built into the design also would be responding to local priorities. Having a grant program as the delivery mechanism will allow that. They are some of the design features that you will see featured in the guidelines once they are released.

**Senator McKenzie:** I think what we really wanted to achieve was recognising that regions are all unique and have their own competitive advantages. Rather than this macrogrant program, we're going to back those with the ambition and a plan of where they want to be by 2030 or 2050.

**Senator DAVEY:** I am looking at the Regional Accelerator Program and some of the other things, such as recycling, modernisation, modern manufacturing—

**CHAIR:** This is the half mark, so a very quick question and a very quick answer.

**Senator DAVEY:** Is the regionalisation fund the link between any gaps in the other areas that are being funded under the accelerator program?

**Dr Bacon:** I think it's a very good point to say it's highly complementary to the other initiatives that we've talked about with the committee today. Because it's a grant program, it has the flexibility to respond to the types of projects in the different regions that are going to be most impactful in those regions. It works together in a very complementary way with the \$7.1 billion package we've been talking about and with the \$1.3 billion investment

in regional telecommunications. We're certainly encouraging and providing information. Our plan is to provide information to potential grant applicants so they can piece all of those different things together.

**Mr Atkinson:** I will add that the accelerator project itself is designed around the fact that different regions need different things. That is why there's a mix of program types that people will be able to apply to based on what their individual needs are to succeed.

**Senator DAVEY:** I will leave it there.

**Mr Atkinson:** So the list of projects that—

**Senator O'NEILL:** I have some cities questions.

**CHAIR:** We have a hard marker at four o'clock because we are swapping committees. We've got agriculture coming in at the next session. This is afternoon tea.

**Mr Atkinson:** If there are cities questions and you're interested in the South East Queensland City Deal, the list of projects is public. It's published.

**Senator O'NEILL:** I want a bit more detail, so I'll ask those questions.

**Mr Atkinson:** On Monday.

**Senator O'NEILL:** Finally, in the infrastructure spends, four regions were identified. Senator Watt explored that somewhat. For the state of New South Wales, could you provide on notice any requests for infrastructure funds for the federal seats of Parkes, Farrer, Riverina and Hume?

**Mr Atkinson:** Are you talking about requests from the New South Wales government? Yes.

**Senator O'NEILL:** Thank you.

**CHAIR:** Terrific. Thank you. That brings us to a close for the infrastructure division this afternoon. We're going to take a break for 15 minutes. We'll return with agriculture at 4.15 pm. Thank you.

**Proceedings suspended from 16:02 to 16:19**

## **AGRICULTURE, WATER AND THE ENVIRONMENT PORTFOLIO**

### **In Attendance**

Senator Duniam, Assistant Minister for Forestry and Fisheries and Assistant Minister for Industry Development

### **Department of Agriculture, Water and the Environment**

#### **Executive**

Mr Andrew Metcalfe AO, Secretary

Dr Chris Locke, Deputy Secretary, Environment and Heritage Group

Mr James Tregurtha, Acting Deputy Secretary, Major Environment Reforms Group

Ms Cindy Briscoe, Deputy Secretary, Enabling Services Group

Ms Lyn O'Connell, Deputy Secretary, Water, Climate Adaptation, Natural Disaster and Antarctic Group

Mr David Hazlehurst, Deputy Secretary, Agricultural Trade Group

Ms Rosemary Deininger, Deputy Secretary, Agriculture Policy, Research, and Portfolio Strategy Group

Mr Andrew Tongue, Deputy Secretary, Biosecurity and Compliance Group

#### **Agricultural Policy Division**

Ms Joanna Stanion, First Assistant Secretary

#### **AGVET Chemicals, Fisheries, Forestry and Engagement Division**

Ms Emma Campbell, First Assistant Secretary

#### **Australian Bureau of Agricultural Resource Economics and Sciences**

Dr Jared Greenville, Executive Director

Mr David Galeano, Assistant Secretary

#### **Biosecurity Animal Division**

Dr Robyn Martin, First Assistant Secretary

Dr Mark Schipp, Chief Veterinary Officer

Dr Beth Cookson, Deputy Chief Veterinary Officer

#### **Biodiversity Conservation Division**

Ms Cassandra Kennedy, First Assistant Secretary

Mr Steve Costello, Assistant Secretary, Program Delivery Branch

#### **Biosecurity Operations Division**

Mr Colin Hunter, First Assistant Secretary

#### **Biosecurity Plant Division (including Australian Chief Plant Protection Officer)**

Dr Chris Parker, First Assistant Secretary

Dr Gabrielle Vivian-Smith, Chief Plant Protection Officer, Australian Chief Plant Protection Office

#### **Biosecurity Strategy and Reform Division**

Ms Peta Lane, First Assistant Secretary

Ms Josephine Laduzko, Assistant Secretary, Biosecurity Response and Reform Branch

#### **Compliance and Enforcement Division**

Mr Peter Timson, First Assistant Secretary

#### **Corporate and Business Services Division**

Mr Lionel Riley, First Assistant Secretary

Mr Troy Czabania, Assistant Secretary, Governance and Parliamentary Business Branch

#### **Climate Adaptation and Resilience Division**

Ms Maya Stuart-Fox, First Assistant Secretary

#### **Digital Reform Division**

Mr Nathan Heeney, First Assistant Secretary

**Digital Trade Initiatives Division**

Mr Nick Woodruff, First Assistant Secretary

**Drought and Farm Resilience Division**

Ms Kerren Crosthwaite, First Assistant Secretary

**Environmental Biosecurity Office**

Mrs Shalan Scholfield, Principal Director

**Environment Protection Division**

Ms Kate Lynch, First Assistant Secretary

Mr Matthew Ryan, Assistant Secretary, Waste Policy and Planning Branch

**Exports and Veterinary Services Division**

Ms Nicola Hinder, First Assistant Secretary

**Finance Division**

Mr Paul Pak Poy, Chief Finance Officer

**Information Services Division**

Mr Mark Sawade, Chief Information Officer

**Legal Division**

Ms Alice Linacre, Chief Counsel

Ms Cassandra Ireland, General Counsel, Legislation Practice Branch

Mr Jadd Sanson-Fisher, General Counsel, Biosecurity, Exports and Compliance Legal Practice Branch

Ms Amy Nichol, General Counsel, Commercial, Information and Agriculture Legal Practice Branch

Ms Jane Temby, General Counsel, Environment, Employment and Litigation Legal Practice Branch

**People Division**

Mrs Jasna Blackwell, Acting Chief People Officer, People Division

Ms Emma Connell, Acting Assistant Secretary, People and Policy Branch

Ms Jill Mand, Assistant Secretary, Integrity Branch

Ms Tanja Watson, Acting Assistant Secretary, Capability Planning and Change Branch

**Plant and Live Animal Exports Division**

Ms Tina Hutchison, Acting First Assistant Secretary

**Portfolio Strategy Division**

Ms Cathryn Geiger, Acting First Assistant Secretary

**Trade, Market Access and International Division**

Mr Chris Tinning, First Assistant Secretary

**Trade Reform Division**

Mr Matthew Koval, First Assistant Secretary

**Water Division**

Ms Rachel Connell, First Assistant Secretary

**Portfolio Agencies****Australian Fisheries Management Authority**

Mr Wez Norris, Chief Executive Officer

Ms Anna Willock, Executive Manager, Fisheries Management Branch

Mr Angus Tye, Acting Chief Operating Officer

Ms Claire van der Geest, General Manager, Fisheries Information and Services Branch

**Australian Pesticides and Veterinary Medicines Authority**

Ms Lisa Croft, Chief Executive Officer

Dr Jason Lutze, Deputy Chief Executive Officer



Dr Sheila Logan, Executive Director

Dr Rachel Chay, Acting Chief Operating Officer

**Australian Wool Innovation**

Mr Jock Laurie, Chair

Mr John Roberts, Acting Chief Executive Officer

**Dairy Australia**

Mr James Mann, Chair

Dr David Nation, Managing Director

Mr Charles McElhone, General Manager, Trade and Strategy

**Grains Research and Development Corporation**

Mr John Woods, Chair

Mr Nigel Hart, Managing Director

**Horticulture Innovation Australia**

Ms Julie Bird, Chair

Mr Matt Brand, Chief Executive Officer

Dr Alison Anderson, General Manager, Research and Development

Dr Anthony Kachenko, General Manager, Stakeholder Experience

**Inspector-General for Biosecurity**

Mr Rob Delane, Inspector General of Biosecurity

**Meat and Livestock Australia**

Mr Jason Strong, Managing Director

Mr Alan Beckett, Chair

**Department of Agriculture, Water and the Environment**

**CHAIR:** Good afternoon. I now welcome Mr Andrew Metcalfe, Secretary of the Department of Agriculture, Water and the Environment; Senator the Hon. Jonathon Duniam, Assistant Minister for Forestry and Fisheries; and officers of the department. We will begin proceedings with the department by hearing evidence from the agricultural policy division. Mr Metcalfe, do you wish to make an opening statement?

**Mr Metcalfe:** Just a very brief one, Senator. I made quite an extensive one when we were here a few weeks ago. I want to put on the record that our thoughts and good wishes are with the people of Southern Queensland and Northern New South Wales who are affected by, yet again, flooding events. It is many people in regional and rural areas as well as towns and cities. These weather events are having a devastating impact on them. There are tragic scenes not only affecting people and loss of life and loss of homes but also livestock and production facilities and so on. As a department that focuses right across our agricultural, water and environment issues, I want to extend our best wishes and note the very difficult circumstances that people are in.

**CHAIR:** Thank you, Mr Metcalfe. My observation is that when big cities like Brisbane and Sydney are affected, it's generally a portion and the rest of the community is able to rally around. When it's a small community, such as Lismore or Gympie, where you might have had the entire council and support networks all affected, it makes it very hard to recover, doesn't it?

**Mr Metcalfe:** It does. Of course, we work very closely with our counterparts in the New South Wales and Queensland departments of primary industry. We know that they are providing on-the-ground supports. There are very sad situations of having to deal with injured livestock and native animals. I thought it was appropriate at the beginning of these hearings for us to note that some people are doing it very tough. To the extent that we can do anything to help, we certainly will.

**CHAIR:** Thank you, Mr Metcalfe. I'm sure the committee shares your views and sentiments and sends out best wishes to communities and your staff dealing with that. I want to also advise that we will be breaking at 5.20 pm to hear the presentation from the President of the Ukraine. I will now go to Senator Sheldon.

**Senator SHELDON:** Thanks very much, Chair. Good afternoon to you all. It's good to see you. I understand the deputy chair outlined documents for tabling. Has that letter been received? Was there a letter received for documents for tabling?

**Mr Metcalfe:** Yes. I received a letter from Senator Sterle the other day quite similar to previous letters that we've received from him. We're happy to respond to those issues as we come to them. A lot of the material is on publicly available websites. We're happy to refer those details to you as well.

**Senator SHELDON:** Have you got the documents you could table for us now in electronic form?

**Mr Metcalfe:** My colleague can make that available to you. It provides links to websites and pages in budget documents. Of course, we're happy to expand on all of those issues as we answer questions.

**Senator SHELDON:** Thank you. I want to go to an issue regarding timber. It has been stated a number of times that Australia is experiencing a timber shortage, as you are well aware. There are obviously pressures in the supply chain and in the market more generally. I want to clarify. One of the measures in the budget was for \$86 million to plant 150 million trees by 2027. Is that correct?

**Senator Duniam:** Correct.

**Senator SHELDON:** When is the first tree going to be planted?

**Ms Deininger:** Minister Duniam and Senator Sheldon, forestry matters are actually dealt with by a different division. At the moment, we've got ag policy division at the table. The forestry and fisheries matters are dealt with by the ag vet, fishing, forestry and engagement division, which is on next at 7.00 pm or 7.30 pm, I believe.

**Senator CICCONE:** We will go to workforce issues, if that's alright.

**Ms Deininger:** We're very happy to come to forestry subsequently.

**Senator CICCONE:** Thank you for that, deputy secretary. It's good to know where we are on the program. This is a question for the department. What is the current workforce gap across the ag sector? Have you had any updates since we last had the chance to meet at estimates?

**Ms Deininger:** The last time we spoke, I think we mentioned that ABARES were about to go out into the field with our survey staff to investigate that. That is happening over the coming months. There isn't a number update, if you like, since we were at estimates six weeks ago or so. We do have updates in relation to the numbers of people who have come through the Pacific scheme that we can provide to you.

**Senator CICCONE:** Was that phase 2 or another report that Ernst and Young had produced? Was there a follow-up, if I recall, from our last discussion we had at the last round of estimates?

**Ms Deininger:** Ernst and Young did a report mid last year, or mid-2021. I think they estimated a supply gap between 11,000 and 24,000, which is obviously quite a significant gap.

**Senator CICCONE:** Correct.

**Mr Metcalfe:** My understanding is that it primarily related to horticulture. It didn't purport to be the entire workforce issues across ag.

**Ms Deininger:** Certainly, obviously since then, many thousands of workers have come into Australia through the Pacific scheme. As we have discussed, there are a number of other measures to encourage domestic workers and existing visa holders into ag. I guess I'm really saying that I think it is now quite a dated figure in terms of the practical—

**Senator CICCONE:** Correct. So you are saying that ABARES is now doing work at the moment to identify what the latest gap is?

**Ms Deininger:** They do an annual survey around labour supply and their farm surveys. That is what is in the field now.

**Senator CICCONE:** And you're not aware of Hort Innovation commissioning any work with Ernst and Young or anyone else to update that report back in 2020?

**Ms Deininger:** I'm not aware of any.

**Ms Stanion:** The Ernst and Young report that you referred to last year was the second one that Hort Innovation commissioned. I'm not aware—

**Senator CICCONE:** We're not expecting a follow-up?

**Ms Stanion:** No.

**Senator CICCONE:** Have we reached the 24,000 to 26,000 figure in terms of the gap from any other data you might be aware of, be it through ABARES or other agencies or other RDCs?

**Ms Deininger:** As I mentioned earlier, that report was released in June, so it would have been based on data potentially from March or earlier in the year. I think a lot has happened since then in terms of workers coming into Australia. I think we talked last time as well about how businesses across the economy have done other

things. They've offered overtime and extra hours to people. They've instituted productivity improvements and so on. I think it's fair to say that data is somewhat dated relative to the circumstances that perhaps exist now. Of course, we also have working holidaymakers returning to Australia with the opening of our borders.

**Senator CICCONE:** Do you have an estimate of how many working holidaymakers will be in the country?

**Ms Stanion:** At the moment?

**Senator CICCONE:** At the moment, in three months or in six months?

**Ms Deininger:** We can take it on notice.

**Senator CICCONE:** Have you had any advice from the Department of Home Affairs or DFAT on that?

**Ms Deininger:** Well, there certainly has been an increase in the number of working holidaymakers. We'll see if we can get some information for you.

**Senator CICCONE:** I ask because obviously with the budget this week the National Farmers' Federation used the term 'crippling labour challenges' as a way of describing the workforce gaps currently faced by the farm sector. Obviously they are disappointed not to see the government take up other opportunities and ways to address the challenges that many in the farming community face at the moment. I think they also describe significant agricultural skill development initiatives. Has the department, government or the minister undertaken any work to address some of the concerns that were raised by the National Farmers' Federation earlier this week?

**Ms Deininger:** I might provide the committee with an update in terms of our numbers. Certainly as at 25 February, more than 22,400 Pacific and Timorese workers have arrived in Australia since September 2020. That is obviously a very significant number of workers. Our latest figure is that there are around 50,000 to 52,000 work ready people in the Pacific. We continue to work very closely with our colleagues in DFAT and with industry to make sure that we have a regular intake of workers into Australia to meet those needs. The government has, of course, recently announced the ag visa and the MOU with Vietnam, which will also be a new stream of workers. Certainly we have been very focused on that. As I mentioned, things such as AgMove, the measure to encourage Australians to move into country areas, have also been utilised to try to increase labour supply to agriculture.

**Senator CICCONE:** We heard the figure that you mentioned earlier about the 52,000 people who are ready. How quickly can we get those 52,000 people in the country? What is stopping the government from bringing those 52,000 people in the Pacific here into our farming sector?

**Ms Deininger:** With the Pacific scheme, naturally enough, there is a process to go through. It is important—I think we've also talked about this before—for employers to market test the jobs. Jobs have to be market tested with Australians before the employer can seek to utilise the Pacific scheme. There is a process of understanding the demand by the employer and then connecting them to available workers. So there is, naturally enough, a process. I think it is fair to say that we have a very regular stream of arrivals from a range of countries in our Pacific to meet the demands of employers.

**Ms Stanion:** I might add, Senator, that since we were here in mid-February, 1,448 workers have arrived from the Pacific.

**Senator CICCONE:** How many?

**Ms Stanion:** It is 1,448 on 66 flights. As Ms Deininger said, there is a regular stream of workers coming in as those recruitment plans are done by employers.

**Senator CICCONE:** When you talk about the process, what do you mean? Is it that employers are waiting for the departments to approve these people coming in? Is there a lengthy process? When you talk about the process, what do you mean?

**Ms Stanion:** When an employer wants to recruit workers through the Pacific program, they need to submit a recruitment plan to DFAT. That is examined. There is a process with the countries to recruit the workers. They apply for visas. They need to be briefed in country and receive training before they get on the flight. Their visas are approved. Then they come in. There is a process, but it is not a very lengthy process. It is probably about six weeks in total, I think, roughly.

**Senator CICCONE:** I will turn to visas. With the ag visa, the government has recently announced an MOU between Australia and Vietnam. Are there any other countries that the department is aware of that are likely to sign before the caretaker period?

**Ms Deininger:** DFAT is undertaking all the negotiations. I think the government has been on the public record around having negotiations with Indonesia. There are other countries that have in the past expressed some

interest. I think DFAT is the best department to advise on the status. We are not personally involved in the status of those negotiations.

**Senator CICCONE:** I'm aware of that. I guess my question to you as the department of agriculture is whether you are aware of any nations that are prepared to sign an MOU with the Australian government prior to the caretaker period?

**Ms Deininger:** I don't have any information either way.

**Mr Metcalfe:** We're not exactly sure when the caretaker period will begin, but we know it's soon.

**Senator CICCONE:** Are you aware of any countries that are prepared to sign in the next week?

**Mr Metcalfe:** Senator, we're certainly aware that there are advanced negotiations.

**Senator CICCONE:** Are you able to advise the committee which countries are advanced in these discussions?

**Mr Metcalfe:** I think it's best you put it to DFAT as to whether there are any bilateral sensitivities about early announcements at Senate estimates.

**Senator CICCONE:** So you are aware of the countries? You just can't share that?

**Mr Metcalfe:** Yes.

**Senator CICCONE:** How many workers do you expect to come on the ag visa from Vietnam?

**Ms Deininger:** As ministers have indicated, and as we did with the restart of the PALM program, we will be doing a graduated start to the program, naturally enough. It is a program that has a sponsorship, such as the Pacific scheme. It is sponsored by a particular employer. In fact, it will depend on demand from the employers. They will need to have a need for those workers in order for those workers to come to Australia if they are not working holidaymakers.

**Senator CICCONE:** Is your understanding that the program is demand driven or that there is a cap?

**Ms Deininger:** I think you would have to go to DFAT for the detail of that. It is—

**Senator CICCONE:** I'm asking what your understanding is from the department of agriculture. Do you have an understanding of the visa program?

**Ms Deininger:** My understanding is that it is a demand driven program. It will be ramping up over time. I think in terms of specific details, that is really a matter for DFAT. We aren't involved in negotiations.

**Senator CICCONE:** What do you mean by ramping up? Will there be staged caps?

**Ms Deininger:** I think that goes to the MOU and the details of those discussions. I think you would need to take that up with DFAT.

**Senator CICCONE:** So you can't confirm how many people you expect to be in Australia by 30 June on this visa or the end of this year on this visa? You don't have any estimates?

**Mr Metcalfe:** It's a really difficult question to answer. One is because, as Ms Deininger says, we are in the very early stage of putting the arrangements in place. The second is because it's demand driven. Ultimately, the number of people who come will depend on labour market testing arrangements in Australia to demonstrate that there aren't Australians able to undertake the work. Then there are obviously lags in people arriving. I'm sure DFAT will be able to assist you with some of your questions. For some of it, we'll just have to wait and see. Certainly the key agricultural industries have warmly welcomed the creation of the visa and the fact that it's now able to start operating.

**Senator SHELDON:** The Prime Minister explicitly promised an ag visa at the National Farmers' Federation national congress way back in October 2018. To quote him, he said:

Yes, we will work to establish an agricultural visa.

That's more than three years ago. On 16 June 2021, a media release entitled 'Agricultural visa to secure labour force for farmers' stated:

The Nationals have delivered an agriculture visa to secure the labour force needed by Australian farmers both now and into the future.

The list goes on. On 6 August 2021, Minister Littleproud said:

The announcement and the start date of an agricultural visa, specific for agriculture, skilled, semi-skilled and unskilled will be well before Christmas, it will be up and running well before Christmas.

On 23 August 2021, there was a joint statement from the Deputy Prime Minister, Senator Payne, and Minister Littleproud stating:

Today we announce the establishment of the Australian Agriculture visa—

There's another announcement on 1 October. The announcements roll on from there. But we still aren't seeing people coming in on the ground here to support our industries under this ag visa. What is the story?

**Ms Deininger:** I was just going to say—

**Senator SHELDON:** I was actually addressing it to the minister.

**Senator Duniam:** I'm happy to take that. I'm sure the officials will have further to add. I think, as has been demonstrated by the answers provided by officials at this estimates and previous ones, the process is relatively complex, particularly when we're dealing with other nation states as part of a negotiation on bilateral arrangements. Those things don't happen in a hurry. Of course, we have to work in good faith with those partner countries. Progress has been made. As Ms Deininger and Mr Metcalfe have said, for details on further progress and exactly what that translates into in terms of feet on the ground and when that occurs, I think DFAT is the best bet for that.

**Mr Metcalfe:** I will add to what the minister said. The announcements that you referred to, Senator, in the third quarter last year were absolutely accurate. They referred to the creation of the visa, which was the establishment of the regulations and the legislation. It was always clear that there would then need to be bilateral arrangements in place with countries. I don't need to tell anyone in the committee that negotiating international agreements has been more complex in recent times because of travel restrictions. Of course, it's only really recently that we have been able to have that type of movement of people occurring. What is clear is that we have a visa established. We have an agreement with a significant country in ASEAN. We are now in the process of being able to actually put that into operation. The industry has warmly welcomed it.

**Senator CICCONE:** When do you expect the operational side of things to actually happen? There will be a lot of farmers and stakeholders listening today wanting to know when the visa is going to go live, I guess. When are people going to be on the ground?

**Mr Metcalfe:** Because the arrangements of the negotiations have been with the Department of Foreign Affairs and Trade, we think it's appropriate that we provide the opportunity to them to talk about that. And, of course, the Department of Home Affairs and the department of employment will have roles in relation to workers coming to Australia through visa issue and while they are here. As you know, I spent a very long part of my working career in the immigration portfolio. This is absolutely to be expected that these arrangements do take place. Ultimately, what we're now looking at is the ability for Australian farming industries to be able to access a source of foreign labour to ensure that they do have the people, but only after they've checked that there's no-one available in Australia. Importantly, the agriculture visa goes beyond the pre-existing and ongoing and very successful Pacific Islands scheme and seasonal workers scheme that have proved so important in recent times. So this really completes a suite. There's a bright and vibrant future in agriculture for young Australians. There is also the fact that, realistically, in order to produce the food we need to consume and the food we need to export, we need more people to help us. We now have a suite of arrangements in place that I'm sure will be well used in the months and years to come.

**Senator CICCONE:** I appreciate that. I guess I am trying to get some clarity, because there have been a lot of confusing messages, be they from your department, DFAT or Home Affairs. At the last round of estimates, DFAT said that there would be a cap of 1,000 people on this visa. When I asked agriculture at the last round of estimates and Home Affairs, they said no, it was demand driven. I'm trying to understand and clarify not just for my benefit but for others in industry. Is it demand driven or is there a cap?

**Mr Metcalfe:** My understanding—and you'll need to ask DFAT this—is that, firstly, it certainly is demand driven. It requires sponsorship or labour market testing to occur in Australia. The precise details of arrangements with individual countries as to whether there are caps or not are matters that you need to discuss with foreign affairs.

**Ms Deininger:** Senator Ciccone, I'm sorry to interrupt. It is based on data in relation to working holidaymakers, which we discussed earlier in terms of this.

**Senator CICCONE:** Can we come back to that later because I am mindful of time? Can the department confirm that it has seen a copy of the MOU that has been signed between Australia and Vietnam?

**Mr Metcalfe:** I couldn't hear you, Senator.

**Senator CICCONE:** Can you confirm that you have sighted the MOU between Vietnam and Australia?

**Ms Deininger:** We've not seen the MOU.

**Senator CICCONE:** You haven't seen it. Were you, I guess, asked to provide advice in the drafting of the MOU?

**Ms Deininger:** We have been involved in consultations with industry and in some discussions, but we've not seen a copy of the MOU. As the minister indicated, it's between the Australian government and the Vietnamese government.

**Senator CICCONE:** So you weren't asked to provide any feedback on a draft copy of the MOU before it was signed between the two countries? You haven't seen the MOU in any form—draft form or final form?

**Ms Deininger:** Not that we're aware of, no.

**Senator CICCONE:** Interesting. I would have thought the department of agriculture, given it's the ag visa, would have some form of input into the drafting of that MOU.

**Mr Metcalfe:** We talk to foreign affairs all the time.

**Senator CICCONE:** So are you then contradicting the evidence?

**Mr Metcalfe:** No. I'm saying that we talk to foreign affairs all the time about many things.

**Senator CICCONE:** What about the MOU?

**Mr Metcalfe:** Well, that's a matter for the department of foreign affairs.

**Senator CICCONE:** I'm asking you as the secretary.

**Mr Metcalfe:** We have been working very carefully with foreign affairs and home affairs and employment over the last two years in particular to ensure that there are people able to come to Australia to help grow our food and boost our exports and so on.

**Senator CICCONE:** So you haven't spoken to them about the MOU?

**Mr Metcalfe:** We've answered that question.

**Senator CICCONE:** I find there's contradicting evidence between you and the deputy secretary.

**Mr Metcalfe:** Trust the secretary.

**Senator CICCONE:** Can the department confirm whether the department of agriculture officer was present throughout the negotiations between the Vietnamese government and the signing of that MOU? I understand that a departmental officer accompanied the minister.

**Ms Deininger:** Departmental officials accompanying Minister Payne?

**Senator CICCONE:** No. Minister Littleproud. Didn't Minister Littleproud—

**Mr Metcalfe:** No. Minister Littleproud has been to Indonesia in January but not to Vietnam.

**Senator CICCONE:** Was it Indonesia? So there wasn't a departmental officer from the department of agriculture with Minister Payne as well at that signing off?

**Mr Metcalfe:** No.

**Ms Deininger:** No.

**Senator CICCONE:** Will the workers from Vietnam have specific skills to provide on Australian farms? Is there a category of work?

**Mr Metcalfe:** That will really depend upon the nature of the sponsorship and the request for the workers. The agriculture visa provides a broader category than we've seen with the Pacific Islands and seasonal schemes. It provides for either relatively short-term stay or longer term stay. It therefore provides flexibility for Australian farmers and farming industries to actually state the type of worker they might seek to bring out.

**Senator CICCONE:** So like the horticulture labour industry agreements and the other semi-skilled?

**Mr Metcalfe:** A lot of it is what I would describe as semi-skilled, because you need to know what you're doing with horticulture labour. But it does provide for other categories of employment as well. An example is in industries such as dairy and meat processing et cetera.

**Ms Deininger:** That's right, Secretary. It covers both unskilled, semi-skilled and high-skilled categories in the visa.

**Senator CICCONE:** I don't know if any of my colleagues have any questions. I want to be crystal clear. No-one from the department of agriculture was present throughout any of the negotiations between the Vietnamese government and the Australian government in the drafting or signing of this MOU?

**Ms Deininger:** We have been involved in assisting DFAT in understanding the industry and providing advice. We weren't involved in the signing.

**Senator CICCONE:** How did you go about assisting them?

**Ms Deininger:** We weren't at the signing; that's right.

**Senator CICCONE:** Sorry?

**Ms Deininger:** We were not at the signing of the MOU.

**Senator CICCONE:** Sure. Not the signing. In the lead-up to it, what advice did you provide to your other colleagues in other departments?

**Ms Deininger:** Maybe Ms Stanion can talk to that.

**Mr Metcalfe:** It's sort of self-evident. There wouldn't have been an agriculture visa and there wouldn't have been a DFAT negotiation with Vietnam unless we were in conversation with DFAT very frequently about the sort of workforce issues we have. I must pay credit to the department of foreign affairs. They have an extraordinary workload on many issues—repatriating Australians because of COVID and now, of course, major diplomatic issues. We are very grateful for the fact that they have listened and understood and now worked to get an agreement so that the visa can, in fact, be activated.

**Senator CICCONE:** That's great. I guess you haven't seen a copy of the MOU. I'm still amazed that your department hasn't seen a copy of the MOU.

**Mr Metcalfe:** I think we've covered that issue, Senator.

**Senator CICCONE:** So you're confirming that you don't have a copy of the MOU? You've never seen a copy of the MOU?

**Mr Metcalfe:** No. I think what is important is there is an MOU. It has been signed. It does allow the processes to occur.

**Senator CICCONE:** Are you able to share a copy of the MOU with the committee?

**Mr Metcalfe:** I'll ask the department of foreign affairs if they are able to do so.

**Senator CICCONE:** Thank you.

**Senator Duniam:** Senator Ciccone, I think it's also good to put on record that the best evidence for whether or not this kind of thing is going to hit the mark is probably stakeholder groups such as AUSVEG and the National Farmers' Federation. They have lauded the development here and are congratulating Foreign Minister Payne and ag minister David Littleproud and talking about how this is a hugely positive step in the case of the NFF. AUSVEG are saying:

This latest development demonstrates that the ag visa is progressing well and will be able to provide another avenue for Australian growers to access the workers that they need to plant, harvest and pack produce for local and international markets.

So based on what they understand to be the case, and the information that has been provided back to them through DFAT and probably also through this department, the stakeholders that benefit from the work of the government are pleased. They've put that on the public record as well.

**Senator SHELDON:** Minister, I appreciate that you are saying that they are pleased and it's from statements that you've read. Are they pleased about the number of workers coming? Are they pleased about the date? I'm not clear about the number of workers, when they are coming and the date. I'm trying to ascertain the detail of what they are pleased about other than reading a press statement. They were told three years ago by the Prime Minister that it was going to be fixed. They've been told by Minister Littleproud in a series of statements I read out over those three years where announcements have been made that it's fixed. I want to make sure they haven't been sold a pup again. They seemed to have been sold one three years ago.

**Senator Duniam:** I dare say that people such as Tony Mahar and the representatives from AUSVEG, such as Shaun Lindhe, are pretty wise to what they and their industries need.

**Senator SHELDON:** I'm not criticising them. I'm criticising whether the government is being honest.

**Senator Duniam:** These are quite recent documents from AUSVEG. It is 28 March 2022. I understand the NFF released the same. They've talked about the positivity of this. I think that speaks to what they see coming. They are really involved. They work with the government regularly and tell us what they need. They are happy with the progress being made.

**Senator SHELDON:** Minister, I might just go back to the crunch question. When are they going to arrive, and what are they enthusiastic about? What number of people are actually going to arrive? When does it happen? How many are actually arriving under this MOU? Otherwise they are being sold a pup again.

**Senator Duniam:** No. I don't think they are being sold a pup. I think the officials have already dealt with the detailed question and where best to actually get that data.

**Senator SHELDON:** Minister, I'm putting to you that you've just read out statements from industry players. I'm trying to work out to make sure on behalf of the industry and Australians generally when people are going to arrive under this ag visa. You are still unable to tell us when.

**Senator Duniam:** I think, as has already been outlined by both Mr Metcalfe and Ms Deininger, there's a place to extract that data. It's not here with this portfolio. It's with the Department of Foreign Affairs and Trade.

**Mr Metcalfe:** What we do have is the complete framework in place. The law that was introduced and the regulations under the Migration Act were put in place last year. This is the first of what we hope is a number of bilateral agreements with countries where people would come from. There is the ability, therefore, for industries to now start moving. As I've said, there is market testing required. There is a normal immigration sort of sponsorship and lead time associated with when people actually arrive. That can now commence. This is a very significant development. The framework is in place and people can now start utilising it.

**Ms Deininger:** Perhaps we can provide to the committee the number of working holidaymakers who have arrived as well in recent times, because that is another source of labour for the agriculture sector in addition to the Pacific scheme.

**Senator SHELDON:** I will come to that in a second. The secretary raised this issue again about the MOU. There is language about being assured that the MOU covers everything and language about assuring us that this is a great step forward. But no-one can give us a copy of the MOU. No-one can give us the dates and how many people are going to arrive. The department has been involved in the development of this MOU. Doesn't it sound like it's just another three years ago announcement by the Prime Minister—all wind and no substance?

**Senator Duniam:** No.

**Senator SHELDON:** And the thing smells?

**Senator Duniam:** No. It doesn't sound like that at all.

**CHAIR:** Can I share the call?

**Senator SHELDON:** Are there comments they want to add about working visas?

**Ms Stanion:** I might also clarify in relation to the negotiations on the ag visa that the department did sit in on some of the discussions as observers. Industry has been involved. AUSVEG, the NFF and the Fresh Produce Alliance have been. Some of our approved employers have been involved in all of the discussions not with the countries but in the development of the arrangements for the visa. It was in relation to what some of the countries are asking for to make sure that they are comfortable with what the government has been negotiating. So they are very supportive of a planned and careful rollout for the agriculture visa to make sure that it meets the needs of Vietnam and its workers and industry here. In relation to working holidaymakers—

**Senator SHELDON:** That wasn't the question I was asking you. Now you have raised it, I want to be really clear. What is the time line when workers are going to be arriving here? Is every detail about the process in place now, or is it not in place?

**Ms Deininger:** I think we've discussed that, Senator Sheldon.

**Senator SHELDON:** I just had a statement from the first assistant secretary about how well this MOU is. I'm trying to get to the bottom of what is supposed to be well. 'Well' is based on what the measures are. What is the performance? What are the arrangements? What is the time line? What are the numbers? They are the fundamental things that we haven't had for three years. I'm trying to find out whether we've been sold a pup again. All I'm hearing is the same comments from other people. I was wondering whether the first assistant secretary had some more information that no-one else at the table had. Obviously not.

**Mr Metcalfe:** I'm just speaking as an old immigration officer. With demand driven programs, no-one will tell you how many people will come because ultimately it depends on the demand. But we now have a framework in place where, subject to the particular arrangements and the bilateral agreements, it is about whether there are particular numbers that particular countries are happy to have at particular times. We now have the ability for the arrangements to start working. Ultimately, the wording in the migration regulations setting out the visa and the appropriate application forms will be administered by the Department of Home Affairs. They will be the mechanics of how this fits into place together with the labour testing requirements and various other things. So



that's all very standard immigration processing. What we do now have is the ability for Australian agricultural industries and farmers to be able to access a broader source of labour from overseas at a time of record employment in Australia. We've seen the difficulties associated with attracting young people to jobs that were going begging in the bush during the COVID times when there was high unemployment in the cities. Notwithstanding incentives and strong efforts, only a few thousand people moved to the bush. The Pacific Islands scheme and the seasonal worker schemes have been fantastic in helping support industries and get food on our table through that period of time. The framework is now in place. The answer to the questions that you have either sit with the department of foreign affairs in relation to the MOU or the Department of Home Affairs in relation to how the actual arrangement will operate. We will continue to work very closely with them to ensure its success.

**Senator SHELDON:** Thank you, Secretary. Maybe you would be able to enlighten me. I appreciate that this has other responsibilities. The department has said that you've been involved heavily and regularly—that's my language—in developing the MOU. On 21 March, in an article entitled 'Employers signed up for agricultural visa scheme previously fined, suspended for exploitation', the *Sydney Morning Herald* reported that at least three of the 11 approved employers for the new ag visa have controversial records on labour rights. Are you aware whether that's true?

**Mr Metcalfe:** The exploitation of workers is abhorrent. I think the government has made that clear on many occasions. The administration of those aspects of the scheme, as you know from many previous discussions we have had, sits with the department of employment, the Fair Work Ombudsman and others. There is a scheme that I think our department is assisting with in relation to ensuring that potential employers are fully aware of their responsibilities. That's something that we certainly can talk about.

**Senator SHELDON:** Minister, I agree with the secretary that exploitation of overseas workers is abhorrent. I'm sure you would agree with that as well.

**Senator Duniam:** Absolutely.

**Senator SHELDON:** The three of the 11 approved employers for the new ag visa have controversial records on labour rights. Have they been excluded from the scheme, or is a blind eye being turned to this abhorrent behaviour?

**Senator Duniam:** I think as the secretary has said, obviously we would have to get those answers. Indeed, probably there's another estimates committee in which exact information around the circumstances you allude to could be addressed. Look, I think all of us in this room—every single one of us—would agree with the need to ensure that all processes protect workers wherever they come from.

**Senator SHELDON:** My difficulty is we haven't got a copy of the MOU that is available here. I appreciate that the officers have been involved in discussions of the MOU. Would you be able to enlighten me whether any of the 11 approved employers that had previously been subject to complaints about labour conditions or breaches of workplace or migration laws have been taken off this new ag visa after initially being put on?

**CHAIR:** Senator Sheldon, I think you just asked that question.

**Senator SHELDON:** I was trying to ask it a slightly different way.

**CHAIR:** Fair enough. Can I share the call shortly?

**Mr Metcalfe:** Chair, I think the issue that we're all dealing with here is that the Department of Agriculture, Water and the Environment is, of course, vitally interested and involved in these issues because we, of course, work very closely with our agricultural industries and think very carefully about how they can succeed and grow. However, the actual mechanics of people coming into the country and their rights and protections when they are here sit with other departments. Those issues are not something that I've got levers on. Those mechanics are around the department of foreign affairs in relation to bilateral international agreements, the Department of Home Affairs in relation to visa processing and visa issue and stay in Australia and the employment portfolio and the Fair Work Ombudsman in relation to the protection of workers. We are part of a group of agencies that is involved in the issue. It is the others that actually have operational responsibilities. That is why we can't readily answer every question that the senator very reasonably has. What I can assure you, though, is that there will be an accreditation process for entry into the program, including financial solvency and Fair Work Ombudsman workplace compliance history checks. Employers will also need to sign up to a deed of agreement with DFAT that sets out their obligations as participants of the program, including worker protection.

**Senator SHELDON:** I have a few more questions, I realise, in light of the evidence that was just given. If you want to go back, that's fine.

**CHAIR:** Let me share it around.

**Senator ANTIC:** I have a question for the secretary. The Income Tax Amendment (Labour Mobility Program) Bill entered the House yesterday. I think it would have applied to foreign residents participating in the visa program. Is that your understanding?

**Mr Metcalfe:** That is my broad understanding. I think that my colleague may have a bit more detail about that, Senator.

**Senator ANTIC:** My understanding—it didn't make it to the Senate—is that the legislation would have seen the tax rate slashed from 32.5 per cent to about 15 per cent. It was blocked by our friends on the other side, the Labor Party, from being considered by the Senate. They refused to even allow it to be addressed. Would it have assisted in addressing the workforce issues that the industry is facing at the moment?

**Mr Metcalfe:** I will ask my colleague to be careful. It's obviously not our role to enter into a political debate on any of these issues.

**Senator ANTIC:** Sure. It's a question about the bill.

**Mr Metcalfe:** We can certainly provide factual information about the intention of the legislation.

**Ms Deininger:** Certainly there were some changes introduced that affect the government's policy in relation to the taxation of those under the ag visa or the Pacific labour scheme. It is actually a bill that is being sponsored, of course, by the Treasurer. If the bill does not pass, my understanding is that the tax rate that would apply to people under the Pacific labour scheme and the ag visa would otherwise be higher than it would be.

**Senator ANTIC:** I think there was also a campaign around that time spearheaded by the AWU which described the agriculture industry as rotten to the core and that exploitation—that word that gets thrown around—was systemic. It always seems to get chucked into conversation when there is no other evidence. Are you aware of whether that campaign helped or hindered the rollout of the visa program?

**Senator Duniam:** I think, Senator Antic, you touch on some very important points, given where we are in the electoral cycle. We are weeks away from an election, as everyone knows. I think it's important—

**Senator WHISH-WILSON:** How many?

**Senator Duniam:** Weeks. For how many, I'll refer to a different department. You think I'd know. I can tell you I don't. But the point is that we are any number of weeks away from an election. It is important that it is clear for voters to know, particularly when it comes to the major parties, where they stand on these issues. In your first question, Senator Antic, you referred to the Income Tax Amendment (Labour Mobility Program) Bill 2022, which was going to reduce the tax rate for workers under the scheme from 32 ½ per cent to 15 per cent. That affects anyone participating in the Australian agricultural worker program. If you are actually interested in outcomes for workers and workers rights and making sure that they get a fair deal, I would have thought that is the kind of thing you would allow to be dealt with. Unfortunately, as you alluded to, yes, in the House, it was knocked on the head by the opposition. I will go to the same point: with regard to the ag visa generally, the AWU have made a pretty clear point that it is, as you say, rotten to the core. It does beg the question. There are a lot of questions around it. It is the opposition's right to ask questions about government programs. The one question that does hang out there is whether, if the opposition wins the election, they will continue with that program—the program, as I read before, that AUSVEG, the NFF and others are supportive of—or abandon it. I suppose it is a question that is out there that needs answering well and truly before the election. Will the AWU get their way and run the show? They are very interesting points. Hopefully we'll get some clarity on it.

**CHAIR:** Thanks, Senator Antic.

**Senator WHISH-WILSON:** I was in the environment and communications committee earlier asking questions about the Emissions Reduction Fund. Obviously, a central plank of this government's policy in getting to net zero by 2050 is to provide offsets for emissions. You have probably heard that there have been some articles recently around Professor MacIntosh's work with the department for many years with the Clean Energy Regulator. He blew the whistle on what he saw was, I suppose, rotting of the system. His comments were that the systems are a fraud on the environment and a sham. Looking at the budget papers, ERF has now funded over 1,100 projects delivering carbon abatement benefits across Australia. In its credit is over 106 tonnes of abatement. Obviously, much of that is in rural and regional Australia. What kind of interactions have you now had with the Clean Energy Regulator, if any, since these comments reared?

**Mr Metcalfe:** I will jump in. My colleagues who undertake that area of work aren't with us this evening. We were given quite specific instructions from the committee as to which divisions of the department they wanted here. Ag policy isn't the right division. It's the division that deals with climate adaptation issues who were in the other committee but who have now left. If we're still here next week, they'll be available next Tuesday.

**Senator WHISH-WILSON:** I will address my questions to you then.

**Mr Metcalfe:** I can't speak with any detail about it.

**Senator WHISH-WILSON:** More broadly, are you concerned? Obviously in the public's mind they've got to have confidence that these schemes work and that they do reduce emissions. Do you have concerns over these allegations?

**Mr Metcalfe:** I think it's inappropriate for me to offer a comment. I've obviously seen the commentary from the professor. I've seen the response from the Clean Energy Regulator. I think it's up to others to determine how those issues play out. We—

**Senator WHISH-WILSON:** So you haven't intervened as secretary of the department to get a brief on the situation?

**Mr Metcalfe:** I haven't discussed it with him, but I know that my colleagues in that climate adaptation division work very closely with the industry department and the Clean Energy Regulator, particularly because of our focus on the new agricultural biodiversity stewardship scheme.

**Senator WHISH-WILSON:** That was going to be my next question.

**Mr Metcalfe:** Again, it's that other division.

**Senator WHISH-WILSON:** Do they cover this as well, the other division you are referring to?

**Mr Metcalfe:** They will be here on Tuesday. As I said, we were asked specifically to have certain divisions here. That is what I've got here.

**Senator WHISH-WILSON:** We weren't sure if we were going to be here on Tuesday, Mr Metcalfe. We might be in caretaker mode then.

**Mr Metcalfe:** I was in the hands of the committee as to who was here. I've got the right people here.

**Senator WHISH-WILSON:** So you can't—

**Mr Metcalfe:** I don't think it's appropriate for me to offer a comment on that issue. Obviously—

**Senator WHISH-WILSON:** Can I ask respectfully why you don't think that's appropriate?

**Mr Metcalfe:** It's not my role to be a commentator on an area—

**Senator WHISH-WILSON:** You can say whether you feel like it needs to be investigated.

**Mr Metcalfe:** No. I don't think it's appropriate to enter into what is clearly an issue of significant public importance. My colleague, the secretary of the department of industry, and his people and the Clean Energy Regulator are the best placed people to respond to those issues. It is not an issue that I am familiar with or have responsibility for in any detail at all.

**Senator WHISH-WILSON:** So you don't have any responsibility as head of the department?

**Mr Metcalfe:** For?

**Senator WHISH-WILSON:** You don't have any responsibility as secretary?

**CHAIR:** For this? Just finish that question.

**Mr Metcalfe:** For the Clean Energy Regulator?

**Senator WHISH-WILSON:** Yes.

**Mr Metcalfe:** No. It's in a completely different portfolio. We, of course, work as a colleague department. Effectively, the issue of emissions and those matters sit with the Department of Industry, Science, Energy and Resources. The issue of adapting to a changing climate sits with my department, particularly through the environment minister's responsibilities.

**Senator WHISH-WILSON:** Correct.

**Mr Metcalfe:** The agriculture minister, of course, is interested in the issues significantly because so much of it affects agricultural land or rural holdings. But we do not have formal responsibility. I just don't think it's appropriate for me to offer a commentary on those matters.

**Senator WHISH-WILSON:** So you can't comment on the Agriculture Biodiversity Stewardship Market Bill?

**Mr Metcalfe:** I can in broad detail. My colleagues who have the detail were not asked to be here this afternoon or this evening.

**Senator WHISH-WILSON:** In terms of trading biodiversity credits, just the concept of it broadly speaking, why is it limited to agriculture and not to other non-agricultural projects?

**Mr Metcalfe:** That is a decision that the government has made in relation to the scheme. The proponent is the minister for agriculture. He sees this as an opportunity to ensure that there is effectively a win-win. There is a win for biodiversity and there is a win for farmers through using unproductive parts of their farms and to re-establish native vegetation. We've worked very closely with the Australian National University to develop ways of measuring—

**Senator WHISH-WILSON:** Including Professor MacIntosh?

**Mr Metcalfe:** And valuing that.

**Senator WHISH-WILSON:** Including Professor MacIntosh?

**Mr Metcalfe:** He is certainly in the team associated with that. We are developing a trading platform and the associated legislation to allow this to occur. They are all matters that are there right at the moment. In fact, legislation was due to be debated, I think, in the House of Representatives today. I'm not sure when it has or not.

**Senator WHISH-WILSON:** This is the second question. I suppose I will have to put more detailed questions on Tuesday or appear via video link. That is the advantage of not being in government, Senator Duniam. Under the Emissions Reduction Fund and your climate adaptation unit that works with them, are you aware of any ministerial veto on any individual project on a farm?

**Mr Metcalfe:** I'm not, but I wouldn't purport to regard that as a definitive answer.

**Senator WHISH-WILSON:** But the minister does have a veto under this agricultural biodiversity stewardship market?

**Mr Metcalfe:** The minister has the overall responsibility for the agricultural biodiversity stewardship scheme.

**Senator WHISH-WILSON:** But it has veto power within the legislation to say no?

**Mr Metcalfe:** I would have to take that on notice.

**Senator WHISH-WILSON:** That is my understanding. I wonder if you are aware.

**Mr Metcalfe:** I will take that on notice. I'm sure that if we are here next week, my colleagues will be happy to talk in more detail.

**Senator WHISH-WILSON:** Is that a hint?

**Mr Metcalfe:** It's all above my pay grade.

**Senator WHISH-WILSON:** Thank you.

**Senator SHELDON:** I want to go back to this question—Minister, thanks for your comments earlier—regarding the ag visa—

**Senator Duniam:** I think you mean that.

**Senator SHELDON:** I appreciate your comments, because it has just opened me up to ask another question about it. Quite clearly, there's a great deal of concern in the community about the exploitation of overseas workers. There have been 16 different studies and reports on the exploitation of different groups of ag workers over a number of years. The issue is raised very broadly. There is not an opposition to the ag visa. I'm sure someone will be able to find me something somewhere that says, 'Don't bring in the ag visa.' I am not aware of Labor ever saying that; far from it. The concern raised is the exploitation. I want to go to the minister for agriculture. This goes to this question of the MOU and how it was addressed. On 20 March, the ABC quoted the minister for agriculture in an article entitled 'Labour-hire firms leaving workers with \$100 a week after deductions not appropriate, Minister says'. It says that seasonal workers taking home just \$100 a week is not appropriate. In the MOU discussions, has that been outlawed? You are in MOU discussions. There is a series of different departments together. You're having a discussion about how we appropriately make this work. Obviously, the agriculture department has a particularly deep interest, along with those other departments.

**Mr Metcalfe:** As I've said, Senator, I don't want to be unhelpful. I really think that the department of foreign affairs is best placed to answer any questions about the MOU itself. I reiterate the point that there is absolutely no tolerance for any exploitation of any worker, foreign or Australian. Indeed, all migrant workers, including under the Pacific scheme and future workers under the agricultural visa, are covered by the same workplace laws and protections as Australian citizens and permanent residents. The issue of preventing exploitation, investigations and reports of investigations sit largely in the employment portfolio. Again, I ask you to direct questions there.

**Senator SHELDON:** Thank you, Mr Metcalfe. I appreciate that you've given an overview about the policy and the approach of the agricultural department. As part of that approach, are you aware of the substantial number of breaches that have been reported in the media and in academic reports?

**Mr Metcalfe:** I'm certainly aware of the media reports. I haven't seen the results of the investigations that may have occurred. I have said it a couple of times and I'll say it again: any exploitation is outrageous and should not be tolerated. Anyone who is involved in that should be dealt with properly according to the law.

**Senator SHELDON:** Thank you for that. Minister, do you agree with the agricultural minister that, and I quote, 'Labour hire firms leaving workers with \$100 a week after deductions is not appropriate'?

**Senator Duniam:** Look, I'm not familiar with the article that you raise. I think that in this country we have standards to which we should adhere when it comes to employing people, either locals or overseas workers. We should obey those laws. If anything contravenes the law, if any agreement between an employer and an employee breaches that, it needs to be dealt with in the appropriate fora, as the secretary has already outlined.

**Senator SHELDON:** The essence of the questioning I'm asking is that it's not even a question about the law. I appreciate that you have outlined your view on it. I want us to be clear on it. If someone is taking home after deductions, legally or illegally, after a full week's work \$100, which is reported, is that a matter of concern?

**Senator Duniam:** I expect that would be in breach of the award. On that basis—

**Senator SHELDON:** It's certainly a concern to the agriculture minister, he says.

**Senator Duniam:** If that happened, I expect that would be illegal. As stated before, all employment practices in this country should be done in accordance with the law. I dare say that is what the minister is saying. I support the application of the law to protect workers.

**Mr Metcalfe:** I will add to my earlier response. There is one possible responsibility that I and my department have in relation to this issue. Under the Export Control Act, I have the powers to suspend the registration of an export establishment or may suspend an approved arrangement to undertake certain export activities or suspend an export licence effectively if the holder of that licence or the occupier of those premises is regarded as not a fit and proper person under the act. Were a person to be convicted of a criminal offence in Australia, including in relation to workforce laws, that would be a consideration that would be open for me to consider. So the most likely area, to be honest, would probably be in relation to meat processing, where, of course, we licence the 80 or so meat processing establishments. So if there are convictions under other laws, that may be an issue that does give rise to responsibilities for me in relation to export law.

**Senator SHELDON:** Thank you, Secretary. So I'm clear, have there been any cases that the department has taken forward under that law to this date? Has there been any communication from other departments that there should be some potential action taken?

**Mr Metcalfe:** I don't have any information about that with me, Senator, but I can take that on notice.

**Senator SHELDON:** But no-one else here is aware of that?

**Mr Metcalfe:** Certainly not within my recollection as I have been asked to consider it. I'm not sure whether one of my delegates may have or whether it has otherwise been raised with us. We'll take that on notice and let you know.

**CHAIR:** We're going to suspend. Thank you. Senator Duniam, further to Senator Sheldon's questions, there are concerns about take-home pay for agricultural workers. The legislation last night would have reduced the tax rate for agricultural visa workers from 32.5 per cent to 15 per cent, in line with the Pacific labour scheme workers. If that were passed, would that have affected their take-home pay?

**Senator Duniam:** Absolutely it would. That was one of the issues we talked about a little earlier. If we got legitimate about making sure that the best outcome is arrived at for these workers to prevent exploitation and make sure they get a fair deal, putting them on a level playing field when it comes to take home pay via tax rates is probably one of the better things that we could do right now.

**CHAIR:** Terrific. We'll suspend at 5.20 pm. We will return—

**Senator SHELDON:** Will we get rid of the three companies out of the 11 that have been stealing from workers and putting them on the ag visa? If you are fair dinkum, that's what you would do.

**CHAIR:** Excuse me, Senator Sheldon. We are suspending. We will return at 7 pm. Thank you.

#### **Proceedings suspended from 17:19 to 19:01**

**CHAIR:** Welcome back. We're returning with the Agricultural Policy Division. We're going to ask some questions shortly. Is there anything that the department was bringing back after the break?

**Senator Duniam:** It was a lovely break!

**Mr Metcalfe:** I don't think we've got any matters to respond to, so we're happy to deal with any questions you might have.

**CHAIR:** Terrific. Thank you.

**Senator SHELDON:** Other than my absolute desire to go back into the previous issue!

**Senator Duniam:** Let it be noted the strong points you made before the dinner break and then we can draw a line!

**Mr Metcalfe:** Chair, if it would help, we do have colleagues here from the AGVET Chemicals, Fisheries, Forestry and Engagement Division as well.

**Senator SHELDON:** That's definitely okay.

**CHAIR:** Perhaps, if you could bring those people forward and we can move to the—

**Senator Duniam:** Does that mean we will be dispensing with the ag policy component and moving on?

**Senator SHELDON:** Can we just hold on for a moment? We'll come back round to it in the next little while.

**Mr Metcalfe:** We're very happy to keep them here, and you can let us know if they're no longer required. We do want people to be able to go, and biosecurity will be here later in the evening, as well.

**CHAIR:** Thank you.

**Senator SHELDON:** We might then go to the question from before. The budget, as we've confirmed, was \$86 million to plant 150 million trees by 2027. When will the first tree be planted?

**Ms Campbell:** The program was announced on 21 February, and it commences next financial year, on 1 July. We are working with states and territories now on states and territories interest and participation in the program. It's designed as a co-funding partnership with states and territories. The money flows from next year. We expect money to flow to participants next year. When first trees will be is a little dependent on states and territories involvement, but also how long it takes to do pre-preparation work. I can envisage that we would hope to have some projects with trees in the ground next year, but if areas aren't ready for plantation—there is often a lot of preparation work to get a new area ready, so it might not be next year. But money would flow from next year.

**Senator SHELDON:** What rate do you see that those plantings will take place? What's the desired rate? I appreciate you've said there are partners you need to be speaking to.

**Ms Campbell:** In terms of how the money flows, that flows pretty evenly across the four years. It will be \$10 million next year. Then goes up to \$25 million. Then \$30 million. Then \$20 million in the final year. But how that translates to trees in the ground is subject to program negotiations with the states and territories and with the industry.

**Senator SHELDON:** Are you able to give me the projected timeline between now and—the steps that are taking place. Is there a time line of different key markers that you are going to hit before 1 July?

**Ms Campbell:** We've written to states and territories seeking their interest in the program. Mr Duniam asked for responses by the 25 March, so earlier this week. We've got responses from four states to date. We are working with those states and with other states on their level of interest and some of their more technical questions about the program. Then we will work with government on how we make that happen. To enact and to provide funding would be a federal federation agreement with the states and territories, which would be signed by government.

**Senator SHELDON:** Which states have you come to an agreement with? Sorry. An agreement—you've got the early stages of negotiation.

**Ms Campbell:** We have had responses from New South Wales, Northern Territory, Queensland and Victoria. We've had conversations with the other states as well. There are questions. There's interest in the program. But we are not at the stage where there is detailed resolution on where we're going to be with which states are in or not. Some of them are asking questions about funding profiles et cetera that we need to work through with the states.

**Senator SHELDON:** What were the states you mentioned that were involved?

**Ms Campbell:** We have written to all states and territories inviting their participation. To date we've had responses from New South Wales, Northern Territory, Queensland and Victoria.

**Senator SHELDON:** The responses are: 'Yes, we will have further conversations'?

**Ms Campbell:** Certainly New South Wales, Northern Territory and Queensland. I only got that letter this evening, so I haven't looked at it in detail, but Victoria was less positive about being engaged at this stage in the program.

**Senator SHELDON:** Can you step me through the decision process of how \$86 million was calculated with the quantum needed over five years?

**Ms Campbell:** The \$86 million was a decision of government to provide the funding.

**Senator SHELDON:** Minister, was there a way of that quantum being worked out over the five years?

**Senator Duniam:** Over the last three years, of course, we have engaged pretty closely with industry about their needs. Ms Campbell is right around the process that we have to go through. As we've outlined several times in this committee before, the Commonwealth don't control a single hectare, sadly, of productive forestry land, and so you work through state and territory governments or private landholders. Getting an understanding of what is required from other the levels of government, from the private sector as well, plays a huge role in getting these trees in the ground. Off the back of that work, that consultation with industry, we have determined that this is what's appropriate. As Ms Campbell said, we've written to state and territory forestry ministers and said, 'Please partner with us in this to unlock this support for the industry to expand the plantation of the state,' and here we are today.

**Senator SHELDON:** Can the department confirm how the government or the minister calculated how 150 million trees could be planted by 2027?

**Ms Campbell:** The government has put in \$86 million for this program and it's a partnership with states and territories. We've invited states and territories to put in 60 per cent of the funding to match our 40 per cent. Part of the reason for that funding split is that we envisage states and territories will put in in-kind funding and ours is only cash funding. We expect some industry partnership with the state and territory and Commonwealth government pool of funding. These are estimates. It goes to the states' level of interest and industry's level of partnering with states and territories and the Commonwealth. Potentially, with the leverage, we are talking up to \$300 million, which we think would deliver 150,000 hectares at 1,000 trees per hectare, which is 150 million trees.

**Senator SHELDON:** What steps did you take to calculate that? You said that that is the calculation, but what steps were taken to ascertain that that is an accurate figure? What was the industry engagement? What is the past practice to give you a bit of a feel for what is likely to happen? What history does this have that gives you the—

**Ms Campbell:** There are some assumptions and some expectations on the partnering and the leverage of the Commonwealth funding. That's based on what our industry tells us in terms of the cost per hectare of tree plantations. We've estimated that at 1,000 trees per hectare, which is a relatively conservative estimate, and it is 150 million trees. Of course, we'll need to work through those figures with the states and territories and industry.

**Senator SHELDON:** Can the department provide maps or diagrams that outline where the 150 million trees are intended to be planted? Where are these potential pools or places to do it?

**Ms Campbell:** The potential pools are in forestry hub regions. That's because those are in places where plantations we have assessed over the past few years have high potential for growth. We can certainly provide a map of where those forestry hubs are. We can take that on notice.

**Senator SHELDON:** Thank you. Was this measure an idea from the department, from the Prime Minister, from the minister for agriculture or the minister for forestry?

**Ms Campbell:** We certainly worked with government on the measure. It arises from multiple conversations with industry about the need for support and growth in the plantation sector. That's outlined in the government's One Billion Trees plan. But ultimately it was a decision of government.

**Senator SHELDON:** It's an important industry. Minister, where has this idea hatched from? Who's the minister?

**Senator Duniam:** Who's responsible for it?

**Senator SHELDON:** Yes.

**Senator Duniam:** The role of government is to try to assist, in this case, the private sector get to where it wants to go. We have very strong advocates in the forestry sector saying, 'These are the things we believe we need help with.' We've responded to those request not just through this grant program but also through the changes to the carbon-counting methodology for plantations and changes to the water rule and the restrictions around the application of the capacity to attract carbon credits when planting out in certain regions within hubs. Those sorts of things, amongst many other measures, are in response to industry's guidance. I always think the best advice as to how to get a good outcome is from those on the ground in partnership with the expert advice from the department. This is how we've come up with what I believe is a very good policy, and I'm looking forward to that positive engagement from state and territory governments to get those 150 million trees in the ground.

**Senator SHELDON:** Obviously a big part of the measure is funding from state and territory governments and industry. A response to a question on notice received back only this week states that the letters were written to the state and territory governments on 25 February and the announcement was made by the Prime Minister on 21

February. Why were the letters written to state and territory governments after the announcement rather than engaging about this project being—

**Senator Duniam:** I've engaged with my state and territory counterparts on numerous occasions individually but also at forestry ministers meetings, where we've discussed this approach to expanding the plantation estate—that is Labor and Liberal ministers from across the country who are interested in doing just that. I put on the table, for their consideration, approaches to expanding the estate like this. They took it on notice. I've had various bits of feedback. So it's by no means a surprise. The Western Australian Labor government already had on the books \$350 million, I think, to expand plantations, and their direct request to us was to do exactly what we've done. So the letter was a mere formality. It outlined the details of what we had already announced, which I'm sure they had a pretty good handle on. As I said, the engagement at the officials level with me and my counterparts has been ongoing, and here we are hopefully getting things locked in and trees in the ground.

**Senator SHELDON:** Is it normal practice, where the federal government is seeking matched funding from other governments or industry, that letters would be written after the event?

**Senator Duniam:** After something is announced?

**Senator SHELDON:** No-one signed up to the program, an announcement is made and then people are asked to sign up to the program. Is that normal practice?

**Senator Duniam:** As I said, there's been plenty of forward warning. I made the point earlier that a discussion with my Western Australian counterpart—just one of a number of conversations I had with state counterparts—was around the very nature of partnering. The Western Australian government, a Labor government, had on the table a significant amount of funding to be able to expand the plantation estate. They asked us to do exactly what we've done, which is something we've been considering for some time. There are other projects where we have partnered with other levels of government in other portfolios fifty-fifty and so on. And there have been partnerships with industry as well. So it is not unprecedented. Secretary, do you want to add to that?

**Mr Metcalfe:** In my experience, within our department, there is a range of programs where we co-fund activities with the states. Essentially, we say, 'We're prepared to spend some money if you're prepared to spend some money.' That happens on a number of our biosecurity programs, for example, relating to feral animals, pests and weeds. Biosecurity will be here later and we can talk about that. So it's quite a usual way. It also ensures that there is strong alignment so the Commonwealth and state funding and program administration and on-the-ground activity are aligned and not operating separately.

**Senator SHELDON:** Minister, in forestry meetings you are talking about forestry. But I'm specifically asking about this particular project. Are you able to give us the dates of the meetings that took place specifically about this project prior to the announcement?

**Senator Duniam:** In terms of this particular bucket of money, I can give you all the information on that and I'll take that on notice, of course, noting, though, that you requested information about where the idea came from. I will do my level best and take on notice every bit of input we've received over the last three years that has taken us to the point of announcing this program.

**Senator SHELDON:** Has the department had any indication of when funding is likely to flow in the 2022-23 financial year? This all seems a long way off.

**Ms Campbell:** Again, we need to work through with the states and territories the level of interest. Assuming they are interested, we have to get governments' agreement to that and enter a federation funding agreement. We'll be working to get that done as soon as possible with the states and territories. You asked about when the ministers meeting was. We did have a forest ministers meeting on 29 September, where we talked about plantation growth in general terms rather than specific terms. But that general meeting definitely informed governments' consideration of this specific plantation measure.

**Senator SHELDON:** So this specific project was discussed at that meeting?

**Ms Campbell:** No. The need to grow the plantation estate and to work collaboratively together to grow the plantation estate was discussed at that meeting.

**Senator SHELDON:** I would hope that that would be discussed at a forestry ministers' meetings.

**Senator Duniam:** And this is our response to that. My invitation to state and territory ministers was: what do you need us to do for you to do your job to grow the plantation estate? And this is where we are as a result of those conversations.

**Senator SHELDON:** Thank you, Minister. Minister, have you now written to industry about these measures?

**Senator Duniam:** Yes.



**Senator SHELDON:** Can you provide us with the date you signed off on those letters, and maybe copies of the correspondence?

**Senator Duniam:** On notice, yes.

**Ms Campbell:** Those letters were sent on 25 February.

**Senator SHELDON:** Could the department provide any indication of the level of interest already received from state and territory governments, and, more importantly, industry participation in this measure? Are they replying to you? What's the time line for that?

**Ms Campbell:** Again, the Australian Forest Products Association wrote to us. My recollection of that letter was welcoming the announcement and expressing interest in partnering with ourselves and state and territory governments on the measure.

**Senator Duniam:** I have directly had interest in this from primary sector industry representatives from Tasmania but other parts of the country as well. So there's a high degree of interest, but there is that gate to get through, which is establishing the program in partnership with the states and territories.

**Senator SHELDON:** Can the department confirm whether the government or ministers consulted with the industry prior to the announcement being made public?

**Ms Campbell:** The government and the department consulted with industry, similarly to states and territories, about the need to grow the plantation estate and options to support that. To my knowledge, there wasn't specific consultation on this measure until after the Prime Minister and the minister's announcement on 21 February.

**Senator SHELDON:** Minister, did you want to add something to that?

**Senator Duniam:** There was a high degree of interest and consultation; high levels of conversation occurred between industry representatives—the Australian Forest Products Association, to name one—in the lead up to that announcement. So, yes, definitely, engagement and consultation took place.

**Senator SHELDON:** So that I'm clear, this specific project wasn't discussed with industry prior to the announcement, just the concept of forestry as an important—which it is—part of our—

**Senator Duniam:** From my point of view, yes, this specific program was discussed with representatives of industry. The level of detail discussed probably wasn't down to every element that was going to be the press release, but industry had a fair idea of what I was thinking about, what the government was thinking about, and what has ultimately been announced.

**Senator SHELDON:** Are you able to give us a list of the stakeholders that were consulted?

**Senator Duniam:** I'll take that on notice. But, yes, I'll happily do that.

**CHAIR:** Senator Sheldon, do have much more for this section?

**Senator SHELDON:** I probably have another 15 minutes.

**CHAIR:** Would you mind if I share the call and come back to you?

**Senator SHELDON:** That's absolutely fine.

**CHAIR:** Terrific. Thank you. Senator Whish-Wilson.

**Senator WHISH-WILSON:** I have some questions on fisheries. A budget measure on page 15 of the Regional ministerial budget statement: A secure future for regional Australia is to improve the long-term sustainability of the South East Trawl Fishery and supporting fishing communities. The measures provide \$24 million over three years from 2022-23 for structural adjustment assistance in response to catch reductions and area closures in the Commonwealth fisheries. Firstly, could you outline which catch reductions for which species it's referring to and which area closures are being referred to in the South East Trawl Fishery?

**Ms Campbell:** The AFMA Commission, who's the independent statutory regulator for this fishery, made a decision on 9 March reducing catch for a number of species, including jackass morwong, which will take effect from 1 May.

**Senator WHISH-WILSON:** Could you give me the other species as well, if that's possible?

**Ms Campbell:** I can.

**Senator WHISH-WILSON:** The jackass morwong is the main one, right?

**Mr Metcalfe:** My briefing here, if I'm reading the right page, lists the other species.

**Ms Campbell:** Yes. There's been concern about the sustainability of several species: jackass morwong, redfish and silver trevally. The AFMA committee took the decision to reduce the total allowable catch of these species,

and the reduction will be taken from 1 May, when the 2022-23 season opens. The commission also decided to hold the Flathead TSE constant, even though the stock assessments of flathead would have, otherwise, allowed an increase in total allowable catch. The three species I talked about are bycatch species in that fishery, and, in spite of very low catch levels, the species continued to decline or not recover, so AFMA took that decision.

**Senator WHISH-WILSON:** On that point, what is the department's understanding as to why those species are declining?

**Ms Campbell:** We think that it's environmental factors, including climate change. We know the south-east area does have climate change impacts.

**Senator WHISH-WILSON:** It does, indeed, and significant loss of habitat, especially kelp forests, certainly in coastal areas. How has this been communicated to fishing communities, and has the process started for people who might want to seek access to the structural adjustment assistance?

**Ms Campbell:** AFMA wrote to fishing concession holders, on Monday, communicating their decision. The budget was Tuesday. The minister again wrote to concession holders and key stakeholders in the fishing industry about the funding measure that was announced in the budget. Officers from AFMA will be in Lakes Entrance to talk to concession holders and stakeholders about the fishing closures, which have been undertaken by AFMA, early next week—Monday and Tuesday, from memory—and will continue to engage with stakeholders on the design of the program.

**Senator WHISH-WILSON:** Is this structural adjustment assistance, the buying-out quota, a permanent reduction, so it's not going to be kept by the government and, potentially, leased out by the government or allocated sometime in the future?

**Ms Campbell:** We're envisaging it as a long-term closure.

**Senator WHISH-WILSON:** It's a structural adjustment.

**Ms Campbell:** It's a structural adjustment. Ultimately, AFMA will set the boat limits, for example, in the fishery and they'll respond to emerging trends, but we imagine this will be a long-term reduction of the fishery.

**Senator WHISH-WILSON:** Are there any fisheries classified by AFMA as sustainable and not overfished that will be able to access the structural adjustment package or program, if they want to get out?

**Ms Campbell:** I'll have to take the specific detail of that one on notice. Our intention is to buy back boat concessions to reduce the loss of species.

**Senator WHISH-WILSON:** Some of the bycatch, but obviously fishermen diversify and they often catch most of these things. There are some fisheries that are still claimed as sustainable, and I'm wondering why they would need taxpayer subsidies if they're still in those fisheries.

**Ms Campbell:** We will be designing the program over the coming months. In the budget decision, there was \$1 million set aside for the technical support to understand fisheries' dynamics, how we can design a program that doesn't have those perverse impacts driving fishing effort elsewhere, and genuinely removes effort from the fishery. That's certainly our intention.

**Senator WHISH-WILSON:** Are you basing this particular structural adjustment assistance program on any previous examples of where this has occurred, where the Commonwealth has staged an intervention like this to permanently buy up quotas?

**Ms Campbell:** The estimate of the \$20 million cost for the structural adjustment is based on the value of the concessions that we're looking to buy out and the number that we expect to buy out. But, of course, it is an estimate, and we are imagining at this stage, a competitive process—for example, a reverse tender. Those decisions haven't been taken, but that's the sort of thinking in my mind about how we might do that to ensure good outcomes and value for money in buying out those concessions.

**Senator WHISH-WILSON:** Are there any precedents that you're aware of where the Commonwealth have had to make structural adjustments like this that are permanent and that buy out fishers and their quotas?

**Ms Campbell:** We've certainly spoken to colleagues around the department who've done previous structural adjustments for marine protected areas for example and buy-outs.

**Senator WHISH-WILSON:** That was for MPAs, but not for a wild fishery? You can take it on notice.

**Ms Campbell:** I can take that on notice.

**Senator WHISH-WILSON:** I'm not aware, but there may be some examples. In regard to climate change, what kind of research can I access that provides the evidence that this is climate and environment related?

**Ms Campbell:** In terms of AFMA's decision to reduce the fishery, they can certainly point to the science. I can either take it on notice, or AFMA is due to appear on Tuesday.

**Senator WHISH-WILSON:** Would that be based on FRDC research or from any particular institution? If you could provide that for me too, I would be interested.

**Ms Campbell:** Yes, I can find out.

**Senator WHISH-WILSON:** As the chair knows, there is—hopefully in the next parliament and hopefully I'll be here in the next parliament, but that's not guaranteed—an ongoing Senate enquiry into quota management, and these are the kinds of things we're looking at, so this is very timely. I'm interested as to how serious it is that the federal government has had to buy out quotas from fishers. What kinds of precedents are there for this particularly in terms of environmental factors?

**Ms Campbell:** We can get that information from AFMA. Again, the advice that AFMA gave to me was that this was a significant reduction of fisheries. For some of those fish there is a reduced catch of 60- to 70 per cent, so it is a significant reduction in catch for that fishery.

**Senator WHISH-WILSON:** It is significant. I would like to put on record that we had a very heated session in here a few years ago when Senator Colbeck was sitting in Senator Duniam's chair, and there was an attempted FOI of correspondence from some Tasmanian marine scientists with me and institutions. One of them was Professor Graham Edgar, who had warned back in 2018 that, based on his research work, the jackass morwong was very close to collapse. He felt he'd been defamed under parliamentary privilege, and his work hadn't been taken seriously. Now, four years later, we find the science proving that the fishery—

**Senator Duniam:** I might just say that I'm not familiar with that set of events you talked about. AFMA is the independent statutory regulator on this. They've provided advice and made a decision, and we are responding as a government to those changes that are going to be made. We understand that there are significant impacts on family businesses and small communities that we need to support, and that's the reason for this package. Ms Campbell has indicated she will take on notice the causes of it and the information and evidence that has been factored into the work that has been undertaken to get to where we got to. The bottom line is that the fisheries industry trades on brand, and sustainability is a big part of that. These decisions are important, and what we're doing here is supporting industry to go through this with us.

**Senator WHISH-WILSON:** I'm totally on board with that, Senator Duniam. My point is there have been some very good marine scientists who have been ringing the bell on this for some time. Professor Graham Edgar is one of the most internationally respected fisheries scientists and ecologists. A number of them were told that the research work they'd been doing wasn't science. I just wanted to put on the record tonight that I'm glad that we are acting on this. And, Senator Duniam, I'm glad you acknowledge that there are fisheries families. I know you take this seriously; you have those connections that do rely on this. This is a consequence of climate change and burning fossil fuels. We have to talk about that. It is the key cause of climate change, and it has consequences when a government makes decisions to start 122 new fossil fuel projects at a time of climate emergency. These are the consequences, and real people are going to be affected. Their lives and livelihoods are going to be impacted—

**Senator DUNIAM:** I'm not going to get into a debate about climate change and the causes of it here. I think what's productive is how we respond to the challenges faced by an industry—

**Senator WHISH-WILSON:** Well, could we deal with that question? I'll ask you that question, Minister, very directly: how are you going to respond, or how do you think we should respond to the challenge of climate change in fisheries? What are you doing about that?

**Senator Duniam:** So, if you're asking: is the package we've just spent the last 10 minutes talking about a response to climate change—

**Senator WHISH-WILSON:** How are you going to stop this happening again? These fishermen don't want to be bought out.

**Senator Duniam:** Every decision we make on fisheries is based on science, and AFMA—and the team at AFMA, the members of the commission—I have the highest regard for. They are experts—

**Senator WHISH-WILSON:** Wasn't my question—

**Senator Duniam:** If I could answer your question.

**Senator WHISH-WILSON:** How are we going to stop climate change effectively—

**Senator Duniam:** Do you want to guess an answer or something? I don't know.

**Senator WHISH-WILSON:** Can I give you an answer? We could at least, far from radically cutting emissions—

**Senator Duniam:** You might have to partner with government after the next election.

**Senator WHISH-WILSON:** and following the science, as you say, which is important—

**Senator Duniam:** Maybe you could be fisheries minister after the election.

**Senator WHISH-WILSON:** One thing that we can do that's constructive—and I'm not being political here; on this point I'm not being anyway—is we could attempt, like we are in the Barrier Reef, ecosystem restoration in some of the areas where we've lost our giant kelp forest, where we've got potentially endangered golden kelp. With crayweed, which, as you know the rock lobster industry was highly reliant on, there was a very successful attempt to regrow it. There are things we are not doing in the Great Southern Reef that these fisheries are dependent on that we could be doing.

**Senator Duniam:** There are a couple of bits here. In terms of regulation of an industry as opposed to—and perhaps Minister Ley and her representative at estimates can talk more to some of these things like habitat restoration.

**Senator WHISH-WILSON:** This is FRDC.

**Senator Duniam:** FRDC do a lot of research projects. But the point I was making before is that decisions are made on science.

**Senator WHISH-WILSON:** Like climate science? Like cutting emissions?

**CHAIR:** Senator Whish-Wilson, you gave me some good advice earlier today about taking control—

**Senator WHISH-WILSON:** I should take control.

**CHAIR:** so you shouldn't have given me that advice.

**Senator WHISH-WILSON:** Sorry.

**CHAIR:** This is a fascinating policy discussion, but are you finished with your section of questions?

**Senator WHISH-WILSON:** Yes. If there was any other answer you'd like to offer on: how we stop climate impacts on fisheries?

**Senator Duniam:** The regulator—

**Senator WHISH-WILSON:** Rather than paying people out, how do we stop climate impacts on fisheries?

**Senator Duniam:** Paying people out, as you characterised it, is to deal with decisions made by the regulator in response to a changing environment. Those things are factored into the decisions that are made and, as I said—and this is the point: I wasn't trying to obfuscate or walk away from your very direct question around how do we deal with climate change. That is one of the many factors that marine and fisheries scientists look at, deal with and provide advice on to the AFMA Commission. So, I'm presented with that advice. They make a decision and a recommendation, and we have to follow that. So, we will deal with that.

In terms of the issues you raise, there are other portfolios that have a great deal of responsibility for them.

**Senator WHISH-WILSON:** You're not responsible for climate change mitigation, I understand that. You could certainly help with some adaption measures like removing *Centrostephanus*—long-spined sea urchins—which we've discussed and some other things that will help fisheries. But here's my question anyway, Chair: just in relation to this assistance program, how long do you anticipate it will go for? When will it shut, and when will you be able to give us a breakdown of the quota holders that have gone through it? How many of them are corporate versus family, or overseas quota holders versus domestic quota holders?

**Ms Campbell:** So, we expect to work with industries to design the program over the next six to seven months. The aim would be to have payments in place for the opening of the 2023-24 season—so May in 12 months time, effectively.

**Senator WHISH-WILSON:** Will you be able to provide publicly or to parliament which quota holders have sold quota or traded their quota through the program?

**Ms Campbell:** I would expect so. I expect that there'll be grants, and those would be published.

**Senator WHISH-WILSON:** And it would most likely be via a reverse-auction process?

**Ms Campbell:** That's again where my inclination is; however, those design decisions haven't been taken by government, and we would need to work with industry to decide those.

**Senator WHISH-WILSON:** Who would advise on that?

**Ms Campbell:** That is my area.

**Senator WHISH-WILSON:** Well, I look forward to this with interest—if I'm back here.

**Senator Duniam:** You're a Greens from Tasmania; I expect you will be.

**Senator PATRICK:** On the policy discussion he was having, my media adviser sent me a text saying: 'I find Senator Whish-Wilson very soothing to listen to.' That actually worries me, because he stole my last media adviser—I just want to put that on the record.

**Senator Duniam:** Is that right? Now I know what's happening.

**CHAIR:** Wow; be careful!

**Senator PATRICK:** He did!

**Senator Duniam:** It's all your fault, Rex!

**Senator PATRICK:** I want to ask some questions about my favourite topic, Minister. You can probably guess what that is—trees. I just want to go to this program, and Senator Sheldon may have asked about the \$86 million program. He did?

**Ms Campbell:** Yes.

**Senator PATRICK:** Okay. If you've answered these questions—

**Senator Duniam:** We'll let you know.

**Senator PATRICK:** you just let me know and I'll go back to the *Hansard*. I will note that I did write to you asking these questions and didn't get a response, and I'm a bit worried about that. Normally you treat me quite kindly. What was the criteria that must be met by industry participants?

**Ms Campbell:** We did get your letter but I think it was only last night.

**Senator PATRICK:** Was it? No, that's not right.

**Ms Campbell:** Anyway, so that's why you haven't had a response.

**Senator Duniam:** Anyway, you will get a response before we go into caretaker mode, Senator Patrick, I promise you that.

**Senator PATRICK:** Thank you. I actually don't think a letter to me is a big enough thing to invoke caretaker mode so you should be okay. Just write to me.

**Ms Campbell:** I'm hoping we can provide you some information today.

**Senator PATRICK:** Thank you.

**Ms Campbell:** We're envisaging—we're planning on this being a partnership with states and territories. We would invite states and territories to design the grants program in consultation with us. The full criteria for industry participation has not yet been resolved. We do expect that industry will be required to provide matching funding, that the new plantation areas must be within a regional forest hub region—that's so that we get the right trees in the right places—and that it is new plantation, and that could be either softwood or hardwood. Those are the parameters that we have at the moment for industry.

**Senator PATRICK:** Okay. When you say 'shared funding', the state governments are involved in this somehow as well. Are they providing funding?

**Ms Campbell:** We hope and expect that state governments will partner with the Commonwealth to that effect. We did outline the state co-funding earlier. Ministers have written to states inviting them to co-fund—and then for industry to co-fund with the combined total government expenditure.

**Senator PATRICK:** Has South Australia responded to that?

**Ms Campbell:** Not to date.

**Senator PATRICK:** Okay. I'll get on to that. What's the criteria for a plot of land to be considered 'new'?

**Ms Campbell:** 'New' plantations we consider will be planted on historically cleared agriculture land. We're not looking for supporting replanting on land that has recently had a plantation and needs replanting—for example, due to harvest or bushfire.

**Senator PATRICK:** Okay. So what about land that has previously been used for plantation but not in recent time?

**Senator Duniam:** Like a fallow period?

**Senator PATRICK:** Yes.

**Ms Campbell:** We're expecting that we might look at the definition of 'new plantation' used by the Clean Energy Regulator but, again, those decisions haven't been taken. But that Clean Energy Regulator uses a definition where there has not been a plantation or native forest on the land for the past seven years.

**Senator PATRICK:** Thank you. That's helpful. I'm just thinking of up in Jamestown, where there was a fire in the Wirrabara plantations. That was probably more than seven years ago. If it's a situation where it has been fire affected and left, I presume, the same sort of—

**Ms Campbell:** Again, we haven't made those detailed program designs. We'll work with states and territories on that. But at the moment we're sort of thinking about that Clean Energy Regulator—seven years.

**Senator PATRICK:** Any other limitations or criteria associated with the land being used for planting?

**Ms Campbell:** Not at this stage. Because we are co-designing this with states and territories, I would expect that state and territory land use requirements would come into effect.

**Senator PATRICK:** Thank you. You've answered questions about states and territory funding. Is that right?

**Ms Campbell:** Yes.

**Senator PATRICK:** I'll go to the *Hansard* on that. Thank you. When in 2022-23 will the funding be available?

**Ms Campbell:** I went through this in quite some detail.

**Senator PATRICK:** Okay. Thank you. That's fine. That's all that is needed. Actually this is a bit disturbing or a bit confusing for me. Question on notice No. 80 from 2019-20 additional estimates, back on 3 March 2020, I asked about 'Plantations for Australia: the 2020 Vision':

1. Has the Department prepared a completion report for this program, or when will one be released? 2. What are the final results and achievements of the sixteen actions?

You responded by saying:

The department is preparing a completion report and expects it to be completed by the end of 2020, in consultation with the partners.

Then I get an answer from you on 15 February, saying:

No review was ultimately undertaken in 2020 as resources were diverted ...

So it just seemed to me that you were underway, and then, except on face value, you've been diverted. I can't quite reconcile these two answers.

**Ms Campbell:** The first answer was provided—I think you said the date—

**Senator PATRICK:** It was 3 March.

**Ms Campbell:** I think that was 2020.

**Senator PATRICK:** Yes, that's correct.

**Ms Campbell:** My understanding—it wasn't my area at the time—is that work hadn't started, but certainly a commitment was made to you that it would happen. Then there were a number of measures in my area, responding to COVID and the bushfires, so there were a number of priority actions. We hadn't given funding to that plantation measure since July 2009, so it was a very old historical program, and the decision was taken not to prioritise that.

**Senator PATRICK:** Who made that decision?

**Ms Campbell:** I think that was made by the incoming branch head or division head in the area, but I can take the specific details of that on notice.

**Senator PATRICK:** Yes, I would appreciate that. How far did the department get with completing a report?

**Ms Campbell:** My understanding was that it hadn't started.

**Senator PATRICK:** That seems a bit odd.

**Ms Campbell:** I understand.

**Senator PATRICK:** I can almost see the enthusiasm leaping off this answer where you're saying:

The department is preparing a completion report and expects it to be completed by the end of 2020 ...

Did anyone work on the reported all?

**Ms Campbell:** I can take the details of that on notice. My report, when I was preparing this answer, was that it hadn't progressed in any meaningful way

**Senator PATRICK:** So it's like the billion-trees program, really isn't it?

**Ms Campbell:** This was a statement from a branch head at the time who gave the answer and had good intentions. Then a significant number of changes happened in the forestry industry, and effectively all hands went on deck to roll out some very significant response for some of the impacts on the forestry sector.

**Senator PATRICK:** Sure, but in some sense it's relevant because you've had this program, which started in 1997. It was a vision that was going to last for two decades. It sounds as if, in some sense, you have another new program that started with a billion trees. To get to a billion trees on current rates, I think it will be 200 years before we get to the final goal. That's going to be a lengthy program as well. One would think that, if you're funding a particular program, you would want to get to the end of it and look back and say: 'Here were the KPIs. What did we achieve for the taxpayers' money that was involved?'

My understanding is that one of the issues in that program was getting access to land with water. People won't plant trees if they can't guarantee getting water. I understand that's part of the problem now with the billion-trees program. The minister is nodding at me.

**Senator Duniam:** It is a challenge that anyone, at any point in time, is going to have to encounter. You don't plant a tree in the driest country, do you?

**Senator PATRICK:** I'm not questioning the logic behind that, but one would think that, if that were one of the problems you had experienced in the first decade of a two-decade program, before even announcing the billion-trees program, you would have said, 'Well, we have to look and see whether or not we can get water.' You wouldn't want to make an announcement without knowing that you are able to achieve what you're announcing.

**Senator Duniam:** Again, with this we've set a goal to achieve, in partnership with states and territories, this number of trees in the ground by the date you've described. In your home state of South Australia, there is a particular issue with regard to access to water and being able to get a licence to access that water to put trees on the ground.

**Senator PATRICK:** Sure.

**Senator Duniam:** That is an impediment. At a state and territory level, those policies, laws and requirements change over time, and to contemplate all of that in advance—

**Senator PATRICK:** Yes, but this was a problem with the previous program. One would think that, before you announced the billion trees, you would say, 'Okay, we know what we learned back here, so how are we going to plan for access to water moving forward?' before you would ever say, 'I want to aim for a billion trees.'

**Senator Duniam:** We continue to work with every state and territory government on every single one of the impediments they throw up.

**Senator PATRICK:** I'm talking about planning before announcing, that's all—just doing a bit of a check to make sure: 'I'd like to announce: everyone, I'm going to hit \$1 billion income in the next two years.'

**Senator Duniam:** But this is the point, right? We discussed this last time, Senator Patrick. I made the analogy that you don't start your car and suddenly you're doing 100 kilometres an hour. You build speed up. So, the last three years have been around phase 1 of the National Forest Industries Plan—which I'm sure you've read. We've also looked at the deliverables that have been achieved against that plan. Those are the foundation stones that we needed to put in place—the incentives needed to help expand the plantation estate, whether it be the changes to the carbon methodology, the changes to the water rule, or the grant program we're now engaging with states and territories on. And I'm sure there'll be more to say between now and—

**Senator PATRICK:** Is a plan being laid out now by the department? You're gathering all these inputs, and you're testing them all—and I'm glad to hear all this—but someone's obviously capturing this on a bit of paper somewhere, and that might be made available to the committee, I would have thought.

**Senator Duniam:** Are you asking whether there is an updated version of the National Forest Industries Plan?

**Senator PATRICK:** Well, no. You just talked about all these things you're learning. You must be capturing that information in some way.

**Senator Duniam:** On the way through, absolutely, and I will be making sure that there is further information available—

**Senator PATRICK:** But it's feeding into a plan of some sort. I'm just wondering whether you might provide the committee with a plan, albeit a draft.

**Senator Duniam:** Phase 1 of the plan is public. The deliverables against phase 1 have been released, and I'm excited about making sure that what comes next will be in the public domain in the near future.

**Senator PATRICK:** Okay.

**Ms Campbell:** Sorry, Senator—could I go back and answer one of the questions I took before?

**Senator PATRICK:** Yes, please do.

**Ms Campbell:** In terms of who made the decision not to progress with the plan: Julie Gaglia, who's my branch head who looks after forestry, started the job in June 2020. The progress report, or the finalisation report, hadn't started at that time. You talked about planning to go forward. The government was implementing measures for the 2018 billion-trees program, and she made the decision not to commence work on that review.

**Senator PATRICK:** Okay, so, no decision to commence. That means there'd be no report that flows from that.

**Ms Campbell:** Yes.

**Senator PATRICK:** Then let's go back to this document here. It's a 2002 document. You might not even have this. It's *Plantations for Australia: the 2020 vision*. Our Parliamentary Library keeps everything! So, whatever you say, we can call it back. It says:

The National Plantations Strategy Coordinator will prepare an annual report as soon as possible after 30 June each year, reporting on progress in implementing actions in the strategic framework for consideration by the Vision Partners.

And I'm happy to provide that to you, or you can take on face value that that's what was said. I just want to know what those reports covered and how many the department might have. I mean, who were they given to—

**Ms Campbell:** I'll have to take that detail on notice. My understanding is that the Commonwealth provided some of the funding towards that coordinator.

**Senator PATRICK:** Yes, they did.

**Ms Campbell:** But I will take on notice the question on how many reports and whether we have them. I expect we would.

**Senator PATRICK:** And if you have them, can you please provide them to the committee? Secretary, you'd know this: an annual report would normally go to the minister or something, wouldn't it?

**Mr Metcalfe:** I'd expect so, but we're talking about 20 years ago, so we'll need to do some digging.

**Senator PATRICK:** The final details on this: you stated that \$1.4 million was contributed to the program by partners over the 14 years. That's \$100,000 per year. And there were three partners—states, industry and the Commonwealth. So, it's about \$33,000 a year. I calculate that to be about \$466,000 of Commonwealth funds.

**Ms Campbell:** Is this the answer from March 2020?

**Senator PATRICK:** Yes, number 80. I just wonder: am I right in saying that the Commonwealth would have funded about \$466,000?

**Ms Deininger:** We'll have to take that on notice; we don't have that question.

**Senator PATRICK:** Thank you. We have no 20-year report, finalisation report. Maybe these annual reports don't exist. Are they the method by which you capture performance against KPIs? Is it the annual reports that give me that answer or is there some other thing as well that I should be asking for in relation to that long-term program?

**Ms Campbell:** Again, this is before my time. I'll certainly find out whether we do. My understanding is the plantation vision was more than just Commonwealth and it wasn't owned by the department. But, again, I'll take that detail notice.

**Senator PATRICK:** My final question to the minister is one that I traditionally ask at every estimates. There are a billion trees. I think last time we had two million. How many do we have this estimates?

**Ms Campbell:** It's been about five weeks since the last estimates. We have no more up-to-date information.

**Senator Duniam:** You'll be excited to know that I've had several conversations with very excited private sector operators in the forestry industry, on our grant program, on the carbon methodology changes, who are looking at significant expansions, and I expect we'll be hearing about those in the very near future.

**Senator PATRICK:** Sure. I wonder if you might engage Morgan Sawmill in Jamestown, because they've had this terrible decade where all of their forestry was burnt. The year before the fire, the state government, which was Labor, took the insurance fund and made a special dividend payment back to the Treasurer. Basically, it took the insurance money and then a year later they needed it and it wasn't there.

**Senator Duniam:** Yes, I'm familiar with that. It is disappointing. We've done our bit to try to assist, particularly, the South Australian industry with the softwood transport assistance program. Your passion for the



industry is well noted, and I do enjoy our little tete-a-tetes at estimates. Is it New Year's Eve 2030 that you're going to ring me up and ask how many trees I've got in the ground?

**Senator PATRICK:** Yes, I am.

**Senator Duniam:** That's my birthday, so I'm looking forward to it.

**Senator PATRICK:** Okay, fantastic.

**CHAIR:** Excellent. Back to you, Senator Sheldon.

**Senator SHELDON:** I want to follow through on those questions that I was doing earlier and that Senator Patrick was just touching on as well. Obviously the construction and housing industry are raising their concerns about the timber shortages, and those concerns have been raised for quite some time. Given that we've been talking about the government's announcement of the \$86 million or 150 million trees to be planted by 2027, I just can't quite work out—the government has abandoned the target to plant a billion trees by 2030. I can't quite work out the basis of the 2030 target of a billion. I hope someone didn't just come up with a billion trees and say that we're going to do it by this date—or was it an announcement with nothing behind it? It raises serious concerns about the reality of this 150 million and the drive behind it to pull it off.

**Senator Duniam:** It's a billion trees, and our identification of the need for the extra resource has not been abandoned. What we've announced with that particular grant program is that the \$86 million from the Commonwealth level, matched by funding from state and territory governments and the private sector, gives us 150 million through that. That's one of the tools we seek to use to expand the plantation estate. As I said before, we have the changes to the carbon methodology around plantations, the changes to the water rule to other measures that unlock potential to expand the plantation estate. The price of timber also helps in private sector decision-making et cetera. So there's no abandonment of our goal of a billion trees, which I'm committed to achieving. As Ms Campbell and others have outlined, myself too, we've stepped through how we got to the 150 million on the \$86 million.

**Senator SHELDON:** If I understood correctly from the question before, the figures released by ABARES in October reveal the government's only managed to meet just over one per cent of the target so far. Is that correct?

**Ms Deininger:** As the minister has indicated, there are a number of foundational measures that the government is implementing, including things like the regional forestry hubs that are joint with the states, to attract investment to forestry plantations and to build that sector. I think we've also canvassed this at earlier hearings. There are a number of initiatives that state governments are also implementing, given that they have a very keen interest in forestry, including in WA, where they have undertaken to commit to, I think, spending of \$350 million. I think Victoria also had a substantial spend in terms of their forestry sector as well. So there are a range of different initiatives at different levels of government and in the private sector to contribute to growing the sector, including to the billion-trees target.

**Senator PATRICK:** But it is only one per cent. It is the same as the 450 gigalitres for South Australia in the Murray Darling Basin Plan.

**CHAIR:** Senator Patrick, that is across-table talk, and it is not helpful. Back to Senator Sheldon.

**Senator SHELDON:** He was being very helpful. There was a total of 1,500 hectares of new timber plantations established in 2019-20. This followed 2,800 hectares of new plantations in 2018-19. Is it fair to say that we have not been successful and that we are running into problems with this plantation program?

**Senator Duniam:** At the last estimates, five or six weeks ago, Senator Patrick and I had the same conversation where we went through how establishing a successful expansion of the plantation estate requires more than just saying, 'This is what we're going to do,' and suddenly it happens. There's a lot that goes into that across three levels of government and the private sector. We have outlined the programs that are in place that we have been able to develop in partnership with industry and guided by industry. It is the things that they have asked for to unlock this potential. The other point I might make with regard to the periods of time that you are talking about is that in New South Wales and Victoria we did have some pretty significant bushfire events. In New South Wales, the bulk of their effort has gone to replanting lost forest as opposed to expanding the forest estate.

So there are a range of things that play into that, but I think from this point forward that is where we see the growth. The foundation stones have been designed and laid in partnership with and, more importantly, led by industry, and I remain absolutely confident that we can reach the goal of that we set in partnership with industry, and I look forward to state territory governments coming on the journey with us.

**Senator SHELDON:** It does raise concerns. We've got a program that's been announced for 150 million trees by 2027 and a billion by 2030. I appreciate that there are other initiatives, but this is meant to be a significant

initiative in meeting that target. We have got two periods where there has been a substantial reduction in the number of hectares as new plantations. It goes back to: are we going to meet that target of billion trees in 2030?

**Senator PATRICK:** It's significant against the one per cent.

**Senator Duniam:** Yes, we will reach that target. I'm a glass half full kind of guy. I had thought Senator Patrick was too.

**Senator SHELDON:** Well, maybe 99 per cent empty and one per cent full.

**Senator MIRABELLA:** I want to clarify something. This is a new area to me. Isn't it correct that it's actually the states that are deciding the areas for planting and the species—that that is up to the states to determine?

**Senator Duniam:** Correct. The Commonwealth government does not control a single hectare of productive forest. We put in place policy settings and funding support to unlock potential.

**Senator MIRABELLA:** And there are no tied funds where the Commonwealth is placing conditional funding on species, areas or rates of planting?

**Senator Duniam:** In working through the detail of the grant program with the states, each state will probably have some nuances around it. We would expect a certain return on what we invest in terms of—

**Senator MIRABELLA:** But it's in the states' hands?

**Senator Duniam:** Absolutely.

**Senator MIRABELLA:** Okay. I'm just sensing a lot of criticism of the federal government here.

**Senator PATRICK:** Well, it was the federal government's announcement.

**Senator Duniam:** It is, and there are cheap shots that are made about this all the time. Instead of blame shifting, I have always sat at this table and said I remain confident, because I've sat around the forestry ministers' table, and they all say to me that we are part of this. So here we are engaging with them. The \$86 million is not the silver bullet. It is one of many measures.

The other point I would make is that the government isn't responsible for everything that happens in this country. We will pull every policy lever at our disposal. We will provide the resources we can with the finite resource that we have—taxpayers' money—to enable things to happen. At the end of the day, though, the private sector have to do their bit, and that's what I'm hoping these policy settings will do. I am confident we will reach the goal that we've set in partnership with states, territories, local government and, of course, the private sector.

**Senator PATRICK:** [Inaudible]

**CHAIR:** Back to you, Senator Sheldon.

**Senator SHELDON:** It did sound to me like you're not confident you're going to reach the goals!

**Senator Duniam:** You may have missed exactly—

**Senator SHELDON:** I know you said that, but I thought I'd just re-emphasise what Senator Patrick said, because he did not have the call.

**Senator PATRICK:** I said he didn't hold a hose!

**Senator SHELDON:** Oh, that as well.

**Senator Duniam:** I have just indicated that I have never once at this table walked away from a commitment that was made—before I was Assistant Minister for Forestry and Fisheries—because I think it's a good goal and that was advised by industry. Is it easy to achieve? No. Have there been difficulties and impediments beyond our control? Absolutely there have been. But I've spent the last three years working hard with industry, answering every one of their requests, trying to get my state and territory colleagues on board, and, as I say, I'm confident we'll get there, quite the opposite of what you just summarised my last contribution as. We need to. We have to. Even what's happening in Ukraine at the moment and the impact that has on Russian timber imports means we need to be doing this. So I'm committed to it. I'm positive that, when Senator Patrick forms part of some Greens-Labor-Independent government in the future, he will be committed to it too as Assistant Minister for Forestry and Fisheries!

**Senator PATRICK:** Can I just clarify that I will never be a minister and I don't want to be a minister!

**Senator Duniam:** I am sure that, as someone that I expect is very pro-forestry given the state you are from, you would agree with me that there are certain—

**Senator SHELDON:** I have been a union official for forestry.

**Senator Duniam:** Exactly. I wish there were more of you and your colleagues on that side of politics. Sadly, you're outnumbered, and we end up with terrible policies at a state level in Labor states.

**Senator SHELDON:** I have got nothing more on. I think we'll just let him get away with his answer!

**Senator Duniam:** Come on!

**Senator SHELDON:** Anyone can say to me that they are a half full or empty person, but you are 99 per cent empty and one per cent full on this timber project hitting of this target, and I've got to give you credit.

**Senator PATRICK:** Is a glass one per cent full!

**Senator Duniam:** Let's get together, gents, in 2030, and we can toast the success of this great program.

**CHAIR:** I look forward to that.

**Senator Duniam:** In timber cups.

**CHAIR:** We're going to shift gear from the trees to fish. We will go straight to you, Senator Sheldon.

**Senator SHELDON:** To be clear: can you step me through what's in the budget for The National Fisheries Plan?

**Ms Campbell:** The budget included funding for the south-east structural adjustment, which we talked about. There have been previous measures in the budget that are still ongoing. There is a fish habitat restoration program and a recreational catfishing and camping program as well as electronic monitoring for AFMA. There's no dedicated funding for the National Fisheries Plan.

**Senator SHELDON:** Can you update me on when the department can provide an update on when the National Fisheries Plan might be released?

**Ms Campbell:** We've been working with states and territories on the National Fisheries Plan over several years. I think we're close. Minister Duniam is working with the department on the final steps, and I'm optimistic that we may be in a position to release a plan shortly.

**Senator SHELDON:** I want to refer to SQ21000429 from budget estimates last year.

**Ms Campbell:** I have a copy of that.

**Senator SHELDON:** The question on notice outlined the stakeholders that were being engaged before public consultations commenced. Delivering a national fisheries plan was an election commitment made in 2019. Why has it taken so long to progress this plan?

**Ms Campbell:** Again, we're working cooperatively with states and territories. There was public consultation on a national fisheries plan in the middle of last year. I'm hoping someone will send me the actual dates. We're working with states and territories to finalise that. As I said, I'm optimistic, but again, working with all the states and territories together to have a plan that everyone agrees does take time. I'm working through processes in the states and territories.

**Senator SHELDON:** So some states have not signed up? Which states and territories have signed up to the National Fisheries Plan?

**Ms Campbell:** We're still working through that. I'm optimistic that we will have a national fisheries plan and, hopefully, we'll have those details very shortly.

**Senator SHELDON:** So you've got no states or territories that have signed up to the plan as yet? Is that what you're telling me?

**Ms Campbell:** That's not what I said.

**Senator SHELDON:** I'm trying to get an answer as to whether or not that's correct. Which states and territories have signed up?

**Ms Campbell:** I'm hoping we'll announce that shortly.

**Senator Duniam:** One other thing on this, Senator Sheldon, if I may: the National Fishing Advisory Council is made up of individuals who represent industry. They are private sector participants—employers, employees. There are volunteers who represent, say, Indigenous fishers and the recreational fishing sector, and it's fair to say as well that fisheries was one of the first-hit and worst-hit sectors as a result of COVID. Those individuals we've been working with in terms of the process to develop this to then go to state and territory governments have fairly well been otherwise occupied. Again, good policy and good plans are designed by those for whom they are set down to provide a framework or a guide. So there have been some delays as a result of that as well. Not to make excuses, but that is significant. They've been trying to keep their businesses afloat and do what they do in their lives outside of NFAC.

**Senator SHELDON:** Going back to the question about which states or territories have signed up to the National Fisheries Plan, can I tackle it this way: have any states or territories signed up to the National Fisheries Plan?

**Ms Campbell:** Yes, and I expect we'll release details of that very shortly.

**Senator SHELDON:** I stand to be corrected, but I am not aware of a reason why you can't tell us which states or territories have actually signed up to the National Fisheries Plan? In actual fact, we just had this conversation about other plans on other matters. So what's the reason?

**Ms Campbell:** I'm happy to take it on notice.

**Senator SHELDON:** You don't know?

**Ms Campbell:** I'm unwilling to wedge my state and territory counterparts that haven't quite come to the table yet. That's really what this is about. I'm hopeful that they will, and I'm hopeful—

**Senator SHELDON:** I appreciate that that's the way that you feel. I respect that that's the way that you feel, but also there's an obligation to answer the question. You've done a valiant job of not wanting to do that, so I give you credit for that, but there is a requirement. There is an expectation that the question should be answered.

**Senator Duniam:** How about I commit to taking that on notice, because I think the points that Ms Campbell makes are right. There will be an announcement around this, and that will be made in due course, but I'll take on notice the specifics because, when you're talking about other levels of government, as Ms Campbell has said, it's important to make sure they're all on board with providing that information. So we'll do that.

**Senator SHELDON:** How much of the funding has been allocated to the National Fisheries Plan that you have at the moment?

**Ms Campbell:** The National Fisheries Plan has been developed in-house using resources of my division without specific funding—staffing resources, primarily.

**Senator SHELDON:** Are you aware how much funding the state and territory governments contributed or committed to?

**Ms Campbell:** I think, in terms of developing the plan, it is, effectively, a planning exercise. I don't know this for sure, but my expectation is that most of my colleagues in the states and territories have absorbed this plan within their existing resources and through the Australian Fisheries Management Forum, which is myself and colleagues in state and territory fishing departments. We really welcome the plan as a way to bring them together. It will be Australia's first National Fisheries Plan. The time taken to get it right and get people on board—which is again why I don't want to be divisive in saying who has signed up to the plan, when I'm optimistic that we will have people on board—is part of the process. I will go back to public consultation. We consulted between 27 August and 8 October 2021 and we had 72 responses to that public consultation process.

**Senator SHELDON:** Do I understand that you're taking public interest immunity on this?

**Senator Duniam:** No, we're taking it on notice. We're not making any claims, just taking it on notice, and in good faith. It's not about hiding anything. I will give you an answer, but we're taking it on notice.

**Senator SHELDON:** How many days are there to get back on notice? Is it 55 days?

**CHAIR:** It's the 20 May that the committee set for the response.

**Senator Duniam:** I expect it'll be before that.

**Senator SHELDON:** It would be of assistance if that information were given now because I need to have a feel for—and I think it's important people are aware of—how much money is actually allocated. I don't mean just for doing the work—I appreciate there's work being done. What monies have been allocated to the plan? Have monies been allocated to the plan?

**Senator Duniam:** Are you asking about any announcement that could be coming around that? If there are announcements to be made around that sort of thing, they'll be made. We'll take on notice the parts of the question you've already asked and that we've committed to take on notice.

**Senator SHELDON:** I want to move to another matter about the Japanese encephalitis virus. There was funding in the budget for managing the Japanese virus.

**Mr Metcalfe:** I'm happy to respond to that, but that's the next item, when we have our biosecurity people here. I think they are available, so, if you've finished on fisheries and forestry, we could always move on.

**Senator SHELDON:** I have some questions about Australian carbon credit units, too, which is the next group.

**Senator Duniam:** That might be next week.

**Mr Metcalfe:** I discussed that with Senator Whish-Wilson, earlier. That's a division that wasn't asked by the committee to be here today, but if we're here next Tuesday, they will be here with us.

[20:19]

**CHAIR:** We welcome officers from the Biosecurity and Compliance Group.

**Senator McCARTHY:** Biosecurity interests me greatly. I'll go to the Japanese encephalitis virus first up. I have just a couple of questions there. Did any funding from the ag portfolio go towards the \$69 million over two years that was included in the budget?

**Mr Metcalfe:** Yes.

**Senator McCARTHY:** Could you give us some details?

**Mr Tongue:** Certainly. Of the package, we received \$10 million and that money is a straight pass-through from us to state and territory agriculture and primary industries departments. It is targeted at supporting those departments in their role, at a state and territory level, in surveillance monitoring—what we call vector control, or vector suppression in this instance—and their work with affected piggeries.

**Senator McCARTHY:** How much of the Ag budget has gone specifically to managing the virus?

**Mr Tongue:** The \$10 million that the government has given to states and territories.

**Dr Martin:** Out of the \$69 million, \$17½ million is going towards mosquito surveillance and mosquito control. That's because health departments in state and territory jurisdictions normally do that. They're working with their state and territory agriculture departments. The surveillance in the agricultural sector is looking particularly for animals.

**Senator McCARTHY:** Can I clarify, so I've got these figures right? We talked about the \$69 million, and you mentioned \$17.5 million is going to the mosquito control and surveillance. What about the \$10 million, Mr Tongue?

**Mr Tongue:** There were two buckets. The bulk of the funding went to our colleagues in the Health Department.

Going back to your original question, we received \$10 million. The \$17½ million that Doctor Martin is talking about was included in the money.

**Senator McCARTHY:** So \$7.5 million went to Health?

**Mr Tongue:** No, 17½.

**Senator McCARTHY:** 17½

**Mr Metcalfe:** Perhaps I could clarify, Senator. Effectively, as I'm sure you're aware, there's a human health issue and an animal health issue here. Broadly speaking, the Department of Health received the largest part of the \$69 million. We received \$10 million. There are issues that are in common and that's largely around mosquito suppression, which can have an impact on people or an impact on animals. So that's the reason that Health have the \$17 million or so around suppression, and we have \$10 million.

The \$10 million that we have is going to the affected states and territories, through discussions that we're currently having with them in the agriculture sector. It's effectively a joined-up response, with different agencies trying to work together within the overall funding envelope. And that comes on top of funds being expended by the affected states and territories themselves under their programs.

**Senator McCARTHY:** I might come back to that, Mr Metcalfe. Before I do, going on from what you said, Mr Tongue, in terms of the states and territories, can I ask you about the Northern Territory specifically? What's the breakdown there?

**Mr Tongue:** We're currently working on that. We're trying to get that done as quickly as we can.

**Senator McCARTHY:** Working on the breakdown for each state and territory, or just—

**Mr Tongue:** Yes, the breakdown for each state and territory. Up until this week, in fact, the Northern Territory hasn't been an affected jurisdiction. But just this week we were advised that one feral pig has turned up in the Northern Territory.

**Senator McCARTHY:** Whereabouts?

**Mr Tongue:** Whereabouts in the Northern Territory? I would have to take that on notice.

**Mr Metcalfe:** Are there many feral pigs in the Northern Territory?

**Senator McCARTHY:** I was just going to say!

**Mr Tongue:** There are many feral pigs—

**Senator McCARTHY:** I don't know where the one is but there are plenty of others up there.

**Mr Metcalfe:** One of those feral pigs has been detected as having the virus.

**Mr Tongue:** Yes, one of them has been detected.

**Senator McCARTHY:** Should come to my part of the country!

**Mr Tongue:** But the Northern Territory doesn't have piggeries. To date all the pigs that have been affected—up until that one lonely pig in the Northern Territory—have been in piggeries.

**Senator McCARTHY:** So this feral pig has the Japanese encephalitis virus?

**Mr Tongue:** Yes.

**Senator McCARTHY:** What does that mean then for the rest of the animals in the Northern Territory?

**Mr Metcalfe:** With your indulgence, is it worth asking Dr Martin to provide a two or three-minute discussion on the virus and how it impacts on pigs, birds, mosquitoes, people, horses, to try and give you a little picture as to how we are responding? We are happy to that.

**Senator McCARTHY:** There is actually a link though and the link is this: the answer was about mosquito control. I also want to go to the lumpy skin disease—

**Mr Metcalfe:** We would certainly be happy to talk about that.

**Senator McCARTHY:** which I realise is something that we are very concerned about up in the north. I went to the cattlemen's dinner the other night and I know it is a real worry for our cattle stations. I'm trying to understand how much is going into the mosquito control in terms of surveillance, security. Really, at the end of the day, is biosecurity receiving a sufficient amount of funding to give the safety that is required for our borders?

**Mr Metcalfe:** There are several dimensions to what you describe.

**Senator McCARTHY:** We could go all night.

**Mr Metcalfe:** There is a specific issue around the immediate response to the Japanese encephalitis. There is a broader issue about our overall biosecurity surveillance, monitoring and response across northern Australia, which is picked up another funding that has come through the budget. We might put on the record for you a bit of an overview, and Mr Tongue or Dr Martin might be able to do that.

**Dr Martin:** Japanese encephalitis was first detected in a Queensland piggery on 25 February. There were then several other suspicious cases in New South Wales and Victoria. In pigs, most pigs that get infected are asymptomatic, so you see no clinical signs. But in sows that are pregnant, it can cause stillbirths, abortion, mummified piglets. It was from that that those piglets were tested and it came back positive. The reservoir is actually water birds. Water birds have the virus, the mosquitoes get infected—

**Senator McCARTHY:** Is it all water birds?

**Dr Martin:** No, it is several species—herons, egrets. The disease has been detected previously on occasions in northern Australia but this is the first time that it has been found in southern Australia. You would be aware that there has been a human death on the Tiwi Islands in 2021 from Japanese encephalitis. Water birds also don't show any signs. Water birds and pigs can amplify the virus so you get a lot more virus, then the mosquitoes had infected and then they infect something else. Humans and horses get bitten by the mosquito. Again, most times it is asymptomatic infection. But you can get with humans encephalitis and people can die, and that is the same with horses. Both people and horses are what we call 'dead-end hosts', which means that the virus doesn't multiply in them and the mosquito can't get infected. If you have the Japanese encephalitis virus, you can't infect more mosquitoes, but pigs and water birds can.

**Mr Metcalfe:** And you can't directly affect another person.

**Senator McCARTHY:** I was just going to ask about human-to-human—

**Dr Martin:** No, and nor can it spread pig to pig. It is through the mosquito. You need the mosquito in there.

**CHAIR:** If fetuses in pigs die, does that happen in humans? Can it have that impact?

**Dr Martin:** You'll probably need to ask the department of health, but I understand that it is encephalitis.

**CHAIR:** You don't have that?

**Dr Martin:** Yes.

**Senator McCARTHY:** With the death of the Tiwi islands, was that the only death that we have had in recent years?

**Dr Martin:** In this recent outbreak, there have been two, possibly three, people who have died in this period.

**CHAIR:** Do you mean this year?

**Dr Martin:** You would have to talk to the department of health because they may have been retrospective samples.

**Mr Metcalfe:** The department of health can provide you with precise figures but what we know is that a very small number of people have died from this most recent outbreak in southern parts of Australia. But the health department are now going back and checking on earlier cases to see whether it may in fact have been Japanese encephalitis that was not detected at that time. So there may be other mortalities added to the list. We're not talking about large numbers, but obviously it is of great cause of concern and that is why there has been such an immediate response to it.

**Senator McCARTHY:** I just go back to the figures. Dr Martin, it is \$17.5 million that has gone to mosquito control and surveillance?

**Dr Martin:** That's right.

**Mr Tongue:** That is through the health department.

**Senator McCARTHY:** Would it be the health department that would tell us how they break that 17.5 down?

**Mr Tongue:** You would need to ask Health about how they are breaking it down but, basically, at the time of announcement, broadly, the money fell to a public awareness campaign, to the purchase of vaccines, to mosquito control and to some modelling. The exact breakdown, Health would be able to tell you. Because Australia has not had this disease this far south in recent history that anybody is aware of, there is only a limited number of vaccines in the country.

**Senator McCARTHY:** How many, do you know? Or is that a question for Health?

**Mr Tongue:** You would have to ask Health. But the government made available substantial funding to immediately order new additional vaccine and that is flowing into the country now. State health departments working with the federal health department are responsible for determining the vaccination policy. Again, that's a question for Health. But early on, typically, in each of the jurisdictions, it is focused in and around piggeries because, as Dr Martin explained, pigs are accelerators of the virus. So then state health departments, as we understand more about the spread of JEV will make further judgements.

**Mr Metcalfe:** There was a joint media release between the agriculture minister and the minister for health on 11 March, which gives a very good breakdown of that funding envelope, about how much money has gone to vaccines, to surveillance, to communication, to laboratory supplies and to modelling. The \$10 million will go to state and territory agriculture departments to assist them with their response.

**Senator McCARTHY:** But you are yet to work out how you break down the \$10 million?

**Mr Tongue:** We are in discussion right now.

**Senator McCARTHY:** How would you rate the virus in biosecurity seriousness?

**Dr Martin:** Obviously, it is very significant to human health. It does cause, in most animals, asymptomatic infection, which is the case also in humans. But then the consequences, if you do have clinical signs in humans, are obviously very severe. It certainly is a significant disease.

**Senator McCARTHY:** Significant?

**Dr Martin:** Yes.

**Senator McCARTHY:** Is it causing a sense of alarm? It was in February that it was first noticed. When was the last time?

**Dr Martin:** The infection is still going. At the moment, there are 59 infected piggery premises. There has been one alpaca which died and that is very unusual. This may be the very first alpaca that had encephalitis and died. Other animals also can get infected but generally they show no clinical signs at all.

**Mr Metcalfe:** It's of great concern, obviously, to the pig industry. We're working very closely with Australian Pork and with the state and territory departments. The reason that this is significant is this is the first time that we understand it has spread to southern parts of Australia, and most likely that's because of the movement of waterbirds. Ironically, that may be because there have been such good seasonal conditions in terms of water in the environment.

It's also of concern to the horse industry because of the potential impact on horses as well. So we are very much focused on the agriculture aspects, working with the pork and horse industries. There have been a whole

range of briefings and consultations in relation to that. We have been working with the Department of Health in a one-health response for the people who work in piggeries or who live close to piggeries et cetera. There are a range of considerations, and that's exactly why we in Health are working together with the states and territories on that.

**Senator McCARTHY:** Can I go from the Japanese encephalitis virus to lumpy skin disease?

**Mr Metcalfe:** Yes.

**Senator McCARTHY:** So, \$15 million is in the financial year 2023 to manage lumpy skin disease—is that correct?

**Mr Tongue:** The government made a \$60 million commitment over four years.

**Senator McCARTHY:** How does that break down for each state and territory?

**Mr Tongue:** Only some of the money targets state and territories.

**Senator McCARTHY:** How much of the \$60 million?

**Mr Tongue:** Do you have that with you, Robyn?

**Dr Martin:** No. It's not—

**Mr Metcalfe:** We're negotiating that.

**Dr Martin:** Yes, that's not been determined yet.

**Senator McCARTHY:** Would it be all states and territories, or is it just northern Australia?

**Mr Tongue:** It's focused on northern Australia.

**Senator McCARTHY:** So we're talking about WA, NT and Queensland specifically?

**Mr Tongue:** That's right.

**Dr Martin:** Yes.

**Mr Tongue:** The Commonwealth, WA, NT and Queensland joined together to create a northern Australia biosecurity strategy. Northern Australia has 10,000 kilometres of coastline, unique natural environments and what we call the natural pathways into Australia—that is, wind, waves and so on. They tended to concentrate in northern Australia. That's where we tend to see that manifested. Lumpy skin disease at the moment is 3,000 kilometres from Australia in Riau province in Indonesia. Dr Mark Schipp, the chief vet, would have been here today but he's just on his way from Indonesia, where he spent the last week, to Singapore, which has also declared the disease.

**Senator McCARTHY:** What's the concern about the lumpy skin disease reaching Australia? What has brought that to the attention of the department?

**Mr Tongue:** Lumpy skin disease started moving out of Africa in about 2006, and it's slowly progressed up into Eurasia and towards Australia. It's fair to say we have been working with the animal industries since early last year on a number of animal diseases and their progression towards Australia, including lumpy skin. It is spread by mosquitoes, midges, stable flies, and so it can spread quite quickly. Our concern is, once it's in a province in Indonesia, in Riau and Sumatra—there is about six million cattle in Sumatra. With an Indonesian herd that might be 17 million on 120 islands, the disease can quickly spread through Indonesia to Timor and into Papua New Guinea. Because it's what we call a vector-borne disease, it could potentially—and this is modelling that we already had underway with a range of parties—come to Australia, be blown here with one of the vectors: midges, mosquitoes et cetera.

**Senator McCARTHY:** What could be the impact here? Is it the cattle industry specifically?

**Mr Tongue:** Yes, it's cattle. It would also impact water buffaloes, but there's not much of that in terms of exports—

**Senator McCARTHY:** We have a significant water buffalo population.

**Mr Tongue:** Yes. There are roughly 160,000 water buffaloes in the Northern Territory. If it was in cattle, we would have to follow the international protocol. We would declare to the OIE, the World Organisation for Animal Health, that we had lumpy skin disease. Under our export protocols, we would have to cease sending live cattle overseas.

**Senator McCARTHY:** That would have a dramatic impact on live cattle exports.

**Mr Tongue:** That's right—and also hides and milk.



**CHAIR:** It's my understanding that it would also affect our boxed beef exports to Korea and some of our prime export markets.

**Mr Tongue:** It would depend on the protocols in our export arrangements.

**CHAIR:** That was what was discussed at the Northern Territory Cattlemen's Association conference last week.

**Mr Metcalfe:** It's for that reason that we asked Mr Tongue to go up and talk to the Northern Territory Cattlemen's Association conference last week so that there was direct briefing to that industry. There have, of course, been other consultations and discussions occurring. I think we should stress that this is not an immediate danger. But it has gone from a low risk rating to a much higher risk rating, and that's why the additional resourcing is being provided.

**Senator McCARTHY:** What's the additional resourcing for the north? That's what I'm trying to understand.

**Mr Metcalfe:** There's the additional money in the budget to—

**Senator McCARTHY:** \$60 million over four years.

**Mr Metcalfe:** further strengthen the Northern Australia Biosecurity Strategy, which is already a very significant area of focus. Senator, as I'm sure you know, with the Indigenous ranger groups there's been a lot of work done with sentinel cattle and various other testing and surveillance efforts.

**Senator McCARTHY:** But would this \$60 million over the four years go to Indigenous ranger groups too?

**Mr Metcalfe:** I will get Mr Tongue to talk about the detail of that. One other initiative we've undertaken has been to appoint a deputy chief veterinary officer. We previously didn't have a deputy to Dr Schipp. She will be based in Cairns, so we'll have a very senior veterinary officer based in northern Australia. As we've been concerned about for some time, there's a range of factors which mean that the threat of introduced diseases, both animal and plant, coming through the north is simply increasing. So we absolutely want to do everything we can. But there are other initiatives being taken, including assisting Indonesia with vaccines. It is possible to vaccinate. One of the issues for the industry and the government is whether the virus is allowed to be brought into Australia so that CSIRO can commence the work they do to ensure that we have very strong surveillance capability but also, potentially, a vaccine produced here in Australia.

**Senator McCARTHY:** Where is the vaccine that you're using in Indonesia being produced?

**Dr Martin:** We've funded Indonesia, through DFAT as well, to purchase 500,000 vaccines. I can't say where they're purchasing them from. It's a live virus vaccine.

**Senator McCARTHY:** Would you be able to find out where the vaccine's coming from.

**Mr Tongue:** We'll do our best.

**Dr Martin:** We'll do our best, but there may be commercial reasons why we can't. I know it's called the neethling strain.

**Senator McCARTHY:** The vaccine is neethling strain?

**Dr Martin:** Yes. That's the strain of virus that is—

**Mr Tongue:** We're working with CSIRO and the Australian Centre for Disease Preparedness in Geelong. The strain that's heading towards us appears, over the last 16 years, to have interacted with some poorly made vaccines such that the nature of the virus heading to us is not as it started out in Africa. It's been interacting with poorly made vaccines and changing its genetic structure as it heads towards us.

**Senator McCARTHY:** Since 2006, from Africa?

**Mr Tongue:** Since 2006. We're working with Indonesia to purchase the 500,000 vaccines. Cattle are being jabbed as we speak.

**Senator McCARTHY:** How much does the 500,000 cost?

**Mr Tongue:** About \$800,000 between us.

**Senator McCARTHY:** Do you mean a shared cost with Indonesia?

**Mr Tongue:** The Department of Foreign Affairs and Trade. We're working with the Department of Foreign Affairs and Trade on this one. We'll continue to work with Indonesian authorities to support them in any vaccine rollout. It's a bit like the COVID rollout, you have to have a cold chain, and we have to work with Indonesia to deliver a cold chain in small communities on Sumatra. We'll continue to do that as long as the Indonesians want our assistance.

**Senator McCARTHY:** I just have a couple of extra questions on this one. If we're vaccinating in Indonesia, should we be vaccinating our cattle here?

**Mr Tongue:** The challenge is that typically we don't allow live vaccines in Australia. The reason for that is that it is a live variant of the virus, and, having vaccinated an animal, you can't tell whether the animal has got the real virus or has just been vaccinated. So we typically wouldn't allow that.

**Dr Martin:** And, if we started vaccinating, we would no longer have our free status. So we would no longer meet the World Organisation for Animal Health free status.

**Senator McCARTHY:** But it's quite possible we may need to have a vaccine if it does come here. Is that correct?

**Dr Martin:** That's right. So we need to be prepared if it does.

**Mr Tongue:** I would note, Senator, that the calculus around a live vaccine changes if we get the disease. So, if it gets here, we lose nothing by vaccinating. Ideally, we would be able to develop a vaccine that met Australian standards, and then we could run a program to vaccinate cattle, as has been done across northern Australia before.

**Senator McCARTHY:** I have one last question on the lumpy skin disease. I could stay on it for a while, but I better move on. What risk analysis has the department done should it come to our country?

**Mr Tongue:** As I mentioned earlier, we'd already done work late the year before last and early last year on five major animal diseases heading towards Australia.

**Senator McCARTHY:** In 2020?

**Mr Tongue:** Yes. At that stage we had estimated—and we talked openly to industry about this—that we thought there was a 42 per cent chance of getting one of five animal diseases inside five years, and lumpy skin was one of those diseases. That calculation is being redone now that lumpy skin has emerged in Indonesia. Dr Martin had been working with university partners and others on modelling the possible arrival of lumpy skin disease. All we're doing is accelerating that work. So a lot of work had already commenced.

**Senator McCARTHY:** Was a cost put to those five animal diseases?

**Mr Tongue:** Each disease has its own profile. Typically, we look at foot-and-mouth disease costing in the order of \$50 billion—that's a slightly dated number now—down to African swine fever, which might cost us between \$3 billion and \$4 billion. Lumpy skin—in fact, we're working with ABARES inside the department to update some older numbers that have been worked through on some of these animal diseases, just to reflect the current structure of the Australian cattle industry.

**Senator McCARTHY:** So what's the estimate for lumpy skin? You just gave me the two estimates for foot-and-mouth disease and African swine fever. So you're saying between those two?

**Dr Martin:** Yes. We don't have a dollar value as such. That's the work that ABARES is doing.

**Senator McCARTHY:** When will they have that completed?

**Dr Martin:** Hopefully, by the middle of the year.

**Mr Metcalfe:** It certainly would be devastating, Senator, as you well know, were it to impact the northern cattle herd particularly. There's not only a huge economic loss; we also understand the pain and suffering of the animals and the heartache to the owners and the families and others should they be required to be put down. We saw those awful scenes in the UK when they had their foot and mouth disease. I can assure you, as Director of Biosecurity, that we are absolutely focused on this issue. The challenge that this type of disease brings, though, is that not only are there pathways through the movement of people and goods; there is this natural pathway, given that it is spread by biting insects that literally could get blown into Australia. That's why we are working in Indonesia and Singapore. That's exactly why the chief vet of Australia is there at the moment. That's why the additional funding is very important, and that additional funding builds on the fact that we spend a bit under \$20 million a year already on northern Australian quarantine aspects. That's why we are partnering very closely with the governments across northern Australia, in the Territory and Queensland and WA in particular, and we are bringing the best minds in Australia to working at it. So CSIRO, the Centre of Excellence for Biosecurity Risk Analysis and the universities are all working with us on this.

**Senator McCARTHY:** I'd like to now go to your biosecurity robots and Spot, the robotic dog.

**Mr Tongue:** Yes.

**CHAIR:** Is that—sorry; I just saw something behind you!

**Senator McCARTHY:** Is that Spot?

**Mr Tongue:** He's a bit of a stuffed shirt!

**Mr Metcalfe:** There was so much interest from the committee when we were here last time with our African snail that this time we did bring along a replica of one of our living detector dogs, but it's only a stuffed toy. I might give it away as a prize to whoever asks the best question here tonight!

**Senator McCARTHY:** Me! Me!

**Mr Metcalfe:** I think the minister is actually winning!

**Senator McCARTHY:** Can the department confirm when Spot will become operational?

**Mr Tongue:** We're currently trialling Spot. Spot is a dog developed by a company in the US called Boston Dynamics. We don't actually own it. We have borrowed it to test it in different environments. The reason we are interested in Spot and other robots is that we won't put our dogs where we won't put people. There are a number of industrial environments at ports, around mining equipment, in cold stores—a whole range of areas—where we really want to protect our people and protect our live dogs, but we are exploring Spot, because Spot can carry a quite heavy instrument pack of about 14 kilos and Spot's battery life is also pretty good. So we can strap to Spot a range of technology that we're trialling—sniffers and things like that that can sniff pheromones from insects and so on. So we're just trialling whether Spot can work for us in and around shipping containers, for example.

**Senator McCARTHY:** Why was Darwin chosen as a trial site?

**Mr Tongue:** Because of the heat. Northern Australia is a unique operating environment and poses a number of challenges. There's the heat and humidity. We wanted to see how Spot performed in that environment, and we were able to get him up to Darwin, so we gave him a little run round in Darwin.

**Senator McCARTHY:** How have you found that?

**Mr Tongue:** Pretty good. The battery life is a bit lower in the heat.

**Senator McCARTHY:** Tell us about the battery life—from what to what?

**Mr Tongue:** I'd have to talk to the technical team, but I want to say: from several hours down to just a couple of hours. Potentially, we could use Spot in a range of environments, but we have to test from, effectively, the cold of Hobart to the heat and humidity of Darwin, and from iron ore ports in Western Australia through to container ports in Melbourne and Sydney.

**Senator McCARTHY:** Where in Darwin are you using Spot?

**Mr Tongue:** We just had him up there briefly to do those hot weather tests, but we are going to do further tests with Spot.

**Senator McCARTHY:** But anywhere in particular in Darwin?

**Mr Tongue:** That's still to be decided.

**Senator McCARTHY:** A recent media release stated that there were five biosecurity robots that were going to be trialled. How much funding has gone to each of those five units?

**Mr Tongue:** I'd have to take that on notice. Where we can borrow or test at the expense of the company that's providing it, we do that. We're trialling some little robots called Hades, which are about 400 to 500 millimetres long and about 300 millimetres wide. They were developed by a New Zealand company, and our colleagues in New Zealand have been trialling them too.

**Senator McCARTHY:** What's it called?

**Mr Tongue:** Hades. They're useful because they're low and we can get them under cars. You'd be aware that, in the past, we've been taking a bit of bad press for stopping imports of cars because they were full of brown marmorated stink bugs. With cars and mining equipment, we're just trialling Hades to see whether we can get in underneath. He's got a very powerful camera, and we want to explore whether we can add some elements such as infrared and other spectra to the camera so that we can sort out whether Hades is useful to us.

**Senator McCARTHY:** How many of those have you got?

**Mr Hunter:** Five.

**Senator McCARTHY:** You've got five Spot-the-dog types?

**Mr Tongue:** No; we've got five Hades. I'll ask Mr Hunter to give you a bit more information.

**Mr Hunter:** The budget for the five Hades is \$64,000.

**Senator McCARTHY:** It's \$64,000 for all five of them, not each?

**Mr Hunter:** Yes.

**Senator McCARTHY:** Okay. Going back to Spot the robotic dog, how much is it for that trial?

**Mr Hunter:** The budget for Spot the robot monitoring and interaction inspection services is \$30,760. That project is to trial the inspection robot, which can be fitted with different technologies as Mr Tongue said.

**Senator McCARTHY:** That's for Spot the robotic dog, plus there's \$64,000 for the five Hades?

**Mr Hunter:** Yes. I think it's also important to note that Spot and Hades are part of a broader series of innovation and R&D activities that we've got going right across the department in relation to what we call emerging technology inspection or detection capabilities. That goes from X-ray machines to algorithm development to a whole range of things that we're doing in the department to make sure we can have a contemporary biosecurity service.

**Senator McCARTHY:** But the five or six that we have at the moment are not from Australia? We're just trialling and using them?

**Mr Hunter:** They're in R&D. Absolutely.

**Senator McCARTHY:** That's with the intent of creating our own here in Australia?

**Mr Hunter:** We'll have to wait and see how the trial goes.

**Senator McCARTHY:** What's the time frame for that trial?

**Mr Hunter:** I'll have to take that on notice. It's as long as R&D takes and as long as technology is able to be scaled and adapted. I really need to be informed by the technical experts.

**Mr Tongue:** I would note that our algorithm on 3D X-ray machines is designed and built in Australia. It's a world first. It's using intellectual capital from here. It's got the potential to be used all over the world because it can use 3D X-ray, which is typically used in aviation security to find the parts of a bomb. The new algorithm that we've developed here in Australia finds organics. For those of us who are biosecurity nerds, that's pretty sexy stuff. That's now in use in mail centres, and we've had it in airports. That's local.

**Mr Hunter:** We're actually deploying algorithms in the next couple of months for certain commodities. There's at least \$5 million in R&D going into algorithm development. This is big tech for us. This is game-changing technology.

**Senator McCARTHY:** I'll certainly be keen to follow up on how those trials are going.

I might take you to another area to do with biosecurity. We have talked about robotic security. Can I just ask about the four detector dogs that are due to start their work as part of biosecurity.

**Mr Tongue:** Currently, we have around 42 detector dogs. Additional detected dogs were contemplated in that northern Australia model that we talked about.

**Senator McCARTHY:** Yes. Was that an additional four on top of the 42?

**Mr Tongue:** Yes.

**Senator McCARTHY:** Where are they going?

**Mr Tongue:** We will work with states and territories on that. We can move dogs and their handlers on a seasonal or on a demand basis. For example, during COVID, when there were virtually no passengers, we moved dogs from airports to mail centres. As passengers pick up, we will move some dogs around. Looking at additional dogs in northern Australia, we can train dogs to sniff out all sorts of things, including brown marmorated stink bugs. We were involved in some trials of dogs sniffing for COVID.

**Senator McCARTHY:** How did that go?

**Mr Tongue:** It was with the Border Force and the University of Adelaide. It went quite well.

**Senator McCARTHY:** It was successful?

**Mr Tongue:** Yes. They were sniffing perspiration and they were able to show that the dogs were able to detect COVID. So, had COVID gone in a particular direction, we might now have dogs being used in that way.

**Senator McCARTHY:** With regard to the four dogs, how much has been allocated to each of the four new dogs?

**Mr Tongue:** I would have to ask Mr Hunter.

**Mr Hunter:** I would have to take that on notice. Given that it's a new policy proposal, I'll just need to go back and check that. We need to know what these dogs are going to be deployed to do. So we need to know how they are going to be bred. Are they going to be the same animal that we use now at mail centres, airports and the like?

So there is still a little bit of work to be done on that before we bring the animals in, identify them and then train them up and do all of the things that we need to do before we deploy them.

**Senator McCARTHY:** Okay. You can take that on notice, then, Mr Hunter. I would like a breakdown of the funding allocated to train and care for the dogs and to the biosecurity officers as well.

**Mr Hunter:** I would assume it will be something similar to or in the order or magnitude of our existing dog fleet, but I want to take it on notice to be certain.

**Senator McCARTHY:** Okay. Where will these dogs be based?

**Mr Hunter:** We haven't made that decision.

**Mr Tongue:** We work with states and territories. Sometimes in northern Australia we have shared dogs. Sometimes, we share one of our dogs. Sometimes, we share a dog with a state or territory. It will depend. As we learn more about the possible potential spread of lumpy skin disease, as we get right down into the detail of potential informal pathways—we have got a good handle on informal pathways into northern Australia—we will make some judgement about how we deploy the dogs. You have a the wet/dry problem in the north. Sometimes you don't want to have a dog that's underemployed because they lose their edge. So we may well end up making judgements to move them around. For example, sometimes we move a dog into the Torres Strait.

**Senator McCARTHY:** I was just going to ask you: do Indigenous rangers factor into any of those training sessions with the animals? Not just these are four.

**Mr Hunter:** No.

**Mr Tongue:** They haven't to date, but we are spending a fair bit on training Indigenous ranger groups. I will go back to Mr Metcalfe's comment. Because of the tenure types across the north, if we are going to lift up our surveillance capacity from what we are doing at the moment, we need to work with the state and territory governments, the cattle industry and Indigenous rangers. We already do those things, but we are going to increase that effort substantially.

**Senator McCARTHY:** On the \$61.6 million in the budget, how much is allocated to Indigenous personnel?

**Mr Tongue:** I will have to take that on notice. I do not have that in front of me, but we did make a notional allocation.

**Senator McCARTHY:** Indigenous biosecurity officers?

**Mr Tongue:** Yes.

**Senator McCARTHY:** When will the additional Indigenous biosecurity officers start their work as part of this funding?

**Mr Tongue:** We have already started a conversation with the three affected jurisdictions.

**Senator McCARTHY:** Is that with regard to northern Australia?

**Mr Tongue:** Yes. And it will of course articulate with the measure announced for an additional 1,000 Indigenous rangers. We, like a number of departments, love to work with Indigenous rangers. We think we are offering some of the most important work, because we are about protecting country. So we will be working with NIAA and states and territories, and those conversations are already underway.

**Senator McCARTHY:** Okay. Thank you, Chair.

**CHAIR:** Thanks, Senator McCarthy. I think that is going to bring us to the end. I have been racking my brains for the next question, and—

**Senator MIRABELLA:** I have a couple of questions.

**CHAIR:** I am so sorry, Senator Mirabella. I won't tell you my question then. You go first.

**Senator MIRABELLA:** I've a couple of quick ones. Back to lumpy skin: from the research I have done, I am not finding any reference to any knowledge on climatic spread. Do we know anything about cold climes or wet climes?

**Mr Tongue:** I'd simply make the point that it has managed to migrate from southern Africa all the way up and around to northern Australia and along the way would have been subjected to a range of climatic variations.

**Senator MIRABELLA:** Obviously, I am curious as to whether, if it did come here, it could spread a long way south. And, if it does come here, do we have a quarantine plan if detected?

**Mr Tongue:** If detected, because of the international protocols that apply to the export of cattle and cattle products from Australia, we would notify the World Organization for Animal Health and we would have to stop live animal exports, stop the export of hides and stop any milk exports. Because it's a vectorborne disease and it's

a mechanical vector—that is, something bites one animal that then bites another—we will face some choices. If we had access to a vaccine, vaccinate and—

**Senator MIRABELLA:** You are laying out the scale of the problem, but do we have a plan?

**Mr Metcalfe:** We might ask Dr Martin to talk about the AUSVETPLAN. That is effectively owned by Animal Health Australia, which is a company that is jointly owned by the Commonwealth and the states and territories. The AUSVETPLAN provides an umbrella for the emergency animal responses to a variety of diseases, including Japanese encephalitis. Lumpy skin disease is one of those, from the rest of my recollection.

**Dr Martin:** Yes, with states and territories and industry, and it is managed through Animal Health Australia, which is a not-for-profit company that's owned by industry and states and territories and the Commonwealth. There is a series of response manuals, which are called AUSVETPLAN for specific diseases, and also various industry manuals. They guide how we would respond to a disease. There is one for Japanese encephalitis, as the secretary said. There's one for lumpy skin disease. That is currently being revised. In fact, it is at the stage where it is with industry, states and territories to finalise the next version.

Just on the preparedness, because obviously that is when you get the disease, and how we will manage it or guide how we manage it, we are also developing, as part of our preparedness, a national action plan. So they are all the sorts of things that we want to do to be as well prepared as we can. We will be working that up with states and territories and industry as well.

**Mr Tongue:** We were funded in the budget last year to develop a national exercise, and we've got an extensive plan that builds towards a national exercise. We have already started the process of discussion exercises that lead us to the national exercise, and we will be using that program of discussions on smaller exercises and big exercises to zero in on, amongst other things, lumpy skin disease as part of this preparedness effort.

**Senator MIRABELLA:** Just quickly on robot dogs: have they been benchmarked against actual dogs on a range of targets?

**Mr Tongue:** We're simply in the early stages of trialling. We don't see robot dogs as a replacement for our live dogs. We see them as a complement to them, because, for some environments, if we won't send people then we won't send dogs. But the robot dog offers us an option in some of those very industrial environments in which we work that might get us a better outcome than where we are at the moment. But they're a complement; they're not a replacement.

**Senator MIRABELLA:** Your actual dog—you call it a fleet; I'm not sure I'm comfortable with that word!

**Mr Tongue:** 'Pack' maybe!

**Senator MIRABELLA:** Are you using the Australian Border Force kennels down in Melbourne? Is that where you're getting your dogs from?

**Mr Tongue:** We worked very closely with Border Force. Colin, do you want to talk to that?

**Mr Hunter:** We used the Border Force breeding program for the supply of dogs. I'm not necessarily sure that that's confined to just Melbourne. But we used the Border Force breeding program.

**Senator MIRABELLA:** My final question: I've been to the Border Force breeding facility down in Melbourne. They only use labradors. They only have black ones and white ones down there. Can you explain to me why they're not using chocolate labs?

**Mr Hunter:** I can't explain the colours—and I'm not sure whether that was a question in jest!

**Mr Metcalfe:** I'll make a point of finding out!

**Senator MIRABELLA:** Thank you.

**Mr Tongue:** I think they're a little less robust than some of the others!

**CHAIR:** You're going to have every chocolate labrador owner in the country contacting you!

**Mr Metcalfe:** That may be the question of the night!

**CHAIR:** Mr Tongue, I have to congratulate you, because I went to the agricultural breakfast on Wednesday morning and it was promised that the agriculture minister was going to 'make biosecurity sexy'—which he failed to do, but you have managed to do it tonight, with your drones! So, that's terrific.

And Mr Metcalfe, I landed in Darwin last week, and I met the biosecurity dog there. I was just going to ask you what its name is. Is it Suki?

**Mr Metcalfe:** I'll have to check.

**Mr Hunter:** Senator, I think you'll find that the biosecurity dog in Darwin is a product of the Northern Territory government, as opposed to the Commonwealth government. So, unfortunately I can't provide you with a name.

**CHAIR:** I was just delving to see how deep your content knowledge was!

**Mr Metcalfe:** It was a good attempt at question of the night, Chair!

**CHAIR:** Thank you. That concludes today's proceedings. The committee is due to recommence its examination of the budget estimates on Monday 4 April 2022. I thank Ministers McKenzie and Duniam, officers of the Department of Infrastructure, Transport, Regional Development and Communications and of the Department of Agriculture, Water and the Environment as well as all witnesses who have given evidence to the committee today. Thank you also to Hansard, broadcasting and the secretariat. Good night.

**Committee adjourned at 21:13**