



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS  
AND TRANSPORT

ESTIMATES

**(Budget Estimates)**

MONDAY, 21 MAY 2007

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE STANDING COMMITTEE ON  
RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
Monday, 21 May 2007**

**Members:** Senator Heffernan (*Chair*), Senator Siewert (*Deputy Chair*), Senators Adams, McEwen, McGauran, Nash, O'Brien, and Sterle

**Participating members:** Senators Adams, Allison, Barnett, Bartlett, Bernardi, Boswell, Bob Brown, Carol Brown, George Campbell, Carr, Chapman, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Fielding, Hogg, Hutchins, Joyce, Kemp, Lightfoot, Ludwig, Lundy, Ian Macdonald, Sandy Macdonald, McGauran, McLucas, Milne, Nash, Nettle, Payne, Parry, Polley, Robert Ray, Stephens, Sterle, Trood, Watson and Webber

**Senators in attendance:** Senators Adams, Allison, George Campbell, Fielding, Heffernan, Hogg, Ian Macdonald, McEwen, McGauran, McLucas, Nash, O'Brien, and Sterle

**Committee met at 9 am**

**TRANSPORT AND REGIONAL SERVICES PORTFOLIO**

**In Attendance**

Senator Johnston, Minister for Justice and Customs

**Department of Transport and Regional Services**

**Departmental executive**

Mr Mike Taylor, Secretary  
Mr Mike Mrdak, Deputy Secretary  
Ms Susan Page, Deputy Secretary  
Mr Andrew Tongue, Deputy Secretary

**Corporate Services**

Mr Jeremy Chandler, Chief Operating Officer  
Mr Simon Ash, Chief Financial Officer  
Ms Sharon Field, General Manager, People and Planning  
Mr David Banham, Chief Information Officer

**Portfolio strategic policy and projects**

Mr Phil Potterton, Executive Director, Bureau of Transport and Regional Economics  
Dr Andy Turner, General Manager, Regional Research and Transport Statistics  
Mr Roger Fisher, Executive Director, Strategic Projects  
Mr David Mitchell, Acting General Manager, Transport Research

**AusLink**

Ms Leslie Riggs, Executive Director, AusLink  
Mr John Elliott, General Manager, AusLink Policy and Queensland/Northern Territory Branch  
Mr Robert Hogan, General Manager, AusLink Road Investment Coordination Branch  
Ms Joan Armitage, General Manager, Victoria/Tasmania and Strategic Projects Branch  
Mr Jim Wolfe, General Manager, AusLink Rail Investment

Mr Simon Atkinson, General Manager, AusLink South Australia/Western Australia and Local Roads Branch

**Maritime and Land Transport**

Mr Andrew Wilson, Executive Director, Maritime and Land Transport

Mr Peter Robertson, General Manager, Vehicle Safety Standards

Mr Michael Sutton, General Manager, Maritime

Mr Stewart Jones, General Manager, Transport Integration and Reform

**Australian Transport Safety Bureau**

Mr Kym Bills, Executive Director, Australian Transport Safety Bureau

Mr Joe Motha, General Manager, Road Safety

Mr Alan Stray, Deputy Director, Information and Investigations

Mr Julian Walsh, Deputy Director, Aviation Safety Investigation

Mr Peter Foley, Deputy Director, Surface Safety Investigation

Ms Kerryn Macaulay, Deputy Director, Technical and Projects

**Australian Maritime Safety Authority**

Mr Graham Peachey, Chief Executive Officer

Mr David Baird, General Manager, Emergency Response

Mrs Dianne Rimington, General Manager, Corporate

Mr Mick Kinley, General Manager, Maritime Operations

**Aviation and airports**

Mr John Doherty, Executive Director, Aviation and Airports

Mr Mike Ford, General Manager, Aviation Regulation

Mr Neil Williams, General Manager, Airports

Mr Stephen Borthwick, General Manager, Aviation Markets

Mr Stuart Sargent, General Manager, Office of Airspace Management

Ms Sue McIntosh, General Manager, Aviation Services

**Civil Aviation Safety Authority**

Mr Bruce Byron, Chief Executive Officer

Mr Shane Carmody, Deputy Chief Executive Officer, Strategy and Support

Mr Christopher Farrelly, Chief Information Officer

Mr Greg Vaughan, Group General Manager, General Aviation Operations Group

Mr Peter Boyd, Head of the Planning and Governance Office

Mr Patrick Murray, Group General Manager, Air Transport Operations Group

Mr Richard Farmer, Acting Group General Manager, Personnel Licensing, Education and Training Group

Dr Jonathan Aleck, General Manager, Legal Services Group

Ms Betty Edwards, Chief Financial Officer

Mr Jim Coyne, Acting Head of Manufacturing, Certification and New Technologies Office

Mr Gary Harbor, Head of Human Resources

Ms Julie Fox, Manager, Corporate Relations

**Airservices Australia**

Mr Jason Harfield, General Manager, Safety Management

Mr Ken McLean, General Manager, Air Traffic Control

Mr Richard Dudley, General Manager, Corporate Affairs

**Inspector of Transport Security**

Mr Mick Palmer, Inspector of Transport Security

Mr Peter Pearsall, Director, Office of the Inspector of Transport Security

**Office of Transport Security**

Mr Paul Retter, Executive Director, Office of Transport Security

Mr Darren Crombie, General Manager, Aviation Security Operations Branch

Ms Patricia Georgee, Acting General Manager, Analysis and Operational Support Branch

Mr John Kilner, General Manager, Maritime and Surface Security Branch

Ms Cheryl Johnson, General Manager, Supply Chain and Identity Security Branch

Ms Jennifer Morris, Acting General Manager, Aviation Security Policy and Legislation Branch

Ms Rhyan Bloor, General Manager, Governance and Operations Branch

**Regional Services**

Ms Carolyn McNally, Executive Director, Regional Services

Dr Gary Dolman, General Manager, Regional Partnerships Branch

Ms Karen Gosling, General Manager, Sustainable Regions and Networks Branch

Mr Marcus James, General Manager, Regional Policy Branch

**Territories and Local Government**

Mr John Angley, Executive Director, Territories and Local Government

Mr Barry O'Neill, Acting General Manager, Local Government and Natural Disasters

Ms Anna Clendinning, General Manager, Territories East

Mr Julian Yates, General Manager, Territories West

**National Capital Authority**

Ms Annabelle Pegrum, Chief Executive

Mr Lindsay Evans, Managing Director, Business

Mr Todd Rohl, Managing Director, Planning and Urban Design

Ms Alison Walker-Kaye, Managing Director, Corporate

Mr Geoff Britt, Chief Finance Officer

Mr Andrew Smith, Director, Projects

Mr Peter Byron, Executive Manager, Events and Outreach

Mr John Fletcher, Director, Estate

Mr John Thistleton, Executive Manager, Media Relations

**CHAIR (Senator Heffernan)**—I declare open this public hearing of the Senate Standing Committee on Rural and Regional Affairs and Transport. On Wednesday, 9 May 2007, the Senate referred to the committee for examination the particulars of proposed expenditure for 2007-08 and certain other documents for the Transport and Regional Services portfolio. The committee will now further examine the particulars of the proposed expenditure through the budget estimates hearings. The committee may also examine the annual reports of the departments and agencies appearing before it, as agreed. I propose to call on the estimates according to the format adopted in the printed program, even though it does not suit me. The committee is due to report to the Senate on 19 June 2007 and has fixed 12 July 2007 as the date for the return of answers taken on notice.

Under standing order 26, the committee must take all evidence in public session. The Senate by resolution endorses the following test of relevance of questions at estimates

hearings: any questions going to the operations or financial positions of the department or agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. The Senate has resolved that an officer of a department of the Commonwealth or a state shall not be asked to give an opinion 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 policy or factual questions about when and how policies were adopted.

If a witness objects to answering a question, the witness should state the grounds upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and shall be accompanied by a statement setting out the basis for the claim.

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.

I welcome the Hon. David Johnston, the Minister for Justice and Customs, representing the Minister for Transport and Regional Services; Mr Mike Taylor, the Secretary of the Department of Transport and Regional Services; and all his good folk. Minister or Mr Taylor, would you like to make an opening statement?

**Mr Taylor**—Thank you, Chair; thank you, senators. With your agreement I would like to make a few brief comments to open this Senate estimates hearing, and I think they might help set the scene and provide some context around the portfolio. Importantly, the 2007-08 budget provides the portfolio with additional funding that will improve the lives of all Australians. Significantly, I would like to highlight some of the major programs the department will be administering.

Under AusLink 2 the Australian government will invest a further \$22.3 billion in major land transport infrastructure from 2009-10. This will provide certainty to state and territory governments and follows on from AusLink 1. It is certainly indicative of a major commitment to the future of road and rail improvement.

As well, the government has announced in the budget an additional \$250 million that will be provided under the AusLink Strategic Regional Program in 2006-07 to local councils to meet a large unmet demand for regional transport infrastructure projects. South Australian local councils will continue to benefit from \$57 million over four years for local roads, recognising the relative disadvantage of the current distribution arrangements applying to South Australia.

The 2007-08 budget also provides around \$350 million in a range of measures across the Transport and Regional Services portfolio aimed at improving safety, security and other opportunities for Australians. In particular, \$57.1 million will be used to improve Australia's security measures with respect to international and domestic aircraft and aviation. In addition, \$74.2 million will continue assistance to the national aerial fire fighting and bushfire



mitigation programs and for co-contribution to the upgrade of the Launceston levy system. As well, \$46 million will be provided to support regional aviation at airports and \$71.8 million for the National Capital Authority to implement part of the Griffin Legacy planning initiatives, including the redevelopment of the Kings Avenue Parkway roundabout and also Constitution Avenue. As well, \$21.7 million will be provided to CASA for drug and alcohol testing of aviation industry employees and for air transport safety risk mitigation through the establishment of a comprehensive aviation safety oversight model.

In addition, \$36 million will be provided for infrastructure and safety improvements on the Indian Ocean territories, including the construction of a freight and passenger facility on the Cocos (Keeling) Islands and asbestos removal on Christmas Island. Some \$23.9 million has been provided to assist the government of the Republic of Indonesia with transport safety improvements and \$4.5 million will be used to improve the representation of women on decision-making bodies in regional Australia.

In addition to the planning for these new initiatives arising from the 2007-08 budget, the department continues to work on a wide range of important issues, some of which I will highlight briefly now. In particular, the department continues its regional services work, including of course its work as lead agency for the East Kimberley COAG trial. Work is currently underway in partnership with the Department of Families, Community Services and Indigenous Affairs to roll out a community leadership development course for people in these communities, in addition to a wide range of other initiatives. In the Indian Ocean territories the department, in addition to the significant new budget spend, will also continue its annual allocation of over \$70 million for infrastructure renewal and services for these territories. In relation to Norfolk Island, our focus will be on working with the new Norfolk Island government to assist the implementation of its commitment to improve financial stability and governance, and capitalising on the recent promising increase in the number of tourists visiting Norfolk Island.

The Australian Transport Safety Bureau has released its final report on the tragic 15-fatality accident near Lockhart River. An inquest by the Queensland State Coroner is scheduled to commence in the coming months. The coroner has also commenced the inquest into the *Malu Sara* tragedy in the Torres Strait, for which the ATSB's marine investigation report is a central document.

In respect of the Office of Transport Security, there have been some major developments. On 31 March 2007, OTS oversaw the introduction of new aviation security measures restricting the quantity of liquids, aerosols and gels that can be carried on board aircraft flying to and from Australia. This major initiative was achieved with minimal disruption to the travelling public and is consistent with international arrangements. The success of the introduction was the culmination of months of hard work by a range of DOTARS staff along with airlines, airports, foreign governments, regulators, duty-free retailers and travel agents.

In March the OTS also completed a significant task of assessing over 900 transport security programs covering major airports, airlines and regulated air cargo agents. Detailed guidance for industry was an important feature of that process. Following the recent budget announcements, the Office of Transport Security will also be responsible for implementing a range of additional initiatives including the extension of checked bag screening to an

additional 26 Australian airports and further improvements to existing air cargo security regimes.

The aviation and airports division has handled a number of major legislative initiatives in recent times and also organised the fifth APEC transportation ministerial meeting held in Adelaide at the end of March. Some 21 APEC economies were represented and there were some 250 delegates. The major themes were transport safety, transport security and the transport sector's contribution to the liberalisation and facilitation of trade.

Legislation to transfer airspace regulatory functions from Airservices Australia to the Civil Aviation Safety Authority has been enacted and the airspace regulation will come into force as of 1 July 2007. Importantly, the government has also recently released its response to the Productivity Commission's inquiry into airport pricing, which sets a framework for aeronautical pricing and investment on our leased federal airports.

Finally, in respect of AusLink, some 24 corridor studies have been undertaken in conjunction with states and territories under the COAG framework. Further, to continue this government's support of local government efforts to maintain a very large road network there has been a major extension to the Roads to Recovery program from now until June 2014, as well as additional funding for the Strategic Regional Program both this year and in forward years, and continued support for the effective Black Spot Program.

In closing, I am also pleased to note that the department has been recognised in terms of its reporting in receiving the gold award from the Institute of Public Affairs and Administration for its annual report, which was an important issue about encouraging clear, open, frank and informative reporting. I hope these opening comments have provided some context for the range and diversity of activities being undertaken by the department and the portfolio, and my colleagues and I look forward to working with the Senate and taking your questions. Thank you.

**CHAIR**—Thank you. Before we go to questions I remind the committee and those involved in this estimates process of the contribution that has been made over the years by the late Jeannie Ferris. She will be sadly missed here today not only for her insight into this process but also for keeping me under control. It is just regrettable that we do not have Jeannie here with us today.

**Senator O'BRIEN**—On behalf of the opposition I endorse those remarks. I think everyone who has had anything to do with Jeannie in this or other processes through the Senate will know what a great job she did. It is up to us to try to continue the tradition. Mr Taylor, could we have a copy of your prepared notes, please?

**Mr Taylor**—Certainly.

**Senator O'BRIEN**—How long are you planning to be here this morning?

**Mr Taylor**—About an hour.

**Senator O'BRIEN**—I do not want to disappoint you but can you be here longer than that?

**Mr Taylor**—I can.

**Senator O'BRIEN**—Thank you. I have some questions of a general nature that, hopefully, Mr Chandler will be able to help us with. Going to page 14 of the 2006-07 PBS, is it expected that the resources outlined in that table will all be spent in this financial year?

**Mr Ash**—Just to confirm, that is table 2.1, 'Appropriations and other revenue 2006-07'?

**Senator O'BRIEN**—Yes.

**Mr Ash**—As you would be aware, there is an additional appropriation occurring through that small one, which would mean that the resourcing as shown in that table will be higher this financial year.

**Senator O'BRIEN**—Under outcome 1 there is an additional \$250 million—

**Mr Ash**—Yes.

**Senator O'BRIEN**—which will bring—

**Mr Ash**—That total to \$2.674 et cetera million, and we have additional estimates as well.

**Senator O'BRIEN**—What total figure would we now see if table 2.1 in the 2006-07 PBS were updated?

**Mr Ash**—I might come back to you shortly with that, Senator. We will get someone to pull those numbers together for the various bills. We are running bills Nos 1, 2, 3, 4 and 6. It will be slightly more than is shown in that budget document from last year's budget. I will have to get someone to—

**Senator O'BRIEN**—Yes, I understand. I am trying to pull together—

**Mr Ash**—I cannot do it on-the-fly with these tables in front of me, Senator. I will get someone to pull those numbers together for you.

**Senator O'BRIEN**—What about outcome 2—\$2.154 billion?

**Mr Ash**—There was additional funding provided. I will get one of my staff to pull together a table that brings all of that, including all the appropriation bills for this financial year.

**Senator O'BRIEN**—So we can have an updated table today—

**Mr Ash**—Yes.

**Senator O'BRIEN**—updating table 2.1 from page 14 of the 2006-07 PBS?

**Mr Ash**—Which would show the total appropriations for the 2006-07 budget, the additional estimates for the 2006-07 year, as well as the portfolio additional estimates statement. It will be just for the Department of Transport and Regional Services.

**Senator O'BRIEN**—Okay. What you are saying is that you cannot tell me about the agencies; is that what you are saying?

**Mr Ash**—The agencies would have their own information. I can ask them to see if they can have those prepared when they appear before the committee.

**Senator O'BRIEN**—Are the agency amounts contained in this table?

**Mr Ash**—This particular table relates just to the department.

**Senator O'BRIEN**—Okay; that is what I thought. And that will break down administered and departmental expenses in the same way?

**Mr Ash**—We can break it down in the same way as per the table.

**Senator O'BRIEN**—Are you able to say, in expectation of that document, whether all of those funds will be expended in this financial year?

**Mr Ash**—With outcome 1, given that we have had an additional appropriation through bill No. 6, that will be all at this point in time; our anticipation is that it will all be expended this financial year. That may not be so with outcome 2, as we will be anticipating some underspends, which have already been subject to movement of funds. So the appropriation has occurred, and there is now an expectation that the expenditure will be slightly less.

**Senator O'BRIEN**—How slight?

**Mr Ash**—I can clarify this later, but we would anticipate at this point in time that outcome 2 will come in at about 39-40 below.

**Senator O'BRIEN**—That's millions?

**Mr Ash**—Millions, out of \$2.1 billion.

**Senator O'BRIEN**—Is there any particular area in which the underspend is identifiable?

**Mr Chandler**—I think we will come back to you just with the updated table 2.1 to give you those details today.

**Senator O'BRIEN**—That table will set out where the underspend occurred, will it?

**Mr Chandler**—In addition to providing the updated 2.1, at that same time we will provide you with advice about where those underspends are most likely to be occurring.

**Mr Ash**—I would look at just the major ones that are in the millions of dollars. There will be a few of just a few thousand dollars.

**Senator O'BRIEN**—Is there likely to be an underspend in the agencies' expenditure profiles?

**Mr Ash**—I would prefer to leave that for the relevant agencies to answer, but I will ask them to make sure that they have those data available when they appear later in the day.

**Senator O'BRIEN**—How does the accountability of the agencies to the department work? Do they need to keep the department updated on how their budgetary processes are proceeding, particularly in the context of these estimates?

**Mr Ash**—Under the current arrangements in the financial management framework, all the material agencies are accountable to the minister, not necessarily to the department. The department itself may, however, oversee and understand at a high level what some of their financials are dealing with, but the actual accountability is through their respective chief executives.

**Senator O'BRIEN**—Do you know if there have been any changes to the assets and liabilities, capital injections and the like?

**Mr Ash**—Again, we will pick that up when we do the table for you.

**Senator O'BRIEN**—Administered assets and liabilities from 2006-07 appear to decline rather dramatically in 2007-08. What has happened to the \$95 million between the 2006-07 and 2007-08 figures? It has gone from \$101 million to \$6 million, if I am reading the document correctly.

**Mr Ash**—It was mainly NDRA loans in 2006-07 that were associated with the aftermath of Cyclone Larry. The National Disaster Relief Arrangements have a loan component, and there was a—

**Senator O'BRIEN**—A loan to the department?

**Mr Ash**—No; to recipients.

**Senator O'BRIEN**—Does that mean there is no provision to do that in the coming financial year, subject to a further allocation?

**Mr Ash**—At this stage, if that is required then it will be appropriated later in the year. There is a default amount of around \$5 million and so, if there is a large natural disaster, it is addressed at that time.

**Senator O'BRIEN**—So it was unusual for the department to start with \$100 million available in that pool?

**Mr Ash**—It was not normal, no. It would not occur in a normal financial year.

**Senator O'BRIEN**—Do you know why it occurred in that financial year?

**Mr Ash**—Because Cyclone Larry occurred in that financial year. It was associated with the cyclone.

**Senator O'BRIEN**—It was associated with Cyclone Larry. It had been transferred to the department against a known liability.

**Mr Ash**—It was appropriated by the department to address a liability that had been estimated at that time.

**Senator O'BRIEN**—Can you tell us what the total departmental resource under all outcomes was for the financial year 2006-07? How much has been allocated to it?

**Mr Ash**—It will be part of the table. The revenues from government are \$211.8 million, which is slightly down on what was appropriated through the additional estimates process.

**Senator O'BRIEN**—So there is an underspend, is there?

**Mr Ash**—No, Senator.

**Senator O'BRIEN**—Or there has been a change in the allocation?

**Mr Ash**—There was a lapsing of an amount of around \$3.6 million associated with the transfer of the Jervis Bay territory and Norfolk Island activities, which was taken off the department's revenues from government.

**Senator O'BRIEN**—That has gone back to Treasury, has it?

**Mr Ash**—Effectively it is back in consolidated revenue funds, yes.

**Senator O'BRIEN**—Sorry; wrong wording. Whatever you call it, the Treasury has got control of it; is that right?

**Mr Chandler**—It is now available for administered programs.

**Senator O'Brien**—Yes; I think we agree. So there is \$211.8 million, which is a bit less than outcome 1 and outcome 2 in the 2006-07 document. What about the \$220 million that appears for the agency figure? That is the total of outcome 1 and outcome 2. That is the figure from which you said \$3.6 million has disappeared.

**Mr Ash**—On page 62 of the 2007-08 PBS you have the profit-and-loss statement for the department, where you will see the \$211.8 million. It is the appropriations from government. That compares, broadly speaking, with the \$215.3 million less the \$3.6 million. There is then an expected own-source revenue—that is, sales from goods and services—in the order of \$5 million anticipated, based on year-to-date revenue.

**Senator O'Brien**—This is on page 62?

**Mr Ash**—Page 62, table 5.2, 'budgeted financial statements'. That has a total inflow of \$216.8 million, against which we have expenses in the order of \$225.4 million, anticipated at this time.

**Senator O'Brien**—Where is the \$224.8 million?

**Mr Ash**—As you come down the table you have got the revenue first; then we move into the expenses. The total of those expenses is the second line from the bottom: \$225.4 million. That is what we are expecting to expense this financial year.

**Senator O'Brien**—That is why I asked you, because you said \$224.8 million; that is—

**Mr Ash**—Sorry, Senator: \$225.4 million.

**Senator O'Brien**—That is why you were confusing me. So there is an overspend, in fact. Is that what you are expecting?

**Mr Ash**—Correct; there is. We are expecting to expense more than the revenue into the department.

**Senator O'Brien**—In the coming financial year there is somewhere around a three per cent increase in the expenses for employees.

**Mr Ash**—Correct.

**Senator O'Brien**—And an 18 to 20 per cent increase in suppliers. How does that come about?

**Mr Ash**—It relates basically to the new measures for which the department is being funded, and the majority of those measures have supplier costs associated with them.

**Senator O'Brien**—So that includes rents, leasing, vehicles.

**Mr Ash**—Yes.

**Senator O'Brien**—How much in additional rent are you expecting to pay?

**Mr Ash**—I will have to take that on notice.

**Senator O'Brien**—Where can we get a breakdown of that figure of \$117.5 million, or can you provide it to us?

**Mr Ash**—We have notional allocations for different classes of expenses under that which are budgeted against. We can give you what we are notionally anticipating, but that is not to say that is what the actual expenses will be. I can give it to you in, say, the top half-dozen to 10 categories.

**Mr Chandler**—Senator, I think it is important to reflect that we do not budget funds at a category of expenditure level. Funds are budgeted to individual divisions and we have regard to the costs they need to meet, but we do not set aside specific amounts for, for example, travel. So, as Mr Ash is indicating, we can come to some high-level indication of where those major areas of expenditure are.

**Senator O'BRIEN**—Well, there is \$18.4 million additional in payments to suppliers. Is it expected that you will rent more premises or have rents gone up? How do we understand this?

**Mr Chandler**—In relation to properties, we are making a number of changes in our accommodation arrangements in Canberra, moving to consolidate from what has been up to five buildings into two, and so we will have a period of time when we have some rental on an additional building as we fit that out and as we then move to consolidate. So there is some movement there in respect of Canberra. In the regions, we do not anticipate at this stage any growth, but there is typically some annual increase in rents.

Senator, rather than just let it hang, and for the purposes of the record, could I just go back to the 2006 estimated outcome—the higher level of expense than revenue. This was the \$8.6 million, \$8.7 million figure on page 62. I just want to stress that that is an approved operating loss—that is, it is approved that we draw upon cash reserves in addition to appropriated revenue to meet a number of particular expenses this fiscal year. That has been approved through the Minister for Finance and Administration.

**Senator O'BRIEN**—So cash reserves will go down—or will they be supplemented?

**Mr Chandler**—No, it will draw on the cash reserves that the department is holding. I just want the record to be clear that that is not just an overrun of our budget; it is a very considered and approved drawdown of some of those reserve funds to meet one-off costs.

**Senator O'BRIEN**—Are cash reserves represented anywhere in table 2.1?

**Mr Chandler**—No. At table 5.2 on page 63 of PBS 2007-08, regarding the budgeted departmental balance sheet as at 30 June, you will see a column which talks about a 2007-08 budget estimate of \$93.389 million. Those are the receivables. In 2006-07 there is an amount of \$87.4 million, so we will be drawing down for the operating loss. Under the accrual budgeting arrangements funds are also set aside each year to meet depreciation expenses and accrued employee liability. There are ons and offs, but on current estimates the figure moves from \$87.4 million to \$93.4 million as the appropriations receivable.

**Senator O'BRIEN**—When I look at table 5.2 from the 2006-07 PBS, which showed the budget estimate for that receivable amount of \$95.632 million—

**Mr Chandler**—That is coming down to the \$87.4 million in 2007 which reflects the drawdown.

**Senator O'BRIEN**—So that figure is effectively the cash reserve?

**Mr Chandler**—That is correct—to meet liabilities and asset replacement under our accrual budgeting arrangements.

**Senator O'BRIEN**—That figure has been reduced for the coming financial year—it only reduces by \$2 million. You have drawn down and it has been supplemented; is that right?

**Mr Chandler**—We draw down but, under the accrual budgeting arrangements—as is the case with all budget funded agencies—our budget includes moneys to meet emerging accruing employee liabilities. Some of the budget each year is for depreciation on assets, most notably leasehold fit-out. So each year we have to set aside part of our budget to meet future employee expenses and future replacement of accommodation fit-out, for example. Whilst we may take some funds out for particular purposes, we are also putting money in each year for future emerging liabilities.

**Senator O'BRIEN**—You are seeing a decline in emerging liabilities in the out years, according to the two tables. The 2008-09 forward estimate of receivables goes down from \$114 million to \$97 million.

**Mr Ash**—These are stock figures. If you take the approved loss of \$8.6 million, that will come out of the stock and stay out of the stock into the future. In the following year, which is the 2007-08 financial year, a further \$1.3 million is reduced, so the stock again drops, but that lower level continues forward.

**Senator O'BRIEN**—It is a drop of \$17 million—looking at the comparable out years 2008-09.

**Mr Ash**—In 2008-09 it has gone from 114—

**Senator O'BRIEN**—to 97.

**Mr Ash**—It is not just looking at dealing with some additional expense items that are being funded from there. There is also the capital works program of the organisation.

**Senator O'BRIEN**—So the capital works program is not being funded from the budget.

**Mr Chandler**—Flowing from my earlier explanation, we set funds aside each year for emerging liabilities and to replace assets. I mentioned before that with the Canberra accommodation we were moving to consolidate two buildings rather than the up to five that we have had. I mention that in the context that we will have to pay rent on the new building—that is, it is an existing building but a new lease. We will have to pay additional rent while carrying our existing buildings.

We will also be drawing down those cash reserves in part to fit out the new building, and that is the proper use of those funds. That is what those funds are, in part, provided for. So these figures reflect the fact that there will be some estimated expenditure on fit-out of a new building, as well, which draws the number down.

**Senator O'BRIEN**—Notwithstanding the draw-down, the figures are increasing. Can we get some idea of the amount of draw-down that will be required in the out years.

**Mr Ash**—If we look at the total asset figure—so we drop down to the bottom line—we are looking at about \$149 million worth of total assets. There is a change going on in the mix. While the financial assets will be slightly lower, some of that is due to the losses being



approved and budgeted for. You will also note that the number for land and buildings is larger than it was previously. That reflects the accommodation projects. If we look at just 2008-09, for example—in the 2006-07 budget we were budgeting for land and buildings at about \$13.8 million—that is now looking closer to \$23.8 million. That reflects the investment in the fit-out for the national accommodation plus some regional offices. The figure for infrastructure, plant and equipment is broadly comparable; there has not been any significant work in that area. Then, if we look at the intangibles, which is largely information technology systems—2008-09—back in the 2006-07 budget we were looking at about \$11.6 million. Now that the department's forward budgeting in that area has been done, we are looking at IT system replacements of about \$20.2 million. Those additional investments are drawing on those reserves, so it is replacing existing systems. For example, we have a SAP financial system which is now going through a major upgrade process. That will draw on reserves we have set aside from previous years' depreciation, which shows up in the receivables line. It is now being converted into an asset as we build and roll out the new financial systems it has updated.

**Senator O'BRIEN**—Is that software as well as hardware?

**Mr Ash**—It is a bit of both. Some new hardware will be needed, but a large component of it is the development of the software. I suppose that, when you come down to the bottom line, our total asset position has not changed significantly.

**Senator O'BRIEN**—It is subject to further transfers from coming budgets.

**Mr Ash**—It will be some further capital injections from government. There will be a higher depreciation rate, which will tend to build a little more into the receivable.

**Senator O'BRIEN**—On the land and buildings figure, are you valuing the fit-out costs in lease buildings?

**Mr Ash**—It is the fit-out inside the lease buildings, yes. So, effectively, it is buildings rather than land.

**Senator O'BRIEN**—It is a bit of a notional asset, then. They are not worth much, except in the buildings they are in, are they?

**Mr Ash**—Yes, correct.

**Senator O'BRIEN**—So, for the coming financial year, in each of the out years can you point me to where the depreciation figure is which presumably would transfer into those columns.

**Mr Ash**—If you come back to table 5.1, on the profit-and-loss statement, which is just on the preceding page, you will see that on the third or fourth line from the bottom there is a depreciation and amortisation line. The depreciation in the financial year we are going into is expected to be \$12.7 million, \$13.3 million, \$13.6 million and \$13.5 million. So you run forward.

**Senator O'BRIEN**—So the extra \$2 million in depreciation this year is due to what?

**Mr Ash**—It is associated with the larger non-financial capital base of the organisation. As you add assets, they start depreciating. They add back to the expense. So if you have a higher—

**Senator O'BRIEN**—The capital base went up 20 per cent, is that right? It is roughly the increase in the figure.

**Mr Ash**—Yes, that would be about right.

**Senator O'BRIEN**—And your capital base will grow a little bit more in the next two financial years and then decline slightly?

**Mr Ash**—Yes.

**Senator O'BRIEN**—Whereabouts will I see that?

**Mr Ash**—The decline?

**Senator O'BRIEN**—The decrease in the capital base.

**Mr Chandler**—All you can see here is the change in the figures. The reasons for the capital base change are primarily associated with accommodation. That is our main capital investment; it is the fit-out, as we have already described. We have invested in fit-out in Canberra and in a number of other locations around Australia in the last couple of years because of growth in the department, particularly associated with the transport security function. We will do some further investment in the accommodation in Canberra next year, so the base has been growing but we are not then projecting a further growth. Indeed, as we move back from five buildings to two in Canberra we will be writing off some of that capital investment—that is, the leases that are coming up for expiry. Those assets will decline and be taken off the books. We are also seeing the assets depreciate over time. So what you are seeing is a result of the recent investment taking us to a point, and then you are seeing a tailing away of that investment activity in accommodation. That is the primary driver.

**Senator O'BRIEN**—But I am looking at the total assets picture in your table 5.2, and it does not show a 20 per cent increase in the asset base. Yet your depreciation goes up 20 per cent. Why is that?

**Mr Ash**—At this point in time we are building a new asset, so that requires funding. While there is a flow-in coming from depreciation it is in the short term being offset by an expenditure on the purchase and construction of the new fit-out.

**Senator O'BRIEN**—Almost immediately.

**Mr Ash**—Yes, because you are right at the beginning of a process. So in the initial stages you will see a large increase in the non-financial asset, as that is being built: both the intangible assets and the fit-out ones. Then two or three years in the future, once those assets have actually been constructed and the activity stops, you will see the asset value start reducing each year with a commensurate increase in the receivable. It is the phase you are in on the asset cycle.

**Senator O'BRIEN**—It is starting to sound like: take away the first number you thought of, throw in another number and you might be able to explain it! Frankly, I cannot understand what these tables are supposed to tell us if we cannot extrapolate depreciation against assets.

**Mr Chandler**—I think what is causing the complexity in trying to explain the numbers is the fact that we get a timing difference in terms of when we actually outlay the cash on fit-out and you then see the movement in depreciation.

**Senator O'BRIEN**—Let us look at another figure. Interest-bearing liabilities for leases was budgeted in 2005-06 at \$2,346,000. The estimate for 2006-07 was \$1,247,000. The estimated actual was actually \$1,641,000 but the budget estimate for 2007-08 is \$642,000, a decline of 61 per cent. But then the following year it goes up to \$2,792,000. How do you explain that?

**Mr Ash**—The item you are looking at here is what is called a lease incentive, and it is the associated accounting with that. The anticipation is that as we move forward into the 2008-09 financial years there will be a lease incentive associated with the lease of—is it 62 Northbourne Avenue?

**Mr Chandler**—Of both of the Canberra buildings: 111 Alinga Street and 62 Northbourne Avenue.

**Senator O'BRIEN**—A lease incentive? What does that mean?

**Mr Ash**—When you lease property you may get one month in 12 free rent or the person leasing you the property may do some additional capital investment in the property or other such things. That is shown in your financial statements as a lease liability, which we then amortise over the period.

**Senator O'BRIEN**—So the lower the figure the more incentive you have been paid—is that what it means?

**Mr Ash**—The higher, actually, the figure is. Then it amortises over the period of that lease.

**Senator O'BRIEN**—But is it a liability?

**Mr Ash**—It is to do with the way the accounting standards work. You have gained a benefit, which you then need to expense into the future.

**Mr Chandler**—We have received it now but the benefit will not flow into the future. So at the present time, whilst it is received in our accounts, we have to recognise that the benefit will be spread over future years. Thus, the higher figure is reflecting that we have now negotiated a higher level of lease incentive but it will be spread over about a 10-year period.

**Senator O'BRIEN**—So the 2007-08 budget estimate for interest-bearing liability on leases at \$642,000 is a benefit, not a liability?

**Mr Ash**—It is what benefit we are going to get in the future.

**Senator O'BRIEN**—But not in 2007-08?

**Mr Ash**—No.

**Senator O'BRIEN**—Does that mean you have paid it? It will lead to a reduction in rent later?  
**Mr Ash**—In effect, that is correct.

**Senator O'BRIEN**—How do you arrive at the figures in the out years? What do they mean?

**Mr Chandler**—They simply reflect the lease incentives for the out years. As we amortise—Mr Ash used the term—those over time, and as the benefit is received each year, the amount is drawn down; it is reduced.

**Senator O'BRIEN**—They are based on potential liabilities?

**Mr Chandler**—They are based on the actual lease incentive value under, I think, two separate leases.

**Senator O'BRIEN**—The difficulty I am having is that it is appearing as a liability but it is an incentive, which is money coming back to you, in effect; is that right?

**Mr Ash**—Let us go back. The 'leases' line reflects an IT lease, which is why it has a much shorter cycling. The lease incentive is in the line below, in 'other'. An IT lease, under the accounting standards, is associated with the finance lease component of it. There is both an asset and a liability booked at the time the lease is taken out—so over the three-year to five-year cycle you will see that dropping and picking back up again at the new lease signing.

**Senator O'BRIEN**—So 'other' is about property tenancy and 'leases' are about IT.

**Mr Ash**—Yes. You see a much slower cycle.

**Senator O'BRIEN**—It is an increasing amount, which I take it is to do with the new investment in IT that you mentioned earlier.

**Mr Ash**—No. In common with most other Commonwealth departments, the department has outsourced the provision of its normal desktop services. We are due to sign a new lease within the next financial year, so at that point we estimate what we think the component of that lease is associated with IT hardware, which is called an embedded finance lease. So you book both an asset on one side and a liability on the other.

**Senator O'BRIEN**—We all understand it now. Mr Taylor, regarding the amounts mentioned in your opening statement, \$350 million is for a range of measures across the Transport and Regional Services portfolio. These are all new moneys, I take it?

**Mr Taylor**—They are.

**Senator O'BRIEN**—Is there a convenient part of the PBS which will reflect each of those? Is that table 2.2—budget measures?

**Mr Ash**—Table 2.2 would be the best place to see that, at page 13.

**Senator O'BRIEN**—Are regional and remote airstrips included in the \$57 million?

**Mr Ash**—Yes.

**Senator O'BRIEN**—And the Strengthening National Security accredited air cargo agents scheme?

**Mr Ash**—If we are looking at the \$57 million, I think that would be the Strengthening National Security. There are four measures there, plus the regional and remote airstrips. And there is some capital too, which is over the page. Can you see the capital measures outcome 1?

**Senator O'BRIEN**—Yes, those three items. There are capital measures under outcome 1: Strengthening National Security, et cetera, plus the regional and remote airstrips improvement and the four strengthening national security items—

**Mr Ash**—No, the \$57 million is just for the Strengthening National Security measures. Reading off Mr Taylor's notes, there is a figure of \$46 million about two dot points lower; that would include the regional and remote airstrip improvements program and the Airservices Australia payment scheme for en route charges.

**Senator O'BRIEN**—Okay. So that payment of en route charges is a continuation of the payment that simply was not in the forward estimates?

**Mr Ash**—It is a continuation of a program not in the forward estimates, yes.

**Senator O'BRIEN**—And the regional and remote airstrips improvement?

**Mr Ash**—Is a new program.

**Senator O'BRIEN**—Was there any money in forward estimates for that?

**Mr Ash**—No.

**Senator O'BRIEN**—Was there money in the past?

**Mr Ash**—No, it is a new program.

**Senator O'BRIEN**—So there was no money allocated to improving regional and remote airstrips in the past: is that what you are saying?

**Mr Ash**—Not within the existing forward estimates. There may have been preceding programs, but I could not go back that far.

**Senator O'BRIEN**—There is \$57.1 million to further improve Australia's security measure for international and domestic aircraft; what is therefore the total allocation for that task?

**Mr Ash**—I would have to take that on notice. We will need to add a series of programs together for you, specifically on that. It is the total of all the programs associated with the Office of Transport Security.

**Senator O'BRIEN**—So all of those Strengthening National Security items will be administered by that division?

**Mr Ash**—Yes. They will be administered by that division.

**Senator O'BRIEN**—So in the first financial year, including capital the bulk of the money will be spent by the division rather than as an administered expense?

**Mr Chandler**—Across the initiatives in that table you can see the split between administered and departmental. Clearly the administered amounts are for the administered program; the other amounts will be spent by transport security in administering delivery of programs and departmentally funded activities associated with them.

**Senator O'BRIEN**—So, in the coming financial year, \$11.4 million in expense measures will be spent within that division and \$4.9 million in capital measures within that division.

**Mr Ash**—Yes.

**Mr Chandler**—To clarify that further, I think you just picked up my words ‘spent by the division’. Those provisions include costs which are also met through corporate and other areas of the department, so they include an element of accommodation et cetera.

**Senator O’BRIEN**—And in 2008-09 we have \$9.9 million spent within the division and \$5.1 million administered and no capital?

**Mr Ash**—No capital.

**Senator O’BRIEN**—The same caveat about corporate expenses?

**Mr Chandler**—Yes.

**Senator O’BRIEN**—Then, in 2009-10, \$8.8 million within the division?

**Mr Ash**—Yes.

**Senator O’BRIEN**—And none administered, and 2010-11 is \$9.5 million, I think, in the division.

**Mr Ash**—Yes, \$9.5 million.

**Senator O’BRIEN**—So all but \$5.1 million of the \$57.1 million is spent within the department or on capital measures expended by the division.

**Mr Ash**—Based on that—something to be done. Remember that we have 2007-08.

**Mr Tongue**—If you refer to table 2.2, the Strengthening National Security checked baggage screening initiative has two amounts—\$7.6 million and \$5.1—so you would need to add them together. They are both administered items. The rest is with the department.

**Senator O’BRIEN**—Where does that \$12.7 million go? How is it spent?

**Mr Tongue**—That will be grants to a number of the new airports that have been identified for the new checked bag screening measure to assist in the purchase of screening equipment.

**Senator O’BRIEN**—How many new staff will around \$40 million provide for the division?

**Mr Tongue**—It is a bit hard to say at this early stage because, as Mr Chandler said, some of it comes off to support corporate functions—all the discussion you have previously been having. I would be guessing, at this early stage—spread over four years.

**Senator O’BRIEN**—How was the figure arrived at?

**Mr Tongue**—I would have to go back to our discussions with the department of finance. There will certainly be additional staff. How many that is net, I would have to take on notice and come back to you. I will try and get it for you by the end of the day.

**Senator O’BRIEN**—Is there a budget for this new work that is the basis of the figure?

**Mr Tongue**—If you look at the departmental item—table 2.2—for example, in the checked bag screening measure there is \$7.6 million that is administered and we have allowed \$0.7 million for administration. Of that \$0.7 million, some of it needs to go to corporate services, some of it will go to IT and the remainder will be left for staff.

**Senator O’BRIEN**—But that is only to administer the allocation of the \$12.7 million.

**Mr Tongue**—That is right. It is two or three staff.

**Senator O'BRIEN**—So two or three staff is \$2 million over four years, is it?

**Mr Tongue**—I would have to come back to you at the end of the day and give you the number. It would not be a lot more than that.

**Senator O'BRIEN**—The capital items in 2007-08 are \$4.9 million. What is that required for?

**Mr Tongue**—Mainly IT.

**Senator O'BRIEN**—You are going to purchase the items, are you? Is it all going to be spent in one year?

**Mr Tongue**—Mainly, but not solely. For example, the accredited air cargo agent scheme is about software enhancement that we have already been working on in previous measures to enable us to support the hundreds of air cargo agents that we have in the scheme.

**Senator O'BRIEN**—There is \$74.2 million to continue assistance for national aerial firefighting and bushfire mitigation and for a co-contribution to the upgrade of the Launceston levee system. Is that \$61.2 million for the first two items and \$13 million for the second?

**Mr Tongue**—Yes.

**Senator O'BRIEN**—What programs are those funds to be allocated under?

**Ms Page**—The upgrade of the Launceston levee system is a one-off payment for the purpose of that upgrade. The national aerial firefighting assistance is an ongoing program. That program had lapsed, was reviewed by the government and the government agreed to continue it and to increase the annual level of funding. It is a contribution to a program which is largely funded by the states where they pool resources to enable the lease of national aerial firefighting equipment such as helitankers and fixed-wing aircraft, and we make an annual contribution to that overall program.

**Senator O'BRIEN**—What is the name of the program?

**Ms Page**—It has always been called 'national aerial firefighting assistance'.

**Senator O'BRIEN**—Was it funded in 2006-07?

**Ms Page**—It has been funded for some years; I am not sure of exactly how long.

**Mr Ash**—If you go to page 27 of the PBS, you will see the relevant programs there. The Launceston levee will be delivered through the Natural Disasters Mitigation Program, which is about nine lines down table 3.2.2 on page 27.

**Senator O'BRIEN**—Yes.

**Mr Ash**—Directly above that you will see the National Aerial Firefighting Strategy, and then two lines down is the Bushfire Mitigation Program—reading from the top, it is the second program down. These are in alphabetical order. The equivalent page in the PBS for the 2006-07 year is page 31. For example, you will see that the Bushfire Mitigation Program in the 2006-07 budget had only one year of funding.

**Senator O'BRIEN**—Yes. It is the same for the National Aerial Firefighting Strategy.

**Mr Ash**—Yes.

**Senator O'BRIEN**—So, essentially, the funds for the Bushfire Mitigation Program and the National Aerial Firefighting Strategy are to provide for the continuation of existing programs?

**Ms Page**—That is correct; although, as I said, the national aerial firefighting program has increased in value.

**Senator O'BRIEN**—From?

**Ms Page**—It was \$8 million last year, although that was a one-off. Prior to that I think it was \$5.5 million a year, and the government agreed to supplement it by a further \$2.5 million towards the end of last year, following a request because of the early onset of the bushfire season. As a result, the government decided to increase overall funding to \$10 million.

**Senator O'BRIEN**—And is that allocated to the states?

**Ms Page**—It is allocated to a body called the national aerial firefighting—the complete name escapes me for the moment but it is essentially a cooperative body of the states, to which the Commonwealth makes a contribution to assist with the centralised leasing of aerial firefighting equipment.

**Senator O'BRIEN**—Is that money allocated for them to expend, or is it allocated against expenditure?

**Ms Page**—It is allocated to them to expend. They are about to undertake a tender process for the lease of further aircraft.

**Senator O'BRIEN**—Funds for the Natural Disaster Mitigation Program declined from the figure estimated in 2005-06 to the current budget estimate—that is, from \$26 million down to \$22½ million. It is now going up to \$43.6 million.

**Ms Page**—That is because two programs have been combined—that is, the old Natural Disaster Mitigation Program and the Regional Flood Mitigation Program. They are maintaining their existing level of appropriations but are being combined as a single program.

**Senator O'BRIEN**—Where was the flood mitigation program in the 2006-07 PBS?

**Mr Ash**—It was combined into a single program at that time too.

**Senator O'BRIEN**—If it was amalgamated previously, why are we seeing that increase? There is a one-off payment of \$13 million.

**Mr Ash**—That increase to \$43 million is the \$13 million.

**Senator O'BRIEN**—But that still gives a difference of \$8 million.

**Mr Ash**—I will have to take that question on notice.

**Senator O'BRIEN**—And there is nothing in the out years; do you know why that is?

**Mr Ash**—The government has not made a decision yet on the ongoing nature of the program.

**Ms Page**—I think they are coming up for review in the next budget, Senator, but I will clarify that for you.



**Senator O'BRIEN**—With respect to the \$13 million one-off payment for the Launceston levees, was that the subject of a full application?

**Ms Page**—I would have to get back to you on that, Senator.

**Senator O'BRIEN**—Would the department receive such an application if it were made?

**Ms Page**—I would like to check that.

**Senator O'BRIEN**—I am asking whether that would be the process. You do not know what the process is; is that what you are saying?

**Ms Page**—This is a one-off payment that is additional to the normal program, and I would like to go back and review the processes.

**Senator O'BRIEN**—Which officers would handle it?

**Ms Page**—The officers in the territories and local government division.

**Senator O'BRIEN**—So they would know the answers to those questions?

**Ms Page**—Yes.

**Senator O'BRIEN**—When is it expected that the moneys will be paid?

**Ms Page**—My memory of the offer is that it is conditional upon contributions by both state and local government, so I cannot give you an answer on when it may be expended at this stage.

**Senator O'BRIEN**—With respect to the '\$21.7 million for CASA drug and alcohol testing of aviation industry employees and for air transport safety risk mitigation through the establishment of a more comprehensive aviation safety oversight model', where will I see a breakdown of that \$21.7 million—in the same tables?

**Mr Mrdak**—No. If you go to the budgeted statements for CASA, page 81 of the document has the CASA measures which set out the safety risk mitigation breakdown by year, drug and alcohol testing and also the anticipated expenditure by CASA of an additional safety assistance measure which has been provided by the government to assist the government of Indonesia.

**Senator O'BRIEN**—That does not total the \$23.9 million in the secretary's statement. Where is the rest of it?

**Mr Mrdak**—It should do.

**Senator O'BRIEN**—I am looking at page 81, 'Transport safety assistance to Indonesia'. There is only \$6.4 million there; \$23.9 million was the amount cited in Mr Taylor's statement.

**Mr Taylor**—Senator, I direct you also to table 2.2. I will hand back to Mr Ash, but you will notice in table 2.2, under outcome 1, the last item.

**Senator O'BRIEN**—Table 2.2 on which page?

**Mr Taylor**—Page 13.

**Senator O'BRIEN**—So there is \$14.3 million to the department?

**Mr Ash**—Sorry, which particular number are we talking about here?

**Senator O'BRIEN**—The \$23.9 million to assist the government of the Republic of Indonesia with transport safety improvements.

**Mr Ash**—Now I understand. It shows up in a whole series of spots in these tables. The first point of reference can be found if you go to the main budget measures document itself. On page 300 there is a figure of \$23.9 million, which is the total measure. It is then split up amongst the Department of Transport and Regional Services, the Civil Aviation Authority, the Australian Maritime Safety Authority and Airservices Australia, which means it is shown through each of the individual agencies measures documents, or measures tables in their respective documents. I can pull it out of those tables and just provide it to you in a single table later on if that would help.

**Senator O'BRIEN**—Yes, it could do. I am looking at specific pages: page 13 shows—

**Mr Ash**—On page 13 there is a component of it.

**Senator O'BRIEN**—Yes.

**Mr Ash**—Page 81 will have a component of it.

**Senator O'BRIEN**—Page 81 has got \$6.4 million, so that is \$20.7 million.

**Mr Ash**—Page 109 is where the AMSA material shows.

**Senator O'BRIEN**—That is \$3.2 million, so that should be the total.

**Mr Ash**—There is a residual component, which is Airservices Australia, which I can provide as part of that table.

**Senator O'BRIEN**—So what will the department be expending its \$14.3 million allocation on?

**Ms Page**—On the safety package. The safety package has been conceived as a training and capability building package with Indonesia. There are a few general areas where the government has agreed that there are priorities which we could assist with in Indonesia, which include things such as safety audits both of their safety processes and of their airports, safety audits of ferry travel in Indonesia and also training both of air traffic controllers and of safety investigators.

At this stage those activities have not been finalised. Mr Taylor and I are travelling to Indonesia this week for the initial meeting with the Indonesian authorities and the relevant Indonesian minister to start the process of working with the Indonesian authorities to identify those priorities. We will then develop training packages with our agencies for the use of those funds. Those funds will be held by agencies in Australia to meet the costs of training Indonesian personnel and conducting training in Indonesia.

**Senator O'BRIEN**—I was assuming it would be CASA, Airservices Australia and AMSA who would provide the training.

**Ms Page**—Yes, they may do it directly or by contract depending on the precise nature of the training required. Some of it may well be processes of simply bringing Indonesian staff to Australia. There is already an AusAID program which ATSB participates in, where they are currently training or enhancing the training of an aviation safety investigator in Canberra. It is likely to consist of more activities along those lines.

**Senator O'BRIEN**—Is there a budget for the departmental expenditure as outlined on page 13?

**Ms Page**—At this stage we have not finalised budgets for agencies or ourselves until we develop a more detailed business plan.

**Senator O'BRIEN**—Is it envisaged that more staff will be engaged by the department?

**Ms Page**—At the margin, Senator. In terms of our ability to deliver the program in Canberra and in Indonesia, there may well be some contract staff that are taken on principally by the agencies to deliver training, but for ourselves we will probably use existing staffing at the Canberra end and we may well require some additional staff in Jakarta.

**Senator O'BRIEN**—So is most of the money to provide for travel and liaison with the Indonesian authorities?

**Ms Page**—It is a mixture of travel, suppliers and training, yes.

**Senator O'BRIEN**—Training? I am talking about the amounts on page 13.

**Ms Page**—Some of the departmental expenses will be allocated to the Australian Transport Safety Bureau, which is a division of the department, so a lot of those funds will be allocated to them. We will also pay out funds to Airservices Australia when we work out what a detailed budget for their activities will be. It is too early at this stage, I think, to identify the component parts of it.

**Senator O'BRIEN**—So you really cannot assist me with how the figure of \$23.9 million was arrived at?

**Ms Page**—In round figures, it is about \$2 million per agency per year. We certainly undertook an exercise based on the types of activities that we thought or that the agencies thought, based on their own experience in Indonesia, could be useful. We had a proposal costed along those lines. It is possible following our discussions with the Indonesians, and certainly after reviewing the outcomes of the recent ICAO safety audit of Indonesia and also a safety conference the Indonesians propose to have in Bali at the beginning of July, that we may change some of those activities subtly.

**CHAIR**—Righto, it's time for a steak sandwich!

**Proceedings suspended from 10.32 am to 10.50 am**

**Senator McEWEN**—I would like to ask a few questions about the budget allocation for women's representation in decision making.

**CHAIR**—Before you start, Senator McEwen, I recognise that Senator Judith Adams is now an official member of this committee. This is her first estimates as a fully paid up member.

**Senator McEWEN**—I am sure she will be a valuable contributor.

**Senator O'BRIEN**—She is on the starting team rather than the bench.

**Senator McEWEN**—This is an allocation, all up, of \$4.5 million over the projected period. Can you explain to me what projects are covered by that allocation?

**Ms Page**—That initiative is part of the government's response to the report of a committee headed by Senator Judith Troeth which concentrated on ways in which the government could improve the level of women's representation in regional and rural decision making. Those funds will be used for a variety of purposes. A detailed business plan has not been finalised, but they will include seminars, mentoring, training, conferences and travel for women to undertake various training courses—a range of activities along those lines.

**Senator McEWEN**—Will people be required to apply for funding to participate in these programs?

**Ms Page**—The majority of the funding will probably be distributed by the department for various activities, but it may well make funds available to women to meet their costs of training.

**Senator McEWEN**—How do you envisage that either groups or individuals will access that money?

**Ms Page**—That is a level of detail that we have not got to yet because of the nature of the activities. There will be a range of activities funded from it. There may be some activities which women's groups and various groups can apply for on a competitive basis. There may well be scholarship type activities that women generally can apply to the department for. There may be women's organisations that the department provides funding to on a more standardised basis. At the next estimates we will probably be able to provide more detailed advice to you on how those funds will be allocated across the forward estimates period.

**Senator McEWEN**—So you anticipate that a business plan will be prepared prior to the next budget estimates?

**Ms Page**—Yes, I anticipate that.

**Senator McEWEN**—Would you be able to provide a copy to the committee, if it comes beforehand?

**Ms Page**—Yes, we could certainly do that.

**Senator McEWEN**—Have you any sense of what criteria the department would apply to judge whether or not the program has been a success?

**Ms Page**—Not at this stage. I think that is something that we could supply at that time.

**Senator McEWEN**—Have you any sense of how many women may be assisted by that allocation of funding?

**Ms Page**—No. That is fairly difficult to do, because women would be assisted at various levels. There are likely to be conferences, seminars and things of that nature that women might attend from time to time. Obviously, though, there could be much more intensive training that involves women attending particular courses and enhancing their skills over longer periods of time. The nature of the intensity of the assistance will vary according to the activity.

**Senator McEWEN**—What portion of the funding is for administration of the grants?

**Senator O'BRIEN**—It is on page 14.

**Senator McEWEN**—Are there staff within the department dedicated to this particular funding?

**Ms Page**—There will be some staff dedicated, yes.

**Senator McEWEN**—How many?

**Ms Page**—I will take that on notice.

**Senator McEWEN**—Have they been appointed yet?

**Ms Page**—No, they have not been appointed but we may well use some existing staff and perhaps supplement those resources from time to time.

**Senator McEWEN**—I presume the money is available for women from rural and regional areas, so what criteria will you apply to determine what is rural and regional for the purposes of this funding?

**Ms Page**—There are ABS definitions of regional Australia and we may well apply those depending on consultation with various women's groups.

**Senator O'BRIEN**—On that, the items in 2009-10 forward estimates on the face of it add up to 1.1 and in 2010-11 add up to 1.2 but the totals are the reverse. I am assuming it is the rounding up and rounding down, or is that a mistake?

**Mr Ash**—It will be rounding.

**Senator O'BRIEN**—It does look very perverse.

**Ms Page**—It sometimes can.

**Senator McEWEN**—I did have one other question: is the funding for the Regional Women's Advisory Council part of that budget allocation?

**Ms Page**—Not out of that, no.

**Senator McEWEN**—Where does that come from?

**Ms Page**—It comes out of departmental funds.

**Senator McEWEN**—Where is that?

**Ms Page**—These are budget measures; the ongoing running costs of the department provide for secretariat services and to meet the costs of operating RWAC.

**Senator McEWEN**—So I can find that somewhere else in the budget statements—the cost of running the Regional Women's Advisory Council?

**Ms Page**—No, it is not separately identified, I do not believe, anywhere in the budget papers because we just meet the cost out of departmental funds. It is not a specific budget measure, as these are.

**Senator McEWEN**—Could I get information about the amount that is spent on maintaining the Regional Women's Advisory Council?

**Ms Page**—We could provide that.

**Senator McEWEN**—Thank you.

**Senator O'BRIEN**—Going back to the item of \$46 million to support regional aviation and airports, is that in addition to the Remote Air Services Subsidy Scheme?

**Ms Page**—Yes.

**Senator O'BRIEN**—And how would you differentiate the regional aviation and airports support from the Remote Air Services Subsidy Scheme?

**Mr Mrdak**—There are two elements to that. The government has decided to continue the support through the en route charges subsidy. That is a program which is currently expending this year something of the order of \$6 million. The government has decided to continue at that level to support those aircraft on the current eligibility criteria, and that is targeted at regional operations. The second part of it is a new program, as we outlined earlier, which supports remote aerodromes. There has not been a Commonwealth program of support for aerodromes per se since the lapsing of the ALOP—the Aerodrome Local Ownership Plan—in about 1993-94, when that program lapsed and was discontinued by the then government. This is a new program which we target at airports in remote and rural areas. Airports that receive Remote Air Services Scheme support would be eligible for that support, and aerodromes which are served by RFDS, Royal Flying Doctor Service of Australia, and need infrastructure support to provide that.

**Senator O'BRIEN**—Is there a list of those airports?

**Mr Mrdak**—There is not a list per se; in the budget papers we estimate that there will be something in the order of up to 300 aerodromes and strips that may be eligible for that sort of funding support. The rationale was to provide infrastructure funding which would not otherwise be available to support both RASS—Remote Area Services Subsidy—and airports providing aeromedical and other support services in remote communities.

**Ms Page**—Senator, the RASS scheme is an operating subsidy for the operators whereas the new remote airstrips program is an upgrading program.

**Senator O'BRIEN**—One is for the bit that you land on, the other is for the part you fly—is that right?

**Ms Page**—Yes.

**Mr Mrdak**—And the aerodrome program will extend beyond just those that receive the RASS subsidy support; it will pick up aerodromes which are not served by RASS but are served by RFDS.

**Senator O'BRIEN**—Will this be a grant program based on applications?

**Mr Mrdak**—We are currently designing the program. That is our intention. It is also our intention to work together with a number of state and territory governments that have existing aerodrome support programs. Currently, three jurisdictions have programs that provide support to regional and remote aerodromes: Western Australia, the Northern Territory and Queensland. Also, South Australia has provided some funding in the past for some aerodromes. Our intention is to work with them. We had a meeting with the states and territories last week to start the process of working through the program guidelines. It may involve applications, but it will also involve an element of targeting based on our discussions with Commonwealth Indigenous programs and health programs to ensure we are targeting

this sort of aerodrome assistance to where support is needed for those Commonwealth programs.

**Senator O'BRIEN**—How were the amounts arrived at?

**Mr Mrdak**—There are some estimates which have been done by the department. Firstly, as you can see, in 2007-08 there is a relatively small amount of money. That is largely around scoping and doing some priority emergency works, as we then build up the program with the states and territories. Our experience has been that when you have programs that require matching or contributing funding there always needs to be a period of ramping up by those jurisdictions to work together with us. So we have structured the payments to be essentially coming forward in larger amounts—\$5 million in 2008-09, then \$7 million, then \$7 million—to reflect our ramping up of the program in those years.

**Senator O'BRIEN**—And there is \$1 million in the coming financial year.

**Mr Mrdak**—That is right.

**Senator O'BRIEN**—Is there any expectation of where that \$1 million will be spent?

**Mr Mrdak**—Not at this stage. I am having discussions this week with the Families, Community Services and Indigenous Affairs portfolio in relation to Indigenous initiatives and programs and I will be talking to the health authorities as well. As I said, we started some discussions with the states and territories last week about how we might fit in with their existing project priorities. We know of some through our work with the East Kimberley trial and the like, and this program has arisen in part from that experience in the East Kimberley, where we saw the need for aerodrome infrastructure to support a whole range of Indigenous and health programs.

**Senator O'BRIEN**—There are 300 strips and \$20 million. Are you expecting it to be targeted at particular areas or it is going to be spread across those strips in some way?

**Mr Mrdak**—For a lot of the strips operating in rural and remote areas, as you know, it does not require a great deal of funding for upgrading things like the grading of the strip. We want it targeted at the basic facilities required for aircraft access so, quite consciously, we have ruled out terminals or those sorts of developments. It is focused on issues like runway lighting. Often we have found, particularly with Indigenous communities, that the ability to have runway lights has been critical to get RFDS access; similarly, all-weather strips in certain conditions. That is where we see our focus, providing that base level of support.

**Senator O'BRIEN**—Is there any particular targeting in the Torres Strait area?

**Mr Mrdak**—Not that I am aware of; but we have, as I said, had some initial discussions with the NT government about trying to fit in with some of their priorities.

**Senator O'BRIEN**—There is one strip that, having taken off from it, I think you could lengthen!

**Mr Mrdak**—Yes. We will obviously talk to the Queenslanders about Torres Strait. The remote island communities, off both the Northern Territory and Queensland, are obviously priorities from a health perspective.

**Senator O'BRIEN**—How are we going with the appropriations paper? Will you come back later with that?

**Mr Ash**—Yes.

**Senator O'BRIEN**—If we can await that, have a look at it and then decide whether we need to ask questions about it, that would be good. I am prepared to move to portfolio strategic policy and projects.

[11.06 am]

**CHAIR**—We now move to portfolio strategic policy and projects. I welcome the officers to the table. Unless someone has something catastrophic to say we will go to questions.

**Senator O'BRIEN**—It wouldn't be Mr Potterton's task to say anything catastrophic, I am sure.

**CHAIR**—It's marvellous how you can say things and it becomes catastrophic!

**Senator O'BRIEN**—Is this a division—is that how we should describe this?

**Mr Mrdak**—It is. This division contains the Bureau of Transport and Regional Economics, headed by Mr Potterton, and our strategic portfolio policy unit, which is a small unit that does targeted policy work.

**Senator O'BRIEN**—Which part of the PBS should I look at to see the profile of your funding for the coming financial year?

**CHAIR**—Can you also comment on places like Bankstown airport as a strategic policy and why the owners want to kick all the light aircraft owners off or make it unviable for them to be there with their charges and red-hot behaviour?

**Mr Mrdak**—This unit does not deal with it. I would be happy to deal with that when we do aviation and airports, if you like.

**CHAIR**—All right.

**Mr Mrdak**—I am not sure that the PBS per se does it but we can give you the breakdown of the current budget and the notional budget for the year ahead for this division, if that would be of assistance.

**Senator O'BRIEN**—I would appreciate that.

**Mr Mrdak**—On a more specific basis, Mr Potterton will be able to give you the total budget and the forecast budget for the year ahead.

**Senator O'BRIEN**—This is BRS or—

**Mr Mrdak**—This covers the portfolio policy and BTRE. In relation to portfolio policy and the overall budget, the 2006-07 revised budget for the division is \$7.4 million. We are yet to finalise our budgets for 2007-08. There is a notional allocation, which we have done, to enable business planning for each of our divisions. The notional allocation for strategic policy and projects—BTRE—is \$6.63 million for the year ahead.

**Senator O'BRIEN**—Why the reduction?



**Mr Mrdak**—Mr Potterton can give you this in more detail but, principally, it is because we had funding for this current year in relation to a number of COAG projects. Principally, the work that was done for COAG on the urban congestion study was funded as one-off funding by the government for us, and that was principally done by Mr Potterton and his team within the BTRE. That money is not ongoing.

**Senator O'BRIEN**—What is the situation with BTRE?

**Mr Mrdak**—The BTRE element of that total budget—I am working from my figures—for this current year is \$6.2 million of the \$7.4 million. For the year ahead, the notional allocation, which Mr Potterton is working to—but, as I say, is yet to be settled by the executive; we are currently in our business planning process—is \$5.4 million.

**Senator O'BRIEN**—What does that do to staffing in BTRE?

**Mr Potterton**—We are budgeting for a staffing level of 52½ FTE in 2007-08, which is a reduction of about 2½; that is, 55 in 2006-07. Essentially we are looking to spend the same dollars in 2007-08 as in 2006-07, but absorbing the cost of the collective agreement pay increase.

**Senator O'BRIEN**—So there is less work, I take it.

**Mr Potterton**—We will need to adjust our program to reflect that level of staffing.

**Senator O'BRIEN**—So your output will be reduced somewhat, probably proportionate to the reduction in staff.

**Mr Potterton**—I think that is a fair statement.

**Mr Mrdak**—We have had some contract staff working on projects like the urban congestion work for COAG. They will cease, and obviously as part of the business planning process Mr Potterton will have a revised work program for the BTRE based on the resourcing that is available, as you say.

**Senator O'BRIEN**—How many contract staff?

**Mr Mrdak**—We have had one full-time contract staff for the project, and we have also had the benefit of some secondees from the states to assist us with the urban congestion task. But I think it is one.

**Mr Potterton**—That is right. Over the year we would have had four to five contract staff; going in to 2007-08 we will continue to have, I think, one.

**Senator O'BRIEN**—Could you identify the individual projects that BTRE has been working on in the current financial year—those which are ongoing and those which have been completed?

**Mr Potterton**—Yes, I could. Would you like me to go through the full program?

**Senator O'BRIEN**—Yes, please.

**Mr Potterton**—The first nine items are in the aviation and maritime section. They are all—

**Senator O'BRIEN**—Which page?

**Mr Potterton**—I apologise, Senator. The document that I am referring to is the BTRE research program, which I would be happy to give you a copy of. That is why I asked you whether you wanted to go through the whole thing, because there are 48 items on it.

**Senator O'BRIEN**—Thank you for the prompt.

**Mr Potterton**—The first nine, on page 1, are all ongoing items. There have been releases of those in 2006-07 and there will be continuing releases in 2007-08. The 10th, 'Australian maritime trade, 2001 to 2005', has been released since the last estimates. Going over the page, item 11 is 'Australian transport statistics 2006'. It was released and there will be a further issue in June of this year. Item 12 is, similarly, an annual release and will continue. Rail freight industry performance is a new publication and will also be released for the first time in June. It will be an annual publication thereafter. The Freightinfo 2004 database is ongoing database work and not for publication.

Similarly, item 15, the SCOT data-sharing project, is ongoing work. Number 16, 'Interregional road freight flows', has been commenced, completed and published as a BTRE staff paper. Item 17, 'Demand projections for non-urban AusLink corridors', has been a major project in 2006-07 and will be published early next financial year. Item 18, 'Passenger movements between Australian cities', was published late last year. 'Air passenger demand at capital city airports' has commenced, as indicated. 'Transport energy: future scenarios' has also commenced, as indicated. The OZPASS model user guide will not be published this year but will be published early next year. 'Transport forecasting methodology: options for renewal' has not commenced and will not commence, but we will review whether we should pursue that next year.

**Senator O'BRIEN**—Why didn't that commence?

**Mr Potterton**—Essentially, it was a lower priority for 2006-07. It will be a valuable housekeeping project, but we will attend to that as opportunities allow. Item 23, 'Impact on the road system of potential mode shift to rail freight', is almost complete and will be published early next financial year. 'Intermodal terminals' has commenced. Evaluation of the Black Spot program is undergoing finalisation at the moment and will be published next financial year. We are publishing a series of six case studies on the ex-post evaluation of road investment projects, and the first of those studies will be released within the next month. The PPPs in transport project has not yet commenced, due to the officer involved finalising another project, which I will come to in a moment. That is the road congestion charging project, number 30, which is due to be published early next financial year.

**Senator O'BRIEN**—That has not been commenced?

**Mr Potterton**—It has not been commenced; that is right.

**Senator O'BRIEN**—Because there is another project—

**Mr Potterton**—That is right. It is due to project number 27 taking somewhat longer than expected. Item 28, the road infrastructure assessment model user guide, has not yet been released, and we will be reviewing whether that should continue on the program. Item 29, 'Optimising harmonisation in the Australian railway industry', was released in November last year. 'Truck productivity: sources and prospects' has recently commenced and will continue.

'Demand for and access to regional aviation' is currently being finalised and will be published early next year. Item 33, 'Congestion in Australia's capital cities', was released as part of the COAG urban congestion review publications last month. 'Cost of road crashes' has commenced and will continue. Item 35, 'Externalities and the intercapital freight market', has continued, as we indicated that it would. Item 36, maritime security and Australia's external economic costs, has been completed. Item 37, 'Key indicators of regional economic performance: focus on regions—welfare dependency', has continued and is due for release next financial year; similarly, the project on household wealth. The data for item 39, the taxable income update, has been made available on our website and the publication is due for release early next financial year. We are planning to release 'About Australia's regions 2007' next month. There will be a series of publications for the cost of remoteness project. The first will be on the cost of private services and goods for the second quarter of next financial year. The spatial dynamics project on drivers of growth in the Sydney region was released late last year. The sponge cities project has been deferred at this stage. Item 44, 'Patterns of regional economic development: Tasmanian economic development', has continued and will be finalised next financial year. 'Regional economic cycles' has not commenced, and we will be reviewing whether that should continue on the program. The Bass Strait Passenger Vehicle Equalisation Scheme is an annual review, and we have just finalised the 2005-06 one for release shortly.

**Senator O'BRIEN**—This month or next month?

**Mr Potterton**—That will be for consideration by our colleagues in the Maritime and Land Transport Division, Senator.

**Senator O'BRIEN**—You did not deal with 47 or 48.

**Mr Potterton**—I am sorry. Yes, the conferences: we are looking to hold a second regional perspective conference around April next year and we are holding the Transport Colloquium at Old Parliament House next month.

**Senator O'BRIEN**—You said that No. 22 had not commenced. I am not completely clear on the explanation for it being given a lower priority. Can you explain that?

**Mr Potterton**—It has been a matter of priority. The team involved has needed to finalise other projects before undertaking that project.

**Senator O'BRIEN**—Do I take that to mean that it has been pushed to one side because of other priorities which have been—

**Mr Potterton**—It is necessary to complete the current projects before commencing a subsequent one. It remains important for us to review our approach to transport forecasting.

**Senator O'BRIEN**—So you did not have the resources to do it?

**Mr Potterton**—Exactly.

**Senator O'BRIEN**—Is it the same for No. 27?

**Mr Potterton**—Essentially, yes, Senator, in the context of this year's program.

**Senator O'BRIEN**—Going back to No. 30, what exactly is happening with that project?

**Mr Potterton**—That project is being finalised. We will be publishing next financial year the project review's experience with congestion charging around the world—and obviously there will be cases such as London and other places in Europe and the experience with high-occupancy toll lanes in the United States.

**Senator O'BRIEN**—Early or late or in the middle of the year?

**Mr Potterton**—Early, Senator.

**Senator O'BRIEN**—When you say 'next financial year', you mean 2007-08?

**Mr Potterton**—Yes.

**Senator O'BRIEN**—Was 43, item 2, sponge cities, deferred because of resource issues?

**Dr Turner**—I think it is resource constraints in the sense that the people doing that work are busy doing other things and that the cost of remoteness project has turned out to be somewhat bigger and more demanding than we first expected, and as things change we will need to keep in review whether that remains more important than other issues to which we can devote resources. There is no specific reason other than that people are busy doing other things and maybe other issues have become more important.

**Senator O'BRIEN**—How much of the division's budget is allocated to strategic projects?

**Mr Mrdak**—In the current year, 2006-07, of that \$7.4 million, \$1.2 million is strategic projects.

**Senator O'BRIEN**—And the coming financial year?

**Mr Mrdak**—This is notional at this stage because it is yet to be finalised by the executive. We have asked them to plan on the base of \$1.1 million.

**Senator O'BRIEN**—What projects has the department been working on in this area in the current financial year?

**Mr Mrdak**—On some of our natural resource management areas, principally supporting the minister with the ongoing work on water and other environmental issues.

**Senator O'BRIEN**—So in this area the departmental interest in water issues is effectively an area of policy support for the minister?

**Mr Mrdak**—That is correct. That unit also engages in areas such as greenhouse emissions policy and those sorts of things where we do not have a direct responsibility but where the minister has an ongoing policy need to be kept informed. We also look at the issues in terms of the transport and regional portfolio.

**Senator O'BRIEN**—How does this department become involved in the water issue?

**Mr Mrdak**—Principally when the agencies with responsibility for such matters seek advice from our portfolio on, say, the regional issues involved. We also monitor and provide advice for the minister through interdepartmental committees and the like on ongoing developments and issues as we see them emerging.

**Senator O'BRIEN**—How many staff are engaged in this sort of work?

**Mr Mrdak**—It is a small team. I think it currently resourced at about five people.

**Senator O'BRIEN**—In what other areas is the department working on greenhouse issues?

**Mr Mrdak**—We have a number of involvements. Firstly there is this unit, which looks at overall policies in relation to greenhouse and transport. We have work going on in the aviation division, particular in relation to aviation emissions issues through the International Civil Aviation Organisation and a number of initiatives that have been taking place through Airservices Australia. Similarly, through our Maritime and Land Transport Division we have a role through the setting of advice in relation to the ADRs and the like. So we have a small number of people there who are also across vehicle emission issues as part of our responsibilities for land transport.

**Senator O'BRIEN**—So you have some people in the aviation division who are working on emissions from the aviation sector?

**Mr Mrdak**—That is correct.

**Senator O'BRIEN**—And you have some people in Maritime and Land Transport who are looking at vehicle emissions and vessel emissions?

**Mr Mrdak**—Yes, in terms of the work with the IMO. But principally our role is more with vehicles, because we have the linkage through the ADRs. As I said, through the aviation division we have officers who are engaged with work that is happening in Montreal through the ICAO and the committee on aviation and the environment, which is looking globally at how aviation can work together to reduce fuel burn and emissions.

**Mr Potterton**—I should add that from the bureau's side we are currently updating our projections of greenhouse emissions from the transport sector, which is something we are undertaking for the Australian Greenhouse Office.

**Senator O'BRIEN**—Is that one of the programs?

**Mr Potterton**—No it is not; it came up in the last few months so will be included, most likely, on the 2007-08 program. It is work that we had done. It is a two-yearly update of work that we have done a number of times in the past.

**Senator O'BRIEN**—What can you tell us about trends?

**Mr Potterton**—Greenhouse gas emissions have tended to grow at around two per cent per annum for quite a long time.

**Senator O'BRIEN**—From the transport sector?

**Mr Potterton**—Yes, from the transport sector. We have tended to talk about transport as the fastest-growing source of emissions, but I think that is no longer the case. I think emissions from the electricity sector are now growing faster than those from transport.

**Senator O'BRIEN**—So there is no impact from alternative fuels at this stage?

**Mr Potterton**—Fuel economy is one of the longer-term trends as well. There has been a longer-term trend towards more fuel-efficient vehicles. That moderated somewhat in the nineties, and we would expect that that will be coming through again as a consequence of the high oil prices we have seen over the last three years.

**Senator O'BRIEN**—It may not be the high oil prices but the high fuel prices. What work, if any, has BTRE done on fuel prices as such, or on the relationship between fuel prices and oil price?

**Mr Potterton**—No, we certainly have no current work in that area. We obviously need to take account of fuel prices in our forecasting of the transport task, but it is viewed very much as a modelling input rather than a policy question or a research question on its own.

**Senator McEWEN**—Of the 48 programs in your brochure on 2006-07, how many would you say have a focus on greenhouse issues?

**Mr Potterton**—Excuse me; I am just reviewing the program. Certainly there are a small to medium-sized number that do.

**Senator McEWEN**—I can see—

**Mr Potterton**—No. 20, 'Transport energy future scenarios', is very much oriented towards the climate change issue. Twenty-three and 35 both estimate greenhouse gas emissions. In 23 we look at greenhouse gas emissions from the road freight industry in the intercapital market, and in 35 we look at greenhouse gas emissions from both road and rail industries in that market.

**Senator McEWEN**—That is three of the 48. What is the process of determining which projects you are going to pursue?

**Mr Potterton**—In terms of that number, I should add that a project that has come up since the start of the year is a transport statistics book, essentially, which we will be publishing later this year. That will include an energy and environment chapter, which will have statistics on greenhouse gas emissions in it. How many is that? That is four, and then the fifth one would be the project that we are currently undertaking for the Australian Greenhouse Office on the trends and projections. That is five. To go to your question as to the process—

**Senator McEWEN**—That last one is not in here, is it?

**Mr Potterton**—No, it has come up since the publication of this program about nine months ago. In terms of the process, we consult within the department with our policy areas and we consult externally with stakeholders as opportunities arise. We take soundings from our minister's office and we present a program to our secretary, Mike Taylor.

**Senator McEWEN**—Does the minister's office sometimes make recommendations about projects?

**Mr Potterton**—Yes, that has happened in the past. I cannot say that it has happened recently but it has certainly happened.

**Senator McEWEN**—Would the minister's office have recommended any of these 48 programs?

**Mr Mrdak**—In developing the draft program the BTRE and the department do look closely at the government's priorities. So in terms of the draft program that goes up for the office to note, we do look, as we do through our normal work, to see we are picking up their priorities. I do not think the current program includes any items which have been specifically requested by the minister's office.

**Senator McEWEN**—There have been no specific requests from the minister's office to undertake research into issues to deal with transport and regional development and what we loosely call greenhouse issues?

**Mr Mrdak**—Not a specific project request. As Mr Potterton outlined, there is quite a lot of work going on within the government and across government on greenhouse issues at the moment and the work that Mr Potterton and his team are doing is one element of that—work for the Greenhouse Office and some of the ongoing transport modelling work which fits into other regulatory agendas and the like. So there is not a specific new project but there is a lot of ongoing work in relation to monitoring, data and forecasting.

**Mr Potterton**—I can add that project 23, 'Impact on the road system of the potential mode shift to rail freight', which is one of the greenhouse related items I mentioned, did in fact originate in a reference from Minister Anderson. It has been on the program obviously for some time.

**Senator McEWEN**—In your brief here, project 23 is not specific to greenhouse issues, is it, because it says it is about costs, road safety and other areas? Conveniently, 'other areas' can include greenhouse issues, but it is clearly not a focus of project 23.

**Mr Potterton**—All I can say is that it is covered in that project.

**Senator McEWEN**—Thank you.

[11.39 am]

#### **AusLink**

**ACTING CHAIR (Senator Adams)**—We will now move to AusLink. Senator O'Brien.

**Senator O'BRIEN**—The additional AusLink funds are set out on page 13 of the PBS, I take it.

**Ms Page**—There are two lots of additional AusLink funds. There are the funds set out on page 13 of the PBS and then there are the additional funds made available in 2006-07 which are in the PAES document.

**Senator O'BRIEN**—That is on page 5?

**Ms Riggs**—The measure on page 4, Senator.

**Senator O'BRIEN**—That is the \$250 million?

**Ms Riggs**—That is the \$250 million that the government has appropriated in the 2006-07 year as additional strategic regional funding; that is correct. The additional AusLink funding, which includes funding across the forward estimates and funding for the second AusLink program, is indicated on page 13 of the PBS.

**Senator O'BRIEN**—So the budget measures on page 13 do not include the additional estimates amounts on page 4.

**Ms Riggs**—That is right.

**Senator O'BRIEN**—If you added them, the items on page 4 of the additional estimates will go in the item on the AusLink 2 Strategic Regional Program—is that right?

**Ms Riggs**—The PBS covers the forward estimates period and the other document covers the current financial year, so they are different time periods.

**Senator O'BRIEN**—Not on that page.

**Ms Riggs**—Senator, if you want to see the combined effects could I take you to page 24 of the PBS where you have the already announced AusLink funding plus the effects of the combination of both the 2006-07 supplementary additional estimates, which is the one on page 4 of the portfolio additional estimates statement, plus the measures on page 13 of the portfolio budget statement.

**Senator O'BRIEN**—Okay. On page 24, the amount of \$40.3 million is expenditure on the strategic regional program as previously announced—the grants which were approved following applications by councils?

**Ms Riggs**—That \$40.3 million is our estimated likely outcome of expenditure on projects which were committed to by the government during the 2004 election and subsequently delivered through the strategic regional program and the early payments to projects that were announced in November and December 2006 as a result of the applications called for in March that year.

**Ms Page**—Senator, what you are seeing in that column is the funds as they are expended—in other words, when they are converted to roads.

**Senator O'BRIEN**—Are they paid after the construction in all cases?

**Ms Page**—No. The funds have already been paid. A good example is the 2006-07 additional funding for strategic regional, which will all be paid to councils prior to 30 June this year, but that will be expended by those councils across the forward estimates period. That is why you see the funding profile in the PAES document.

**Senator O'BRIEN**—You have a list of the councils which applied for funding and received it under the strategic regional program. Is that on your website?

**Ms Page**—The website indicates those from the initial funding rounds, yes.

**Senator O'BRIEN**—Are those who did not receive funding listed anywhere?

**Ms Page**—I do not believe so.

**Ms Riggs**—No. We have never announced a list of applicants under the program, Senator.

**Senator O'BRIEN**—Can such a list be provided?

**Ms Page**—We will take that on notice.

**Senator O'BRIEN**—Was a list of projects considered without the details of the applicant?

**Ms Riggs**—It has not been our practice to make public the details of applicants to this program, on the grounds that an application does not represent any form of decision on the part of government to make some form of grant available. It is those where there is a decision in favour of providing funding where we take the view that those are details to be made public. The very act of seeking funding is not of itself in that category.



**Ms Page**—It is not usual practice, Senator, I do not believe, with programs generally, to put out full lists of applications. It is more likely that departments generally publish those grants that are approved.

**Senator O'BRIEN**—That may well be. Of course, the performance of the program against the proposals put to the assessor is a way of assessing the program. Why can we not be supplied with that detail?

**Ms Page**—I have indicated that we will take that on notice.

**Senator O'BRIEN**—Could you also take on notice the detail of the amount requested for each project and details of any contributions by state, territory, local governments or the private sector.

**Ms Page**—Yes, Senator.

**Senator O'BRIEN**—In the *ALGA News* of May this year, a statement is made:

... the Government has decided to provide \$250 million in the current financial year for the AusLink Strategic Regional Program. The funding is being offered to councils that had submitted projects under this program but were not successful in receiving funding in the initial round.

The Government has selected a number of the previously unsuccessful projects and is making offers directly to those councils based on their original submissions. No new submissions are expected to be sought at this time.

Is that an accurate statement?

**Ms Page**—In relation to the process for this program, the government has advised the department of a list of projects for which it would like funds allocated conditional upon councils coming back within a month saying that they can meet the conditions. That list included some applications from the previous program rounds which were unsuccessful and other projects which the government has advised us are priorities.

**Senator O'BRIEN**—So the \$250 million will be allocated to previously unsuccessful applicants in relation to projects, subject to the conditions you outlined?

**Ms Page**—Yes.

**Senator O'BRIEN**—And to other projects that are not subject to application?

**Ms Page**—To projects that the government has advised us are priorities.

**Senator O'BRIEN**—But they are not the subject of local government application, I take it, from your answer.

**Ms Page**—Not through the previous funding rounds, no.

**Senator O'BRIEN**—When Ministers Vaile and Lloyd suggested that the allocation was for previously applied-for projects, that was not completely accurate, was it?

**Ms Page**—They make up the overwhelming majority of projects for which offers are being made.

**Senator O'BRIEN**—So it was partially accurate?

**Ms Page**—That is your assessment, Senator.

**Senator O'BRIEN**—If it is not about what they said it was about, it can only be partially accurate, can't it?

**Ms Page**—I have explained the process, and I do not have any further comments to make on it.

**Senator O'BRIEN**—Do I take it that the criteria to be used in making funding grants will be a ministerial decision?

**Ms Page**—That is correct.

**Senator O'BRIEN**—Are there any other criteria?

**Ms Page**—There are some criteria in relation to contributions to be made to the projects. The projects must be completed within a three-year period, and the councils must confirm their offer to us by mid-June. I think they are the conditions.

**Senator O'BRIEN**—So the decision will be able to be made in late June by the minister?

**Ms Page**—Decisions could be made progressively. I am not sure how the government will want to make those decisions. Some councils have already come back to us confirming acceptance of the offer. We may well do them progressively. Alternatively, the government may wish to do them as a block.

**Senator O'BRIEN**—Will it be the case that, at the completion of the allocation of the \$250 million, some projects applied for under the Strategic Regional Program will not be funded?

**Ms Page**—That is correct.

**Senator O'BRIEN**—Is it correct that some of those projects have been excluded prior to this process of going back to the council, seeking to know whether they will continue to fund the project?

**Ms Page**—Not the full range of projects. Not all projects which had applied for the last round have been the subject of this round of offers. Some of those who have been excluded are those who were judged ineligible as well. There a range of projects in that group that were not funded from earlier rounds.

**Senator O'BRIEN**—How many projects were judged to be ineligible?

**Ms Page**—We would have to take that on notice.

**Senator O'BRIEN**—Do you know why they were ineligible?

**Ms Riggs**—I think it would be a useful background to repeat what I think I have said on an earlier occasion, which is that there were nearly 500 applications in the round in 2006. They sought funding of a little over \$1 billion.

The reasons that projects might have been ineligible in that round were that the application was late—it did not arrive by the due date—and that it did not satisfy the requirements for co-funding. Where a project was seeking a grant of over \$1 million from the government, there were requirements for shared funding. Also, those projects had to be able to be completed by the middle of 2009, and there were some that were ineligible because the councils provided us

with time lines that indicated that that would not be the case. Broadly, those were the three categories of ineligibility.

**CHAIR**—How many of these applications were from above the Tropic of Capricorn?

**Ms Page**—We would have to take that on notice.

**CHAIR**—Many?

**Ms Page**—I could not even speculate. I would like to take that on notice.

**CHAIR**—If, for instance, we wanted to put a bridge over the Daly River to get those poor buggers who cannot get to school in Wadeye to a school, and the resources were not available up there to match the funding, would it happen?

**Ms Riggs**—I am delighted to tell you that one of the projects that are being funded as a result of the 2006 round addresses some of the issues of the access road to Wadeye, and the Australian government contribution is some four million, nine hundred and—

**CHAIR**—Does it include a bridge over the Daly River, because there is not much use building a road if you do not build a bridge.

**Ms Riggs**—I do not believe it does. I think it addresses many of the other issues of—

**CHAIR**—Best of luck!

**Ms Riggs**—The funding from the Australian government is being matched by funding from the Northern Territory government.

**CHAIR**—Anyhow, we will come to that later; you will let us know how many. Having been through there a few times, there is ample opportunity. Even though there are not as many people, there is plenty of development potential with a few better roads.

**Senator O'BRIEN**—Are the criteria that are available on the Department of Transport and Regional Services website the complete criteria for this program, or are there other criteria being applied?

**Ms Riggs**—The guidelines from the 2006 round are available on the website.

**Senator O'BRIEN**—Are they the complete guidelines?

**Ms Riggs**—There were, as you know, some 21 projects being funded from 2004, and the website also includes the guidelines under which those projects are being administered.

**Senator O'BRIEN**—Are there any guidelines, principles, rules or matters other than those which publicly appear on the department's website which, to the department's knowledge, will be applied to the judgement process for the applications?

**Ms Page**—This round is operating differently to the previous round. The previous round was a competitive round. This round overwhelmingly comprises projects which were not funded under the other round, and some government priorities. The offers made total almost \$250 million. It is a process of councils indicating whether or not they accept the conditions of matching, of being able to confirm the offer in the time available and of undertaking to construct the road within three years.

**Senator O'BRIEN**—Should I understand that the criteria on the website are irrelevant to this \$250 million program?

**Ms Page**—While some of the characteristics of those guidelines are being applied in relation to the requirement for matching funding in the majority of cases, this is not a competitive round, as the last round was.

**Senator O'BRIEN**—So the outcomes are determined, effectively, subject to a checklist as determined by the minister?

**Ms Page**—That is correct.

**Senator O'BRIEN**—Is there a list somewhere that sets out the projects to be funded and how much?

**Ms Page**—The department has been given advice from ministers concerning those projects for which they would like offers made.

**Senator O'BRIEN**—And the amounts?

**Ms Page**—And the amounts.

**Senator O'BRIEN**—How many projects are to be funded?

**Ms Page**—I do not have with me the list of the number of offers, Senator. The final number of projects will depend on the number of offers received.

**Senator O'BRIEN**—How many offers have been made?

**Ms Page**—I do not have that—

**Ms Riggs**—Offers in respect of 89 projects have been made.

**Senator O'BRIEN**—How many of those were previously the subject of applications?

**Ms Riggs**—The vast majority.

**Senator O'BRIEN**—How many were not?

**Ms Page**—We do not have that information with us. We would like to take that on notice.

**Senator O'BRIEN**—How long will it take you to get the information?

**Ms Riggs**—We will see what we can do today.

**Ms Page**—We will get that later today.

**Senator O'BRIEN**—The *ALGA News* of 18 May states:

The funding is to be provided to councils in the 2006-07 financial year. The funds must be transferred to council bank accounts by 30 June to fund the physical works in the future. The funding can only be transferred if funding agreements are in place. DOTARS has set 15 June as the closing date for the completion of funding agreements or the offer lapses.

Is that accurate?

**Ms Page**—I think that it is 15 June for the acceptance of the offer.

**Ms Riggs**—I have to say, Senator, that the way in which the offer has been constructed means that acceptance of the offer involves signing a letter to which is attached the conditions of the offer and the letter plus its attachment together make up the funding agreement for the

purposes of these offers. By 15 June we have asked that we receive those signed letters back in the department.

**Senator O'BRIEN**—Is it true that the funding is to be provided to councils in the 2006-07 financial year?

**Ms Page**—Yes.

**Ms Riggs**—Yes.

**Senator O'BRIEN**—Budget Paper No. 2 shows that the funding will be expended over three years: \$25 million next year, \$100 million in the following year, and \$125 million in 2009-10. What you are saying is that the payments will take place in 2006-07—is that right?

**Ms Page**—Yes.

**Ms Riggs**—That is the difference between making payments to councils for them to hold in their bank accounts and when the use of that money on the construction of the projects will be recognised as an expense, as I think Ms Page has already—

**Senator O'BRIEN**—So it will be Commonwealth money sitting in the council's bank account?

**Ms Riggs**—Once it is in their bank account it will be council money subject to their using it for the purposes for which they were made the grant. One of the requirements they have to satisfy is reporting to us on the use of the money, which will enable us to track it against this projected rate of expending of the funds over the future three years.

**CHAIR**—When they do that they will not have tendered for the work even though they have got the money?

**Ms Riggs**—That is right, Chair. There is no requirement on councils under this program necessarily to tender out construction works.

**CHAIR**—Have you ever experienced the difference between getting a ding on your car fixed that is covered by insurance and going privately to the smash repairer and doing it privately? There is a hell of the difference in the price. I wish you well!

**Senator O'BRIEN**—So it is basically an accounting device where Budget Paper No. 2 is showing the moneys as being spent in future years? The Commonwealth has actually paid money out in 2006-07—

**Ms Page**—Budget Paper No. 2 expresses measures in fiscal balance terms—in other words, the way the expense profiles. This is not the same as when the money is physically paid out by the Commonwealth.

**Senator O'BRIEN**—So it is effectively pushing moneys from 2006-07 into the out years, although you have paid it out in 2006-07?

**Ms Riggs**—It is a form of accounting that is used in private enterprise under the broad banner of accrual accounting. It recognises the use of funding when it actually produces something that becomes part of the productive good. So these fiscal balance terms, as Ms Page has described, are when we expect these monies will be used in such a way that you see the road or other related transport project—the bridge or whatever.

**Senator O'BRIEN**—Usually because that is when you pay them. You are saying the budget paper shows when you expect the outcome, but the payment itself is in an earlier financial year.

**Ms Page**—The payment has been made, but the outcome occurs in other years. That is correct.

**Senator O'BRIEN**—The outcome being the completion of a construction project. Is this effectively taking money from the 2006-07 financial year and spreading it over the eight years?

**Ms Riggs**—No, it is recognising when that money will produce the product it has been granted to the councils to produce. There is no question but that the money is being paid out of the reserve to these councils in this financial year.

**CHAIR**—So a bird in the hand is worth two in the bush—to the councils, I mean.

**Ms Page**—It is like the explanation that Mr Ash gave earlier in the morning about where the benefit of an expense occurs across the forward years.

**Senator O'BRIEN**—That *ALGA News* bulletin of 18 May says:

As most projects receiving offers involve some joint funding, councils will need to consider the offer in the light of their ability to meet the joint funding required. If councils do not wish to proceed with an offer they should let DOTARS know as soon as possible so that consideration can be made to offering the funds to an alternative project.

Isn't it a requirement that all strategic regional program projects must involve joint funding?

**Ms Riggs**—No, it is not. The 2006 guidelines and the interim guidelines for 2004 do not require it. In 2006 joint funding was required for any projects for which the grant sought from the government was greater than \$1 million. But smaller projects did not require joint funding, apart from when they were on a state road. But if they were on council-controlled road—

**Senator O'BRIEN**—What is a smaller project?

**Ms Riggs**—A million dollars or less being sought in grant.

**Senator O'BRIEN**—So if you want \$1 million or less there is no requirement for joint contribution?

**Ms Riggs**—Provided it is on a council-controlled road. If it is on a state-controlled road then a funding commitment from the council and/or the state of 50 per cent is required irrespective of the size of the grant.

**Senator O'BRIEN**—Have any councils advised yet that they do not wish to proceed with an offer?

**Ms Riggs**—We have not heard from all councils yet.

**Senator O'BRIEN**—Is it fair of me to presume that if that occurs the minister will determine which other projects are offered funds?

**Ms Riggs**—Yes, he said in his media conference announcing the start of this process last Tuesday that there was a reserve list. I think that is how he referred to it.

**Senator FIELDING**—Do you outline the reasons why certain projects are funded by AusLink?

**Ms Page**—Do you mean the largest component of the AusLink investment program or some of the subprograms?

**Senator FIELDING**—Let us take both parts of the question overall and then some of the subprojects like the Black Spot Program and some of the other areas.

**Ms Page**—Quite different funding mechanisms apply to all of them. In relation to the AusLink investment program, which is the largest component, a good way to describe it would be to describe how we are going about developing the second AusLink program, which will start on 1 July 2009. The government and the states have jointly completed 24 corridor studies of the major transport corridors in Australia. They are about to be published; some are already published. They highlight the short-term and long-term priorities for those corridors. We are undertaking negotiations with the states at the moment, starting the iterative process of developing projects for the government's consideration, but those projects are being driven by the priorities that have been identified in those long-term strategic documents.

**Senator FIELDING**—With regard to the funding for the current year, which has been outlined in the budget, and some of the priorities—and I have some of the media releases advising of the roads that are being funded—do you outline the specific reasons as to why they are funded?

**Ms Page**—The roads in the current program were outlined in the AusLink white paper, published in mid-2004. Generally, they were accompanied by a description of the strategic objectives that those projects were meant to address.

**Senator FIELDING**—I will come back to that in a second. Has there been a request for the upgrading of the Princess Highway in Victoria, west of Geelong, which goes through to Warrnambool and into South Australia?

**Ms Page**—I think there have been a number. The issue is that that part of the Princess Highway is not on what is described as the national network, which is the network for which the Commonwealth provides funds for projects under the AusLink investment program.

**Senator FIELDING**—So you are saying that a road that reaches from Geelong directly to South Australia is not on the national network?

**Ms Page**—That is correct.

**Senator FIELDING**—So you are saying that a road servicing 350,000 people and directly used by trade, tourism and transport does not register as part of the national network?

**Ms Page**—The government gazetted its national network in the AusLink white paper in 2004. That is the network for which the government has agreed to provide funding assistance to the states for road projects. There is always scope for roads to receive funding under other programs, such as the Black Spot Program under the strategic regional program. Also, in increasing funding under AusLink 1 and now with AusLink 2, the Australian government would probably argue that it has taken over responsibility for a greater network of roads than it has in the past. While it is not funding them in full, it has certainly increased its overall

funding share under both programs—in other words, it is providing the states with greater flexibility to use their own funds on roads such as that.

**Senator FIELDING**—Are you aware that 17 shire councils and the RACV have been calling for that section of the road from Geelong to South Australia, which is a black spot area—it may not be deemed so by your criteria, but black spots cause a 1.93 per cent increase in road deaths on the highway every year—to be listed and that for five years the state government has been asking the federal government to have this highway listed? Have you looked into it further?

**Ms Page**—This is not a decision of the department. The government considered a road network in 2004, and the government made a decision in relation to the network. The government keeps that under review but, at this stage, it does not have any plans to extend it. Ms Riggs might be able to provide some more detail.

**Ms Riggs**—It is certainly true that the group of 17 councils have made representations to Minister Lloyd, the Minister for Local Government, Territories and Roads, over this matter. It is also true that there has been an approach from the Victorian government for consideration to be given to extending the network to include the Princess Highway from Geelong to Coolac, not all the way to the border. As Ms Page said, those are matters the government has indicated it will review in its process of considering the definition of the AusLink national network.

**Senator FIELDING**—Maybe I need to ask the minister. What responses have been given to those requests from the state government?

**Senator Johnston**—I am not aware of what responses have been given. I would have to track the responses down to see when they were sent, how many there are and what we have got back from the states. I can probably take that on notice for you.

**Senator FIELDING**—Thank you. Has the department looked at that section of that road to any extent at all?

**Ms Page**—Our job, essentially, is to administer the national network that the government has asked us to allocate funds to. I have to say that that is not the only other stretch of road, though, where local governments and state governments have been pressing for increases in the size of the network. There are a range of roads across Australia where cases are made from time to time for extension.

**Senator FIELDING**—With regard to the Black Spot Program, what criteria are used for determining black spots?

**Ms Riggs**—In order to be eligible for consideration under the program, a black spot has to have experienced three casualty crashes in the preceding five years or to have demonstrated a very significant propensity for potential casualty crashes as a result of a road safety audit.

**Senator FIELDING**—Has there been any request to the department for that area being a black spot area?

**Ms Riggs**—Not for the road as a whole. There may have been nominations for particular spots along that road at various times over the life of the program.



**Ms Page**—The Black Spot Program works in such a way that there are state committees as well which agree on the priority of projects for the state. So they do not come to the department in the first instance.

**Senator FIELDING**—Who is on the state committees? Can you remind me?

**Ms Riggs**—They are chaired by a member of parliament chosen by the minister, and broadly, the rest of their membership is the state road authority, the state motoring association and a representative or two of the transport industry.

**Senator FIELDING**—Could you provide a list of the current ones.

**Ms Riggs**—I think we did that in response to a question on notice at these hearings in—

**Ms Page**—I can give you that information now, if you like. The chair of the Victorian Black Spot committee is Mr Stewart McArthur MP, and the committee includes members representing the Royal Automobile Club of Victoria, the Victorian Road Transport Association, a representative from local government, the Australian Population Institute, the Victorian Police, the state minister for transport's office and VicRoads.

**Senator FIELDING**—How often does that meet?

**Ms Riggs**—Generally, those committees meet once a year to consider the nominations that have been made in respect of the forthcoming year's Black Spot Program.

**Senator FIELDING**—To whom do they provide a report?

**Ms Riggs**—They make recommendations as to which project should be funded to the minister.

**Ms Page**—Based on the criteria associated with the program.

**Senator FIELDING**—Minister, does that report get tabled anywhere?

**Senator Johnston**—I am not aware of that.

**Ms Riggs**—No, that advice is not generally made public.

**Senator FIELDING**—Can I have a copy of that?

**Ms Riggs**—Subject to the minister's views.

**Ms Page**—We will take that on notice, yes.

**Senator FIELDING**—How does the minister respond to those requests?

**Ms Riggs**—If the minister agrees, the minister formally declares a program of projects to be the projects that will be funded under the Black Spot Program in a state for the subsequent year.

**Senator FIELDING**—I am not trying to make it difficult; I am just trying to understand the process and how public it is versus whether it is done behind closed doors. I think the public would like to know a bit more about it—about how the process happens. It is great that there is a group that looks at it and makes recommendations to the minister. I am just trying to work out what happens from that process. I would like on notice, if I can, to look at that report. Perhaps the minister can also advise what goes back to that group.

**Mr Atkinson**—There are two points you might be interested in. The first is that the maximum cost of black spot projects is only \$750,000. So it is obviously for smaller areas rather than an entire area of highway. Also, the projects approved by the minister are actually on the AusLink website, with the details of the projects. He signs formal approval instruments in accordance with the AusLink act.

**Senator FIELDING**—On a separate area now, can someone go through how the Roads of National Importance are defined?

**Ms Page**—That program ceased to exist since the inception of AusLink on 1 July two years ago.

**Senator FIELDING**—Okay, thank you.

**Senator O'BRIEN**—I want to ask further questions about the strategic regional project. Has an offer been made to the Conargo Shire Council for the roads to rice project?

**Ms Page**—We will have to take that on notice.

**Senator O'BRIEN**—While you are taking it on notice, what is the amount of the offer and what is the total estimated cost of the project?

**Ms Page**—We can get that advice for you, but we do not have the list with us.

**Senator O'BRIEN**—What electorate is that project in?

**Ms Page**—Again, we will take that on notice.

**Senator O'BRIEN**—What funding contributions are being made by other parties?

**Ms Page**—We will not know what the funding contributions made by other parties are until the council comes back with a confirmation, if indeed they were made an offer in the first place.

**Senator O'BRIEN**—When did the Conargo council make an application for Strategic Regional Program funding for this project?

**Ms Page**—Again, we will take that on notice.

**Senator O'BRIEN**—And when was it knocked back, and why? If there was no application, on what basis is the project to be funded?

**Ms Page**—We will take those questions on notice, Senator.

**Senator O'BRIEN**—I take it in all cases the decision on the funding of these projects, as you previously indicated, is the minister's.

**Ms Page**—That is correct.

**Senator O'BRIEN**—Is it Minister Lloyd or Mr Vaile?

**Ms Page**—It is both ministers, although I think Minister Lloyd has formally signed the instrument.

**Senator O'BRIEN**—I have the same questions in relation to the Tumbarumba Shire Council, in relation to the Tooma Road project—the Tumbarumba to Maragle road. Has an offer been made?

**Ms Page**—Again, we will take that on notice.

**Senator O'BRIEN**—While you do that, can you advise me the amount of the offer and the total estimated cost of the project? What electorate is the project in, and what funding contributions are being made by other parties? Has the offer to the council been accepted? If not, why not? When did the council make an application for Strategic Regional Program funding for this project and, if it was knocked back, when and why?

I have the same questions, which I take it you are going to take on notice, in relation to the Tumut Shire Council Green Hills access road reconstruction; the Walgett Shire Council Collarenebri to Burren Junction project; the Walgett Shire Council Walgett-Carinda road, completing the sealing and upgrading; and the Wellington Council Wellington-Narrabri regional road. I also ask the same questions in relation to the Narrabri Council plan for upgrading the Coonamble to Bingara road; the Singleton Council Wollombi Road/Paynes Crossing Road upgrade; Cessnock City Council for the construction and sealing of DeBeyers Road unsealed section between Broke Road and McDonald Road; and the Griffith City Council Murrumbidgee River Road upgrade.

In Lockhart Shire Council is the Rock Bullenbung construction; in Wyong Shire Council is the Brush Road Upgrade; in Cabonne Council is the Baldry Bridge replacement of Rocky Ponds Creek to Renshaw McGirr Way; in Cowra Shire Council is Billimari Road sealing; in Dubbo City Council is the Boothenda Road/Golden Highway intersection realignment; in Gundagai Shire Council is the Adjungbilly Creek bridge construction; in Hawkesbury City Council is the Racecourse Road South Windsor sealing project; in Tenterfield Shire Council is the replacement of four timber bridges project; in Wyong Shire Council are the Link Road and Dickson Road upgrades; in Bombala Council is the Snowy River Way upgrade; in Queanbeyan City Council is Edwin Land Parkway stage 2; in Gloucester Shire Council are Bucketts Way road rehabilitation and Krumbach, Deep Creek and Broad Gully bridge replacement; in Lachlan Shire Council is the Hillston-Eumungerie Road; in City of Ryde are Balaclava Road Eastwood, Wicks Road North Ryde and Cox's Road North Ryde; in Corangamite Shire Council is the industry growth links project; in City of Casey is the Manks Road construction; in Buloke Shire Council is Donald South Road, or Golf Course Road; in City of Casey is the Dalmore Road construction; in Hindmarsh Shire Council is the Nhill Truck Route; in West Wimmera Shire Council is the Harrow Casterton Road upgrade; in Whittlesea City Council is the E6 Roadway, Findon Road to Bridge Inn Road; in Yarra Ranges Shire is Don Road Healesville; in Yarra Ranges Shire is Bell Street Seville and Melba Highway deviation at Yarra Glen; in Indigo Shire Council are Mellish Street Beechworth road widening and vertical alignment improvements; in Swan Hill Rural City Council are Swan Hill and Wakool Roads upgrade; in Yarra Ranges and Cardinia is the widening of Wellington Road, Lysterfield Road and Clematis; and in Cardinia Shire is Gembrook-Tonimbuk Road upgrade.

In Bulloo Shire Council there is the Innaminka Road upgrade to seal; in Cook Shire Council in the Lily Creek to Crocodile Gap; in Etheridge Shire Council are the Savannah Way safety improvements; in Flinders Shire Council is the Hann Highway development; in Peak Downs Shire Council is Rolleston to Suttor Development Road link; in Nebo Shire Council is Peak Downs Highway upgrade; in Balonne Shire Council is Noondoo Thallon Road bitumen

sealing and the upgrading of Theodore and Eidsvold Roads; in Calliope Shire Council is Benaraby regional landfill intersection; in Belyando Shire Council is the Huntley Road upgrade stage 1; in Emerald Shire Council is Gemfields Way road safety widening; in Mirani Shire Council is Highams Bridge upgrade and rehabilitation; in Quilpie Shire Council is Quilpie-Thargomindah Road upgrade and seal; in Waggamba Shire Council are Talwood Mungindi Road safety upgrade program, Talwood Boonanga Bridge replacement project and Glen Lyon Dam Road safety upgrade; in Winton Shire Council is Jundah Road Jumpup safety improvements; in Redland Shire Council is the widening of the Quarry/Rickertt Road; in Gladstone City Council is Kirkwood Road; in Hervey Bay City Council is Old Toogoom Road, stage 3; in Barcoo Shire Council are the Farrars Creek sealing project and the Morney Road project; in Diamantina Shire Council is Nappabilly Creek Crossing; in Burdekin Shire Council is Beach Road; in Nannup Shire Council are Mowen Road and Jalbaragup Bridge; in Rockingham City Council are Mandurah Road and Mundijong Road extension.

There are a lot of places, so forgive me if I make a small error. I am happy to correct the *Hansard* later. In the Shire of Derby-West Kimberley is the Gibb River Road—Blina to Lennard River section. In the City of Wanneroo is the Ocean Reef extension. In City of Kalgoorlie-Boulder is the Kalgoorlie-Boulder common user intermodal facility. In the City of Stirling is the overpass at the Reid Highway and Mirrabooka Avenue. The unincorporated lands in South Australia include the Strzelecki Track upgrade, the Marree-Lyndhurst Road accessibility improvements and the Blinman-Wilpena Road construction and sealing. The Wattle Range Council has the Millicent heavy vehicle detour project.

**Senator STERLE**—You missed one.

**Senator O'BRIEN**—No, I did not. The Port Pirie Regional Council has Crystal Brook to Redhill Road.

**ACTING CHAIR (Senator Adams)**—Senator O'Brien, would you be able to table that list. Do you have many more?

**Senator O'BRIEN**—No, I cannot table it, I am sorry; it is not in a meaningful form. In the City of Tea Tree Gully is the Montague Road upgrade. In the City of Playford is the intersection of Angle Vale Road and Heaslip Road.

**ACTING CHAIR**—I tried!

**Senator O'BRIEN**—The Light Regional Council has the Main North Road, Gawler and Tarlee, and Kapunda to Marrabel Road. In Gawler is the intersection of Para, Potts and Main North roads. In the City of Onkaparinga is Beach Road from Dyson Road to South Road and the Bishops Hill Road-Chandlers Hill Road intersection. The Huon Valley Council has the Russell River bridge replacement. The Coomalie Community Government Council has the Batchelor all-weather access project. In the Kunbarllanjja Community Government Council is the local road network upgrade. Which one did you think I missed?

**Senator STERLE**—One of the Western Australian roads.

**Senator O'BRIEN**—Okay. They are the projects that I am seeking answers to.

**CHAIR**—Seeing as you have read your long list, could Senator Nash ask a couple of questions, please?

**Senator NASH**—If you have more—

**Senator O'BRIEN**—For completeness: in each case, does the project have the support of the state or territory government and have they indicated whether they are prepared to contribute funds?

**Senator NASH**—I have a different issue.

**Senator O'BRIEN**—I understand that the City of Stirling has applied for funding for the Alexander Drive-Reid Highway intersection, which is one of the most dangerous in Perth. Is it intended that that project will be funded? If not, why not? Another project, the Mirrabooka Avenue-Reid Highway overpass, is to be funded, so why is that decision being taken? As background, the Mirrabooka intersection is ranked 24th in the Black Spot priority project in Western Australia but the Alexander Drive project is ranked first. I am given to understand that the council applied for funding for the Alexander Drive project and not the Mirrabooka Avenue project.

**Ms Page**—Are we still talking about the Strategic Regional Program or the Black Spot Program?

**Senator O'BRIEN**—We are still talking about strategic regional.

**Ms Riggs**—We will take those questions on notice.

**Senator NASH**—I have a few questions on the Bells Line of Road over the Blue Mountains—no surprises, Ms Riggs. Firstly, I have some general questions, and they are probably going to seem very general, about when you are looking at the funding priorities. Things like economic development, safety, quality of life in the areas affected by the roads and the dangerous nature of roads: where do they sit in priorities and what are the most important and how does that impact on your decisions?

**Ms Riggs**—For starters, I have to say that at the end of the day the decisions about what to fund are the government's. But all those factors that you have mentioned are important factors in judging relative priority and they are all part of the objectives that we have generically for every AusLink corridor; that, whatever we do, make it more productive, make it safer, increase amenity rather than reduce it for townships and people who live along it. They are all particularly relevant factors.

**Senator NASH**—Just on that more productive nature, I gather that the central west is the only region in regional Australia that doesn't have a B-double access into the city; is that right?

**Ms Riggs**—I have to confess that we probably do not know the answer to that off the top of our heads. But certainly in terms of New South Wales and the fact that B-doubles are not approved for the Great Western Highway over the Blue Mountains or any other road, most other major cities in New South Wales would have some form of B-double access onto one of the major arterial highways or national network highways.

**Senator NASH**—Yes, because it does seem to stand out that there is not that access in terms of the productivity.

**Ms Riggs**—You would appreciate that regulating the traffic that travels on the roads in Australia is a matter for state and territory governments.

**Senator NASH**—I completely understand that and, because of that, it becomes a bit chicken and the egg: the road that can provide the type of access for a B-double and the decision to make a B-double on a road. Can you tell me what the situation is with the Bells Line? I believe it was being considered under the strategic corridor strategy.

**Ms Riggs**—Indeed you did ask when we were last here. That is true, and the Sydney-Dubbo corridor strategy team has had representations in respect of Bells Line of Road. That corridor strategy is very near to being finalised to the point of going out for public consultation.

**Senator NASH**—How close is ‘very near’?

**Ms Riggs**—I would hope days.

**Senator NASH**—Excellent.

**Ms Riggs**—That will then give a four-week period in which stakeholders can further present a case or make comment about the strategy. After that, apart from some formal tidying up and making it look pretty and look like a corridor strategy in publication terms, we will then ask the Deputy Prime Minister formally to convey it to the New South Wales ministers and ask for their endorsement of it before it goes to the Council of Australian Governments. COAG has asked that all 24 corridor strategies be completed by 30 June. So, given a four-week consultation period, we are running on a very tight time line with this strategy.

**Senator NASH**—Excuse my lack of knowledge in this particular area but as part of the process does it have to go to the state government at this point in time, or has it been? Can you enlighten me on the state government involvement in the process?

**Ms Riggs**—State ministers by and large have chosen to have a say about what goes onto the web for that public consultation period. So, yes, New South Wales state ministers have to approve the words that are released for the consultation period.

**Senator NASH**—Has that been done as yet, or are you waiting on the state government?

**Ms Riggs**—It is an iterative process—and there is a bit of iterating going on on this one.

**Senator NASH**—Good luck with your iterating. In terms of the AusLink funding criteria—and again this is a very genuine question; it has just been raised with me—I have been told that the current Great Western Highway over the Blue Mountains does not meet the AusLink funding criteria but that the Bells Line of Road does.

**Ms Riggs**—I am not quite sure what your informant might have meant by that. The Bells Line of Road is not part of the declared AusLink national network and could never be funded under our major investment program therefore unless such a declaration was changed.

**Senator NASH**—What would have to happen for that to be changed?

**Ms Riggs**—I will come back a little way. The Great Western Highway is a declared part of the national network and funding for it could be made available. Of course funding for many parts of the network could be made available if the bucket was limitless—and it is not. The Great Western does not have any approved projects in this current five-year period. What are

the criteria for the national network? Fundamentally, they are about the roads that carry a major share of our freight, including freight for export, and the railways that carry a major share of at least non-bulk freight, particularly from regions through cities to our export ports.

The network, however, is a little more than that. It is also about securing fundamental connectivity between each of our capital cities and from each major identified region to the rest of the nation and, clearly, you need an arterial network at different levels to make that all work. But the network is predominantly focused on where our major freight transport flows are—and that happens to be where a lot of passenger transport flows go as well—because the network fundamentally underpins our economic prosperity.

**Senator NASH**—Just back to the question of what would enable the Bells Line of Road to become—

**Ms Riggs**—It would have to be declared as part of the network.

**Senator NASH**—That was my question: what is the process for declaring it, as far as the network—

**Ms Page**—It is a bit like the process I described to Senator Fielding. The government has made a decision at the moment on what the national network comprises and it keeps that under review. Bells Line of Road, the Princes Highway to the west of Geelong, and a whole range of other roads are things that the government just keeps under review. They are government policy decisions at the end of the day, really, in terms of how big a network they are prepared to take on.

**Senator NASH**—If we take the possibility of Bells out of the equation and just look at the Great Western Highway, given that we have been told that the freight task will double by 2020, has the department done any forward work on the ability of the Great Western Highway, as it is, to cope with that freight task at this point in time?

**Ms Riggs**—That is precisely a fundamental issue that the corridor strategy goes into: what is the road at the moment; what does it carry at the moment; what is it projected to carry into the future; and how adequate is it to that task? Having determined whether or not it is adequate or in what ways it is less than adequate, it then says: what are the key priority issues for addressing this road into the future? That is what a corridor strategy does. Given that it is not yet at the point of public consultation and given that I do not actually have one of them in my back pocket today—because 24 of them is quite a lot of paperwork to carry around—I cannot outline what those deficiencies are precisely in that strategy and what its conclusions are. But it will be publicly available very soon.

**Senator NASH**—This is probably a difficult question when we talk about adequate and whether or not a road will be adequate: what are the criteria that you put around adequate? I guess my question is—and this may well be something that comes out in the study—at what point does an existing road become inadequate and we look at alternatives?

**Ms Riggs**—Adequacy can be measured against those sorts of factors you have already raised. Fundamentally, is there enough capacity on the road to keep moving the traffic that wants to go on the road backwards and forwards without it snarling up and only travelling at eight kilometres an hour?

**Senator NASH**—Which it does.

**Ms Riggs**—Through some of those villages, yes, I guess that is true. Is it congested or not?

**Ms Page**—Perhaps one way to describe it is that a benefit cost ratio—which is really the economic tool to rank projects—looks at congestion, at damage to vehicles and at costs caused by death and injury. They are really the three primary things that you would look at in relation to notions of adequacy.

**Senator NASH**—Was there something else you were going to add, Ms Riggs?

**Ms Riggs**—I was going to put the social amenity dimension in there as well. Ms Page is right in that those that impact directly on individuals if you like and that are very quantifiable are more highly weighted in terms of a benefit-cost ratio.

**Senator NASH**—In terms of the road—and those sorts of things obviously directly impact on the particular road—that adequacy: does it look at the either end, for want of a better way of putting it, in terms of population movement and freight movement? The things you were talking about are quite correct but very immediate. Does it look at the impact on the social type of stuff that Ms Riggs was referring to?

**Ms Page**—Certainly the corridor strategies do. They look at what you would expect in terms of growth in congestion and accidents and that sort of thing over the length of a corridor.

**Ms Riggs**—But they look at more; I heard the end in a slightly different context. They do look at how that corridor connects to the broader arterial road network around it or the next corridor along. So in the case of the Great Western Highway, which is the road part of the Sydney-Dubbo corridor, one of the issues that we look at there is how it connects into the Sydney urban corridor, for example.

**Senator O'BRIEN**—Taking you back to the strategic regional program, what limitations apply in terms of location for funding under that program? How do you define 'regional'?

**Ms Page**—I think we have indicated that, with the current round, the government has provided us with a list of projects which it would wish to be funded from the \$250 million.

**Senator O'BRIEN**—In the previous project, how would eligibility as a regional project be determined?

**Ms Riggs**—Fundamentally, the project has to be not on the national network. Apart from that, it would have had to be a project that satisfied the terms described in these guidelines, which I know we have provided a hard copy of in the past and which are available on the website.

**Senator O'BRIEN**—So capital city, metropolitan areas—

**Ms Riggs**—They are all regions of Australia.

**Senator O'BRIEN**—So it is not about regional Australia; it is about all of Australia.

**Ms Page**—It is not about rural Australia; it is about regions generally.

**Senator O'BRIEN**—Rural Australia is one part of it, but regional Australia might include Ballarat or something like that, I would have thought, rather than Sydney or Melbourne, or



Brisbane for that matter. But we should not understand it that way; that is what you are telling me.

**Ms Page**—In the same way that we have, under the Regional Partnerships program, area consultative committees right across Australia, including capital cities, and provide Regional Partnerships money to all communities; it is the same policy underpinning.

**Senator O'BRIEN**—We had better not start on that program now; we will come to that later. I am sure that Ms Riggs will be glad that we do not.

**Ms Riggs**—I hope to be at home having dinner by then.

**Senator O'BRIEN**—And you might, too.

**CHAIR**—Come on; enough social chat.

**Senator O'BRIEN**—Don't be impatient! So Ryde can get it as well as Ballarat or Broken Hill.

**Ms Page**—There are no prohibitions on urban areas.

**Senator O'BRIEN**—In terms of the state-by-state allocation of the \$250 million, has the minister made any determination about distribution based on the sort of distribution that applies under Roads to Recovery, or is this merely at the minister's discretion?

**Ms Page**—The government has given us a list of projects which it wishes to see funded.

**Senator O'BRIEN**—If about one-third of those projects is allocated to one state it is because the minister wanted it so.

**Ms Page**—That has been a government decision.

**Senator O'BRIEN**—I refer to the announcement of a number of AusLink strategic regional program offers in Western Australia made on 17 May. Perhaps Senator Johnston can explain why these offers were made just one week after the Western Australian state budget was brought down, given that the state government is expected to contribute to many of the projects being offered.

**Senator Johnston**—I cannot assist you on that.

**Senator O'BRIEN**—How does that assist responsible financial management of the states, if the Commonwealth delays its offer until after the state has made its budget known?

**Ms Page**—It does not necessarily require a state government contribution; it could be matching by the local council.

**Senator O'BRIEN**—Has the government approached state governments to advise them of required state government contributions for AusLink strategic regional projects?

**Ms Page**—Not to my knowledge, but there is no overriding requirement for state governments to contribute.

**Senator O'BRIEN**—If a project is funded under this \$250 million, no project will require a state government contribution?

**Ms Page**—No. It will require a matching contribution, but it could be a matching contribution from a council.

**Senator O'BRIEN**—Councils are presumably applying and not the state government, from what you have said earlier.

**Ms Page**—The offers are being made direct to councils.

**Senator O'BRIEN**—Yes, but if, in any case, an offer requires contribution from a state government, will the state government also be advised?

**Ms Riggs**—I think it is important to note that we do not make the requirement that the matching or the sharing contribution be made by any party. If the council approaches the state government—or anyone else for that matter—or its own coffers, that is a matter for the council. So, no, we have made no requirement about who or where the matching offer might come from.

**Senator O'BRIEN**—I think the point I am getting at is that, if council suggests that a project is able to go ahead on the basis of an amount of Commonwealth funding and local government and state funding, what steps does the department take to be certain that the alleged state funding is available, if that takes place?

**Ms Riggs**—It is up to the council to assure us that those commitments are still in place, and they will need to do that as part of accepting the offer that has been made to them and will indicate that by signing the letter of offer they have and returning it to us by 15 June.

**Senator O'BRIEN**—The council, by 15 June, will have to tell you if their project requires state government funding?

**Ms Page**—No—whether they have been able to secure matching funding from whatever source.

**Senator O'BRIEN**—I understand that there may be other sources, but I am asking about state government funding at the moment. So, if a council requires an amount of funds from a state government to come up with the matching funding required, it will be up to them to simply sign off and say, 'We have that commitment to tell you,' and that is all the department will require.

**Ms Riggs**—That is what we will require by 15 June. One of the things they also agree to do by signing up to that funding agreement is to give us detail within the subsequent month—so by the middle of July—of who their funding partners are, to what amount and so on, plus a little more detail about the project and what their time line is and so on, so that we can know when we are likely to get reports from them about the use of those funds.

**Senator O'BRIEN**—In a more general sense, has the government determined the level of funding it expects the states to contribute to AusLink for projects on the national network?

**Ms Page**—The government has indicated—and I think there have been some statements by Minister Vaile—that it expects a higher level of sharing in relation to AusLink 2 and that it will require contributions from states to all projects on the national network under AusLink 2. At this stage we are discussing with states the likely levels of those contributions, which would probably be of the order of 50 per cent for an urban project and 20 per cent for a non-urban project as a minimum. But that is likely to vary, or could vary, depending on circumstances. So a mandatory level of sharing is the principle difference from AusLink 1.

**Senator O'BRIEN**—So apart from that statement, what discussion has taken place with the states so that they are well aware of potential obligations arising from AusLink 2 for their budgeting process?

**Ms Page**—The minister has written to state ministers indicating that a process of negotiation is about to start with the states. Ms Riggs and I are currently undertaking state-by-state visits to outline the nature of the process for developing AusLink 2 including the sharing arrangements.

**Senator O'BRIEN**—When did they start?

**Ms Page**—Last Friday in Melbourne.

**Senator O'BRIEN**—Very recently, yes. When will you at least initiate discussions with every state?

**Ms Riggs**—We will have had our first discussion with every state, bar one that has not yet advised us of a date, by 5 June.

**Ms Page**—Certainly mid-June anyway.

**Senator O'BRIEN**—Will all AusLink 2 projects be based on the corridor strategies that have been developed?

**Ms Page**—I would imagine so. It is a bit hard to say at this stage. Certainly the corridor strategies are the broad strategic advice used to inform planning by the Commonwealth and the states on those corridors. I cannot ever rule out that the government may not have another priority on a corridor, but in general terms, yes, we are using the corridor strategies as the primary planning tool and that is the basis of the discussions that Ms Riggs and I have been having with the states.

**Senator O'BRIEN**—So there is no guarantee that there will not be ministerial decisions to fund projects not based on the corridor strategies?

**Ms Page**—The corridor strategies are very broad documents for a start. It is difficult in some ways to conceive how you would not fund projects that are consistent with them because they talk in broad terms about pressures on long lengths of road. But like any other grants program, like any other Commonwealth state funding program, I cannot rule out that the government may not from time to time have immediate priorities that it wants to fulfil.

**Senator O'BRIEN**—It is a very interesting way of putting it: 'might have immediate priorities that it wants to fulfil'.

**Ms Page**—I think I would have the same comment with any grants program subject to ministerial discretion irrespective of the subject matter. There is nothing peculiar to AusLink in this.

**CHAIR**—Why do you think you are not allowed to have a B-double? Is it only because of the corners on the Dubbo to Sydney road?

**Ms Page**—On the Great Western Highway? I think it is a matter for the New South Wales government in terms of the routes that they have declared for B-double access.

**CHAIR**—Is it mainly just the sharp turns?

**Ms Page**—I do not know the detail of that.

**CHAIR**—You could spend a bit of that higher priority money sorting out that. If you do not want to do the other road you could do the corners, because there is not much difference between a B-double and a semi, I have to tell you.

**Ms Page**—There is certainly work that we and the states have done from time to time to facilitate greater use of heavy vehicles. A lot of that has been to do with bridge strengthening to provide for higher mass limits. But, yes, there would be no immediate obstacle to a series of safety measures designed to improve the productivity of any AusLink route.

**Senator O'BRIEN**—Just going back to the strategic program, I asked some questions in relation to Ryde council and three projects. That is in the electorate of Bennelong, isn't it?

**Ms Page**—I believe so.

**CHAIR**—This is a political conspiracy coming up.

**Senator O'BRIEN**—I think it has happened.

**CHAIR**—I think we will knock off for lunch.

#### **Proceedings suspended from 1 pm to 2 pm**

**CHAIR**—We will continue.

**Ms Page**—We have officers here who have done the funding reconciliation that Senator O'Brien asked about this morning. Would you enable us to provide that information for you?

**CHAIR**—Okay.

**Senator Johnston**—It is very important. We want to get to that.

**Senator IAN MACDONALD**—I want to follow on Senator O'Brien's path of questioning about AusLink and the state contribution. I particularly refer to the Queensland announcements made by the minister in the last week or so. In particular, are you familiar with roads like the Hann Highway from Hughenden through to—

**Ms Page**—Yes.

**Senator IAN MACDONALD**—What classification does that road have?

**Ms Page**—That is a state road or possibly a mix of state and local government roads.

**Ms Riggs**—Part of it is a state declared highway and part of it, I think, is what Queensland calls a state development road. But all of it is, I think, part of the state network rather than the local road network.

**Senator IAN MACDONALD**—Just refresh my memory. What was the contribution from the Commonwealth towards that road?

**Ms Riggs**—I am sorry; I do not have those papers with me at the moment.

**Ms Page**—I suspect that we may have made contributions from time to time to bits of its length where it may also be called different things but we will take that on notice and get back to you.

**Senator IAN MACDONALD**—Were there announcements made last week?

**Ms Page**—Are you referring to the Strategic Regional Program?

**Senator IAN MACDONALD**—Yes.

**Ms Page**—Yes. There were some announcements made jointly in Queensland by Minister Vaile and Minister Lloyd.

**Ms Riggs**—I think I need to add to that. The Deputy Prime Minister and the minister did not announce the details of projects with the exception of a couple. They announced the total sum of the offer being made available to councils in Queensland for some defined projects, but they did not specify the projects or how much was on offer for each of them.

**Senator IAN MACDONALD**—Do you remember which ones they did announce?

**Ms Riggs**—There is one to Nebo Shire Council for a section of the Peak Downs Highway. Subsequently, the Prime Minister announced an offer of \$10 million for Lily Creek to Crocodile Gap on the northern peninsula road. The Deputy Prime Minister announced on Tuesday some \$13 million for Kirkwood Road in Gladstone along with the funding for the Peak Downs Highway. The Deputy Prime Minister and Minister Lloyd also announced funding for Ricketts Road in Redlands Shire. They are the only four I am aware of that the minister and the Prime Minister have announced.

**Senator IAN MACDONALD**—They will do. What classification of road is the Peak Downs Highway?

**Ms Riggs**—It is a state highway, to my understanding.

**Senator IAN MACDONALD**—How much is the Commonwealth putting into it?

**Ms Riggs**—The offer is for \$6.5 million.

**Senator IAN MACDONALD**—What do you mean by an offer?

**Ms Riggs**—In this round, the government has made offers to a number of councils in respect of—I think I have already said this—89 projects. The Deputy Prime Minister has indicated that he does not wish to identify the full list of projects at this time given that some councils may choose not to take up those offers because they might find they cannot accept the conditions that are attached to the offer.

**Senator IAN MACDONALD**—So they are offers to local authorities—

**Ms Riggs**—Yes.

**Senator IAN MACDONALD**—of which there will not be many left in Queensland very shortly, thanks to the state government. They are offers to local councils to fund state roads.

**Ms Riggs**—In some cases. In other cases, they are offers to fund local government roads.

**Senator IAN MACDONALD**—Perhaps Ricketts Road is a local authority road. Certainly the Peak Downs Highway that you talk about is.

**Ms Riggs**—Yes.

**Senator IAN MACDONALD**—Following along from Senator O'Brien's question, is the state being asked to contribute to that road?

**Ms Riggs**—As I said, I have not brought details with me on the basis that the Deputy Prime Minister had indicated that he did not want these largely announced until such time as councils had had an opportunity to consider the offer. So, off the top of my head, I do not recall what the other dimension of that is. However, I believe that because it is a state road there would be a requirement for a matching of that funding to come from other sources.

**Senator IAN MACDONALD**—So even the Peak Downs Highway—I am sorry if I am anticipating—

**Ms Riggs**—I am talking about that particular instance.

**Senator IAN MACDONALD**—So there were no details of that announced except an offer was made in relation to the Peak Downs Highway.

**Ms Riggs**—That is correct.

**Senator IAN MACDONALD**—That comes out of the regional component of the Roads to Recovery. Is that right?

**Ms Riggs**—The Strategic Regional Program. It was originally talked about as being a strategic component of Roads to Recovery. It has actually been set up as a completely independent program within the AusLink banner.

**Senator IAN MACDONALD**—So it is AusLink?

**Ms Riggs**—It is AusLink.

**Senator IAN MACDONALD**—I do not want to breach any confidences that you may have. I am curious, as was Senator O'Brien, about what the state governments are contributing to roads which clearly in history have been state roads. The Commonwealth was always responsible for the national highway, although at the last estimates I found out that the states are now also supposed to contribute to that.

**Senator O'BRIEN**—Apparently there is not one now.

**Senator IAN MACDONALD**—The states are supposed to contribute—

**Senator O'BRIEN**—No, there is not one.

**Senator IAN MACDONALD**—but nobody has been able to give me any figures of any major contribution by any of the state governments.

**Ms Page**—We can provide that information, if you like. We certainly have information on the level of funding that the states have contributed under AusLink 1 to roads which were formerly sole Commonwealth responsibilities.

**Ms Riggs**—I think I might have said at the last estimates—

**Senator IAN MACDONALD**—Yes, you did.

**Ms Riggs**—that some \$720 million at that time was our count of the contributions that the states and territories collectively had made to projects on roads that are the AusLink national network.

**Senator IAN MACDONALD**—How much has the Commonwealth provided in that same accounting period?

**Ms Riggs**—The Commonwealth contribution to the network in AusLink 1, which is a five-year period, is contributing \$9.8 billion for projects and maintenance of the network.

**Senator IAN MACDONALD**—What was the comparative figure from the states?

**Ms Riggs**—I believe \$720 million, at our last count.

**Senator IAN MACDONALD**—So about 10 per cent. So on these what were clearly state roads, is there an expectation that the states will make larger than 10 per cent contributions?

**Ms Page**—There are different rules applying to different elements of the AusLink program. The \$9 billion that Ms Riggs was referring to is the AusLink investment program, which is the largest component of AusLink. That encompasses the old former national highway system and a group of other roads which now are referred to as the national network. The states can make a funding contribution to projects throughout that network.

**Senator IAN MACDONALD**—Can make?

**Ms Page**—Under AusLink 1, some shares were negotiated. Under AusLink 2, as we explained to Senator O'Brien this morning, there will be a mandatory requirement for state sharing for all projects on the national network. Under the Strategic Regional Program, that aspect of that program, which we were discussing this morning, is the additional \$250 million that the government has made available in the 2006-07 financial year. Under that, offers have been made to councils where they have been asked generally to provide matching funding or undertakings of matching funding and to come back to us by 15 June in order to accept the offer. It does not matter where they get the matching funding from, as we discussed this morning—from either state government or their own resources, or, indeed, from industry, if that is appropriate.

**Senator IAN MACDONALD**—But most of councils' resources, particularly in Queensland, come either from federal government local roads grants or R2R money and a little comes from rates. So if the councils are matching, as I know many of them have done because the state government simply refuses to look after any roads in Queensland—certainly outside the south-east corner, and they do not do much there—it almost ends up that the Commonwealth is now funding very close to the total, through various forms, of these major state roads.

**Ms Page**—There are individual projects on those roads. They do not have full funding responsibility for the entirety of the road. We are certainly not funding the maintenance on those roads.

**CHAIR**—I seek a point of clarification. For strategic roads and grants under \$1 million, do the states have to match that?

**Ms Page**—Under \$1 million, they have not matched under the program.

**Ms Riggs**—Under \$1 million where it is a council road. If it is a state road, irrespective of the size of the project, they have to match the Australian government offer.

**CHAIR**—I have been in local government for a long time. Has there been anyone silly enough to knock that back?

**Ms Riggs**—We do not have responses from the councils as to which offers have been made in this current round. I cannot answer that question.

**Senator IAN MACDONALD**—I heard you tell Senator O'Brien before lunch that you were negotiating with Queensland.

**Ms Page**—I think that might have referred to a discussion that we were having in relation to the AusLink investment program, where we have started the process of negotiating with the states and territories concerning the composition of the next five-year program, which will commence on 1 June 2009.

**Senator IAN MACDONALD**—Mine is a very simple question. For reasons, you cannot talk about Peak Downs at the moment or any of those that were announced just recently. That is fair enough. But are there any in the last round of the regional component of R2R or is there anything in AusLink 1 or 2 where you could give me an indication of what the state has been asked to contribute or has contributed to roads which were clearly state responsibilities?

**Ms Riggs**—Yes. I could certainly give you an example or two. I do not have complete details, but one of the projects announced in November or December last year is in support of the Starlight Way from Aramac to Torrens Creek Road.

**Senator IAN MACDONALD**—Yes. I know it well. I have driven it many a time.

**Ms Riggs**—The total value of that project, as sought by the council, was \$14 million. The Australian government contribution is \$7 million. The council has indicated it will be contributing \$1.4 million. Other contributors involve \$5.6 million. I do not have a breakdown of them with me but my recollection is that the state government is a substantial contributor to that project. I will take the detail on notice.

**Senator IAN MACDONALD**—Would you, please. If it is not the state government, who would be the other contributors?

**Ms Riggs**—There could be two other major sources. The others are other councils through whose area the road might go—I do not know the detail of that—or private enterprise, which might see an advantage to it in terms of the movement of goods and product or inputs.

**Senator IAN MACDONALD**—I am familiar with that road. I know that the Aramac Shire Council has been spending its Roads to Recovery money and its FAGs, both of which come from the Commonwealth, on that road, which is a state road. But it irks me somewhat that no clear distinction is being made on what roads the Commonwealth is responsible for dealing with these days. It is more support for the question of why you bother with states these days. We could get rid of them. We might as well take over everything because we fund everything. This will be the last question I have on this series. Are there any amounts government has planned—in my case, let us say Queensland—that Queensland will be required to fund for what were previously national highways and were the sole responsibility of the Commonwealth and what were previously state roads which were clearly the sole responsibility of states? Is there any sort of policy or strategy that has been announced that you can tell us about?

**Ms Page**—The principal decision has been the budget decision that I explained to you in relation to AusLink 2, which is that all projects on the national network from 1 July 2009 will



require a state contribution. That will certainly include all the former national highway system network.

**Senator IAN MACDONALD**—And?

**Ms Page**—And it will also include any project on the national network, which includes, in the case of Queensland, a variety of urban links in Brisbane.

**Senator IAN MACDONALD**—You talk about the national network as if it is a fixed national network.

**Ms Page**—It is fixed.

**Senator IAN MACDONALD**—So could I get on notice a map—

**Ms Page**—Certainly.

**Senator IAN MACDONALD**—I guess the committee might like Australia, but my interest would be Queensland—showing which are these types of roads.

**Ms Riggs**—Yes. Certainly. Both a pictorial and a word description of the network is available on the AusLink website. But of course we would be happy to provide hard copies of those to the committee.

**Senator IAN MACDONALD**—Just give me the website.

**Ms Riggs**—[www.auslink.gov.au](http://www.auslink.gov.au).

**Senator IAN MACDONALD**—I could work that out, but what is the forward slash?

**Ms Riggs**—The forward slash? Do you know it off the top of your head?

**Ms Page**—No.

**Senator IAN MACDONALD**—Is it not that big a website?

**Mr Elliott**—Just go to our website. There should be an icon that directs you to it.

**Senator IAN MACDONALD**—I will do it while Senator O'Brien asks a couple of further questions. So the network is clear, and that has been agreed upon by all the states?

**Ms Riggs**—It has been gazetted by the relevant minister. As Ms Page has—

**Senator IAN MACDONALD**—The relevant Commonwealth minister—

**Ms Page**—Yes.

**Senator IAN MACDONALD**—or state minister?

**Ms Riggs**—No, Commonwealth minister. As Ms Page explained this morning, while there is a currently defined network, the government has indicated that it will keep the elements of that network under review and might from time to time consider whether it needs any change.

**Senator IAN MACDONALD**—So is this a Commonwealth network? Have the states agreed to it?

**Ms Page**—No. It is a Commonwealth network.

**Senator IAN MACDONALD**—So the states do not have to tick off?

**Ms Page**—No.

**Senator IAN MACDONALD**—But the states will have to contribute?

**Ms Page**—The states will have to contribute in future to projects on that network.

**Ms Riggs**—The current definition of the network was arrived at after a considerable review of issues like traffic volumes and so on and after extensive consultation with the states and territories.

**Senator IAN MACDONALD**—But they have not ticked off on it?

**Ms Riggs**—There is no capacity for them to do so in a formal sense.

**Senator IAN MACDONALD**—But that is simply not right. They actually control the road system.

**Ms Page**—They control the road system—

**Senator IAN MACDONALD**—They classify them, actually.

**Ms Page**—But the network, if you like, represents the extent of the Commonwealth's policy commitment to roads.

**Senator IAN MACDONALD**—Okay. You then move on with the fine print on this network and individually, state by state, come to agreements on what percentage of each individual road—

**Ms Page**—That is correct.

**Senator IAN MACDONALD**—the states will fund.

**Ms Riggs**—Each project on the road rather than a road per se. We do not fund a road. We fund projects on that road.

**Senator IAN MACDONALD**—Tell me the difference between a project and a road.

**Ms Page**—A project could be a bridge. Flood remediation on the Bruce Highway.

**Senator IAN MACDONALD**—I class them all as roads. They are things cars drive along.

**Ms Page**—For example, we would not have a project called the Bruce Highway. We would have several projects, which would be passing lanes on the Bruce Highway, bridges on the Bruce Highway or flood remediation on the Bruce Highway. Funding shares with those were negotiated as part of the AusLink bilateral. What the government is moving towards or a signal that it is moving towards under AusLink 2 is a more uniform approach to that as a way of getting genuine Commonwealth-state shared funding to these roads of arguably national significance with greater risk sharing between the Commonwealth and the states concerning the costs.

**Senator IAN MACDONALD**—Don't get me wrong; I think this is a great initiative because, unless the Commonwealth is going to fund these state roads, they will never get funded. The state government in Queensland has shown no interest whatsoever in putting any money, maintenance or capital works into it. Finally, I want to clarify what I think I heard you tell Senator O'Brien prior to lunch; that is, in some states you have reached agreement but in Queensland you are in the process of negotiation?

**Ms Page**—No. We have started consultation for a program that does not commence for another two years. In other words, the minister wrote to all his state and territory counterparts on budget night and indicated the funds that will be available under AusLink 2 and broadly what the process will be for the negotiation of those funds. The corridor strategies are to be presented to COAG on 30 June. Ms Riggs and I have started a series of discussions with our state counterparts requesting them to work with us on identifying the major priorities along those corridors, which have become evident as a result of those strategies.

**Senator IAN MACDONALD**—They are all priorities if the states are not paying for them. If the Commonwealth is paying for them, they are all a priority.

**Ms Page**—We have also explained to them the shared funding arrangements which will apply to those projects as well. The state needs to bear them in mind in nominating projects and in determining ultimately the level of their contribution to them.

**Senator IAN MACDONALD**—Has your department looked again—I asked this before—at getting some engineers and project managers on board?

**Ms Page**—We have some engineers on staff. But we also have the ability to commission work from time to time. As you may know, we are currently undertaking a review of cost estimates processes in Queensland at the moment through the use of an independent consultant.

**Senator IAN MACDONALD**—You are conscious of the fact that up my way, up north of Townsville, the Commonwealth government keeps committing money. The state government does nothing about it and then has the hide to get up and accuse the Commonwealth of doing nothing when we are powerless because we do not have the right sort of people to do the on-the-ground work. Are you getting any more cooperation from the Queensland Main Roads department on that project work between Townsville and Cairns—the Tully floodplain?

**Ms Page**—I will ask Mr Elliott to give you an update on the status of that group of roads.

**Mr Elliott**—We have quite a good relationship with Queensland Main Roads. We have a steering committee that is overseeing the work between Townsville and Cairns. There is about \$50 million of work that is underway because it consists of a series of small projects—passing lanes and so on. There are some other projects that are still to be agreed between the federal minister and the state minister on the priorities. That is just about there. So once that happens, there will be some more work starting.

**Senator IAN MACDONALD**—But particularly before the last state election the state government kept making—I will not say lying—contradictory comments about when the work would be done. They kept being proved to be telling lies because they would commit to a date when it suited them politically and then that date would pass, all the time blaming you guys for not funding it.

**Mr Elliott**—Certainly there is often a degree of optimism in the potential start dates for projects, if I can put it that way. But we usually benefit by doing an appropriate level of planning and then doing the project properly.

**Senator IAN MACDONALD**—I am not sure who the ‘we’ are who benefit. Thank you.

**CHAIR**—This committee is looking at the Traveston Dam proposal, which includes moving the Bruce Highway. I do not suppose there has been an application to move the Bruce Highway?

**Ms Page**—There are a series of options for the route between the Sunshine Coast and north of Gympie. I will again ask Mr Elliott to explain where they are at.

**Mr Elliott**—I think we are probably only a few weeks out now from a preferred alignment for the Bruce Highway between Cooroy and Curra. There is some further negotiation to take place over the route of the highway in respect of the Traveston Dam. I am not sure whether to call it a dam yet.

**CHAIR**—Do not forget to include stage two.

**Mr Elliott**—The footprint or water print of the dam, as you know, probably covers a section of the highway. With the route that is planned, there are effectively two options, I guess. One is that there is a route that skirts the current dam. The other, were the dam not to proceed, would be pretty much the current route.

**Senator IAN MACDONALD**—So you are not spending too much money until the dam is a goer because there is a lot of uncertainty about it?

**Mr Elliott**—Well, there will be a preferred route which will give us most of the route. But it would be prudent to have a decision on the Traveston Dam in place before we sign up to the final route of the highway.

**Senator IAN MACDONALD**—When you say ‘it would be prudent’, I assume you mean that is an incontestable condition?

**Mr Elliott**—Yes.

**CHAIR**—So the other bit of road complication is that obviously Queensland has to find a new primary source of water or the million and a half people who are proposed to go in there are going to have to go somewhere else, so they tell us. There are a whole lot of valleys which would be state or local roads. They go up the valley to give access to a few farms up each valley. They are going to be flooded. Have they made any approaches to the Commonwealth over how they are going to fund it? I do not know how they are going to do it.

**Mr Elliott**—None that I am aware of.

**Senator O’BRIEN**—The answer you gave to Senator Macdonald’s earlier question about a Queensland highway—that was under the strategic program, wasn’t it?

**Ms Page**—I am sorry.

**Senator O’BRIEN**—Yes, there were a number of questions

**Ms Riggs**—On Peak Downs?

**Senator O’BRIEN**—Yes, Peak Downs.

**Ms Riggs**—It was an offer announced by the Deputy Prime Minister on Tuesday of last week.

**Senator O’BRIEN**—When was that assessment conducted?

**Ms Riggs**—That was one of the projects that was on the list of decisions which the ministers conveyed to us.

**Senator O'BRIEN**—Was there an application?

**Ms Page**—We will get back to you on that. That falls into that class of questions you asked about the extent to which the projects were subject to the earlier round.

**Senator O'BRIEN**—In previous estimates the department has supplied a spreadsheet showing the status of all the AusLink related projects expenditure, forward estimate dates, dates of expected completion and so on. Is that able to be brought up to date?

**Ms Riggs**—Just for the record, that is a spreadsheet providing details of each of the projects funded under the national projects component, not all the other components of AusLink. Yes, we are able to provide that.

**Ms Page**—We provided that to you on notice, I think, just after the last hearings.

**Senator O'BRIEN**—Yes. Is the document provided on 5 April still current?

**Ms Page**—It would be close to current.

**Ms Riggs**—It will have been updated for the budget. We will provide it again on notice.

**Senator O'BRIEN**—In budget paper No. 2 at page 295 under 'AusLink 2 — Black Spot Programme', why is the \$456 million of funding set out there in the 2008-09 year when it is still within the period covered by AusLink 1?

**Ms Page**—The black spot program terminates on 30 June 2008. Therefore, it did not extend across the forward estimates as far as the AusLink 1 program. The government has agreed to maintain funding at the current level until the beginning of AusLink 2 and then it will increase annual funding from \$45 million to, I think, \$60 million a year. So it picks up the last year of AusLink 1 because of the terminating nature of the program and then it picks up the forward years. So one year at \$45 million and then five years at \$60 million.

**Senator O'BRIEN**—So when will the actual funding be contestable for the 2008-09 year?

**Ms Page**—For black spots?

**Senator O'BRIEN**—Black spots, yes.

**Ms Page**—Black spots will continue to operate in 2008-09. As far as we can determine at the moment—on the way that it does at the moment—where there are funding shares for each jurisdiction, jurisdictions have committees, as Ms Riggs described this morning, who make recommendations to the minister based on state nominated projects.

**Senator O'BRIEN**—So in the ordinary course of events, when would those decisions be taken?

**Ms Page**—Mr Atkinson can provide you with some advice on the timing of the funding rounds.

**Mr Atkinson**—For the final year of AusLink 1, we will be starting the round of black spot consultative panels next financial year.

**Senator O'BRIEN**—When in the next financial year?

**Mr Atkinson**—They usually happen from about August to December.

**Senator O'BRIEN**—In budget paper No. 2 under 'AusLink 2 —National Network Program', why is there \$100 million of funding in 2007-08 and \$300 million in 2008-09 when both years are still covered by AusLink 1?

**Ms Page**—They are bring-forwards from AusLink 2 to AusLink 1 associated with work on the Goodna bypass.

**Senator O'BRIEN**—When will the funding for 2007-08 and 2008-09 for the national network program be fully announced?

**Ms Page**—Certainly the minister has already advised states concerning the projects. I think they were all included in the budget media releases.

**Ms Riggs**—You will get the details in the spreadsheet that I have already agreed we will give you for the budget update.

**Ms Page**—We could also provide you with the portfolio budget pack, which has got media releases in relation to each jurisdiction and road projects associated with them.

**Senator O'BRIEN**—Thank you for that. Are all of those funding decisions based on the 24 corridor strategies?

**Ms Page**—No. Those decisions emanate from the AusLink white paper of 2004, where the government announced what its priorities would be for the first program. It is those projects working their way through. In large part, they are continuing projects that have been underway throughout the life of AusLink 1.

**Senator O'BRIEN**—Except for Goodna.

**Ms Page**—Goodna is really AusLink 2 except for the bring-forward, which will be associated largely with land acquisition and initial planning, not construction.

**Senator O'BRIEN**—With regard to those corridor strategies, what is the status of each of the 24?

**Ms Page**—It would be easier to say which ones are outstanding.

**Ms Riggs**—I think I have already mentioned in relation to a question from Senator Nash that COAG has requested that each of those be completed by 30 June. We are well on target to achieve that. All but two of those corridor strategies either are currently the subject of their four-week public consultation round on the Internet or have already been through that process and are now being finalised by discussions through the steering committees responding to feedback that has come from that process. Most of them are about to go off for desktop publishing and are formally to be transmitted from the Deputy Prime Minister to state and territory ministers for formal sign-off before presenting to COAG.

**Senator O'BRIEN**—So which of the two are outstanding?

**Ms Riggs**—One is the Sydney to Dubbo corridor, which we have already had some small discussion about this morning. The other one is the Tasmanian corridor strategy.

**Senator O'BRIEN**—What is the problem with the Tasmanian strategy?

**Ms Riggs**—It took a little longer to negotiate between officials. I understand that it is now with the Tasmanian minister for review before it goes out for public consultation.

**Mr Wolfe**—I can update us on that. I have an email that says it is now ready to go.

**Ms Riggs**—Things can change between Friday and Monday, obviously.

**Senator O'BRIEN**—I have brought you up to date, apparently.

**Ms Riggs**—Thank you.

**Senator O'BRIEN**—The shared funding arrangements for the national network are what you described earlier, Ms Page—50 per cent on state roads and 20 per cent on the four main national highways?

**Ms Page**—No. Fifty per cent on urban roads and a minimum of 20 per cent on other roads.

**Senator O'BRIEN**—Currently, as I understand it, projects in South Australia are covered under an 80-20 agreement.

**Ms Page**—A variety of sharing arrangements apply to different projects in different states. The aim of AusLink 2 is to standardise them or to standardise at least mandatory cost sharing. Then there will be differences depending on the urban-non-urban mix.

**Senator IAN MACDONALD**—Just quickly, I got the website but it just shows the major highways. It does not show any of what I would refer to as state roads. Is there another map, or is that it?

**Mr Elliott**—There is not a map that shows all of the state highways on the website. The website map should just show you the AusLink national network. Is that what you have up?

**Senator IAN MACDONALD**—Yes. That is the national network. I thought you said to me roads like, for example, the Peak Downs Highway and the road from Aramac to Torrens Creek that you mentioned had been funded last year. Is there no map with all them on it?

**Mr Elliott**—No. There would not be a map that shows the entire road network so there would not be a map with those on it. Where we have projects there are more detailed maps. But the map of the network that we thought you were looking for is the only entire map that is on the website.

**Senator IAN MACDONALD**—No. Ms Page said to me—I think this is the term—network roads. I want to know what the network roads are. I know what the national highway was. How do I find out what the network roads are? These are the ones that the states are going to contribute to, which includes many former state only roads. Is there no agreement on those at the moment?

**Ms Page**—Yes. There is the national network, which is on the website. However, that is only for projects that are funded under the AusLink investment program. There is not a network of roads that we contribute to under strategic regional, which is how the Peak Downs Highway is likely to be funded.

**Senator IAN MACDONALD**—Earlier you talked about network highways and network roads.

**Ms Page**—There is a national network, which is the old national highway system—

**Senator IAN MACDONALD**—Yes. I can see that.

**Ms Page**—with some other routes added and rail links between major capital cities and to ports. On that network we fund projects of—

**Senator IAN MACDONALD**—Thank you for that. In my previous questioning, you said you were having negotiations with the states about what you referred to as network roads. They were not just what I call the national highways. Are you saying to me, ‘No, the extent of the roads to which the Commonwealth might contribute in the future has not been determined?’ Is that what you are saying?

**Ms Page**—No. The network is the sum total of the roads to which the Commonwealth may commit projects in future.

**Senator IAN MACDONALD**—Okay. Where do I find those? Peak Downs, for example.

**Ms Page**—It is not a national network project. It would be funded under—

**CHAIR**—It is strategic.

**Ms Page**—It is under strategic regional. It is a small program that provides targeted money to a series of regional roads which can be state or local government responsibilities.

**Senator IAN MACDONALD**—I understood that. I will have to backtrack to my questions. I was questioning you about which state roads might be included—we went through all this—and what the state was going to be asked to contribute. You indicated to me that there was a particular amount or fund that you are hoping the states would agree to.

**Ms Page**—In relation to projects on that network in the future, the Commonwealth, in consultation with the states, will identify the projects that will be funded under AusLink 2 but it will do so on the basis that the states make a mandatory funding commitment to those projects. This would include projects on the Bruce Highway, on the Warrego Highway and on certain urban roads in Brisbane.

**Senator IAN MACDONALD**—But not on the Starlight highway from Aramac to—

**Ms Page**—No, because it is not on the national network.

**CHAIR**—That would not be the Junee to Wantiool road either, would it?

**Ms Page**—No, it would not.

**Senator IAN MACDONALD**—But you told me before that the Aramac to Julia Creek road was not R2R, was not regional. It was special.

**Ms Riggs**—No. It is strategic regional, which is one of the four funding streams under AusLink.

**Senator IAN MACDONALD**—Okay. It was formerly a state road.

**Ms Page**—It still is a state road.

**Ms Riggs**—It still is a state road.

**Senator IAN MACDONALD**—Are you saying the state was contributing perhaps \$5.6 million?



**Ms Riggs**—Matching funding of \$6.5 million is required for that project. I do not know who is contributing it.

**CHAIR**—Senator Macdonald, are you winning or losing?

**Senator IAN MACDONALD**—Sorry?

**CHAIR**—Are you winning or losing?

**Senator IAN MACDONALD**—I think I am even more confused than when I started.

**CHAIR**—That is what I was wondering.

**Ms Riggs**—It is \$5.6 million. You are quite right, Senator.

**Senator IAN MACDONALD**—My overall point is that these are state roads that are state responsibilities. More and more the Commonwealth government is picking them up because the state is not funding them. I am very glad you are doing that because they are roads I travel on a couple of times a year and they are very important to the people in those localities. So I am delighted you are doing it. But I am concerned that the state governments seem to be abrogating their responsibilities yet again. We give them all the GST money yet here again they are putting less and less into roads that were clearly their responsibility. There is a road from Bouliia to Birdsville which is a state road that the councils have been using their Commonwealth R2R money on for many years now. Good luck to them that they are doing it. It is the only way you will get it fixed. Are the states being put in a position where they have to start agreeing that, if you are putting in a lot of money, they should be agreeing to put in a bit of money?

**Ms Page**—It depends on the actual program and the nature of the commitment. In relation to the national program, there will be mandatory sharing in future. In relation to strategic regional, there is a requirement for the Commonwealth contribution, in the vast majority of projects, to be matched either by the state or by local government or by industry or a combination of all of them. In relation to Roads to Recovery, there is a requirement that the council maintain its own source revenue which matches the amount of the Commonwealth contribution. So it is fair to say that, yes, the Commonwealth has had, and has had from time to time, policy interventions in relation to regional and rural roads of certain classes, but under the current arrangements there are a range of incentives that the government has put in place to attempt to increase the overall funding pool.

**Senator IAN MACDONALD**—Yes. I understand the language you are talking. But at each estimates I try to encourage the minister through you to actually bring the states to account. You are saying local governments will put it in. But clearly in those smaller places most of the local government roads money is federal government money anyhow. So we might as well build 100 per cent of them. My question is: when is the government going to get serious about requiring the states to live up to their responsibilities on state roads? It is a policy question that you cannot answer.

**Ms Page**—I think they are policy judgements for the government at the end of the day.

**Senator O'BRIEN**—It is a question on notice for your party room.

**CHAIR**—Senator Macdonald, we have bigger fish to fry. You have got your mind into everything but the Capricorn.

**Senator IAN MACDONALD**—I am looking at these northern roads. These are northern roads.

**CHAIR**—If you go right into the Territory and the Kimberleys, mate, you have a big job to do.

**Senator IAN MACDONALD**—We are going to run water down these roads, but they have got to be sealed.

**CHAIR**—The road from Corrong to Booligal is not sealed and I do not ever expect it to be sealed.

**Senator IAN MACDONALD**—From where to where?

**CHAIR**—Booligal to Corrong.

**Senator IAN MACDONALD**—Yes. But does anyone live there?

**CHAIR**—Yes. There are about six or eight properties up that road. We got electricity in 1985 and we got telephone the same year. We had a big year. Senator Adams has a question.

**Senator ADAMS**—Thank you very much. I would like to ask a question on Roads to Recovery. There are a number of local governments in Western Australia that are really having problems—this keeps coming up all the time—on the policy of claiming depreciation with Roads to Recovery. Could you clarify why they cannot claim against depreciation with the Roads to Recovery funding?

**Mr Atkinson**—I might be able to help you with that. The objective of the Roads to Recovery program is to increase the net spending on roads by local government to increase the quality of roads and maintenance. The program rules require that only the net costs of projects can be charged to the Roads to Recovery program. In doing that, we are not funding capital equipment for the councils, so we are optimising the amount of road we get for our dollar. So I suppose the indirect cost of capital equipment, which is depreciation for councils, is being picked up by councils' own source funds.

**Senator ADAMS**—When councils are tendering out against contractors, the contractors use depreciation as part of their costings. The councils do as well. Is there any way that this can be reviewed so that they can be helped out with this?

**Mr Atkinson**—The difference there is that the cost of the contractors is actually a net cost to the council of doing the project. Councils have own source expenditure on roads as well. The costs of the capital are already covered. So it is not actually a net cost associated with the Roads to Recovery program.

**Senator ADAMS**—So there is no way that they will look at any change in that policy or in the guidelines?

**Mr Atkinson**—We could examine it but—

**Ms Page**—I think the policy judgement is for the government. But the government would need to look at what sorts of incentives that creates for councils in relation to the purchase of

machinery as opposed to the construction of the road, I think, if we were to start funding depreciation on capital equipment.

**Senator ADAMS**—To me, it is all part of the whole issue. If they have not got machinery that is up to scratch, they are not going to be able to actually take up the work that they want to do.

**Ms Page**—Our projects are not the only work that those councils conduct on roads throughout the year in their shires or council areas.

**Senator ADAMS**—Could you take that as a question on notice so that I can take it back to the local governments?

**Ms Page**—Certainly.

**Senator ADAMS**—It is something that keeps coming up more and more and I think we need a clarification. Thank you very much.

**Senator O'BRIEN**—What projects on the Hume Highway are currently being funded under AusLink 1 and remain to be completed? You were answering some questions about this earlier.

**Mr Hogan**—I will start from the north with Coolac bypass.

**CHAIR**—I see you have got a few pegs in there.

**Mr Hogan**—That was subject to a sod-turning in April this year. Abbey Group are currently on site to undertake the works on that.

**Senator O'BRIEN**—How much is that?

**Mr Hogan**—That is \$179 million. Then you go to Sheehan Bridge north of Gundagai. That one is currently out to tender. There are a number of projects that have been completed so I will not go through them.

**CHAIR**—What is the Sheehan Bridge? Is that another bridge?

**Mr Hogan**—That is the two-lane bridge just north of Gundagai.

**CHAIR**—I know the bridge, but are you putting another one alongside it, are you?

**Mr Hogan**—Yes.

**CHAIR**—It will be interesting to see how much it costs compared to the first one.

**Mr Hogan**—Yes, it will. And for time. Another project is the Tarcutta truck parking facility, where the actual truck parking part of the facility has been completed and is open to heavy vehicles to park on. The amenities block is yet to be completed. There is also a number of safety and safety related works—the Kyeamba Hill curb realignment and the Table Top Creek Bridge widening, which have been completed. There is a package of minor safety works which has been very largely completed. There are some planning works underway with respect to the three bypasses at Tarcutta, Woomargama and Holbrook. In addition to that, there is the accelerated Hume upgrade package, which is not funded out of the AusLink investment program but is of course on the national network. That package is making very good progress. There has been some commencement of physical construction work at the very

southern end of it. The environmental clearance processes are well underway to ensure that that moves towards being able to commence construction mid to late this year.

**CHAIR**—Why does the concrete fail? Have they worked that out?

**Mr Hogan**—I am not aware of any—

**CHAIR**—Is that salinity or rising water? Every now and then a big piece of the—

**Mr Hogan**—Where in particular do you mean?

**CHAIR**—Anywhere along it. You are just talking about it. I drive it all the time.

**Mr Hogan**—I think it would probably vary from place to place. I can take that on notice for you, though.

**CHAIR**—And the platypuses. What did you do about them?

**Mr Hogan**—As I think I said two estimates ago, the platypus was not the real issue. The real issue was the heritage issue. There is a strategy in place to ensure that the platypuses are well looked after.

**CHAIR**—‘Platypi’ I am told I should have said.

**Mr Hogan**—Yes. If you want the Latin, but Macquarie English I think says platypuses now. There is a strategy in place to ensure the platypi are looked after as the project goes forward.

**Senator O’BRIEN**—So it is too early to know what the state governments might request in relation to the next round of upgrades to the Hume Highway, I take it?

**Mr Hogan**—The commitment under the AusLink white paper and with regard to the AusLink bilateral agreement with New South Wales was that the Australian government would fund certain works and an additional package of works during AusLink 1 and that funding for future projects would be sought in future budgets.

**Ms Page**—The government has a policy commitment, though, to complete duplication of the Hume by 2012, so it should be completed during the life of AusLink 2 if we maintain the current rate of progress.

**Mr Hogan**—That comes back to the three bypasses—Woomargama, Tarcutta and Holbrook—which will be the three remaining works, some 20 kilometres in total, to be completed post June 2009.

**Senator O’BRIEN**—Thanks for that. What projects on the Pacific Highway are currently being funded under AusLink 1 and remain to be completed?

**Mr Hogan**—Brunswick Heads to Yelgun, which was a project initiated under the previous 10-year funding agreement which came to a head in 2006. It is currently being funded and is due for completion about July this year. Karuah to Bulahdelah, sections 2 and 3, had a sod-turning earlier this year, with construction expected to take a couple of years. Cooperook to Moorland is being undertaken in conjunction with another project—Moorland to Herons Creek—which is part of the accelerated Pacific Highway package of works. An alliance contract has been let with regard to that project. Again, you are looking at a timeframe of two to three years. There is the Bonville upgrade. That is the Bonville deviation. Again, that work

is underway. In addition to that, there is safety or preconstruction work spanning a number of other projects, including the Coffs Harbour bypass; Sapphire to Woolgoolga; Tintenbar to Ewingsdale; Kempsey to Eungai; Macksville to Urunga; the Banora Point deviation; the Bulahdelah bypass; and the Ballina bypass, which involves the remediation of soft soil, so there is actually some initial construction work there to compress the soils. One that was recently completed was the Bonville safety works.

**Senator O'BRIEN**—And how much is allocated in the coming two financial years from AusLink 1 to those projects?

**Mr Hogan**—It is \$149 million in 2007-08 and \$43.2 million in 2008-09. In saying that, I should stress that AusLink brought additional funding of \$480 million in the AusLink investment program for the Pacific Highway. That was in addition to \$165 million paid within the current five years under the previous Pacific Highway agreement. There has been significant opportunity to advance expenditure under that funding. So while notionally we were going to see \$160 million allocated in 2006-07, \$160 million in 2007-08 and \$160 million in 2008-09, a very substantial part of that funding has actually been able to be brought forward into 2005-06 and 2006-07.

**Ms Page**—The Pacific Highway is subject to fifty-fifty sharing with New South Wales so that the total level of investment in each of those years is effectively double what Mr Hogan has told you.

**Senator O'BRIEN**—What are the next priority projects for the Pacific Highway that have not yet been funded?

**Mr Hogan**—A number of those projects I have already mentioned only have planning or preconstruction funding in the current five-year period. Further funding decisions will have to be taken on them as we go forward into AusLink 2.

**Senator O'BRIEN**—So the moneys allocated and double the amount that you mentioned are not sufficient to complete the projects you have discussed?

**Mr Hogan**—Well, it is not simply a matter of the funds not being sufficient. It is a matter of the state of progress of those projects. Planning and environmental studies are complex and quite time consuming processes. In fact, a number of those projects will only be coming to a stage where they could receive construction funding by the end of AusLink 1 anyway.

**Senator O'BRIEN**—So we have no idea at this stage what those projects are likely to cost?

**Mr Hogan**—Well, indicative cost estimates for them are available now. But I think it is always better to wait until the projects go through the process of refinement of cost estimates before making anything approaching definitive statements on them.

**Senator O'BRIEN**—And one can expect, the way most projects are going these days, that cost estimates will be less than the actual costs?

**Mr Hogan**—I would have to say that with regard to these projects they have all been subject to fairly close scrutiny relative to the stage of progress they have reached. So those cost estimates are probably fairly robust given this stage they are at.

**Senator O'BRIEN**—They have not gone to tender yet.

**Mr Hogan**—That is right.

**Senator O'BRIEN**—So how do you know?

**Mr Hogan**—We know from the experience we have seen of the more recent projects that have been let, where they have gone at prices which have been pretty similar to the cost estimates. As I say, these particular cost estimates for the Pacific Highway, given the scale of the projects and the scale of the program, have been subject to considerable scrutiny. So you never know until they are actually let and until you have awarded your contract. But the cost estimates are at a robust level relative to the stage the projects have reached.

**Senator O'BRIEN**—What projects on the Bruce Highway are currently being funded under AusLink 1 and remain to be completed?

**Mr Elliott**—Is that the main features? Is that what you are after?

**Senator O'BRIEN**—Yes.

**Mr Elliott**—There are some safety works at Black Mountain that are expected to proceed a bit later this year after the design work is completed. That is about \$5.75 million. There is some work to put four lanes through Gympie. Some of that is likely to start in the fairly near future. The work is still to be completed. There are some overtaking lanes between Gympie and Maryborough where a contract has been awarded. Construction is near completion on that. That is about \$4.8 million worth. I did not give you an amount for the Gympie four-lane job. That is \$70.6 million. There is some rehabilitation work between Gingin and Maryborough, some of which has been undertaken. But there was a project to rehabilitate the main street in Gingin. That was called in January 2007. That work had been held up while QDMR were waiting for a contribution from council. So that should be underway shortly. There is planning work for the Cardwell Range, which is underway. That should be coming to a conclusion in the near future. That is just a planning study, and \$0.95 million is our contribution to that. The Townsville ring-road is underway. That is a jointly funded project between us and Queensland. The federal government is putting \$79.5 million into that and the state government is putting in \$39.5 million. The total cost is about \$119 million. It will not be complete until about 2008. I will mention the Caboolture Motorway because it is technically part of the Bruce Highway, but it is closer to urban Brisbane. The section from Alma Road to Caboolture should be going to tender, or at least the planning of it should go to tender, very shortly—any day, I should think. Until now there has been just under \$200 million committed to upgrading the Caboolture Motorway. That is probably it for the Bruce Highway.

**Senator O'BRIEN**—You said the funding is allocated from AusLink 1, I take it, for those amounts you talked about?

**Mr Elliott**—Yes.

**Senator O'BRIEN**—And no AusLink 2 money has been brought forward for any of those projects?

**Mr Elliott**—No.

**Senator IAN MACDONALD**—The Cardwell Range work, you say you expect that very soon?

**Mr Elliott**—Yes. There has been some work on the planning for that underway for a little while now, which has looked at the route or the possible route. Most of that planning work has now been completed and been made. But just off the top of my head—I am not quite sure at this point—there may be some heritage issues to be dealt with. But we have not received the planning work yet from Queensland Main Roads. I would think that that would be forthcoming fairly soon.

**Senator IAN MACDONALD**—On notice, can you tell me when the work started?

**Mr Elliott**—When the planning work started?

**Senator IAN MACDONALD**—Yes.

**Mr Elliott**—Yes.

**Senator IAN MACDONALD**—And when you expect it to finish.

**Mr Elliott**—Yes.

**Senator IAN MACDONALD**—And who is actually doing it. Is it Queensland Main Roads or private consultants?

**Mr Elliott**—I will give you all the details on notice. I think it may be Yarup or someone, but I will check and give you the details on notice.

**Senator IAN MACDONALD**—I thought that would have been fairly recent work that has been done, because a year ago when I inquired, there had not been anything done.

**Mr Elliott**—Yes. It is quite recent work, yes.

**Senator O'BRIEN**—What about projects that have yet to be funded on the Bruce Highway?

**Mr Elliott**—On the Bruce Highway? Going back to what Ms Page was saying before, we have a corridor strategy for the Brisbane to Cairns link which nominates a number of areas where additional work could be undertaken. But it is not broken down into priority projects. It is broken down into a series of deficiencies on the road link in particular.

**Senator IAN MACDONALD**—On the major road link between Brisbane and Cairns there is a place called the Burdekin Bridge, which is now regularly shut for hours at a time for maintenance work, all for wider than normal trucks to go over it. The question is: are you aware that it is being regularly shut?

**Mr Elliott**—No. I am not.

**Senator IAN MACDONALD**—It is. That brings me to the real question. There is no alternative route between Brisbane and Townsville except across the Burdekin Bridge unless you go right out into western Queensland. Has any thought been given to a duplication of the Burdekin Bridge?

**Mr Elliott**—Not at this stage, no.

**Senator IAN MACDONALD**—Is anyone not looking at planning? Would Queensland Main Roads have a future strategy for that?

**Mr Elliott**—They may have. Could I take that on notice?

**Senator IAN MACDONALD**—Yes, please. I would be very interested in that. Thank you.

**Senator O'BRIEN**—Does the state government have any requests for applications with the department for the next round of upgrades to the Bruce Highway?

**Mr Elliott**—The situation, as Ms Page outlined, is that we will enter into negotiations with Queensland on the funding of projects under AusLink 2. There have been from time to time letters from the Queensland minister or from the Queensland Department of Main Roads asking for funding for additional projects under AusLink 1. But the projects that are funded under AusLink 1 are included in a bilateral agreement with the state. Essentially our answer has been that the federal government is not able to consider additional project funding under AusLink 1 given that all of the funds have now been fully committed.

**Senator O'BRIEN**—Under AusLink 2, the Roads to Recovery continuation, \$350 million was allocated to each of the first two years of AusLink 2. Do I take it that those moneys are already allocated according to formula?

**Ms Riggs**—The budget announcement continues R2R under the AusLink 2 suite for a full five-year period. It is just that the budget papers only go two years into that period. Before we get to that period, we will have a look at what applying more up-to-date data might produce. It will be a matter for the government to determine precisely the distribution of that sum of money to councils a little closer to the start of that second five-year period.

**Senator O'BRIEN**—So whether it is application based or—

**Ms Riggs**—R2R is not application based.

**Senator O'BRIEN**—I know it is not. In the context of your answer, I am just wondering what is up for grabs in this reconsideration—a formula or the whole process?

**Ms Riggs**—No. I did not mean in any way to imply the whole process—it is the data that feeds our formula.

**Ms Page**—It is fair to say that the government has not made any decisions yet on how the gross numbers of AusLink 2 will be broken up, with a couple of very minor exceptions. The government will want the opportunity, as Ms Riggs says, closer to the event to work out whether it endorses the current allocation process, which in the case of R2R is a formula linked to untied local roads FAGS, or whether it wishes to have another formula or whether it wishes to use that with updated data. There are a range of options that they may want to consider.

**Senator O'BRIEN**—And you would expect that to be in the year before the first year of the continuation of the program?

**Ms Page**—We would be looking, I think, to have revised bilaterals done no later than December prior to the commencement of the new program in the following July. And if it can be done earlier than that, that would be an advantage, I think.



**Senator O'BRIEN**—Have any steps been taken to address the audit report of this program that suggested some councils were cutting back their own road funding and using Roads to Recovery as a replacement rather than a top-up?

**Ms Page**—I think we have a series of responses that we could advise you on.

**Ms Riggs**—We might have talked about this when we were here last year. In essence, yes, as indicated in the department's responses in the published report of the Roads to Recovery audit, we accepted the majority of recommendations in that report. We have taken steps, wherever it has been feasible, to implement the undertakings that we made in respect of those recommendations.

**Senator O'BRIEN**—Whenever it has been feasible; what does that mean?

**Ms Riggs**—There is one that, for example, asks us to review a certain thing at the time of renewal of the program or at the time that a new program is rolled out. As Ms Page and I have already described, the issue of how the government wants to consider the matter of distributing R2R funds under AusLink 2 is something the government has not considered yet. So it has not yet been timely for us to take up the consideration of that notion.

**Senator O'BRIEN**—In budget paper No. 2 under AusLink 2 Strategic Regional Program there is \$45 million in total allocated. Is that money rolled into the decisions that we discussed earlier today in relation to that program, or is that for a new part of the program?

**Ms Riggs**—I am not quite sure, because I do not have budget paper No. 2 with me.

**Senator O'BRIEN**—It is \$20 million in 2009-10 and \$25 million in 2010-11.

**Ms Page**—I think that refers to the expensing.

**Ms Riggs**—The decisions are these. We have already talked about the \$250 million that is available in this financial year and the way in which it is expensed across the out years. In addition, in 2009-10 and 2010-11, we will be making the first payments under the first round of AusLink strategic regional in AusLink 2, which the government has announced will be two rounds each of \$150 million. The first will be held in 2009-10 and the second will be held in 2010-11. So those numbers—

**Ms Page**—They are the expensing of that first round coming through.

**Senator O'BRIEN**—That first round of AusLink 2?

**Ms Page**—The \$150 million, yes.

**Mr Elliott**—I want to add to the Bruce Highway information I gave you. There are a couple of things that I neglected because they were in another part of the brief. The Tully-Murray upgrade is also underway. That is a \$128 million project and the funding has been advanced to Queensland. That should start almost any day now, I think. So that is a fairly large project that will be underway until about 2009.

**Senator O'BRIEN**—With the floodplain?

**Mr Elliott**—That is right—between the Tully and the Murray floodplains. It has been mentioned before, but there is also the accelerated Bruce Highway package, which is \$220 million in all. Some works, as I was indicating to Senator Macdonald previously, are

underway. Others will get underway once there is an agreement between the federal and state ministers.

**Senator O'BRIEN**—Going back to the Strategic Regional Program in AusLink 2, I take it that it will be contestable by application?

**Ms Page**—Again, they are issues that the government is yet to consider.

**Senator O'BRIEN**—In budget paper No. 2 at page 300, under the South Australian local councils continuation of funding, there is \$57 million allocated over the forward estimates. Can you identify how that will be allocated or what process will be used to determine its allocation?

**Ms Page**—That is a continuing provision of funding to South Australia which recognises the particular disadvantage that South Australia has under the allocation of local roads. I cannot remember whether that goes directly to councils or whether some of it goes to South Australia for roads in unincorporated areas. I could take that on notice. It is a continuing measure.

**Senator O'BRIEN**—So the funding allocated was to continue a program in existence?

**Ms Page**—Yes. That is correct.

**Senator O'BRIEN**—What is the status of the Goodna bypass and Ipswich Motorway projects? You have told us, Mr Elliott, about some initial funding for land acquisition for the Goodna bypass and planning.

**Mr Elliott**—To date, as you probably know, a report has been completed by Maunsell on the preferred alignment. The government has made a decision on a preferred alignment. Along that preferred alignment, Queensland Main Roads are undertaking a number of what are usually referred to as hardship acquisitions, where people say, 'I want to move' or 'I need to move. My land is currently in the preferred alignment.' The acquisition work is currently underway. There will be some further planning work required. For example, the work that Maunsell did on the environmental issues will need to be considered by the Department of Environment to see if there is a need for a formal EIS under the EPBC legislation. There will be continuing further work to narrow down the actual alignment and ensure that the actual road link can be built in accordance with a plan that is being developed. Of course, there has been a considerable amount of community consultation.

**Ms Riggs**—There are two other projects underway on the Ipswich Motorway as well. There is the construction of the interchange between the Ipswich Motorway and Logan Motorway. We are at the near-to-construction stage on the Wacol to Darra section of the motorway upgrade.

**Senator O'BRIEN**—Will those matters be referred to on the spreadsheet in terms of forward funding profiles?

**Ms Riggs**—They are, yes.

**Senator O'BRIEN**—What funding is being contributed by the state government to the Goodna bypass project?

**Ms Page**—There is no funding for the \$2.3 billion project—

**Senator IAN MACDONALD**—Can they meet that?

**Ms Page**—from other than the federal government. The federal government is providing \$2.3 billion to meet the full construction costs for that length of upgrading.

**Senator O'BRIEN**—Is there agreement from the state government about the route?

**Ms Page**—I think the state government has accepted the Maunsell route. The state government was represented on the working party with the Commonwealth, who worked with Maunsell. The state government has indicated that they accept the route and will work towards meeting the Commonwealth's objectives.

**Senator O'BRIEN**—Is it correct that \$400 million of the AusLink 2 national network funding has been brought forward to the coming two financial years for this project?

**Ms Page**—We have explained that, Senator. Yes, that is the case.

**Senator O'BRIEN**—Have any contracts or agreements been entered into with the Queensland government or third parties with respect to the Goodna bypass?

**Ms Riggs**—The ongoing work that Maunsell is contributing to in these early stages is taking the acceptance of their report through a stage of community information and working through the next steps to convert it into a fully blown planning project of the nature that Mr Elliott has described.

**Mr Elliott**—Including the acquisition of some individual properties.

**Senator O'BRIEN**—What work or contractual arrangements are likely to be entered into between now and the end of this year?

**Ms Riggs**—That is a matter for the Queensland government. As Ms Page has said, they have indicated that they will deliver the project as the Australian government has determined and asked them to. From now on, it is largely their processes that will kick into play. Mr Elliott and I will continue to represent the department on behalf of the government on a joint steering committee as that project proceeds.

**Senator O'BRIEN**—My understanding was that the Queensland government preferred another option for the Ipswich Motorway. Is that correct?

**Ms Page**—That is correct. I do not think the Queensland government has made any secret of that. Since the Commonwealth has made a decision, certainly the Queensland government has indicated in writing that they will progress the project as requested by the Commonwealth.

**Senator O'BRIEN**—What additional work and funding would be required to achieve the full upgrade preferred by the Queensland government?

**Ms Page**—I do not think we have ever had an estimate of the full route.

**Mr Elliott**—There would need to be some detailed planning undertaken, probably of the same kind of thing that has been done for the Goodna bypass. Some work has already been undertaken in terms of planning for the so-called six-lane or online upgrade. But considerable additional planning work would need to be done to acquire properties that are next to the motorway and to plan the road in some detail.

**Senator O'BRIEN**—Does the federal government have any plans for the western ring-road in Brisbane?

**Ms Page**—There is no national network to the west of Brisbane at this stage.

**Senator O'BRIEN**—Does that mean there are no such plans?

**Ms Page**—The Queensland government is seeking to engage the Australian government in some planning consideration for that route. We are currently considering the basis of what involvement we might have in that exercise. But there is no national network route there or any commitment yet by the federal government to develop a route to the west of Brisbane.

**Senator O'BRIEN**—Is the scope of the proposed inland rail project including termination at Toowoomba and freight by road to and from the port of Brisbane?

**Ms Page**—There has not been a project scoped for the inland rail at this stage. There was a feasibility study conducted by Ernst and Young and a suite of consultants which reported last year on the feasibility of a broad route with several suboptions in it. So there is not a planned project concept, if you like, for the inland rail.

**CHAIR**—How much did they charge?

**Ms Page**—Mr Wolfe might be able to answer that question.

**Mr Wolfe**—Approximately \$4.7 million.

**CHAIR**—Does that come down to an hourly rate?

**Mr Wolfe**—Not strictly.

**CHAIR**—Or it is what the market will bear?

**Mr Wolfe**—Yes. We tendered for the contract for the study. They were the successful tenderer.

**CHAIR**—It is a bit like car insurance.

**Senator O'BRIEN**—Of the freight logistics companies that the department has spoken to about the viability of the inland rail project and route options, what is the emerging view?

**Ms Page**—I do not know that you can say we have spoken to a huge number of freight logistics companies. The overwhelming bulk of the consultation would have been done in the context of the study which Mr Wolfe referred to.

**Senator O'BRIEN**—So the department has not been involved in discussions about preferred routes?

**Ms Page**—From time to time industry groups come to see us about a range of issues where that is mentioned. But a much broader and more comprehensive form of consultation across freight logistics companies was undertaken as a part of that review.

**Senator O'BRIEN**—I guess the question I am asking is: what work is the department doing on that?

**Ms Page**—The department has certainly considered the report of the consultant. The government has indicated that in the development or the finalisation of the corridor studies it would like to consider the nature of future commitments to corridors generally—north-south

corridors not only for Melbourne-Brisbane but also Melbourne-Sydney and Sydney-Brisbane—and, on the basis of the pressures that are identified in those corridor studies, determine at what point future investment needs to be made on rail and exactly where.

**Senator O'BRIEN**—And that is the work the department is involved in?

**Ms Page**—The department will certainly be furthering negotiations, as I indicated, on the broad range of corridors with the states and with the ARTC.

**Senator O'BRIEN**—Are you saying that no specific work is being done on the inland rail project?

**Ms Page**—There is broader consideration of the freight needs between Melbourne and Brisbane and between Melbourne-Sydney and Sydney-Brisbane in the corridor studies and in our consideration of AusLink 2. An inland rail system is one of the options that need to be considered in determining future funding options for those routes. There are a range of others, including the upgrading of the Melbourne-Sydney and Sydney-Brisbane rail lines, and the upgrading of road routes, depending on the freight mix and the timing at which the rail routes become congested. It is not being considered in isolation—I suppose that is the easiest way to say it.

**Senator O'BRIEN**—I take it in the corridor studies, then, the states are integrally involved?

**Ms Page**—Yes. It has been a negotiated process with the states.

**Senator O'BRIEN**—Under which program is the department funding the non-network projects, such as Main Road 92 Nowra to Nerriga?

**Mr Hogan**—We are funding that out of the AusLink investment program. There is a handful of projects that were former Roads of National Importance projects that are off the AusLink network.

**Senator O'BRIEN**—They are Roads of National Importance but they are not part of the network?

**Mr Hogan**—It was called a road of national importance. That was the program heading under which it was funded. But that road is not on the network. Those roads, as I say, are funded under the AusLink investment program but in accordance with the old Australian Land Transport Development Act rather than the AusLink legislation.

**Senator O'BRIEN**—What shared funding arrangements are in place for that project, if any?

**Mr Hogan**—The Australian government funding contribution is \$34 million out of an anticipated cost of \$80 million, with \$34 million to be paid by the state and \$12 million by the local council.

**Senator O'BRIEN**—The \$30 million for the Princes Highway south of Wollongong and the \$10 million for the south of Batemans Bay bypass is being funded out of the Strategic Regional Program, according to Mr Lloyd's press release on 8 May. When were these projects applied for and approved?

**Ms Riggs**—They were both commitments that the government, during the 2004 election, entered into. When it was returned to government, it chose to deliver them through the AusLink Strategic Regional Program.

**Senator O'BRIEN**—So there has never been an application for that?

**Ms Riggs**—They were decisions by the government which we are administering through the Strategic Regional Program.

**Senator O'BRIEN**—Is the Whitehorse Road-Springvale Road intersection upgrade in the same category?

**Ms Riggs**—No. Certainly that is a decision that the government has taken. It is being administered as a line item outside any of the major AusLink funding strands. It is a line item within its own right but under the broad aegis of AusLink.

**Senator O'BRIEN**—Has the Victorian government agreed to meet the balance of the costs of that project?

**Ms Riggs**—The nature of the government's decision is that it will provide \$25 million. That is conditional on the Victorian government contributing at least the same amount. In fact, the work is still underway to determine what the best option for treatment of that intersection would be. Therefore, what that might mean in terms of the Victorian government contribution is unknown at this stage.

**Senator O'BRIEN**—So no agreement has been sought yet? Is that how I should understand your answer?

**Ms Riggs**—Yes. I think that is probably right. There is a preliminary piece of work underway to scope a project.

**Senator O'BRIEN**—So you do not know what the project will cost yet?

**Ms Riggs**—No.

**Senator O'BRIEN**—Who would do the scoping?

**Ms Riggs**—The Australian government funds for that scoping project are being administered by the council.

**Senator O'BRIEN**—Is it possible to get the up-to-date detail of road to recovery grants to each council?

**Ms Riggs**—The four-year funding allocations for the period which will end in June 2009 are available on the website.

**Senator IAN MACDONALD**—And the legislation which you voted against, Senator O'Brien.

**Ms Riggs**—They are a determination made under the legislation by the minister. They are not actually part of—

**Senator IAN MACDONALD**—Aren't the figures actually set out in a schedule to the act?

**Ms Riggs**—No.

**Senator IAN MACDONALD**—You voted against the legislation. I think you will find they are in the act.

**Senator O'BRIEN**—Is it possible to get a breakdown by electorate?

**Ms Riggs**—I think we have had a conversation about where councils are and the grants by electorate. That is not part of how we administer the program.

**Mr Atkinson**—We provided that information at the last estimates.

**Senator IAN MACDONALD**—Yes. And the previous one and the previous one.

**Mr Atkinson**—The allocations do not change over the life of the program.

**Senator Johnston**—Several estimates.

**Senator IAN MACDONALD**—Yes. Since the program was in I think Senator O'Brien has asked the same question.

**Senator Johnston**—We call it the whiteboard focus.

**Senator O'BRIEN**—It is called the whiteboard focus, is it?

**Senator Johnston**—Yes. Working out the grants on the basis of which electorates are getting what in line with the conspiracy theory that is ongoing.

**Senator O'BRIEN**—That is a bit rich—conspiracy theories.

**Senator Johnston**—It is the only time I can discern a purpose in the questions.

**Senator IAN MACDONALD**—It was done originally on the basis of what the independent Grants Commission determined was the appropriate road funding for each particular shire. It had nothing to do with the government except we provided the money and introduced it and you voted against it, Senator O'Brien. Mr Beazley called it a boondoggle.

**Senator O'BRIEN**—Are the strategic regional grants which have been granted listed on the website?

**Ms Riggs**—All the projects that were either funded as a result of the 2004 election or announced in November or December last year are available through the website, yes.

**Senator O'BRIEN**—What about the black spot program allocations? Are they also contained on the website?

**Mr Atkinson**—Yes.

**Senator O'BRIEN**—By value and location? Is it a state by state separation?

**Mr Atkinson**—The state allocations are on the website and the approved projects are on the website.

**Senator O'BRIEN**—What work has been done on the role which shipping would play in future freight transport movement in the longer distance corridors and coastal corridors particularly?

**Ms Riggs**—Where shipping is part of the freight movement in the corridor, that has been identified as part of the corridor identification of the current movement of goods in the

corridor. Its likely share of the task into the future is also identified in those corridor strategies.

**Senator O'BRIEN**—Is that limited to Bass Strait and the west coast of Western Australia?

**Ms Riggs**—No. Where it is a relevant part of the goods movement for a corridor, it is identified in the corridor strategy.

**Mr Elliott**—And usually on the quite long distance corridors, where sea transport can play a significant role. Perth to Darwin is one. Melbourne to Perth is another. You need that sort of length of corridor before you start to get the benefit of loading something onto a ship and unloading it at the other end.

**Senator O'BRIEN**—It is not the case for roll on and roll off, is it?

**Mr Elliott**—If you can get a fast roll-on and roll-off, it might turn around faster. But usually in that case you are up against rail, which can compete. If you want some flexibility at one end or the other, then road competes even better.

**Senator O'BRIEN**—I would have thought roll-on, roll-off is a combination of sea and road.

**Mr Elliott**—Yes.

**Senator O'BRIEN**—I know bulk freight is different. Bulk freight is different.

**Mr Elliott**—Yes. Bulk freights tend to be different. There are not an awful lot of those trades.

**Senator O'BRIEN**—What weight is given to the cost of maintaining road versus the fact you do not need a road for sea transport? We have been talking about road funding and the like. What consideration is given to the fact that developing seagoing transport saves some of that extra expenditure to equip the roads?

**Ms Riggs**—What the corridor strategy does is say, 'Here's how much goes by sea now. Here's how we anticipate what of the total share will go by sea in the future.' That helps the identification of what will therefore go by road and/or rail. That then leads to a discussion of the capability of the road and rail system to carry the future expected cargo. In effect, what will go by sea is subtracted from the consideration of what, therefore, the capacity of the road and/or rail system will carry. That then leads to some consideration of what the short- and long-term priority needs of the corridor might be for that share of the goods that are estimated to remain land based.

**Senator O'BRIEN**—What consideration is given in these strategies to greenhouse implications?

**Ms Page**—More generally, I suppose one of the objectives, as we have discussed before, is reducing congestion, which is one of the factors that we take into account certainly in working out the adequacy of a road network or, indeed, where we might want to enhance the reliability of rail. To that extent, certainly to the extent that Commonwealth investments reduce congestion they could be said to be reducing greenhouse gases as well.

**Senator O'BRIEN**—So only in that regard?



**Ms Page**—I think it is fair to say that that would be the principal regard, yes.

**Senator O'BRIEN**—I want to ask some questions about the ARTC now. Which division has the upgrade of the Launceston levy system?

**Ms Page**—Territories and Local Government.

**Senator O'BRIEN**—ARTC?

**Ms Page**—That is us.

**Senator O'BRIEN**—I want to get an update on the track upgrade programs of ARTC. Firstly, what is the status of the Tasmanian track upgrade?

**Mr Wolfe**—I might start by indicating that section of the ARTC track upgrade is the Tasmanian government.

**Senator O'BRIEN**—Can you answer that anyway?

**Mr Wolfe**—My understanding is that the Tasmanian government has gone to tender for sleepers and rails for the work. Once that is completed, we look forward to the work commencing as soon as possible.

**CHAIR**—Concrete or timber?

**Mr Wolfe**—I think they have gone for concrete. They might have actually gone for steel.

**Senator O'BRIEN**—What exactly are the arrangements the Commonwealth has entered into with the Tasmanian government for the ownership, operation and maintenance of the track?

**Mr Wolfe**—The arrangement between the Australian government and the Tasmanian government amounts to providing \$78 million in funding for a schedule of works consistent with the AusLink bilateral. The actual ownership of the track rests with the Tasmanian government. The operator of the above rail services is, of course, Pacific National.

**Ms Riggs**—But the ownership and operations of the system are not matters for the Australian government per se. They are matters between Pacific National and the Tasmanian government.

**Mr Wolfe**—The Tasmanian government has acquired the track off Pacific National.

**Senator O'BRIEN**—So where is the money at the moment? Awaiting the tenders before it is paid? Or will it be paid on—

**Ms Riggs**—It operates like any other AusLink national project.

**Senator O'BRIEN**—So you pay it beforehand?

**Ms Riggs**—The state government makes a claim. Once the project is approved, it can make a claim based on the work that has been done for the preceding month and the anticipated work in the forthcoming months. It will be paid to the Tasmanian government along with whatever payments it is due against national projects on a monthly basis.

**Senator O'BRIEN**—What plans for investment does the ARTC have in the Hunter Valley with respect to the coal chain?

**Mr Wolfe**—The ARTC has announced a \$385 million Hunter Valley investment program. The final details, of course, will be subject to negotiations with the users of that system. But they have already put in place a number of significant projects, one of which is the Sandgate flyover in November last year. It is an \$80 million project which has significantly improved capacity on the system by separating the passenger and the coal trains. It is a work program that is mostly to be completed by 2009, but it has provisions for extension beyond that.

**Senator O'BRIEN**—Is that it?

**Mr Wolfe**—That is pretty extensively it, yes.

**Senator O'BRIEN**—With respect to rail infrastructure supporting the Hunter Valley coal chain and its contribution, if any, to export bottlenecks from the port of Newcastle, are there any other projects under consideration by ARTC?

**Mr Wolfe**—The ARTC put out a fairly tightly worded but well-mannered statement that indicated that its current capacity expansion should put it ahead of requirements of the Hunter Valley coal chain. So it certainly does not believe that there is any bottleneck on the system—that is, the rail track—that is the responsibility of the ARTC. The extensions just put in place have given it a capacity that is more comparable with the port. It has made provisions that will increase that capacity in line with the demand from the miners. So I think the ARTC would say that they are certainly ahead of the game in terms of the capacity of the system.

**Senator O'BRIEN**—What other investment plans does the ARTC have in New South Wales?

**Mr Wolfe**—It is completing a program as part of the New South Wales lease to 2009 that involves a number of major works. Certainly there are major works on the north coast. There is the southern Sydney freight line, which is a major dedicated freight line connecting the southern parts of Sydney with Chullora. There are works that will take place in relation to the Sydney-Melbourne track, particularly between Junee and Melbourne, where they are doing concrete sleepers, passing lanes and a number of other works, all designed to improve the capacity of what has been identified by the north-south rail study as the part of the system that most needs fixing.

**Senator O'BRIEN**—And how much has been set aside for that work?

**Mr Wolfe**—The total program is \$1.3 billion. That includes the Hunter Valley. I am happy to provide you with a table that breaks that down into the individual projects.

**Senator O'BRIEN**—I would appreciate that. Thank you for that. So the southern Sydney freight line intersects with Port Botany, I take it?

**Mr Wolfe**—It goes through from Macarthur to Chullora, which is the main intermodal terminal in Sydney.

**Senator O'BRIEN**—So what plans, if any, are there for Port Botany?

**Mr Wolfe**—The Port Botany track is the New South Wales government's responsibility. However, there have been ongoing discussions between the state and the ARTC about how that might be expanded. That does depend, of course, on a number of decisions the New

South Wales government is considering in relation to the expansion of the port and intermodals for Sydney.

**Senator O'BRIEN**—And the ARTC arrangement with respect to track leasing, ownership and operation and maintenance for various lines in New South Wales, does that remain unchanged?

**Mr Wolfe**—Yes. That remains unchanged.

**Senator O'BRIEN**—Are there any plans for the grain lines in each of the states with respect to ARTC involvement?

**Mr Wolfe**—No. That is a matter for the states. All those lines are subject to state ownership at the moment. As you are aware, Victoria recently took back the lines from Pacific National in that state.

**Senator O'BRIEN**—Have there been discussions between the Commonwealth and/or ARTC and the states about the grain lines?

**Mr Wolfe**—I could not speak for the ARTC. In relation to our role, the states have made presentations to us about grain lines, but the point has been made, of course, that they remain under state ownership, so we see it as their responsibility.

**Senator O'BRIEN**—Not like the roads. What plans for investment does the ARTC have for increasing the efficiency of rail freight, for example, to provide for the double stacking of containers to and from our major ports, including Melbourne?

**Mr Wolfe**—Most of the works that I am aware of certainly are directed at an increase in capacity. Double stacking I know is an objective that has been put forward as being likely to be achieved. But we would like to increase the capacity and efficiency of the system first. The works are being undertaken having regard to the future use of double stacking. At the moment they are basically looking to increase capacity and reliability and double stacking would be something that is taken into account, with the design criteria being the ultimate objective but not the immediate one.

**Senator O'BRIEN**—The ultimate objective?

**Mr Wolfe**—There are a number of spots on the network where double stacking will require a significant decision by the state to take that objective forward. I will give you an example. In Melbourne we have something called the Bunbury Street tunnel, which will require a significant decision from the state government before we can have double stacking.

**Senator O'BRIEN**—Is it possible to get a spreadsheet similar to the AusLink spreadsheet that shows the status of the ARTC projects?

**Mr Wolfe**—Yes.

**Senator O'BRIEN**—Thank you for that. Would that spreadsheet set out whether the projects are on time?

**Mr Wolfe**—I indicated that the project information can indicate their current status.

**Senator O'BRIEN**—What about cost overruns?

**Mr Wolfe**—I will take that on notice with the ARTC.

**Senator O'BRIEN**—Does the ARTC have funds invested? If so, how are they invested and how are they performing?

**Mr Wolfe**—I think we provided you with an answer to that on notice.

**Senator O'BRIEN**—Is it expected that the ARTC would take a leading role in relation to any proposed inland rail scoping or feasibility study?

**Mr Wolfe**—I think that is a matter for the government. As Ms Page has indicated, the work that was done on the north-south rail study has been incorporated in the corridor strategies. Once they are completed, I think it will be a matter for governments to consider.

**Senator O'BRIEN**—That is all I have on rail. It might be a good time to break.

**CHAIR**—We will take a short break and be back in 15 minutes.

#### Proceedings suspended from 3.57 pm to 4.18 pm

**Senator O'BRIEN**—The Australian Maritime Group report on Australian shipping commissioned in 2006 has been completed, has it not?

**Mr Sutton**—The report is very close to being finalised. It is being coordinated by a group that is being led by South Australia.

**Senator O'BRIEN**—When completed, will it be released publicly?

**Mr Sutton**—We are currently discussing with our colleagues in the Australian Maritime Group the processes for handling the report. It certainly is anticipated that it will be made public and there will be consultations held in relation to the report. But as I say, we are working through the exact processes with our colleagues in the other states.

**Senator O'BRIEN**—What sort of consultation?

**Mr Sutton**—At this stage it is still being worked through, but the expectation is that the document will form the basis of consideration of issues raised in the report by the AMG and that those considerations will be informed by consultations with a broad range of stakeholders.

**Senator O'BRIEN**—Will this report guide the department as to the future role for shipping in the national transport and freight task?

**Mr Sutton**—It will certainly be one factor that the department—and not just this government, but other governments around Australia—takes into account when looking at shipping policy. The purpose of the report is to investigate just what considerations are impacting on the shipping industry in Australia at the moment, looking at the situation, the various commodities that are transported by shipping at the moment and the situation in ports around Australia, then looking at the state of the local shipping industry. The report will not contain recommendations to any government, but it will obviously have some findings about the state of the shipping market in Australia, if I can put it that way. The focus is on the scope and potential role shipping can play in the future transportation of cargo or freight around Australia and to reach some findings about the evidence that it pulls together.

**Mr Wilson**—As you may be aware, the Australian Maritime Group is part of the official working groups that feed into the Australian Transport Council so, subject to the consultations

that AMG undertakes in regards to the report with industry, it is likely that the report will be fed into the senior standing committee on transport, the senior officials committee, and then subject to those deliberations fed through to the Australian Transport Council later this year.

**Senator O'BRIEN**—Do you know if it will be addressing issues such as barge transportation around the coastline?

**Mr Sutton**—I cannot recall whether that was specifically in the terms of reference but, as I say, it has a very broad look at the way that commodities are transported around the coastline by shipping. If there are commodities that do have significant components that are transported by barge, then I would expect that to be picked up in the report, yes.

**Senator O'BRIEN**—Only if it is happening now.

**Mr Sutton**—Yes, that is right. It would be open to the consultants to make findings on those sorts of issues, but I cannot recall whether anything is likely to happen in that regard or not.

**Senator O'BRIEN**—I know that some of the companies in the business of providing ocean-going tugs believe that is an option, but you cannot say whether it is contained in the terms of reference?

**Mr Sutton**—That option for shipping certainly would have been within the terms of reference, but we will have to wait and see the final report before it is picked up. I cannot recall from the drafts that I have seen whether it is picked up or not.

**Senator O'BRIEN**—What is the report likely to cost and who will pay that?

**Mr Sutton**—In terms of the actual costs of the consultancy?

**Senator O'BRIEN**—Yes.

**Mr Sutton**—It was commissioned as a consultancy led by South Australia. The approximate figure is around \$120,000 or thereabouts, but I will take that on notice and get the precise figure for you.

**Senator O'BRIEN**—Will it be borne by the Commonwealth, or shared?

**Mr Sutton**—As an Australian Maritime Group exercise the cost is being shared between the jurisdictions.

**Senator O'BRIEN**—The budget made provision for the integration of the Australian Maritime College to the University of Tasmania. How will a budget decision to integrate into the University of Tasmania help redress the decline of the maritime skills base in Australia?

**Mr Sutton**—The initiative to integrate the AMC with UTas is specific to the circumstances facing AMC and the university where they both see opportunities to leverage off their capabilities. As you would appreciate, they are literally next to each other in Launceston so there is scope for costs rationalisation. The key drivers of it have been specific to the Maritime College and the university. However, we certainly anticipate that the integration will strengthen the AMC's capability to contribute not just seafarer training but maritime education and research as well to strengthen its situation going into the future.

**Senator O'BRIEN**—What guarantees are built into these arrangements to ensure that the AMC, under the integration model, will not have its Australian maritime VET role diluted or downgraded either by a decision of the university management or by deprivation of staff or recurrent funding?

**Mr Sutton**—The integration proposal will involve legislation that will repeal the existing Maritime College Act 1978 and implement what we term safeguards over the future operations of the Maritime College, which fundamentally are designed to protect it as Australia's national centre for maritime education, research and training.

It is envisaged that the key safeguards will be conditions on the funding that the University of Tasmania will get in future in respect of the AMC, which will operate as an institute within the university. The university or the AMC will be required to prepare an annual and rolling business plan that specifies exactly the activities that it will be undertaking and reports on the outcomes of those activities. That annual report will be assessed by the Department of Transport and Regional Services and the Department of Education, Science and Training. Funding to go to AMC will be dependent on the outcome of that assessment.

**Senator O'BRIEN**—Will all of that be contained in the legislation?

**Mr Sutton**—That is right; the legislation will contain the requirement that there be an annual and rolling business plan produced as well as other safeguards on the operation of the institute. It will insist, for example, that there be a body called the AMC Institute that will have its own University of Tasmania ordinance. It will also insist that there be certain requirements on the board of the AMC. The board of the AMC will report to the council of UTas, but to the extent that it is practically feasible it will operate as an independent entity within the University of Tasmania.

**Senator O'BRIEN**—What about entities such as AMC Search Ltd, the business arms?

**Mr Sutton**—AMC Search will continue to exist. It is a company and, as I understand it, the articles of the company are being set up at the moment. So it will also transfer to the University of Tasmania, but it will continue to have the same general function that it has at the moment.

**Senator O'BRIEN**—What is the current status of the legislation? Is it drafted? Is it the subject of drafting instructions?

**Mr Sutton**—Yes. It is on the government's legislation program, subject of course to the usual parliamentary legislative priorities.

**Senator O'BRIEN**—That did not quite answer my question: is the legislation drafted?

**Mr Sutton**—It is not at this stage. The drafting instructions have been prepared and have been lodged.

**Senator O'BRIEN**—Do you know when it is expected to be first read in the parliament?

**Mr Sutton**—No. As I say, that is subject to decisions by the Parliamentary Business Committee.

**Senator O'BRIEN**—Are figures available to advise how many Australian seafarers commenced an AMC course over the last five years in the various categories of officers, engineers, ratings, et cetera?

**Mr Sutton**—I do not have those figures with me, but I will take it on notice and I am sure the AMC will be happy to provide those.

**Senator O'BRIEN**—It would be good to know how many commenced and how many completed by officer, engineer and ratings categories.

**Mr Wilson**—Just as a way of reference, there are currently about 740 students enrolled in the college, but we will get the details of the breakdown of those.

**Senator O'BRIEN**—I would appreciate that, thank you very much. I wanted to ask a couple of questions about vehicle safety standards, particularly about vehicle importation and the case of Mr Francis Davidson. Are you aware of Mr Davidson, Mr Robertson?

**Mr Robertson**—Yes, he is the general manager of vehicle safety standards.

**Senator O'BRIEN**—He is originally from the UK and previously imported two vehicles in the early and mid-sixties. Back then the regulations for vehicle importations were relatively more user-friendly. In 1998 he travelled to the UK and bought another car, a Rover Sterling, which he drove on his visits in the UK for medical treatment. He decided to bring it home to Australia as he had done with two cars in the past, but that is where his problems started. He is not allowed to collect his Rover off the wharf. Do you know why that is?

**Mr Robertson**—The Motor Vehicle Standards Regulations 1989 govern the provisions under which vehicles may be imported into Australia. Mr Davidson's case involves an application to import under the Personal Vehicle Import Scheme. This scheme has a number of requirements, including that the person must be an Australian citizen or permanent resident or has applied to become one. The key requirement is that the vehicle must have been owned and used by the applicant for a continuous period of 12 months. Mr Davidson failed to meet that criterion.

**Senator O'BRIEN**—I think he has been to the Administrative Appeals Tribunal about the decision not to allow him to collect the motor vehicle off the wharf. How much did it cost the department to defend that application?

**Mr Robertson**—I am unaware of the cost. I can provide that information for you.

**Senator O'BRIEN**—Was there no way to resolve the situation other than going down the path of litigation?

**Mr Robertson**—No. Once a decision is made by the minister or the minister's delegate it becomes in legal terms made—the technical term is *functus*—and it is then in the hands of the tribunal. Mr Davidson's case was taken up with the tribunal which affirmed the minister's decision.

**Senator O'BRIEN**—Is there no discretion?

**Mr Robertson**—There is some general discretion within the Motor Vehicle Standards Regulations. It cannot be used, for example, to overcome a specific provision of the regulations if an applicant fails to meet that requirement. It can be used if there is something

unforeseen that is not covered by the regulations. That is why it is given as a possible means of resolving unforeseen circumstances. But Mr Davidson's case did not fall into that category.

**Senator O'BRIEN**—I understand he is a 74-year-old with cancer of the bladder—and there is no discretion?

**Mr Robertson**—In its ruling the tribunal looked very carefully at that issue and at the legal requirement to examine issues of unfairness and injustice. The tribunal formed the view that notwithstanding the unfortunate case—and there are many unfortunate cases that come under the vehicle imports regime—it was still not sufficient to justify exercising discretion.

**Senator O'BRIEN**—What happens to the vehicle?

**Mr Robertson**—That would be up to the applicant. The vehicle can be exported or it could be destroyed. Generally when vehicles are left at the docks some arrangement is entered into to remove the vehicle and have it sold, perhaps in another market, or returned to where it came from.

**Senator O'BRIEN**—When did the 12-month-use provision come into effect?

**Mr Robertson**—It was announced on 8 May 2000 and came into effect on 8 November 2000.

**Senator O'BRIEN**—What is the situation with the proposed Western Australian trial of the Reva?

**Mr Robertson**—The issue was considered at the most recent meeting of ministers of the Australian Transport Council. There was no support from ministers for a trial of that vehicle.

**Mr Mrdak**—I can add, Senator, that there was a detailed discussion at the Australian Transport Council meeting which included the Australian government presenting information—and I might ask Mr Robertson to take you through that—on testing of that vehicle type in the United Kingdom. It was quite important to satisfying some of the outstanding concerns about whether the vehicle could meet the Australian design rules.

**Mr Robertson**—The vehicle has been tested to Australian Design Rule 73, which is an international regulation, a primary occupant protection regulation, that involves an offset frontal crash test. We have some pictures of the results which I can table for the committee, if you are interested.

**Senator O'BRIEN**—Yes.

**Mr Robertson**—The vehicle failed; in practical terms, the dummy was a fatality. It was quite a severe failure.

**Senator O'BRIEN**—This is a vehicle that nevertheless is permitted on the streets of London?

**Mr Robertson**—After seeing the crash tests, the relevant UK minister has called for a review of the vehicle category that allows the vehicle to be used on the roads in the UK. That will be taken up within the EU with a view to reviewing whether those vehicles should continue to be allowed on the roads in Europe.

**Senator O'BRIEN**—Is the standard applied to that vehicle in Europe a different standard?



**Mr Robertson**—No, it is a category called a heavy quadricycle category. One of the issues that the UK government in particular is now looking at is that the category as it was originally conceived was meant for special purpose vehicles—for example, milk trucks and, certainly in eastern Europe, quad bikes, which are often used on the roads. Their concern is you are getting car-like vehicles that technically qualify under the category which are now appearing on the roads.

**CHAIR**—Is this a motorbike cum car?

**Senator O'BRIEN**—Yes.

**Mr Robertson**—That has prompted the review.

**Senator O'BRIEN**—Is this an EU-wide review or just an UK review?

**Mr Robertson**—It was prompted by the UK government, with the intention of taking it up within the European Union.

**Senator O'BRIEN**—Does that mean it will continue on UK roads subject to the determination at EU level?

**Mr Robertson**—That will be a matter for the UK government. But, under the European Union requirements for vehicles, where a vehicle is allowed on the road in one EU state, the deal is that it is allowed on roads in all EU states.

**Senator O'BRIEN**—Yes. They would have to have a blockade at the tunnel.

**Mr Robertson**—Something like that, yes.

**Senator O'BRIEN**—In terms of the vehicle in Australia, does that mean it must now be exported or destroyed?

**Mr Robertson**—It has been given until February next year to remain in Australia, after which it needs to be exported or destroyed.

**Senator O'BRIEN**—There is no prospect of it being allowed on any of the roads?

**Mr Robertson**—No, not while it fails to meet the Australian design rule.

**Senator O'BRIEN**—The current vehicle could not. You are suggesting there would have to be alterations to the construction in some way for it to comply.

**Mr Robertson**—That is correct, as a new vehicle.

**Senator O'BRIEN**—It is a lightweight, electrically powered vehicle.

**Mr Wilson**—Mr Robertson has some photographs of the results of the test. With the committee's permission, we are happy to table those for you to have a look at. They demonstrate just the results of the crash test.

**Senator O'BRIEN**—It is a front-on offset at 56 kilometres per hour.

**Mr Wilson**—Which apparently replicates a front-on crash with both vehicles travelling at 50 kilometres an hour.

**CHAIR**—May we look at something that passes the test as well?

**Mr Mrdak**—We can provide the committee with some equivalent test results for small vehicles which are already on the Australian market which meet the Australian design rules.

**CHAIR**—A picture paints a thousand words.

**Mr Mrdak**—At the Australian Transport Council, when ministers did discuss a proposal by the Western Australian government for a limited trial, no jurisdictions were supportive. The Australian government ministers reaffirmed their position in relation to the vehicle having to meet the ADRs. My understanding is that WA has accepted that and withdrawn that proposal for a trial.

**Senator O'BRIEN**—Did the Western Australian government go to the meeting still pursuing the trial but, because it has been—

**Mr Mrdak**—The Western Australian minister proposed a limited trial with certain operating conditions being placed on it, but it was conditional on the support of other jurisdictions and also the willingness of the Australian government to allow the importation of a number of vehicles to allow a trial. In the face of no support from other jurisdictions, my understanding is that the WA government will not be pursuing that trial.

**Mr Wilson**—Senator, by way of background, the test that Mr Robertson organised was completed in the United Kingdom only the week before the Australian Transport Council meeting, so the Western Australian government had not had an opportunity to peruse the results prior to lodging the papers.

**Senator O'BRIEN**—Did they know it had failed the test?

**Mr Wilson**—Not at the time they lodged the papers.

**Senator O'BRIEN**—I did not think there was any confidence that the vehicle would pass, although it was an unknown. Is that fair comment?

**Mr Mrdak**—I think that is right. The trial was based on the premise that it would not meet the ADRs and that it would need a special exemption to be able to be imported—on the basis, as Mr Robertson said, of creating a heavy quadricycle category. But that has not been supported by any other jurisdiction.

**Senator O'BRIEN**—Thank you for that. That is all I have for Marine and Land Transport.

**Mr Mrdak**—Are you happy to move on to the Australian Transport Safety Bureau?

**Senator O'BRIEN**—Yes.

[4.46 pm]

#### **Australian Transport Safety Bureau**

**ACTING CHAIR (Senator Nash)**—I welcome officers from the Australian Transport Safety Bureau. Senator Sterle, will you start the questions.

**Senator STERLE**—Mr Walsh, I would like to raise an incident that happened on 10 April 2007 with a twin engine Beech King Air operated by Network Aviation where the main landing gear collapsed with seven passengers and the pilot on board. Can you tell us where you are in that investigation?

**Mr Walsh**—I cannot give you an exact update other than that the investigation is ongoing. The investigator has been speaking with the company and crew. I understand that a component is being sent to the ATSB technical facilities that we will examine. Early last week we discussed that we should bring this component to the ATSB to examine.

**Senator STERLE**—Is that plane still flying?

**Mr Walsh**—I do not know whether the aircraft has been repaired and put back into service at this stage. It would be a matter for the company.

**Senator STERLE**—Did the bureau do the investigation the first time around? I believe the same problem happened in 2005.

**Mr Walsh**—Yes, we did.

**Senator STERLE**—Can you tell us what the findings were of that last investigation?

**Mr Walsh**—The report is on the website. I cannot remember the exact detail of the report, but in that particular case there was an error in the assembly of the main gear that had occurred during maintenance. I would have to get the exact detail from the report. There was some sort of error in assembling one of the components of the undercarriage.

**Senator STERLE**—If it is more in the Civil Aviation Safety Authority's court, please let me know and I will save my questions for CASA.

**Mr Walsh**—Yes, that is fine.

**Senator STERLE**—Once you have completed your investigations, does the bureau make recommendations to the company or to CASA?

**Mr Walsh**—We are always trying to encourage safety action out of our investigations. It is preferable to have operators, regulators, maintenance organisations et cetera take appropriate safety action themselves in response to occurrences. We always encourage that and communicate our concerns to these organisations so as to take safety action. If they do not take appropriate safety action then the next step is for the bureau to put out a formal recommendation if we believe that is warranted.

**Senator STERLE**—What would that recommendation entail?

**Mr Walsh**—We do not like to be prescriptive about how a particular safety issue should be addressed. Our approach would be to identify the particular safety issue and then put out a recommendation that a particular organisation address that issue. We would leave the scope for that organisation to consider how that might best be addressed. Responses that we receive in relation to those recommendations are then put onto our website and we will either classify the recommendation as open, as closed or as not accepted. Or it might be on monitor until we see any work they do, if they come back to us and indicate they will be addressing one of our recommendations.

**Senator STERLE**—Is the enforcement side really CASA, not so much the bureau?

**Mr Walsh**—Not in relation to our recommendations. Our recommendations are not enforceable and it is not really a CASA issue. That is a matter between us and the person to whom we make the recommendation. A regulatory enforcement action is clearly an issue for CASA, but with our recommendations it is a little bit different.

**Senator STERLE**—I fully understand that the investigation is ongoing and I respect that, but from the bureau's point of view do you have a concern that the same aircraft appears to have the same problem two years on?

**Mr Walsh**—It certainly has our attention and it is one of the reasons we are having a close look at the second incident. We always make a decision as to whether or not to investigate, and based on our resources there are ones that we do not investigate. In this particular situation, given that there had been a previous occurrence, we certainly thought it was worthwhile to examine again and see what happened on this occasion.

**Senator STERLE**—Does Network have more than one Beech King Air to your knowledge?

**Mr Walsh**—I do not know.

**Senator STERLE**—It is rather alarming if we have had this situation occur before. Obviously, whatever was put in place, there has been a breakdown somewhere. Is it not alarming that their aircraft is still flying without further investigations?

**Mr Walsh**—I think it would be premature to draw a conclusion that this latter occurrence was related to the first incident. The other issue is that if we identify a safety issue that we believe needs to be actioned immediately because there is some outstanding problem then we would bring that to the attention of the organisation. And if necessary we would make a formal recommendation before our investigation had actually been completed. We do not wait for an investigation to be completed to do that. To date we have not identified anything that would warrant us putting out an immediate recommendation in relation to that accident.

**Senator STERLE**—With these Beech King Airs, is there an overriding system where you can manually operate the landing gear?

**Mr Walsh**—Yes, there is a manual system.

**Senator STERLE**—This one failed, but it still landed. I remember seeing it on the news that night; I think it landed without the rear wheels. Would it be fair to assume that not only did the mechanical landing gear have a failure but so did the manual override?

**Mr Walsh**—Yes, it would appear that something has failed in the mechanism so that the aircraft could not take the weight on the wheels. For whatever reason, something has failed such that the undercarriage has collapsed when the aircraft has landed.

**Senator STERLE**—In your experience, is this a common occurrence around Australia with Beech King Airs?

**Mr Walsh**—I would not call it a common occurrence. Undercarriage problems are not unheard of and are probably a weekly event, but I would not say that there are any particular issues with Super King Airs.

**Senator STERLE**—Apart from not having wheels to land, but what else could pose a problem with an aircraft whose landing gear has failed in terms of safety?

**Mr Walsh**—Sorry, I am not—

**Senator STERLE**—You have no wheels, you land, but what are the other problems that you may face? Could it be a fireball; could it flip?

**Mr Walsh**—All of those sorts of things are possible.

**Senator STERLE**—I will help you out. I have no idea. It is not a loaded question.

**Mr Walsh**—It is speculative, but obviously landing without the undercarriage could pose a potential for the aircraft to flip. With that size of aircraft and smaller, landing on a prepared surface without the undercarriage does not often lead to those more disastrous situations. Normally people walk away from those occurrences, but I would not say that that makes it reasonable.

**Senator STERLE**—I am sure you would have struggled selling that to the seven passengers on board while they were circling for two hours. Thank you. Are you the expert on everything now, even planes?

**CHAIR**—You want to knock around with me for a while. Are we dealing with the Lockhart River thing?

**Senator STERLE**—No, I was not.

**Senator O'BRIEN**—Does the ATSB's website provide the details of all the incidents and accidents currently under investigation by ATSB?

**Mr Bills**—Yes, it should do.

**Senator O'BRIEN**—Does the website tell us when reports are due to be released for each incident or accident?

**Mr Bills**—No, it does not. It will indicate when the accident or incident occurred. It will indicate if a report has been released, such as a preliminary report or an interim factual report, but it will not say X number of days to directly involved parties' draft or to the final report or similar.

**Senator O'BRIEN**—Which reports are due for release shortly?

**Mr Bills**—I will ask Mr Walsh to consult his list and take you through that.

**Senator O'BRIEN**—Can you advise which of the ongoing reports are due to be completed shortly?

**Mr Bills**—By 30 June?

**Senator O'BRIEN**—By 30 June, yes.

**Mr Bills**—It will vary a little bit at the margins because sometimes we are guessing what level of comment we get back from directly involved parties as to whether we will release it publicly. We will have our best guess.

**Mr Walsh**—This is predicated on one receiving timely DIP comments and also, as Mr Bills mentioned, the nature of those comments. We had an accident near Tamworth in March 2005: a Foxtrot India November involving a Cessna 310 that I would anticipate will go out before June.

**Mr Bills**—Before 1 July.

**Mr Walsh**—Sorry, before 1 July.

**Mr Bills**—If you prefer we could take it on notice. It may be more efficient for you and put less pressure on Mr Walsh.

**Mr Walsh**—There is roughly a dozen that I am hoping will go out between now and the end of June. I can quite happily provide those details.

**Senator O'BRIEN**—On 20 April this year ATSB announced it was reviewing scope for possible action against TransAir. What is the status of that review?

**Mr Bills**—We have consulted with the Commonwealth Director of Public Prosecutions and the Attorney-General's Department. To put it in context, the committee will be aware that this refers to a number of immediately reportable matters and routine reportable matters that were uncovered in the course of the investigation of the TransAir accident but which did not relate to the accident itself.

There has been quite a lot of confusing media on that point. We believe that the seven immediately reportable matters should be looked at in terms of possible action against the company for not reporting them to us. The advice we got from the DPP indicated that a prosecution was time-barred under section 18 of our act but, as we indicated in that media release, it was still possible to take action against TransAir for not giving us a written report. The ATSB have made a mistake in getting that wrong. The media release said that we will look at that aspect again, which we have done. We have been discussing that with the Attorney-General's Department, with the DPP in Queensland and, most recently, we have written to the Australian Federal Police about putting together a brief of evidence.

The main issue is that the company is under voluntary administration, so I understand you have to get permission to be able to potentially take action against it. The other issue is that the maximum penalty for a company for breach of section 19, which is the one about not giving a written report to the ATSB within 72 hours, is 60 penalty units. If this company is in voluntary administration, it may not be an efficient way forward. The latest position is that we are working with the Australian Federal Police about a brief of evidence.

To make it really clear: this is totally unconnected with the accident. On the accident itself, the main possibility of action against the company is for something along the lines of manslaughter, negligence or so forth. The Attorney-General has written to his Queensland counterpart indicating that it is primarily an issue for the state not for the Commonwealth, and of course that is nothing to do with the ATSB because we are a no-blame investigator.

**CHAIR**—Please pull me up if I am wrong, but this is all about a bloke who was not instrument flight rules, IFR, rated flying in the right-hand seat, with a bloke who was IFR rated in the left-hand seat. The bloke in the left-hand seat was obviously off the plot in the let-down and they were flying in shitty weather. If you are in the right-hand seat, you are always looking at what the pilot in the left-hand seat is doing, if he knows what he is doing, but if you do not know what he is doing you may as well be reading a paper. Surely that is why the bloody thing crashed.

**Mr Bills**—Certainly those are some key contributing factors that we identified in our report. Senator O'Brien's question was not about that; it was about these incidents unrelated to the accident.

**CHAIR**—I have spoken with a pilot who let down in similar weather just recently in that area. He did the same thing and could understand how it happened. Why can you get the okay to be in the right-hand seat if you are not IFR instructed?

**Mr Bills**—That is part of the problem. The copilot in the accident aircraft should have had the appropriate qualification for the type of approach that was being conducted. He did not and the pilot in command knew that and that was one of the factors. There are a lot of others: they were going too fast; they were descending too quickly—

**CHAIR**—No, but that was all just part of the let-down.

**Mr Bills**—lack of training by the company and so on. I would hate the media to again get confused between the accident and Senator O'Brien's question which was about the unrelated incidents not being reported to us.

**Senator O'BRIEN**—It took some time for the final report on the Lockhart River accident to issue.

**Mr Bills**—Yes.

**Senator O'BRIEN**—I take it that is because of consultation with affected parties?

**Mr Bills**—Certainly that is one of the factors. We did put out a preliminary report, two interim factual reports, a research report and ten recommendations before the final report, so we did not sit around and do nothing of course. It was a combination of factors such as the cockpit voice recorder not working, which severely hampered the investigation. If we actually knew what was being said in that cockpit shortly after the accident it would have made a huge difference. Another factor was the extent of the destruction of the aircraft. There was not a lot left of many crucial parts. Also no-one survived so there were no witnesses. All of those things made it hard. In addition to that—

**Senator O'BRIEN**—I am not casting aspersions at ATSB about its investigation. The question I am asking is about the time of three months between when the draft of the final report was sent to interested parties and the actual release?

**Mr Bills**—Yes. Do you remember when we released the directly involved parties report?

**Mr Walsh**—On 15 December we released the draft report for comment. The comment period closed on 15 February.

**Mr Bills**—It was 60 days in accordance with Annex 13 of the Chicago Convention. It is fair to say that there were fairly extensive comments from some parties, which we worked through as we always do, looking at each comment, the evidence to support each one and whether we needed to change the report or not.

**Senator O'BRIEN**—It is fair to say that CASA was pretty animated about your draft?

**Mr Bills**—Certainly they were, yes, and they were fully engaged in the process.

**CHAIR**—In terms of apportioning the aftermath—if the company that owned the plane that allowed the bloke to be in the seat when he should not have been in the seat has gone into the never-never, into liquidation—has the company escaped the consequences? Are there individuals that can be sued?

**Mr Bills**—This is an area in which we are not expert. We do a no-blame investigation and anything that is meant to ascribe blame is for the police or CASA.

**CHAIR**—I am not apportioning blame, but what happens in the event of a liquidation?

**Mr Bills**—From my general knowledge I understand that company directors in certain circumstances can have action taken against them, as individuals can potentially, along with the estates of individuals, insurers if they have insurers, et cetera. That is not really our business.

**Senator O'BRIEN**—Your business was to report. You reported and you made some significant criticism of CASA's oversight of this operator. Is that correct?

**Mr Bills**—Two of the 19 contributing safety factors we identified related to CASA. Ten related to the pilots and seven to the company. There were also a range of other safety factors for which we did not have the evidence to give us a 66 per cent or better probability that they were related causally, and a number of those involved CASA as well.

**Senator O'BRIEN**—There is no doubt in the mind of ATSB that CASA, by a breakdown of their oversight of the operator, contributed to this accident?

**Mr Bills**—The definition of 'contributing safety factor' is pretty important and is listed in a couple of places in our report. In essence it says that it is a safety factor when if it had not occurred then either the accident or another contributing safety factor would not have occurred. There has been some comment that the ATSB report said that CASA directly influenced what happened on the flight deck on that day. That is not what our report says. It refers to maps of how this works in terms of flows of logic and influencing other contributing safety factors which then led to the accident itself.

**Senator O'BRIEN**—Can you take us through the two of the 19 factors in which CASA contributed?

**Mr Bills**—There is a lot of material in the report on these two things. One of them relates to the initial issue and then subsequent issues of the air operator's certificate. In broad terms, we said that various criteria need to be looked at under the Civil Aviation Act each time the regulator issues an air operator certificate.

This company expanded from a charter operator to RPT then expanding in Queensland in 2001, roughly, and then the big expansion in New South Wales in 2004. We believe that at all those points regulatory oversight and scrutiny of this company could have been a lot better. If it had been a lot better then some of the issues could have been uncovered. So that was one contributing safety factor.

The other one related to guidance to CASA inspectors, and there are a number of aspects of that. Just to give you an example, I can give you page references. There are a lot of them, but in essence the chief pilot of TransAir held three of the four key safety roles in the company: he was chief pilot, head of check and training, CEO and managing director. The only role that he did not have was the head of maintenance for the operation. I guess this is to say something in general, along the lines that you should look at company size when you are assessing how many people should be involved in these key safety positions. We said TransAir did not have enough. One of the reasons we particularly said it was not enough is



that this came up during the Qantas 1 investigation—the runway overrun in Bangkok in 1999—which we did on behalf of the Thai government.

In 2000 CASA said they were going to address this issue of guidance. We said, ‘Thanks, we hear what you are saying’ but we nevertheless issued a recommendation in 2001 along the lines that you really need to do a lot more in this area. We found that there was not sufficient guidance. We felt that it was not unfair, using a reasonableness test, to then say that if it had been addressed then one of the other contributing safety factors may not have happened.

There are a number of others in that area. In terms of the factual part of the report, the key page references are pages 71 to 72, 74 to 75, 77 to 78, 82 to 83, 90, 95, 99 to 100 and then a large section of pages 106 to 143 and page 172. In terms of the analysis where we looked at that factual material, the key pages are 225 to 234, especially 228 to 232. Our findings regarding CASA are at page 237, with the other safety factors at page 239. The recommendations in terms of the guidance issue I just talked about are at pages 242 to 243. In regard to assessing risk when the air operators certificate was changed, the references are at pages 243 to 244. As I say, there is such a large amount of material that it is hard to summarise it, but that is a bit of an overview.

**Senator O’BRIEN**—So in the view of ATSB, CASA should not have been of the view that there was nothing in their monitoring of TransAir that they would alter?

**Mr Bills**—As I say, we believe there should have been more guidance. In terms of the AOC process, we believe it should have been done better.

**Senator O’BRIEN**—I put that question to you because I put a question to Mr Gemmell some time ago; he no longer is with CASA. I asked him, knowing what they knew at that stage about TransAir, was there anything in their monitoring or regulation of TransAir that they would alter, and he gave the answer no. Your report would indicate that that was not a well-informed answer.

**Mr Bills**—The report also cites the chief executive to this committee, who in February this year, along the lines of the end of 2004 or early 2005, formed the view that the existing inspectors did not have the capacity to deal with these organisational type issues; hence they have engaged system safety specialists from 2006.

Our point is that back in 2001-02 we identified this issue, that the existing inspectors, because they did not have that organisational understanding and because of human factors, needed more guidance. And you did not get it, so you needed one or the other. CASA has done excellent work I am sure in employing these system safety specialists, but I think that is really a recognition that things were not as good as they could have been before then.

**CHAIR**—I presume the chief pilot was also the person who would have assessed the endorsement.

**Mr Bills**—Sorry, I missed the question.

**CHAIR**—The chief pilot was the bloke in the left hand seat on this occasion, was he not?

**Mr Bills**—He was the manager of the Cairns base but not the chief pilot.

**CHAIR**—But the chief pilot also had dual roles?

**Mr Bills**—He was head of checking and training, CEO and managing director.

**CHAIR**—He would have known that the guy in the right seat did not have an endorsement?

**Mr Bills**—He should have known that, yes.

**CHAIR**—To get the authority to fly the plane in the right seat wouldn't you have to tell CASA you had the endorsement?

**Mr Bills**—Do you want to run through the endorsements?

**Mr Walsh**—He did have the endorsements.

**CHAIR**—He did not have the IFR.

**Mr Walsh**—He could fly the aircraft IFR. He could do an IFR let down but not using that particular type of instrument approach. He did not have the GNSS qualifications. So, he could fly the aircraft IFR but he should not have been doing that particular type of instrument approach as he did not have the GNSS endorsement.

**Mr Bills**—He could have done a runway 30 or a NDB approach.

**CHAIR**—Would there be other blokes flying around with that limited capacity now?

**Mr Bills**—We have only done this—

**Senator O'BRIEN**—This is a question you should ask CASA.

**CHAIR**—I mean it is pretty dumb, isn't it? Do not answer that.

**Mr Bills**—As we said in the report, the pilot in command himself did not have the correct endorsement at one point and he had flown with other co-pilots without it as well in the past. That was one of a number of factors.

**Senator O'BRIEN**—So there was a distinct lack of a safety culture with TransAir?

**Mr Bills**—Absolutely.

**Senator O'BRIEN**—And an effective regulator would have discovered that?

**Mr Bills**—There is always knowledge in hindsight. This accident happened and you feel sorry for regulators because in hindsight it is a lot easier. But some things we identified—

**CHAIR**—But they did not sign a document at the airline saying, 'Yes, we have endorsed this bloke' and send that form off to CASA saying 'Yes, he is endorsed' even though he was not?

**Mr Bills**—No, there was nothing like that.

**CHAIR**—Who gives that endorsement? Does the airline give the endorsement or does CASA give the endorsement?

**Senator O'BRIEN**—CASA endorses it.

**Mr Walsh**—No, that would be done by the approved check and training person in the company.

**CHAIR**—Yes, that is right; it is the airline and he would then sign a document and send it off to CASA wouldn't he?

**Mr Walsh**—That is right.

**CHAIR**—But he did not do that?

**Mr Walsh**—Not for the GNSS approach, no. That was not advised to CASA, and that would not be unusual because it would just be accepted that the person did not have—

**CHAIR**—This is the chief instructing pilot, though; he would know that there would be occasions when you would need that let down at Lockhart River.

**Mr Bills**—You would not necessarily. If you did not have the appropriately qualified crew and you could not do the runway three zero approach or NDB or whatever, then the appropriate course is not to land there. So you do not have to be endorsed. The point is that the crew should not do what they are not qualified to do.

**CHAIR**—That is not going to help anyone, is it?

**Senator O'BRIEN**—So CASA in their full audits would discover who had been flying and they would be able to ascertain their qualification?

**Mr Bills**—I think maybe you had better direct that to CASA.

**Senator O'BRIEN**—Do you know?

**Mr Bills**—I have listened to you speaking to CASA over a long period of time and they talk about the limitations of spot audits and all the rest of it. But, clearly, there should be a program of audits that, over time, goes through the whole safety system, and we uncovered a lot of problems in the safety system.

**CHAIR**—Did the weather close up after they took off or had it already closed up when they took off?

**Mr Bills**—There was cloud already. In fact, there was talk that they may not be able to land at Lockhart River because of the low cloud.

**Senator O'BRIEN**—When they left Bamaga.

**Mr Bills**—Yes.

**CHAIR**—On that particular technical approach?

**Mr Bills**—To land at all, because of the weather. It was quite possible they would not be able to, is what the crew were discussing before they left. So, when they left Bamaga? Yes.

**Senator O'BRIEN**—It is, I take it, fair to say that there has been a vigorous exchange between ATSB and CASA about the final version of the report.

**Mr Bills**—I do not know about vigorous. CASA gave us very extensive comments and we worked through them carefully; but, given the size of the report, the importance of the report and the fact that it is our worst civil aviation accident since 1968, that is not surprising. There was no rudeness or anything like that involved.

**CHAIR**—Just frank.

**Mr Bills**—Yes, and that is fine; I have no problem with people being direct, frank and all the rest of it. But we look at the evidence and we change things where there is evidence and we do not when there is not.

**CHAIR**—I get into a lot of trouble being frank!

**Senator O'BRIEN**—Yes, we know, but it is not germane to these estimates.

**Senator McLUCAS**—Mr Bills, can I put on record the thanks of my constituents to ATSB for taking the trouble to go in particular to Injinoo and talk with the families there of people who were deceased. I would like you to pass that on to your staff.

**Mr Bills**—Thank you very much.

**Senator McLUCAS**—My constituents recognise why it took a long time. They were pleased that the report was well done and they recognised that it required time to get the quality of report that the ATSB has produced. We want to pass that back to your group.

**Mr Bills**—Thank you.

**Senator McLUCAS**—I am quite sure you would have seen Mr Byron's press release of 4 April, following the report, in which he says, 'I am unable to accept the conclusion in the ATSB report that CASA contributed to factors that caused the accident.' In your report you make a number of recommendations to CASA to change a range of practices that they undertake. Given Mr Byron's view that essentially he disputes those findings, I am concerned as to how you ensure that those recommendations are followed through. I note you will monitor a number of them. But I do not want the situation happening again where, as in 2001, you make a recommendation to CASA which they do not act on and as a result we had this tragedy that could have been avoided. I am sorry, that is a very long question but I think you know what I mean.

**Mr Bills**—Of course we do not want it to happen again either. Because of the time we spent on the report and the evidence we marshalled, we believe we were fair in our conclusions. But Mr Byron is a free agent. Our recommendations are not binding, and for a good reason: like other investigators around the world, if our recommendations were binding then we would be the regulator.

**Senator McLUCAS**—That is right.

**Mr Bills**—All we can do is marshal our evidence as best we can and use whatever suasion that produces. Of course, we put on our website any response to recommendations, as Mr Walsh was saying earlier, so it is all in public view. That is really our role.

**Senator McLUCAS**—You have a number of recommendations that say you will monitor the situation into the future. How do you do that and how do the community know what you have found in your monitoring?

**Mr Bills**—Usually we say we will monitor things when it is not absolutely clear what safety action the regulator or another party is going to take. They say they are looking at this seriously; they have not quite got the answer yet. So we cannot say, 'Yes, the recommendation has been fully discharged.' Or if they say they are not going to follow the recommendations, they are going to ignore it—whoever it may be; the manufacturer or whoever—then we will close it and say, 'Not accepted; we do not accept it.' So it is really an intermediate category.

In terms of how do we do it, it is not as perfect a science as you might like because of the other pressures we have, but we do tend to look at these issues every six months or so just to

see what the current status is. In particular, when we are coming up to annual review time, when we look at all our recommendations to see what is open or not, we will often then raise such recommendations with CASA, or whoever it may be, to see if we can get some further action to be able to report in our annual review. That is our role.

**Senator McLUCAS**—Do you then publish that, Mr Bills?

**Mr Bills**—Yes, we publish any response we get, and if responses are still open we will put that in the annual review as well.

**Senator McLUCAS**—I will just pick an example out of anywhere. On page 244, ATSB safety recommendation R2007-004, recommends that ‘CASA address this safety issue’. That is not a monitoring; you are saying that CASA should address that. Every six months would you go back to CASA and say, ‘How are you addressing it?’

**Mr Bills**—Yes. It is in our new format, which I might just explain to the committee. In the past we have been a bit more prescriptive in terms of how things should be addressed. We felt there was an unnecessary amount of pushback sometimes with that and that we are better off to identify the safety issue and leave it to the operator or manufacturer or, in this case, regulator to address it. That is why it says ‘address this safety issue’. I will ask Mr Walsh to pick up the rest of the question.

**Mr Walsh**—Yes.

**Senator McLUCAS**—I am trying to understand how you will ascertain whether CASA has addressed an issue.

**Mr Walsh**—This is just using that 2007-004 as an example?

**Senator McLUCAS**—As an example.

**Mr Walsh**—In that particular recommendation, CASA, under our MOU, provide us with a response to our recommendations within 60 days. So we would expect to get a response from CASA advising us of their position on that recommendation, as to whether they accept it or do not accept it and what they intend doing on it. When we get that response, after the 60-day period, it goes on our website. We will make an assessment of that response. We might close it, accept it, if the action has been taken and we are happy with it; or if they indicate that they are going to do something we might place it on monitor and keep an eye on it over the ensuing months; or it might be that we go back for further clarification or raise further issues in support of what we are doing. Either way, we would put that on our website as well. So if we were to go back to CASA with some further information if we were not satisfied with the answer to some degree, if we thought there was more that they could do, then we would also put that on our website to indicate what we have done in going back to CASA. So if it was closed not accepted, that would be quite clearly stated on the website; if it was closed and accepted, that would be clearly listed on the website with the action that has been taken. If it is on monitor then, to all intents and purposes, it is open for our purposes—we have not closed the recommendation and we will still be keeping an eye on it.

**Mr Bills**—It might be partially accepted.

**Mr Walsh**—Or they may have part of the solution. If we think they have not quite done all of it, we might say it is closed and partially accepted.

**Senator McLUCAS**—Essentially then it is up to the community to keep monitoring your website to see what CASA is doing? You do not table that in the parliament?

**Mr Bills**—Yes, or the process of scrutiny as it occurs here.

**Senator O'BRIEN**—In terms of the recommendations and CASA, have CASA formally accepted your recommendations yet?

**Mr Bills**—We have not had a response yet, have we?

**Mr Walsh**—No, we are still awaiting a response on all of the recommendations released for the final report: the seven to CASA. The new recommendations are due on 4 June.

**Mr Bills**—They are not due yet, so we will wait.

**Senator O'BRIEN**—What role will ATSB have in the coronial inquest?

**Mr Bills**—My understanding is that it commences on Thursday Island on 4 June for four days, after which it will move to Brisbane. The ATSB is giving evidence early on. Our general role is that we assist the coroner; the Queensland state coroner has already indicated that our report is going to be a major input into his investigation. He also has a report from the Queensland state police.

**Senator O'BRIEN**—How do you generally assist the coroner?

**Mr Bills**—We basically assist him to understand what is in the report. In areas where they want to go further, we will assist if we can, provided we are not using information we have gathered for a safety investigation for a purpose that would be inconsistent with that. We attempt to help but we do not go down the prosecution type route; we believe that is really a job for the Queensland police, the regulator or others.

**Senator O'BRIEN**—So, if you have evidence which is fundamental to a prosecution, you cannot reveal it?

**Mr Bills**—Potentially; in February during the airspace legislation inquiry you asked for a summary of our powers. You will find from our response that there are a lot of areas where we can compel evidence from people even if it may otherwise tend to incriminate them. The protection for that is that it cannot be used in a civil or criminal court; that a potentially critical witness statement cannot be used even though it could be critical for a prosecution if it were able to be used. The rationale for that is that otherwise we would not have the power, because otherwise people have got the right to remain silent. It is really up to the police to get a statement. If people will not say things that could incriminate themselves, then it makes it difficult for them. That is the price we pay for getting a thorough safety investigation report.

**Senator O'BRIEN**—Is that the limitation? If you have information that will assist the coroner, including statements which do not go to personal guilt, can they be used? I understand the self-incrimination situation.

**Mr Bills**—I look at it on a case by case basis, obviously advised by my professional staff. If it is photographs or accident plots or maybe some technical analysis we have done in the lab that underpins some findings in our report, then we will provide that to the coroner. In this case the Department of Defence assisted us by having someone check out the particular approach to see whether it was appropriate given the parameters of the topography and

everything. Having liaised with Defence, we have already said that we will provide that to the coroner. There are some other things that we will not provide, mostly witness statements. If a bystander in a car who is totally unrelated to the company saw something, then there is probably no reason that we could not provide that if there was no other way of getting that evidence.

**Senator O'BRIEN**—Would you provide a witness statement which does not involve self-incrimination?

**Mr Bills**—Not normally. Normally we would say that the police or the regulator should take their own witness statements; that is essentially the way it works. If there is no other way of getting it and it does not involve self-incrimination, then we would look at it.

We have got to look not only to the investigation itself but to the future. If people know that if they give us a witness statement it can be used later on, then they will potentially be less forthcoming, even if it does not incriminate them. Some people just do not want to be involved in the other types of investigation; whether they should or not is another issue.

**Senator O'BRIEN**—If someone else gives a copy of their witness statement to the coroner, how does the ATSB become involved?

**Mr Bills**—Is it a copy of the witness statement that they have given to the police or to us?

**Senator O'BRIEN**—To the ATSB; it is their copy and they have given it.

**Mr Bills**—That could be a problem for us because generally we will give people a digital tape or a written record of their statement, but it is not just their statement; it also includes ATSB questions and often some broader information about the investigation. The issue is that it is not just the individual involved. Do you want to add to that?

**Mr Walsh**—Talking to us or by providing a statement to us does not stop them providing the same statement or the same information to someone else. The actual statement that we hold is the item that becomes restricted information under our act. If the person then wants to go and say all of the exact same things to someone else, then obviously they are at liberty to go and repeat all that information to others.

**Senator McLUCAS**—We are moving from Lockhart River now to *Malu Sara* in talking about this issue. My understanding was that Mr Chaston, who was the regional manager of DIMIA on Thursday Island, provided a copy of the transcript of his record of interview with ATSB to the coroner. His solicitor indicated, as I understand, that that was instead of having to go through the same process again and having essentially the same interview with the coroner. I am told that ATSB requested that that record of interview be returned to the ATSB. Given the conversation that Senator O'Brien has had with Mr Walsh, if Mr Chaston, through his lawyer, was quite happy for that record of interview to replace an interview that he would have duplicated with the coroner, why could that not occur?

**Mr Bills**—I will ask Mr Foley to assist me, but just before he starts, my understanding is that when this statement was tabled it was purported to be the record of a witness statement given to the police.

**Mr Foley**—That is correct; it was misidentified as a record of interview between Mr Chaston and the police. When we inspected the record, we realised that it was indeed two

interviews that we had had with Mr Chaston. Mr Bills outlined our policy; when we conduct an interview, generally we provide some sort of background information to the interviewee and we may express certain opinions. Consequently it is inappropriate that our questions are actually given to the coroner. Mr Chaston is most welcome to give his evidence to the police independently. While for him it would have been some embuggerance to provide those two statements to police—and he did, as you logically said, hand over our interviews— prior to doing so he was given the appropriate warnings that that was not to happen. For that reason we suppressed things from the interviews that may well be restricted information.

**Senator O'BRIEN**—Can we get a copy of that? It is not able to be used if it is tabled here.

**Mr Foley**—Once again, I am not sure whether we can do that under the terms of the act; we would have to take advice on that, Senator.

**Senator O'BRIEN**—You certainly can; it has been done before.

**Mr Bills**—It is restricted information under our act, obviously.

**Senator O'BRIEN**— The document cannot be used in any proceedings if it is tabled here.

**CHAIR**—Anyhow, you can take advice.

**Mr Bills**—I think basically we will take in on notice, as Mr Foley said.

**Senator O'BRIEN**— If it is only the question of incrimination why would you not release it?

**CHAIR**—They might as well take advice first.

**Senator O'BRIEN**—I am asking a question as to what considerations would mitigate against its release.

**Mr Bills**—One issue could be, for example, the privacy issue. It may well be that there are things in there relating to other parties by name, which it may be inappropriate to put in the public domain. I do not know, but that is something I think we need to look at.

**Mr Foley**—I participated in both of those interviews with Mr Chaston, along with another ATSB officer who was leading the investigation, and I recall there was certainly some mention of other individuals. There is therefore some 'tie up', if you will, with other people who have already given evidence at the inquest and who probably would not wish opinions expressed by Mr Chaston to be in the public domain.

**Senator O'BRIEN**—If he has already expressed those opinions and he is able to do so before the coroner under effective privilege, I do not understand why that would be a barrier. Surely if he has those views he will express them.

**Mr Bills**—He can do so. The issue for us, in terms of this restricted information, is that we need to look at the criteria for whether there is private material that should not be released.

**Senator O'BRIEN**—Is the ATSB embarrassed by what its officers said?

**Mr Bills**—I have not even read the records and I cannot believe that would be the case.

**Mr Foley**—That is not the case, Senator.

**Mr Bills**—It is purely a matter of principle.



**Senator O'BRIEN**—Do you feel that what Mr Chaston said may somehow mitigate against its release?

**Mr Bills**—I believe it is the same issue that I was alluding to before. If people give us a statement on the basis that we say we will not release it further and then we do, then it potentially undermines the system. This person has chosen to release it further himself.

**Senator O'BRIEN**—Exactly.

**Mr Bills**—It changes the situation somewhat. He should not have done that, but he has. I am happy to take the question that you posed on notice, but that is the reason why I am not saying yes on the spot.

**Senator O'BRIEN**—When can we find out whether you can release it, not release it or table it before this committee, which would be a different thing?

**Mr Bills**—I would like to read it and I would also like to take advice from our in-house lawyers as to any other ramifications that there may be through privacy laws and so forth.

**CHAIR**—Mr Foley, satisfy my curiosity: are you a former law enforcement officer?

**Mr Foley**—No, I am not.

**CHAIR**—You look like one.

**Mr Bills**—He is a former marine chief engineer.

**CHAIR**—That is the size I like them to be.

**Mr Bills**—There is some pretty big machinery on those ships.

**Senator O'BRIEN**—I thank you for those answers. Can you outline the work ATSB has undertaken or is undertaking in Indonesia following the crash of the Garuda plane on 7 March?

**Mr Bills**—Certainly, I might begin, and Mr Stray will probably come to the table to assist. We have been working with Indonesia for some time. Last year we did some training in-country for investigators in Indonesia—Mr Stray was one of the leaders of that—and we also worked with AusAID to set up a fellowship scheme. Ms Page mentioned this morning that we have our first fellow, a 737 captain in Indonesia, start with us this month. He is going to be working with us for 12 months with a view to qualifying for our Diploma of Transport Safety Investigation. He is going to be a tremendous help to us as well because he is a qualified 737 captain. It is a good arrangement. That was happening before the accident.

Of course, it depends when you start with these accidents but, if we look at the 1 January accident this year, in which the Adam Air Boeing 737 is still under water and the recorders are yet to be recovered, Mr Stray is an accredited representative for that. The National Transportation Safety Committee of Indonesia, the NTSC, our equivalent body, asked for our assistance a month or so ago on that. So it was not right at the outset. Mr Stray has agreed to help and is actively involved in helping them on that.

In terms of the Garuda accident on 7 March, Mr Stray and a couple of our other aviation investigators went to the accident site pretty much straight away. Mr Stray is also the accredited representative for Australia for that accident and has been actively helping the

Indonesian NTSC with the drafting of preliminary reports. We also have had a lot of work done in our laboratories on the recorders for that accident, both the crash data recorder, or CVR, and the flight data recorder, or FDR. We had to get some help from Honeywell in Seattle for the CVR before we could download it because of some interesting glitches that were not expected. We got good data from the CVR and the FDR. We have provided an animation to the NTSC and Mr Stray continues to assist.

In addition to that we have of course got the package that was mentioned this morning to assist Indonesia—not only in aviation safety, but marine as well—and we are part of that. So the PBS reflects an indicative amount to the ATSB, but we need to define exactly what it is that Indonesia wants of us, and that is one of the reasons the secretary and Ms Page are travelling there in a few days time. We will go from there in terms of defining what more we can do to assist them. Clearly Adam Air and the Garuda accident will continue to feature for a while. Did I leave you anything to say?

**Mr Stray**—Not unless you have more questions.

**Mr Bills**—That is an overview.

**Senator O'BRIEN**—That was an overview and explanation of what has been done; what are the steps now? You have given the material that you have developed—the transcription and explanation of the cockpit voice recorder and the flight data recorder—and you have prepared an animation of the crash, as I understand?

**Mr Bills**—Through the FDR. Regarding the CVR, the investigator in charge and two of his people came out to us and so they really worked on the translation, because it was in Bahasa Indonesia.

**Mr Stray**—And English.

**Mr Bills**—So we helped them technically, but they did the work. That is the sort of partnership we are trying to maintain.

**Mr Stray**—I should say Selamat sore, Senator.

**Senator O'BRIEN**—Sorry?

**Mr Stray**—You asked how my Indonesian was.

**Senator O'BRIEN**—Good. Mine is very poor in fact; that is why I did not understand you. Given that we are providing assistance, what is the state of the Indonesian resource? How are they currently placed to manage aviation safety and understand issues arising from accidents and incidents?

**Mr Bills**—I will start and then Alan can fill in the gaps. One of the problems they have is that they do not really have a robust legislative regime. As the committee probably knows, there are a lot of different agencies in Indonesia that get involved when an accident like this happens, and Mr Stray will probably outline seven or so of those. That complicates investigations greatly. I understand that the President is looking at their legislative base now, and that may make a significant difference. There are a lot of good people there and they are somewhat hamstrung by some of the constraints that they face. A new chairman was

appointed around the time of the accident and he has been very strong in terms of getting reports released in a more timely way.

The broader question about aviation safety is probably better directed to others. There is a new minister and a new Director-General, and clearly Indonesia is doing a lot to try to improve their aviation safety record. We are assisting them through this package and the ATSB element of it. Other countries are taking a different tack; for example, the United States has been much more direct about what has to be fixed and laying that down. Did you want to comment on the various parties and how complex it is on the ground?

**Mr Stray**—Within the NTSC, they have well qualified technical experts, pilots, engineer, and the like who either come from the public servant stream or are seconded from airlines or maintenance organisations, et cetera. A percentage of the organisation is from each stream. On the ground at an accident site there are also the various police agencies, and then of course the airline operator and the airport operator. In the case of Yogyakarta, the airport was an Indonesian Air Force operated airport, and so there was the air force police on top of the Indonesian National Police, any local police forces and the forensic police. Also of course the airline was involved.

Their law currently does not allow for a primacy of investigation to the investigation agency, so the NTSC did not have that level of primacy. By the time they got to the site—and we were on site within 24 hours of the accident—the wreckage had been moved and examined by various parties. That is just the way it is there at the moment. Working within those constraints, I think they did a wonderful job to achieve what they have done to date.

The new chairman, as Mr Bills said, commenced four days before the accident, and he had a huge task in front of him, being a new chairman. He is an ex Air Vice-Marshal who has quite a bit of a safety background, but not in a civilian sphere. There is a big need for the chairman to receive some level of assistance from within his own country and, if we can provide that level of support, then it will be a terrific opportunity for us as Australians to help them develop their procedures. They are very well qualified people. In going there we provide any level of assistance when we are asked how we can help, and I guess in some ways we help in a servant role.

**Senator O'BRIEN**—Does ATSB know what amount of the funding provided to the department in the budget to assist Indonesia with transport safety will be required by ATSB to do its bit?

**Mr Bills**—Senator, as I intimated, there is an indicative amount built into the figure that you will find on page 23 in the PBS under output 1.1.1. It is approximately \$1.7 million, but there is a process that is to be followed. In coming to that we of course made—

**Senator O'BRIEN**—Is that per year?

**Mr Bills**—Yes, that is just in the 2007-08 year, this coming year, and a similar amount or slightly more in the two out years. All of that is contingent on the Indonesians identifying what it is that they want assistance with, what their priorities are, and then liaising with us on how we can best provide it. Firstly we need to get what they want and secondly we need to put a business case to the executive of the department, the secretary and Ms Page, to secure that amount or another amount. That is roughly what is indicatively outlined. I think Ms Page

said this morning that there is roughly \$2 million per agency; well, \$1.7 million is basically the \$2 million less the corporate overhead that always occurs in the department.

**Senator O'BRIEN**—What will that pay for?

**Mr Bills**—It depends on what they want. Assuming our business case is successful, it will pay for training both in Indonesia and in Australia—so, some more of these fellowships in Australia, we hope. It will also pay for more of the training courses that can be delivered by Mr Stray or perhaps a retired investigator of standing like Captain Kit Filor, who is extremely good and who has worked there before and done a lot of IMO work in the maritime area. In addition to that, there is large-scale assistance we can give to Indonesia with Adam Air, Garuda and a whole heap of other accidents in the past. Despite the fact that we have been doing recorder work for them for years, they have many others that have yet to be downloaded and analysed; I understand there is a large backlog of recorders. If we were able to do some more of that work, if that is what they wanted us to do, then we would.

**Senator O'BRIEN**—Is that an issue of technical expertise or actual equipment?

**Mr Bills**—It is both. You firstly have to have the technical equipment, but you can go and get a fair bit of that from a commercial outfit like Flightscape, for example. Also, you need to get trained people who have not only the training but also the personality and the experience to spend most of their life laboriously going through digital pulses and parameters; that is a skill. We have some good people who do it but I do not think I would be able to do it.

**Mr Stray**—Also, Senator, there have been other countries that are talking about providing a flight recorder laboratory. As Mr Bills mentioned, Flightscape, the Canadian company, provide basically off-the-shelf equipment. We have to temper our enthusiasm about that with the knowledge that Indonesia's fleet is huge and it does not cover just the modern technology aircraft with digital flight recorders; they have a huge number of aircraft that have the old analogue type. To provide equipment and training for the downloading and analysis of the digital technology is one thing, but, even if you put in a modern laboratory, there will still be that need for the other work. Either they have a huge laboratory that can cater for both technologies or they have the digital technology in-house trained, and then the other would still have to go offshore.

**Senator O'BRIEN**—Could we cater for both?

**Mr Stray**—Yes we do.

**Senator O'BRIEN**—How huge is that laboratory?

**Mr Stray**—When I say huge, there is a lot more technology involved; it is not just the digital technology. Over the 20 years that I have been in the bureau it has shrunk from a room probably about a quarter of the size of this room down to just a couple of computers in one rack.

**Mr Bills**—The tape players and things like that are less common. It is really the people that are the hardest to get. We have four recorder specialists and they have got a huge amount of experience developed over tens of years.

**Senator O'BRIEN**—Would our resources be sufficient for a country like Indonesia?

**Mr Stray**—The Indonesians are getting assistance from a number of countries as well in this.

**Senator O'BRIEN**—I mean the size of the facility; if they were to get a facility how big would it have to be? Would it have to be twice as big as ours?

**Mr Bills**—It depends on the future accident rate, which of course we hope will be less.

**Senator O'BRIEN**—By the size of the aircraft fleet I suppose you can extrapolate probability and possibility.

**Mr Bills**—Yes, if they had our accident rate and we used their fleet numbers, then yes, maybe a similar size to us might be reasonable, but their fleet is growing very quickly.

**Senator O'BRIEN**—We do not really know exactly how we can assist them; you are preparing what you think is the best case and that will be assessed by the department, the Indonesians, or both?

**Mr Bills**—Both, with our input. I am sure it will involve training in-country and in Australia and it will involve help with their investigations and recorders, but the exact balance and the exact numbers are subject to those discussions and our business case.

**Senator O'BRIEN**—Where does one train to be a technician for the voice recorders and the flight data recorders?

**Mr Bills**—Essentially with others; it is usually on-the-job training. There are some courses but they are relatively short. It is on-the-job training.

**Senator ALLISON**—I had some questions about the bureau's position on the application of Australian Design Rule 68 as it applies to buses carrying schoolchildren in rural areas.

**Mr Bills**—I am not sure we have a position as such, but Mr Motha, who is our general manager for road safety, will come to the table. Our general position is that we support anything that improves safety, but we also have a view that, given that budgets are not unlimited, we tend to support things that have the greatest safety impact. The issue of bus safety and seatbelts is very emotional, but the data show that most people who are killed in relation to school buses in particular are killed when they are exiting or getting on buses. In other words, they run across the road and get run over or something of that nature; often the issues are of that nature. Mr Motha may want to talk about ADR 68.

**Mr Motha**—ADR 68 requires lap-sash seatbelts on buses of 17 or more seats, where the passenger seats are more than a metre high. Essentially ADR 68 targets the types of bus used on long-distance journeys; that is the purpose of ADR 68. As Mr Bills said, the issue of school bus safety has been considered. There have actually been three reports on school bus safety considered by the Australian Transport Council. One of the issues with seatbelts on school buses is that there is a very, very small number of injuries or fatalities in the bus itself. As Mr Bills said, most of the fatalities or injuries are when the child alights from the bus and attempts to cross the road.

**Senator ALLISON**—Was this matter raised at the most recent Australian Transport Council meeting?

**Mr Motha**—No, these reports have been considered in the past. They were not considered at the last meeting.

**Senator ALLISON**—It is my understanding that some states such as Western Australia and South Australia are moving in this area, is that correct?

**Mr Motha**—Yes, that is correct.

**Senator ALLISON**—They are doing this because of some pretty horrific accidents or accidents that might have otherwise killed lots of children, but were saved by having seatbelts; is this accurate?

**Mr Motha**—The whole issue of seatbelts in school buses is a state issue. The Australian Transport Council has issued some guidelines for states to follow on the issue of the use of seatbelts in school buses and, as you said, Western Australia has introduced a requirement for all their new buses to have seatbelts, and South Australia has introduced a similar initiative.

**Mr Bills**—As I said at the outset, we would support anything that is pro-safety, but the real rider I had was that, if the bigger issue is around the bus, then maybe that is something that should be addressed as a higher priority.

**Senator ALLISON**—What is the position on school children standing in buses for what might be local for them but may involve travel of up to an hour in each direction? Is that something you would discourage?

**Mr Bills**—Clearly it is safer for every child to have their own seat and their own seatbelt, three point harnesses and all the rest of it; that is ideal. There are real issues in terms of affordability in all of that but, as Mr Motha said, these are issues for the states concerned in terms of the costs that they choose to either bear or not bear. In terms of the ADR, Mr Robertson has come to the table from the vehicle safety standards branch, so he can let you know anything about that that you need to know.

**Senator ALLISON**—Is there any evidence that second-hand buses are being brought into Australia and chosen for their low back height so they can avoid this requirement?

**Mr Robertson**—I am aware of no evidence of buses being chosen deliberately for the low seat requirement. The issue is simply what the state is prepared to allow when you are dealing with school children. There is evidence of older buses being imported under what was formerly the 15-year-old vehicle rule. The government moved two years ago to change that rule so that vehicles built only before 1989 may be imported. It is still the state government's responsibility to determine what sort of vehicles are used to transport schoolchildren.

**Senator ALLISON**—What percentage of those imported second-hand buses and even new buses, for that matter, have low backs and therefore comply with the exemption?

**Mr Robertson**—I do not know. I would not have access to that information.

**Senator ALLISON**—The department does not keep statistics?

**Mr Robertson**—No, not on how many buses have low seat backs. We do not have statistics on how many vehicles are built new as either coaches with high seat backs, or route service buses with low seat backs, only the numbers of approvals for manufacturers to build those sorts of vehicles.

**Senator ALLISON**—Would you be concerned if there were buses coming in being selected for the ability to avoid this requirement?

**Mr Robertson**—I say again: it is a state government responsibility.

**Senator ALLISON**—Yes, I understand that. I am asking for your opinion on this.

**Mr Robertson**—I would not give an opinion on that. It is not my job to give opinions; I can only say what are the requirements.

**Senator ALLISON**—The department has an opinion on the desirability of seatbelts; why would you not have an opinion on the desirability of allowing buses to come in which deliberately avoid this or deliberately comply for the purposes of this exemption?

**Mr Robertson**—It is not a question of whether the buses are imported specifically to get around the exemption; the issue is whether they can be used. The buses can be either manufactured new here in Australia or imported as brand new buses.

**Senator ALLISON**—I understand that. I would have thought that the department would be a bit concerned if, rather than have new buses manufactured here, that bus companies were purchasing these buses from overseas deliberately to avoid the seatbelt rule.

**Mr Robertson**—It is not a question of whether they are purchased here or imported; it is a question of what buses are going to be selected for use on particular routes, and that is an issue that the states regulate.

**Senator ALLISON**—The states say, 'If only the federal government would legislate, then we would of course comply,' but until they do it is something of a stalemate or stand-off; would you agree with that?

**Mr Robertson**—No, I would not.

**Senator ALLISON**—Why?

**Mr Robertson**—Because the federal government can only legislate for new vehicles that meet certain requirements; it cannot say how those vehicles will be used. It is up to the states to determine the requirements for how the vehicles will be used.

**Senator ALLISON**—As I understood it, there was a target at some stage for zero fatalities with regard to buses by 2005; was your department involved in setting that target?

**Mr Bills**—I am not aware.

**Senator ALLISON**—It is an Austroads target I understand—nothing to do with the bureau?

**Mr Bills**—Mr Motha may be aware of it.

**Mr Motha**—I am not aware of that target.

**Senator ALLISON**—Not aware of the target?

**Mr Motha**—No.

**Senator ALLISON**—Or the reason behind shifting it to 2010?

**Mr Motha**—We have a National Road Safety Strategy target.

**Senator ALLISON**—What is that, with regard to bus fatalities?

**Mr Motha**—There is no specific target for buses; it is a general target for road fatalities. The target is that by 2010 the rate of road fatalities per hundred thousand people would be no more than 5.6 deaths.

**Senator ALLISON**—What is it now?

**Mr Motha**—It is 7.8.

**Senator ALLISON**—The Australian Medical Association just last week suggested that this was a matter that should be of concern to parents and urged them to put pressure on education and transport authorities to fit bus seatbelts. Are you aware of the AMA's call to do this?

**Mr Motha**—No.

**Senator ALLISON**—Is it likely to be an issue at the next meeting of the state transport ministers council?

**Mr Bills**—I do not know that we know that. It is really up to ministers to decide what to put on their agenda, and if a minister puts that on the agenda then it will be.

**Senator ALLISON**—The federal government can put matters on the agenda, can they not?

**Mr Bills**—Certainly, if one of our ministers chooses to do so but, as Mr Motha and Mr Robertson said, it is primarily a state issue, and so normally the impetus is from the states.

**Senator ALLISON**—Has there ever been a suggestion discussed that the Commonwealth might assist the states or the bus companies to fund seatbelts for school buses?

**Mr Bills**—I would be surprised if the states had not raised that in the past. It would be a massive cost, I would think.

**Senator ALLISON**—Some say the figure of \$70 million, which has been touted as being the total cost, is inflated. Do you have accurate figures on the kinds of buses that we are talking about here—those that carry children over relatively long distances in rural areas, outside metropolitan areas?

**Mr Motha**—As I referred to earlier, the Austroads reports that were considered by the Australia Transport Council some years ago had some figures on some measures, including seatbelts, and we can provide those reports to you.

**Senator ALLISON**—Was \$70 million the figure that was used?

**Mr Motha**—I cannot recall the figure of \$70 million, but there was a package of measures: there were things like seatbelts, increased compartmentalisation, three-for-two seating and a number of other measures that were considered in that package. My recollection was that it was going to take about 15 years to implement that package, at a very high cost, and my recollection is that it was about \$750 million for the entire package.

**Senator ALLISON**—I am just looking at the figures. You said this is not a major safety issue, and that, as issues go, children are more inclined to be killed stepping on and off the bus than involved in a crash, but the figures are actually quite significant I would have thought.

**Mr Bills**—I did not say it was not a major safety issue; I said that there were other safety issues which may be greater, including children alighting from and getting onto buses, in



terms of the fatality and injury record. I certainly did not downplay the issue; in fact I said that anything that is prosafety is something that we would support.

**Senator ALLISON**—It appears to be around 30 deaths a year since 2004; would that be about right?

**Mr Bills**—That sounds a bit high for people on buses, children in particular.

**Senator ALLISON**—No, it is my understanding that that is the number of fatal crashes involving buses. So it well may be the other party.

**Mr Bills**—It may well be the car occupants.

**Senator ALLISON**—Yes, it may well be.

**Mr Bills**—That sounds more likely. So you are talking about 30 out of roughly 1,600 fatalities a year that involve buses, but very few of those would be inside a bus. The bus-associated fatalities involving children would be mostly of children getting on and off buses, not inside a bus.

**Mr Robertson**—You were asking before about concerns about imported older buses. The minister did in fact write to the states around two years ago, if my memory serves me correctly, to ask that consideration be given by the states to not registering those buses that are imported as older buses where they are to be used to carry schoolchildren. Some states responded favourably to that, particularly New South Wales, which already had a rule; other states considered that the evidence was not there to suggest that the buses were unsafe.

**Senator ALLISON**—I do not think the suggestion was that the buses were unsafe, but that the choice of buses with low back seats was allowing them to have the exemption on seatbelts; that was my understanding. It is not quite the same question as you are answering.

**Mr Robertson**—Yes.

**CHAIR**—Do you think they should put B-doubles up over the Blue Mountains?

**Senator ALLISON**—B-doubles over the Blue Mountains? I have no idea.

**CHAIR**—Thank you for your contribution, Senator Allison. Senator O'Brien?

**Senator O'BRIEN**—Can someone let me know if the ATSB Marine Recommendations MR20060040 and MR20060041 arising from Marine Occurrence Investigation 226 of January 2007, involving the hawser failure and manoeuvring difficulties on the *Dampier Spirit* during a cyclone in April 2006, have been fully implemented?

**Mr Bills**—Mr Foley will give you some information on that, but a lot of our marine recommendations are to IMO, or broad.

**Mr Foley**—That is correct. In this case the recommendation takes the form of a safety advisory notice, which is in effect a recommendation to the industry. In terms of that particular incident, we found that the guidelines for disconnection for the FPSO and the FSOs when a cyclone approaches were somewhat ambiguous.

**Senator O'BRIEN**—Could you give us those acronyms in full?

**Mr Foley**—An FSO is a floating storage and off-take facility, in effect a tanker which is moored to a single-point mooring or a CALM buoy. We have some of those in the Timor Sea

and some off the coast of Western Australia. An FPSO is a floating production, storage and off-take facility, which is, in effect, something that also adds value to the cargo, the petroleum product. Once again, more often than not, they are converted tankers.

In this particular incident, Teekay Shipping had taken the appropriate safety action, which was to amend their procedures to make them clearer as to whether or not, and when, to disconnect when a cyclone approaches a ship, or an FSO or an FPSO which is on a single-point mooring. As we know, there are other operators in that area, and overseas, who have similar conditions and which operate in the tropics where they are subject to cyclones and hurricanes and the like; the advice is appropriate there too.

The second recommendation that you have outlined is another one to the industry as such, which was to do with the operation of mooring hawsers on these single-point moorings or CALM buoys. Once again, Teekay Shipping had taken the appropriate action to address the recommendation, but we felt it was worth making it to the wider industry as well.

**Senator O'BRIEN**—What is the effect of making the recommendation to the wider industry if there is no obligation to observe it?

**Mr Foley**—There is no particular obligation. With all of our investigation reports we try and identify the contributing factors and the things in terms of safety where we can add value. Sometimes we do that by issuing the report itself, which tells a story and makes findings and conclusions, but sometimes when we look at those contributing factors and we feel that they are an industry-wide problem, we might issue a safety advisory notice to draw the industry's attention to those particular issues.

**Mr Bills**—As with aviation and even more so with marine, we cannot compel any action. We do widely distribute the reports; there are more than a couple of thousand, I think, published in hard copy as well as on the website.

**Mr Foley**—That is correct.

**Mr Bills**—Of course, the relevant regulators, as well as the industry companies, read them and hopefully are in dialogue with the companies they are regulating about particular issues that may or may not still exist.

**Senator O'BRIEN**—How do you know whether they are or they are not?

**Mr Bills**—We do not, unless we do another investigation.

**Senator O'BRIEN**—Does AMSA have any role in enquiring about the effective penetration of the information you are disseminating?

**Mr Bills**—In this case is it just AMSA?

**Mr Foley**—From this point of view it is every regulator to which we send it out. We send our reports out to like organisations around the world. That includes investigation agencies like the ATSB but also marine regulators and teaching institutions. We try to target people who are at the coalface or learning the trade, if you will. It is a process of raising awareness. AMSA do not have any role in monitoring our recommendations overseas as such. It is very difficult to know what sort of impact they have but, from time to time, we certainly do get

letters and anecdotal evidence to suggest that people are reading and also taking on board the messages.

**Senator O'BRIEN**—We would not know if the South-East Asian or Eastern European crews, who are sometimes finding their way onto vessels in our waters, have any knowledge of these recommendations?

**Mr Foley**—No, we would not necessarily. We would have anecdotal evidence where we may conduct another investigation on board an overseas ship. We routinely take copies of reports down, and very often in the past we have had overseas seafarers say, 'Yes, I've seen your reports and I've read them.'

**Senator O'BRIEN**—What actually happened with the *Dampier Spirit* leading to these recommendations?

**Mr Foley**—*Dampier Spirit* was moored to the CALM buoy as cyclone Hubert approached. The decision was not made early enough to disconnect the vessel from the CALM buoy mooring. As a result, the hawser failed, which meant that they were at sea in very strong winds which preceded the cyclone or were at the periphery of the cyclone. They tracked for a period of hours towards Tryal Rocks, at which time the winds eased and they sailed into safer waters.

**Senator O'BRIEN**—They were about to be run aground except for the abatement of wind?

**Mr Foley**—There was the suggestion that there was a possibility that they could go aground if they had continued to track for another couple of hours in the same direction that they were tracking. We found a number of things which were contributory, and that included the fact that they had, as I suggested, not very clear guidelines in terms of when they should disconnect when a cyclone was approaching. The hawser failure was obviously directly causal, because it meant that they were adrift and they did not expect to be so. The vessel was also under-performing because they had fitted slow-speed steaming nozzles in the main engine, which meant it was not producing as much power as it would have if it had been a normal tanker, and that had an impact on their ability to sail through the conditions that they experienced at the time. Indeed, the vessel had been some years out of dry dock, so there was quite a deal of marine growth which also had an impact on the performance of the vessel.

**Senator O'BRIEN**—Who operated the vessel?

**Mr Foley**—Teekay Shipping is the operator.

**Senator O'BRIEN**—Where are they based?

**Mr Foley**—Teekay are based in Australia. It is an Australian shipping company crewed by Australians.

**Senator O'BRIEN**—Is it a charter ship or do they own it?

**Mr Foley**—It is registered in the Bahamas and managed by Teekay Australia, so I presume it would be a charter vessel.

**Senator O'BRIEN**—Did it have petroleum products on board?

**Mr Foley**—Yes, there was 6,000-odd tonnes of crude oil on board at the time.

**Senator O'BRIEN**—What would have been the impact on the environment in the area where it was headed towards?

**Mr Foley**—There are a number of turtle nesting grounds in the area of Tryal Rocks. If they had gone aground they would have spilled a significant amount of oil, and there would have presumably been significant impacts environmentally in that area.

**Senator O'BRIEN**—Thank you very much for that. I have not got any more for ATSB.

**Senator ALLISON**—I will maybe take up the next three minutes. Going back to road safety and investigations, I had it put to me over the last couple of weeks that the investigations into road crashes that involve those wire road barriers do not adequately examine the impact of them. Has the bureau done any work in this area? Do you agree that there is room for improvement in understanding how effective they are and how dangerous they might be for motorcyclists?

**Mr Bills**—We have done some work on it; Mr Motha will outline it. In essence, wire rope barriers tend to be very positive in terms of their net road safety effect, but Mr Motha may wish to talk to that a bit further.

**Mr Motha**—The wire rope barrier is a very popular safety device and has been used for about 30 years. It is very popular in Sweden, in Scandinavian countries, and has been used in Victoria for about 13 years. There has been concern from the motorcyclists that they can act as cheese cutters and they can cause injury. The motorcycling groups have been proposing the use of concrete barriers rather than the wire rope barriers.

**CHAIR**—So they get flattened instead of cut up?

**Mr Motha**—The information that we have from the states is that there is no evidence to suggest that they do worse damage to motorcyclists than any other type of barrier, including the concrete one. They are quite effective because they are energy absorbing. When vehicles crash into them they are designed to absorb the energy of the vehicle by deforming and therefore they are quite effective.

**Senator ALLISON**—What work has the department done in this area? You are relying on their popularity with state governments and with Sweden, but what work has your department done to measure the effectiveness of them?

**Mr Motha**—Again, these are devices that are used by the states. The states have responsibility for roadside safety; therefore we, as a department, have not done any actual work on this. Austroads, the Association of Australian Road and Transport Agencies, commissioned a research pilot project on wire rope barriers some years ago. The problem with the project was that it required data over a very long period. As you know, these sorts of crashes into rope barriers are very rare in the case of motorcyclists, and therefore it would have taken many years to collect meaningful data to be able to do a research project. My recollection was that that project was not carried forward and states and territories that were interested in carrying out a project of that nature were invited to do so by Austroads.

**Mr Bills**—It is probably worth saying that a lot of fatalities do involve vehicles, whether they be motorcycles, cars or others, on the side of the road, hitting a tree or a pole or whatever—and a wire rope barrier will stop that happening—or involve cars crossing over

into an oncoming lane, and a central wire rope barrier will deal with that issue. There would be state based data that is based on roads that have had these treatments, whereby you could look at average levels of traffic and what the fatality record was afterwards. It is just that we have not done that project.

**Senator ALLISON**—Fine.

**CHAIR**—It would be fair to say that, in terms of motorbikes and motorcyclists, the safest barrier is no barrier, which of course is not safe for everything else. Whether you hit a gal thing or a guidepost, it is all pretty severe if you are on a motorbike, whereas for car safety it is an entirely different equation. The best thing for a motorbike is to skid down the road and take the skin off your backside.

**Senator ALLISON**—That is my understanding too—that those wire barriers are optimum for a medium-sized truck and a heavy car but not the very heaviest trucks and certainly not the lightest-weight vehicles like motorbikes.

**Mr Bills**—As the chairman said, if you come off a motorbike at speed you are in trouble, unless you are a professional and skid along the ground and have leathers on and all the rest of it. Even then you are probably in trouble, which is why the rate of motorcycle deaths compared with cars is about 26 times—

**Mr Motha**—At least 20 times.

**Senator ALLISON**—Correct.

**Mr Bills**—On a distance travelled basis. So, a car is on average more than 20 times safer.

**Senator ALLISON**—Yes, which makes sense.

**CHAIR**—Which means do not buy a Harley Davidson in your retirement.

**Senator ALLISON**—I am going to get a Vespa.

**Mr Bills**—Mr Chairman, one of my zealous staff said that, when I talked about section 19 before, in answer to Senator O'Brien's question, I referred to the penalty being 60 penalty units, which is correct for an individual, but it can be up to five times that for a company. If I did not say that, I apologise.

**CHAIR**—Thank you very much.

#### **Proceedings suspended from 6.32 pm to 7.39 pm**

#### **Australian Maritime Safety Authority**

**Senator O'BRIEN**—In terms of AMSA's current role, have there been any changes to the operation of AMSA over the last 12 months?

**Mr Peachey**—To my knowledge, no, there has been no change in the last 12 months.

**Senator O'BRIEN**—So AMSA is responsible for port inspection of vessels and also the search and rescue function.

**Mr Peachey**—That is right, Senator.

**Senator O'BRIEN**—Anything else that I have missed?

**Mr Peachey**—There is a role in marine pollution as well.

**Senator O'BRIEN**—What staffing does AMSA have now?

**Mr Peachey**—We have around 220 staff located both in Canberra and in the regions.

**Senator O'BRIEN**—Is that bodies or full-time equivalent?

**Mr Peachey**—I will get you the exact figure. We currently employ 240 staff. Two hundred and thirty-five of those are full-time equivalents. We have 182 located at the head office in Canberra and 58 located in the regional offices.

**CHAIR**—How many of your department administer the people that are doing the work—half, a third or two-thirds?

**Mr Peachey**—I do not have that figure readily to hand.

**CHAIR**—Just have a rough guess.

**Mr Peachey**—I am sure it is a very lean and hungry organisation.

**CHAIR**—I am sure it is, yes. You might provide that.

**Mr Peachey**—Okay. I will take that on notice.

**CHAIR**—The DMR in New South Wales used to spend 50 per cent of its money administering itself.

**Mr Peachey**—I will take that on notice if it suits you, Senator.

**Senator O'BRIEN**—How many people are engaged in the emergency response arrangements?

**Mr Peachey**—There are 74 engaged on emergency response.

**Senator O'BRIEN**—Is that a seven-days-a-week, 24-hour-a-day operation, over three shifts?

**Mr Peachey**—Yes, it is.

**Senator O'BRIEN**—What is the average staffing at your central control centre?

**Mr Peachey**—I will ask our general manager, David Baird, who is responsible for that area, to assist with that question.

**Mr Baird**—The staffing arrangements for shift workers are that we run five during the day shift and four during the night shift. Depending on circumstances, that may be supplemented at any time.

**Senator O'BRIEN**—Such as a cyclone or something?

**Mr Baird**—If we have a major search we will bring more people in.

**Senator O'BRIEN**—If there is a weather event, that would not trigger extra staffing?

**Mr Baird**—Not necessarily.

**Senator O'BRIEN**—Why not? That is when things usually happen, particularly at sea.

**Mr Baird**—The staffing that we have is able to cope with all the routine responses that we have to mount, including routine responses at sea.

**Senator O'BRIEN**—The availability of staff has never been an issue with AusSAR's function?

**Mr Baird**—No. We have always been able to maintain our staffing levels.

**Senator O'BRIEN**—Can you provide advice on whether your emergency response arrangements are functioning properly when it comes to the interface with other Commonwealth and state agencies?

**Mr Baird**—I am not aware of any instances where we are not functioning with other Commonwealth and state agencies.

**Senator O'BRIEN**—So it has improved since the days of the *Margaret J*?

**Mr Baird**—I believe it has.

**Senator O'BRIEN**—There is nothing that needs to be done to improve those arrangements?

**Mr Baird**—The intergovernment agreement that we have put in place since the *Margaret J* is working well and serving us well.

**Senator O'BRIEN**—Is that just with Tasmania, or is it all states?

**Mr Baird**—It is with all jurisdictions involved.

**Senator O'BRIEN**—In relation to Tasmanian waters, what seagoing emergencies are AusSAR not required to respond to?

**Mr Baird**—The Tasmanian search and rescue authority is responsible for responding to incidents associated with pleasure vessels and fishing vessels.

**Senator O'BRIEN**—What are the criteria for them to say, 'We can't handle it; we need your help'?

**Mr Baird**—They can transfer it to us if the incident that they are coordinating goes beyond their capability to respond.

**CHAIR**—That is more or less the same as the fire thing: once it gets out of the scale of the local authority, you declare it.

**Mr Baird**—They can request us to provide resources and take it over, that is right.

**Senator O'BRIEN**—That is usually when an air search is involved, isn't it?

**Mr Baird**—Yes. We will provide resources for an air search for any of the jurisdictions, if they request it.

**Senator O'BRIEN**—What is the most expensive air search that AusSAR has had to pay for in the last 12 months?

**Mr Baird**—I would have to take that on notice.

**Senator O'BRIEN**—If you could, that would be good. What is the average cost for air searches for an incident?

**Mr Baird**—The average cost of an incident?

**Senator O'BRIEN**—For any specific air services to search.

**CHAIR**—An hourly rate?

**Senator O'BRIEN**—No. If you engage aircraft for a search, do you get a total bill for a search?

**Senator Johnston**—That will differ extraordinarily broadly from air search to air search.

**Senator O'BRIEN**—Yes, and I asked for the average.

**Senator Johnston**—An average would not be terribly indicative, I would have thought. An hourly rate would be much better, wouldn't it?

**Senator O'BRIEN**—I am happy to have that as well. Thanks for the suggestion.

**Senator Johnston**—I am here to help.

**Senator O'BRIEN**—Thank you. You are from Western Australia and you are here to help.

**Senator Johnston**—Yes.

**Mr Baird**—We can provide that for you.

**Senator O'BRIEN**—Thank you.

**CHAIR**—Further to that, do you have planes that are on call?

**Mr Baird**—We have an arrangement in place now where we have aircraft available to us 24 hours a day, seven days a week.

**CHAIR**—Do they get paid an on-call sort of a charge?

**Mr Baird**—They are contracted to us and there is a standing charge for providing that facility, and then once they are called out they take on an hourly rate.

**Senator O'BRIEN**—In how many centres around the country have you got aircraft available on that basis?

**Mr Baird**—The dedicated fixed-wing aircraft to AMSA are located in five centres.

**Senator O'BRIEN**—Where are they?

**Mr Baird**—Darwin, Cairns, Brisbane, Melbourne and Perth.

**Senator O'BRIEN**—What is the maximum response time to an incident from those centres by fixed-wing aircraft?

**Mr Baird**—The requirement for the fixed-wing aircraft is to take off within 30 minutes of receiving the call.

**Senator O'BRIEN**—Yes, but what I am asking is, given the area of jurisdiction of AusSAR, what is the longest time that an aircraft could take to get to the location of an incident within your jurisdiction? Surely that is a critical factor in determining where the aircraft have to be based?

**Mr Baird**—The aircraft are strategically located, having in mind where history says the incidents have occurred. Within the four-hour range of those locations, we have pretty much covered the EEZ and the continent itself.

**Senator O'BRIEN**—So it is a four-hour range? You have a half-hour maximum and then four hours on top of that, so at the outer edge you have about a 4½-hour response time?



**Mr Baird**—Yes, and that allows a period of time on station and then the return.

**CHAIR**—Is there a minimum endurance?

**Mr Baird**—A minimum endurance, Senator? No, there is not.

**CHAIR**—But there would have to be some capacity to be able to stay in the air for a minimum number of hours, wouldn't there? No? What I am saying is, if it were far enough away, you might only just get there and have to come back.

**Mr Baird**—The endurance of the aircraft is dependent on the fuel load, the prevailing weather conditions and so on.

**CHAIR**—All of that, but you do not set down a condition that, if they have a contract with you, they have to be able to stay in the air for four hours or eight hours?

**Mr Baird**—The arrangement is that they have four hours out and four hours back.

**CHAIR**—So eight hours in the air?

**Mr Baird**—Yes.

**Senator O'BRIEN**—So for an effective search it has to be a much shorter range than four hours.

**Mr Baird**—Once they are on station, there is a capacity to remain there. You can go four hours out. You might not need to go exactly four hours back. There might be an alternate airfield that you can go to.

**CHAIR**—But you do not say, 'You have to have eight hours minimum capacity.'

**Mr Baird**—No.

**Senator O'BRIEN**—Do you know how many air searches AusSAR has commissioned in the last 12 months?

**Mr Baird**—I will get those figures back for you, Senator.

**Senator O'BRIEN**—What is AMSA or AusSAR's assessment of its role in the *Malu Sara* incident?

**Mr Baird**—Our assessment of our role in that search was as the ATSB found in their report.

**Senator O'BRIEN**—Their finding was your view on it?

**Mr Baird**—No, sir. Their finding was their view after they examined what we did.

**Senator O'BRIEN**—That is what I just asked you—what your view was—and you are saying it is what ATSB found. I am making the assumption that you told them what you thought of your role in that inquiry and they found that you were right.

**Mr Baird**—We believe our actions and our decisions that we made during that search were appropriate.

**Senator O'BRIEN**—Is there any material that officers of AusSAR or AMSA have given to ATSB that you would not be prepared to share with the coroner?

**Mr Baird**—No. The information at the ATSB, that we made available, is the same information that we have made available to the coroner.

**Senator O'BRIEN**—So there are no interviews that have been conducted that you would have any concerns with the ATSB sharing with the coroner?

**Mr Baird**—None at all.

**Senator O'BRIEN**—I may be asking you to speak on behalf of individual officers. You are giving me a view from AMSA, I take it, rather than from individual officers?

**Mr Baird**—I am not sure what you are getting at.

**Senator O'BRIEN**—I am asking you a question, but I am questioning whether you can make that statement on behalf of individual officers.

**Mr Baird**—The information from individual officers that spoke to the ATSB is available to the coroner.

**Senator O'BRIEN**—The information, as I understand it, is that there was quite some time from the time of the last contact from the *Malu Sara* and the initiation of a search by search and rescue. Is that right?

**Mr Baird**—The time between the last contact and the initiation of the search was being managed by the Queensland police.

**Senator Johnston**—Senator, I am sure you realise this is the subject of a coronial inquiry. I just mention that so that we not seek to be the topic of conversation in that inquiry.

**Senator O'BRIEN**—The inquiry, of course, could not use any matter in *Hansard*.

**Senator Johnston**—Admittedly it is not admissible but it is very influential in the way that things are configured and may be configured and probably go to what questions are asked, even though nothing is said of this hearing and the committee's work; but we need to be a little careful, I think. I just put it in those terms. I am sure you are aware of it.

**Senator O'BRIEN**—I will put it this way: in the view of AMSA, were procedures, notifications and emergency management responsibilities all properly carried out by AusSAR in relation to that search?

**Mr Baird**—Yes, that is correct.

**Senator O'BRIEN**—And there is nothing that you believe your officers could have or should have done differently?

**Mr Baird**—That is correct.

**Senator O'BRIEN**—Thank you for that. That is all I have for AMSA.

**CHAIR**—Thank you very much. I now call aviation and airports.

**Senator Johnston**—Chairman, before we go on to the next section, we have a few questions on notice that we can polish off now, which might be expeditious, if that is all right.

**Mr Peachey**—You asked a question about the proportion of staff that does certain tasks in AMSA. Of the total of 240 staff, we have 54 in corporate doing the corporate management functions that I think you were referring to. So it is 54 out of a total of 240.

**Senator O'BRIEN**—All right, let us get this out of the way—the document Estimated Available Appropriations and Other Resources 2006-07 as updated.

**Mr Mrdak**—If I may, Chair, I formally table this for the committee in relation to some questions that we took this morning from Senator O'Brien.

**CHAIR**—Yes.

**Senator O'BRIEN**—That is the picture, with additional estimates and other matters added in from the 2006-07 year.

**Mr Ash**—Yes, Senator. There was 1, 3, 2, 4 and 6—acts and bills, I suppose, is the best way of expressing that. Do you want me to run through anything further on that?

**Senator O'BRIEN**—Has all of that been expended?

**Mr Ash**—Those figures are showing what we anticipate the total drawdowns of the appropriation to be. For example, if we look at the administered outcome 1, the \$2.466 billion, that has moved since the beginning of the financial year by \$208 million. The \$250 million relates to the strategic regional appropriation in 2006-07 and, lest there is less movement of funds, \$20 million associated with the initial strategic regional program which has been moved to the out years, and \$20 million for the mainline interstate rail track. That has also been moved to the out years. There is about \$1 million of little bits and pieces. I did indicate that I would keep to the larger movements.

**Senator O'BRIEN**—Yes.

**Mr Ash**—If we move to outcome 2, the net movement from the beginning of the year is \$19.5 million. There have been two significant movements of funds. One is related to the Regional Partnerships program of \$9.4 million, into the out years; the other is the Sustainable Regions Program, which is \$21 million. Those downward impacts have been offset partially by an increase in payments to local governments under the FAGS program, which is a parameter adjustment. As we explained earlier in the morning, the movement in the departmental item is associated with the Jervis Bay Territory, Norfolk Island lapsing. The other significant movement is in the administered assets and liabilities which was the increase in loans associated with Cyclone Larry.

**Senator O'BRIEN**—They are all the substantial changes.

**Mr Ash**—Yes, and they are all in the various documents. I can point you to them, if you wish.

**Senator O'BRIEN**—What is the total carry forward?

**Mr Ash**—When you say 'carry forward'?

**Senator O'BRIEN**—Allocation to the out years.

**Mr Ash**—Something just over \$60 million.

**Senator O'BRIEN**—Thank you for that, Mr Ash.

**CHAIR**—The other day I had a mob come in to see me from Bankstown Airport. They were telling me that it was the view of the management that aviation is a secondary consideration. This is for light aircraft owners and whatever you call that side of the aviation

industry. There is a view from the owners that the quicker they get rid of all those small aircraft owners and turn the thing into more of an industrial site the better. Does the department or the government have a policy to protect the integrity of light aircraft owners in places like Bankstown? We are going through the same episode at Long Bay rifle range. It is a great development site and they want to kick the riflemen off and tell them to go to Goulburn or somewhere, when the bulk of the riflemen come from around Sydney, so that in effect collapsed the culture of the rifle. What is to stop the owners of Bankstown eventually pricing all the light aircraft off the airport? I noticed actually on the way out of town to Yass that there is a paddock there with two or three, four planes always parked in it because they reckon that they cannot afford to park in the airport here. There are all sorts of silly buggers being played at Bankstown with the buyback of hangars and the land they stand on and all the rest of it. Do we have a policy that says that it should not be just left to the full market forces for light aircraft owners, or should we just hunt them out to build a hub in the bush somewhere and land in a paddock and make the most of it somewhere else? Do you know what I mean?

**Mr Mrdak**—Yes, I understand. We have had the same representations from aircraft owners and the pilots association and other tenants of Bankstown, and other GA airports.

**CHAIR**—They are the ones that have been to see me.

**Mr Mrdak**—Similarly, I have had discussions with them, as have ministers. We have also taken it up with Bankstown Airport's management.

**CHAIR**—I think the boss out there has told these blokes that the quicker he can get rid of them the better it will be.

**Mr Mrdak**—That is not his view of what he is saying to us.

**CHAIR**—Well, no doubt.

**Mr Mrdak**—We have taken these issues up. Firstly, your comment, 'Does the government have a policy?' and the answer is, 'Yes.' The airport has been leased and the primary purpose of the lease is to run a general aviation aerodrome. There are requirements in the lease in relation to maintaining a general aviation aerodrome facility and providing for open access. Those sorts of things are set out in the lease. What role do we take? We do regulate the airports through the master planning process, and one of the key considerations for the department in assessing the last approved master plan for the airport was the amount of dedicated aeronautical sites that they were making available.

In my understanding—and I will check—there is something of the order of 142 acres that have been set aside in the current master plan for general aviation development and aero use. We have gone back and tested with the airport management—and Mr Williams and I are meeting with airport management again this week, in relation to a whole range of issues on Bankstown—the claims of AOPA and others. The view of the airport management is that they are trying to negotiate commercial terms; they are trying to clean up—

**CHAIR**—They have a responsibility to work with their shareholders to maximise profit.

**Mr Mrdak**—Yes.

**CHAIR**—If they can get a profit some other way, who gives a bugger about someone that has got a 172 parked there?

**Mr Mrdak**—Well, there are some limitations on how they achieve that profit. That is what I am saying. We do look closely at the amount of aeronautical development in the master plan to ensure that the site is predominantly a GA airport.

**CHAIR**—But you can have 142—whatever you have got—acres or hectares set aside, but it might be like owning a house on the waterfront at Point Piper or something: you can price people out of it and then you say, ‘Well, there’s no takers. We’ll use it for something else.’ How do you not have the capacity to gouge the price because they are a monopoly?

**Mr Mrdak**—I suppose at the end of the day the normal provisions of the Trade Prices Act apply in terms of behaviour. Pricing behaviour is obviously very difficult to regulate. Particularly what we are really talking about here are commercial rents. The airport is saying to us that, yes, where they have had a breakdown in commercial negotiations with one aviation user, they have then found they have aviation tenants who want to take up that site. So we do not actually get a reduction in aviation tenants per se; we get a changeover of the tenants on the airport. It is recognised that many tenants have been there a long time, operate under old departmental leases and, as the leases come up for renewal, the new owners are asking for different rent terms and different modifications.

**Senator O’BRIEN**—It is not as the leases come up for renewal; it is as they are reviewed, during the lease.

**CHAIR**—With great respect, Senator O’Brien, the problem that I have with this is the same as I have with land tax on your house: you can be taxed out of your own home; you have been left a big house at Point Piper and the land tax bill comes along at \$100,000, you have got to sell the damned thing. If you have had a hangar out there at Bankstown and you have a 172, and the bloke in the hangar next door has got a contract to run drugs or to fight fires—you would not know what for—let the market forces take care of it?

**Mr Mrdak**—To some degree the commercial negotiation will take place. What Bankstown is trying to do, in my understanding, is to provide incentives for some of the people who are doing recreational flying or small operations to move to other locations like Camden.

**CHAIR**—But they also own that other airport handy to there. What is it like? Are they just going to cut that up for building blocks and some millionaire—

**Mr Mrdak**—Hoxton Park will revert to freehold under the terms of the sale next year.

**CHAIR**—The writing is on the wall, isn’t it?

**Mr Mrdak**—For Hoxton Park the writing is on the wall—

**CHAIR**—Yes, but the writing is on the wall for these small aircraft owners. You are going to hunt them to buggery.

**Mr Mrdak**—I think the Hoxton Park issue has been one driven by New South Wales planning association. They are building in the airport.

**CHAIR**—We have the same stuff over at Jandakot.

**Mr Mrdak**—I think we have had similar issues in relation to tenancies and commercial rent at a lot of the airports, be they large or small.

**CHAIR**—This is like getting a contract with a monopoly retailer. I will not name any of them. The farmer, when he originally gets his contract, goes home and gets drunk with his wife and says, 'I've got a contract with you know who', and then the next year the bloke comes along and says, 'Listen, old mate, the market says we've got to cut your margin back a bit so we're going to pay a little less for your spuds or your grapes' and eventually you go broke. What is there to stop the airports from doing this to all these poor buggers who have the planes out there? Nothing?

**Mr Mrdak**—At the end of the day we continue to monitor. The government continues to look at these issues. Where issues are raised with us we go—

**CHAIR**—But is there any fairness? It is a bit lopsided. What protection is there for past occupants in Young, given the creative monopoly situation?

**Mr Mrdak**—At the end of the day there will be changes of tenants at these airports—

**CHAIR**—At the end of the day you are going to hunt everyone off the place and they will build another supermac store there.

**Mr Mrdak**—As I say, there are protections under master planning—ministers have been very firm on this with Bankstown Airport and the other GA airports, that areas that have been identified for aeronautical use will not be approved for non-aeronautical use.

**CHAIR**—That is not what the aircraft owners think. They think they are being screwed.

**Mr Mrdak**—There is no doubt that when the new owners of the airports are operating in a very commercial environment, they are looking to maximise their rental. We understand that. But what we are saying is there is a limited pool of people who can take tenancies in those areas because they are aeronautical areas.

**CHAIR**—They gave me an example—I am sorry to do this to you, Mr Mrdak—

**Mr Mrdak**—No, you are right.

**CHAIR**—They gave me an example of some poor bugger—it is a bit like the woman who has been left the house in the will and cannot pay the land tax—who owned a hangar there and they put up the rent, and they put up the rent and they put up the rent. Eventually they said, 'I'll tell what we'll do with you. We'll give you a rental rest but we'll take the hangar.' So they took the hangar. Do you think that is fair behaviour?

**Mr Mrdak**—I am sorry, I am not familiar—

**CHAIR**—Could you get back to me on that?

**Mr Mrdak**—I will certainly do that.

**CHAIR**—I will give you the details away from this process of some of the outrageous propositions that have been put to people out there. I hope they all die the richest airport owners in the world, these fellows. I do not know who they are even, but they are doing a nice old job on these poor buggers that have been out there, teaching kids to fly et cetera for all time, and now they find they cannot go out and they cannot afford to be there.

**Mr Mrdak**—If there are examples like that I am happy, as we have been, to take it up with the airport owner to make sure that there is a proper process involved. We have been doing

that. As I said, the government's position is clear. We do have protections through the planning process. If there are examples of unfair or unconscionable behaviour, then that is something we will take on, and also through the ACCC if we need to. So there are policy settings.

There is not a price control mechanism around these airports. We do recognise that the airport owners at Bankstown are trying to move to a movement based charge. That will have some advantages for many users of the airport and for some it may involve some additional cost. It is probably a more efficient way to charge; to do that for aircraft over 10 tonnes. So there are changes happening like that which may not suit all parties. But I can assure you if there are examples of unconscionable behaviour the department will discuss those.

**CHAIR**—Would it be fair to say unless you are a millionaire of some description, whether it is from building high-rise, or running drugs, as I say—whatever you have got your money from—or backing race horses, for the ordinary punter the time is going to come when he will not be able to afford to park his plane there, and the time is not far away.

**Mr Mrdak**—I do not necessarily think that that is inevitable. There is no doubt—

**CHAIR**—There are signs it is happening though, aren't there?

**Mr Mrdak**—There are changes happening in the whole GA sector, and when you have an airport—

**CHAIR**—So if that is the case what are we going to do to provide for these people not to have to leave their plane at Goulburn or my paddock at Junee or somewhere, like these poor buggers out here in a paddock on the way to Yass?

**Mr Mrdak**—In many ways when you have an important piece of infrastructure that close to the city centre, you are going to move to a higher-value user of that airport over time. You are going to find that some people who have benefited from being able to park on those sites for free because the previous Commonwealth practice will have to change as we move to this. My understanding is Bankstown Airport is offering lower rates and charges to operate at Camden, which is another one of their airports, to try and make that the centre of flying training and making Bankstown more focused on the business, commercial charter markets. So they are trying to structure their business in that way.

**CHAIR**—So they should just own up. We all want to go from here and—

**Mr Mrdak**—I do not think it is as clear as that. I think what they are trying to do is—

**CHAIR**—No, in code, I mean.

**Mr Mrdak**—Look—

**CHAIR**—Hoxton is redundant, is it?

**Mr Mrdak**—Hoxton is essentially built in by New South Wales planning decisions which put housing developments all around it.

**CHAIR**—So is that what is going to happen to Canberra Airport because they have agreed to do this bloody Tralee thing? Isn't that the same principle? In time that is going to get built out?

**Mr Mrdak**—That remains one of our concerns; that over time where you do have corridors like the approaches to Canberra, they will be built out and that increases the—

**CHAIR**—So you are somewhat defenceless or hopeless or unable to see the common sense of—Frank Sartor has worried about this but eventually has come down on the side of whoever he has come down on the side of to agree to put this Tralee development in the flight path of the airport. There are big plans to have this as a transport hub et cetera; to make the great asset that it is for Canberra to be an even greater asset. All of a sudden, no doubt, in time he will be saying, ‘Oh, look, I was kept awake last night by those planes. I’ve just bought this great new home and I’ve got a new baby and I’m on Tralee, and damn the airport’ and shut the airport down at night. Won’t that inevitably happen?

**Mr Mrdak**—I think that is right, Senator.

**CHAIR**—What can we do about that?

**Mr Mrdak**—The Commonwealth government’s position has been clear; that the independent report that was commissioned by the New South Wales government in relation to planning in that area should be adopted, which recommended there be no development in the Tralee area.

**CHAIR**—There is a lot of country from here to bloody Canberra. Surely you could just move everything two miles south. I do not know how greedy they all are though. The bloke that has got the option on the country is going to make \$800 million or something out of it, but to what cost for the rest of the community?

**Mr Mrdak**—We agree totally. That has been the Commonwealth’s position; that where you do have opportunities to have green corridors—

**CHAIR**—What should we do, this parliament? What should this committee do with what just does not make any sense?

**Mr Mrdak**—I think at the end of the day it is a matter of the more people that do express a view that it is inappropriate—we thought the independent report that was commissioned by the New South Wales government would have put this matter to bed by virtue of such a clear finding that it would be inappropriate to build that development at Tralee. That did not prove to be the case in the decision taken by Minister Sartor and the New South Wales planning authorities.

**CHAIR**—As I said once before here, I have handed the whole matter over to the police for very good reasons.

**Mr Mrdak**—Senator, just to close off, I will be meeting with Bankstown Airport senior management this week and I will be raising these concerns.

**CHAIR**—These blokes came into me. They are decent, everyday Australians who do not deserve to be treated by the full market power. There has got to be some provision for these poor buggers. It is the same argument, as I say, as the riflemen out there at Long Bay. Sure, it is a great development site and, sure, one of the blokes that came to see me offered me a million-dollar bribe to help him, which I reported by the way—the first million-dollar bribe I have been offered. It was all about developing the Long Bay rifle range and getting rid of the



hundred years of what all that stands for. It is a bit like this Anzac memorial drive here; just to make a quid. I just think it is outrageous.

**Mr Mrdak**—As I say, the airport has a different view of what is happening, but I think somewhere in between we are trying to find a way—

**CHAIR**—Anyhow I commend your comments tonight, and I would be grateful if you could measure up the competing interests. Hopefully, the people that own the Bankstown Airport will be listening at some stage and know that a lot of people think that they have been done over, shall I say.

**Senator O'BRIEN**—What major development plans does the department have before it for consideration with respect to airports covered under the Airports Act at the moment?

**Mr Williams**—Currently, the Brisbane parallel runway; Canberra airport have a southern office complex, Brindabella Park; and we have a mixed use development at Melbourne airport.

**Senator O'BRIEN**—That is it?

**Mr Williams**—Sorry, there is one more: a warehouse and distribution centre at Perth Airport.

**Senator O'BRIEN**—What happened to the Hobart project?

**Mr Williams**—That has not been lodged with the Minister for Transport and Regional Services. I understand it is with the minister for the environment.

**Senator O'BRIEN**—How many others are with the department for the environment that you are aware of?

**Mr Williams**—That is the only one that is solely with them.

**Senator O'BRIEN**—Which of these are being assessed under the legislation as changed in the recent amendment to the Airports Act? All of them?

**Mr Williams**—None of those. That came into effect on 13 May.

**Senator O'BRIEN**—Those that were lodged before, therefore, are not covered by—

**Mr Williams**—Yes. They are covered by the normal 90-day assessment and other provisions in the act.

**Senator O'BRIEN**—Have each of those four that are with the department been through the department for the environment?

**Mr Williams**—The parallel runway is a different sort of MDP to a normal one because it also has a full-blown environmental impact statement under the EPBC Australian Capital Territory. So there are dual processes under both acts for that one, given their size and the nature of the proposal. The southern office complex has been through the department for the environment. The Perth one is still with the department for the environment for advice back to us. The assessment of the mixed use development from an environment perspective has been completed, so it is now solely with us.

**Senator O'BRIEN**—In the 2007 budget it was announced that the Australian government will spend \$22 million over the next four years to improve safety at up to 300 airstrips in remote and isolated Australia.

The announcement also stated:

The funding will generally be provided on a joint basis with the state or territory government and the airstrip owner, which will usually be a local council or Indigenous organisation.

What discussions have the department had with state and territory governments regarding this funding?

**Mr Mrdak**—Initial scoping discussions were held last week with states and territories. Mr Borthwick might want to give you the details of some of that.

**Mr Borthwick**—We had a meeting of the Aviation Working Group, which is a Commonwealth-state department of transport group. We had initial discussions with our state colleagues to outline to them the nature of the program as announced in the budget, and we have agreed to work further with them.

**Senator O'BRIEN**—So there were no discussions beforehand?

**Mr Mrdak**—No. It was a budget measure.

**Senator O'BRIEN**—And the money is contingent on matching funds?

**Mr Mrdak**—It will depend on the circumstances. The government has indicated in its budget announcement that in certain circumstances matching funding may not be required. That has given us some flexibility, particularly for remote Indigenous and other communities, but certainly where, say, the airport owner is a local government authority or a state government authority or the like, or where it is a private airstrip, we would be expecting a contribution from those parties as part of this process.

**Senator O'BRIEN**—Has any decision been made on which strips are proposed to receive funding?

**Mr Mrdak**—Not at this stage. The criteria are as per the budget announcement, which are airstrips receiving or eligible to receive RASS services or those which receive Royal Flying Doctor services. We are now going through the process, as we do the program design, of determining with our health and Indigenous colleagues at the Commonwealth level the priorities from those portfolios, which we see as the first priorities. Then, as Mr Borthwick has outlined, we will be in discussions with states and territories, developing a priority list from them.

**Senator O'BRIEN**—How many airstrips are known to be regularly used by the Royal Flying Doctor Service?

**Mr Mrdak**—I do not have that information, I am sorry. I can try and find that out.

**Senator O'BRIEN**—Is it known? Are you going to go to Royal Flying Doctors and ask: 'Which strips should we upgrade?'

**Mr Mrdak**—We will be having those discussions with them. The estimate of 300 has come from our work with FaCSIA on Indigenous issues, where health programs are being

delivered, and also from RFDS information that we have. That is an estimate of what we think are potentially the number of eligible strips for the program.

**Mr Doherty**—We understand there are about 230 airstrips currently served by the RASS services, so that extra 70 would be airstrips which we see as eligible—the ones which need attention for the RFDS's purposes.

**Senator O'BRIEN**—How do you assess need, assuming you are going to fund on a needs basis?

**Mr Doherty**—I think that will be largely through consultation with the Flying Doctor Service.

**Mr Mrdak**—We also have a program that the department operates. It is a regional aerodrome inspection program which we fund for remote Indigenous communities. It provides technical advice on level of aid and the like required. Up until this point there has not been an infrastructure program to provide funding. It has relied on the airport operator and then providing funding to meet those technical standards. This will now allow us to link that in as well.

**Senator O'BRIEN**—What is the department's assessment of the health of the general aviation industry in Australia and what issues are confronting it at the moment?

**Mr Mrdak**—The government last year established the General Aviation Industry Action Agenda, and that action agenda leadership group has now met for the first time and has work under way. It is chaired by Dr Roland Williams, former head of Shell in Australia, and contains leading GA representatives, including the head of AOPA and other GA industry groups. To give you a snapshot of where GA is, I think there has been growth across most sectors of general aviation, which is consistent with the growth in the economy. Flying training has grown. There has been a big increase in general overall charter work in other areas and, in the area of ultralight and recreational aircraft, there has been a boom. There has been unprecedented growth in recreational aviation activity, particularly in ultralights and helicopters. At the same time, we recognise that hours flown by traditional certified aircraft have grown more slowly but there has been growth over the last couple of years, based on the latest statistics from the BTRE. I would be happy to provide that BTRE analysis for the committee.

**Senator O'BRIEN**—Thanks for that. There was some commentary that suggested there had actually been a decline in flight training services. You say it has increased?

**Mr Mrdak**—Yes. The BTRE survey has shown a growth in flying training hours.

**Senator O'BRIEN**—I am told there has been increasing pressure on the availability of general aviation infrastructure in Australia and I suppose the Bankstown airstrip debate indicates that.

**Mr Mrdak**—We are fortunate in the sense that, setting aside the pricing and other issues in relation to some of the major airports, the infrastructure in terms of runway capacity and the like is still very good in Australia, in terms of the major aerodromes. The AOPA and other groups and recreational users will say that where they are facing the major infrastructural constraints is in some of the regional and country aerodromes, whether through planning and

zoning restrictions being placed on them in relation to operating restrictions, or in relation to the aerodrome owner not being able to invest in infrastructure at those locations. To this point, the leased airports are probably providing quite high levels of infrastructure.

**CHAIR**—Temora is going all right.

**Mr Mrdak**—Temora is going well?

**CHAIR**—The F111 was in there the other day.

**Mr Mrdak**—That is right.

**CHAIR**—They are noisy!

**Senator O'BRIEN**—You have been discussing this with AOPA, I take it, amongst other things.

**Mr Mrdak**—We have. The President of AOPA, Mr Rogers, is on the minister's GA action agenda team, which is due to report next year in relation to a strategy for general aviation and an industry action agenda for the future of general aviation. There are a series of working groups which have been established under that GA action agenda, one of which is looking at infrastructure and access issues; others looking at regulation; others looking at the market changes. There have been significant demographic and market changes for general aviation and that has been reflected in the fact that we have seen such a boom in ultralights and recreational aircraft as opposed to more modest levels of growth in certified aircraft.

**Senator O'BRIEN**—What do you call recreational aircraft?

**Mr Mrdak**—It is a category under which CASA determines regulatory levels, or the way they are regulated, but what I am principally talking about is ultralights, gliders and those sorts of aircraft types which do not necessarily need to operate at fixed infrastructure facilities like major aerodromes and the like.

**Senator O'BRIEN**—Has the department done any work on international skills transferability of Australian aviation workers including pilots and licensed aircraft mechanical engineers?

**Mr Mrdak**—Not the department; I do not know whether the education or industry departments have. Certainly, anecdotally, there is no doubt that wherever you travel in the world there is no shortage of Australians performing jobs in the aviation industry and they are much sought after—particularly flight crew but also management and administrative staff.

**Senator O'BRIEN**—What is the department's view on the availability of skilled workers in the Australian aviation industry?

**Mr Mrdak**—Again, it is not something that we have done a detailed analysis of but certainly, from talking with the industry, there is no doubt, particularly from the high-capacity end of the industry, that there are emerging shortages of pilots and crew and, in certain sectors, emerging skills shortages in licensed aircraft engineers and the like, particularly in general aviation because of the growth in demand and also, in many ways, the age profile of people involved in the industry.

**Mr Doherty**—Again, this is one area where we would expect to get some intelligence through the GA action agenda process. It is very much one of the factors that needs to be looked at.

**Senator O'BRIEN**—I would have thought the area that would be most affected by skill shortages would have been commercial, not general, aviation.

**Mr Mrdak**—As GA has grown in many areas, there are skill shortages in general aviation.

**Senator O'BRIEN**—As well?

**Mr Mrdak**—As well. The pilot shortage, in terms of trends, includes the whole range of commercial operations, from the major companies through to the regional airlines, right through to charter operations and the like. Certainly, the emerging shortage that we are seeing and hearing about of LAMEs and other avionic skills is right throughout the industry.

**Senator O'BRIEN**—I am finding that hard to line up with the evidence you gave about the growth in flight training services. Is that a growth in the services but not participants?

**Mr Mrdak**—No. I will check the data but my understanding is that hours flown in pilot in-flight training have increased.

**Senator O'BRIEN**—Yet there are not enough pilots.

**Mr Mrdak**—People are learning to fly. It is how they then move into the commercial parts of the industry and, as they move into particularly the high-capacity end of the industry, I think there are emerging shortages for skilled pilots. There is a global demand. Aviation, globally, is expanding at a phenomenal rate and the global demand for experienced flight crew is growing rapidly.

**Senator O'BRIEN**—Has the department undertaken a review or critique of the document produced by Dick Smith in November 2005 called *Unsafe Skies*.

**Mr Mrdak**—The department did do an analysis, along with Airservices Australia, of that document, yes.

**Senator O'BRIEN**—What did that analysis reveal?

**Mr Mrdak**—We provided advice to the then minister in relation to the issues being raised and a number of areas have now been progressed through work such as the transfer of regulatory functions from Airservices to CASA in relation to airspace regulation. A lot of that has been picked up in the Airservices risk work that has been done in risk assessment in relation to a number of locations where they have actually started to look at the market changes. That document contained a whole heap of information and claims in relation to safety levels of certain airports. and Airservices Australia has done a lot of risk-modelling work in terms of those locations, so there has been a lot of work done in response to the claims made in that document.

**Senator O'BRIEN**—Does the department agree that Australia does not use radar effectively and our airspace is upside down?

**Mr Mrdak**—They are questions for Airservices Australia as the body that provides air traffic services, but there are a number of statements in that document which we, prima facie on our assessment, would not agree with.

**Senator O'BRIEN**—Are there any proposals to change current management arrangements in CASA?

**Mr Mrdak**—What do you mean by management arrangements? Mr Byron is probably best placed to answer any questions in relation to the structure of CASA.

**Senator O'BRIEN**—I take it that, if the government agreed with Mr Smith, they would be changing current management arrangements at CASA.

**Mr Mrdak**—I do not think there was an indication that we agreed with some of the claims by Mr Smith about CASA. We did an analysis of that report, some of which flowed through to actions that have been taken by the government in relation to progressing the next stage of airspace reform.

**Senator O'BRIEN**—Some people say that the minister, in terms of the administration of CASA, does not have the time to oversee the running of CASA and that the return to a board structure, including members with specialist aviation experience, would be a better way to proceed. What would you say to that?

**Mr Mrdak**—That is a policy issue for government. Governance changes were made a few years ago to remove the board and to go to a sole director model that represented government policy, and there has been no change to that thinking.

**Senator O'BRIEN**—On 4 April, Minister Vaile announced an Aviation Regulation Review Taskforce. Who are the members of the task force?

**Mr Mrdak**—It is chaired by Dr Allan Hawke and contains: Mr Bruce Byron, who is the CEO and director of CASA; Mr Robbie Graham, who is the chairman of the Standards Consultative Committee, which is the key industry consultative body for CASA in relation to regulatory standards; Mr Dick Smith; and Mr Jeff Boyd from Brindabella Airlines.

**Senator O'BRIEN**—So why is there no representative of the major airline operators? Were you not sure who to ask?

**Mr Mrdak**—Initially the minister asked a small number of people to be involved in that regulatory task force. The minister has advised the chair, though, that if the task force believes that its work would be enhanced by additional senior level representation from the industry, including from the high capacity in the industry, then he would be open to suggestions from the chair in relation to that. So at this stage he has established a very small task force to look specifically at CASA regulatory issues but he has indicated his openness to looking at additional representation if the task force feels that is warranted.

**Senator O'BRIEN**—But should that be its task? How can this task force do its job without a representative of the major airline sector?

**Mr Mrdak**—Aviation, as you know, has many sectors who believe they should be represented on any task force or any group. There is a multitude of players. One of the challenges in the aviation industry is to get a representative group because there are so many different interests and groups in the industry. Whatever group you set up, you are going to find some people who say, 'Our industry is not represented directly and we should have a seat at the table.' That is an ongoing issue. In this circumstance, the minister's decision has been to have a small group of people who have a strong interest in specific regulatory reform issues

and through the group, as they progress their work program and advise him, he will look again as to whether that is suitable.

**Senator O'BRIEN**—What will the reporting relationship be between the task force and CASA?

**Mr Mrdak**—Mr Byron is a member of the task force. The task force will report to the minister. Mr Byron, as a member of the task force, will have a part to play in its advice.

**Senator O'BRIEN**—Has the task force met yet?

**Mr Mrdak**—Yes, it has.

**Mr Ford**—The task force has had one meeting. It was on 14 May.

**Senator O'BRIEN**—A week ago. Does it have terms of reference?

**Mr Mrdak**—Yes, it does.

**Senator O'BRIEN**—Are they public?

**Mr Mrdak**—They are not. I can take that on notice. The minister has written to the chair of the task force setting out his expectations and the area he wishes to have the task force cover. I will take that on notice to see if that can be made available to the committee.

**Senator O'BRIEN**—Thank you for that. Do you know if it has yet established a work program, who it will consult and when it will report?

**Mr Mrdak**—The initial meeting of the committee last week did establish a meeting schedule and initial areas of focus for its work—initially looking at parts of the civil aviation regulations which are under development, particularly, and I will check this with Mr Ford, part 91.

**Mr Ford**—Yes, it is part 91. The task force has decided to focus initially on some high priority areas of the regulatory framework. Part 91 is one of those.

**Senator O'BRIEN**—Remind me what is in part 91.

**Mr Mrdak**—It principally covers general flying rules and procedures.

**Senator O'BRIEN**—What is the term of the appointments of the members of the task force?

**Mr Mrdak**—They have been asked to provide a report to the minister by December this year.

**Senator O'BRIEN**—Are sitting fees paid to members of the task force?

**Mr Mrdak**—Terms and conditions are yet to be settled. It is yet to be finalised what remuneration will be made available to the task force. We are currently working through that.

**Senator O'BRIEN**—But some will?

**Mr Mrdak**—We are looking at options to do that, yes. It is envisaged that there will be some remuneration for their time involved or at least a meeting of their costs.

**Senator O'BRIEN**—Is there a standard fee for the chair of such a task force?

**Mr Mrdak**—There are provisions through the Remuneration Tribunal for such special purpose tasks, and we are currently doing some work with the rem tribunal to ascertain what is the most appropriate remuneration for the task force chair and the members.

**Senator O'BRIEN**—Will you take it on notice to supply the committee with those details when they are established, or do I have to do it through another process?

**Mr Mrdak**—I would be happy to advise the committee when those arrangements are finalised and established.

**Senator O'BRIEN**—Thanks for that. That is all I have for aviation and airports.

**CHAIR**—Thank you very much, ladies and gentlemen.

[8.46 pm]

#### **Civil Aviation Safety Authority**

**CHAIR**—I welcome witnesses from the Civil Aviation Safety Authority.

**Senator STERLE**—Mr Byron, what size is the CASA office in Perth?

**Mr Byron**—We can give you that information straightaway. It is 23 people.

**Senator STERLE**—What roles do they play?

**Mr Byron**—That office is part of our general aviation operations group which looks after the regulatory oversight of mainly operators in Western Australia and that part of the country. It mainly covers general aviation operations not the larger airlines.

**Senator STERLE**—So not Qantas and not Virgin?

**Mr Byron**—Not Qantas, no.

**Senator STERLE**—But it does cover the rest of the Australian or Western Australian based aviation companies?

**Mr Byron**—Some of the airline operators, such as Skywest, are covered by our Air Transport Operations Group. Although they are based in Perth, our staff based in the Perth area do not have responsibility for oversight of those airlines. The Air Transport Operations Group headquarters in Brisbane coordinates it. They use mainly resources based in Melbourne for the Western Australian area, although we have had the habit of positioning an officer over in Western Australia for lengthy periods of time because of the increased activity there.

**Senator STERLE**—So Skywest come under Melbourne's umbrella?

**Mr Byron**—They come under Air Transport Operations Group primarily. There are officers based in Melbourne who would have daily oversight activity for them.

**Senator STERLE**—Are there any other Western Australian companies that do not come under Western Australia's CASA office?

**Mr Byron**—Yes, there would be a couple. I will ask Mr Murray to give you the detail.

**Mr Murray**—Apart from Skywest, there is Skippers Aviation. Also National Jet has a presence in the west that is oversighted from Melbourne and the Air Transport Operations Group headquarters.



**Senator STERLE**—So that is National Jet and Skippers as well?

**Mr Murray**—Yes. In broad terms, the high-capacity regular public transport operators fall under the Air Transport Operations Group.

**Senator STERLE**—What is the definition of a high-capacity aircraft?

**Mr Murray**—In general terms, the definition is greater than 30 seats.

**Senator STERLE**—Would I be right in assuming that—Skywest and National Jet are a bit different to Skippers—those companies would also have planes that have less than 30 seats?

**Mr Murray**—They do in some cases, I believe.

**Senator STERLE**—But they still come under high capacity. Is that right?

**Mr Murray**—There are some exceptions, but in general we tend to oversight to the highest level of operation associated with a company.

**Senator STERLE**—Has CASA needed to increase its Perth staff in recent times—I know you have said that you have added one staff member—to handle additional work generated from increased charter traffic to the north-west mining towns and because of increased aircraft operations into and out of Perth?

**Mr Murray**—My group looks after the regular public transport side of things and we have certainly increased our presence in Perth. Although the air transport group does not have a permanent presence there, we rotate our staff through there; and we have done so in increasing numbers lately to cope with the general increase in traffic. In terms of oversight of charter operations, I will have to defer to a colleague who looks after the general aviation.

**Senator STERLE**—Mr Murray, when you say ‘rotate staff’, do you mean that you fly them over for a couple of weeks and then fly them back?

**Mr Murray**—Yes.

**Senator STERLE**—How many staff do you have doing that?

**Mr Murray**—It varies, and the staff are not always the same. In general terms, we would probably have two to three staff there for about two weeks per month.

**Senator STERLE**—And they are not part of the original 23 that Mr Byron mentioned?

**Mr Murray**—No.

**Senator STERLE**—So they are over and above.

**Mr Murray**—Yes.

**Senator STERLE**—Do they fly over to assist with high capacity or low capacity?

**Mr Murray**—High capacity.

**Senator STERLE**—Does the Perth CASA office have the expertise to issue all categories of air operator certificate?

**Mr Murray**—The Perth office, to the best of my understanding, is a general aviation office and draws upon support when necessary if it is dealing with high capacity operators.

**Senator STERLE**—How do you ‘call on support’? What does that mean?

**Mr Murray**—Within CASA, it is not always practicable to have the required level of staffing in every area of the country. In general the offices are staffed in line with the greater needs for that particular area. If, on occasions, they need to call upon support from other areas where they do not have expertise in a particular area, they do so. It is a kind of matrix management arrangement where expert staff are called in on an as-required basis.

**Senator STERLE**—So the general aviation does not deal with the high capacity. Is that right?

**Mr Murray**—In broad terms, that is correct.

**Senator STERLE**—So it only deals with those low capacity which are less than 30 seats. Is the Beechcraft King Air 200 classified as a high capacity aircraft?

**Mr Murray**—No, it is low capacity.

**Senator STERLE**—Because it has how many seats?

**Mr Murray**—It varies. It does not fall within my group. My understanding, from personal knowledge, is that it is approximately eight seats. I think they come in different fits, and it could be as low as four seats in a luxury fit. It may take more than eight seats at times. But in broad terms I think they sit at about eight seats.

**Senator STERLE**—Once again, if one of the three you have mentioned—Skywest, Skippers or National Jet—have a Beechcraft then they will still come under high capacity operating airlines and be administered from Melbourne. Whereas if it is the other Perth operators who have the same plane then they will not come under the high capacity operations.

**Mr Murray**—That is correct. If they have the same aircraft but they do not have high capacity capability.

**Senator STERLE**—Was the Beechcraft King Air aircraft operated by Network Aviation, which experienced undercarriage failure while attempting to land at Perth Airport in January this year, operating under a high capacity AOC?

**Mr Byron**—Senator, I might pick that up. I think I am on the correct thread of your inquiries—

**Senator STERLE**—I am going to get to Network Aviation, Mr Byron.

**Mr Byron**—about the Beech King Air 200. I have a bit of detail here which may be of interest to you. Problems with aircraft, particularly mechanical issues, will involve officers from the local office. Certainly our general aviation office in Perth has got people experienced and qualified to look after the oversight of an operator operating that type of aircraft, because they are a fairly common charter aircraft for turboprop aircraft. If it is more detailed engineering or maintenance type issues, they are likely to call on the support of our Manufacturing, Certification and New Technologies Office, which is based predominantly in Canberra although there are offices around the country. I believe the information I have relates to the particular aircraft you were mentioning earlier: a Beech King Air 200. It experienced two separate undercarriage problems over several years. Would you like me to continue with the information I have on that?

**Senator STERLE**—Please do.

**Mr Byron**—The advice I have is that both of those events are unrelated. They occurred over a period of time, and both events were investigated from a technical point of view by CASA officers. The first event was in 2005. That resulted from an undercarriage actuator that was incorrectly assembled following disassembly and repair. That actuator subsequently failed, which caused the problem on the day. The second event involved the failure of a bearing that resulted in the undercarriage not fully extending, which was a separate incident. In that particular case, the CASA investigation revealed that the bearing failed from lack of lubrication and that the lubrication of the subject bearing was not required in the aircraft maintenance program. As a result of those investigations, which were done at different times, CASA issued an airworthiness bulletin to notify operators of the condition. It has held discussions with the aircraft manufacturer to suggest amendment of the maintenance program to include lubrication, because in the second failure it was found that there was not adequate lubrication. I am sure we can provide any further technical information required. We have one of our senior officers in the room.

**Senator STERLE**—So the problem with the actuator occurred back in 2005.

**Mr Byron**—Yes.

**Senator STERLE**—And the lubrication of the bearing is the latest one?

**Mr Byron**—Yes, that would be the second one—the latest one.

**Senator STERLE**—That is the one that the bureau said that they were still investigating.

**Mr Byron**—I understand that is correct, yes.

**Senator STERLE**—Wasn't there a bearing put in back to front on that first one? Isn't that what caused the problem with the actuator?

**Mr Byron**—In the first one, the actuator was incorrectly assembled. It was due for repair. So it was disassembled and then it was reassembled, and during the reassembly it was incorrectly assembled. That was the first incident.

**Senator STERLE**—Yes, the thrust bearing was put in back to front.

**Mr Byron**—It was a thrust bearing.

**Senator STERLE**—Yes, and it was put in back to front.

**Mr Byron**—I do not have that specific information.

**Senator STERLE**—Has the Australian Transport Safety Bureau completed this latest investigation?

**Mr Byron**—I do not believe so, no.

**Senator STERLE**—So what it has identified so far is that there was a lack of lubrication for the bearing.

**Mr Byron**—Yes.

**Senator STERLE**—Would that be the same bearing?

**Mr Byron**—It is a different bearing and it is a different part of the system.

**Senator STERLE**—It is quite worrying really, isn't it? Do we put this down to human error? Do we put this down to the wrong parts being sent to the company?

**Mr Byron**—It is interesting. There are different levels here. The first one certainly is human error. There is no question of that in the way in which the actuator was reassembled. The second one actually goes to the procedures, in part, stipulated by the manufacturer. The lubrication of that bearing was not required in the aircraft maintenance program. So what the operator and the maintenance organisation would be doing is maintaining that part in accordance with the manufacturer's specifications, and the specifications did not specify the type of lubrication that would have obviated the problem.

**Senator STERLE**—You will have to forgive me for being a bit thick here, not being a licensed aircraft mechanic. But if the manufacturer puts out specifications for lubrication, one would assume that the company has been operating by those specs since it has had the aircraft. Would that be a fair assumption?

**Mr Byron**—I am not sure. I had better pass you on to Mr Vaughan. He has a bit more detail.

**Mr Vaughan**—I think in both events we are reasonably satisfied that we would not attribute it to the operator. In the first case, as you mentioned, the thrust bearing was assembled back to front. It was done by a maintenance provider not the operator itself. In the second event it was in a different portion of the system. It was, as I say, unrelated. In this case the bearing, as Mr Byron mentioned, was not called up for lubrication. So it is reasonable that the operator did not do that. In the overall development of maintenance systems, whilst the aircraft is produced in America we are a part of that maintenance system. Through our manufacturing certification and new technologies branch we maintain a service difficulty reporting system where operators report these types of difficulties.

**Senator STERLE**—So this is a regular problem, is it?

**Mr Vaughan**—No, it is not a regular problem with the aircraft but we have a system in place to detect irregular problems as they emerge. One of the functions of this system is that we report back to the country of manufacture so that these developments or omissions can be followed up and rectified. In this case we have done exactly that. Following the investigation we reported back to Raytheon, currently the manufacturer of that aircraft. They in fact have modified the program to require the lubrication of this bearing. Additionally, we put out an airworthiness bulletin to alert operators that they should inspect this immediately—without waiting for the amended maintenance program to be released by the manufacturer. It is interesting also that during the course of the investigation we found, during a complete disassembly of the entire undercarriage system, that there was a thrust bearing that had been assembled back to front, as in the original case. It was interesting to note that this occurred at a shop in Europe. I only mention this to highlight that this comes up through our service difficulty reporting to monitor these events. We are now investigating in Europe with the authorities there as to what possible causes could attribute to this.

**Senator STERLE**—Can I ask questions as we go?

**Mr Vaughan**—Certainly.

**Senator STERLE**—Sorry, Mr Vaughan, you are obviously an expert in this field. This is just so that I can keep up with you. Are you saying that the thrust bearing from the original case in 2005 was assembled in a shop in Europe?

**Mr Vaughan**—No, in the original case in 2005 it was assembled in a shop in Australia. We have investigated that with the shop in Australia to determine the human factors in assembling this that could have allowed it to be assembled inappropriately.

**Senator STERLE**—I would not think for one minute that this is the only Beechcraft King Air 200 in Australia.

**Mr Vaughan**—No, it is certainly not.

**CHAIR**—Would you like to explain to the committee the difference between a bearing and a thrust bearing.

**Mr Vaughan**—In this case the thrust bearing was incorporated in the actuator. It prevents loads from going forward.

**CHAIR**—Backwards and forwards, as opposed to—

**Mr Vaughan**—As opposed to radially to contain them. The first one was a thrust bearing which would contain the loads backwards and forwards. The second one was a bearing which would impact—

**CHAIR**—Did they leave the circler out or something?

**Mr Vaughan**—No. My information was that the thrust bearing was installed in the reverse position. In the second case it was installed properly—this was the bearing that failed from lack of lubrication.

**CHAIR**—It was a sealed bearing though.

**Mr Vaughan**—It is sealed within the component.

**CHAIR**—It was not a greaseable bearing though; it was a sealed bearing?

**Mr Vaughan**—Yes.

**Senator STERLE**—It is assembled in a housing.

**Mr Vaughan**—Yes, it is assembled in a housing.

**CHAIR**—A non-greased bearing; a sealed bearing. You know what a sealed bearing is?

**Mr Vaughan**—Yes.

**CHAIR**—When you do not grease it—it is sealed for life.

**Mr Vaughan**—Yes. This would have been—

**CHAIR**—This is a sealed for life bearing, is it?

**Mr Vaughan**—I do not know specifics of the design of the bearing, Senator.

**Senator STERLE**—One would assume, if it is going in back to front, it would not be.

**CHAIR**—I do not quite get it. Sorry, I am an old farmer. I know what a sealed bearing is and what a thrust bearing is.

**Mr Vaughan**—I believe in the first case we are talking about the thrust bearing, which would receive lubrication from inside the machinery.

**CHAIR**—So it is in a gearbox or something?

**Mr Vaughan**—It is in a gearbox, yes; within a housing.

**CHAIR**—So it would not be sealed bearing?

**Mr Vaughan**—No, correct, not as you would find on a Cedar.

**CHAIR**—It is an open lubrication bearing.

**Mr Vaughan**—Correct.

**CHAIR**—Thank you.

**Senator STERLE**—As I was saying, Mr Vaughan, this is not the only Beechcraft King Air 200 in Australia.

**Mr Vaughan**—That is correct.

**Senator STERLE**—Do Raytheon make all the Beechcraft King Airs?

**Mr Vaughan**—Raytheon are the certificate holder. They are responsible for the King Air certificates now for all the aircraft flying worldwide.

**Senator STERLE**—How long have these Beechcraft King Airs been around?

**Mr Vaughan**—The model first came out in 1965.

**Senator STERLE**—I will tell you why I am having difficulty here, Mr Vaughan. I cannot believe that, after 42 years, we have suddenly realised that the manufacturer's specs are not right for the lubrication of bearings.

**Mr Vaughan**—There are two parts to the answer to that. Firstly, we run continuous monitoring programs for that reason. There are many reasons why this could have happened. The bearing may have been designed for unlimited life and through service experience we may discover that there is a material concern—that possibly it does not function as it was designed to or possibly it does not function as it was designed in every operational theatre. What works in North America may not work in Australia or Africa as it was intended by the original design. Secondly, as I mentioned earlier, we do maintain, as part of an ICAO agreement, and collect information on the difficulties experienced by all these aircraft for precisely that reason.

#### **Proceedings suspended from 9.06 pm to 9.16 pm**

**Senator STERLE**—What I was saying, Mr Vaughan, if I may, is that I am really struggling to believe that, after 40 years of operating Beechcraft King Air 200 series aircraft here in Australia, all of a sudden we have got a lack of lubrication in the owner's specifications. Is that what you actually said?

**Mr Vaughan**—To put the situation in context for you, Senator, the original model of the aircraft, the King Air variant, came out in about 1965. It was a further development of an aircraft called the Queen Air, which had come out 10 years prior. The King Air involved putting on turboprop engines from Pratt and Whitney. It later grew to become a pressurised

aircraft. It became longer; it carried more passengers; it carried more weight; it flew further. So, while the basic design has been out since 1965, it has gone through continual engineering changes and improvements. Additionally, whilst the one we are talking about is a King Air 200, even the components within that aircraft undergo changes, design improvements and modifications, which may be subtle changes, which may be a material change, all of them directed by the manufacturer either for product improvement or to address an issue that they perceive. So while the design has been out for 40 years, it is entirely possible that the specific part may have been in service in that design a much shorter time.

**Senator STERLE**—This is different from the thrust bearing problem in 2005. Is that correct?

**Mr Vaughan**—2005 was a thrust bearing, that is correct.

**Senator STERLE**—And this bearing is a whatever. But you did say to me, just so I have got it very clear, that it was through lack of lubrication?

**Mr Vaughan**—The initial findings indicate that the bearing failed from lack of lubrication and that this particular bearing is not called up in the manufacturer's maintenance program to be lubricated. That is correct.

**Senator STERLE**—There is no grease nipple on the housing or something, whatever it may be?

**Mr Vaughan**—Correct.

**Senator STERLE**—Yet it has taken all this time before we found out. I assume, reading the reports that you put out in 2005, that you do not leave anything to chance. When I say 'you' I mean CASA. CASA do not leave anything to chance, but somehow this bearing has slipped under the radar and has never had to be lubricated, and all of a sudden we have found that the same aircraft with the same company has had another landing gear problem two years later.

**Mr Vaughan**—It is an unrelated event on the same system. I will say that maintenance programs are part of the certification basis for the aircraft—that is, when the aircraft comes out, amongst the things that have to be put up for certification and accepted by the country that is certifying it would be the maintenance program, the system of maintenance, which calls up all of the intervals and the tasks that have to be performed. This was not in there.

**Senator STERLE**—So has every Beechcraft King Air been pulled off the air? I was going to say 'pulled off the road' but that is not right. Taken out of service—yes, grounded—that is it. Have they?

**Mr Vaughan**—No, they have not.

**Senator STERLE**—Why not?

**Mr Vaughan**—We do not have the right to do that with every King Air operating around the world.

**Senator STERLE**—Let us talk about Australia.

**Mr Vaughan**—Yes. Here in Australia we operate under regulations part 39, and we rely again on the country of manufacture—the host country of certification—as they have the

design experience with the aircraft having been certified, in which case we would submit our findings in this case to the FAA. In the meantime though, we have issued an alert to all Australian operators to inspect this area for lubrication. We have also recommended that they do this at a much shortened interval and we are currently, again, working with the American manufacturer and the FAA to settle on what is an appropriate interval.

**Senator STERLE**—But, Mr Vaughan, if an aircraft has had failure through a bearing because of lack of lubrication—my first instinct is I do not want to get on a Beechcraft King Air 200. But when you put out a warning, what do you do? Do you just send faxes to those who own those aircraft in Australia and hope that they listen to CASA? Is that what we do?

**Mr Vaughan**—I might add to that. You mentioned failed to—lacked lubrication. This is still an ongoing investigation for that particular bearing.

**Senator STERLE**—Sorry, Mr Vaughan. I am only quoting you but if I take anything out of context, please do correct it.

**Mr Vaughan**—Yes. Again, Senator, your question was in relation to the bearing?

**Senator STERLE**—I am saying that you sent out notices, or whatever you sent everyone who owns a Beechcraft King Air 200 in Australia, ‘Warning. Warning. This is what’s happened.’ But is there no follow-up? Are the operators listening to you? Are they taking these aircraft off? Are you checking to make sure they are taking them off? ‘You’ being CASA. Is someone going to police it or are you just going to hope that another one does not fail because everyone is too busy at the moment?

**Mr Vaughan**—Certainly. I previously mentioned that we maintain a service difficulty reporting system, or an SDR as we call it, where we actively collect this information and continually research to either see if there are problems, and try to establish the extent of a problem such as this, or to identify an emerging problem before it becomes a failure.

**CHAIR**—Does this come up as an airframe inspection, like in a regular or engine inspection? Where would it fit into the annual or biannual or triannual—

**Senator Johnston**—It is every 1,000 hours or something like that.

**Mr Vaughan**—Precisely. This is a large, complex aircraft so they are usually phased. You bring in the aircraft every so many hours and you inspect a certain portion of the aircraft. This will now be called up in one of these phased inspections.

**Senator STERLE**—Yes, but, Mr Vaughan, it is living proof it did not work for Network’s Beechcraft. It just went. I do not know whether it was unexpected. I would assume that their maintenance is spot on, but—

**Mr Vaughan**—This is an isolated incident. It has not occurred worldwide. There have not been events subsequently.

**Senator STERLE**—Mr Vaughan, with the greatest respect, I do not want to be on those isolated incidents when they fall out of the sky and I do not think anyone else does, and I am sure the minister does not, as he charts aircraft as much as I do. I am declaring an interest on behalf of all Western Australians.

**CHAIR**—You want to come flying with me—



**Senator STERLE**—Forgive my cynicism there. Anyway, I want to move on because I am mindful of the time. But when the first problem with the thrust bearing occurred was there not a system put in place that there could be an override? So if one system fails there would be another system like a manual or another set of hydraulics, or something like that? Does that ever happen?

**Mr Vaughan**—Generally there is redundancy built in. In this case the failure occurred at a point where that was not achieved.

**Senator STERLE**—Sorry. Just say that again? There was one put in?

**Mr Vaughan**—Generally redundancy is built into the system. It certainly is built in to undercarriage systems. However, with the nature of this failure, that redundancy was not achieved.

**Senator STERLE**—What does that actually mean in English? Sorry.

**Mr Vaughan**—It means the undercarriage did not come down as it—

**Senator STERLE**—So there was not another system to override it?

**Mr Vaughan**—The failure was such that it prevented the wheel from coming down. That is correct.

**Senator STERLE**—So there was not another system where you can override the failed bearing?

**Mr Vaughan**—In this instance that is correct.

**Senator STERLE**—Surely after the last one, would bells not have gone off and the thought, ‘We’d better starting looking at this’?

**Mr Vaughan**—To put it into context, again, this is an ongoing investigation. While the bearing failed we do not actually have the material analysis to determine why the bearing failed. It is entirely possible that it was a specific manufacturing defect peculiar to this bearing. We will determine that through the course of the investigation. Again, being a machine; they are certified on probabilities of failures. The undercarriage does not actually lead the aircraft to fall out of the sky, much as a wing attach or a helicopter rotor blade.

**Senator STERLE**—I want to come to page 12 of the investigation—we will call it the ‘investigation’—where you talk about a maintenance organisation safety action. It says down there:

The maintenance organisation also submitted a request to the aircraft—

the same one we are talking about from the first incident—

manufacturer to include additional warnings in the maintenance manual to emphasise further the need for the correct reassembly of the landing gear actuators.

Was that done?

**Mr Vaughan**—Yes, I believe that was done. That was my information; that warnings were put into that portion of the manual.

**Senator STERLE**—So should I call the committee for that proof to be tabled?

**Mr Vaughan**—Yes, I believe that was the recommendation.

**Senator STERLE**—Great. Did it flow on to all Beechcraft King Air 200s?

**Mr Vaughan**—Yes, I will confirm, but if it were going into the manual it would be worldwide.

**Senator STERLE**—I want to bring your attention to the Channel 7 press release of Tuesday, 10 April 2007. It quotes that the owner will investigate the incident. That frightens me when you hear the owner is going to investigate the incident. Why would the owner investigate the incident?

**Mr Vaughan**—The owner—it is his property, but certainly in this case, should the ATSB decide that it warrants investigation, they will. In this instance we also did it as well. As I mentioned to you, the final report is not out. There may very well be further actions that follow from this. However, in the interim, to alert people that they should inspect this we have put it out there within this bulletin. Certainly the owner is capable of calling in consultants or his own investigation people.

**Senator STERLE**—Does this company, Network, have any other Beechcraft King Air 200s?

**Mr Vaughan**—I can check. I believe they operate other Beechcraft, or I can submit that later, if you desire?

**Senator STERLE**—If it is just there, I do not think the chair would mind another 30 seconds.

**Mr Vaughan**—I do not actually have the number of Beechcraft 200s that they operate. Only under their operator certificate it calls up that they do operate the Beech 200.

**Senator STERLE**—All right then. Take it on notice if you could, please, Mr Vaughan. Also—you cannot answer this—but if they have got others I would like to know if they have been grounded while the bearings have been lubricated or whatever. If you could provide that information to the committee or the Senate, that would be appreciated. But I will leave that, because we do not have the answer. So what is CASA's assessment of the risk to passengers and crew of this type of equipment failure?

**Mr Vaughan**—This type of equipment failure would be low. It is not considered a primary structural failure, so it would certainly be a lower consequence failure

**Senator STERLE**—The risk?

**Mr Vaughan**—The risk, yes.

**Senator STERLE**—Was the process followed in respect to the failure? Was that plane grounded straightaway?

**Mr Vaughan**—That aircraft was because it was on its belly and it was not capable of—

**Senator STERLE**—I would probably rephrase that! Thank you.

I want to draw your attention to an interesting article in *Flight Safety Australia*, May-June 2002, under 'Safety management'. It quotes the Managing Director of Network Aviation, Mr Lindsay Evans. He says:

“We believe the safety management system we have in place is actually saving us money through better practices,”

It also quotes his chief pilot, Mr Richard Hurd, who later in the article, talking about the safety management system, says:

“Having it in place has helped us gain additional contracts ...”

Also, it quotes Mr Mike Smith. I do not know if Mr Smith is still with CASA. He was the aviation safety promotions general manager at the time. Is Mr Smith still with CASA?

**Mr Byron**—No.

**Senator STERLE**—Okay. He said:

“Their system has developed from a reactive one, to one which actively seeks to identify hazards and put in place appropriate solutions.”

I have a couple of questions. We have the owner of the company and the chief pilot talking about saving money and winning quotes. This company went on to win a safety award, and then three years later we have the same aircraft having a couple of problems. I know accidents can happen and I know about human failure and parts failure, but the alarm is certainly going off for me, with Network. Do you have any intention of going through Network and checking every one of their aircraft, their safety procedures and their work practices?

**Mr Vaughan**—We do that in the normal course of surveillance. I have not had the opportunity to read that article but, having been in the position of the owner and responsible for safety in a large airline, certainly the comment that it saves you money is true. The challenge is to take regulatory requirements for safety and turn them into an advantage for the business. In this case, if you collect your data and operate more efficiently you can actually put it back into your business. In fact, it saves you money.

To give you an example, an operator is required to report to CASA their service experience and their reliability, which is a regulatory cost. If I were to turn that into providing that same data and tracking my performance, I would use it to gain increased warranty returns because I have done the data and substantiated my approvals. Also, I would use that same data to look for opportunities to operate more efficiently. That is not necessarily spending less money; it is spending it in the right areas.

**Senator STERLE**—One would hope that money is not saved through lack of grease.

**Mr Vaughan**—In this case we found no evidence to attribute it to the operator. Again, it was not called up in the maintenance plan. The interesting thing about the maintenance plan or the maintenance program, as I mentioned, is that for them to deviate they would have had to have approval. The normal practice is that you follow the published certificated maintenance program. The other comment I would make, if I could, is about winning contracts. One of the things that they look for is that a company has robust systems in place to control and take responsibility for their safety. That would certainly make them a mature and responsible operator in our books as well.

**Senator STERLE**—Mr Vaughan, I hope CASA does not take offence—it probably will—but I see, somehow, that the maintenance systems that are policed by the Melbourne office

seem to be a lot tighter or a lot stricter than those policed by the Perth office. Why would that be?

**Mr Vaughan**—Which office are you speaking of?

**Senator STERLE**—I am talking of the Melbourne one that looks after the other three companies running out of Perth—Skywest, Skippers and National—the ones doing the high capacity.

**Mr Vaughan**—That would be the Melbourne airline office that you are referring to?

**Senator STERLE**—Yes. Did I say Melbourne?

**Mr Vaughan**—You did say Melbourne, but we have two offices in Melbourne.

**Senator STERLE**—The air transport operations one.

**Mr Vaughan**—Yes.

**Senator STERLE**—Do you think that it is a fair comment that they are far more efficient? I have also spoken to aircraft operators in the last few weeks and there seem to be two completely different levels of enforcement on Perth Airport, and there is a lot of criticism coming towards the Perth side, the one that does the low capacity. Do you think that is fair?

**Mr Vaughan**—There are several things you said in that question. Yes, there is a difference in the level. I cannot address the enforcement aspect, but the difference is most obvious in that they operate under a different basis of certification. The airline office surveil aircraft that are built under transport category regulations or part 25—a completely different philosophy, different requirements. The general aviation office, both mine in Melbourne and my GA office in Perth, largely function to surveil aircraft that are built under part 23, non-transport category aircraft—less complex, less robust systems. Yes, there certainly is a difference in the level of surveillance for these two different aircraft.

**Senator STERLE**—But non-transport is still carting passengers.

**Mr Vaughan**—Again, these aircraft are not certified to the transport category.

**Senator STERLE**—But these are your low-capacity aircraft, like the Beechcraft and co?

**Mr Vaughan**—Charter type aircraft. Yes, that is right.

**Senator STERLE**—If we have got 300 people on an aircraft or we have got four on an aircraft, an aircraft falling out of the sky still has terrible ramifications, doesn't it?

**Mr Vaughan**—I think we are drawing the analogy that a difference in certification leads to a difference in safety.

**Senator STERLE**—But, Mr Vaughan, from someone who uses aircraft, like all of us in this room: there should not be a difference. The Australian travelling public rely on CASA to enforce safety to the premium.

**Mr Vaughan**—There very much is a difference. It goes back to the fact that the machine is designed and certified to a level and it will never do more than it was designed to do. On the basis of the two types of aircraft we are discussing, in recognition of that, there is a higher level of certification in part 25, transport category, aircraft than in part 23 or subsequent certification bases. Yes, the aircraft is safe. Again, the operational regime is different, they are

not operating in as highly stressed an environment, so the difference is in the amount of engineering that goes into the aircraft and the required support to maintain it to its actual design level.

**CHAIR**—A good example would be variable prop versus fixed, retractable undercarriage versus fixed—fewer moving parts.

**Mr Vaughan**—That is correct.

**Senator STERLE**—Senator Heffernan, let us not get locked on just wheels not coming down. I have a fundamental problem: there are components of aircraft that are failing. Fortunately, it has only been the landing gear. Now, who knows what else it could be? That is all I am trying to allude to. I am really relying on CASA to make sure that the safety standards and maintenance standards are beyond world's best practice and I am not seeing it. I am seeing a little bit of a chink here in the low-capacity aircraft.

**Mr Vaughan**—Again, the safety net is to collect our experience, and we continually monitor. In fact, there is a regulation that operators are required to report service difficulties to us and this is how we determine where issues are emerging. The reality is that we cannot guarantee that there will be no failures, regardless of the type of aircraft.

**Senator STERLE**—I understand that.

**Mr Vaughan**—It is a machine. Our focus here is to determine if there is an emerging problem so that we can put in a defence so that it does not become a catastrophic failure.

**Senator STERLE**—Sure, but your words are 'continually monitor'. 'Continually monitor' to me means that if there are any Beechcraft King Air 200s flying around you get them and make sure the bearings are greased, but you could not tell me if that has been done. You said you have sent something out, but you would not have a clue if it has been followed—not your words; mine.

**Mr Vaughan**—We will certainly get back to you, if I can take that on notice, as to what the fleet experience has been subsequent to that airworthiness bulletin.

**Senator STERLE**—If you could, please. Do aircraft operators that are Perth based incur higher CASA user-pay charges than similar airlines in the eastern states because of the distances that CASA staff have to travel to come to Perth? You mentioned to me that you are rotating staff, two or three people per month, so I am assuming someone would have to pay for that.

**Mr Carmody**—Our cost recovery strategy has changed, and we can talk a little bit about cost recovery, but my understanding is that they do not pay for the travel costs for surveillance.

**Senator STERLE**—So the flights are free?

**Mr Carmody**—They do not pay the cost of the inspector coming over to conduct the surveillance. When we are managing activities out of the Melbourne office and flying people across to Western Australia, the people in Western Australia are not paying the charge for that surveillance.

**Senator STERLE**—For low-capacity airlines? Is that right?

**Mr Carmody**—No, that is both: low-capacity RPT or high-capacity RPT surveillance.

**Senator STERLE**—So no-one pays? CASA pays the whole lot to fly the extra staff for two or three weeks of the month? CASA has no cost recovery to get airfares, wages, accommodation, meals, on costs—nothing at all?

**Mr Carmody**—Not for surveillance of airline operators, which is what you are talking about. There are no costs. It is part of the business that we are in.

**Senator STERLE**—Surveillance is obviously some other work they do. What is the other work then? Just tell me what surveillance is, so I have it very clear in my mind.

**Mr Carmody**—Essentially it used to be checking compliance: auditing operators, conducting checks of what they are doing and of their systems. Those sorts of things all fall under surveillance. But because we are not a large organisation, so you cannot have people everywhere to do everything, that is why we fly them across but we do not charge.

**Senator STERLE**—So no-one pays for that. All right. Can you tell me what company holds the AOC where an aircraft is operated on a cross-charter capacity for another aviation company in WA? Do you know about that?

**Mr Carmody**—Do you have an example, Senator?

**Senator STERLE**—There are a couple of aircraft companies in Perth. One is low capacity. It is chartering high-capacity aircraft but it is only under low capacity, I am led to believe.

**Mr Vaughan**—With that information I do not have much to go on but we can certainly take it on notice.

**Senator STERLE**—I will let you take it on notice.

**Mr Byron**—If that is the case, we would like to know who that is.

**Senator Johnston**—You will need to specify who's who in the zoo so that there can be some inquiries made.

**Senator STERLE**—You will check who the high-capacity ones are, then you will check who the low-capacity ones are and then I will have no doubt that you have given them the all-clear to bring in high-capacity aircraft. I want you to follow that up for us and, if you could, provide the Senate with the information.

**Senator Johnston**—It is at Perth Airport?

**Senator STERLE**—At Perth Airport, Minister.

**Senator Johnston**—Not Jandakot?

**Senator STERLE**—No, at Perth Airport. There are three companies that are HOCs. You told me they were Skywest, National and Skippers. All the rest are low capacity. Correct?

**Mr Vaughan**—Correct.

**Senator STERLE**—If you have a look, I want you to see if all those low-capacity ones are chartering any other aircraft that are high capacity, under low capacity—

**Mr Byron**—What you are saying, Senator, is that you believe there is an AOC holder at Perth Airport that has approvals to operate low-capacity RPT aircraft on their AOC that is actually—

**Senator STERLE**—Cross-chartering.

**Mr Byron**—charging for a service on RPT using a high-capacity aircraft?

**Senator STERLE**—Yes, I am led to believe that and I would like you to check that out.

**Senator Johnston**—Obviously the officers will have to come and visit you privately to get some further information.

**Mr Byron**—That would be most helpful, because there are a number of operators there and, if that is the case, that is serious and we want to deal with it straightaway.

**Senator STERLE**—Yes. And that, Chair, is it, thank you very much.

**Senator McLUCAS**—Following up on last Senate estimates regarding Lockhart River, there are two questions that are still outstanding from that hearing, one that is called CASA 11, which is the one I am more worried about, and then there is CASA 17. Can you explain why those questions have not been answered, please, Mr Byron?

**Mr Carmody**—If you could give us a moment, I will check on those answers.

**Senator McLUCAS**—While you are doing that, can you also drag out question on notice CASA 20, because I would like to talk about that as well.

**Mr Carmody**—On CASA 11, I understand that you asked for the summary of follow-up action for four audits. In February we tabled the follow-up action for 20 audits, which included those four. My understanding is that we have fulfilled that.

**Senator McLUCAS**—You tabled that at the hearing?

**Mr Carmody**—Yes. It was in the airspace hearings.

**Senator McLUCAS**—I am not a member of that committee and that was in confidence, as I understand.

**Mr Carmody**—Not the audit report.

**Senator McLUCAS**—I am not a member of that committee.

**Mr Carmody**—We are quite happy to provide it to you again.

**Senator McLUCAS**—A simple, I think polite, response would have been: ‘This was tabled into the legislation hearing,’ rather than for us to sit around and me not know till now that that was tabled then.

**Mr Byron**—That being the case, we would have assumed that you had it, and I apologise that you did not get it. We will deal with that as soon as we can.

**Senator McLUCAS**—Thank you. CASA 17: why has that not been answered?

**Mr Carmody**—I apologise for the delay on that one. That is water use in departments, I understand—is that correct?

**Senator McLUCAS**—No, it is to do with Transair. I only have a short precis from the *Hansard*, but it is compliance by Transair, as I understand it, with requirements that—

**CHAIR**—Can I bring the committee to order for a second. Are we asking questions of the lady on the end there or is she just advising?

**Mr Carmody**—She is just chasing something for me, Senator.

**CHAIR**—For *Hansard* purposes, if she is participating she needs to be identified and so does her position.

**Ms Fox**—I am the Manager of Corporate Relations.

**CHAIR**—Thank you.

**Mr Carmody**—I think that one is almost complete. We have completed our action on it and it should be tabled shortly.

**Senator McLUCAS**—Why was it so hard?

**Mr Carmody**—I do not know. I will have to check.

**Senator McLUCAS**—I am not going to ask you to check that on notice, about why it was so hard. Can you go now to question on notice CASA 20, which was answered last Wednesday, from my recollection. It is not from February estimates but from October 2006 estimates. Why did it take an extraordinarily long amount of time to answer that question?

**Mr Byron**—I cannot explain why you only got it the other day. I do know that that one was dealt with reasonably promptly. I assume that it might have been as a result of some questioning from the department about the content of the report, which sometimes happens. But as to the exact reason why you got it on the day you did, I cannot provide a specific reason.

**Senator McLUCAS**—Did it go to the minister's office? Where was the hold-up, from October of last year? It is a pretty straightforward question. Why did it take that long?

**Mr Carmody**—There have been a lot of Transair questions and a lot of effort has gone into responding to Transair questions. I do apologise for the delay but we have had the draft interested parties report, the follow-on report, all of those major reports on Transair. We have been working very diligently on those and sometimes the questions have been mixed up with those. I apologise for the delay.

**Mr Mrdak**—There are processes within the department and there is also clearance from the minister's office in relation to questions. The whole delay certainly would not have been CASA's. It may have been processes both in the department and the clearance processes involved. But we do apologise. It would have been probably a whole range of factors leading to the delay.

**Senator McLUCAS**—I wonder, Mr Byron, if you could look at that question. Can you tell me whether you think that the answer answers the question?

**Mr Byron**—The question basically says, 'A list of people not doing very well.' We have not used that terminology. The terminology that we have been using is in the answer. But



certainly, if we get to the heart of the question, I think what you are really saying is, 'Was Transair raised as an issue to me as an operator that had serious problems?'

**Senator McLUCAS**—Was it on the list that we were talking about, Mr Byron? That is what the question asks.

**Mr Byron**—I think we need to determine what the list is, Senator.

**Senator McLUCAS**—If you go back and read the *Hansard* of October of last year, it is pretty evident that we were talking about a list for CASA to compile on a monthly basis about those operators that were not doing the best or at risk. There is no title to that list. It has been called many things over the time that we have been talking about Transair. It does not have a proper name. But it is pretty evident that that is what I was asking about and that answer goes nowhere near it.

**Mr Byron**—I have seen and I have reviewed the reports that I received, and the only report that I received that has got a list would be the one that is referred to here as 'the top 10 operators'. The table was drafted as 'Draft report template still under develop,' and I can recall that; that is certainly the case. I have a copy of it, not with me, but I remember reviewing that. Its purpose was to put forward a possible format for future reporting. That was the list—

**Senator McLUCAS**—Can you read the answer that you have?

**Mr Byron**—Sorry?

**Senator McLUCAS**—What is the answer that you have got on the document that you are reading from?

**Mr Byron**—The answer that I have got is: 'Transair was not mentioned in a safety context in any of the monthly reports.'

**Senator McLUCAS**—Okay. It is different to what I have been provided with. Whatever the answer that you have written down on your piece of paper—

**Mr Byron**—Would you like to share yours with me?

**Senator McLUCAS**—How does this happen? How do you get a bit of paper with a different answer to the one that the committee has been provided with?

**Senator O'BRIEN**—It is probably that the one that was drafted has been changed in the minister's office.

**Mr Mrdak**—The answer that has been provided to the committee is the government's answer.

**Senator McLUCAS**—So the government changes the answer before they—

**Mr Mrdak**—No. The answer that has been provided to the committee is the answer to the question.

**Senator O'BRIEN**—The answer that has been provided to the committee is different to the one prepared by CASA.

**Senator McLUCAS**—Who answers these questions?

**Mr Mrdak**—The answers have been provided through the department on information provided by CASA.

**Senator McLUCAS**—So CASA writes an answer, then it goes and gets changed or amended. Would you agree, Mr Byron, that the words that you have just read on that subsequent piece of paper do not answer the question?

**Mr Byron**—I agree that the answers are different. I would have to look at the question again very carefully, but they are different.

**Senator McLUCAS**—Maybe, Mr Mrdak, I can ask you: do you think that the answer that I have received to question CASA 20 from October of last year answers the question?

**Mr Mrdak**—That is the answer that has been provided to the question.

**Senator McLUCAS**—I take it that you do not agree that it answers the question.

**Mr Mrdak**—No, that is not what I am saying, Senator.

**Senator McLUCAS**—I am sorry, but this is just ridiculous.

**Mr Mrdak**—The answer has been provided.

**CHAIR**—Can I just bring the committee to order. Whoever has been in government for all time would know the department answers the question, it gets signed off by the minister, and that is the way it has always been whether the communists are in power, the Labor Party—

**Senator McLUCAS**—Are you saying that the Labor Party changes answers too?

**CHAIR**—I am saying that that is the way it has always been.

**Senator McLUCAS**—This is clearly what has happened. CASA has answered a question, it has gone to the department or though the minister—

**CHAIR**—No need to do your block.

**Senator McLUCAS**—and it has been changed.

**CHAIR**—The department has answered the question, on advice from CASA, I presume, it having been vetted by the minister. That is the way that you blokes do it; that is the way governments have always—

**Senator McLUCAS**—I do not think you can make that sort of allegation—

**CHAIR**—Well, I am sorry, but that has always been the case.

**Senator McLUCAS**—because you have no evidence to do so.

**CHAIR**—All right.

**Senator McLUCAS**—But I have evidence here—

**CHAIR**—You are angry.

**Senator McLUCAS**—that Mr Byron has answered a question in one way and it has come to me in a completely different way. Mr Byron, I do apologise to you for accusing you of not answering my question, because it was not CASA itself, clearly.

**Senator STERLE**—Now we have got that out the way, do you want to show us yours?

**Mr Mrdak**—The answer is part of the one that has been tabled, Senator.

**Senator McLUCAS**—On a different tack—

**CHAIR**—Calm down.

**Senator O'BRIEN**—Now you are not the best person to tell people to calm down.

**CHAIR**—I know. I know that. I am being fatherly.

**Senator McLUCAS**—Mr Byron, in your press conference on 4 April, following the bringing down of the ATSB report of the inquiry into the Lockhart River tragedy, you said:

I am unable to accept the conclusion in the Australian Transport Safety Bureau—

ATSB—

report that the Civil Aviation Safety Authority—

CASA—

contributed to factors that caused the accident ...

On what basis did you make that statement?

**Mr Byron**—On 4 April, I held a press conference in Brisbane. At that press conference I made a statement, the transcript of which I have in front of me—

**Senator McLUCAS**—So do I.

**Mr Byron**—which is available, as I understand it, on the CASA website, and the quote that you have read out does not accord with the one that I have on the transcript.

**Senator McLUCAS**—I apologise. It is not the transcript; it is the media release that I am quoting from.

**Mr Byron**—I think the best thing that I can do is to read to you what I actually said during the media conference, which is the transcript. There has been a varying amount of reporting of what I allegedly said. If you are reading from a CASA press release, I would need to check that but, nevertheless, what I said is what I said and that is on the transcript, which I am happy to provide, but it is available on the website. I will tell you exactly what I said, but I will read the preceding paragraph:

I accept that there is always room for improvement in the way we operate and that our surveillance in years past needed improvement.

I have been saying that for years.

I do not accept that the Civil Aviation Safety Authority caused the errors on the flight deck that resulted in the accident. However, that is no reason to be complacent or to stop working towards better safety.

**Senator McLUCAS**—I am actually quoting from your prepared media statement.

**Mr Byron**—Well, I am quoting from what I said, Senator.

**Senator McLUCAS**—I am asking you: on what basis could you make that statement that said you are unable to accept the conclusion in the ATSB report that CASA contributed to factors that caused the accident?

**Mr Byron**—I will have to take you back to what I actually said.

**Senator McLUCAS**—No, I am quoting from your media release.

**Mr Byron**—But that is not what—

**Senator McLUCAS**—It is the printed written—

**Mr Byron**—That is not what I said.

**Senator McLUCAS**—That is in black and white on the paper.

**Mr Byron**—Well, this is what I said.

**CHAIR**—With great respect, could I clarify a point here, Senator McLucas. There is a difference between what Mr Byron said and what the media person who wrote that said. That often happens. Shall I say I have had first-hand experience.

**Senator McLUCAS**—It is signed. It has got his name at the bottom—chief executive officer.

**CHAIR**—Yes, but that could have been prepared by a media person. With great respect, Senator McLucas, you would know that.

**Mr Byron**—And there were variations of media releases prepared which for a couple of days prior to the media statement I worked on, and I did make some changes. But I was very specific to make sure that my formal statement, the one that stands on the record, was very, very clear. In fact, I think even Mr Bills made mention of that today when he talked about what CASA was reacting to. So that is what I said. You are asking me how could I justify what I said and, fundamentally, I justify that on the basis of looking at the facts. I have been very critical, from about a year after I came to CASA, about the way in which CASA did its surveillance for years preceding, across the whole board. On that basis, a couple of people said to me, ‘Well, why did you say that? Why didn’t you just say, “Well, CASA’s surveillance wasn’t adequate and that obviously related to the accident?”’ People said that to me and my response to that was, ‘Well, that’s not the fact and that’s not what I believe.’

I have got an organisation that is in the throes of significantly improving the way it is doing its work. It is going through significant change. I believe my obligation, my duty, is to be straightforward and honest and tell it how I see it. I have a variety of experience in aviation and I will not bore you with all that but it does include accident investigation. It does include operating aircraft of this category and of high performance. It does include training pilots for 20 years. It does include managing airline operations. It does include sitting on the flight deck of regional airline aircraft that I was managing at the time and watching how the pilots operate.

I used the factual information in the ATSB report, together with consultation with my colleagues, to try and do the analysis of what the facts said. It did not lead me to a conclusion that any action by any CASA officer years ago or whenever directly contributed to the failure on the flight deck.

**Senator McLUCAS**—That is not what I asked you, Mr Byron.

**Mr Byron**—But that is what I am—

**Senator McLUCAS**—I do not expect CASA to be sitting on the flight deck of any RPT.

**Mr Byron**—I am delighted to hear you say that, Senator.

**Senator McLUCAS**—But the ATSB report is very clear and makes a number of recommendations that CASA has to deal with.

**Mr Byron**—Yes, and a lot of the—

**Senator McLUCAS**—But for you to be able to just stand up and say, ‘I don’t agree with the ATSB and I don’t think that we could have done anything differently,’ that is what comes through with that.

**Mr Byron**—No. I did not say that.

**CHAIR**—Can I clarify with Mr Byron: I think Mr Bills told us this afternoon there were two out of 18 or 19 issues that were indicated.

**Mr Byron**—There were 19 factors which the ATSB have assessed as being contributory. The definition they use of ‘contributing’ is, a failure that occurred of what is a local factor or a failure on the flight deck, if that had been prevented, there was a likelihood that the aircraft most likely would not have crashed. As you go back through the linkage, you come to factors related to the operator, and I think there were seven related to the operator, 10 to the flight crew and two related to CASA.

**CHAIR**—Could you just remind us what they were?

**Mr Byron**—The ones related to CASA?

**CHAIR**—Yes.

**Mr Byron**—The ones related to CASA were that, at the time the operator moved from charter to RPT, which was predominantly in 2001 but there was also a change in 2004, there was insufficient guidance to inspectors on how to assess management structures. That was the one causal contributing factor. The other one was that there was no requirement imposed by CASA on the operator to conduct a risk assessment when they moved from one level of operation to another. I fully agree with the ATSB that there is a need for CASA to improve the way in which we oversight the management of airlines at all levels. That is why I said it two years ago. That is why two years ago I said we needed to get a capability into this organisation to be able to better oversight the management of every airline, from the biggest ones all the way down, including the operators at the sites.

With the aid of management in the organisation, I also developed a strategy for bringing in that expertise to oversight management. So the ATSB’s comment at the time when the scene was being set for this accident that we needed to have better capability to oversight management, I totally agree with that because that is what I have been saying for years. I do not disagree with the ATSB’s desire to have us increase our ability to oversight management. I do disagree in some ways about how to achieve that and we have had discussions about that in the past.

The second contributing factor that the ATSB have put in their report was that we did not require the operator to go through a formal risk assessment when they moved from one level of operation to another. Again, for the last two years I have been saying that there is no such thing as absolute safety. There is no such thing. If you want to really be 100 per cent safe in

an aeroplane, stay in bed. What aviation safety is about is managing risks and there is a need in the industry and within CASA to apply a risk management approach. It is very complex.

We have bitten the bullet in trying to say, 'Okay, we're going to develop a system based on the various systems that we have had around the organisation over the past few years that have been developed at the local level, into a CASA wide system using our IT support system.' That work is being done and we have allocated the funds for it. I totally agree with the ATSB that risk assessment is an important part of the way an operator oversights their operation and the way CASA looks at operators. It is very important. But did those factors directly link to the final failures on the flight deck? In my judgment, no.

**CHAIR**—Could I interrupt you there. Obviously the bloke in the right-hand seat was not qualified to do the let-down they were doing. Was the bloke in the left-hand seat qualified to do it?

**Mr Byron**—The pilot in command, as I understand it, was qualified for the GPS approach that he was flying. The copilot was not so endorsed for that type of approach.

**CHAIR**—So if there was a risk of having to divert, it would be an interesting experience. If you were the copilot you would be obviously watching what the pilot in command was doing because your neck is on the block.

**Mr Byron**—Hopefully, yes.

**CHAIR**—But if you did not understand the technicality of it, if the bloke in the left-hand seat in command was in some ways hasty, or shall I say adventurous as a pilot—

**Mr Byron**—That is getting into complex territory. We talk about the authority gradient on a multi-crew aircraft and that is the ability of the copilot to influence the actions of the pilot in command.

**CHAIR**—Yes.

**Mr Byron**—Historically, the authority gradient has been very steep in favour of the pilot in command. Some pilots in years gone by were unwilling to accept any input from the copilots. Operators, safety experts and regulators for the last 10 years have really been trying to encourage—to address that situation. As part of our licensing requirements, pilots have to undergo cockpit resource management theory training and human factors training and that issue of the authority gradient is covered in that sort of training.

**CHAIR**—The pilot in the right-hand seat who was not qualified for that let-down, is that someone's fault?

**Mr Byron**—That is an interesting one. The ATSB have reported and analysed the facts and they have come to certain conclusions. Other people have analysed the same facts and come to slightly different conclusions or variations thereof. When a pilot, particularly in a regional airline operation, goes through another instrument type of approach endorsement, they normally go through some sort of training process. Sometimes that training is conducted on the job.

The pilot in command was qualified to fly the approach. He was also qualified, as I understand it, to train other pilots to do that type of approach. We know from the factual

information that the copilot was in fact conducting one of those GPS approaches on another sector, I believe on the same day. The fact that the ATSB have concluded that he was not under training flying that final sector is in fact questioned by some people.

**CHAIR**—How do you know who was in command?

**Mr Byron**—The pilot in command was in command. There is no question of that.

**CHAIR**—How do you know that?

**Mr Byron**—Who was actually manipulating the plane? Who was flying the approach? The ATSB have concluded that it is highly probable that the pilot in command was flying the approach.

**CHAIR**—How do you know that?

**Mr Byron**—In the probabilities.

**CHAIR**—You do not know it for sure.

**Mr Byron**—You just do not know it for sure.

**Senator O'BRIEN**—You would have to read their report. I find it peculiar that this line of questioning is taking place when this is supposed to be examining CASA.

**CHAIR**—No. I am just trying to work out—

**Senator O'BRIEN**—I understand that, but we have a limited amount of time.

**CHAIR**—All right.

**Senator O'BRIEN**—Senator McLucas is in the middle of questions and this is an interesting dialogue but it does not need to be on the record.

**Mr Byron**—My summary of it is that the report is full of facts. The facts stand for themselves. They are open to analysis. The ATSB have done their analysis. They have come up with their report. They have made linkages, although the linkages are not necessarily explained through the report, and I am unable to have those solid linkages. If I thought there was a direct, irrefutable linkage between CASA activities and the final failure on the flight deck, I would say it. I just cannot see it, particularly given the fact that the final failure, although analysed, is not defined by the ATSB.

**Senator McLUCAS**—And will never be known, and you know that. But what I am trying to get to, Mr Byron, is that there are a number of recommendations that talk about consistency of audit processes and—

**Mr Byron**—We are taking those very seriously.

**Senator McLUCAS**—There is a series of recommendations and I am concerned that there will not be a willingness from CASA to put them into effect because of the comments in your media release of April this year.

**Mr Byron**—I am sorry that you draw that conclusion. I have established a process whereby, once we respond to the ATSB about the recommendations, on a monthly basis as part of our monthly meeting the senior management group and I will formally review each of those recommendations and I will report back to the minister. That will be an ongoing part of

our management oversight. I do understand your concern for your constituents. The accident itself is a tragedy and every one of us in the system has an obligation to make sure we do everything we can to prevent these sorts of things happening again. For our part, we have defined certain things that we are going to do that are not part of the ATSB report that we think will go a long way to improving CASA's effectiveness, but we will be tracking on a monthly basis those recommendations the ATSB make, and I am happy to share that information.

**Senator McLUCAS**—There is a series of recommendations. You will talk about it at your monthly managers meetings. How do we in the community get an understanding of what CASA is doing to enact the recommendations from ATSB?

**Mr Byron**—We will make that public.

**Senator McLUCAS**—How?

**Mr Byron**—We can put something on our website about it. It is a serious accident. Recommendations are being made and I think the public and the aviation industry have a right to know what we are doing about it.

**Senator McLUCAS**—You say 'I think'. Is that what you are going to do? You seem to be making a decision now.

**Mr Byron**—No. I told you that I have already made the decision that I will be reviewing those. I have instructed the management. Once we have responded to the ATSB, which we have not done yet, our agreed action for those recommendations will be tracked on a monthly basis.

**Senator McLUCAS**—And put that on the website?

**Mr Byron**—I am happy to do that, yes.

**Senator McLUCAS**—Thank you.

**Senator O'BRIEN**—Mr Byron, your organisation, I take it, argues vigorously against those aspects of the ATSB report which you now disagree with in the phase between 15 December last year and its publication.

**Mr Byron**—We have only talked about factors that relate to CASA. The ATSB report contained a lot of information. CASA responded to a large amount of factual information and I am not really sure, given the fact that the matter is the subject of a coronial inquiry, how far we should go with our point of view on the content of the factual information and that sort of thing.

**Senator O'BRIEN**—Are you saying that CASA did not argue against the findings? That is not what ATSB said.

**Mr Byron**—CASA agreed with a lot of the information. We disagreed with some of the findings.

**Senator O'BRIEN**—The findings in relation to CASA.

**Mr Byron**—That was only a small part of it.



**Senator O'BRIEN**—Yes. That is what I am asking you. Isn't it fair to say that CASA argued vigorously against the findings which were made against CASA, amongst other things?

**Mr Byron**—I think we just stated how we saw it. I would not say we argued vigorously. We just stated the facts as we saw them.

**Senator O'BRIEN**—You could not care less about the outcome. Is that how we should understand that?

**Mr Carmody**—When we received the interested parties report, we went through it in enormous detail. There were things with which we agreed and there were things with which we disagreed. We took those matters up with the ATSB, and, yes, occasionally there was a vigorous debate because they had a point of view and we had a point of view. We have experts and they have experts. I think they listened to what we said. They took some of our views into account. There were some things about which they subsequently checked the findings and changed their views and there were some things that we still disagreed with at the end.

**Mr Byron**—So, after a somewhat forensic analysis of the document, you had a discussion with ATSB, you were able to persuade them to make some adjustments, but the document as is published represents their views after you had a full opportunity to debate in camera the ATSB findings?

**Mr Carmody**—It is not quite that simple. We were given the interested parties report on 15 December and had two months to respond to it. We got the report, but we do not have the data that underpins that report. That was collected by ATSB under their powers, so we need to approach it from a different direction. We need to approach the conclusions that they drew and decide whether or not we draw the same conclusions. In some cases we did and in some cases we did not, and we were at great pains to point some of those things out. We had a final conference probably a couple of weeks before the final report and there was information that was provided in that conference as well. We did not go back formally, except for the first time on a formal document on the interested parties report, but we had some dialogue. I think that it would be fair to say that we did not agree with everything that is in the final report.

**Senator O'BRIEN**—Do you agree that it is the ATSB's considered view as published?

**Mr Carmody**—Yes, I presume it is their considered view as published. It is their report.

**Senator O'BRIEN**—They have gone through a consultation process; they have gone through an initial interim report; they have gone through an examination of matters of fact. They have had more access, apparently, to the details of the organisation than CASA has, although I do not know why, and they have come to some views about serious cultural problems within the organisation. In the lead-up to that, CASA has become aware of similar matters and has cancelled the AOC of the operator. It sounds as though they were pretty right, doesn't it?

**Mr Carmody**—As I said, you have to go back and look at the history of what was happening with Transair. As you know, we had a 'show cause' basis and we had some concerns about Transair's maintenance practices. In late November we received some

information which was a revelation to us, some information that we had not had in the past, and within two days we invoked the 'serious and imminent' provisions and closed the operator down. Once we had that information, we acted immediately and the operator was closed down under the 'serious and imminent' provisions, and a week later the operator voluntarily cancelled its AOC.

**Senator O'BRIEN**—Yes, because their option was to go to court, and clearly the sky was closing in on them, one would have thought, given what had been a fairly rigorous public debate about the operator and a debate about the effectiveness of CASA's surveillance. Last year Mr Gemmell was sitting about where you are and told this committee that as far as he was concerned, with what was known at that time, he would not have changed any of the actions that CASA had taken. I think you were there, Mr Byron. Do you still share that view?

**Mr Byron**—Are you referring to actions in relation to Transair—the regulatory actions?

**Senator O'BRIEN**—That is right—yes.

**Mr Byron**—In relation to the regulatory action that we took, the progressive escalation of it, it was on the basis of the evidence that was available to CASA at the time. I have reviewed that, and I have gone over and over the audit reports particularly, and I have seen that picture of concern picking up in 2006, which led to the regulatory action.

**Senator O'BRIEN**—In 2006? Didn't your 'show cause' in the late half of 2006 talk about concerns that went back to 2001?

**Mr Byron**—I think that was some of the language that might have been used in the EVU, but when I checked very carefully and went back to the 1999-2001 audits, I found individual items of operation that needed rectification that were brought to the operator's attention at the time, but there was not a consistent pattern through that period of 2001, 2002 and 2003 of issues not being fixed or corrected. That is just on the basis of the record of what we saw.

**Senator O'BRIEN**—So the EVU was gilding the lily, was it?

**Mr Carmody**—The structure of the EVU was a legal structure to cite every misdemeanour that the company had ever had, because it was a legal construct to put the EVU together. So what the organisation did was to look for every event to justify the EVU—in other words, when you are putting the EVU together as a package, everything that had ever been negative. That is how the EVU was constructed. It was not gilding the lily, but many of those things had been resolved. You must remember, too—and I think it is important to note—that the EVU process was about maintenance. The serious and imminent provisions that we invoked were not to do with maintenance; they were to do with flight operations.

**CHAIR**—Could I just ask a polite question which you may not be able to answer: you say that in November, I think it was, you got new information that you had not had before. Was that from an internal or an external source?

**Mr Carmody**—External to CASA. The new information that we were provided with, we acted on immediately. As soon as we had it, we responded. We did not have that information prior to that.

**Senator O'BRIEN**—It was damning information, was it?

**Mr Carmody**—It was information that caused us to invoke the serious and imminent provisions. We then went to the operator to try to validate that information, to verify that information, over that weekend. The operator would not let us review the material that we wished to review, so therefore we acted and closed the operator down, which is I think very legitimate and very appropriate.

**Senator O'BRIEN**—Yes, I agree that.

**Mr Carmody**—If we had had the information earlier, we would have responded earlier.

**Senator O'BRIEN**—I hope so.

**CHAIR**—Without revealing the sources—and do not answer this if you feel you should not—would they have been either negligent or criminally negligent in not providing that information earlier?

**Mr Carmody**—I am not going to answer it; I do not know the answer.

**CHAIR**—You have got my curiosity up.

**Senator O'BRIEN**—This was an operator that had been the subject of whistleblower concerns pre-2004, and there had been audits, as reported to this committee, of this operator. We were told they came out with a clean bill of health from those audits, yet the EVU gives us a different picture. It talks about 'serious concerns'.

**Mr Carmody**—I want to be a little bit careful here because we are not that far away from reasonably sensitive matters, and we are certainly not that far away from the coronial on 4 June. But as I said, the EVU process was about maintenance and maintenance concerns.

**Senator O'BRIEN**—The EVU process was about maintenance and talked about concerns going back to 2001, did it not?

**Mr Carmody**—It did.

**Senator O'BRIEN**—And it talked about concerns in 2001, 2004 and 2005.

**Mr Carmody**—It referred to audits—

**Senator O'BRIEN**—Yes.

**Mr Carmody**—that had been conducted. I think it referred to four audits, from memory. I do not think it referred to the 20 audits that were conducted over the whole period of time.

**Senator O'BRIEN**—It talked about the audits, of which there were serious concerns. Is that right?

**Mr Carmody** As I indicated—

**Senator O'BRIEN**—Is that right? Did it, or didn't it?

**Mr Carmody**—It spoke about—

**Senator O'BRIEN**—You are trying to evade this. Did it or did it not say that?

**Mr Carmody**—Senator, I am doing—

**Senator JOHNSTON**—He is trying to answer the question.

**Senator O'BRIEN**—No, he is not trying to answer the question; he is trying to evade the question.

**Senator Johnston**—He is trying to answer the question. He has been interrupted constantly by Senator O'Brien.

**Mr Carmody**—If I may, Senator? It referred to audits where concerns had been raised, or where requests for corrective action had been raised, but it did not refer to the entire number of audits that had been conducted during the period, is my point. That is one of the things that were discussed in the other inquiry. But the reality is the EVU was constructed on the basis of concerns. That is the way the construct was made.

**Senator O'BRIEN**—So it was constructed on real concerns?

**Mr Carmody**—It was constructed on concerns. It mentions the concerns, and it does not mention the other side of the coin.

**Senator O'BRIEN**—It was constructed on real concerns?

**Mr Carmody**—No doubt.

**Senator O'BRIEN**—Yes.

**Mr Carmody**—We would not have entered the EVU process, or the show cause process otherwise.

**Senator O'BRIEN**—Mr Byron, do you agree with Mr Gemmell's comments that, given what was known last year, CASA would not have done anything different?

**Mr Byron**—In terms of surveillance, you are aware that we want to do things totally differently and we are, so I just want to make sure we get that quite clear. CASA's surveillance activity of Transair and other operators from 1999 to 2001—all that period—in my view could have been better. There could have been more resources allocated. Whether or not that would have had any impact on the accident is impossible to determine.

In terms of CASA's action in response to information that CASA had, I have looked at the audit reports from 1999 through to 2001 and 2004, and there was nothing in the audit reports that to me would indicate CASA should take any other action than they were doing at the time. After the accident—the day after—I received by copies from FaCSIA the most recent audit report, which I think you have seen, and received comment from the oversighting officers. There was nothing on the record that indicated that this was an operator that we should have been worried about.

It was not until the effects of the increasing surveillance, which was being applied across the board, started to kick in in late 2005, early 2006 that the audit reports, as you read them, start to see an escalating area of concern, which was followed up with show cause action by CASA. So in my view the action by CASA—

**Senator O'BRIEN**—Post-crash?

**Mr Byron**—Post-crash, yes. Prior to the crash there is nothing on the record to indicate that this was an operator that you would have serious concerns about. I have been over and over that. I have got those audit reports still sitting on my desk.

**Senator O'BRIEN**—So you have got a fundamental disagreement with ATSB because they say that back in 2001 CASA could have taken action to better monitor the culture within the organisation which—if I am putting it in the appropriate terms; that is my language—came about from the expansion of the organisation.

**Mr Byron**—I have no disagreement with the ATSB's conclusion that CASA could have done additional surveillance, because I have been saying for some time now that CASA needed to be doing more surveillance of everyone. That would include Transair. I do also accept that, had we been doing more surveillance, had we had capabilities in the organisation, which we now have, and these are specialists that are targeting management systems, there is a possibility—I cannot guarantee it—that we might have picked up issues related to management much sooner.

Does that directly link to the failure on the flight deck? I cannot see the link. But I am agreeing with ATSB that CASA's surveillance could have been more comprehensive; certainly could have been targeted better at management systems. Although it is not really relevant because it is a point of detail, we are really talking about a capability to oversight management. ATSB's solution is to give technical inspectors some guidance material. My solution from my experience in the industry is that, no, you get experts in that field, which is what we have been doing for the last 18 months.

**Senator O'BRIEN**—Using Mr Carmody's figure of 20 audits and given the ATSB finding, what you are suggesting, Mr Byron, is that there was incompetence on the part of CASA inspectors pre the crash?

**Mr Byron**—I have no evidence of that. I have asked the question. I have no evidence of that.

**Senator O'BRIEN**—On the face of it, that is the case, isn't it?

**Mr Byron**—That would be being unfair without evidence to support it.

**Senator O'BRIEN**—The evidence is that there were a great many audits. Mr Carmody is talking about 20. So there were a great many before the crash.

**Mr Byron**—The 20 would include audits after the accident.

**Senator O'BRIEN**—Of course, but we know how many there were after, so there was probably 15 or more before the crash.

**Mr Carmody**—If I may correct that—I just checked my number—there were 14; so four reported to you and another 10.

**Senator O'BRIEN**—I am glad we have corrected that, Mr Carmody, because you had left on the record that there had been 20 audits.

**Mr Carmody**—Thank you, Senator.

**Senator O'BRIEN**—How many were there before the crash?

**Mr Carmody**—If you give me a moment I can check. In fact, I cannot check entirely. I only go back to 1999. I do not know how many we did prior to 1999.

**Senator O'BRIEN**—How many pre-crash back to 1999?

**Mr Carmody**—Eleven, by my records.

**Senator O'BRIEN**—That is about two a year on average.

**Mr Carmody**—Yes. That is correct.

**Senator O'BRIEN**—In a period where the operator's enterprise had changed. It had gone from charter to RPT. That is the period that ATSB says CASA could have done more.

**Mr Carmody**—Yes.

**Senator O'BRIEN**—Not taking up your argument yet, Mr Byron, about the connection; but clearly in the growth of the organisation a problem occurred within its culture about flying operations training and even maintenance. That is what we know now, isn't it?

**Mr Byron**—There were deficiencies within the organisation at that time.

**Senator O'BRIEN**—Despite those audits, CASA could not discover them.

**Mr Byron**—I think we have been around the audit circle a few times over the last couple of years, Senator.

**Senator O'BRIEN**—It has been difficult to get all of the facts out there.

**Mr Byron**—The one thing I know is that if, as a regulator or indeed as an internal airline auditor, you want to have a better chance of discovering problems, you do more surveillance and you make sure that you cover all the competencies that you require. In my view, back in those days, I do not believe that CASA had the competencies.

**Senator O'BRIEN**—All you can review are the reports, but the problem is that the reports appear to be telling you that there was not a problem.

**Mr Byron**—That is what they tell me.

**Senator O'BRIEN**—Yes. You do not accept that that is the case—that there was not a problem going back over that period of time?

**Mr Byron**—I would not have changed the way we do our surveillance if I did not think we could do things better, most certainly.

**Senator O'BRIEN**—Okay. It follows that there was a lack of competence.

**Mr Byron**—A lack of?

**Senator O'BRIEN**—Competence in CASA in that period leading up to the crash.

**Mr Byron**—Are you talking about organisation or individual?

**Senator O'BRIEN**—The individual is the basis of the organisation; whether it was a group of people—one or the whole system—there was a lack of competence in discovering these problems.

**Mr Byron**—I would have to say that in those years the competence of the organisation to do the level of surveillance to the degree that I think is necessary now was not what I would want, organisationally. It is difficult for me to comment upon individuals.

**Senator O'BRIEN**—The individuals are the ones who wrote the reports that do not tell you what you needed to know.

**Mr Byron**—Yes, but I have already said that I think two elements of organisational competence that could have been improved would be using existing resources to do more surveillance and having additional capabilities amongst our staff.

**Senator O'BRIEN**—A reasonable conclusion is that your inspectors got snowed. You do not agree with that?

**Mr Byron**—I do not know.

**Senator O'BRIEN**—I am trying to draw conclusions after the event.

**Mr Byron**—Yes, and we have all tried to do that. We have really tried to do it.

**Senator O'BRIEN**—ATSB have and there is a bit of a debate about their finding, and that is why—

**Mr Byron**—As I have said, I agree with a lot of what is in the ATSB report. It is just some of the linkages that I have difficulty with.

**Senator O'BRIEN**—If the culture of the flying operation was not what it should have been, given what happened, I would not have thought it is unreasonable to suggest that that culture contributed to the crash. Is that unreasonable in your view?

**Mr Byron**—It is a possible way of looking at it, but when you come down to it there was a failure on the flight deck on that aircraft which appears to be very much an individual failure.

**Senator O'BRIEN**—Absolutely, there was a failure.

**Mr Byron**—But it was very much—

**Senator O'BRIEN**—There was a failure on the flight deck because there was someone in the right-hand seat who did not have the qualification they should have had. You had a pilot who had apparently followed unsafe practices before in making landings, even at that strip. A flying organisation with a safe culture would not have had that pilot continue to fly.

**Mr Byron**—As long as he had been detected.

**Senator O'BRIEN**—Yes, and the culture would have detected him and the people flying would have been competent to know that he was doing the wrong thing.

**Mr Byron**—Possibly but not necessarily. I have had inspectors complain to me saying, 'I go out there and I sit on the flight deck and they will do everything just the way we want it, but how do I know it's not going to be different when my back is turned?'

**Senator O'BRIEN**—Yes, and that is fair. It could have been an aberrant behaviour but I think the report indicates that it was not. It was the sort of behaviour the pilot had used on other occasions but this time he was unlucky.

**Mr Byron**—Yes.

**Senator O'BRIEN**—Just one other thing: the difference between the press release Senator McLucas referred you to and your statement, which I have not read and I accept it is on your website, should we understand that to mean that you did not review and sign off that press release?

**Mr Byron**—It was a pretty busy day. I only signed off on the transcript of what I said.

**Senator O'BRIEN**—My question was about the press release. Do we understand you to be telling us that you did not review and sign off on the words in that press release?

**Mr Byron**—No. What I instructed was that the words from the transcript were to be used on any releases that went out.

**Senator O'BRIEN**—You did not review and sign off that press release. That is what you are telling us.

**Mr Byron**—On advice from Mr Carmody, it would seem that a pack was given to the media present on the day and included in that was a media release which would have been the one that Senator McLucas presumably is referring to which was different to my statement and, for whatever reason, that was not picked up prior to the—

**Senator O'BRIEN**—So you are telling us that you did not review and sign off on that press release.

**Mr Byron**—I must have at some point, but I will have to accept accountability for the differences in what was circulated to the press and what actually was said.

**Senator O'BRIEN**—So you did sign it off and when you made your statement you said something different?

**Mr Byron**—What I did was took a lot more care and time, because I had the time available to think about exactly what I wanted to say to go on the record. From my point of view, it is what I said at the press conference, which was going to be on the record, which was important, and if there were minor differences in the press release, then ideally the press release should not have gone out until after I had finished talking.

**Senator O'BRIEN**—It sounds as though you are saying that what was in the press release was ill considered?

**Mr Byron**—It was not completely considered, I would say.

**Senator O'BRIEN**—I think we are saying the same thing: 'not completely', 'ill'. You would not have said it by the time you were giving your statement. Is that what you are telling us?

**Mr Byron**—No, because what I said—

**Senator O'BRIEN**—You said something different?

**Mr Byron**—What I said in the statement is what I believe is the correct content, what I wanted to say.

**Senator O'BRIEN**—The transcript of what you said is accurate?

**Mr Byron**—Yes.

**Senator O'BRIEN**—Unlike some politicians, whose transcript is altered before it is put out, compared to what they actually said?

**Mr Byron**—Probably the best explanation would be that, having reviewed the press statement, I believed it needed clarification and I made those clarifications. I took responsibility for that, because I was about to say the words.



**Senator McLUCAS**—When did the minister's office get a copy of the press release?

**Mr Byron**—I cannot be sure of the exact timing. If you need me to check the detail, I can. What I do know is that, after I gave the press conference, I double-checked to make sure that both the department and the minister's office had a copy of the transcript.

**Senator McLUCAS**—Because you realised there was a potential political problem in the press release as it stood?

**Mr Byron**—No, I just wanted them to see what I said.

**Senator McLUCAS**—When did you withdraw the media release?

**Mr Byron**—I did not withdraw it. I made a statement to the media which became the formal record of what I had said.

**Senator McLUCAS**—The press release stands as a document in the public arena. You have not attempted to withdraw that media release?

**Mr Byron**—What I did do was to make sure that the record that was on the CASA website reflected what I had said in the transcript.

**Senator McLUCAS**—When was the minister's office provided a copy of Mr Byron's media release?

**Mr Mrdak**—We will take that on notice.

**Senator McLUCAS**—Thank you. Could I also find out what communication there was between your office, Mr Byron, and the minister's office on the day of 4 April.

**Mr Byron**—I did not speak to the minister's office at all until later in the day.

**Senator McLUCAS**—No, I did not ask you; but I want to know what discussions were had between your office and the office of the minister on that day, either before or after the press conference. You said you spoke to the minister's office later that day.

**Mr Byron**—Yes.

**Senator McLUCAS**—That is one event. Can I find out what other discussions were held on that day, but particularly around the issue of that media release that you are seeming to say does not reflect your view.

**Mr Mrdak**—I think a lot of the communications on that day were probably with the department rather than the minister's office, but I will take that on notice.

**Senator McLUCAS**—Thank you. It might be useful also for us to find out what discussions there were between the department and the minister's office on the day, around the question of the release of this media statement.

**Mr Mrdak**—I will look into that. There would have been a series of discussions, like there is any day between the department and the office.

**Senator McLUCAS**—I understand that. I do not want to know about anything other than the question of the release of the ATSB report. Mr Byron, was Transair on that top 10 list prior to the crash, as we discussed in October estimates last year?

**Mr Byron**—The answer to the question from my point of view is that there was no safety relationship. It was provided as an example or something, but I will have to go back and check and get the actual report. Given that we have a mix-up, because we obviously want to make sure we give you the facts, from my point of view there was nothing in the draft report that was provided which showed a layout of how they would present this that raised any safety concerns with Transair, which I think is the issue. But in terms of the piece of paper that was presented to me at that meeting, I will need to just double-check it and see exactly what it said.

**Senator McLUCAS**—Sorry, what meeting are we talking about now, Mr Byron?

**Mr Byron**—Any reports that I would receive are presented as part of a monthly meeting.

**Senator McLUCAS**—Okay. So this is where you get your top 10 list, of operators that are causing difficulty or you are concerned about?

**Mr Byron**—There was no, at that time, list that came from the part of the organisation conducting oversight that said, ‘CEO, these are the operators that you’ve got to worry about.’ There was not a report like that. There was, to the best of my recollection—and this is why it does not assume a high level of importance in my mind—an attempt to start to develop a reporting format and it was labelled draft no safety issues and all this sort of stuff, and it had a range of operators. Whether or not Transair was on that report that we are talking about, back in early 2004, I just want to double-check.

**Senator McLUCAS**—That is the question I asked you in October of last year. I would not mind an answer to it.

**Mr Byron**—Just to add another point, we did not actually pursue the use of that format of report for ongoing safety reporting in the organisation, because it was not useful.

**Senator McLUCAS**—Yes, that is the format. Do you have other less structured means of identifying those operators that are—

**Mr Byron**—Right now, and for the last 18 months or two years, I get far more detailed reports that provide a list of most of our operators, with a varying amount of entries on how they are performing. There is a lot of information that I receive. That has mainly been possible as a result of our increased surveillance in the industry, so we have settled on a particular structure of how that information is presented to me now.

**CHAIR**—Senator McLucas, are you going to be greatly distressed if you have to come back tomorrow? We are ready to go home.

**Senator McLUCAS**—I am pretty close to finishing but I have a couple more questions. In this document, the ATSB report, there is a chart showing audit dates, audit scope, request for corrective action, observations.

**Mr Byron**—Is that the ATSB report? It does not look like it.

**Mr Mrdak**—I think that is a CASA document provided to the committee.

**Senator McLUCAS**—Is this the CASA document that went to the legislation committee?

**Mr Byron**—That looks like the one that went to the other committee.

**Mr Carmody**—Yes, that is ours.

**Senator McLUCAS**—Yes, the one that I thought I did not have; but I did.

**Mr Byron**—That is the one.

**Senator McLUCAS**—In the audit following, conducted from 16 to 20 August 2004, there is an observation number 9. Can you explain that to me, please? It says:

Scheduled route structures: use of approved routes, areas and airports—unrealistic turn time. Scheduled route time to—

and it is spelt ‘to’—

tight.

**Mr Murray**—I am sorry. Could you just repeat the request for interpretation?

**Senator McLUCAS**—It is observation number 9, that follows the audit of 16 to 20 August 2004. Have you got the document in front of you?

**Mr Murray**—I do not have the document.

**Senator McLUCAS**—I will read it out. It says:

Scheduled route structures: use of approved routes, areas and airports—unrealistic turn time. Scheduled route time to—

spelt ‘to’—

tight.

I think it should be ‘too’.

**Mr Murray**—I can make an educated statement as to my opinion as to what that refers to. The words at the beginning are an element that is audited under our surveillance procedure manual and that element would be airports, routes and so on and so forth. The substance of the comment would be associated within the inspector’s view that the turnaround time—in other words the time scheduled between the landing of the aircraft and the schedule of the next departure—was tight.

**Senator McLUCAS**—And ‘scheduled route time too tight’ sounds to me—

**Mr Murray**—Scheduled route time too tight would be the sector length.

**Senator McLUCAS**—Yes.

**Mr Murray**—I would suggest that the majority of passengers would tend to agree with almost any route time because when we get on an aircraft if we have a taxi booked for the arrival time, very often they are waiting with the meter running. That would be an indication that the scheduled sector time was too tight. In planning RPT services it is not uncommon for operators to schedule things very tightly, and then the real world does tend to intervene with perhaps a late passenger, a slightly late departure, perhaps an arrival which requires a circling approach onto the other runway; all of which adds a little to the practical time that a sector length would take. That would be my interpretation of that. The inspector who made the comments was suggesting that the scheduled times were tight in his or her opinion.

**Senator McLUCAS**—So the time that Transair had allocated for the air time between airport A and airport B was too short?

**Mr Murray**—Yes.

**Senator McLUCAS**—What happened as a result of those observations? What happens next?

**Mr Murray**—I do not have the documentation in front of me. May I ask was it an observation or a request for corrective action? It sounds as though it is an observation.

**Senator McLUCAS**—It is an observation.

**Mr Murray**—If it is an observation, it is just that and it is provided to the operator for their use. There was no regulatory breach associated with it. There was no safety implication associated, but it was along the lines of advice to the operator. We do tend to make a number of observations where there are no regulatory breaches involved, but it is advice to the operator.

**Senator McLUCAS**—But if Transair is saying it takes one hour 15 to get from Bamaga to Lockhart, actually in flying time it is like one hour 20?

**Mr Murray**—No, it would be a situation where the time would be exactly one hour 15 measured on the perfect day in particular weather conditions where everything works exactly as planned. It is just that in terms of reality things very rarely work as planned. But then it is a question of judgment as to how much contingency is built in as an extra factor.

**CHAIR**—How much headwind or whatever?

**Mr Murray**—Exactly. Unforecast headwinds. Perhaps using a runway other than the one that was planned.

**CHAIR**—Senator McLucas, you are on your last question. It had better be a good one. We can come back tomorrow.

**Senator McLUCAS**—No, I am just sick of it. They have stuffed me around.

**CHAIR**—We will have CASA tomorrow.

**Senator McLUCAS**—No, I do not want to ask CASA any more questions.

**Mr Mrdak**—Do you want CASA back in the morning?

**CHAIR**—Yes.

**Mr Mrdak**—As well as Airservices?

**CHAIR**—Yes. Thank you.

**Committee adjourned at 10.55 pm**