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Official Committee Hansard

SENATE

STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS
AND TRANSPORT

ESTIMATES

(Supplementary Budget Estimates)

TUESDAY, 21 OCTOBER 2008

CANBERRA

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**SENATE STANDING COMMITTEE ON
RURAL AND REGIONAL AFFAIRS AND TRANSPORT**

Tuesday, 21 October 2008

Members: Senator Sterle (*Chair*), Senator Milne (*Deputy Chair*), and Senators Heffernan, Hurley, Hutchins, McGauran, O'Brien and Williams

Substitute members: Senator Farrell to replace Senator O'Brien from 15 September to 12 December 2008

Participating members: Senators Abetz, Adams, Arbib, Barnett, Bernardi, Birmingham, Bilyk, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Ellison, Farrell, Feeney, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Humphries, Johnston, Joyce, Kroger, Ludlam, Lundy, Macdonald, Marshall, Mason, McEwen, McLucas, Milne, Minchin, Moore, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Stephens, Troeth, Trood, Wortley and Xenophon

Senators in attendance: Senators Abetz, Adams, Arbib, Bushby, Colbeck, Cormann, Farrell, Fisher, Heffernan, Hogg, Hurley, Hutchins, Ludlam, Macdonald, McGauran, Milne, Minchin, Sterle and Williams

Committee met at 9.01 am

**INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL
GOVERNMENT PORTFOLIO**

In Attendance

Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy

**Department of Infrastructure, Transport, Regional Development and Local Government
Departmental Executive**

Mr Michael Taylor, Secretary

Mr Andrew Tongue, Deputy Secretary

Mr Andrew Wilson, Acting Deputy Secretary

Mr Paul Retter, Acting Deputy Secretary

Corporate Services

Mr David Banham, Chief Operating Officer

Mr Paul Wood, Chief Financial Officer

Infrastructure Australia

Mr Michael Deegan, Infrastructure Coordinator

Infrastructure Investment

Ms Carolyn McNally, Executive Director

Mr Neil Williams, General Manager, Rail

Mr Robert Hogan, General Manager, NSW and Investment Coordination

Mr Darren Crombie, General Manager, Policy and QLD/NT

Mr Jason Maher, General Manager, SA/WA and Local Roads
Mr Ned Rokvic, Acting General Manager VIC/TAS and Strategic Projects
Ms Joan Armitage, General Manager, Infrastructure Working Group Coordination

Office of Transport Security

Mr Andrew Tongue, Deputy Secretary
Mr Paul Retter, Acting Deputy Secretary
Mr George Brennan, Acting Executive Director
Mr James Collett, General Manager, Aviation Security Operations
Mr Stuart Sargent, General Manager, Aviation Security Policy and Legislation Branch
Mr Chris Appleton, General Manager, Analysis and Operational Support
Mr Stewart Dietrich, Acting General Manager, Governance and Operations
Ms Philippa Power, General Manager, Maritime and Surface Security
Ms Cheryl Johnson, General Manager, Supply Chain and Identity Security

Bureau of Infrastructure, Transport and Regional Economics

Mr Phil Potterton, Executive Director
Mr Gary Dolman, General Manager, Regional Research and Transport Statistics Branch
Mr David Mitchell, Acting General Manager, Infrastructure and Transport Research Branch

Infrastructure and Surface Transport Policy

Mr Andrew Wilson, Acting Deputy Secretary
Mr Peter Robertson, Acting Executive Director
Mr Michael Sutton, General Manager, Maritime
Mr Stewart Jones, General Manager, Transport Integration and Reform
Mr Joe Motha, General Manager, Road Safety

Local Government and Regional Development

Mr John Angley, Executive Director
Mr Tony Carmichael, General Manager, Better Regions Branch
Mr Marcus James, General Manager, Regional Policy and Engagement Branch

Aviation and Airports

Mr John Doherty, Executive Director
Mr Mike Ford, General Manager, Aviation Safety
Ms Karen Gosling, General Manager, Airports
Ms Maureen Ellis, General Manager, Aviation Environment

Airservices Australia

Mr Greg Russell, Chief Executive Officer
Mr Richard Dudley, General Manager, Corporate Affairs
Mr Jason Harfield, General Manager, Air Traffic Control
Ms Caroline Fleming, General Manager, People and Change

Civil Aviation Safety Authority

Mr Bruce Byron, Chief Executive Officer
Mr Shane Carmody, Deputy Chief Executive Officer, Strategy and Support
Mr Mick Quinn, Deputy Chief Executive Officer, Operations
Mr Adam Anastasi, Acting Head, Legal Services Group
Ms Betty Edwards, Chief Financial Officer
Mr Gary Harbor, Head, Human Resources

Mr Robert Wight, Acting Group General Manager, Air Transport Operations Group
Mr Greg Vaughan, Group General Manager, General Aviation Operations Group
Mr Peter Boyd, Head, Planning and Governance Office
Mr Greg Hood, Head, Group General Manager, Personnel Licensing, Education and Training Group
Mr Chris Farrelley, Chief Information Officer
Mr Mark Sinclair, Acting Group General Manager, Airworthiness Engineering Group
Dr Ian Hosegood, Principal Medical Officer
Mr Peter Cromarty, General Manager, Airspace and Aerodrome Regulation
Mr Michael Hart, Industry Complaints Commissioner
Mr Paul Trotman, Manager, Corporate Relations

Australian Transport Safety Bureau

Mr Kym Bills, Executive Director
Mr Peter Foley, Director, Surface Safety Investigation
Mr Julian Walsh, Director, Aviation Safety Investigation

Australian Maritime Safety Authority

Mr Graham Peachey, Chief Executive Officer
Mr Gary Prosser, Deputy Chief Executive Officer, Maritime Standards Division
Mr Mick Kinley, Deputy Chief Executive Officer, Maritime Operations Division
Mr John Young, General Manager, Emergency Response Division

National Transport Strategy

Ms Leslie Riggs, Executive Director
Mr John Elliott, General Manager, National Transport Policy

Australian Rail Track Corporation Ltd

Mr David Marchant, Chief Executive Officer

CHAIR (Senator Sterle)—Good morning, all. I declare open this public hearing of the Senate Standing Committee on Rural and Regional Affairs and Transport. Today the committee will commence its examination of supplementary budget estimates with the Department of Infrastructure, Transport, Regional Development and Local Government. As agreed, I propose to call on the estimates in the order shown on the printed program. We will take a break for morning tea at 11 am. Other breaks are listed in the program. The committee has fixed Wednesday, 10 December 2008 as the date for the return of answers to questions on notice.

Under standing order 26, the committee must take all evidence in public session. The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings. The Senate has resolved also that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

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 should 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 now welcome Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, representing the Minister for Infrastructure, Transport, Regional Development and Local Government; Mr Michael Taylor—congratulations again, Mr Taylor—Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government; and officers of the department.

Corporate Services

[9.04 am]

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

Senator Conroy—I do not. Mr Taylor?

Mr Taylor—Chair, with your agreement, I would like to make an opening statement.

CHAIR—Please.

Mr Taylor—Thank you, Chair. This opening statement is designed to make some remarks about the Department of Infrastructure, Transport, Regional Development and Local Government to provide context for today's hearings and to help facilitate the deliberations of the committee.

In organisational matters, since the last hearings the department structure has been bedded down in support of implementing the government's policies and programs. We have also made some senior staff changes, following the transfers of Deputy Secretary Mike Mrdak to the Department of Prime Minister and Cabinet and the transfer of Deputy Secretary Susan Page to the Department of Finance and Deregulation. I am pleased to advise the committee that both of these positions have now been filled, with Ms Lyn O'Connell joining us from the Department of Immigration and Citizenship and Ms Stephanie Foster joining us from the Department of Defence. Those two people will commence with the department in early November.

The department's 2007-2008 annual report is scheduled, as required, to be tabled in the parliament before the end of October. The annual report provides details in respect of performance information published in the 2007-08 portfolio budget statements but under the government's revised outcome output structure, to which the department has been working since March 2008.

I turn to the work of some of the individual divisions, which is quite significant in terms of the deliberations of the committee. On 18 September 2008 the Prime Minister and Minister Albanese announced the establishment of the Australian Council of Local Government in

accordance with the government's election commitment. The inaugural meeting of the council will be held in Parliament House on 18 November 2008.

In regional matters, the government also announced in the May budget the conclusion of the Regional Partnerships and Sustainable Regions programs and, consistent with the conclusion of these programs, the government reduced funding for administration of such programs. Following the budget, the government also offered all local government and not-for-profit organisations with an approved but uncontracted Regional Partnerships project the opportunity to finalise contract negotiations. A significant number of projects have successfully met the conditions of the government offer, and we have been able to finalise contract negotiations with most of these and sign a contract. My colleagues will discuss these in detail later.

Further, in the 2008-09 budget, the government provided funding of some \$170 million-plus for 100-plus committed projects in respect of the Better Regions program. The Better Regions guidelines and administrative arrangements to implement these election commitments were finalised in August 2008 and were published by the department in September. These arrangements were developed to ensure that the implementation of the program is consistent with all relevant requirements of the Financial Management Act and that it reflects the Audit Office's administration of grants best practice guide and the recommendations from the ANAO audit of the Regional Partnerships program.

Advice is being developed for a new regional and local community infrastructure program for consideration in the 2009-10 budget context. Consultations are under way with area consultative committees, state governments and other Australian government agencies. In March 2008 Minister Albanese announced in parliament that a network of 54 area consultative committees would transition to become Regional Development Australia committees, effective from 1 January 2009. This year's budget provided \$17 million-plus for the new network from 2008-2009, and the 54 committees have been consulting with their communities on improving regional engagement and have now provided submissions on the future role of Regional Development Australia to government. Parliamentary Secretary Gray met with the interim board in September 2008 at Parliament House to discuss the consolidated response.

The work of the Office of Northern Australia has progressed, with Parliamentary Secretary Gary Gray conducting consultations with key stakeholders, Queensland, the Northern Territory and Western Australia. Further, the terms and reference and membership for a revitalised Northern Australia Land and Water Taskforce were announced by the parliamentary secretary in late September, with the first meeting scheduled to be in Canberra in November.

In 2007-2008 the Australian Transport Safety Bureau safety investigation reports and recommendations resulted in important safety action being taken by a range of stakeholders. These included significant actions by major airline manufacturers, rail operators, regulators and marine port authorities. In particular, the Australian Transport Safety Bureau focus was given to the improvement of rail level crossing safety following a number of serious accidents between passenger trains and heavy road vehicles. Internationally, the ATSB has provided considerable assistance to Indonesia as part of the Indonesian Transport Safety Assistance

package, including assistance to the high profile aviation investigations in respect of Garuda and Adam Air. The ATSB has also played a leading role in the adoption of the International Maritime Organisation's new code for maritime safety investigations, which is expected to come into effect from 1 January 2010. In all, the bureau is currently progressing some 100-plus aviation investigations but, of course, will continue to focus a significant proportion of its resources on high profile investigations to ensure that any critical safety issues are identified so as to enable relevant safety action to be taken quickly and promptly.

The Office of Transport Security will continue to invest its effort in both domestic and multilateral work, both institutions and relationships with business, to influence the preventive security agendas at regional, domestic and global levels. During 2008-2009, last port of call airport security assessments are being conducted by OTS staff from Australia. In the maritime sector, we are also trialling whole-of-port risk assessments, and the current arrangements for the MSIC card will also be reviewed. In delivering on a range of transport security projects and programs that improve incident response capacity, security capability and deterrence, the department also closely consults with stakeholders about minimising travel disruption while ensuring that effective security arrangements are in place. A communications strategy to improve the travelling public's understanding of willingness to comply with regulated security measures will be implemented and will include the development of a web based information system for travellers.

In relation to aviation, the major area of work has been upon developing the national aviation policy statement foreshadowed by the minister earlier this year. The statement is scheduled to be released as a government white paper in 2009, but prior to that a green paper setting out proposed directions on policy is being finalised for release in the coming period, providing a basis for further comment from industry and the public before final details are settled. There is a high degree of interest in this process, with some 280 submissions being lodged in response to the initial discussion paper.

The department has undertaken a range of bilateral air services negotiations this year which, importantly, led to the signing of a comprehensive open skies agreement with the United States in March 2008 followed by a series of successful and increasingly liberalised arrangements with countries in Africa, Asia and South America. Talks on a comprehensive air services agreement with the European Union are scheduled for November this year. Department representatives have also taken an active role in efforts through the International Civil Aviation Organisation to help develop responses to emissions from international aviation operations, including participation in the high-level group of the International Civil Aviation Organisation which is addressing the issue of emissions.

We have also been very active within the APEC context on these issues, and Australia was instrumental in the establishment of the APEC Aviation Emission Taskforce, which held its first meeting in Auckland in late July. The department has continued to work with other aviation agencies on the development of detailed proposals for government in relation to the wider application of automatic dependent safety broadcast—ADSB—technology for aircraft navigation and surveillance in Australia.

In respect of infrastructure and infrastructure investment, the department has been working actively to implement the government's policy and program funding commitments for

infrastructure, especially in road and rail. In the May 2008 budget, \$3.2 billion was made available for road and rail projects under AusLink for this financial year, including \$560 million for 45 election commitment projects. The department has been working closely with states and territories to drive the commencement of new projects, with approvals now in place for a series of projects, including \$10.7 million-plus for Bridgewater Bridge and \$4.5 million for the Midland Highway, both in Tasmania; \$100 million for the New South Wales Ballina bypass; \$330 million for the new Perth to Bunbury highway; and \$15 million for an inland rail study from Melbourne to Brisbane. A number of other project proposals have been received from states and territories, and they are currently being assessed by the department. So far this year, the AusLink strategic regional program has involved expenditure well in excess of \$16 million.

In respect of the national network, four projects, totalling some \$488 million-plus, have been completed. These include the Port River Expressway in Adelaide, the Leakes Road interchange in Melbourne, the Bonville deviation on the Pacific Highway in New South Wales and the northbound F5 widening from Brooks Road to Camden Valley Way in Sydney. There is a strong momentum in the AusLink program for 2008-2009, with the first quarter's allocated funding already fully expended. The department has continued to implement the Black Spot and Roads to Recovery programs. Funding allocations and relevant projects have been approved under the Black Spot Program for 2008-2009 for all states and territories with the exception of the ACT. Some 292 projects, worth over \$46 million, have been approved this year. The ACT is expected to meet in November to consider its projects for the 2008-09 funding round. In the 2008-09 budget \$75 million was allocated for eight major studies on tackling urban congestion. The department has been working closely with New South Wales, Victoria, Queensland, Western Australia and South Australia in participating in project steering committees and working groups for these studies. In the 2008-09 budget \$70 million was also allocated for a four-year heavy vehicle safety and productivity program.

Senator IAN MACDONALD—Chair?

CHAIR—Yes, Senator Macdonald?

Senator IAN MACDONALD—This is very interesting, but in view of the fact that we had a late start and we have got until 9.30 am to question the first series, I wonder if Mr Taylor might table the written statement, which has a lot of useful information, and perhaps we could just go on to the questions we are interested in, because we do have limited time.

CHAIR—Point taken, Senator Macdonald. It is a very tight timetable today, Mr Taylor.

Mr Taylor—I am sorry.

CHAIR—Have you got much further to go? If it is only one paragraph, continue. Otherwise, could you facilitate the senators' questions?

Mr Taylor—Let me table it but bring it to a close by saying that the department is currently operating within its agreed resources for the financial year. We are actively implementing the efficiency dividends for reductions in areas of discretionary expenditure highlighted at the last estimates hearings, especially in travel consultancies, contractors and legal expenses. I hope the comments that I have delivered and which will be provided will be

of value to senators. We look forward to answering your questions and assisting the committee.

CHAIR—Thank you, Mr Taylor. Straight to questions. Senator Macdonald?

Senator IAN MACDONALD—Thanks, Chair, and thanks for that, Mr Taylor. That is very useful, but because of the time, in a written form it will be a very good overview for us later. Talking about the efficiency dividends—and you say you are dealing with it—just remind me: what is the impact on your budget of the efficiency dividend?

Mr Taylor—I will get the chief financial officer to give the precise details, Senator.

Mr Wood—Senator, the 2007-08 portfolio additional estimates statements disclose the impact of the additional two per cent efficiency dividend. The impact in the 2008-09 financial year is \$4.822 million.

Senator IAN MACDONALD—Obviously the statements show how you are managing that, but in broad terms where is that coming off?

Mr Wood—As we noted at the May estimates, it is being applied to suppliers expenditure. The department has not divulged—

Senator IAN MACDONALD—Suppliers?

Mr Wood—Suppliers expenditure, yes.

Senator IAN MACDONALD—What is suppliers' expenditure?

Mr Wood—Suppliers is a category that we refer to. It includes items such as travel, contractors, consultancies, printing, stationery, et cetera—a lot of the general day-to-day expenses of the department.

Senator IAN MACDONALD—One assumes they were important before, not just wasteful. Are you going to do everything by email so you do not have to use paper?

Mr Wood—The way that the efficiency dividend was applied to divisions was that their baseline budgets, their allocations, were reduced to take into effect the impact of the efficiency dividend. The areas that we looked at were areas of discretionary expenditure. So it excluded areas of nondiscretionary expenditure.

Senator IAN MACDONALD—Okay. At the last estimates you answered Senator Adams on notice by giving some details of part-time staff and non-ongoing staff. What is the difference in the cost to the department between a contract employee and a full-time employee?

Mr Banham—It is difficult to answer that question because we use contractors for a lot of the short-term work where it would not be cost effective for us to bring a staff member on board.

Senator IAN MACDONALD—But is it true to say the cost of contractors far exceeds permanent employees?

Mr Banham—No, it is not.

Senator IAN MACDONALD—In general?

Mr Banham—Not in general, Senator.

Senator IAN MACDONALD—Well, is it true say that contract employees are much cheaper than full-time employees?

Mr Banham—It is about the best use of the contractors. Where we have very short-term work, particularly in some of the technical areas, it is useful to bring in contractors.

Senator IAN MACDONALD—Do you have any plans to alter the mix between full-time and contract employees?

Mr Banham—There are no plans.

Senator IAN MACDONALD—Okay. Others may have a question on that. Can I just quickly go to the arrangements. Mr Taylor, you mentioned the Office of Northern Australia, which now, as you mentioned, has responsibility for the Northern Australia Land and Water Task Force, which was previously within the Department of Environment and Water. From that budget an amount of \$20 million was set aside for ongoing investigation work into land and water issues and scientific research. Who is responsible for that \$20 million now?

Mr Taylor—I think, Senator, it would be best for Mr John Angley, who leads that group, to answer the details of those questions, so that we can actually deal with them in full. I think it is important to say that in the course of this year we have actually started the consultation arrangements for both the Office of Northern Australia and the revised framework around the management of water.

Senator IAN MACDONALD—Yes, I heard you say that. But, in the corporate area, I just want to know: are you now responsible for the \$20 million or is it still with environment?

Mr Wood—There is a large proportion that remains with environment. There was an element of around \$700,000 that was transferred from that portfolio to this portfolio for the commencement of this financial year. We also have a budget of \$2 million for the establishment of the Office of Northern Australia.

Senator IAN MACDONALD—So is it true that the Northern Australia Land and Water Task Force now reports to your department?

Mr Wood—That question is probably best posed to Local Government and Regional Development.

Senator IAN MACDONALD—Mr Taylor, you must know whether you or environment are responsible for this significant appointment, which the parliamentary secretary has announced with such gusto.

Mr Taylor—We clearly take the responsibility for the way it will unfold.

Senator IAN MACDONALD—Okay.

Mr Taylor—It is just in the process of actually coming to fruition.

Senator IAN MACDONALD—Well, yes. So they report to the parliamentary secretary through you, Mr Taylor?

Mr Taylor—No, they report to the parliamentary secretary. We provide support to the parliamentary secretary.

Senator IAN MACDONALD—Okay. And the Office of Northern Australia will report to the parliamentary secretary through you?

Mr Taylor—Yes.

Senator IAN MACDONALD—But most of the money being used to support that comes from the department of the environment and whatever it is called these days.

Mr Taylor—At this stage, the Office of Northern Australia has initial budget funding for this financial year of \$2 million and, of course, what we are undertaking is a wide range of consultation as to how the form of that office might best operate.

Senator IAN MACDONALD—Well, hang on, we have been going almost a year now and we still do not know how it is going to operate?

Mr Taylor—No, the budget funding actually came into being from 1 July.

Senator IAN MACDONALD—Well, Minister, this Office of Northern Australia has been in play for almost a year now and we still do not know how it is operating?

Mr Taylor—No, there have been wide-ranging—

Senator IAN MACDONALD—Is that what you intended in—

Senator Conroy—That is a complete verballing of the evidence you have received, Senator Macdonald.

Senator IAN MACDONALD—Well, they are still working out how it is going to operate, Minister.

Senator Conroy—I think Mr Taylor has answered your questions as fully as is possible.

Senator IAN MACDONALD—Well, yes, but I am asking you now, Minister: is that what you had intended when you made this promise before the election—that it would be 12 months of inactivity before you got round to doing something about it?

Senator Conroy—I think that is a rhetorical flourish, Senator Macdonald, rather than a question.

Senator IAN MACDONALD—No, it is a serious question.

Senator Conroy—Well, I do not—

Senator IAN MACDONALD—You, Minister, do not understand the north, as we were saying before. It is very important to those of us in the north.

Senator Conroy—I do not accept the premise of your question.

Senator IAN MACDONALD—Well, the secretary just said they are having consultations on how the office will work.

Senator Conroy—You described—

Senator IAN MACDONALD—It is a matter of mathematics—

Senator WILLIAMS—A point of order.

Senator Conroy—Your question was making—

CHAIR—Sorry. A point of order, Senator Williams?

Senator WILLIAMS—Mr Macdonald is speaking. I am having trouble trying to listen to Mr Macdonald while the minister is interrupting.

Senator Conroy—On the point of order, in actual fact, I was in the middle of an answer when Senator Macdonald actually started interrupting and saying he did not like my answer.

Senator IAN MACDONALD—I did not say that at all.

Senator Conroy—I was in the middle of an answer before Senator Macdonald interjected.

CHAIR—There is no point of order. Minister, you were answering.

Senator Conroy—I was trying to answer a question. The basis of your question was an allegation of inactivity. I think Mr Taylor has quite clearly detailed the activity and the consultations that are taking place, and I do not accept the premise for your definition of inactivity in your assertion.

Senator IAN MACDONALD—Okay.

CHAIR—Five minutes.

Senator IAN MACDONALD—I will pursue this later at the appropriate time. I am conscious of the time, and others may wish to ask questions.

CHAIR—Thank you, Senator Macdonald. Are there any other questions for the minister? Senator Williams?

Senator WILLIAMS—Minister, is the government going to index the allocation of \$350 million per annum from 2009 to 2014 for the Roads to Recovery program each year by the CPI?

Mr Taylor—I think, appropriately, Senator, decisions about future budget commitments will be made in the course of the deliberations for future budgets.

Senator WILLIAMS—But it has been announced out to 2014; is that correct?

Mr Taylor—Forward estimates come out in each budget, and I would expect forward estimates will come out also in the budget that is brought down in May 2009.

Senator WILLIAMS—I am new to this Senate job, Mr Taylor. Do you handle the FAGs as well as the Roads to Recovery and the AusLink programs?

Mr Taylor—Certainly my department is responsible for the administration of the FAGs program in respect to local government, yes.

Senator WILLIAMS—Is there any indication as yet whether those FAGs are going to be increased on last year's?

Mr Taylor—I think all budget decisions, as I have just indicated, subject to budget deliberations leading up to the 2009 budget, will be announced at that time by the Treasurer.

Senator WILLIAMS—That is all, Chair.

CHAIR—Thanks, Senator Williams. Senator McGauran?

Senator McGAURAN—In your opening statement you mentioned the annual report. When do you expect that to be tabled?

Mr Taylor—The annual report is required to be tabled by 31 October, and that is when we expect that it will be tabled.

Senator McGAURAN—On 31 October?

Mr Taylor—On or thereabouts, depending on how it comes forward.

Senator McGAURAN—What state is it at now? Has it gone to print? Is it printed?

Mr Taylor—Let me ask my colleague—

Mr Banham—It has gone to the printers.

Senator McGAURAN—It is at the printers?

Mr Banham—It is at the printers as of today.

Senator McGAURAN—As of today. Well, yesterday in the agricultural section it was quite clear and very convenient that the ministers are holding up these annual reports to get over the estimates committees, and we have a similar case here, I would assert. Now, it is at the printers today. How very convenient that it is not ready for these estimates at all, and this is a pattern that is going through every single ministry at the moment.

Senator Conroy—Perhaps if I could assist, Senator McGauran.

Senator McGAURAN—The agricultural annual report will be tabled this week. It will probably be Wednesday or Thursday. Conveniently, the estimates hearing was yesterday. There is a pattern here.

Senator Conroy—Perhaps if I can assist, Senator McGauran, Senator Minchin and I had a discussion about this very issue yesterday in our estimates, and I think a legitimate issue is being raised. I think the timing of estimates traditionally has always followed the tabling of the reports because the purpose of those estimates is to examine those reports. I think it is a fair and reasonable point that you raise. I undertook with Senator Minchin yesterday to raise it with my colleagues to ensure that either estimates follow the tabling of the annual reports or perhaps there needs to be a change to the date of the tabling of the annual reports so that they are able to be in sequence. Unfortunately, they have got out of sequence fractionally in this sitting, but I have undertaken to raise this matter with my colleagues in both the Senate and the House of Representatives to try to ensure that it does not happen again. But I think, quite seriously, it is a quite genuine point that is raised. The purpose of estimates is to examine these annual reports, which is frustrated if estimates is prior to the tabling.

Senator McGAURAN—I find your cooperation disarming. The other question is on answering questions on notice.

CHAIR—One minute, Senator McGauran.

Senator McGAURAN—I would like to tick you off in regard to answering of questions. I put a very serious series of questions in regard to Labor's dead stump at Barcaldine. I got some answers and others just dropped out, such as the state of the tree at the moment. Remember, I held up a picture of it being pulled out of the ground? One of the questions was: is it still there? So could you go back and look at the actual questions that I asked in relation to the dead stump and attend to it, please?

Senator Conroy—I am happy, if there has not been an answer provided, to raise that with the minister's office. If you have received an answer, you may or may not like the answer, and that is unfortunately the nature of questions and answers, but if you have not received an answer to questions, I am happy to take that up on your behalf.

CHAIR—Thank you, Minister. It being 9.30 am, we thank officers from Corporate Services and now call Infrastructure Australia.

[9.30 am]

Infrastructure Australia

CHAIR—I welcome officers from Infrastructure Australia. Senator Minchin?

Senator MINCHIN—Thank you for appearing and congratulations, Mr Deegan, on your appointment as infrastructure coordinator; I think that is your title.

Mr Deegan—Thank you, Senator.

Senator MINCHIN—Could you indicate to this committee your current staffing in Infrastructure Australia?

Mr Deegan—There are currently eight permanent staff, five non-ongoing support staff, 15 secondees from Commonwealth, state and territory governments and three contractors, a total of 31.

Senator MINCHIN—Is that the level of establishment that will be ongoing or are you planning to achieve a higher level of staffing beyond this at your optimal peak?

Mr Deegan—There are another four positions to be filled. That will happen shortly.

Senator MINCHIN—They will take the permanent staff—

Mr Deegan—Permanent staff.

Senator MINCHIN—from eight to 12?

Mr Deegan—That is right.

Senator MINCHIN—You are responsible for the salaries of the secondees, but they remain on the books of various state and local governments, do they?

Mr Deegan—In principle. There are different arrangements for a couple of the states.

Senator MINCHIN—Was it always envisaged that nearly half your staff would be secondees from other governments?

Mr Deegan—That was the proposal from the government.

Senator MINCHIN—I am getting this a bit late, but just while we are talking about staff, given that your role is essentially to assess infrastructure priorities, and knowing full well the competing issues from various states, what sorts of disciplines are you putting in place within your operation to ensure that half of your staff, who are essentially seconded from and will return to, presumably, state and local government, apply the sorts of disciplines that you need which require them to completely divorce themselves from the state from which they derive and to pay no attention to the claims of the states that they ultimately are answerable to?

Mr Deegan—I think we are blessed with the cream of Australia's public service in this process. Each of the states and territories has provided us their very best people, all of whom are of outstanding integrity and have signed, or are in the process of signing, non-disclosure statements in any event. We have a process to ensure that the objectivity required in this process is secure.

Senator MINCHIN—I accept their integrity, and I have a high regard for the public service, but I am concerned by the extent to which they will be placed in very difficult positions. So the only thing required of them in a formal sense is a non-disclosure statement?

Mr Deegan—They are not assessing their own state's submissions, either, so there is a process that we have in place—

Senator MINCHIN—Right.

Mr Deegan—to make sure that they are using their skills in a proper function.

Senator MINCHIN—So someone from Victoria will not play any role in the assessment of any project submitted by, what, the Victorian government or any project from Victoria?

Mr Deegan—Certainly any project from the Victorian government, depending on the nature of the submissions that we receive. We will use those skills appropriately, but, of course, we have those checks and balances in place internally.

Senator MINCHIN—Are you saying that you are still considering the question of whether, let us say, a Victorian state government official would or would not have any role in relation to projects submitted by Victorians other than from the Victorian government—let us say, local government or the private sector in Victoria? It is still possible they may have a role in assessing Victorian projects not submitted by the Victorian government?

Mr Deegan—There is a range a submissions of national significance that cross borders, some of which may include parts of Victoria, so it would be appropriate to have people from different jurisdictions in that assessment. They will not specifically be looking at proposals just from their home state. In fact, it will be more those that might cross the border that they will be dealing with. We are developing a matrix for assessing this, and the staff are allocated accordingly. They are all very sensitive to the question of not applying the appropriate objectivity, and I think we have that in place to manage.

Senator MINCHIN—So, just to clarify, you are therefore saying that in relation to any project that is wholly within the bounds of the state and does not cross state borders any officer from a state or local government from that state will have no role in assessing bids of that kind?

Mr Deegan—Not in the final process, no.

Senator MINCHIN—I accept the fundamental integrity, but, knowing full well the jealousies and competitive nature of state bids for infrastructure in this country, I would urge you to ensure this really has very much the appearance and reality of integrity, because I think otherwise there will be a lot of conjecture about the outcomes.

Mr Deegan—I appreciate that advice, Senator. I think some of the states are concerned that some of their officers who are working with us are incredibly objective and, indeed, giving their own states some tickle up about the process.

Senator MINCHIN—Yes. I am pleased to hear that.

Mr Deegan—I am very confident that we will have an objective appraisal.

Senator MINCHIN—Where are you located?

Mr Deegan—In Sydney.

Senator MINCHIN—Has that caused angst from other states?

Mr Deegan—No. I think it has saved a lot of time in travel, to be honest. It is easier to get to Sydney than Canberra, particularly from Glen Innes.

Senator MINCHIN—I know the location of these things can cause great conjecture as well, but you are satisfied that there is consensus support around Australia from state, local and private sector infrastructure stakeholders that Sydney is the appropriate place for you to be—

Mr Deegan—Yes.

Senator MINCHIN—as opposed to, say, Canberra?

Mr Deegan—Yes.

Senator MINCHIN—Okay. Your budget, as I understand it, is ongoing at about \$6.5 million a year. Is that correct?

Mr Deegan—I will just pull my piece of paper out. This year's budget is \$7.5 million.

Senator MINCHIN—It is 7.5 million?

Mr Deegan—That is the full-year budget.

Senator MINCHIN—Why does Budget Paper No. 2, page 266, under the heading 'Infrastructure Australia', refer to \$20 million over four years, half a million in 2007-08 and then \$6.5 million each year for the next three financial years?

Mr Deegan—This year's full-year budget includes the Major Cities Unit as well.

Senator MINCHIN—Oh, okay.

Mr Deegan—There is \$1 million in that.

Senator MINCHIN—That is \$1 million, is it?

Mr Deegan—Yes.

Senator MINCHIN—Right.

Mr Deegan—Yes, it is 6.5, plus the million.

Senator MINCHIN—Yes, okay. Senator Macdonald raised the issue of the additional efficiency dividend earlier. What impact does that have on your budget? Presumably it is applied to your total of \$7.5 million?

Mr Deegan—I think I have the joy of being quarantined from that process, Senator.

Senator MINCHIN—But you have someone here who can—

Mr Deegan—No, I understand—

Senator MINCHIN—Oh, you have been quarantined?

Mr Deegan—Yes.

Senator MINCHIN—Oh, I am delighted to hear that—

Mr Deegan—So am I.

Senator MINCHIN—because I know from my experience these efficiency dividends have, frankly, a very bad effect on small agencies. I was always an opponent of these blanket efficiency dividends, because they are much easier for large departments to handle than small agencies. So I am pleased that your agency has been quarantined. Is that for the life of the additional efficiency dividend, which I think was—

Mr Deegan—That is my understanding, yes.

Senator MINCHIN—over the forward estimates? So at least for the forward estimates?

Mr Deegan—Yes.

Senator MINCHIN—You are subject to the normal efficiency dividend but not the additional efficiency dividend? Is that correct?

Mr Tongue—IA will be subject to the normal efficiency dividend process plus, like the rest of us, any other decisions that the government takes in its budget-making process over forward years.

Senator MINCHIN—Yes, but not the additional efficiency dividends?

Mr Tongue—Not the additional, no.

Senator MINCHIN—Okay. Thanks. Mr Deegan, I want to ask you about your current work profile. The government announced, I think in August, a process for public submissions which closed on 15 October. Could you provide us with a report on that process: how many submissions you have received and the value, the nature and the quality of them? I note that you did make a speech on this matter and made some interesting remarks. I would be happy for you to develop before this committee the nature of those submissions and then also what happens from here with all those submissions.

Mr Deegan—The submissions did formally close on 15 October. We are still receiving more submissions. Later this week I will have the total number. We are assessing those.

Senator MINCHIN—Sorry, you will accept submissions beyond the closing date?

Mr Deegan—There are a number of people who had organised because of particular issues for another couple of days' grace but we are working within a very tight time frame to try to deal with those. Those submissions are being considered currently, and I do not have an up to date figure on that because we are still trying to process them. There were well over 600 formal submissions made and we are currently working through those documents. Some are half a page; some are the required 15 pages with many attachments. So each of those is being considered for—

Senator MINCHIN—Have you categorised them at this stage in any way?

Mr Deegan—We will do. We have not done that yet.

Senator MINCHIN—What categorisation will occur?

Mr Deegan—It will depend on the source, state, type, and sector they are seeking support in and giving proposals in. Some of them are more general. Quite a lot of the submissions are about climate change issues; there are a lot of issues about public transport and congestion; issues to do with transmission grids, as you would expect; generating power; alternative energy supplies—a whole gamut of different ideas and suggestions.

Senator MINCHIN—Are the submissions themselves to be made public?

Mr Deegan—Those that are declared to be made public will be made public.

Senator MINCHIN—What do you mean?

Mr Deegan—People have the option of whether they want to have their submission made public. Of those that have ticked that box, those submissions will be made public. That is the vast majority of them.

Senator MINCHIN—They are happy for their submission to be made public?

Mr Deegan—Yes.

Senator MINCHIN—When would that occur?

Mr Deegan—As soon as I physically can do it. A lot of the paper files will need to be converted into an electronic form.

Senator MINCHIN—Do you have an estimate of the total value of the submissions received?

Mr Deegan—Not at this stage.

Senator MINCHIN—What is the origin of this \$235 billion figure?

Mr Deegan—They were the first round submissions from the states and territories; their submissions amounted to that. The public submissions are much broader and include the private sector, community and a whole range of local government.

Senator MINCHIN—Just to get this clear, there was the initial phase of the states putting in their wish lists, if I may call them wish lists.

Mr Deegan—Their assessments of their infrastructure requirements.

Senator MINCHIN—Yes, of course. They amounted to \$235 billion. Then on top of that there are an additional 600 submissions from local government, the private sector and individuals?

Mr Deegan—And general national associations and others, yes, some of which will cross over. Some of them are common.

Senator MINCHIN—Are you proposing, when you release these submissions, to indicate the nominated value or estimated value?

Mr Deegan—We propose an overview of the submissions to be included in our report.

Senator MINCHIN—That would be not your assessment of their costs but the proponent's indication?

Mr Deegan—Where they have nominated a suggestion of the cost.

Senator MINCHIN—Yes.

Mr Deegan—Many of the submissions are simply process or different ideas and proposals.

Senator MINCHIN—Your next stage is, what, a full evaluation?

Mr Deegan—It is a full evaluation.

Senator MINCHIN—Of every single one of these?

Mr Deegan—State and territory submissions close at the end of October. We have been working very closely with them on a lot more detail on their particular proposals. Each submission will be given the attention it requires.

Senator MINCHIN—Can we just deal with the states; sorry, I did not realise that they have until the end of October.

Mr Deegan—They are doing a considerable amount of work on the detail of their particular proposals and we have had, I think, two rounds with them already. The third one closes at the end of October. With over 600 public submissions, there is a lot of work in dealing with those, so we are managing that time frame so that we can meet our deadlines.

Senator MINCHIN—But it remains possible that this \$235 billion bid could be augmented by additional information or bids by the end of October?

Mr Deegan—We are going into a lot of detail of the current processes. There are two new premiers. I have written to both the Premier for Western Australia and the new Premier in New South Wales, asking if they are comfortable with the priorities allocated by their predecessors. Certainly, there are indications that the Western Australian priorities may change and we will have further advice from New South Wales later this week. No doubt there will be some changes or potential changes here in the ACT.

Senator MINCHIN—Did your public remarks about the quality of submissions reported in the *Australian* on 10 October relate to the state submissions?

Mr Deegan—Yes they did.

Senator MINCHIN—Would you like to just spell out the quality of those submissions and what sort of additional work you are requiring from the states to flesh those out?

Mr Deegan—As part of our call for the submissions more generally we released a document which is available on the website and which I can table. You may have seen it. It is headed *Infrastructure Australia's audit framework* and has seven parts to it. We have asked for state and territory and, indeed, public submissions to be produced in a format similar to this. It identifies what they are seeking to achieve, what the problems that they have identified are, how they might assess those problems and alternative strategies for dealing with it, how they would analyse the depth of that problem, generation of a number of options for dealing with those problems, proposals for a range of solutions and how they would propose to prioritise those solutions within that problem assessment. We have asked that that piece of

work be done to facilitate a better outcome in our prioritisation process. I am pleased that a number of the public submissions have followed this framework and are excellent pieces of work in their own right.

Senator MINCHIN—Just to remind us, this is all to do with enabling you to do your primary task, which is to establish some sort of national list of priorities for infrastructure projects?

Mr Deegan—Yes.

Senator MINCHIN—The government announced that it had commanded you to bring forward, I think by three months, an interim report. Is that correct?

Mr Deegan—I think they asked us rather than commanded us.

Senator MINCHIN—Asked. Have you agreed to their request?

Mr Deegan—We had worked, or certainly I had worked, on the basis that to get any proposals, certainly on an interim basis, considered and if necessary taken further in the budget round that we would need to complete the vast majority of our work in this area by December. So we are working within that time frame reasonably comfortably, but there are some long hours going in.

Senator MINCHIN—What will constitute an interim report as opposed to a final report and when will the final report appear?

Mr Deegan—There are three parts to the report. Clearly there is considerable interest in the priority list. We are also providing a report which will come in March on regulatory and policy impediments to the sorts of outcomes that the country is seeking, and a further report and update on the public-private sector partnerships that we have been asked to provide advice to the government on. The first part of the report is general round one of what we see as priorities within that framework, and then subsequently that report will be filled out and a more detailed consideration of the policy and regulatory framework and the PPPs.

Senator MINCHIN—The government has said it wants an interim priority list, which suggests there is a more fulsome priority list to come. Is that correct?

Mr Deegan—Certainly in our minds we are looking at five bands of projects within a national prioritisation framework. The first band would be those that are more likely to be ready to start sooner rather than later. In the current global position the government has asked us to consider that interim list on that basis.

Senator MINCHIN—The assessment you are currently undertaking is, as I understand it, against the five criteria announced by the government on 7 October, is that correct?

Mr Deegan—It is within the criteria that is right. We have detailed the framework, which we have put up on the website. Subsequently we have provided information, again up on the website, on the detail for the states and territories to include in their reports.

Senator MINCHIN—This is the list that refers to productivity and national competitiveness?

Mr Deegan—That is right.

Senator MINCHIN—Have you detailed how you are going to assess projects against these rather broad criteria?

Mr Deegan—That is right.

Senator MINCHIN—Because I have to say, on the face of it, only two directly relate to the economy: lifting national productivity and strengthening Australia's international competitiveness. The other three—develop our cities and regions, reduce greenhouse gas emissions and improve the quality of life of Australians—frankly are not economic criteria in any way shape or form. I admire the references to rigorous cost benefit analysis of projects, but could you please explain to this committee how you will provide such rigorous cost benefit analysis with respect to criteria like 'develop our cities and regions', 'reduce greenhouse gases' and 'improve the quality of life of Australians'? Is that possible?

Mr Deegan—The papers that we have put up on our website, which is an outline of Infrastructure Australia's prioritisation methodology, go through the sorts of issues that we are looking at with a clear focus on the economic productivity of the country, dealing with: a range of impediments to the efficient utilisation of national infrastructure networks, options and reforms—including regulatory reforms—to make the utilisation of national infrastructure networks more efficient, the needs of users of infrastructure, and the mechanisms for financing investment in infrastructure. So in that broader process there are a whole range of issues that we have been asked to look at. Developing our cities is clearly part of a national productivity agenda; 98 per cent of the population live in those areas and are key drivers of our economy. We are minded, of course, to look at productivity issues affecting our cities as we will do with export ports, regional Australia, import ports and the like.

Senator MINCHIN—How do you do a cost-benefit analysis of alleged improvements in the quality of life of Australians?

Mr Deegan—Where they can be monetised, where they can be given a dollar value against the sorts of issues—for example, road safety. We spend \$17 billion a year as a nation on the impact of people involved in either serious injury or death on our roads. So you can monetise the benefit of a road safety investment on what may come out as a quality of life measure by reducing the incidence of death and injury on our roads. There is potentially a significant saving for the national productivity.

Senator MINCHIN—Is there some sort of standard international or agreed priority listing of quality of life issues against which you can measure projects?

Mr Deegan—We have done an assessment of international approaches in this area and we have also looked at work that has been done in the UK in particular on monetising these sorts of impacts. I can provide references to those various pieces of work.

Senator MINCHIN—And when you publish your priority list, will you be publishing the full evaluation of each of these projects against those criteria?

Mr Deegan—We will provide that advice to government in that form, Senator.

Senator MINCHIN—What do you understand will be made available to the public of any of this evaluation?

Mr Deegan—That is a matter for government.

Senator MINCHIN—So at this stage you cannot tell us? You do not know or you are not at liberty to tell us what will be made public?

Mr Deegan—Infrastructure Australia is set up as an advisory body to government. Clearly in that process government will make the decision about those assessments. They may have a different view of the assessments. The department of finance and others will take a view of how we have undertaken those assessments and the government will then consider what they would see as appropriate to be made public.

Senator MINCHIN—So you are not able to tell us because you simply do not know what of any of this will be made public?

Mr Deegan—At this stage we will provide the report to government, Senator.

Senator MINCHIN—Could you just indicate to us the actual status of the priority list? As I understand it, your agency's assessment of priorities is against these criteria?

Mr Deegan—Yes.

Senator MINCHIN—It has no other status than that?

Mr Deegan—Other than that we have 12 of Australia's leading public and private sector individuals involved in this who have taken their task very seriously and are seeking, on the criteria that has been established by government in the legislation, to work to improve the country's productivity. We would expect that that report would have considerable standing on that basis.

Senator MINCHIN—But, as you well know, most infrastructure is carried out in this country by state governments and the private sector. They have their own priorities. They may have submitted their projects to you just to have the status of having them listed but they will just proceed with their projects regardless. If you say, 'Your project is number 10 on the list,' the Queensland government is hardly likely to say, 'Oh well, we'll just wait around while the other nine get done.'

Mr Deegan—That is the beauty of the federation, Senator. There is also a view amongst the Infrastructure Australia council members that not only should they do an assessment of the proposals coming from the private sector, state and local government, but also an overview of what they see as being in the national interest. There are a range of submissions from a range of groups which propose a different structure of infrastructure. There are different proposals. Some deal, for example, with train radio communications as a national initiative that would apply to all state and territory rail systems where they are operating. There are a number of proposals of a national basis that are being given to us. The ports of Australia are providing a submission which deals with how they think the ports of the country at a national level should be considered and properly dealt with. The Australian Rail Track Corporation have a submission on freight rail and its impacts both across the country and then particularly in and out of cities. There is a whole host of different mixes. It is not just simply assessing whether the state's priorities one to 10 should be supported, endorsed or, more particularly, funded by the Commonwealth but dealing with that national approach to how we might improve the country's productivity.

CHAIR—On that, Senator Minchin, I may flip to other senators and come back to you if there is time.

Senator MINCHIN—Just give me a few minutes because I want to try to relate this, if I can, to this issue of the government's funding. You have got the priority list which is just an objective assessment of which projects meet national priorities. How does that fit into the assessment, which I gather you are also required to provide, of what projects should be funded out of the Building Australia Fund? Are they simultaneous processes? I must say I am confused as to how just this objective assessment of all these projects from a priority list point of view is concerned on the one hand, as against assessing these projects for funding from the Building Australia Fund.

Mr Deegan—Sure. The Infrastructure Australia council will provide advice to government on what they see as the national priorities for the country. Government will take that into consideration. The minister for finance is responsible for the Building Australia Fund.

Senator MINCHIN—But your agency will, through its board, provide advice to government. Having established this list of priorities, presumably all of them are asking for Commonwealth government funding?

Mr Deegan—Many are but some others are looking for assistance in some other areas, regulatory approval processes.

Senator MINCHIN—Having established that priority list, you then provide separately advice on which of those projects you believe should receive funding from the Commonwealth?

Mr Deegan—That are worthy of further consideration by the Commonwealth, yes.

Senator LUDLAM—I recognise it is probably too early for you to disclose too much detail about the actual projects that you are short listing, but can you give us a sense of the criteria for selection, the way that you are drafting up the interim list at least, and the assumptions that underpin that selection? And, maybe just give us a bit of an overview. I understand the cost-benefit analysis model is fairly central in how you are doing the prioritising.

Mr Deegan—Again, if I can refer to appendix C, 'Summary of initiative profiling', of the document, *Infrastructure Australia's prioritisation methodology*, which is on our website. Can I just show senators and then table it. It details our overview of how we intend to profile these various initiatives. Indeed, Senator Minchin has outlined the sorts of issues that are in there, including obviously a big focus on Australia's productive capacity, how to increase Australia's productivity, diversifying Australia's economic capabilities, building on Australia's global competitive advantages, developing our cities and/or regions, reducing greenhouse emissions, improving social equity and quality of life in our cities and our regions and the linkages that operate between those.

Senator LUDLAM—When you talk about productivity is that just an assumption of labour productivity or is that energy and water productivity as well?

Mr Deegan—The full gamut of productivity benefits that we might accrue.

Senator LUDLAM—Obviously the model itself is going to be very sensitive to the inputs that you give it particularly the way in which you have chosen to monetise certain variables. Can you tell us what kind of carbon price assumptions you have built into the model particularly, I suppose, with reference to transport infrastructure? The kinds of answers that fall out of the model will be highly sensitive to carbon price assumptions that you are putting in.

Mr Deegan—We are still developing that.

Senator LUDLAM—Can you give us a bit of a sense of how you are planning on doing that?

Mr Deegan—We are still developing the process.

Senator MINCHIN—Have you not got to do that by your December deadline?

Mr Deegan—Yes.

Senator MINCHIN—Which is—

Mr Deegan—It is two months away.

Senator LUDLAM—We will do these two together because I suppose they are related: how are you incorporating oil price assumptions on the same basis? You are going to get very different answers out of your model, depending on your oil price inputs.

Mr Deegan—Again, we are still developing that.

Senator LUDLAM—That is a fairly crucial part of whether this thing is going to work or whether it is—

Mr Deegan—We are working closely with Department of Climate Change, the Garnaut committee, the Garnaut review and others on those issues.

Senator LUDLAM—Whose advice are you taking in terms of the oil price assumptions, for example?

Mr Deegan—We are considering that.

Senator LUDLAM—Sorry, I cannot hear the witness.

CHAIR—Sorry, can we have a bit of order! We are not going to go down that path again, Senator McGauran, after our sort-out last night. Senator Ludlum?

Senator LUDLAM—Sorry, Mr Deegan, I did not hear your last answer.

Mr Deegan—We are still developing that, Senator.

Senator LUDLAM—Can you give us anything at all? This is weeks away from having a draft priority list.

Mr Deegan—Not at this stage.

Senator LUDLAM—Is that concerning to you?

Mr Deegan—We are working on the criteria to develop this priority list; we are working that through.

Senator LUDLAM—Can you just tell us as a yes or a no answer?

Mr Deegan—Excuse me, Mr Chairman, I am doing my best to answer the questions. If Senator McGauran has a particular question, I would be happy to engage.

CHAIR—Yes. Thank you, Mr Deegan. Senator McGauran, I have asked you—

Senator McGAURAN—Well, Mr Deegan ought to engage with—

CHAIR—Order, Senator McGauran! Senator McGauran, Mr Deegan is answering questions from members of the committee—

Senator McGAURAN—He has sought to engage with me.

CHAIR—and your continual interruptions are putting everyone off. I would ask you to hold your tongue and you will get the call when you put your hand up.

Senator McGAURAN—You heard my question, Mr Deegan, see if you can answer it.

CHAIR—Senator McGauran! Senator Ludlum?

Senator LUDLAM—Thank you, Chair. I would just like an answer as to whether carbon price assumptions and oil price assumptions will be built into the draft infrastructure model?

Mr Deegan—We are developing that process.

Senator LUDLAM—I am still not sure if that was a yes. You will have—

Mr Deegan—We are developing that. We need to consider that.

Senator LUDLAM—It will be considered?

CHAIR—Senator Milne? Senator McGauran!

Senator MILNE—What I clearly want to understand, though, is you have to have a list out by December; you are going to match that list against the assumptions of criteria assessment, one of which is climate change, and we are relating that to oil price. It is now the end of October; we have got a matter of weeks. Can you confirm that when you bring out the first list it will have been assessed against the climate and oil price assumptions, given that you are saying that at this stage you are still working on how to do that? We would like an answer as to whether the first list will be assessed against those criteria or whether it will not be. It is only a matter of weeks and you must be able to give us an answer as to whether it will or will not be assessed against those criteria for the first list.

Mr Deegan—It is one of the criteria against which we are assessing these submissions.

Senator LUDLAM—Oil prices are not directly actually referenced as a criteria. Are they being built into the model?

Mr Deegan—We are asked to assess against greenhouse emissions. Clearly there is an internal discussion about how we best manage that and we have not come to a conclusion as yet but of course that is only a short while away.

Senator LUDLAM—Going to the question of oil prices, which is not one of your five criteria, I suppose with transport infrastructure it would be very difficult to do it without estimations of future oil prices?

Mr Deegan—A number of submissions go to that issue in particular and we are considering those. Remember, a number of the public submissions that go to that issue we received last Wednesday.

Senator LUDLAM—Presumably you are not going to wait until the submissions are in before you start?

Mr Deegan—No, we have been dealing with a range of other organisations as well in that process. We have not finalised how we will process that.

Senator LUDLAM—Will you be publishing the model and the assumptions that you have, your inputs if you will, in the cost benefit analysis?

Mr Deegan—We will provide that advice, as indicated to Senator Minchin, to government.

Senator LUDLAM—Then it will be up to government to release that or not?

Mr Deegan—Yes.

Senator LUDLAM—Can you tell us how you are incorporating the non-monetary impacts of climate change, for example, inundation of coastal infrastructure? Are you doing those sorts of analyses as you are going?

Mr Deegan—What we have sought to do in the time frame that we have, in dealing with the wider economic benefits, is to monetise wherever possible the impact of the sorts of changes where we can. In some areas it is more difficult to deal with how you assess those particular criteria. We are managing what we believe is sensible to monetise and using that as part of the cost benefit analysis. The wider economic benefit work has been pioneered in the UK; it has had some success there. We believe from our overview of what is happening internationally that it is sensible to deal with the wider economic benefit to the extent that we can monetise it.

Senator LUDLAM—You have gone to the trouble of inviting public comment for your input. It is going to be very difficult for the public, or even for other senators, to assess what has happened to that because from an outsider's perspective it looks as though this material is going into a black box. We are not even sure whether your outcomes will ever be made public or whether it will just be cabinet-in-confidence material. What role is there for the public from here on in assessing, evaluating and critiquing the material that you will produce in your draft short list?

Mr Deegan—I think that the process we have adopted to date from Infrastructure Australia has been open and transparent. I am not sure of too many other agencies that have produced the sorts of detail that we have provided for people to consider. All of the material that I have here today is available on our website. We have been open and transparent in that process. The advice to government, as we are an advisory board, is then to go to government and it is a decision of government as to what they publish from there. But I think that we have indicated to all those making public submissions that we have taken their submissions very seriously. While there is an amalgam of that advice and providing advice from Infrastructure Australia to government—and necessarily they will take a view of which ways they want to push—the process has meant that the public has had a great deal of engagement in this process.

Senator LUDLAM—Engagement is one thing, feeding inputs into a process is one thing, but being able to have some sort of comment or say on the outputs is actually quite a different matter. But we will leave that there.

Mr Deegan—Could I say that I am sure government is cognisant of that approach.

Senator LUDLAM—In respect of the fact that some of the states have not made their bids public, although some of them have, can you give us an idea in a general sense about the balance of transport proposals that you have received for roads as against those for rail?

Mr Deegan—There is a mixture across all the states and territories in each of the four sectors: transport, telecommunications, water and energy. Within transport there is a vast array of road and rail projects, bicycling projects and a number of pedestrian initiatives as well.

Senator LUDLAM—So you are okay to be looking at, for example, cycleway infrastructure, pedestrianisation initiatives; that would qualify in your definition of infrastructure?

Mr Deegan—There are a range of submissions along those lines. In one case, quite a detailed cost benefit analysis has been provided.

Senator LUDLAM—Of?

Mr Deegan—Of a bicycle infrastructure.

Senator LUDLAM—Okay, and pedestrianisation initiatives, for example, you would consider as a genuine—

Mr Deegan—They are less detailed at this stage but certainly in dealing with urban congestion and integrating land use and land use planning they will form part of that process.

Senator LUDLAM—Have there been any proposals for track straightening of rail infrastructure, particularly regional rail?

Mr Deegan—Track straightening?

Senator LUDLAM—Track straightening to make regional rail faster?

Mr Deegan—There is a range of regional rail proposals. I am not aware of any particular major and periodic maintenance proposals for track straightening. There are some proposals for urban rail where perhaps the condition of the track is not suitable or sustainable in the long term, which would include, no doubt, re-sleepering, electrification, track improvement, formation improvement—the sorts of things that you would expect in operating railway.

Senator LUDLAM—But there is nothing to coming to mind about intercity rail straightening proposals?

Mr Deegan—Intercity rail or inner city?

Senator LUDLAM—No, intercity—between cities?

Mr Deegan—There are a number of proposals from the Australian Rail Track Corporation dealing with rail improvement for both passenger and freight services between cities.

Senator LUDLAM—But not from the states that you are aware of?

Mr Deegan—Again, there is a mixture of things that go in there. Rail projects include a whole host of services and improvements that might be considered.

CHAIR—Thank you, Senator Ludlum. Senator Williams?

Senator WILLIAMS—Thank you, Chair. Mr Deegan, are you getting many submissions or requests to upgrade our ports to your committee or board? Have you got any plans for the ports—

Mr Deegan—There are a number of proposals for port upgrades, port regulatory issues and planning issues around our ports. You may be aware that the federal Minister for Infrastructure, Transport, Regional Development and Local Government released a proposal for a national transport planning framework earlier in the year that goes to some of the planning issues around our ports, to better integrate our ports, road and rail systems. Those submissions are addressing those sorts of issues.

Senator WILLIAMS—You have got 12 on your board, have you?

Mr Deegan—Yes.

Senator WILLIAMS—How many of these 12 are from rural areas, or do they all live in the cities?

Mr Deegan—I will just check the names. Sir Rod Eddington, who is chairman, is based in Melbourne but is originally from Perth; the Hon. Mark Birrell is from Victoria; Jim Hallion is from South Australia; Phil Hennessy is from Queensland—

Senator WILLIAMS—Are they from rural areas or just cities?

Mr Deegan—I am not aware of any particular regional focus, but no doubt a number of them have regional interests.

Senator IAN MACDONALD—Sorry, who is from Queensland? You just mentioned him, but I did not catch it.

Mr Deegan—Phil Hennessy, the chair of KPMG.

Senator WILLIAMS—Will you take on notice and get back to me, please, as to whether any of these 12 on the committee who are obviously making decisions to recommend to the government about Infrastructure Australia actually live in a rural or regional area?

Mr Deegan—Yes.

Senator WILLIAMS—The reason I ask that question is that these people have been called experts, highly regarded and highly intelligent people et cetera, and I question the relationship they have to rural and regional areas if they do not live there. Surely, if you live out in those areas, you are in touch with the issues in those areas far more than if you live in a city; that is the point I am making.

CHAIR—I think Mr Deegan has agreed to take that on board for you, Senator Williams, and come back to the committee with that advice. Senator McGauran?

Senator McGAURAN—Is the inland rail project proposal before you, and, if it is, do you support it as a high priority?

Mr Deegan—I understand that the federal government is providing funding for a feasibility study for the inland rail which is currently underway through the Department of Infrastructure, Transport, Regional Development and Local Government.

Senator McGAURAN—So it is a project that will not come before you?

Mr Deegan—My good friend, Everaldo Compton, speaks to me regularly about that proposal.

Senator McGAURAN—I bet he does.

Senator IAN MACDONALD—This has probably been asked already, but you are not going to release the list of applications until you prioritise them. Is that correct?

Mr Deegan—The list of proposals?

Senator IAN MACDONALD—Yes.

Mr Deegan—As soon as we possibly can, we hope to make public the submissions that have been made to us where people have given their agreement to make those public which, as I indicated earlier, is the vast majority of those submissions.

Senator IAN MACDONALD—Why are they not available today?

Mr Deegan—We have boxes and boxes of submissions. The time frame for lodging submissions closed last Wednesday, and we are working as quickly as we can to convert them. A number of them are in electronic form, but we hope to convert the lot into an electronic form and then post them on the website.

Senator IAN MACDONALD—Are you going to release the whole submission or just the headline?

Mr Deegan—To be fair to the people who have made the submissions, we will provide as much detail as we can.

Senator IAN MACDONALD—You mentioned, I think, that water is prominent amongst the applications that you have received. Are there proposals for major new water storages, say dams, in the mix?

Mr Deegan—We are working our way through the full range of submissions, but initial indications are support for a range of desalination plants, a range of new storage facilities and, more particularly, piping or redirecting existing water resource into other parts of a state or territory.

Senator IAN MACDONALD—Are there proposals for capture of rainwater and stormwater?

Mr Deegan—Certainly there are proposals on rainwater. I am not sure yet about stormwater.

Senator IAN MACDONALD—You have a difficult job in prioritising these. Is part of your criteria nation building, if you can interpret what I mean by that?

Mr Deegan—Very much so.

Senator IAN MACDONALD—So something that may not stack up economically immediately or something that perhaps is not 100 per cent environmentally-friendly could still be favourably considered if it has other elements such as looking to the 50-year future?

Mr Deegan—There is a range of proposals. We are hoping to provide a rigorous assessment of each of those proposals so that you can make sure you are comparing apples with apples.

Senator IAN MACDONALD—You will be prioritising them? How many have you been asked to do?

Mr Deegan—I think I indicated to Senator Minchin earlier that we will probably have five bands of proposals: ones that over a longer term might be implemented. A number of proposals are coming that still need detailed planning approvals or design approvals—a lot of work is to happen before you would turn any soil—as well as transmission grids and others that need a lot of work. So there are five bands of proposals. We are not asked for any particular number or quantum. We will provide advice as to how we think the country's economic productivity can be enhanced by improving infrastructure and removing existing bottlenecks.

Senator IAN MACDONALD—So we will not see a list of one to 1,000 on your view? How you compare apples with eggs, I am not sure.

Mr Deegan—At this stage our advice is that we are proposing five bands of timeliness, so there is a pipeline of proposals over a period.

Senator IAN MACDONALD—How do you deal with proposals for infrastructure that are principally or in many cases totally the purview of state governments—for example, a railway line from Townsville to Mount Isa that badly needs upgrading? The actual planning regulation, project management and construction is entirely in the hands of the Queensland government. I am not asking how, but what parameters do you have? Do you say, 'We think X state government should do this,' or 'We think the Commonwealth should put in such and such a per cent and private industry should put in whatever'? Will you go to that sort of detail in your recommendations?

Mr Deegan—Yes, we will detail it as you have proposed.

Senator IAN MACDONALD—Indicating what part the Commonwealth can play?

Mr Deegan—That is right, where there is a clear productivity benefit in that process.

Senator IAN MACDONALD—Senator Minchin asked this, but are you the secretariat for the advisory committee?

Mr Deegan—As Infrastructure Coordinator, I work closely with Infrastructure Australia under the legislation to provide that service.

Senator IAN MACDONALD—That is all set out in the legislation?

Mr Deegan—Yes.

Senator IAN MACDONALD—I will not pursue that then; I should have read the legislation. That is all I have.

Senator LUDLAM—Is electricity infrastructure within your transmission distribution infrastructure?

Mr Deegan—Production transmission, yes.

Senator LUDLAM—I am just trying to get it clear, and it might be a question directed better to the minister, although he has left us for the moment, about where you see your role in relation to network architecture, given that our electricity grid has primarily been designed around fossil resources and now we are obviously moving towards taking the network to where the renewable resources are. Will you be considering things on that level when you are getting proposals for electricity network submissions?

Mr Deegan—Indeed. There is a range of proposals about transmission grids, in particular from alternative energy supplies. Some of those are coming from state governments, some are from industry, and there is a range from various proponents of these various alternatives, such as geothermal in Innamincka, solar from the ACT and a range of other areas. There is a host of those sorts of proposals, and the key is how you transmit and at what cost that transmission takes place as compared with other existing infrastructure.

Senator LUDLAM—In terms of funding, we are a little bit concerned that this does not fall between the cracks, because this could be one revenue source for grid expansions with renewables in mind, or we could be looking at permanent revenue from a future ETS scheme, for example. Maybe it might make more sense to put this to you, Minister, as to where the government sees funding for network for electricity transmission and distribution infrastructure with renewable energy in mind, given that our network is based on fossil fuel resources, and we are shifting to an era in which renewable resources will need the transmission reach to them. Will that be funded entirely from Infrastructure Australia funding? Are there other units of government with that under consideration at a Commonwealth level, and would funding come from ETS permanent revenue, for example, or just from here?

Senator Conroy—We have a white paper out for discussion on the ETS and all of the aspects around that, so it is probably an issue that you might want to take up with Senator Wong's department.

Senator LUDLAM—I am just wondering whether Infrastructure Australia is taking that?

Senator Conroy—No, you asked about revenue from ETS, so I am just responding to that part first. Those aspects around ETS and what potential revenue would do are more appropriately directed to Senator Wong's portfolio. I am not sure that you will get much of an answer at this stage because the reason we have a discussion paper out is to get feedback, but it would be worthwhile to have the discussion to air the issue. In terms of whether or not we are prepared to consider it, we have criteria which I think Mr Deegan outlined earlier. If you would like him to outline it again, I am happy for him to do that. I am not sure it would be a good use of your time, but I am happy for him to go through that. We have a very well established set of criteria which we will assess projects against.

Senator LUDLAM—Maybe I should try to rephrase it. Is there a whole-of-government approach to that network expansion, both in terms of where the network might go and how it might be paid for, do we have Infrastructure Australia over here taking some considerations

into account and the Minister for Climate Change and Water taking some other considerations into account, or are people talking to each other?

Mr Deegan—One of the heartening things, particularly in energy, is that there is a lot of discussion between all of the players. The national energy market and the players within that, and the proposals for building transmission generally, from various sources of supply, are being considered in that discussion. The proposals coming to us are specifically on transmission grids from a range of supply sources. For example, in the Pilbara, with which a number of senators may be familiar, there is a range of power supply options and a range of transmission options as well. A number of big players have already put in their own transmission grids, and there is a serious proposal from a range of those people to try to work together to sort out the transmission grid and include access to other sources. The Pilbara region also proposes an opportunity for a different water source potentially for other parts of Western Australia, and there are transmission issues associated with that as well through pipeline.

Senator LUDLAM—I have one last question, and I am happy for you to take it on notice for time's sake. Are you concerned that the degree of detail that is required for some of these proposals is weighing against the ability of non-government organisations that might not have the resourcing of state government departments, infrastructure groups or consortia to put the kinds of detailed proposals to you so that you can feed these things into your models?

Mr Deegan—At this stage, the proposals from non-government organisations and a range of individuals are first-class. They may not meet the black letter of the particular outline that we have sought, but we will work to accommodate the sorts of sensible proposals that have been put to us and we would be silly to ignore them. Some of them have put a lot of work and effort into it, and they will be considered appropriately.

Senator ABETZ—This is possibly a question to be taken on notice if you do not have the detail with you. I understand that a Mr Mark Addis has been seconded from the Tasmanian bureaucracy to Infrastructure Australia. Could you provide us with the details of whether he is being paid federally or is continuing to be paid by the state, for how long his appointment or secondment will be and the general circumstances surrounding his secondment?

Mr Deegan—In an earlier answer to a question from Senator Minchin, I indicated that there are a range of different organisations with which to sort out the secondees that we have. Mr Addis has been seconded from the Tasmanian government to Infrastructure Australia for a period of 12 months. The Tasmanian government is meeting his salary and we are meeting any accommodation or travel requirements that he may have. He has provided outstanding service already in his time with us.

Senator ABETZ—I am sure he would have.

Senator MINCHIN—In relation to the advice that you are providing to the government in December on the interim priority list, will you also be providing at that time recommendations with respect to which projects should be considered for funding from the Building Australia Fund?

Mr Deegan—We will provide advice to the government on the projects that we think would add to the national productivity, which is what we have been asked to do. Government

will then consider that advice and the various funding sources that it might apply to that advice.

Senator MINCHIN—So in December you will not be saying, ‘We think the government should consider funding this project but not that project’?

Mr Deegan—We will recommend which projects should be funded. It is up to the government whether it wants to go ahead with them and what sources of funds there might be. For example, water proposals might come through the various arrangements through the National Water Initiative.

Senator MINCHIN—So you will make a general recommendation as to whether Commonwealth funding should be directed to the project—

Mr Deegan—That is right.

Senator MINCHIN—without saying necessarily whether it is budget funding, BAF funding, education or health?

Mr Deegan—That is right: private funding, application of superannuation funds, public-private sector partnerships—a whole host of different mixes that we could recommend.

Senator MINCHIN—That is somewhat vaguer than I understood your role to be. I thought you did have a role very specifically in recommending which projects should be funded from the Building Australia Fund?

Mr Deegan—We will recommend a series of projects that would build the nation’s capacity. As to the source of those funds, that is quite properly a matter for the Commonwealth.

Senator MINCHIN—So the government decides to what extent the Building Australia Fund is drawn upon to fund projects on your priority list?

Mr Deegan—Indeed. As you are aware, the Minister for Finance and Deregulation has that accountability.

Senator MINCHIN—You mentioned earlier that there had been a request to indicate which projects could commence sooner rather than later, and that is consistent with what I understand the Prime Minister has been saying. Will that be fed into your December advice?

Mr Deegan—Yes.

Senator MINCHIN—What risk is there or how do you account for the risk of what you might call less worthy projects in terms of ‘nation building’ getting priority simply because they can commence quickly? In other words, they can be used for pump priming?

Senator Conroy—There are National Party senators in the room for a start.

Senator MINCHIN—I am just wondering how you accommodate that risk, and are you worried about that risk? I thought your job was nation building productivity which might be in direct conflict with those that are simply able to get out the door.

Mr Deegan—We have gone back to the states in terms of their proposals that they have put to us and asked, if these matters were considered by Infrastructure Australia as important for the national productive capacity of the country, what the timeline is that they might be able to

be brought forward to. The assessment will still remain rigorous for each of those. Industry and the community are expecting a pipeline of projects, and you have to start somewhere.

Senator MINCHIN—So you will not compromise your assessment by virtue of ‘we can get this out quickly’?

Mr Deegan—No, we will not compromise our assessment.

CHAIR—On that, thank you, Senator Minchin. Thank you very much, Mr Deegan. I was just wondering, who is the lucky devil who has to go through all of the submissions?

Mr Deegan—I am halfway through them, and when I go back to Sydney today, I will do the rest.

CHAIR—Okay, good luck. Thank you, Mr Deegan. We now call Infrastructure Investment.

[10.31]

Infrastructure Investment

CHAIR—I welcome Infrastructure Investment.

Senator ABETZ—Could I invite brief answers, and I will seek to provide brief questions.

Senator Conroy—The officers will give you the appropriate answers.

Senator ABETZ—That is the sort of intervention that we do not need, Minister. First, on the funding for the Kingston bypass, are we satisfied that all of the money—federal and state—is in place? What is the estimated cost today of building the Kingston bypass in Tasmania? I declare self-interest.

Mr Rokvic—The estimated cost of the Kingston bypass is some \$41.5 million.

Senator ABETZ—That was last time. Has that increased?

Mr Rokvic—No. That is still the current estimate.

Senator ABETZ—No inflation there? Are we satisfied with the arrangements with the state government picking up the excess?

Mr Rokvic—We have advised the state government that the Commonwealth government contribution to that project will be \$15 million.

Senator ABETZ—Have you signed an agreement with the state government to lock that in?

Mr Rokvic—We have received our project proposal request. We are in the process of briefing the minister upon that, and we expect that the minister will consider that proposal in the coming weeks.

Senator ABETZ—So it is still not signed off?

Mr Rokvic—Correct.

Senator MILNE—In relation to the Kingston bypass: in the last estimates, I asked whether the Commonwealth was talking to Tasmania or would talk to Tasmania and consider incorporating the idea of a rapid transit bus lane on the Kingston bypass and look at

developing Kingston as a park-and-drive type arrangement. That scenario would be more of a bigger picture one than just linking the bypass to the Hobart city area. The Commonwealth's response at that time, as I recall it, was that it was something that it would take into consideration or could be considered but that the state has not discussed it with the Commonwealth. Subsequent to that, Premier Bartlett came out and said that Tasmania is interested in trialling a rapid bus transit lane on the southern outlet, which could obviously link to this bypass. Did anyone in the Commonwealth actually discuss with the state government the prospect of building this into a more integrated transport facility? Is that still possible, given that the Commonwealth is now talking to Tasmania about the proposal and nothing is signed off?

Mr Rokvic—The Department of Infrastructure, Energy and Resources has advised that rapid transport was considered in the planning of the Kingston bypass and that the bypass design is sufficient to meet the range of infrastructure options to address future transport demands. The Department of Infrastructure, Energy and Resources also advised that consideration has been given to existing and future provision of buses and car parking, along with options for park-and-ride facilities. The Department of Infrastructure, Energy and Resources is in discussion with the Kingborough council and is continuing to discuss the feasibility of park-and-ride facilities.

Senator MILNE—That is very welcome, and I hope that can be progressed. I think that would make an enormous difference to the southern outlet and the congestion at the top of Macquarie Street. It would be good if we could get that as an integrated facility and planned now. There is a one-off opportunity with the Kingston High School being moved. There is a large area of land that would be ideally located to make the link for park and ride and commercial development in Kingston. It seems to me that this is a great opportunity for the Commonwealth and the state to talk about a much more futuristic option than just the bypass. Thank you for progressing that, and I ask that that consideration be continued in the discussions with Tasmania.

Senator ABETZ—Will that include the indicated pushbike lane as well? As a keen rider, I would like that.

Senator BUSHBY—You mentioned that the government has reinforced with the state government that \$15 million is how much it will give. Was any request received for additional funding?

Mr Rokvic—Obviously, the state government would be quite welcoming of additional funding. The works program and funding arrangements for the range of AusLink 2 programs is something which will be negotiated with the state later this year. As part of those negotiations, I am sure there will be discussion of that.

Senator BUSHBY—As at this point in time, has the state government asked for any additional funding for the Kingston bypass?

Mr Rokvic—The state government has flagged that it would welcome additional funding.

Senator BUSHBY—It has flagged that it would welcome some. Has the Australian Government been advised of the proposed timelines for the building of the Kingston bypass?

Mr Rokvic—It has.

Senator BUSHBY—What are those timelines?

Mr Rokvic—We expect planning to be complete by July 2009 and construction to be completed by early 2012.

Senator BUSHBY—When will construction commence?

Mr Rokvic—Potentially later next year, after the completion of the planning. It would most probably be towards September.

Senator BUSHBY—Does the Australian government intend to place any performance conditions on the payment of the funds towards the cost of the bypass?

Mr Rokvic—As part of the provision of funds, the state normally identifies the benchmarks and the performance aspects that the project is seeking to achieve. We will basically look at getting some measures in place to provide visibility of the achievement or realisation of those benchmarks.

Senator BUSHBY—Is there any indication at this stage of what those would be?

Mr Rokvic—Not at this stage.

Senator ABETZ—Can we move to the Bridgewater Bridge. Last time around, on a question on notice, I was advised that the state government asked Mr Vaile for extra money to fix the lift operation on the existing Bridgewater Bridge. When was that letter received or when was it dated?

Mr Rokvic—I do not have that information.

Senator ABETZ—Could you take that on notice please. Is there any hope at all that the lift mechanism will be fixed this year, which is the bicentennial year of New Norfolk?

Mr Rokvic—We have also taken up that issue with the Department of Infrastructure, Energy and Resources, and they have advised that the bridgeworks are part of an integrated package and it is not possible to split the works to allow the lift span mechanism to be recommissioned more quickly.

Senator ABETZ—Why not? It is a separate, discreet job dealing. They are dealing with the cables and the mechanisms on the bridge. You do not need bitumen or bulldozers for that. I would have thought it was a discreet job.

Mr Rokvic—The state has advised that splitting the jobs would entail greater costs and necessitate longer closing of the lift span to allow the other works to be also completed.

Senator ABETZ—I am sure that is what the state government has advised you, but it is nonsense, quite frankly. According to the state government, the lifting span will not be fixed this calendar year. When will works commence?

Mr Rokvic—The option and scope development is to be completed by January 2009. The Lyell Highway junction construction is to commence early 2009. The bridge refurbishment work is to commence in mid-2009 and to be completed by mid-2010.

Senator ABETZ—The local member said that the bridge mechanism would be fixed by this month this year. Anyway, that is something he will need to explain to the people. It will be completed in fact two years after it was promised.

Senator BUSHBY—Has there been any revision on the estimated costs that have been advised to you?

Mr Rokvic—No, there has not.

Senator ABETZ—Can I take you to the Brooker Highway and the Eastern Outlet. I refer you to question 05 and answer II 05. I asked specifically:

When can we expect the government to tell us when, or what year, they intend to place the Brooker Highway and eastern outlet into the national network?

Ms Page answered:

I would imagine that it would be done in the near future, but I cannot be specific about the date.

The minister then helpfully intervened and said:

We will take that on notice.

The answer I have been given is:

The Australian Government has committed to extend Tasmania's national network to include Brooker Highway and the Tasman Highway from Hobart to the Hobart airport.

It singularly does not address my question of when or what year. Can we have some definition, please? This was a promise that sort of got thrown in at the very end, and people in Tasmania are interested in knowing when this election promise will actually be delivered. I asked for a specific year and was told that the government has committed. I knew that. That is why I asked the question. Can I say that the obfuscation and the non-answer did not please me. Can we have a year or a date, please?

Ms McNally—We are currently negotiating with all the states and territories the arrangements, including time frames and rollout plans, for the election commitments as part of the next five-year funding agreement. A lot of that information is still being obtained and settled with the states and territories.

Senator ABETZ—A specific promise was made. I know that the city councils of Clarence, Hobart and Glenorchy were of the view that this was going to be delivered relatively quickly. Other councils were of the view that it might take five or 10 years to be delivered on. The government made a lot of song and dance about this promise. When we then ask, 'When is the federal government going to deliver on it?' we are not given an answer. Ms McNally, with great respect, that is also a non-answer. You are going to negotiate it over the next five years but without any suggestion as to when it might commence. You might negotiate in five years time, in 2013, that you are going to take it over in 2020. It is on the never-never, and we want some specificity.

Senator Conroy—You made the point at the beginning about wanting short answers. I do not know that you would apply that to yourself, given your answer to your own question. I think Ms McNally gave you a perfectly straightforward answer.

Senator ABETZ—Well, no.

CHAIR—You have one minute, Senator Abetz.

Senator ABETZ—Can I make a plea, again, that the government tell the people of Tasmania what year they can expect these roads to come onto the national network. If we do not get a specific answer, we will be telling the Tasmanian people that it was one of these never-never promises.

Senator Conroy—Is that a question or a speech?

Senator ABETZ—Are we going to get a specific answer, Minister? If you treat it with contempt—

Senator Conroy—You have been given a very specific answer.

Senator ABETZ—I am more than happy to circulate this *Hansard* around to the media in Tasmania.

Senator Conroy—The matter is currently—

Senator ABETZ—Then they will know how arrogant you are.

Senator Conroy—The matter is currently under negotiation.

Senator ABETZ—It was an election promise never subjected to negotiation.

CHAIR—Senator Abetz, the minister was answering you, and your time has expired. Minister, did you wish to complete that answer?

Senator Conroy—No.

CHAIR—Senator Bushby, while we are on Tasmania, do you wish to continue?

Senator BUSHBY—Yes, I do have some further questions. What consultation has taken place with the state government in respect of the planning for and the building of the Brighton bypass in southern Tasmania?

Mr Rokvic—The Tasmanian government has recently submitted a project proposal request in terms of the Brighton bypass. The Australian government has provided funding for an early start on that project of some \$3 million.

Senator BUSHBY—Did that project proposal have any indication of current costings?

Mr Rokvic—The project estimated costs are \$164 million.

Senator BUSHBY—That has not changed?

Mr Rokvic—That has not changed.

Senator BUSHBY—That is good. The Australian government is committed to delivering \$131 million of that total?

Mr Rokvic—Yes.

Senator BUSHBY—What about proposed time lines for the building of the bypass?

Mr Rokvic—In terms of indicative timelines at the present moment, we expect that the state will be undertaking some pre-construction soil works later in the first quarter of next year. At this stage I do not have a proposed completion date.

Senator BUSHBY—You have no further indication of time lines beyond that?

Mr Rokvic—I will take that on notice.

Senator McGAURAN—I would like to follow my Tasmanian colleagues. The point made by Senator Abetz with regard to projects that were committed to before the election that have gone onto the never-never was telling. It is happening in Tasmania, as Julie has pointed out; it is happening in Victoria; it is happening in every state.

Senator Conroy—I appreciate it is your own time, but you are not asking a question at the moment. You are giving a speech.

Senator McGAURAN—The question is: in Victoria we have a similar situation. I have several questions with regard to commitments made by the government, but I fear I will get the same waffly answer as the Tasmanians received. I will proceed to ask about the Deer Park bypass, the Traralgon-Sale duplication and the Western Highway duplication between Ballarat and Stawell. Those are just three Victorian projects. Ms McNally, are you going to give me the same answer as you gave the Tasmanians?

Ms McNally—Senator McGauran—

Senator McGAURAN—That is a yes or a no.

CHAIR—Senator McGauran, why do we not extend decency to Ms McNally and let her answer your question first; then you can make judgments.

Ms McNally—The government announced an early start on 35 election commitment projects as part of the last budget. Some of those projects were included as an early start for 2008-09. The Princes Highway, East Traralgon to Sale, was one of those projects. We have requested detailed project information from the state, and we are still waiting for that. It is the same with the Western Highway duplication project. That was announced as an early start as well, and it is reliant on the state providing us relevant information to progress that.

Senator McGAURAN—The third one? The third one is Anthony's Cutting. Did I mention that? Anthony's Cutting is just outside Bacchus Marsh.

Ms McNally—That is still the subject of negotiations.

Senator McGAURAN—All three are still the subject of negotiations.

Senator WILLIAMS—Just on that point, the promise by the Prime Minister was \$140 million on the Princes Highway from Traralgon to Sale. What was the figure allocated in last May's budget for that particular road? Are you aware of how much was allocated for that?

Ms McNally—Half a million dollars was allocated to that for this year—

Senator WILLIAMS—Half a million?

Ms McNally—to start planning work.

Senator WILLIAMS—Half a million—out of the \$140 million required?

Ms McNally—That was to commence the planning.

Senator WILLIAMS—How long do you anticipate the planning to go on before real work gets going on it?

Ms McNally—We expect the planning to be completed this year.

Senator WILLIAMS—You would expect the real work on this road to get underway when?

Ms McNally—We would have to wait for the information that came from the planning and conceptualisation work to actually get those details.

Senator WILLIAMS—So you do not know exactly when some action will get going?

Ms McNally—I do not have exact dates.

Senator WILLIAMS—You expect the planning to be completed by the end of this year?

Senator McGAURAN—Fat chance.

Senator WILLIAMS—But you do not know actually when the bulldozer will start working and the road building will actually commence?

Ms McNally—That is correct.

Senator HUTCHINS—Ms McNally—if you are the officer—can you outline to the committee the progress of the duplication of the Hume Highway in southern New South Wales? It might be difficult, as it is not a Tasmanian question.

Mr Hogan—We define the southern Hume as that part of the road which is south of the turnoff to the Sturt Highway. At this stage some 87 kilometres of that road is single carriageway. Currently work is underway to duplicate 67 kilometres of that single carriageway, with the government's having committed to duplicate the remainder—which is three bypasses, of the towns of Woomargama, Tarcutta and Holbrook—in the coming years. Then the duplication of the whole of the southern Hume will be complete. Progress on the 67 kilometres currently underway is going exceptionally well. It is well on target to achieve its completion date of December next year.

Senator HUTCHINS—Is that open to all vehicles, including B-triples?

Mr Hogan—It is not open to B-triples.

Senator HUTCHINS—Is that anticipated?

Mr Hogan—That would be a matter for discussion with the New South Wales government.

Senator HUTCHINS—That is the authority that is not allowing the B-triples in that part of the world. Is that it?

Mr Hogan—That is not really for me to comment on.

Senator HUTCHINS—We have been told about another part of the Pacific Highway that has been completed, and I refer to the Bonville deviation. There has been some criticism of the government's action. Can you explain to the committee the safety benefits of that deviation?

Mr Hogan—The previous road through Bonville village was one of the more dangerous sections of the Pacific Highway—with poor road alignment, curves and sight distance.

Senator HUTCHINS—I think Senator Williams and I would probably have been up and down that part of the world.

Mr Hogan—Work was completed on the deviation in September this year. It is now a fully duplicated road which does not incorporate any of the previous road. Anyone who has travelled it or seen it would agree that it is a very good piece of road, without the alignment issues or the safety problems of the previous road. Hopefully it will address the previous serious safety problems.

Senator HUTCHINS—With regard to the Geelong ring-road, could you advise about upcoming milestones and the schedule for the final stages of this project?

Mr Rokvic—The Geelong ring-road consists of three sections at the present moment. Section 1 construction commenced in February 2006 and is 95 per cent complete. Section 2 construction commenced in 2006 and is approximately 91 per cent complete. Section 3 construction commenced in September 2007 and is expected to be completed later in 2009. In terms of milestones, the Victorian government has announced the public opening on 14 December 2008 of sections 1 and 2. Additional works involve Geelong ring-road section 4A; that is due to commence next year and is currently in planning. The total estimated cost of sections 1 to 3 is \$380 million, of which the Australian government is contributing \$186 million.

Senator HUTCHINS—Can you explain how the Tottenham to West Footscray rail project will expand rail capacity on the interstate rail line from the port of Melbourne?

Mr Williams—The Tottenham to West Footscray rail project involves the construction of a second standard gauge track with bi-directional signalling from the Dock Link Road to the junction of the main interstate line that goes to Adelaide, Perth and Sydney. Currently, there is only one track. That can only handle one train movement at a time—

Senator HUTCHINS—There are no passenger trains on this—

Mr Neil Williams—with around 45 freight and passenger trains vying to get on to that track each day. Trains that are not on the track have to sit idling until the first train leaves that section of the track. Putting in an extra standard gauge line and the bi-directional signalling, which will allow trains to go either way, will significantly improve capacity on the line, cutting transit times and improving access to and from the port of Melbourne. The Australian government is contributing \$45 million to the project, and it is expected to be completed by early 2009.

Senator ADAMS—Mr Maher, could you provide a brief update on the Western Australian AusLink projects?

Mr Maher—Are you referring to early start projects or AusLink 1 projects?

Senator ADAMS—We will have them all.

Mr Maher—I will start at a fairly high level. The Western Australian government is set to receive \$402.3 million in 2008-09 to progress road and rail infrastructure projects. This is made up of \$164.5 million to start early on election commitments. This includes \$160 million for construction of the new Perth to Bunbury highway, to finish the project in 2009; \$2 million for planning the Bunbury port access road stage 1; \$2 million to start planning the upgrade of the Kooyong Road to Tonkin Highway section of the Great Eastern Highway; and

\$0.5 million for planning the upgrade of the Tonkin Highway between the Leach Highway and Rowe Highway. Are you interested in strategic regional and the Black Spot Program?

Senator ADAMS—Yes, I certainly am.

CHAIR—We are all interested for about the next 40 seconds, Mr Maher, so fire away.

Mr Maher—In 2008-09 that also includes \$3.1 million for 14 strategic regional projects; \$51.9 million for local roads under Roads to Recovery; \$88.2 million under the federal Financial Assistance Grants; and \$5.4 million for 46 Black Spot projects.

Senator ADAMS—Where could I get a list of all of those projects? Do you have one available that could be tabled?

Mr Maher—All of that information is on the website. It would be a matter for the minister.

Senator ADAMS—I will go and have a look.

CHAIR—Thank you very much. It is 11 o'clock. The committee will suspend for 15 minutes.

Proceedings suspended from 11.00 am to 11.17 am

(Audio not available from 11.17.00 to 11.17.31)

Senator IAN MACDONALD—Obviously you do not have much more on that, but if you could take it on notice that would be good. I am conscious of what has been committed by previous governments. There was some money provided this year—if you could just confirm that. What I am really looking at is what the government's long-term approach is towards this highway that is of strategic national—not to mention economic—for Australia.

Mr Maher—That would be a policy decision for the minister.

Senator IAN MACDONALD—I still want you to take it on notice. Although the minister is not here, I would appreciate his answer. Perhaps there is something in the system that the government has already said that you could look for, and if not I would like the minister's response to that. Who is familiar with the western metro line in Sydney. It is the railway line through Minister Albanese's electorate. Is anyone familiar with that? Is it true that a feasibility study of this line was conducted at the Commonwealth's expense?

Mr Williams—In the last budget the government committed \$20 million towards a feasibility study. New South Wales also committed \$10 million to that study and that study has commenced.

Senator IAN MACDONALD—The New South Wales government's commitment is secure?

Mr Williams—Yes.

Senator IAN MACDONALD—What was the rationale for this study?

Mr Williams—It was a government decision.

Senator IAN MACDONALD—But did the government give any reasons why they were doing it? They must have. They just do not just say, 'There will be a study.' They must have said it was part of an urban transport approach?

Mr Williams—It is part of a broader package of programs under tackling the urban congestion and planning, where the government committed \$75 million to a range of urban related transport feasibility and other studies across Australia.

Senator IAN MACDONALD—What is the cost of this particular study?

Mr Williams—All up, \$30 million.

Senator IAN MACDONALD—Who is doing it?

Mr Williams—Primarily it is the New South Wales government in consultation with the Commonwealth.

Senator IAN MACDONALD—What is the time frame for it?

Mr Williams—The study will be looking to come up with some preferred options by around about March next year.

Senator IAN MACDONALD—So the study will be completed by March or almost complete by March or April? I am not holding you to—

Mr Williams—It will be going forward in terms of potential preferred options. Then it will proceed into a more detailed analysis of alignment and other factors that would be need to be gone through in a planning sense.

Senator IAN MACDONALD—What does the \$30 million cover?

Mr Williams—Right through to what is called a detailed concept design under New South Wales planning legislation.

Senator IAN MACDONALD—Do you know if there are any proposals to do a feasibility study for a North West Metro line through the northern parts of Sydney?

Mr Williams—I believe the North West Metro line is already further down the path in terms of planning within New South Wales—that is, in terms of detailed analysis, concepts and design.

Senator IAN MACDONALD—Did the Commonwealth contribute to that?

Mr Williams—No.

Senator IAN MACDONALD—Do you know why they are doing the one through the minister's electorate but did not do the one through an electorate held not by the minister?

Mr Williams—That is a matter for the government and the minister.

Senator IAN MACDONALD—So you do not know why?

Mr Williams—It is part of New South Wales' broader plan for a whole range of metro systems within the Sydney area. There are about four different lines, I understand, and this is just one of them.

Senator IAN MACDONALD—Does the Commonwealth have a view on whether north-west Sydney is well served by public transport? Is that something anyone in your department would have?

Mr Williams—I could not comment on that.

Senator IAN MACDONALD—You could comment on whether it is something your department would have a view on.

Mr Tongue—From discussions with colleagues in New South Wales, I know Sydney has a range of public transport challenges to cope with growth on the metropolitan fringe. There has been a modal shift from motor vehicles to public transport. The heavy rail network in Sydney is, if you like, like spokes.

Senator IAN MACDONALD—No. My question was: does the department have a view on whether north-west Sydney is well served by public transport? You may not have it with you, but is that the sort of thing the department would have a view on? I am sorry to cut you off but we are under time pressure and I would rather you answered my questions and did not run a line.

Mr Tongue—It has not traditionally been an area where we have done a lot of work.

Senator IAN MACDONALD—Could you get me some figures on how many people in north-west Sydney commute to work using public transport and how many people in Sydney's inner west commute to work using public transport, if those things are available?

Mr Tongue—I would have to seek that from the New South Wales government.

Senator IAN MACDONALD—Could you do that?

Mr Tongue—I am happy to ask.

Senator IAN MACDONALD—Thank you very much for that. There was some publicity—and I am sure it was not correct; the minister might be able to assist here—that at the time of Mr Iemma's fall from the premiership there was comment that another rail line which had been proposed had to be axed. Then there was further media commentary suggesting that the Commonwealth provide funds for it. Do you recall that?

Senator Conroy—I am familiar with the articles about an argument in the New South Wales cabinet between various cabinet members and funding of various projects. I did not see any commentary about the federal government stepping in, though, quite genuinely.

Senator IAN MACDONALD—There was a commentary—and I am sure it was mischievous and inaccurate—that said that Mr Rudd or someone said that we would not be using the Building Australia Fund on it because it did not go through any marginal electorates. Do you remember seeing the article? Then you could perhaps comment on it.

Senator Conroy—No, I do not think I saw that article, quite genuinely. I am happy to seek some information from the minister. I am happy to take that on notice but I did not see that commentary myself.

Senator IAN MACDONALD—It is surprising because I thought it was quite outrageous that it was even suggested. But then things are suggested—

Senator Conroy—I am spending my time driving the national broadband agenda, Senator Macdonald.

Senator IAN MACDONALD—Yes, and we have all got our fingers crossed for you, Minister.

Senator Conroy—I know that you are actually a closet supporter of it!

Senator IAN MACDONALD—I am very much so.

Senator Conroy—You know the benefits it will have for Townsville.

Senator IAN MACDONALD—Some of your comments are, to say at the least, heroic, but good luck to you. We need it.

Senator Conroy—I look forward to your support in the chamber when it matters.

Senator IAN MACDONALD—Absolutely; you have it.

CHAIR—Now we have sprinkled ourselves with rose petal leaves, what was the question, Senator Macdonald?

Senator IAN MACDONALD—Can someone ascertain if there is any truth in the media reports that Mr Rudd—

Senator Conroy—I will take that on notice and ask the minister's office.

Senator IAN MACDONALD—or another senior government official said, 'We would not be spending Infrastructure Australia money on this because there are no marginal seats involved'?

Senator Conroy—I am like you, Senator Macdonald. I do not believe every scurrilous piece of information I read in the newspapers or even in the press releases that are put out by senators.

Senator IAN MACDONALD—I am pleased to hear that. Moving on very quickly. On the Burdekin Bridge, I raised some issues I think at the last estimates and got some responses on notice. As is the want, I am sure these were directed by the minister's office not by public servants because it is all about the blame game and about how the previous government did not do this, that and the other. As I say, I am sure that it came from the minister's office rather than the Public Service.

Senator Conroy—I have an update for you.

Senator IAN MACDONALD—Excellent.

Senator Conroy—I am told that both Prime Minister and Minister Albanese have dismissed these accusations as totally inaccurate.

Senator IAN MACDONALD—What, about the Burdekin Bridge?

Senator Conroy—No, about the rail line in Sydney. Just to comfort you, I have been able to gather that information for you very quickly.

Senator IAN MACDONALD—So you do not need to take that notice now?

Senator Conroy—No. I have cleared it up for you.

Senator IAN MACDONALD—I suppose I should do my own research, but it was sourced to a member of the New South Wales government or a former member. Perhaps it was a retiring Treasurer, someone who would in the past had been a noted authority.

Senator Conroy—I particularly enjoyed his farewell press conference and the parrot at the end.

Senator IAN MACDONALD—Getting back to the Burdekin Bridge, I did get an answer—which I am struggling to find in my great system here.

Senator Conroy—You should have it on your computer, Senator Macdonald, it would be easier and readily available.

Senator IAN MACDONALD—I should indeed, not a bad idea, Minister.

CHAIR—Senator Macdonald, I can come back to you later if you wish to continue.

Senator IAN MACDONALD—The officials will know what they have answered to me; they will have these things right before them I am sure.

Senator Conroy—It always helps if we have a reference number though, Senator Macdonald.

Senator IAN MACDONALD—Let me ask the question anyhow—you do not really need the answer. The answer was blaming another government for not dealing with bypasses. Is anyone doing any work on the fact that between the rest of Australia and the north of Queensland and the north of Australia—which is where Australia's future will be in the next 10, 20, 30 years—on the coast there is one dual lane road bridge that is the only source of travel from there? Is anyone doing any work about a duplication of that quite critical road and rail bridge? It has national defence implications; it has a lot of economic implications. The reference is, if it helps, question looks like QII-12 or something.

Mr Crombie—Yes, that is correct, Senator. The answer provided to the question on notice is effectively a summary of the situation as it exists at the moment. We are not doing any work on this matter and I could not tell you whether the Queensland government is doing any additional works. If they are, it is not being funded under the AusLink program.

Senator IAN MACDONALD—It is part of the national highway. People do not understand that it is a crucial part of the highway. The current bridge is 50 years old and it really has become dangerous and it has become a bottleneck. If something happens on that, the economic cost to that part of the world is high. All the mineral processors are in Townsville, a lot of the wealth of the country comes from that area and it relies on one single road bridge on the coastal route. Does the minister appreciate the importance of the Burdekin road-rail bridge and are there any plans in place as part of the national highway to look at a duplication of it?

Mr Crombie—Senator, I cannot answer that question.

Senator Conroy—We are happy to take that on notice.

Senator IAN MACDONALD—The Lynd Highway, which for the uninitiated—I know Senator Conroy will know immediately where this is—runs down the back from Cairns to Melbourne if you went all the way, but it is really the area from Mount Surprise through to Hughenden and then on further south joining up with the main inland highway. Some money was provided in the budget before last. I think there might have been a little bit in this budget. Can you just confirm what has been made available and what the future holds for that project?

Mr Crombie—Yes, Senator. The total Australian government funding for that project is \$3.85 million. The total estimated cost on the project is \$7.7 million. Construction

commenced on 18 August and is scheduled at this stage for completion in late 2009. That is for sealing of a 40-kilometre section north of Hughenden to the Lynd junction.

CHAIR—Senator Macdonald, there are still a couple more senators who wish to ask questions, me being one of them.

Senator IAN MACDONALD—Sure, as I indicated, I have another two issues I want to quickly raise. That is funding for one year only though, is it?

Mr Crombie—No, I do not believe that is the case.

Senator Conroy—Just while the official is looking for it, I have an update on the Burdekin bypass and the new Burdekin River bridge. I understand that the former government stopped work on the Burdekin bypass and the new Burdekin River bridge in 2001, Senator Macdonald. You may even have been a minister at that stage. Nothing was done on the project, because of the former government's decision, between 2001 and 2007. Minister Albanese recently wrote to, I think you, and also answered your question on notice and asked what the coalition's position is on the issue: has it changed? Are you now in favour of a bypass and a new bridge?

Senator IAN MACDONALD—Perhaps I would not have expected from Minister Albanese a little bit more sense on a very serious question. Minister, as I prefaced my question before, I have that answer from last time which was nothing about the issue but all about the blame game which I thought was supposed to stop. And, quite frankly, I am not interested in what former governments may or may not have done; I am interested in what is happening in the future and it is becoming more and more critical by the day. Obviously Mr Albanese with that stupid response to me, quite unbecoming a senior minister, is writing back to me asking what my proposal is. Well sorry, if I were in government and if I were the minister, yes, we would be doing something. But regrettably, he is the minister and I would expect a little bit more maturity from one of the senior ministers of government. I am not interested in a political argument; I am interested in what—

Senator Conroy—I appreciate your desire to not talk about the past. Yesterday, you agreed that after 11½ years in government you were not able to get Townsville a decent radio. Again today, you have acknowledged that, despite being a minister in the government, work on the Burdekin bridge ceased under your government. I can understand you do not want to actually acknowledge the past and airbrush it out of existence but unfortunately with the marvels of digital technology now it is not possible.

Senator IAN MACDONALD—I and the people of northern Australia are interested in addressing what is becoming day by day an increasingly critical transport issue.

Senator Conroy—That would have been good if you could have addressed it while you were in government.

Senator IAN MACDONALD—What I get from the senior minister and from his representative here are some games about politics. I am not interested in that, Senator; I am interested in getting a result.

CHAIR—Senator Macdonald, do you have one more question?

Senator IAN MACDONALD—The officers are looking up my question. The minister intervened to run the answer I had already received. So if you are talking about wasting time, perhaps you could direct your attention to the minister.

CHAIR—I was just alerting everyone to our tight timetable.

Senator IAN MACDONALD—Yes, I am very conscious of that, Mr Chairman, I am doing my best in a wider sense to make sure that everyone gets a fair go.

CHAIR—And that you are, thank you.

Mr Crombie—The answer is that I do not have over what financial years that money covers. I have to take that on notice.

Senator IAN MACDONALD—Please take that on notice. Is it going to be worth asking my next two questions if you do not have this material? I thought I might have indicated, but when is the work on the new southern section approach to Cairns going to start? I have a press release from the minister saying that it is going to start soon. I would like some more precision about that, like who has got the contract, who is doing it, when it is likely to start, when it is intended to be finished and if you do not have that information could you take that on notice?

Mr Crombie—The issue with the Cairns southern approaches, which I think is what you are referring to, the \$150 million?

Senator IAN MACDONALD—Yes.

Mr Crombie—There is now additional funding been provided under the tackling urban congestion and planning study which has accelerated the planning aspect of that. We are currently working through, with the Queensland Department of Main Roads, the planning under that funding, which is part of the \$13 million that the Commonwealth is contributing to four component studies down the Bruce Highway. Decisions about timing and the like will obviously be dependent on that planning being finished. The funding for the urban congestion is to accelerate that planning work.

Senator IAN MACDONALD—On notice, can you give me a best assessment of an actual timetable? For this stretch of roadway, previous governments allocated hundreds of millions of dollars in the past to the Tully floodplain area of the Bruce Highway but because of the inefficiency of the Queensland government, the work is now only just starting. Whilst I never hesitate to give credit where credit is due, the credit for that of course was to past governments. But I am not interested in the past, as I mentioned to Senator Conroy; I am interested in where it goes into the future. So could you tell me specifically on notice where the Tully floodplain Bruce Highway works is at?

Mr Crombie—I can tell you that now, Senator.

Senator IAN MACDONALD—Excellent, and when it is likely to finish?

Mr Crombie—The Tully project is progressing very well. It is actually ahead of schedule for completion and is due to be completed early next year. As you would be aware, the project involves 700 metres of bridges and 55 culverts; it is quite a complex project. Just recently 10 kilometres of the final 15 kilometres of alignment was opened and that includes the bridge

over the Tully. So at this stage the answer I would give you is that it is due for completion in early 2009, provided that we do not have an horrendous wet season that slows things down.

Senator IAN MACDONALD—Is that the completion of the Tully floodplain area? Will that now provide the flood-proof road from Cairns to at least Ingham?

Mr Crombie—I do not think it will because you might be aware that there are a series of other projects under the \$220 million package of works signed under an MOU for other works between Cairns and Townsville. I think there are bits that are actually funded under that. The Tully project is specifically for the \$128 million—the 15-kilometre section between Corduroy Creek. I do not think it actually will provide all of the works between Cairns and Ingham; that is tied up with the broader package of works.

Senator IAN MACDONALD—Can you give me the details of all of those and where they are at, what their timing is, what the estimated completion is?

Mr Crombie—I can do that now.

Senator IAN MACDONALD—Well, I do not think—

CHAIR—We will just take it on notice. We really are running out of time. Senator Ludlam has some questions.

Senator LUDLAM—I might take us back a step to where we were before. Can I take it from the budget statement that your remit is not just road funding, it is land transport in general—public transport, regional rail?

Ms McNally—Sorry, what was that, Senator Ludlam?

Senator LUDLAM—I am just trying to get a sense, I suppose, of the budget allocations in your agency that is for road funding as opposed to rail funding, regional or metro.

Ms McNally—We would have to take that kind of a split on notice.

Senator LUDLAM—I am not looking for too many decimal places, but just a rough idea. You mainly do road infrastructure or is there a lot of expertise and funding towards rail? What is the rough split? Is your work across the agency 80 per cent road, 20 per cent rail, 90-10, 50-50? How does it break down in terms of the funds that you administer?

Ms McNally—It is not that clear-cut, Senator. Projects have different sizes and different complexity. Some projects involve feasibility studies, some projects involve construction and some projects have multiple stages. So we would probably be best to take that on notice.

Senator LUDLAM—I would appreciate that just to get a rough breakdown. Do you fund cycleways as part of your transport budget?

Ms McNally—We fund construction projects for roads and some of those roads may include cycleways. We do not specifically fund a cycleway. Really it depends on the sort of concept and design of a project that is put forward as part of state government planning and detailed concept design.

Senator LUDLAM—One of the speakers before—I apologise as I forget who it was—was talking about a modal shift that is underway. I suppose in metropolitan areas in particular there has been a bit of a surge of public transport use. Is that being reflected in the work of

your agency in terms of expertise and recruiting? There are very different disciplines involved in public transport planning as opposed to road planning. Is that modal shift being reflected in the work of your agency?

Ms McNally—Yes, we have growth in a number of urban projects. As was mentioned earlier, there is the \$75 million for tackling urban congestion measures. We are working closely with the states on that that are in receipt of those projects. So there is a shift in terms of the range of projects that are being funded and we are organising our priorities to meet those particular requirements.

Senator LUDLAM—But has there been a conscious process of recruiting people with that sort of land use planning expertise and public transport planning expertise?

Ms McNally—A lot of that planning is held within the states and territories. We do have a number of engineers on our staff that have a breadth of experience. We have made a conscious effort to draw up more research and analysis on urban issues. We have some expertise and we are making a lot of effort to build up that knowledge and understanding.

Senator LUDLAM—Is that taking place within a particular unit, or is it distributed across the agency?

Ms McNally—It is distributed across the agency.

Senator LUDLAM—Is there a lead person with responsibility for public transport infrastructure?

Ms McNally—There are a number of issues that need to be covered. There are policy issues in terms of say our national transport strategy and there are issues in terms of the funding of roads and rail and urban projects. We need to have expertise right across the policy settings, which is another part of the department from the part that I am responsible for, as well as the area where we are responsible for the actual investments that are made. We need that expertise across both of those areas.

Senator LUDLAM—I wonder how much of your work is in metropolitan public transport?

Ms McNally—In terms of quantifying that I would have to take that on notice, but there has been a significant growth under this government.

Senator LUDLAM—Would it be possible perhaps just to break down some funding over the last two or three years?

Ms McNally—We could make an attempt. We will have a look at that, Senator.

Senator LUDLAM—Not to just be creating work for you, but I am just interested to see how that changing pattern of mobility around the country is being reflected in the work that your agency does.

Ms McNally—Yes, Senator.

Senator LUDLAM—I would appreciate that.

CHAIR—Mr Maher, you are in charge of WA and South Australia?

Mr Maher—Correct.

CHAIR—I would like to ask you a couple of questions to do with the Great Northern Highway. To declare an interest, I have pedalled up and down that bloody goat track for 11 years and it is an absolute national disgrace. My son is out there learning his ply now as a good young truckie and any poor so-and-so who ventures up and down that highway takes their life in their hands. Anyway, I have had my little spray. I think \$350 million has been put towards the Great Northern Highway upgrade. Could you tell the committee where you are spending it and what on, or where we are spending it and what on?

Mr Maher—Yes, Senator. There is a range of projects on the Great Northern Highway that are currently underway. There is the upgrading from Leonard Street to Muchea. That project is widening three sections of highway totalling 12.3 kilometres. The total Australian government contribution to that project is \$65.5 million. That project is almost complete—the final seal was planned for late 2008.

CHAIR—So you are obviously widening it?

Mr Maher—Correct, Senator. There is also widening of eight kilometres between Leonard Street and Apple Street in Perth. There is also the Muchea to Wubin section, which involves the construction of passing lanes, inner section upgrades and widening along the 216 kilometres between Muchea to Wubin. The total funding on that section is \$98.1 million. Construction of that section is underway. It was suspended due to poor weather for a period, but it is still scheduled to be complete by mid-2009. There is also the replacement of several bridges on the highway. In the Kimberley region, there is construction of four bridges at Elvire River, Palm Creek, Upper Panton River and Roses Yard Creek—the Australian government contribution is \$14.279 million to that element. There is also the Dunham River and associated works, which is the construction of a 191-metre two-lane bridge and 6.8 kilometres of the Great Northern Highway approaches near the Dunham River. The Australian government contribution to that project is \$29.2 million. Finally, there is also the Great Northern Highway accelerated upgrade package, which includes several projects: rehabilitation works in the Pilbara and Kimberly for \$91 million; bridges at Fletchers Creek, Big Mabel Creek and Telegraph Creek in the Kimberley. Funding for that project is \$55 million. Also there is planning associated with the Kununurra bypass and that is for \$10 million. All of those projects under that package are on track to be completed by the end of 2009.

CHAIR—Very good, so that will give us our all-weather road between Broome and the border?

Mr Maher—Sorry, there is one final project. There was also an election commitment recently to upgrade the road near Port Hedland and the Australian government contribution to that project is \$160 million. Planning is currently underway but, as I have mentioned previously, that is subject to negotiations with the new WA government.

CHAIR—Thank you, Mr Maher. What does that \$160 million around Port Hedland give us?

Mr Maher—At this stage we have received some planning documentation from WA. Initially it is looking at an upgrade of three bends on the Great Northern Highway and then a

construction of a bypass of Port Hedland. But there are still several possible routes available, so it is a bit too early to specify a particular route for that.

CHAIR—What will it do—upgrade three bends and give us a bypass road in Port Hedland?

Mr Maher—Correct.

CHAIR—I did not know there was anything wrong with the road in Port Hedland but that is very interesting. Could you give us an update on the Perth to Bunbury highway and the benefits it will bring to the economy?

Mr Maher—Yes. The Perth to Bunbury highway is a 70-kilometre road of four-lane dual carriageway from the Kwinana Freeway to the Old Coast Road near Lake Clifton. The total Australian government contribution is \$330 million—that is \$170 million under AusLink 1 and \$160 million under AusLink 2 in 2008-09. The WA contribution to that project is \$375 million. The total cost of the project is \$705 million. Construction is underway and is expected to be completed in 2009. The main benefit of that project is that it is basically going to take traffic out of Mandurah and therefore reduce congestion in Mandurah. There will be less traffic going through Mandurah and it will be able to travel along the new Perth to Bunbury highway.

CHAIR—Could I declare an interest there. I cannot wait for the traffic to get out of Mandurah. Thank you very much, Mr Maher.

Senator HURLEY—Being a senator from South Australia I am concerned about the progress on the NEXY, the Northern Expressway road and also Sturt Road. We have got a great deal of development both in agriculture and mining in the northern areas and the freight component makes it very important that the work be done speedily. I was wondering if you could give us an update on what has happened there.

Mr Maher—The Northern Expressway and upgrade of Port Wakefield Road is construction of a 23-kilometre, four-lane expressway between Gawler and Port Wakefield Road and an 11.5-kilometre upgrade of Port Wakefield Road from north of Taylor Road to the Salisbury Highway. The total Australian government contribution to that project will be \$451.2 million. That includes \$60 million in 2008-09 as well as \$58.8 million from AusLink 1. The South Australian contribution is \$112.8 million. The total project cost is \$564.2 million. The construction of the Northern Expressway component is expected to be completed by late 2010 and the Port Wakefield Road upgrade will be completed by late 2008.

Senator HURLEY—So that \$60 million you are spending in 2008-09—I have been slowed down there by the roadworks myself so I know something is going on down there—is that mostly on that Port Wakefield end?

Mr Maher—I do not have that with me. I recall that it is split between the two projects.

Senator HURLEY—What about the Sturt Highway?

Mr Maher—There are a range of projects on the Sturt Highway as well. Are you happy to hear about completed projects or just projects that are yet to be complete?

Senator HURLEY—More projects that are yet to be complete.

Mr Maher—As with the Great Northern Highway I mentioned earlier, there is an accelerated upgrade package on the Sturt Highway. That is primarily duplication of 20 kilometres of the Sturt Highway from Argent Road, Gawler to Greenock Road at Nuriootpa plus some other minor works along the road. The Australian government contribution to that project is \$100 million. The project is underway and scheduled for completion at the end of 2009. I should also mention that the total spend on the Sturt Highway is \$159.2 million. There is also the upgrade of Accommodation Hill which is rehabilitation of six kilometres on Accommodation Hill. The Australian government contribution is \$6.37 million. The project should be completed by mid-2009. Finally, there is the upgrade of the Paringa Bridge, which is rehabilitation of the bridge where the Sturt Highway crosses the Murray, three kilometres east of Renmark. The Australian government contribution is \$4.8 million and it should be completed by the end of 2008.

Senator HURLEY—Is the Argent Road to Greenock section primarily to address road safety problems or is that more about—

Mr Maher—I expect the project will have safety benefits, but it is mostly upgrade works and maintenance type projects.

Senator HURLEY—The number of fatal car accidents—and car accidents in particular—along that road have been a cause of concern for some time, so one of the focuses of any upgrades of Sturt Road was to make it safer for vehicles.

Mr Maher—The project overall will deliver a duplication, so there would be significant safety benefits from a duplication of the road.

Senator IAN MACDONALD—There is one other project I want to raise with the officials while they are here, and that is the Cooroy to Curra bypass on the Bruce Highway near Gympie. Is someone familiar with that?

Mr Crombie—Yes, Senator.

Senator IAN MACDONALD—I have a series of questions which I might mention to you so you can talk generally about them. I would like to know what the Queensland government is putting in, because I understand the Queensland main roads minister, Mr Pitt, has said that ‘he is not going to spend \$750 million on a federal highway.’ I want to know what funding both the state and the Commonwealth have put in, what is going to be taken up on design and what is the total expected cost of the project. I understand there have been various estimates between \$4 billion and \$7 billion. I would like to know how much is provided by the Commonwealth and where the funds will come from. I am also interested in the interaction between work on this section of the highway and the Traveston Crossing Dam which will impact upon the Bruce Highway, the federal highway, in this area.

Mr Crombie—Senator, that is a very complicated set of questions. Can I start with Traveston Crossing?

Senator IAN MACDONALD—Yes.

Mr Crombie—The Cooroy to Curra project is a 65-kilometre section of road which will eventually see the Bruce Highway bypass around Gympie to the east. The planning has identified effectively that the project be broken into four stages. Stage A would start just north

of Cooroy and go through for about eight kilometres or thereabouts. Stage B is what the Queensland government is focusing on at the moment and that is the bit that will see the road move to take account of the Traveston Crossing Dam decision. The decision on the Traveston Crossing Dam is one principally resting with the state government, but there are environmental federal impacts in there as well. There is no decision yet on Traveston Crossing, which makes the programming and the sequencing for that project very complicated. The Queensland government priority is section B, because if Traveston goes ahead that will start to have impacts on the Bruce Highway from 2010.

Senator IAN MACDONALD—Will we be contributing to that?

Mr Crombie—The federal government has announced a \$200-million contribution to planning and land acquisition which covers the full 65 kilometres. Decisions about who contributes what are still being worked through by the Australian government and the Queensland government, but at this stage the Commonwealth contribution is set at that \$200 million to cover, as I say, the planning and land acquisition for the full 65 kilometres. I am aware of those comments that Minister Pitt has made. Clearly, this is a major project that will mean ongoing discussions between the two governments to resolve arrangements for sequencing, final alignments and cost sharing.

Senator IAN MACDONALD—As of today where is this at? Are you still talking about it?

Mr Crombie—As of today the Queensland government has finalised a planning study covering the preferred route for the full 65 kilometres. Section B, obviously, may have some minor adjustments depending on the actual decisions on Traveston dam. The Australian government has actually contributed to the funding of that study.

Senator IAN MACDONALD—How much?

Mr Crombie—The study cost \$8 million and the Australian government provided \$4.3 million in the first AusLink period.

Senator IAN MACDONALD—Thanks.

Mr Crombie—So, at this stage, the best I can tell you is that the \$200 million that is committed in AusLink2 is for the planning and construction. There are a lot of decisions still to be resolved here.

Senator IAN MACDONALD—All right. I take it from your answer that you are in touch with the Commonwealth Department of the Environment, Water, Heritage and the Arts on the Traveston Crossing Dam element of it?

Mr Crombie—Yes, as part of the formal assessment processes.

Senator IAN MACDONALD—All right. Thank you very much for that.

Senator CORMANN—I have got some questions in relation to a government pre-election commitment around the Perth-Mandurah-Bunbury highway. The federal member for Canning, Don Randall, has got a very close interest in one particular aspect of that and that is the \$130 million committed for the Mandurah entrance road, which is supposed to be funded fifty-fifty by federal and state Labor governments. Do you still expect that commitment to be delivered on by 2009?

Mr Maher—For the Mandurah entrance road we do not have a construction date yet, but I would expect that the construction would commence some time in 2009.

Senator CORMANN—So how long would you anticipate that construction to take?

Mr Maher—I do not have an answer for that.

Senator CORMANN—Funding has been allocated for this to proceed in 2009?

Mr Maher—The funding is available for the project but at this stage we are waiting on further project documentation from the WA government.

Senator CORMANN—Thank you very much; that was essentially what I wanted.

Senator WILLIAMS—I have a question for Minister Conroy. On 18 August this year, Minister Albanese announced a \$1.3 million program to fix dangerous black spots and local roads in the Port Macquarie area. The announcement included \$230,000 to fix a dangerous black spot at Rawdon Island, but just three days later his media release had not mentioned anything of the \$1.3 million as to Port Macquarie except for that Rawdon Island black spot. Why did the minister choose to announce this expenditure in Port Macquarie and Taree in person during a federal by-election? Is that normal procedure?

Senator Conroy—Sorry, but were you asking whether it was normal procedure to release funding during a by-election?

Senator WILLIAMS—The minister went to Port Macquarie to announce the special funding for the Black Spots Program and some funding for the Roads to Recovery program in Port Macquarie during the time of the by-election. Is that normal procedure?

Senator Conroy—I would have to take that on notice and ask the minister about that timing subject to the constraints of his diary, I am sure. But I will happily take that on notice and seek further information from the minister.

Senator WILLIAMS—Because three days later he put his media release out announcing all these black spot funding programs and only \$230,000 of that announcement at Port Macquarie is in the program three days later. So I am just a bit curious on that one, Minister. Can you confirm that, while Minister Albanese was up at Port Macquarie announcing these, he met with Robert Oakeshott, the then independent candidate for the seat of Lyne?

Senator Conroy—I am happy to take that on notice and get you the information.

Senator WILLIAMS—Yes, if you could you get me the information on that. I was wondering if the minister met with any of the other local representatives such as John Turner, the MP for Myall Lakes, while he was there. Would you have to take that on notice as well?

Senator Conroy—I will take that on notice.

Senator WILLIAMS—Yes. And, did the minister personally announce any black spot funding in any of the other electorates? For example, just down the road at South West Rocks there was a \$465,000 program. I wonder if you would take on notice whether he went and announced that personally.

Senator Conroy—I am happy to get that information for you, Senator Williams.

Senator WILLIAMS—Well, it pleases me that you are happy. Just on the rail situation, Mr Williams, what plans does the government or department have to build on the work of a former Deputy Prime Minister, John Anderson, in relation to upgrading the nation's faltering rail network and assisting and encouraging states to upgrade and recommission branch lines, especially considering that in areas like the north of New South Wales we are hopefully looking at a very good harvest and there will be a lot of grain to shift?

Senator Conroy—A very broad question, Senator Williams!

Senator WILLIAMS—He has got broad shoulders, Minister.

Mr Williams—In terms of the branch network and the grains issue in New South Wales, the minister, together with Minister Burke, announced the commissioning of a \$3 million task force to review the New South Wales grains situation—the total supply chain including road and rail. That was an announcement made yesterday.

Senator WILLIAMS—So when will that review be completed?

Mr Williams—It is expected to report by May next year.

Senator WILLIAMS—So there will be no improvement for this harvest, of course? The status quo will remain obviously for this harvest if the review is not ready until next May.

Mr Williams—The current arrangements with the rail operators, Pacific National and others within New South Wales, will remain in place.

Senator WILLIAMS—Just on another question, does the department or the government have any plans for a bypass around Muswellbrook on the New England Highway, a very serious situation where all the New England Highway traffic goes straight through the centre of Muswellbrook?

Mr Hogan—The government has not announced any commitment to a Muswellbrook bypass.

Senator WILLIAMS—Do you have any idea of the level of financial assistance grants that will be available this year for local government?

Ms McNally—Senator, that is best asked of our regional services and local government colleague.

Senator WILLIAMS—I will ask it then. Thank you, Chair.

Senator LUDLAM—Can I jump in here?

CHAIR—Yes, Senator Ludlam.

Senator LUDLAM—My question is on a similar line to that of Senator Williams. It is on regional grain lines in Western Australia. Is there anything on your desk around the evaluation of funding of that rail network in the WA wheat belt?

Mr Williams—Yes, the government has a similar commitment to undertake a review of the grains situation in WA. In the election there was an announcement of a similar \$3 million task force to review the grains situation in WA.

Senator LUDLAM—So the Commonwealth government is currently working through that appropriation. Is that investigation afoot at the moment?

Mr Williams—We are currently in discussions at ministerial and officer level as to how to take forward the review situation in WA, in particular having regard to a number of reviews that have already taken place in WA, particularly by the Grains Infrastructure Group.

Senator LUDLAM—There is speculation at the moment that a large fraction of that line actually is slated for closure. Is that something that you are considering?

Mr Williams—That would be part of any future review of the WA situation.

Senator LUDLAM—Was that work impacted in any material way by the change of government in Western Australia?

Mr Williams—I cannot particularly comment on that. I suppose, as I said, the government is in discussions with the new government regarding taking that review forward.

Senator LUDLAM—Was there a particular change in policy approach, I suppose, by the incoming government?

Mr Williams—I am not aware of a particular change in approach between the governments.

Senator LUDLAM—So that is as far as you are aware. Is this work that you are personally engaged with or is there another officer within your agency who is directly responsible for that?

Mr Williams—I am directly responsible for that.

Senator LUDLAM—And, as far as you are concerned, it was status quo with the incoming government, and that process is just continuing.

Mr Williams—I understand they had a commitment to an upgrade of the grains lines within WA as part of the election platform.

Senator LUDLAM—Upgrade as opposed to closure?

Mr Williams—It is taking a look at the network as a whole. There are a range of issues that are quite complex for both New South Wales and WA as to whether there are upgrades, branch closures et cetera.

Senator LUDLAM—Can you tell us when that review is expected to be complete?

Mr Williams—I cannot give you a time frame at this stage. In terms of the funding allocation, that was for next financial year for the task force, but whether there might be a bring-forward of that review is the subject of discussion between the two governments.

Senator LUDLAM—Okay, but are we talking months or years? You must have some sort of timetable for a work plan for that.

Mr Williams—A review process would take a number of months—three to six months. It would take that whenever such a review took place.

Senator ADAMS—On the same issue: is any of the \$402 million that has come from AusLink going towards rail? I mean the AusLink funding that was mentioned before for WA. Is any of that for rail?

Mr Williams—In terms of rail in WA, the main election commitment was to the \$3 million grains task force. There is also rail funding in this financial year related to the Daddow Road grade separation. Also, work in the eastern goldfields is continuing.

Senator ADAMS—Thank you.

CHAIR—We have gone over the time limit but it was worth while; there were a lot of questions that needed to be answered or at least put. May I just thank the officers from Infrastructure Investment.

[12.10 pm]

Bureau of Infrastructure, Transport and Regional Economics

CHAIR—Welcome, officers.

Senator IAN MACDONALD—Good afternoon, gentlemen. I just want to know a little bit about your organisation before we start. You are the follow-on from the old Bureau of Transport Economics. Is that right?

Mr Wilson—That is correct, Senator.

Senator IAN MACDONALD—What is your current set-up? How many officers are there and at what sort of level, broadly? I was familiar with what you did as the Bureau of Transport Economics, but what additional do you do with infrastructure and regional and what impact has that had on the set-up of your organisation? What is the set-up of your organisation?

Mr Potterton—On your first question about the staffing levels: we are looking to have around 56 full-time equivalent staff this financial year. Rather similarly, in broad terms, to previously, we comprise the Infrastructure and Transport Research Branch, which was previously the Transport Research Branch; and the Regional Research and Transport Statistics Branch, which covers aviation, rail and maritime statistics areas. We also include the Climate Change Taskforce for the department.

Senator IAN MACDONALD—Are your personnel mainly economists? What percentages are economists and support staff?

Mr Potterton—We are, I guess, an interdisciplinary group. We have a significant number of economists in the infrastructure and transport research team. I have not calculated it closely but it would be around half. We also have a number of others with generally strong quantitative skills and backgrounds in science, statistics, mathematics and so forth. Similarly, the regional research group has some economists and also some who are skilled in social science methods and backgrounds.

Senator IAN MACDONALD—You are working with the Climate Change Task force, which I will come back to. Are you also working with Infrastructure Australia?

Mr Potterton—We have, like other areas of the department, contributed this year to the Commonwealth submission to Infrastructure Australia. Our work is available for Infrastructure Australia and we would expect over time to be working closely with them as they may wish and require.

Senator IAN MACDONALD—As I understood from what we were told this morning, we are hoping to get some sort of assessment of applications for Commonwealth assistance in one form or another from Infrastructure Australia by I think it was the end of the year. I would assume—and correct me if I am wrong—that the bureau would be totally consumed and involved in assisting the secretariat with their assessments of projects?

Mr Wilson—Infrastructure Australia will be doing their work separately. The work program of the bureau is separate from the work program of Infrastructure Australia. So, the analysis that Infrastructure Australia will be undertaking—as I think Mr Deegan outlined this morning—by Infrastructure Australia as opposed to the Bureau of Infrastructure, Transport and Regional Economics.

Senator IAN MACDONALD—Won't they be doing much the same thing? Isn't a massive duplication? They are assessing, looking at and researching projects related to infrastructure, transport and, I assume, regional economies.

Mr Wilson—Infrastructure Australia has a set work program established through its legislation. The bureau undertakes research programs outside of Infrastructure Australia. So, whilst Infrastructure Australia's work and the bureau's work are similarly focused in terms of subject matter, the work program of Infrastructure Australia is not the same as the work program of the Bureau of Infrastructure, Transport and Regional Economics.

Senator IAN MACDONALD—Who sets the program for the bureau?

Mr Wilson—The department sets the program.

Senator IAN MACDONALD—After consultation with the minister?

Mr Wilson—After consultation with the minister, yes.

Senator IAN MACDONALD—Is the bureau's current work plan a public document?

Mr Wilson—The work program for 2008-09 has yet to be finalised. We have been going through a process where we are realigning that program to the government's agenda. The change of government has meant some change of focus in what the department's roles and responsibilities are and, in particular, what the bureau's roles, responsibilities and focus are. On the work program for 2008-09: whilst work has continued on a number of ongoing tasks and has commenced on a number of shorter-term tasks through 2008-09, the final program has yet to be finalised. What we are doing is making certain that it aligns with the government's agenda in terms of infrastructure investment, urban public transport, the Office of Northern Australia and the cities. It is not, as yet, finalised.

Senator IAN MACDONALD—I do not think we have seen the department's annual report yet. Will the work plan for the bureau, when it is determined, be a public document?

Mr Wilson—Yes. It has been standard practice that the bureau's work program is published on the web.

Senator IAN MACDONALD—Two questions: when do you expect that the work plan will be finalised?

Mr Wilson—I would hope that it is finalised fairly soon. We have been having detailed discussions both within the department—of course, the individual transport regional areas

within the department have issues that we seek to have the bureau investigate—and with the minister's office. So I would hope that it will be finalised soon.

Senator Conroy—If I could just add, we do have different priorities. I am sure you would understand that, Senator Macdonald.

Senator IAN MACDONALD—Yes, I do.

Senator Conroy—We want the BITRE work plan to reflect our priorities. I would happily engage in a lengthy debate with you about the past 12 years—I know you like to air brush it—but infrastructure and public transport in the last 12 years did not receive much. We are trying to reprioritise that. I will not get into a lengthy debate with you, but I just wanted to make those points.

Senator IAN MACDONALD—Thank you, Minister, you have just repeated what Mr Wilson said—only Mr Wilson said it much more articulately, I might say, with respect to you.

Senator Conroy—I have not doubt about that.

Senator IAN MACDONALD—So why it was necessary for the comment, I do not know. Anyway, it is all good fun here, and we all love each other, so that is great. Mr Wilson or Mr Potterton, I know you have not been sitting on your hands for the last 10 months waiting for a work plan to come up. Perhaps by headline you can indicate the sort of work you have been doing in recent times.

Mr Potterton—Certainly. Our program includes a significant number of continuing projects and new projects. An example of a continuing project would be the work we are doing with Treasury on the emissions trading economic impact scenario. We are involved with Treasury in that work. In terms of new work, an example would be getting a good understanding of recent trends in urban public transport demand and supply. The minister released some indicative figures in that area a couple of weeks ago. Those figures were sourced from the bureau, and we are putting out a larger publication on that particular issue.

Senator IAN MACDONALD—Are you doing any work specifically on the future of regional Australia or its needs?

Mr Potterton—We have a regional research program which will continue and is also folding in cities issues into it. We have some important continuing work there. For example, we are finalising a publication looking at household wealth across all of Australia's regions, and similar work on income support payments in Australia's regions. These are examples of regional work which also obviously includes, importantly, the cities.

Senator IAN MACDONALD—In that no doubt you would be paying reference to wealth-creating projects that were previously provided by programs such as Regional Partnerships and Regional Solutions? Do you assess that as part of—

Mr Potterton—These sorts of studies use the existing databases which I suppose reflect the net effects, if you like, of all of the various sources of wealth in that case. It is a household based study that looks at the range of household net worth across all of the regions. As I say, there is some netting out, if you like, in terms of the impact of particular programs.

Senator IAN MACDONALD—Thanks for that. I would like to raise with you a number of issues, but time is going to beat me. Perhaps I could just finalise my part. You made reference to the fact that you are doing a lot of work with the climate change group within the department.

Mr Potterton—Within the government, with Treasury.

Senator IAN MACDONALD—Okay. Is it you that is doing the work on the impacts of possible ETSs on rural and regional industries, particularly rural industries? Are you doing that sort of work?

Mr Wilson—No. As far as I am aware, the bureau is not doing an analysis of the impacts of the CPRS on rural and regional industries.

Senator IAN MACDONALD—What are you doing?

Mr Potterton—We are involved with the current stage of the Treasury modelling which is looking at the various emissions reduction scenarios at a national level. Our expertise applied to that is in relation to the transport sector modelling for that work. As I say, I draw a blank as to who exactly is doing the impact on regional Australia for that work, but I would suggest that that would be a question to ask Treasury.

Senator IAN MACDONALD—Thanks for that. If there is time, I will come back to you.

Senator WILLIAMS—The area consultative committee has now been changed to Regional Development Australia—are you going to call them RDAs?

Senator ADAMS—That is in the next one.

Mr Wilson—Questions on RDAs will be answered under Local Government.

Senator COLBECK—I want to ask some questions about some work that I understand you are doing for the Infrastructure and Surface Transport Policy Group with respect to the Tasmanian Freight Equalisation Scheme. How far through that work are you, and when do you expect that to be completed?

Mr Potterton—The bureau has undertaken a report into analysing the methodology for the parameters for setting that scheme. That report has been undertaken.

Mr Wilson—If I might add, as Executive Director of Infrastructure and Surface Transport Policy, I had anticipated that we would discuss this in the next section of estimates.

Senator COLBECK—I will be asking some questions in the next session, but I new that BITRE was involved in some of the background work.

Mr Wilson—We have received a draft report from the bureau with regard to the parameters that underpin the program.

Senator COLBECK—So the draft report has been received; that is good. Where have you drawn your data from?

Mr Potterton—The main source we have used is a private consulting firm that has expertise and knowledge of freight rates over a long time period. You would appreciate that there is often a proprietary aspect to freight rates and the information can be closely held.

Senator COLBECK—I understand that very well. That is why I am asking the question: because there is a significant difference between published freight rates and actual freight rates.

Mr Potterton—Indeed.

Senator COLBECK—I know that the major users of the scheme in Tasmania have been willing to provide their real data to the government to assist with the development of the scheme. The real concern is that the data that is being used in the development of the background work for the parameter review may not include some of the real issues, even through a consultant, to which they would have access as actual users of the scheme.

Mr Dolman—In addition to the consultancy that Mr Potterton has mentioned, we also have access to the database of claims that have been made. So we do have access to data on individual claims over a prolonged period of time.

Senator COLBECK—But with great respect, that information, and the basis of some of those claims, has been one of the issues with the operation of the Tasmanian Freight Equalisation Scheme. One of the concerns that has been expressed by members of industry and those observing the industry over a number of years relates to the way it has been operated, because of the fixed costs for inter-modal elements of the scheme that have been applied. Those are the areas where there has been suggestions or allegations made of gaming with the scheme. Again, I would have to say that there could be some reason for treating that information with caution, given that there are those issues that have been expressed over a period of time with respect to that.

Mr Wilson—As I said, at this stage the policy division has received that draft report. We have provided information to the minister with regard to that and the other areas we are examining in terms of the overall operations of the scheme, and the issue is being considered by government. You are right that issues have been raised previously in terms of gaming of the scheme, and those are some of the issues that we have looked at in terms of the analysis that we have done and in terms of the analysis that the Productivity Commission did through 2007, I believe.

Senator COLBECK—2006.

Mr Wilson—2006, sorry.

Senator COLBECK—I know I am right, Mr Wilson, because I actually conducted my own inquiry alongside the Productivity Commission inquiry, talking individually to major industry, who were prepared to provide some of the private data and have in-confidence consultations with us. And I know that some of those players have offered that in-confidence information to the government. It has been refused at this point in time. I also know that some of those players have refused to make submissions to the government with respect to the review at this point in time because they are not comfortable or confident about where the information that is going to be used for the baselines is being drawn from. They want to get this right. I can understand the government wanting to have an arm's length process, so that there cannot be any sort of allegation with respect to the operation of the scheme. But these people all understand the vital importance of this scheme to their business and to the operation of their industries in Tasmania, and they want to get it right. They want to remove

any capacity for allegations of gaming, as have been there in the past, and they are prepared to give their commercial-in-confidence data to the process. My concern is that initially this was supposed to be put in place on 1 July this year. Industry and the Tasmanian government asked for additional time, and that is reasonable, so it has been put back 12 months, I understand. That is fine; no-one has any argument with that. But we are now towards the end of October, and we will lose six or eight weeks at Christmas, as we do every year, and they are concerned that they have this in place for 1 July next year.

Senator Conroy—Mr Wilson has answered the question. It is being considered.

Senator COLBECK—I understand, Senator Conroy.

Senator Conroy—You are more giving a speech. I am just conscious of the time and everyone else who wants to ask questions.

Senator COLBECK—I am conscious of the time, but this is the forum in which I have the opportunity to place the importance of this on the table.

CHAIR—Let us not waste our time, Senator Colbeck.

Senator COLBECK—I do not want to get into an argument with Senator Conroy over it. Can I just place those comments on the table for the officials. I do not know whether there is any further work, but I will ask some more questions in the next stage, Mr Wilson, so we can find out further where it is going.

CHAIR—On that, Senator Colbeck, do you have any more questions to BITRS?

Senator COLBECK—It is BITRE. No.

CHAIR—Oh, it is an 'E'. Where did I get the 'S' from?

Senator McGAURAN—Is this the section that is overseeing the review on the inland rail?

Mr Wilson—No. Infrastructure Investment, the previous area, is the area that oversees the inland rail.

Senator Conroy—You missed your chance.

Senator McGAURAN—But they are not undertaking the review?

Mr Wilson—I do not have a briefing in front of me that provides me with the answer to your question.

Senator McGAURAN—Who is undertaking the review? This is it with these whole estimates committees—no-one knows who is doing what and where.

Senator Conroy—Who set up this new Senate system?

Senator McGAURAN—This is quite a consistent pattern when you ask anything.

Senator Conroy—Senator McGauran, you have raised—

CHAIR—I think everyone knows it might just be the odd person who is confused.

Senator McGAURAN—You should have heard the Landcare explanation yesterday.

CHAIR—Senator McGauran, you have made a statement and the minister wishes to speak to it.

Senator Conroy—Senator McGauran, you have raised a number of legitimate issues today—

Senator McGAURAN—Don't start!

Senator Conroy—No, you have—this, however, is not one of them. Your previous government introduced this particular outcomes based assessment process, and we are all living with it. It was actually introduced by your government. I understand some of your frustrations. I lived with many of them myself trying to work out what went where, but there is no change. There is no attempt to stonewall you; you are just asking a question in the wrong place. If I could advise you, to help, the Australian Rail Track Corporation is undertaking the review on behalf of the department. The ARTC will be on later today and you can ask about it then. So no one is trying to stonewall you at all.

Senator McGAURAN—Thank you, Minister.

Senator IAN MACDONALD—Have you ever been required to do any work on the Outback Highway, the highway from Winton to Laverton?

Mr Potterton—No. I recall being made aware of some of the studies that were done some years ago, but essentially no, the bureau has not been asked to undertake work.

Senator IAN MACDONALD—I was questioning the relevant officials previously about things like the bridge over the Burdekin River, which is a two-lane carriageway across a very large river and is the only means of access from the south of Australia to the fabulous north. It has military and defence implications. It was state of the art 50 years ago, but now it is narrow and badly needs duplication. Do you make cost-benefit assessments of that sort of road project?

Mr Potterton—We are consulted by the Infrastructure Investment Division on occasion as they see the need arising. You will appreciate there is a very large number of projects, and they originate through the state government systems in most cases. So I suppose we are involved on an exceptions basis.

Senator IAN MACDONALD—Does your unit have the skills to do a cost-benefit—or I suppose really it is an economic and strategic needs-benefit—study of strategic road issues like that? Is that the sort of expertise you have?

Mr Potterton—We would certainly have some of the skills. We do not have the engineering skills that are used often for feasibility and pre-feasibility studies, but we certainly have cost-benefit analysis and economic-impact assessment skills.

Senator IAN MACDONALD—But you would be the ones to say, 'Bearing in mind the economics, the strategic importance, the safety issues, this sort of road has a priority over another tunnel under Sydney Harbour' or something like that?

Mr Wilson—As Mr Potterton indicated, the bureau certainly has the skills to do cost-benefit analyses in terms of projects. They do not necessarily have the skills associated with the overall analysis of a project such as the planning requirements, the engineering requirements or the fit into the overall transport network that the project would fit into. That is a broader set of skill requirements than is held within the bureau.

CHAIR—Thank you, Senator Macdonald. On that, I thank officers from the Bureau of Infrastructure, Transport and Regional Economics. I am informed by the secretary that the E is for economics, not stuff. Thank you for that.

[12.37 pm]

CHAIR—We now move to infrastructure and surface transport policy.

Senator COLBECK—Mr Sutton, it is good to see you here. I last saw you in Tassie, when you were doing your regional consultations. Can you provide an update of where things are at? We have heard from BITRE that you have a draft report from them. Can you give an update on where you are at with the Tasmanian Freight Equalisation Scheme parameter review?

Mr Wilson—Senator, if I may, I will start in terms of the overall process and then Mr Sutton can provide any additional information that you may require. As you are well aware, we undertook consultations with the community with regard to the findings of the Productivity Commission and how those would play out in administering the Tasmanian Freight Equalisation Scheme through March of this year. We have also received a report from the Bureau of Infrastructure, Transport and Regional Economics with regard to the parameters that underpin those schemes. We have provided advice to the government on the findings of the consultation process and the findings of the BITRE review, and the government is considering the next steps in terms of the process for implementing any changes that may occur out of those consultations, out of the PC review and out of the BITRE parameter adjustment work.

Senator COLBECK—We learned before that it is a draft report from BITRE. What further interaction are you proposing with BITRE on the draft report?

Mr Wilson—The issue associated with the next steps in terms of the overall work for the scheme is currently being considered by the government.

Senator COLBECK—Is there any proposition to go back to the major users of the scheme?

Senator Conroy—The issues are being considered by the government. I mentioned that in your last line of questioning, so this—

Senator COLBECK—All right, Senator Conroy; this is not political and this is completely bipartisan.

Senator Conroy—No, this just goes to advice to government. You are actually into the advice to government area. The report is being passed up to us for us to consider.

Senator COLBECK—If you want to shut it down, that is fine.

Senator Conroy—I am not shutting it down.

Senator COLBECK—I just want to find out where it is at, and the users want to know—

Senator Conroy—You are well aware that you are not allowed to ask departmental officials about the content of advice to governments and what they are considering—

Senator COLBECK—Well, I will ask you, Senator Conroy, because the Tasmanian Labor government would like to know as well. In fact, there is a forum in Tasmania today for which the operations of the Tasmanian Freight Equalisation Scheme is one of the major issues, because they want to know what is happening as well. The Tasmanian government wants to know what is going on as well. So, can you tell me: is there any plan for the government to go back to the stakeholders in consultation with respect to where this is at?

Senator Conroy—The governments are considering a range of matters, and when we have made a decision we will announce it.

Senator COLBECK—The Tasmanian government made a submission to the review process but, because of the information and the process, it has reserved the right to make another submission. Is it going to get the opportunity to do that?

Senator Conroy—I will take that on notice and come back to you with any relevant information.

Senator COLBECK—Likewise, two of the major users of the scheme and major employers in northern and southern Tasmania have held back from making proposals because of the concerns that we talked about earlier. Will they get the opportunity to undertake consultations with government?

Senator Conroy—As I said, the government is considering a number of matters at the moment. If we have anything further to announce, we will keep you informed.

Senator COLBECK—I am just telling you that you are making decisions without the full data, because industry is not comfortable in providing it at this stage. I am only trying to help. Are you interested in that information?

Senator Conroy—We are always interested—

Senator COLBECK—I am not trying to be difficult.

Senator Conroy—We are always interested in relevant information. We are considering a range of matters at the moment. I have taken on notice the question around consultation and will come back to you.

Senator COLBECK—Has a report been provided to the minister?

Mr Wilson—We have provided advice to the minister, as I indicated before, with regard to the outcomes of the consultation, the findings of the Productivity Commission review and the work that was undertaken by BITRE.

Senator COLBECK—When was that submission made to the minister?

Mr Wilson—I would have to take that on notice. I do not have that information with me.

Senator COLBECK—Is it one week, two weeks, three weeks or a month?

Mr Wilson—Honestly, I have not provided written advice in the last two weeks. I have had consultations with the minister's office but I have not provided written advice in the last two weeks.

Senator COLBECK—What can I tell industry as far as where the bottleneck is in this process at the moment, because they believe there is a bottleneck in the process somewhere and they would like to know where the bottleneck is.

Senator Conroy—The government is considering—

Senator COLBECK—So the bottleneck is in the minister's office?

Senator Conroy—The government is considering the advice. We have indicated that we will take the question on notice that you asked before. But we have answered this question a couple of times, Senator Colbeck. You can attempt to put words in my mouth or the officials' mouths, but we have answered the question.

Senator COLBECK—I would like to know what is going on. I am sure your Tasmanian Labor colleagues would like to know what is going on. We know that it has been in the minister's office for more than two weeks. Industry understand that there is a bottleneck. They have not had any consultations with the department for over a month. They just want to know where the bottleneck is. Now it is emerging where the bottleneck might be.

Senator Conroy—Is this a speech or a question?

Senator COLBECK—Can you tell me where the bottleneck is?

Senator Conroy—I think that is more of a rhetorical flourish than a question.

Senator COLBECK—No, it is not; it is a legitimate question. We know that the brief has been in the minister's office for over two weeks. Industry has not heard anything from the government for a month. So, is the bottleneck in the minister's office?

Senator Conroy—The government is considering the advice, and when it has made a decision it will advise.

Senator COLBECK—Perhaps I could ask you, Minister, to have a chat to your colleague and see what he can do to expedite the consideration of the advice. Thanks, Chair.

CHAIR—Thank you, Senator Colbeck. Senator Hutchins has the call.

Senator HUTCHINS—Mr Jones, I think you are the appropriate person for this question. How is the government progressing in achieving a single jurisdiction in heavy vehicle regulation registration and licensing? Where are we up to?

Mr Wilson—I will start and Mr Jones can add any detail that might assist. We are currently working with our state colleagues on the development of a national, single, heavy vehicle regulatory system. We are currently preparing papers for consideration by ATC on 7 November with a view to developing a regulatory impact statement for consideration by COAG early in 2009.

Senator HUTCHINS—By regulatory, what do you mean?

Mr Wilson—The basic scheme would create a single regulatory regime across Australia for the heavy vehicle industry. It would attempt to replace the current approach which seeks to provide uniformity across the system with a single set of regulations. As it currently stands, you have the development through the National Transport Commission of what are called model laws, which are worked through with industry, the unions and the jurisdictions and

which are then adopted often with variations between jurisdictions by the individual jurisdictions. A single regulatory regime is aimed at moving from that situation to a situation where a single piece of law is adopted across all jurisdictions to ensure that there is a complete consistency across the state boundaries.

Senator HUTCHINS—That is for weight limits as well?

Mr Wilson—That would be for weight limits as well.

Senator HUTCHINS—And axles?

Mr Wilson—Yes, axles.

Senator HUTCHINS—And this goes to ATC when?

Mr Wilson—A progress report will go to the ATC meeting on 7 November with a regulatory impact statement hopefully being delivered to COAG early in 2009.

Senator HUTCHINS—I imagine one of the benefits will be that there will be the same axle weights, the same load limits, and you will be able to take a container by road, if you want to, from Brisbane to Melbourne.

Mr Wilson—That is certainly the aim.

Senator HUTCHINS—Rather than as happens at the moment, where you have to unload a container if you want to go north—because, as I understand it, it is not acceptable on Brisbane roads. Is that the intention of all of this?

Mr Wilson—That is the intention of the work that we are doing with our jurisdictional colleagues.

Senator HUTCHINS—Has any benefit analysis been done on what people think we might get as a country as a result of this standardisation?

Mr Wilson—The Productivity Commission in their review of road charging in 2006, which reported in 2007, undertook an analysis. They identified a benefit to GDP of I think \$2.4 billion. But the work that will be undertaken in terms of the regulation impact statement will also identify the benefits that would accrue from a national system.

Senator HUTCHINS—That is \$2.4 billion in one year? Is that what is anticipated? Is that what the Productivity Commission said?

Mr Wilson—Yes, I believe so.

Senator HUTCHINS—The time frame is November—and then?

Mr Wilson—Subject to the workings of the officials in terms of development of the regulation impact statement, and clearance processes through the Australian Transport Council, we are hoping to report to COAG in the first meeting in 2009, the date of which is not set as yet.

Mr Jones—Just to add a little bit extra to Mr Wilson's explanation, the regulatory impact statement process to go to COAG in the first part of 2009 in itself will not deal with the more detailed level of delivery of a single national system of regulation. It will be about the architecture and the benefits. The Council of Australian Governments will need to consider the pros and cons and then make a commitment. Within the component of a single national

regulation delivery, there will be elements that will need to be further elaborated and its components worked through. For example, a single national regulator and then the detail of a single system of law and regulation. So the process for the first part of 2009 in itself will not deal with the specifics of some of the issues you touched on, particularly the differences going to things like mass and other regulatory aspects. Those aspects would proceed once the Council of Australian Governments had given approval to the direction of the reforms.

Senator HUTCHINS—So that it would include, say, access for B-triples on certain highways that currently are unable to have that access?

Mr Jones—As to the timing and the order of the development of the components, previous discussion in the Australian Transport Council on that issue has identified two issues that would be not the first cab off the rank, if you like. Access and pricing issues would be anticipated to be, if you like, second-stage round. The first objectives would be around establishing a single regulator approach, agreeing on—probably in a staged process—how to transition from the existing elements of diversity of transport law and what would be an appropriate order to make constructive progress on delivering a single national regime. On a consideration by ministers in July, they put access and pricing as not the first element of that more detailed work.

CHAIR—That is certainly a good start. God only knows, if we can get the states working together, we might even get these ridiculous fatigue management law differences we have around this bloody country sorted out.

Senator ADAMS—Does that come under here?

Senator IAN MACDONALD—Do things like national transport laws come under your responsibility, or is it under the National Transport Strategy?

Mr Wilson—Here.

Senator IAN MACDONALD—What is the National Transport Strategy about?

Mr Wilson—The National Transport Strategy Division is coordinating the work associated with a single jurisdiction for heavy vehicles, maritime and road/rail safety as well as coordinating a lot of the work that is emanating out of the Australian Transport Council. That division works very closely with mine because I have the resources with regard to heavy vehicle regulation and maritime regulation, but it also works very closely with the Infrastructure Investment Division, which has responsibility for rail regulation. It plays a coordinating role within the department as well as with the jurisdictions in terms of driving forward the work we are doing on those areas.

Senator IAN MACDONALD—Who puts these programs together for estimates? Do we do it or does the department?

Mr Wilson—I believe the committee does.

Senator IAN MACDONALD—Why would we not have you and the National Transport Strategy together?

Mr Wilson—I believe that Ms Riggs is actually delivering a speech to the Truck Industry Council conference today on behalf of the minister. She would probably be currently standing and delivering that speech and is unable to be here with me.

Senator IAN MACDONALD—We are here for her convenience, obviously, but I am not suggesting that she should give that away and be here. What we could have done was put you at midnight tonight with them, because it does seem to me that the issues that you deal with and with which they deal are concurrent. I would think we might have to get these people back, Mr Chairman.

CHAIR—Sorry?

Senator IAN MACDONALD—We are just trying to sort out what these people do and what the National Transport Strategy do. They seem to be similar. But because of that, some of us had questions that we thought might rightly be directed to the National Transport Strategy people. It would seem that, in future, we probably should get one following the other so they can join together if needs be. I am suggesting, seeing that we are about to finish in five minutes and there are some other questions, that we might ask these people to come back after lunch.

CHAIR—No, we are right—we have time, by all means.

Mr Wilson—If it suits the committee—my colleagues will probably not thank me for this—I am quite comfortable with moving in the agenda to be prior to Ms Riggs this evening.

Senator IAN MACDONALD—Could I just do this. Senator Adams has questions about what?

Senator ADAMS—I have driver fatigue and a number of general ones like that. I thought they came under ‘strategy’.

Senator IAN MACDONALD—But what else are they? Are they you?

Mr Wilson—They are my division, so that is now.

Senator ADAMS—That is good.

Senator IAN MACDONALD—Even if you came back after lunch. That way you will not have a revolt on your hands with your staff bringing them back at midnight. Only silly people work then, like us. Let us do that, then. Do you deal with industry training? I am particularly looking at training of ships’ officers and crews.

Mr Wilson—We can certainly take the questions. Some of the questions may be better asked of the Australian Maritime Safety Authority.

Senator IAN MACDONALD—I am reading someone else’s question, but what does the government plan to do to alleviate the burden on industry which currently needs to pay for all training of ships’ officers and crews? Are there any plans to introduce a system wherein students can apply for entry into a course, be accepted and commence studies without having company sponsorship? That probably sounds a bit more technical than your area—is it?

Mr Sutton—Issues to do with training of seafarers have been addressed in the report which was handed down last night from the House of Representatives committee entitled

Rebuilding Australia's coastal shipping industry. Those issues are covered by the terms of reference. The report has been handed down.

Senator IAN MACDONALD—So that is your area?

Mr Sutton—It is our area, yes; that is correct.

Senator IAN MACDONALD—Is this from that? I am not sure where I got this.

Mr Sutton—Maritime training, maritime skills, is certainly a very significant issue that was raised during the course of the House of Representatives committee inquiry.

Senator IAN MACDONALD—Getting mariners, even for fishing boats these days, I know is difficult. I understand that we have a critical shortage of land based mariners such as harbour masters and actually rely on 457 visas to fill those places. Does the government have plans to increase the number of maritime people who could be trained so that we alleviate what is a fairly critical shortage in Australia at the present time?

Mr Sutton—Again, I would comment that it is very much related to the findings and recommendations of the House of Representatives review, and the government will certainly be looking at those issues in the context of responding to that.

Senator IAN MACDONALD—While I am grateful that the House of Representatives committee is running the government, and it is probably better than the government running the government—

CHAIR—That is one minute, Senator Macdonald. Do not drop the guard; you have been doing so well today. You have ignored all of the interjections; you have carried yourself well.

Senator IAN MACDONALD—It is interesting what a group of politicians have said in the House of Representatives but I am really asking if the government or your department has any plans to deal with what is a critical shortage of training for people in the maritime industry.

Mr Wilson—I do not know that I can add anything extra to Mr Sutton's answer other than the fact that we will be working with the government in terms of developing a government response that will go across the breadth of the maritime industry.

Senator IAN MACDONALD—I take it from that that the answer to my question is, no, you are not doing anything now, the government has no plans, but you will look at it following this House of Representatives report.

CHAIR—It is one o'clock, so could you answer that, Mr Wilson.

Mr Wilson—I will not comment on the government having no plans but we will be looking at it in terms of—

Senator IAN MACDONALD—It is not a trick question. If you have, all I am doing is seeking information about it.

Mr Wilson—But, in terms of the specifics in regards to the training of maritime officers, maritime crew, we will be looking at it in terms of the review.

Senator IAN MACDONALD—That is excellent. Thank you for that. As I say, it is not a trick question; the answer may be yes and it may be no, but whatever it is, could you just say if the government has any plans or strategies for this at the present time?

CHAIR—You may want to take that on notice and come back after the lunch break.

Mr Wilson—In terms of the specifics of the question, I will give you an answer after lunch.

Senator IAN MACDONALD—Okay, that is fine.

Proceedings suspended from 1.00 pm to 2.00 pm

Senator HEFFERNAN—Turning to fatigue laws, if there were ever anything I have seen being badly handled—and this is a job for COAG—it is the national harmonisation of fatigue laws. Have you already addressed this?

CHAIR—We have touched on it, but Senator Adams did allude to the fact that she had questions around this as well.

Senator HEFFERNAN—Is there a plan by the Commonwealth to harmonise this? I am sure Senator Adams will put to us in a second the situation in Western Australia—

CHAIR—I developed them; I know all about it.

Senator HEFFERNAN—That is probably why they are wrong. In New South Wales there is a different set of laws. You get to the border and it all changes. The fatigue laws are stupid. There are not enough truck stops.

CHAIR—Can we get to questions? We have only 15 minutes and Senator Adams would like a turn.

Senator HEFFERNAN—Are we going to harmonise nationally the road fatigue laws?

Mr Wilson—The work that we are doing through the national transport system to develop single jurisdiction will attempt over time to harmonise road transport regulations across the jurisdictions. The work that we do with the National Transport Commission with regard to the uniformity of regulations is aimed at ensuring that those regulations that are adopted by the individual jurisdictions are uniform. At the outset, it is correct to say that the jurisdictions have adopted some variations on the model laws that were passed by the Australian Transport Commission.

CHAIR—I know Senator Adams has a host of questions on fatigue; is that correct?

Senator ADAMS—Yes. Firstly, as to the decision by the Australian transport minister on 25 July 2008 to build a single national system of heavy vehicle regulation and to adopt a consistent approach to licensing, are they going on with that?

Mr Wilson—Yes. As I said before our lunchbreak, the next steps in that process are that officials are developing regulatory impact statements in regard to a single regulatory regime for heavy vehicles. A progress report will be provided to the Australian Transport Council on 7 November. A regulatory impact statement will be developed between now and early next year for consideration by the Australian Transport Council with a view to providing that

document to COAG early in 2009. That document will then lead to COAG's consideration of the next steps in developing a single jurisdictional approach to heavy vehicle regulation.

Senator ADAMS—The heavy vehicle driver fatigue reform rollout commenced on 29 September this year. Given that the reforms were based on a national template, are you aware of any state based differences in the implementation of these changes?

Mr Wilson—There are differences between the ways in which a number of the jurisdictions are rolling out the heavy vehicle fatigue laws. At this stage I believe New South Wales, Queensland, Victoria and South Australia have brought the new laws into effect on 29 September. The Northern Territory and Tasmania are expected to implement their laws at a later date. The Western Australian government indicated—at least prior to the change in government—that it would continue to regulate fatigue management under its occupational health and safety laws. The ACT has indicated it will retain its existing regulations. There are differences between the jurisdictions in regard to it, but I do not have the specifics in terms of precise differences between the jurisdictions. There are some differences in regard to the higher levels of fatigue management arrangements, as far as I am aware.

Senator Conroy—We are happy to take specific questions because they are complex—

Senator ADAMS—I know they are complex. I am fully aware of that, because as soon as one goes across a border you have all these different problems and logbooks. We do not have logbooks in WA but you have logbooks in South Australia. If you do not know that you have to get one, where do you go? There are all these sorts of complications.

Senator Conroy—We are happy to take specific questions on those and we will get you the information.

Senator ADAMS—I would like to be kept up to date with the differences. If they are going to cause problems, what is going to be done about them?

Mr Wilson—We will provide you with an answer on notice in terms of the major differences between what the jurisdictions have implemented. In terms of what is to be done about them, as I indicated, we are pursuing the establishment of a single jurisdiction which would, over time, eliminate many of the differences between the jurisdictions if it were to be implemented.

Senator ADAMS—I have a note here that Queensland, New South Wales and South Australia have given us six months for transitional arrangements so that drivers have time to shift the operations to the new daily standard of 12 hours driving in total. Do you have any details about these arrangements?

Mr Wilson—My understanding is that that is correct; that those three jurisdictions have provided a six-month transitional arrangement. My understanding is also that Victoria has not provided the same transitional process and that they have implemented from 29 September.

Senator ADAMS—Victoria has just gone straight in, has it?

Mr Wilson—That is my understanding.

Mr Jones—Victoria actually legislated first. The process of the other three jurisdictions to consider the issue of whether there was a potential benefit in a transitional period was a

process of policy discussion that occurred after Victoria had already done the legislation. Victoria operated on the basis of the agreed model more because the Australian Transport Council agreed, but as a consequence of them moving very early when the others came to it a little bit later they saw benefit in a transition. That was really the driver of the difference on that issue.

Mr Wilson—Just by way of background, the laws were agreed by the Australian Transport Council in February 2007, so there had been an 18-month lead time.

Senator ADAMS—So it was 2007, not 2008?

Mr Wilson—Yes, sorry.

Senator ADAMS—I understand under section 47 of the National Transport Commission model legislation heavy vehicle driver fatigue regulations that a driver working standard hours must take a short break after five and a quarter hours of work. I understand that a driver may make a defence against a breach of these provisions if that driver cannot find a suitable place of rest on a highway and the driver finds a rest stop after 45 minutes after that time. It appears that in Victoria and New South Wales this is not a defence, that drivers cannot do that. Could you comment on that?

Mr Jones—I believe there is a difference of that nature. Again, when finally delivering the model law into a set of laws to be tabled in their own jurisdictions there was a slight difference in the way a couple of the jurisdictions have undertaken that delivery. I believe the thrust of your observation is correct.

Senator ADAMS—How will this problem be overcome?

Mr Jones—By the same processes that we have already touched on in terms of seeking to stocktake across the transport regulation process, delivering a single national approach to regulation will throw further light on these issues. In the very short term in the case of fatigue there is no immediate mechanism beyond that broader assessment that we have spoken about already, the aspiration of the Australian Transport Council to deliver a single national law.

Senator IAN MACDONALD—Mr Wilson, are you here for the rest of the afternoon?

Mr Wilson—Yes, I am here all day.

Senator IAN MACDONALD—I have some questions for you in relation to air services.

Mr Wilson—Air services is not my area. Another deputy secretary will be sitting here for air services.

Senator ADAMS—Regarding the rest areas, are you aware that an audit carried out by Austroads in March this year found that the rest areas along 12,700 kilometres of Australia's national highway failed to comply with the National Transport Commission guidelines for rest area facilities? Will the federal government's four-year \$70 million heavy vehicle safety and productivity package bring Australia's national highway system into compliance with the National Transport Commission guidelines?

Mr Wilson—I am aware of the Austroads report that identifies that issue. The \$70 million is not sufficient to redress the shortfall in terms of rest areas. It will be part of the Australian government's contribution towards improving the number of rest areas that are available to

the heavy vehicle industry. I am aware of a number of jurisdictions that are also providing funding, such as Queensland, which I believe recently identified \$50 million in terms of rest areas in remote areas within Queensland. I understand that a number of the other jurisdictions are undertaking similar programs.

Senator ADAMS—There will be more funding going into those rest areas from the states; is that what you are saying?

Mr Wilson—I understand that that is the case.

Senator ADAMS—Once again we come back to the driver fatigue management laws and where there are no facilities for driver rest stop. The states have implemented different arrangements regarding the work diary for truck drivers to keep under the fatigue management laws. How are we going to overcome that?

Mr Wilson—I would point to Mr Jones's answer in terms of the work that we are doing with the states in terms of the single jurisdiction work and identification of the differences between jurisdictions in terms of the heavy vehicle fatigue laws. I would point to the fact that jurisdictions at both Commonwealth and state levels are investing in additional rest areas over time.

Senator ADAMS—The problem in reading all of these questions is that it appears that each state really does have different rules. Once again, drivers of vehicles of over 12 tonnes in Victoria and South Australia who work within 100 kilometres of their base do not have to fill out a work diary, but in New South Wales heavy truck drivers must fill out a diary even for local work. Are you aware that the states have established different treatment of employers? Should their drivers be breached under the requirements of the heavy vehicle driver fatigue laws?

Mr Wilson—Yes. The industry has made its views very clear to the Commonwealth department and to the Commonwealth minister in regard to the lack of uniformity in implementation of not only the fatigue laws but other laws as well. They have made their views very well known to the National Transport Commission over time and it is one of the driving forces behind the move by the Australian Transport Council to investigate the single jurisdiction arrangements. It is the reason for us working to drive uniformity but also to drive a single regulatory regime.

Senator IAN MACDONALD—If the department were writing to air services about the airport fire and rescue services, which branch would that be?

Mr Wilson—That would come up under Aviation and Airports Division, which I believe is after local government and regional development.

Senator IAN MACDONALD—That would be Mr Doherty?

Mr Wilson—That would be Mr Doherty.

Senator WILLIAMS—Would you explain the 84-hour rule for me, please?

Mr Wilson—The 84 rule?

Senator WILLIAMS—Yes. After the truckie clocks up 84 hours he has to take 24 hours off; is that correct?

Mr Jones—I think that is a specific requirement in the New South Wales provisions under advanced fatigue management. I think that is one of the areas where New South Wales varied the model law; they do have a requirement there for a vehicle such that once a driver has worked for 84 hours he must not be at work for a period of 24 hours. I believe that is a specific New South Wales provision.

Senator WILLIAMS—Are you sure it is not in Queensland and South Australia as well?

Mr Jones—There may well be aspects of the regulations that relate to 84 hours. It is part of the more advanced fatigue management processes, but the linkage back to the issue of a legal requirement that they be at rest for 24 hours I believe is restricted to New South Wales.

Senator WILLIAMS—I am inclined to disagree, but we will be able to find out later. Are you going to make it a priority to build these truck stops? We have regulations that truckies have to stop. If they go over their time there are severe fines. The government has brought these regulations in and yet the facilities are not there for people to stop safely on the side of the road.

Senator Conroy—What were you doing for 12 years? You brought these regulations in.

Senator WILLIAMS—I have been driving trucks for a lot of years as well. We have had logbooks since 1974. But what I am asking is: will you make it a priority to get these extra truck stops out there for safety's sake?

Mr Wilson—As I outlined before, the government has a commitment to invest \$70 million over the next 3½ to four years—

Senator WILLIAMS—How many truck stops will \$70 million build on average?

Mr Wilson—There is no average. There is an average price for a truck stop but it depends on the topography and geography of the location of a truck stop in terms of how much it costs, so I cannot give you a number in terms of how many truck stops that \$70 million will purchase. The government has made a commitment to provide \$70 million over the next four years for the provision of additional truck stops. I would make the point that the regulations and the legislation that you are talking about is state and territory regulation and legislation, not Commonwealth legislation. The Commonwealth does not regulate driving hours—

Senator WILLIAMS—Will you bring them all together, though?

Mr Wilson—We are trying to bring it all together.

Senator WILLIAMS—We have a situation in Queensland where, if you drive within 200 kilometres of your home base, you do not have to have a work diary. In New South Wales if you drive out your back door, you do, but have they not deferred that by 12 months?

Mr Wilson—It is state law, not—

Senator WILLIAMS—I am aware that it is state law. The point I am making is that we need consistency—

CHAIR—Mr Wilson has already said to you that it is not a Commonwealth issue and if you want to pursue that you certainly can, but it is not a decision of this agency.

Senator WILLIAMS—Surely COAG, led by the Commonwealth, is trying to bring in consistent laws, and that is the last thing we have at the moment. That is the point I make.

Mr Wilson—That is correct. We are working through state-Commonwealth relations at both the ATC level and COAG level to provide an improved mechanism to delivery uniform regulation.

Senator WILLIAMS—Let us hope so.

CHAIR—It is now past the time that we have allotted for the questioning for Infrastructure and Surface Transport Policy. I thank the officers.

[2.20 pm]

Local Government and Regional Development

CHAIR—Senator Macdonald?

Senator IAN MACDONALD—Thank you for the answers to the questions I asked on notice at the last estimates. I would like to pursue those a little further. Your department used to have regional offices in Townsville and Darwin. Do you still have those offices?

Mr Anglely—Yes, we do have offices in Townsville and Darwin.

Senator IAN MACDONALD—Do you know the address of those offices?

Mr Anglely—No, I do not.

Senator IAN MACDONALD—Does it still have the same staff as when I asked you the question on 29 May 2008?

Mr Anglely—Yes.

Senator IAN MACDONALD—There are seven and three respectively?

Mr Anglely—That is right.

Senator IAN MACDONALD—And budgets of \$580 million and \$260 million respectively?

Mr Anglely—Yes. There has been no change.

Senator IAN MACDONALD—That was for the 2007-08 year. What budgets have you allocated for them internally for the 2008-09 year?

Mr Anglely—I will take that on notice, but it would be about the same as last year, because we have not changed their responsibilities.

Senator IAN MACDONALD—Is the Office of Northern Australia going to be co-located with those offices?

Mr Anglely—Those two offices will play a role in the functions of the Office of Northern Australia, but there are also some staff in our central office.

Senator IAN MACDONALD—Is the central office in Canberra?

Mr Anglely—It is in Canberra. That reflects the policy announcement from the government at the time that there would be an Office of Northern Australia and it would include representation in Townsville and in Darwin.

Senator IAN MACDONALD—I am just trying to work out what the Office of Northern Australia will do and what the office of the Department of Infrastructure, Transport, Regional Development and Local Government will do. First of all, will they be physically located in the same building?

Mr Anglely—Yes, in the same office.

Senator IAN MACDONALD—In addition to the eight full-time employees and three full-time employees respectively, how many additional employees will be in those offices?

Mr Anglely—We are not adding additional people for the Office of Northern Australia function into the Darwin or Townsville offices. We are asking staff there to take up responsibilities as duties arise.

Senator IAN MACDONALD—The Office of Northern Australia is physically the same as the previous office of what was then the Department of Transport and Regional Services in the north?

Mr Anglely—There are people in both offices doing work for both the departments generally and for the same office.

Senator IAN MACDONALD—With the same budget. You used to have an office in Brisbane. Do you still have that?

Mr Anglely—No.

Senator IAN MACDONALD—Do you have an office anywhere else in regional Australia—that is, non-capital city?

Mr Anglely—Yes, we have seven offices.

Senator IAN MACDONALD—Seven offices?

Mr Anglely—Yes.

Senator IAN MACDONALD—You have two in the north.

Mr Anglely—We have Darwin, Townsville, Wollongong, Orange, Newcastle, Bendigo and Hobart.

Senator IAN MACDONALD—You do not have an office in the Queensland capital. What about other state capitals?

Mr Anglely—We have one in Hobart.

Senator IAN MACDONALD—Hobart?

Mr Anglely—Yes.

Senator IAN MACDONALD—There is not one in Broome?

Mr Anglely—No.

Senator IAN MACDONALD—I elicited from the secretary this morning that the \$20 million set aside for research into the work the Northern Land and Water Task Force was doing stays with the department of environment. Is that correct?

Mr Anglely—Most of it does. Between \$700,000 and \$800,000 was moved to our department for one specific function, which was the taskforce itself. The \$20 million that you refer to was for a total funding of the assessment of northern waters and water resources, of which one element was the taskforce. When the responsibility for the taskforce was moved to our department and to the Office of Northern Australia, some funding was moved with that.

Senator IAN MACDONALD—There is \$800,000 of funding?

Mr Anglely—Yes, it was \$130,000 in 2007-08 and \$700,000 for 2008-09.

Senator IAN MACDONALD—That will pay for travel and accommodation for the taskforce?

Mr Anglely—Yes.

Senator IAN MACDONALD—Is it for secretarial support?

Mr Anglely—Yes. We have allocated 1½ staff to the taskforce.

Senator IAN MACDONALD—Do you have their names?

Mr Anglely—One is the secretary of the taskforce, Andrew Dixon, who followed the function, and another staffer inside his section.

Senator IAN MACDONALD—I think the minister has announced the composition of the taskforce.

Mr Anglely—Yes, he has.

Senator IAN MACDONALD—Have all the people who were previously on it, apart from the politicians, been reappointed?

Mr Anglely—They were all invited to join the reformed committee or stay on the committee. One of them said no because they were too busy.

Senator IAN MACDONALD—Who was that?

Mr Anglely—I will just check my notes. Noel Pearson said he was too busy with his other work in his community, so he did not accept a new appointment.

Senator IAN MACDONALD—Is he the only one?

Mr Anglely—Yes.

Senator IAN MACDONALD—Can you tell me who the new people are?

Mr Anglely—Yes. I will just read them off the press release. There are Richard Ah Matt, David Baffsky, Dr Stuart Blanch, David Crombie, Ms Elaine Gardiner, Dr Rosemary Hill, Dr Andrew Johnson, Ms Shirley McPherson, Mr Lachlan Murdoch, Mr Michael Roche, Mrs Terry Underwood, Mr Walybuma Wunungmurra and Professor Bob Wasson.

Senator IAN MACDONALD—I am familiar with those who used to be on it. Can you give me, perhaps on notice, a short biography, or was it in the minister's press release?

Mr Anglely—No, it was not in the press release. There is some commentary on the members, but we can certainly provide that.

Senator IAN MACDONALD—I would like a bio on who and what they are and where they hail from.

Mr Anglely—We will provide it for all the members.

Senator IAN MACDONALD—I understand the chairman is Mr Ross.

Mr Anglely—Joe Ross, yes.

Senator IAN MACDONALD—Can you enlighten me on the qualities that Mr Ross has? I presume these are ministerial appointments, are they?

Mr Anglely—Yes, they are.

Senator IAN MACDONALD—What qualifications were the minister looking for that led to that appointment? Is that a fair question?

Mr Anglely—Perhaps I should consult directly with the minister on that. I would just make two points. One is that he is from northern Western Australia and the other is that he was on the original taskforce. I think they were two of the main attractions.

Senator IAN MACDONALD—I would appreciate it if you could consult with the minister. Has the taskforce met?

Mr Anglely—No. It is about to meet in the next couple of weeks. It is in early November.

Senator IAN MACDONALD—Where will it be meeting?

Mr Anglely—I think the first meeting is here to review a draft interim report and to talk to the parliamentary secretary.

Senator IAN MACDONALD—Is that a draft interim report of the taskforce that has not met for 10 months?

Mr Anglely—No. They are going to pick up the material that the previous taskforce did and the starting point will be to provide their input, update that material and to decide how they want to bring it to final draft.

Senator HEFFERNAN—Do you think I will get an invite to that, given that it is all my work?

Mr Anglely—I do not know.

Senator IAN MACDONALD—It is better if you let other people give the praise, Senator. I was just about to say that, but you took the words out of my mouth. It will be a nice report because it will be Senator Heffernan's work. I have asked you before about the work of the Office of Northern Australia. I wonder if you could tell me again what exactly it is going to do and what budget it will have? Let me get that bit out of the way. I have been told the budget is \$2 million a year for the next three years, of which about \$900,000 will go to run the offices in Darwin and Townsville and about \$800,000 of which will go into travel expenses and the rest into some departmental support. So the office has no access to funds of any sort?

Mr Anglely—No. The budget for the Office of Northern Australia was an election commitment of \$2 million a year, and that was confirmed in the last budget, for four years. The funding started on 1 July. Work had started from internal funding before that. The parliamentary secretary has conducted a lot of conversations around Northern Australia. He

has visited through July, August and September. He has some more appointments coming up soon. That is the main work, and he is just deciding now about some future work. As to your second point, that is the funding for the Office of Northern Australia at the moment. There is no program funding.

Senator IAN MACDONALD—You are confirming that \$2 million will be \$800,000 for the two offices, plus the accommodation and travel for the taskforce and other support. Is that basically what it will be doing?

Mr Angley—No. It is a bit broader than that. Those things that you have named do not take up the whole budget. There will be other material and the minister will decide.

Senator IAN MACDONALD—Is it possible to take on notice the department's internal budget allocation for the Office of Northern Australia?

Mr Angley—I will take that on notice. It is departmental funding.

Senator HEFFERNAN—I thought—

Senator IAN MACDONALD—We have been through that. The \$20 million is in the department of environment.

CHAIR—Have you finished, or is this on the same subject?

Senator IAN MACDONALD—It is the same subject as Senator Heffernan's and I am very keen to pass to him, but I have a further question. Mr Gray's rightly termed conversations around the north—that is, blowing into a town in his aircraft, staying a couple of hours and blowing out—have talked about a coordinating role. Is that what the Office of Northern Australia is doing, just a coordinating role, and, if so, what does that exactly mean?

Mr Angley—Its initial role is to provide policy advice back to the minister and to the parliamentary secretary about issues. There are two aspects. One is issues that are big in Northern Australia, and there are also issues where we can provide a North Australia perspective on some of the issues that government is addressing at the moment.

Senator IAN MACDONALD—Will it be looking at things like uranium, both mines and power stations? Will it be looking at things like dams? Will it be looking at things like transport, rail, road, air infrastructure and those sorts of things?

Mr Angley—It could, but it has not been finalised. That is really a policy agenda for the parliamentary secretary which I cannot comment on.

Senator IAN MACDONALD—Do you have any idea when that agenda might be ready for public dissemination?

Mr Angley—No, I do not.

Senator IAN MACDONALD—I look forward to next week when the parliamentary secretary is addressing a conference in Cairns. Perhaps he will use that forum. Can you give me a tip-off on what his speech says?

Senator Conroy—There is a smile on your face, Senator Macdonald.

CHAIR—Senator Heffernan?

Senator HEFFERNAN—This is pretty miserable and sad for me. I watched the progress of the enthusiasm that was around last year decline for a good while and then I had to watch the spectacle of those two stupid people on TV, Tim Flannery and John Doyle, absolutely denigrating for entertainment purposes the potential of the north. I have watched the stupidity of some of the remarks that have come out of Mr Garrett's mouth.

CHAIR—You are referring to the minister as stupid. Can you refer to him with his proper title?

Senator Conroy—We are on very limited time, Senator Heffernan. I am very conscious that your colleagues would like to ask questions.

Senator HEFFERNAN—You are in this committee, Senator Conroy, and it is a wonderful committee.

Senator Conroy—It is, Senator Heffernan. We have limited time. Would you like to ask a question?

Senator HEFFERNAN—I noticed the TV show said that the north did not have any potential. I do not know where you fit in, Mr Angley. Are you on the taskforce or are you buried in the bureaucracy somewhere with the paperwork?

Senator IAN MACDONALD—Mr Angley is the executive director.

Senator HEFFERNAN—Do you have a hands-on role in the taskforce?

Mr Angley—Yes. I have a role as the head of the division.

Senator HEFFERNAN—Is it hands-on? Do you know what is happening day-to-day?

Mr Angley—Yes. It has been announced by the parliamentary secretary.

Senator HEFFERNAN—What has been announced other than the terms of reference, which were not any broader than that?

Mr Angley—The membership.

Senator HEFFERNAN—There has been a lot of progress. My understanding is that the role of the taskforce is completely different under the auspices of both Darwin and Townsville, where some of the present bureaucracy there have now stepped over into the Office of Northern Australia. They are not new. They are old bureaucrats with a new title.

Mr Angley—No, they are the same staff.

Senator HEFFERNAN—I just wondered, with the likes of the wild rivers legislation and the problem that they have run into with the serious insult that they have lodged with the Indigenous people up there who actually want economic opportunity. Is this your stuff?

Mr Angley—No. That is also policy that I would provide advice to the minister on.

Senator HEFFERNAN—It is a great shame. Forget about it. I am into the policy side of it. It is just a bloody shemozzle and a great disappointment. What can you do? They have taken the budget away. They are throwing travel allowance around now. I will not go into it.

CHAIR—Senator Adams?

Senator ADAMS—My questions are not on Northern Australia.

Senator HEFFERNAN—I would like to summarise it. At the moment it looks to me that it is just a bureaucratic—

CHAIR—Senator Heffernan, Senator Adams is asking a question. You cannot continue because your colleague has the call.

Senator ADAMS—I would like to discuss Regional Development Australia. I have attended a number of the Regional Development Australia workshops and I was a passionate supporter of the area consultative committees before that. I have a few questions. Will the minister and/or the parliamentary secretary advise each area consultative committee of their fate in the transition process prior to making public announcements on the new RDA rollout in the new year?

Mr Anglely—Yes.

Senator ADAMS—They will?

Mr Anglely—That is part of the role of the interim board of the RDA. That is our direct contact between the parliamentary secretary and the RDA network. There is constant contact with the actual RDA members and officers as well.

Senator ADAMS—The reason that I asked that is that there will not be as many RDAs as there are ACCs, so there is quite a lot of angst there as to who is going to survive, who is not going to survive and who is going to be amalgamated. I would like to think that would happen before—

Mr Anglely—Certainly. There is constant contact between the department, the network and also the parliamentary secretary.

Senator ADAMS—Could you tell me when the new chairs for the RDA will be appointed and how the appointments will be made?

Mr Anglely—No. That process is still being considered by the parliamentary secretary and the minister.

Senator Conroy—That is a matter for the minister.

Senator ADAMS—We will leave that. Will these appointments be made from recommendations received from a local level or from recommendations from existing consulting committee boards?

Senator Conroy—They are matters under consideration at the moment and I am not sure that there is any more information I can give you than that.

Senator ADAMS—How will the minister make sure that the new chairs have the skills and capacity to undertake the role?

Senator Conroy—I am confident that the minister will take into account all the necessary factors, but I am happy to take that question on notice and come back to you if there is any further information the minister would like to give you.

Senator ADAMS—There is an example in Western Australia, but our head office in Perth is gone. I think if these RDAs are going to be successful, the chairs are an absolutely essential component and they must understand the regions. They must understand the geographical

differences if the regions are amalgamated and the way these regions work, because what was there before was a very good set-up for all federal members of parliament. To lose the information that flowed between the members of parliament and the chairs and their boards is a retrograde step. Also, for Western Australia especially, with no-one in Perth at all and the decisions being made in the eastern states, that is a retrograde step. This is the reason that I am so keen that these chairs are fully up to speed with the areas that they are representing. It is very important.

Senator Conroy—I will take that on board and I will pass those sentiments on to the minister.

Senator ADAMS—When will the ACCs receive advice on their contracts for the period 1 January to 30 June 2009, given that they have funding only until the 31 December 2008, with no indication of what can be expected for the next six months?

Mr Angley—I will ask Mr James to fill out that, but I make the point that the parliamentary secretary is finalising his thoughts on the future design of the RDAs and he is awaiting some final information from the RDAs and some of their ideas before he does that. I will ask Mr James to fill out the issue of the contracts.

Mr James—The funding is primarily for employment of staff. Existing arrangements will remain unchanged until the end of this year. There have been sufficient funds appropriated by the government to operate the RDA until June next year and beyond. As Mr Angley has said, views are being finalised at the moment about contract arrangements going forward, so that advice is probably not far away.

Senator ADAMS—How does the department plan to support area consultative committees in this transition process in regards to their ability to service leases for premises and vehicles and for staff salaries if contracts for the period from 1 January to 30 June are still not in place?

Mr James—We believe that sufficient provision has been made for handling those things in any transition period and the department will be providing full support through that process, depending on what the government decides.

Senator ADAMS—When will these area consultative committees know?

Mr James—That is a matter for government.

Senator Conroy—These matters are being worked through. You can rest assured that we are very conscious of these issues.

Mr James—And we are certainly conscious of the timing.

Senator ADAMS—That is the problem, as you can imagine—people not having jobs. If the area consultative committees have commitments and overheads, they really have to know what is going on and whether they are going to exist later on or not.

Senator Conroy—We appreciate you raising these issues and we are very conscious of them.

Senator ADAMS—That is all right. The House of Representatives inquiry on the area consultative committee network will deliver feedback on the new funding program at the end of November and the end of October respectively. The minister has also stated that the

Australian Council of Local Government meeting in Canberra on 18 November will assist in the development of the new program. How will the minister provide public feedback on input into the development of the new program?

Mr Tongue—What you have outlined is a range of inputs available to the minister that will inform a local and regional engagement strategy. How that feedback is eventually provided to the affected entities and to the community will be a question for the minister and the parliamentary secretary in due course.

Senator ADAMS—The reason I raise it is that it is a very important issue for the regional areas that they know exactly what is going on and the timing as well. The area consultative committee network has been undertaking extensive consultation to provide the Australian government with strategic advice on priorities for the types of local community infrastructure that could encourage economic development. How will this information be collated and disseminated once these reports from the area consultative committees are received by the department at the end of October?

Mr James—These submissions will be submitted to the parliamentary secretary and they will be collated by the department. The RDA board is also providing an overall report and collation of the key findings from the 54 individual submissions.

Senator Conroy—They will be dealt with after they have been received.

Mr James—No. Other than that they will be—

Senator Conroy—No. We have not finalised?

Mr James—No.

Senator ADAMS—What is the process for the department or the minister to inform the public on the findings of this particular process? Are they going to or not?

Senator Conroy—The minister is seeking broad consultation and will consider the feedback received. Our commitment was to have a new regional and local community program by the next financial year, so we are not trying to rush this through without consultation. We are quite comfortable and hopeful of very positive feedback.

Senator ADAMS—Regarding Regional Development Australia, the government is intending to replace the existing ACCs with the RDA network and it intends to spend \$74 million for this network and \$8 million of that for the Office of Northern Australia in Townsville and Darwin. What has the government achieved since this announcement? The government has also announced a review of numbers regarding the numbers of ACCs. What is happening there and how many Regional Development Australia offices are we going to have?

Mr Angley—I think I should refer to what the minister has just said. The last part of the question refers to the material that the parliamentary secretary is presently considering about the future directions for the Regional Development Australia network. There are a couple of things going on, a couple of which you have mentioned. They were given three tasks, one of which they have completed in providing the advice to the parliamentary secretary. There are two more due at the end of this month. He has met a couple of times with the interim board of

the RDA to hear their ideas—collective and membership ideas—and also to talk to them about some of the public plans he has mentioned.

There was an announcement back in March that the new RDA network would be up and running from 1 January 2009. The other thing is that at the Regional Development Committee meeting, which is the Commonwealth and state ministers for regional development and the Australian Local Government Association, there was a communique put out identifying that the meeting had agreed among the ministers that they would pursue whether the Commonwealth network of RDAs could work more closely with similar state based networks inside each state. That process of negotiation between our parliamentary secretary and the relevant state and territory ministers is going on at the moment, so all of those things are being considered for the final corrections.

Senator Conroy—They are in the mix.

Senator ADAMS—You are talking about state funded regional development commissions. What if they do not exist?

Mr Angley—There is a similar type of organisation in each state.

Senator ADAMS—There is not at the present time.

Senator Conroy—You said ‘similar type’.

Mr Angley—Yes. At the present time there is one in each state.

Senator ADAMS—With regard to business enterprise centres, bearing in mind that the government criticised the Regional Partnership funding that was given out without proper guidelines, we have a problem in that the—

Senator Conroy—That is not a question. That is an opinion. You are being a little cheeky there, Senator Adams. That is the best way to describe that.

Senator McGAURAN—We will not talk about the AKA report

CHAIR—We are conscious of time.

Senator Conroy—Rest assured, no-one has ever been intimidated by you, Senator McGauran.

Senator McGAURAN—Right.

Senator ADAMS—These are specific Regional Partnership application questions. Could the department please provide further details on why certain projects did not get approval in the second application round? One of those is the ANZAC Peace Park in Albany and the Gosnells—

CHAIR—For the purposes of time, Senator Adams, do you wish to table them. I am not forcing you into it. I do not want to intimidate you.

Senator ADAMS—Yes.

CHAIR—I know I do not intimidate you.

Senator IAN MACDONALD—We have got another 25 minutes.

Senator ADAMS—The two were the ANZAC Peace Park in Albany in Western Australia and the other one was the c-pod Digital Studios project of the city of Gosnells in Western Australia.

Mr Carmichael—The ANZAC Peace Park project was not funded because, as explained in a letter to them, they had a substantial loss of partnership funding. They had lost funding from the Department of Veterans' Affairs and the project was then not viable; as they could not meet the requirements of the offer.

Senator ADAMS—Was that the only reason the funding was not available?

Mr Carmichael—It did not satisfy all the Regional Partnership program criteria; that was one of the requirements that it had to meet.

Senator ADAMS—What about the c-pod Digital Studios project for the city of Gosnells in Western Australia?

Mr Carmichael—The reason it did not get funded is that the project never satisfied the Regional Partnership criteria in the original assessment and still did not in the subsequent assessment. The partnership funding was particularly weak and it was disproportionately Commonwealth funding, which was outside the guidelines for regional partnerships. This was explained to them in a letter.

Senator ADAMS—I wanted to hear myself exactly what had happened there. I will hand over to my colleagues.

Senator McGAURAN—That is very generous of you. I know you have been doing a lot of good work all afternoon. My question is about the so-called Tree of Knowledge in Barcaldine. Of course, we know the word 'tree' is a misnomer; it is a stump and it has certainly had no knowledge centred around it. Can you remind us of the figure that the government have outlined to build a Labor Party monument?

Senator Conroy—Perhaps you would like to ask a question in a way that it is possible to answer, Senator McGauran.

Senator McGAURAN—What is the figure outlaid?

Mr Carmichael—The total figure for the Tree of Knowledge project is \$6,799,000 and the Commonwealth's contribution to that through the Better Regions program is \$2,600,000. The Queensland state government is a major stakeholder in the funding of that project.

Senator McGAURAN—This is a Labor Party museum, is it not? Is it anything else other than—

Senator Conroy—Senator McGauran, would you ask only one question at a time, and not change it three times after you have asked it?

CHAIR—Just keep going.

Senator McGAURAN—I really appreciate your advice, minister.

CHAIR—All right.

Senator Conroy—I am just trying to facilitate getting you the answers to the questions if we just clarify the questions.

Senator McGAURAN—How much time have I got?

CHAIR—We have got until quarter past three, Senator McGauran.

Senator McGAURAN—Only if the minister will stop talking. How much am I allotted?

CHAIR—Ten minutes.

Senator McGAURAN—So the question—

Senator Conroy—You can rest assured there is no such thing as a ‘McGauran tree of knowledge’.

Senator McGAURAN—You are wasting my time. I do have a retort to that, but I will speak to you privately. You do not know what the McGauran crest is, obviously.

Senator Conroy—One hesitates to ask, Senator McGauran.

Senator McGAURAN—There is \$6 million to \$7 million outlaid for this museum. Is it simply a one-dimensional museum, a Labor Party museum, or does the public have other facilities around or in the museum?

Mr Carmichael—I will just describe the project to you. Partly, it is a memorial of the Tree of Knowledge. Part of what we are funding is the creation of a themed pathway to enable visitors to walk to the memorial. There is associated car parking and coach parking for visitors and there is a visitor information centre. The construction of the site also requires a lot of additional adjacent works, including the removal of overhead powerlines, realignment with the Capricorn Highway and a range of heritage-listing provisions that must be met as well.

Senator McGAURAN—Inside the museum what displays will be shown?

Senator Conroy—The local council, which is controlled by the National Party, is supporting this development. You are nodding. Hansard cannot see that, Senator McGauran.

Senator McGAURAN—I am in the Liberal Party.

Senator Conroy—Sorry. Of course.

Senator IAN MACDONALD—I am not sure the good councillors of the Barcardine Regional Council would like to be described politically. I think it is an independent council.

Senator Conroy—And you said that with a straight face too, Senator Macdonald.

Senator IAN MACDONALD—I am trying to give you a little tip-off.

Senator Conroy—Can I just check? Do you have an alibi for 20 May 2006, Senator McGauran?

Senator McGAURAN—Sorry?

Senator Conroy—Do you have an alibi for your whereabouts on 20 May 2006? That is the day the Tree of Knowledge was poisoned. I was wondering if you had an actual alibi.

Senator IAN MACDONALD—Fair question.

Senator McGAURAN—I would like to own up that it was me because I would like a little bit of fame in that area. I think I would be more famous than infamous.

Senator IAN MACDONALD—You had better say for Hansard that that was only a joke.

Senator Conroy—I acknowledge that Senator McGauran was joking. I would not seek to exploit Senator McGauran.

Senator McGAURAN—How is the inside displayed? Is it just propaganda for the Labor Party?

Senator Conroy—Can I just clarify that? It was clearly described that this was a path. Last time I checked there is no inside to a path.

Senator McGAURAN—The federal component of this project was—

Senator Conroy—The federal component of this project was the path and the realignment and—

Mr Carmichael—The federal component also makes a contribution to the construction of a pavilion over the tree site, but we are only a minor component of the overall construction cost.

Senator McGAURAN—Do you know of any other political party in the world that has a museum dedicated to itself with public funding?

Senator Conroy—This is supported by the local council, a group of National Party supporters—I said ‘supporters’ there, Senator Macdonald, as I was taking on board your last comment—and they strongly support this. Did the Labor Party seek these funds? Did the Labor Party put an application in for these funds?

Mr Carmichael—The proponent for the project is actually the local council. Barcardine Regional Council is the proponent.

Senator McGAURAN—They ought to be ashamed of themselves. They are a disgrace and this is a waste of public money. If they are putting a cent of local council money in, Senator Williams, they ought to be brought to account. The real point I want to make, as I made at the last hearing, is that I displayed this picture of the stump being pulled out of the ground.

Senator Conroy—Always remember, Senator Williams, we only want a few of your seats. They want them all.

Senator McGAURAN—The LNP were all won up there, I believe. The local council ought to be brought to account for spending ratepayers’ money like this.

Senator Conroy—He is attacking his National Party colleagues on the local council.

Senator WILLIAMS—I am sure we spent a lot of time on this at the last estimates and your questions are all the same.

Senator McGAURAN—We did.

Senator Conroy—You have already indicated this was a poisoned tree and you have not yet been able to come up with an alibi.

CHAIR—Are you tabling that, Senator McGauran?

Senator McGAURAN—No. This is a picture of the stump being jacked out of the ground.

Senator Conroy—You are not allowed to hold that up.

Senator McGAURAN—You are really quite amusing. And I asked at the last—

CHAIR—Senator McGauran, there are standing orders.

Senator Conroy—You are not allowed to hold up things in the Senate.

Senator McGAURAN—The stump was jacked out of the ground at some point last year I think, or something. It is nothing more than a stump. I asked this at the last committee hearing on notice and I still have not received an answer. Is the stump still there?

Mr Carmichael—The stump has been taken to Brisbane for preservation and will be returned to the site once the construction of the museum is finalised.

Senator McGAURAN—It has gone to Brisbane.

Senator Conroy—It is on holiday.

Senator McGAURAN—This is more farcical than even I believed. This is for comic writers. The stump has been jacked out and has gone to Brisbane—

Mr Carmichael—For preservation.

Senator McGAURAN—What does the preservation entail?

Senator Conroy—I am sure we are not paying for it so I am not sure that our officers—

Senator McGAURAN—Who is paying for it and what does it entail to preserve a stump?

Senator Conroy—It is nothing to do with this funding from the Commonwealth government. I can only suggest that, if you think it is safe for you to be seen in a National Party area, you visit it and I am sure the local councillors will show you around. It may not be safe for you to visit a National Party shire but if you are up for it, a bit of courage, you might want to visit some of your old colleagues and they can tell you all about that aspect of it, because it has got nothing to do with Commonwealth funds.

Mr Carmichael—The Queensland Department of Primary Industries is undertaking that task.

Senator McGAURAN—How long has it been away?

CHAIR—I think your question—

Senator Conroy—It is not a question that the Commonwealth can answer because the Commonwealth are not in charge.

Senator McGAURAN—You are involving yourself in the project.

Senator Conroy—No, we are not involving ourselves in the project. We are funding an aspect of the project, a pathway and a pavilion. If you would like to ask questions about the pathway, feel free. Knock yourself out.

Senator McGAURAN—I want to inform you—

Senator Conroy—If you want to just keep attacking National Party former colleagues, then go right ahead.

Senator McGAURAN—I want to inform you—

Senator Conroy—I will defend your party for you.

Senator McGAURAN—Perhaps if I preface it with a question: what do you think of this? Such is the waste of taxpayers' money—roting really—that I have written to the—

Senator Conroy—You funded a cheese factory after they closed and a national plant that did not exist and rail lines after they were burnt down. Talk about rorts!

Senator McGAURAN—I have written to the Auditor-General advising him to keep a close eye and an audit across this particular project. He has informed me he will. Do not think you can get away with putting up this disgraceful, pompous and pious museum to the Labor Party and not be audited and brought to account on it.

Senator Conroy—Before you jump in, I have to respond in order to try to get some sense to these questions. This is something we have discussed before. As the former environment minister of this country, Mr Ian Campbell, said:

Regardless of your political beliefs the Tree of Knowledge is a significant site in Australian political history and rural Queensland's development. Most Australians would condemn this act of vandalism.

That was the poisoning, for which you still have not provided an alibi.

I sincerely hope that the Tree of Knowledge will survive.

Senator McGAURAN—Did you think it was me?

Senator Conroy—and he continued:

However, if it does not its listing in the National Heritage List will remain and it will continue to be an important place for all Australians.

That is one of your colleagues, one of your former ministerial colleagues, Senator Ian Campbell, not a noted socialist—

CHAIR—Thank you, Minister. Senator McGauran's time has expired.

Senator Conroy—Never a truer word spoken!

Senator WILLIAMS—Can you outline the goals and objectives that the government has set for the Major Cities Unit announced by the minister, Mr Albanese, in April 2008 and how progress is to be evaluated?

Senator Conroy—That was a question you should have put to the officers that were here previously.

Mr Tongue—The Major Cities Unit is attached to Infrastructure Australia.

Senator Conroy—I am happy to take that on notice and get this information for you.

Senator WILLIAMS—I have some other questions here, if I could ask them of you, Minister.

Senator Conroy—Yes. Would you like us to take that on notice?

Senator WILLIAMS—Yes, please.

Senator IAN MACDONALD—My friend Senator McGauran is right in most of what he says, but I acknowledge on behalf of my constituents that this will attract people to the town. The subject is not terribly good, but it is a historical fact that the Labor Party was formed there and so I guess we celebrate—

Senator Conroy—You have had your say; you are cutting loose as well.

Senator IAN MACDONALD—Never, never.

Senator Conroy—They are cutting you loose, just like the local National Party state member for Gregory, Vaughan Johnson. He has cut you loose. Macca has cut you loose.

Senator IAN MACDONALD—Senator McGauran is always welcome in Queensland. At last estimates we were trying to get a list of projects that had been funded by the government. The department and the minister at the time said, ‘We cannot get them.’ Do you remember that we had the farce of running around? And then we found that Mr Jim Turner from Cairns, the Labor member for Capricornia, came out whilst we were trying to get them here with a whole list of them. I asked you—

Senator Conroy—I think that is not an accurate statement.

Senator IAN MACDONALD—I asked you on notice whether you could find out how he knew when we could not find out. You offered to get me the information. The answer I got on notice was: the department does not hold this information. Of course I knew the department would not. The question was to you, Minister, and you undertook to get an answer from the minister. Could I put on notice now the same question so that you can find out all those months ago now how Mr Turner could get something that the committee of the parliament could not. Could you take that on notice?

Senator Conroy—I appreciate that. I want to assure you that when the Tree of Knowledge at Barcaldine next comes up I will have your quotes there listed in with Bruce Scott’s, Greg Hunt’s, Ian Campbell’s and Vaughan Johnson’s in supporting the project.

Senator IAN MACDONALD—The Dysart Sports Centre was a Better Regions election commitment. I did ask last time whether the department had received an application for it and had rejected it. Again, I do not want to put the department in a difficult position. They did not answer the question on whether the department had previously dealt with the application for the Dysart Sports Centre and had rejected it. The answer I got was: the Dysart Sports Centre was a Better Regions election commitment. This means that whilst the department could not favourably fund it, because it is a Labor Party commitment, it goes ahead. Could you double-check the question and the answer and come back to me on whether or not the department did previously reject an application for the Dysart Sports Centre? I will put that on notice?

At the last estimates back in May, just after the budget, it was said that the government had taken no decision involving the foundation for rural and regional renewal past the current commitment, which expires on 30 June 2009. Does the government have any intention of supporting that philanthropic unit which has done so much for rural and regional Australia?

Senator Conroy—That is still being considered at this stage.

Senator IAN MACDONALD—The door is not shut on that?

Senator Conroy—It is still being considered.

Senator IAN MACDONALD—That is excellent.

Senator McGAURAN—Did the Labor Party conceive of—

CHAIR—Senator Adams has the call.

Senator ADAMS—How does the government justify that it accepted applications for Regional Partnership funding right up to budget night given the fact that it was clear that the program was going to be axed? I would just like you to note that the Perth office was processing these applications.

Senator Conroy—I think we covered that extensively at the last estimates—

Senator ADAMS—I did not actually ask that question.

Senator Conroy—The general issue of decisions and processing was covered extensively. I can only refer you back to *Hansard* from the last estimates. It really was canvassed at length.

Senator ADAMS—That question was not asked.

Senator Conroy—I am happy to take that on notice. If there is anything new you would like to know we would be happy to add to it, but we did cover that generic issue.

Senator McGAURAN—Back to the deep stuff—

Senator Conroy—You still have not got an alibi, have you?

Senator McGAURAN—Given that the local government, the state government and the federal government—

Senator Conroy—I am going to get your travel records.

Senator McGAURAN—are putting in money to build a Labor Party monument, can you tell me if the Labor Party—

Senator Conroy—It was a National Party council that applied for the funds.

Senator McGAURAN—Can you tell me whether the Labor Party is at all considering, or ought to consider, putting some money into it themselves?

Senator Conroy—The Labor Party are not actually attending the estimates. It is the officers of the Department of Infrastructure, Transport, Regional Development and Local Government—

Senator McGAURAN—But they would know if the Labor Party has made any gesture—

Senator Conroy—The Labor Party are not actually attending these estimates.

Senator McGAURAN—But they would know if the Labor Party made any gesture towards putting money towards the museum, wouldn't they? They know everyone else who is putting money towards it.

Senator Conroy—This is an application made by some of your former colleagues. I know it is probably not safe for you to visit except under the cover of darkness, which is when the poisoning apparently took place, so again I ask you to provide an alibi. This is a National Party supporting council that has applied for this. If you have got any objections to it, I suggest you take it up face-to-face with the councillors involved. Even Senator Macdonald is not with you on this little flight of fancy.

Senator IAN MACDONALD—That is simply not true. Senator McGauran is a welcome visitor to Queensland at any time. He understands how important it is to get tourists out into western Queensland, and I totally support most of what he says.

Senator Conroy—Yes, you almost got away with that, Macka.

Senator IAN MACDONALD—Do not be intimidated, Senator McGauran.

Senator McGAURAN—I feel intimidated, to the left and to the right.

Senator Conroy—The whacker is just getting redder and redder up in the corner.

CHAIR—Are there any other questions?

Senator McGAURAN—Could the officers please take on notice and certainly let me know if the Labor Party at any time made a suggestion to pay any amount to this museum?

Senator Conroy—That is not a question that is for the officers.

Senator McGAURAN—Just do the plaque.

CHAIR—That was quite a frivolous session then. If there are no other questions of the officers, I thank you very much.

[3.14 pm]

Aviation and Airports

CHAIR—Welcome. We will go straight to questions. We have a very tight timetable. We had made up time and we have now got back to the original program.

Senator IAN MACDONALD—Mr Doherty, are you the conduit between the minister and Air Services Australia in matters relating to airport rescue and firefighters' issues?

Mr Doherty—Air Services can of course provide advice directly to the minister on a range of issues. We in the department have a role in relation to the broad policy, so we would have some engagement with Air Services about a range of issues.

Senator IAN MACDONALD—I understand that the department wrote to Air Services in early 2008, I think probably in February, instructing Air Services to make some arrangements regarding the provision of airport rescue and fire arrangements at the Townsville Airport. Are you aware of that?

Mr Doherty—I am not aware of that specific letter. I may have seen it but I cannot call it to mind.

Senator IAN MACDONALD—Is there anyone else who would be amongst your team?

Mr Doherty—I do not think so. I am broadly aware of issues relating to rescue and firefighting at Townsville specifically. It is the specifics of that letter that I am not across.

Senator IAN MACDONALD—Tell me what you know about the specifics of the fire services arrangement at Townsville Airport.

Mr Doherty—As I understand it, at Townsville Airport the firefighting services are provided by Air Services Australia. The airport has operations both by the Defence Force and by a civil operation, which I think is run by Queensland Airports Limited at Townsville Airport. There is, as I understand it, a bid by a private fire service provider to provide rescue and firefighting services at that airport.

Senator IAN MACDONALD—And what has happened to that bid?

Mr Doherty—As I understand it, at the moment the private fire service provider is working on two fronts. One is to get agreement of the owners and operators of the airports to be considered for the provision of firefighting services and the other is to get approval through the Civil Aviation Safety Authority to get the regulatory approvals as a qualified rescue and firefighting service.

Senator IAN MACDONALD—I can tell you that they had got the certification, I think it is called—or the qualification. They have been regulated as an appropriate provider. Are you aware of that?

Mr Doherty—Yes. There was a regulation made, I think going back a couple of years now, which added Delta to the list of eligible service providers. I think it is important to understand the effect of that regulation, which is to allow them to bid for the work. It does not make them the natural provider of services at that airport.

Senator IAN MACDONALD—But if they happened to have won the contract for that service, what would then be stopping them from taking over?

Mr Doherty—As I say, they would have to have two things in place. They would have to agree with the airport operators and owners and they would have to have the necessary regulatory approval from the Civil Aviation Safety Authority.

Senator IAN MACDONALD—I could just help you by saying they actually are the owners. Delta is a subsidiary of the owners and they have won the contract.

Mr Doherty—As I mentioned at the outset, there is a range of services at Townsville Airport which include the Defence operations. In fact I think that Defence is actually the owner of the airport and has a lease arrangement with QAL in relation to access to some of the site for the civil services. The services which Air Services currently provide relate both to Defence and civil services. I am not sure that Delta's arrangement with QAL is the complete requirement in relation to approval from the owners. They would need an agreement with Defence as well.

Senator IAN MACDONALD—Let me ask you this: what further approval do they need from CASA or anyone else to start operations?

Mr Doherty—I believe they need the regulatory approval from CASA. I am sorry, I am not across the detail of the ins and outs of that, but I believe it is a regulatory approval on the basis of the adequacy of the service from a safety perspective, and they would need agreements with Defence and QAL.

Senator IAN MACDONALD—Would CASA be the ones with this information on what was needed?

Mr Doherty—CASA would certainly be the ones to provide information about their regulatory approval process, yes.

Senator IAN MACDONALD—If CASA happens to be listening next door, I would ask them to be prepared with some information on that. But my understanding is that CASA simply require a transition plan. Is that something you would be aware of?

Mr Doherty—I could not comment on the CASA requirements.

Senator IAN MACDONALD—The airport is a dual operational airport, as you rightly say, but I think the civil side is actually owned by Queensland Airports Limited now—the buildings and all that—and I think they share the runway. Is there some provision that you are aware of that restricts who can do the fire and rescue services, apart from it being mentioned in regulations that they are eligible? Is there some other requirement? If I own an airport and want an eligible person to do it, is there anything to stop me doing that, subject to CASA approval of operational plans?

Mr Doherty—I would have to refresh my memory on the way the regulations work and whether it relates to a list of airports or to airports generally. There are regulations that basically provide Airservices Australia with the role of rescue and firefighting services at airports and regulations that in effect give them a monopoly of that exercise except to the extent that it is lifted by the—

Senator IAN MACDONALD—I understand that is the case in Townsville.

Mr Doherty—That has been lifted in Townsville, yes. The economic regulatory control has been lifted in that case. It would then become a matter of commercial agreement with those in charge and obtaining the necessary safety approval.

Senator IAN MACDONALD—How long would it take you to get your office to check whether in February or early this year your branch or someone in the department wrote to both Airservices and Defence about this particular issue?

Mr Doherty—That should not take long.

Senator IAN MACDONALD—Perhaps some of your people are watching this back in the department. Perhaps they could find that letter for me. My understanding is that it is a letter signed by either you or the departmental secretary indicating that the minister had a view on things that occurred at Townsville airport and had written to both Airservices and Defence making those views known.

Mr Doherty—I will certainly check that.

Senator IAN MACDONALD—Thank you very much for that.

CHAIR—Senator Williams?

Senator WILLIAMS—I hope I am in the right team this time. I would like to ask about air security officers.

Mr Tongue—That is a question for the Office of—

Senator WILLIAMS—Am I too early again?

CHAIR—Yes.

Mr Tongue—You are a bit late. That is an Office of Transport Security question, but we can take it on notice if you like.

Senator WILLIAMS—I will fill in for Senator Heffernan. There was a further question on notice from 28 May suggesting that the cost of insulating all public buildings in the same noise contour as Fort Street High School in Sydney is not known. Can you confirm that

nobody in your department knows what it would cost to install noise insulation in public buildings within the noise contour?

Mr Doherty—Ms Ellis may be able to add to my answer. But, yes, we would certainly not have that information generally. The exercise of insulating buildings against aircraft noise depends very much on the particular building and the work required. We have found that it varies greatly between buildings, and I am not sure that we would even have the information on the number and design of buildings in a particular contour. The insulation programs have relied upon defining the eligible contour, relying on the property owners to come forward and establish their eligibility, and then proceeding with the consideration and costing of insulation for eligible buildings.

Senator WILLIAMS—Does anyone else in the government know?

Mr Doherty—I would expect not.

Senator WILLIAMS—Can you explain for me the contour system around, say, Sydney airport?

Mr Doherty—I can try. It is an approach that is used generally in relation to Australian airports. It involves a series of calculations based on an estimate of the particular noise created by different categories of aircraft and their particular impact on the environment, having regard to the time of day at which they are operated. There is a calculation that can be run through, once you are aware of the particular aircraft movement patterns at an airport, to generate a map that shows the noise impact identified in a line of contours. Typically we would have the larger contours along and near the ends of the runways, with the reduction as it moves away from the airport and generally following the flight paths. The process generator is called ANEF. It is based on similar processes used around the world, and there are a number of people in Australia who are involved in generating those sorts of charts from the data provided by airports.

Senator WILLIAMS—Has there been a certain amount of money budgeted this year for the insulation of buildings in such contours?

Mr Doherty—There are two questions. We do not expend money on the actual development of the contours. In relation to the insulation programs, there were two specific programs established under legislation previously. One is in relation to Sydney and one in relation to Adelaide. Once those noise maps were provided, eligible residents could come forward and asked for this. Yes, there was money appropriated, which was then used through a project manager, to have the insulation works done, and in turn the money was recouped from levies. In relation to the areas identified as eligible both in Sydney and Adelaide, we have completed the work on those buildings which have been identified as eligible under the program. There may be some fine residual work in areas, such as if the noise pattern moves or if there is some warranty work, but generally the vast bulk of that work has now been completed.

Senator WILLIAMS—In Sydney and Adelaide?

Mr Doherty—In Adelaide. There is no further appropriation for such works.

CHAIR—Senator Adams?

Senator ADAMS—Just on Jandakot Airport—

Mr Doherty—Ms Gosling may be able to help with your specific question.

Senator ADAMS—Yes, she would. I have asked her questions before. This is a very general question. Jandakot Airport seems to be rearing its head in the media again as being unsafe, with a few problems, and there is a suggestion that the airport should be moved again. This came up just before the state election. I have asked before about the number of flights going in and out, and I would like to have on record a reassurance that the airport is safe and the number of aircraft going in and out is under control.

Ms Gosling—I do not have the details in terms of actual flight movements with me. There is no current proposal being considered to move or relocate Jandakot Airport and, to the department's knowledge, it is complying with all safety regulations as necessary.

CHAIR—Senator Ludlam?

Senator LUDLAM—Does the overall strategic view of airport expansions around the country come within the remit of your agency?

Mr Tongue—Yes, it does.

Senator LUDLAM—Do you perform or undertake modelling of anticipated growth in passenger numbers over time?

Mr Doherty—There is a certain amount of work done in the department through the Bureau of Infrastructure, Transport and Regional Economics.

Senator LUDLAM—Do you import that work into your agency or do you undertake that?

Mr Doherty—BITRE is part of this agency. They were giving evidence previously. We could certainly take on notice any specific questions about work that they have done in that area. In relation to the broader question about planning for that expansion, the main work in relation to prompting that investment is done by the airports themselves. The 20-odd major airports are leased under a scheme, and the airports come forward with their expansion proposals. Subject to measuring against statutory criteria, we make a regulatory decision rather than actually proposing the investment.

Senator LUDLAM—I was out of the room when the agency appeared before, so I would not mind if you could take on notice whether they undertake modelling into the estimated rate of growth of passenger numbers in and out of Australia or between airports and so on. I presume the airports use that to base their expansion proposals on?

Mr Doherty—That would be one amongst a range of sources that the airports would look to. We can certainly identify for you the work that has been done in that area.

Senator LUDLAM—That is a big portfolio area. What I am interested in specifically is how they are modelling or how they are incorporating estimated oil price rises into those models. I am not expecting you to have an answer to hand, but that is the area that I am interested in. When we are predicting passenger growth in and out of Australian airports, what is the input for the future oil price going into those models?

Mr Doherty—I understand. We will take that on notice.

Senator McGAURAN—Do you handle aviation safety and the air marshals?

Mr Doherty—No.

Mr Tongue—That would be Office of Transport Security.

Senator Conroy—Didn't Senator Williams just ask about that?

CHAIR—That was raised by Senator Williams. You were busily reading.

Senator McGAURAN—I apologise.

Senator Conroy—He was concentrating.

Senator McGAURAN—I was. I usually listen to every word.

CHAIR—On that, Senator McGauran, did you have any other questions?

Senator McGAURAN—I have a general query that could be for CASA. It is in relation to the high-profile Qantas—

Mr Doherty—On that issue you would get a much better informed answer from CASA. They would look into the regulation of safety in Qantas.

Senator HEFFERNAN—Senator Williams has been assisting me with some questions that relate to past questions on notice. In relation to the response to question on notice No. 2, regarding the insulation of public buildings, in which the cost was estimated at \$14.5 million but the details were withheld based on the claim that releasing them would prejudice further tenders, why would releasing the evaluation of costings prejudice any further tenders? Is that because people take a lead off that like with their car insurance?

Ms Ellis—As I understand it, I think you are referring to the \$14.5 million scope of works for Fort Street High School.

Senator HEFFERNAN—Yes.

Ms Ellis—The question on notice requested a breakdown of those costs. The situation was that in order to ascertain the cost for the airport the department used a current program manager for the noise insulation program in Sydney to estimate the cost. We have not gone out to tender in relation to that project. The funding is not available until 2009 to release the actual detail of that scope of works. It was believed it would prejudice any future tender process.

Senator HEFFERNAN—Fort Street High School is in the noise contour. If other public buildings make applications, how will you respond to them?

Ms Ellis—Fort Street High School was an election commitment. It is not being insulated under the past Sydney insulation program.

Senator Conroy—We have discussed Fort Street before. It was an election commitment.

Senator HEFFERNAN—Yes, it is an election commitment and various governments have various ways of dealing with election commitments.

Senator Conroy—Our way of dealing with them is to actually deliver them.

Senator IAN MACDONALD—When we used to try to do that, you would have all this outrage about the department not approving—

Senator Conroy—Non-core election commitments.

Senator IAN MACDONALD—Remember the outrage from the then opposition when we did this about—

Senator Conroy—It is not a commitment when you promise them anything and do not deliver it after the election. **Senator IAN MACDONALD**—This is a question to you. Do you remember when the previous opposition used to have huge outrage when the previous government said, ‘These are government decisions,’ and you always insisted that they had to be departmental decisions? Do you remember that?

Senator Conroy—No.

Senator IAN MACDONALD—You do not remember that?

Senator Conroy—No. My point is that these were election commitments.

Senator IAN MACDONALD—I will get you the *Hansard*. You have a different view on them now than you used to have.

Senator Conroy—The only view we have is that we will deliver 100 per cent—all—of our election commitments.

CHAIR—Time is limited. Senator Heffernan?

Senator HEFFERNAN—Have there been any further tenders put out to insulate public buildings since the answer was given to that question on notice No. 2?

Ms Ellis—No. All of the eligible public buildings under the Sydney program have in fact been insulated.

Senator HEFFERNAN—Bar Sydney Fort Street high?

Ms Ellis—That’s right, which is an election commitment.

Senator HEFFERNAN—Everything else has been done?

Ms Ellis—That’s right.

Senator HEFFERNAN—Is that true?

Ms Ellis—Within the eligibility criteria in Sydney.

Senator HEFFERNAN—That is some sort of a bureaucratic jungle that I would not be able to find my way through even with a road map. Are there any other eligible buildings in that contour?

Ms Ellis—Not at this stage. We monitor the ANEIs on an annual basis, and there are none in Sydney.

Senator HEFFERNAN—In relation to the response to question on notice No. 6 from 28 May—and you are better than me if you can remember what that was—which dealt with representations made to the minister as part of the development of a green paper, how many submissions or representations have been so far received and how many of those are subject to confidentiality requests?

Mr Doherty—I do not have the exact numbers. The final number of submissions to the issues paper was 291, I believe. Of those, the vast majority were indicated as being suitable

for publication and are in fact displayed on our website. A small number—and I can take the number on notice—were confidential.

Senator HEFFERNAN—Are they subject to confidentiality requests?

Mr Doherty—Yes. We advised when we invited submissions that people should indicate whether they objected to their submission being made public, and a number did that.

Senator HEFFERNAN—I refer to the government's commitment to the development of a national aviation policy statement. I understand that the Minister for Infrastructure, Transport, Regional Development and Local Government announced on 10 April 2008 that the government would develop such a statement. I further understand that it will provide greater planning and investment certainty for the industry and provide clear commitments for users of aviation services and communities affected by aviation. Is that correct?

Mr Doherty—That is the intention.

Senator HEFFERNAN—How will the national aviation policy statement achieve these objectives?

Mr Doherty—As you know, in an industry like aviation it is not governments that drive the activity. The players within the industry themselves attract the resources and financing to do that. They need to present business plans. The more concrete they can be about the environment and the future of the environment, the better they are able to do that. It is part of that overall objective of having a clear understanding of the environment and how the big bits fit together into the future that provides that capacity.

Senator HEFFERNAN—I presume it would be fair to say that under the present economic climate with the headlines that we have reading about places such as Macquarie Bank and their issues that some of the planning may be slowed down?

Senator Conroy—That is asking an opinion.

Senator HEFFERNAN—That is exactly right. I was just casting that as an opinion. The government has further announced that it will prepare a green paper to outline possible policy directions, settings and reforms for the Australian aviation industry. According to the minister's website, the green paper is to be released in the latter half of 2008. Can you tell us when it will be released?

Mr Doherty—We believe that is a matter of weeks.

Senator HEFFERNAN—Do you expect that the aviation white paper will be finalised by mid-2009?

Mr Doherty—That is entirely a matter for government as to the timing.

Senator HEFFERNAN—Do you think it will deal with the issue?

Senator Conroy—That is asking an opinion again. You are entitled to ask about government programs.

Senator HEFFERNAN—Is it intended that the second airport will be included in that paper?

Senator Conroy—That is still an opinion, but there may be something that Mr Doherty would like to add.

Mr Doherty—That was identified.

Senator HEFFERNAN—It is a public interest matter.

Senator Conroy—This is Senate estimates. This is not a committee hearing—

Senator HEFFERNAN—That is why it is a public interest matter. The taxpayers are interested to see how their money is spent.

Mr Doherty—I would not like to comment on the likely outcome, but I can say that in the issues paper that was published the second Sydney airport was flagged as one of the issues on which comments were invited.

Senator HEFFERNAN—Are you aware of the dispute between Air King New South Wales Pty Ltd and Bankstown Airport in relation to the renewal of a lease?

Mr Doherty—What was the first name?

Senator HEFFERNAN—Air King New South Wales.

Mr Doherty—I am not personally across that.

Senator HEFFERNAN—They are all a bit unhappy out there.

Ms Gosling—That has come to my attention, that Air King does have some issues with Bankstown Airport Corporation in relation to a lease on a site that they have.

Senator HEFFERNAN—It would be fair to say that for some years the Bankstown owners have been wanting to clean the place out, as it were, of some of the lower grade, as they see it, operators there. The tool that they have been using is a huge increase in rent. Will the minister consider establishing a formal mediation process to deal with this and other similar disputes as recommended by the General Aviation Industry Action Agenda?

Senator Conroy—We will need to take that one on notice.

Senator HEFFERNAN—It is a real issue for those people. Some of them have been out there for 50 years and all of a sudden there are issues because there is some development potential, as we have seen out here with the Snow family, who have managed to fill in most of the space around the airport with huge developments which have obviously taken away from Civic and other places. It is the same thing with Bankstown. These are goldmines if you can get the developments on them, and the tragedy of it all is that genuine aviators just get left.

Senator Conroy—Is there a question in there?

Senator HEFFERNAN—Do you feel sorry for them?

CHAIR—Do you have further questions?

Senator HEFFERNAN—I am just asking.

Senator Conroy—That is an opinion.

Senator HEFFERNAN—I am asking you, not them.

Senator Conroy—The government is aware of a range of issues there. We are considering them and we are looking to try and work through some very complex issues and their impacts.

Senator IAN MACDONALD—On aviation, and I do not want to confuse this with aviation safety, is it a fact that Qantas has one of the best safety records in the world? Is that something that your branch has an interest in, being the services provider for the aviation industry in Australia or are you mainly dealing with GA?

Mr Doherty—Absolutely. Our interest in aviation policy spans the full range. As a general statement I would agree entirely, but again it would be CASA who would be able to comment in more detail on the record.

Senator IAN MACDONALD—Do you deal with issues such as landing rights for international carriers in Australia and the Australian part of the reverse?

Mr Doherty—We are involved in that process of negotiating the bilateral air services agreements.

Senator IAN MACDONALD—Have you been approached in relation to Asian regional flights into and out of Cairns that might require a stop-off in the non-home base port of an Asian regional carrier? Is that something that you would be involved in? I am trying to work out who is doing what in the department these days.

Mr Doherty—I am trying to understand what the issue would be there. In terms of an agreement with an Asian country about flights, the normal expectation would be flights from ports in their country to ports in ours. Part of the negotiation is often around the intermediate points and in fact in some cases beyond points. There would be cases where we have agreements with Asian countries which include specification of intermediate points. I am not sure if that answers your question.

Senator IAN MACDONALD—That is exactly it. I do not want to mention names of airlines because I am not briefed to do it, but it has been suggested to me that there are Asian regional carriers prepared to come into Cairns but that the aircraft are not able to make it from the home base to Cairns and would seek an ability to drop off in, say, the Philippines, although that is not the home port. Does any of that ring a bell to anyone in your area?

Mr Doherty—I do not have other people here who would be involved in that process, and that specific case does not ring a bell for me. The process in that case is that the carrier would need to have two sets of rights. There would be one from the Australians to fly in from their home port via the midpoint into Australia, and they would also need to negotiate with the midpoint the right to fly there and in turn to fly beyond to Australia.

Senator IAN MACDONALD—My understanding is that it is the Australian regulatory system that prevents this occurring. Do we still have an open skies policy?

Mr Doherty—I am not sure that we have ever had a general open skies policy. We have a pro-liberalisation policy, which does work towards trying to provide capacity ahead of demand.

Senator IAN MACDONALD—Is it a fact that we would allow any carrier to come into an Australian port, apart from Sydney, Brisbane and Melbourne?

Mr Doherty—In relation to our air services agreements, we do generally offer what is called the regional package, which is unlimited capacity to ports outside the big four: Brisbane, Sydney, Melbourne and Perth. Generally we would still be offering that.

Senator IAN MACDONALD—If someone, for example, wanted to fly from Singapore to Cairns—do not treat this as an application—you would not expect that they would have a lot of difficulty from the Australian regulatory authorities?

Mr Doherty—That is rather a hypothetical and I am hesitant. We would look at the home country they were operating from, if they were not a Singapore carrier. If it were a Singapore carrier, for example, we have an unlimited—

Senator IAN MACDONALD—Just as a hypothetical, if it were Singapore to Cairns, unlimited access to—

Mr Doherty—I believe it is an open agreement.

Senator IAN MACDONALD—If that carrier wanted to refuel, for example, in the Philippines to come on, does that cause difficulties? They would still be doing Singapore, Manila, Cairns and going no further.

Mr Doherty—I am not sure that is a real example. I am not sure that you would need to refuel between Singapore and Cairns. If you did, I am not sure that Manila would be the route.

Senator IAN MACDONALD—Perhaps it might be for other reasons—for example, if the traffic made it convenient to do that but it was not a Philippines carrier.

Mr Doherty—That may well involve other issues, because you are essentially saying it is not a Singapore-Cairns flight. You are tapping into other markets altogether and I am not as clear about that situation.

Senator IAN MACDONALD—From the Australian regulatory viewpoint?

Mr Doherty—Yes. I am not sure. I should not speculate.

Senator IAN MACDONALD—Where would I find these rules? They must be written down somewhere. Are they?

Mr Doherty—Essentially, you would need to look at the details of the air services agreement between Australia and Singapore, which we could provide information on, and between Australia and the midpoint. I need to correct that.

CHAIR—There have been a lot of hypotheticals. We should ease it there. It has gone on a bit too long. Senator Macdonald, do you have any real questions for the officers? I am sorry for interrupting, Mr Doherty.

Mr Doherty—I understand.

CHAIR—Can we have no more hypotheticals and no more speculation.

Senator IAN MACDONALD—With respect, these are very real questions and I am using examples to better explain my inability to ask the question in a neutral way. I think you can get the idea, but if a carrier wants to come into a non-capital city port in Australia but wants to stop at another intermediate port on the way, what are the rules and where would I find them?

Mr Doherty—Setting aside any regulatory approvals, the nature of the air services rights would be set out in the relevant air services agreements.

Senator IAN MACDONALD—Assuming the two non-Australian ports were happy, would the Australian regulatory authorities have a concern under the current policy?

Mr Doherty—The regulatory authorities would look at issues like the safety of the operation and the security. The negotiation of air rights is fundamentally a government decision and there would need to be a government decision about the extent to which rights are available for those sorts of services. We have a whole package of these already negotiated and I cannot comment on whether it would or would not be permitted already.

Senator IAN MACDONALD—I will write to the minister about it with more specifics. In your role in Aviation and Airports, do you deal with the numerous requests that come in from the various smaller airports around Australia—Karumba is one that I can think of—seeking some form of federal government assistance in relocating or upgrading the airport? Gladstone is another airport I could mention. Does your branch deal with that?

Mr Doherty—We administer a program called the Remote Aerodrome Safety Program, which is aimed at providing assistance to remote aerodromes with runway works and safety works relating to the airport infrastructure. Those tend to be the smaller airports because of the guidelines for that program. In relation to broader issues, the people may well write to the minister and we may look at that in a policy sense of what is the government's role.

Senator IAN MACDONALD—I know you have received over the years requests from the Karumba airport in the Gulf of Carpentaria for assistance in (a) relocating but (b) upgrading the existing airport.

Mr Doherty—I am not aware of that specific example.

Senator IAN MACDONALD—Could you check that for me on notice and let me know if there is any merit in me encouraging the owners of the airport, which is the local shire council, to again approach the department for assistance in the provision of an upgraded airstrip which is very essential for so many reasons—health, Indigenous matters and tourism—into that remote Gulf airport at Karumba?

Mr Doherty—We will provide you with the details of the program that we have and if the particular case meets the guidelines there may be a—

Senator IAN MACDONALD—Could you check your records to make sure that you are not currently dealing with something in relation to the Karumba airport?

Mr Doherty—Certainly.

Senator WILLIAMS—Are you over the top of all the landing fee charges at Sydney airport?

Mr Doherty—At Sydney airport there would be a charge component for the air traffic control service and there would be a charge imposed by the airport. The charge imposed by the airport is negotiated between the airport and the airport operator, and the government's involvement is limited to a light-touch price-monitoring program so that there is an annual reporting of charges at that airport generally.

Senator WILLIAMS—There are some regulations in those landing fees to cover regional airlines of New South Wales so that the cost of landing fees do not go up by more than price of CPI. Is that correct? Are you familiar with that?

Mr Doherty—I would need to check the details. I am aware that there have been some specific arrangements set in train for regional operators at Sydney, but I am not able to pull the details to mind.

Senator WILLIAMS—Would you know how much these landing fees have gone up over the last couple of years? Could we access them anywhere? Are they all private knowledge now that the airport has been privatised?

Mr Doherty—I do not want to speculate. I can take that on notice and get the information about the arrangements for charges to the regional services of Sydney.

Senator WILLIAMS—The reason for my question is I recall—and I certainly was not a politician in those days—that when the Sydney airport was privatised to Macquarie Bank the then Deputy Prime Minister or he could have been the transport minister, John Anderson, put regulations in so that regional airlines could not have their landing fees increased by more than the rate of inflation to protect some of the small airlines. I just wanted to ensure that it was still in place and still being monitored? That was my main reason for raising the question.

Mr Doherty—I understand. We will take that on notice.

Senator HEFFERNAN—I do not know whether Premier Lennon can answer these questions or not. Welcome, Premier. I have a few questions and I may put the bulk of them on notice to assist the committee. They are to do with the passenger movement charge.

Mr Tongue—That is one that would be better directed to the Department of Finance or the Treasury.

Senator HEFFERNAN—If I put them on notice, can you direct them?

Mr Tongue—Yes, we can do that.

Proceedings suspended from 3.57 pm to 4.13 pm

Airservices Australia

CHAIR—I welcome officers from Airservices Australia. Mr Russell, I believe that you wish to make a very brief opening statement?

Mr Russell—Thank you, Chairman. Since our discussions at the Senate estimates hearing in May, the global environment for aviation has changed quite dramatically and it will have a significant bearing on how Australian aviation and we at Airservices respond during the coming months and years. Since May, the world has been affected by a large spike in the price of oil and, more recently, by the global financial crisis. Aviation is a cyclical industry, and this current cycle has all the hallmarks of being particularly severe. Traditionally, aviation has been the first industry to feel global economic pressures and it is usually amongst the first to recover.

Recent information from organisations such as the Civil Air Navigation Services Organisation, to which Airservices belongs, shows that a worldwide demand for air transport is falling and operating costs remain high. Last week IATA, the International Air Transport

Association, indicated that airlines now consider they will lose \$4 billion during 2009 and, so far this year, some 25 airlines have gone out of business. From media reports and from what we in the industry understand, almost 1,000 passenger aircraft are likely to be removed from service world wide during the next 15 months. Yesterday, in Melbourne, the retiring CEO of Qantas, Geoff Dixon, stated that, looking at forward bookings, Qantas's passenger demand is falling in all classes. In addition, in recent weeks significant planned expansions at both Canberra and Melbourne airports have been put on hold.

As the results of the global economic crisis become clearer, we think their impact on aviation is likely to worsen. We as an organisation and an industry in Australia are not immune from the global economic crisis. We plan to better manage our costs and to continually improve the efficiency of the organisation. Here, outdated and inflexible air traffic control processes and systems, some of which date back to the 1960s, can no longer be tolerated. Like any reform, change brings tension and criticism. It is within this context that I would like to update the committee briefly about some ongoing disruptions caused by a small group of our air traffic controllers, who I believe are operating outside of their own union, Civil Air.

Senators may recall discussion at the estimates hearing in May about the increase in service interruptions that had occurred since November 2007. There was discussion too about the circumstances behind the increase in the number of service interruptions and the measures that we had in place at that stage to resolve the situation. These interruptions have included airspace closures that have continued throughout the year, many of which have occurred in sectors that now are fully staffed by air traffic controllers. This pattern of service interruptions is similar to but of greater intensity than that which occurred during the last collective agreement negotiation in 2005. We can only conclude that the cause of these ongoing interruptions is that some of our staff are making themselves unavailable rather than due to a shortfall in total staff numbers—that shortfall now having been largely addressed by us.

Our ability to maintain levels of high service to the industry is being damaged by the actions of a small number of our controllers conducting unauthorised industrial action to support their wage claim. The events on Friday, 3 October, in Sydney, are typical of this campaign. Three out of six controllers in the Sydney approach group called in sick at relatively short notice, with all seven possible replacements declaring that they were unavailable to cover any of the shifts, either in full or in part. The resulting flight delays, inconvenience to passengers and costs to the airlines were a case of staff being unavailable or unwilling to work. The 24-hour nature of our air traffic operations requires an element of 'reasonable' overtime being worked by controllers, the great majority of whom are getting on with the job in a professional manner. Unfortunately, a small number are willing to cause this kind of disruption, which is similar to the one that occurred in Sydney on 3 October and which affected much of Australian air traffic on that day. As a result, thousands of people were delayed and costs to airlines amounted to hundreds of thousands of dollars.

I consider this situation unacceptable. We have taken action, including having the matter of 'reasonable' overtime referred to the Australian Industrial Relations Commission for conciliation. The current inflexible structure of our air traffic management system, where we have multiple airspace sectors and endorsements that are specific to those sectors, makes the

system highly vulnerable to an unofficial campaign of this kind. The operational reform of the air traffic group that we commenced at the beginning of last year, in part, seeks to remedy this situation for the longer term. To conclude, Mr Chairman, and with your permission, I would like to table a couple of documents that may aid the committee's consideration of this matter.

CHAIR—Yes, thank you very much. If that concludes your opening statement, we will go to questions.

Senator IAN MACDONALD—Thank you very much for that, Mr Russell. I know my colleagues, particularly Senator McGauran, will have a lot of questions in following up on that. I want to deal very briefly with another matter. Part of your operation is to conduct rescue and fire services around Australia.

Mr Russell—That is right.

Senator IAN MACDONALD—How is the staffing in that area at the present time?

Mr Russell—We are slightly under our requirements, which we are covering through the use of overtime. This goes back quite some years to an overall lack of adequate planning in terms of understanding the changes that were likely to occur to the workforce in the air traffic control group, the fire and rescue service and, for that matter, our technical capabilities. We have an ageing workforce and we have underspent on training. At the moment, our numbers in the fire service are under our requirement. As I have mentioned, we have covered that through some overtime, but we are increasing those numbers quite readily. It does not take as long to train a leading firefighter as it does to train, say, an air traffic controller, so those numbers can be made up fairly quickly.

In early September, we graduated 17 firefighters from our facility in Melbourne. We are taking action, through the course of our certified agreement negotiation underway currently with the fire service union, to make it more attractive for firefighters to go up a grade to become a station officer or a senior station officer. That is an area where we have had some difficulties.

Senator IAN MACDONALD—What is the rationale behind Airservices running these sorts of operations?

Mr Russell—It is largely historical, I believe. It is an issue where currently we have some 20 fire stations around the country. I guess that it is regarded as being more of a specialist operation in terms of being able or potentially being able to rescue passengers from aircraft.

Senator IAN MACDONALD—Perhaps this is not your area, but you do not have a monopoly on fire and rescue services around Australia, do you?

Mr Russell—Yes, we do, except for the operation in Townsville, which you referred to earlier.

Senator IAN MACDONALD—Obviously that is the one I want to talk about. In February this year or earlier this year, do you recall getting a letter from either the minister or the department in relation to the Townsville airport?

Mr Russell—Yes, it was dated 5 March and came from a then deputy secretary of the department.

Senator IAN MACDONALD—Can you tell me what the import of that letter was?

Mr Russell—It referred to a situation in Townsville where an alternate supplier had been listed as a potential provider of fire rescue services. This occurred in the context of a then government policy to look at making the provision of these services contestable. The change of government at the end of the year saw the new minister indicate to the department, ourselves and others that the government's policy was for non-contestability of this service, with the exception of Townsville; he felt that the former government's undertaking in respect of Townsville should be honoured.

He asked all the parties to come together and see whether we could facilitate an outcome. That process had two key areas. One was certification by CASA of that alternate provider, Delta; and the other was the agreement of the ultimate owner of the airport—which, in my understanding, is the Department of Defence. We have a contract in place with the Department of Defence to provide fire and rescue services until the end of 2009. I understand that the department is looking to bring forward a tender so that there is, in fact, one provider of this service rather than potentially two; this is on an airport the size of Townsville.

Senator IAN MACDONALD—I am sorry, but which department is looking to bring forward a tender?

Mr Russell—The Defence department.

Senator IAN MACDONALD—My understanding is that the alternate provider is ready to go and simply needs your sign-off to a transition plan. Is that your understanding?

Mr Russell—The process, as I understand it, involves the certification of this provider by CASA. To my knowledge—and it is not recent—that has not yet occurred. We stand ready to talk to them about transition and to try to resolve this situation but so far, as I understand it, the certification process with CASA has not been finalised.

Senator IAN MACDONALD—Certification is different from being registered or, by regulation, saying that this organisation could provide these services. That is not what you are talking about with certification, is it?

Mr Russell—No.

Senator IAN MACDONALD—Certification is the operational certificate.

Mr Russell—It is meeting what is known as part 1 of 139.H of the CASA regulations.

Senator IAN MACDONALD—I understand that all that is needed for the operational certificate to be issued—I can ask CASA about this later in the evening—is for Airservices to sign off on the transition plan. As I understand the transition plan, it is what happens on the day that Airservices stops providing the service and the new provider takes over. I have said 'the day', but I am speaking of leading into and out of the day and making sure that there is an adequate service.

Mr Russell—I understand that it is a little more complicated than that, to the extent that it does require Delta to not just produce a transition plan but also be certified to a standard that CASA is comfortable with. I do not know where that process is at the moment. It is a question that in the first instance you may want to raise with CASA when you speak to them later.

Senator IAN MACDONALD—I certainly will raise that with CASA. It has been my understanding that the plan is more or less ticked off; it just needs signing off by Airservices and then all will happen. But there seems to be some reluctance—

Mr Russell—That is not the case. I understand that, with respect to certification, the matter is being considered within CASA at the moment. It is also being considered by the Department of Defence, which has a view on this issue as well. In a sense, I am a provider and I am willing to assist in the process, but there are some hurdles that have not been got over yet.

Senator IAN MACDONALD—But, as I understand it, the owner of the airport is responsible for providing the service for the civil side.

Mr Russell—I think there is some discussion on that issue. Given that this is a joint-user facility, the ultimate owner is the Department of Defence; that is my advice.

Senator IAN MACDONALD—I think that is right, in that the ultimate owner is the Commonwealth, under which it would have to go to Defence—

Mr Russell—Effectively, yes.

Senator IAN MACDONALD—because it is a Defence establishment. But all of the facilities for the civil side, with the exception of the runway, are owned, I think, in freehold title.

Mr Russell—From memory, from my days in airports, I think it is a lease.

Senator IAN MACDONALD—That is what I thought it was, but I am assured that the real estate has been excised off for the facilities that service the civil side. I understand that Delta have won the tender to provide services for the civil side; in fact, I think you would realise that Delta is now the owner of the civil side.

Mr Russell—Yes. I do not think there was a tender for the civil side. In a sense, that just further complicates the issue.

Senator IAN MACDONALD—I understood that the tender went out on an open tender basis. At that time Delta was not owned by the owner, but it is now.

Mr Russell—I certainly agree that it is owned by Queensland Airports.

Senator IAN MACDONALD—Yes, but I think initially there was an open tender process. You do not think that is the case?

Mr Russell—I do not believe so, no.

Senator IAN MACDONALD—Could you just check that for me?

Mr Russell—Yes, of course.

Senator IAN MACDONALD—Is the provision of fire services at the Townsville airport a money-making venture for you?

Mr Russell—We operate what is called a network price regime for fire services in what is known as category 6 operations, which is the base level of fire and rescue activities at various regional type airports, those of the size of Townsville, around Australia. Fundamentally, that allows us to provide a cross-subsidy from some of the larger airports to help support the costs

of operating at some of these regional centres. On a stand-alone basis, Townsville does not make money, no.

Senator IAN MACDONALD—As an organisation, you have no burning desire to run fire and rescue services, if there is a competent, able and willing alternative. Is that right?

Mr Russell—In approaching that in the first instance, we would need to know that there was one and that it had been certified by CASA. In particular, currently we have an obligation to and a contract with the Department of Defence to supply those services. Whatever happens, I want to ensure that those services are properly provided. You would be aware that, in Townsville, the RAAF operate with live ordnance and I believe they are looking for an experienced provider to ensure that aspect of the operation is well catered for.

Senator IAN MACDONALD—How long is your contract with Defence for?

Mr Russell—Until the end of December 2009. As I mentioned, from some discussion I understand that the Department of Defence is looking to bring that tender forward, as it may be a way of resolving this issue.

Senator IAN MACDONALD—You only started work there on 1 January 2006 and, before that, it was done by Defence. Is that right?

Mr Russell—Certainly it was provided by the Department of Defence. I just cannot recall the date that we started. It was around that time, yes.

Senator IAN MACDONALD—We will not argue about a date. I think that is about right. If CASA happens to have been listening in, obviously they will have gathered that I will be following up with them some of the issues that we have spoken about. Thank you very much.

Senator WILLIAMS—Just on these problems that you are having with the air traffic controllers, you have said that, on 3 October, three out of six called in sick. How many air traffic controllers do you have on at once during a shift?

Mr Harfield—At any one time in Sydney, for the period covering the core hours of the day, for the terminal control unit itself, probably between 10 and 14 controllers would be rostered on.

Senator WILLIAMS—And three called in sick.

Mr Harfield—Three called in sick for the approach component of the terminal control unit. We have a departure cell and an approach cell, and three out of the seven that were rostered on called in sick for the morning shift.

Senator WILLIAMS—Was safety ever put in question because of that? Did you get other people to fill in for those who were sick? What happened? What do you normally do in these sorts of situations?

Mr Harfield—Normally, with an unplanned absence, we require some additional hours done by the air traffic controllers. Seven people were rostered off on that day and they were all contacted to see whether they could come in and assist, and none of the seven were able or willing to come in and help fill the shifts. So what happens is that, as we still have air traffic controllers there, we slow down the traffic so that it can continue to be managed safely. Unfortunately, that delays the traffic. Being Sydney, being the centre point for most of the

traffic around the country at some point, it cascades and puts delays into the entire national network.

Senator WILLIAMS—Do you think these people are genuinely sick or just disgruntled?

Mr Harfield—In this case, they were probably genuinely sick; I do not know.

Senator WILLIAMS—Obviously you have problems there, where staff are not overhappy. Would you agree with that?

Mr Harfield—Yes. We have some morale issues. At the moment, the general feeling of the workforce is not one of a well motivated workforce.

Senator WILLIAMS—I will leave Senator McGauran to follow up.

Senator McGAURAN—I will just follow up on Senator Williams's inquiry. You can tell that he was not here at the last hearing. He is as stunned as anyone is who hears for the first time—

Senator WILLIAMS—This is my first time at one of these estimates hearings.

Senator McGAURAN—When he hears of so many controllers walking out on a Friday in Sydney—

CHAIR—I do not think they walked out, Senator McGauran. I think Mr Russell made it very clear in his opening speech that there was absence through sick leave. Continue on.

Senator McGAURAN—Well—

CHAIR—If I am wrong, Senator McGauran, I am sure that you will take me to task.

Senator McGAURAN—I regret that I must. I congratulate Mr Russell on doing a complete cultural turnaround, and he now has the backing of the minister, Mr Albanese, who has also come to his senses over this issue. But, just to pick up on what Senator Williams and the chair have said, didn't you just say in your opening statement that the famous 'walkout'—as I would put it—of Friday, 4 April, was just that.

Mr Russell—Thank you for the question. I remember our discussions at the May hearing of this committee. At that stage it was my belief—and I said so—that there was no organised campaign to create these disruptions and I think we had given people more than the benefit of the doubt. However, over the last couple of months, it has become clear that there is, in fact, a covert campaign operating. As I mentioned at the beginning, this is not a question now of a shortage of air traffic controllers; it is a question of their availability. We are getting increasing evidence that short-notice sick leave is followed by unavailability of replacements. That then causes unavoidable interruptions to our services. That is compounded by the fact that, with the way we are currently organised—we have some 32 sector groups throughout Australia and people who are specifically endorsed to each sector within those groups—finding somebody suitably qualified to work that sector at short notice is made very, very difficult. That is part of what this reform is about. The tables that I will leave with you may help to fill that sort of background out a little.

Senator McGAURAN—I have to say that that is one of the gustiest comments I have heard made by a public representative on that side of the desk for a very, very long time. In fact, I could not surpass it and I congratulate you for making it. Again, Mr Albanese, to his

credit, has given you his backing—which, of course, you have to have—and has publicly endorsed all of your comments, which I have read. But it is not over, which you know only too well. You have made the point that these are renegades. Have the union got back to you confirming that?

Mr Russell—No. The union have denied that they are involved in a covert campaign. But I believe that, with the experience that we have had—since the beginning of November last year to date, we have had 184 disruptions to our services—we now can see a definite pattern amongst small groups within certain sectors of our air traffic operation of there being some organisation to it, yes. Whether or not the union is involved I think is a bit of a moot point, but certainly this seems to have a degree of organisation about it.

Senator McGAURAN—But it is not a moot point if Civil Air are behind it. A reasonable man with common sense injected would say that they are or would ask how they could not be.

CHAIR—You are asserting that, Senator McGauran.

Senator McGAURAN—A reasonable man would.

CHAIR—If you have questions of Airservices Australia, please put them to the officers.

Senator McGAURAN—Isn't it amazing? Last time I brought up this issue I was howled down by all sides when commenting that this was a strategy causing—

Senator HEFFERNAN—It sounds good to me.

Senator McGAURAN—the air spaces to be unsafe. Now it is being confirmed, and I am still being interjected on by the chair. It is amazing. This is the Labor Party's waterfront; get that straight. This is your waterfront.

CHAIR—Ask your questions before I go to others.

Senator McGAURAN—I will go to the crux of my question. Are you preparing for and do you expect an air traffic controllers' strike by Christmas?

Mr Russell—We are in continuing negotiations with all of our unions and currently we are working on three agreements. One is an agreement with the fire union, another is an agreement with our corporate union and technical people, and the third is an agreement, we hope, with Civil Air. The current certified agreements with Civil Air expire on 21 December, and we are hopeful that there will be a resolution of this issue by then. In fact, a further meeting of our negotiating committee is due to take place tomorrow. I am hopeful that we will be able to resolve this, yes.

CHAIR—I am sorry, Senator McGauran, but perhaps I could add something. In light of the commentary between you and me, I would say that one of us is confused and I would like some clarification. Mr Russell, in your opening speech I thought you said that you did not blame or think it was the union but there was a rogue element. Maybe one of us has got confused about this.

Mr Russell—In my view, it certainly seems that there is rogue element acting outside of the union.

Senator WILLIAMS—With the support of the union, in your view?

Mr Russell—The union deny that, and I can only take them at face value.

Senator McGAURAN—But you have taken them at face value once before. They know all about this. They know who is involved; they know the lot. You have taken them at face value; you have said so yourself. You gave everyone the benefit of the doubt and now you have found it is not so and that this is a serious disruption. Remember, the crux of it is that, to the union, it may be all about pay and conditions, but to the general public it is about air safety. Because of this behaviour, we have gaps over Canberra and serious logjams at Sydney. When air traffic controllers walk out, you have a serious air safety problem. Under those circumstances, perhaps it is only a matter of time. So why are you giving them the benefit of the doubt a second time?

Mr Russell—I would make the point that during these disruptions we have put considerable effort into ensuring that safety is in fact maintained. This is not an ideal situation; there are no two ways about it. However, in some sectors we have put in place traffic metering, so we regulate the flow of aircraft into those sectors so that they are separated. But there is no denying that it is causing disruption to our airline customers, and in the case of Sydney in early October was causing some severe disruption to quite a lot of passengers who were flying, as it turned out, at the end of the school holidays.

Senator McGAURAN—But it is more than disruption; it is air safety.

Mr Russell—I well understand the issue of air safety. I am saying to you that, through this process, we have put in place, together with the airlines and with CASA oversight, measures to ensure that safety is not compromised. It is difficult to put these measures in place, particularly when they are occurring so frequently, but I can assure you that they are in place.

Senator McGAURAN—Do you know who the renegades are?

Mr Russell—I have a broad understanding of which groups are involved within the air traffic group, yes.

Senator McGAURAN—The Melbourne group are a prime suspect, are they not?

Mr Russell—This is not across the whole of the air traffic workforce. A lot of these people, as I have described, are decent and professional and have gone about their duties. It is a small number in certain groups that are causing this issue.

Senator McGAURAN—Is Melbourne one of those groups?

Mr Russell—It is not particularly Melbourne. Some of the groups are based around our Brisbane operation; we have seen some of this interruption in Sydney, which we have just spoken of; and there is the Canberra group, which is run out of the Melbourne centre.

Senator McGAURAN—Then why, for a second time, are you giving the union the benefit of the doubt that they have no knowledge or link to all of this?

Mr Russell—These covert activities are very difficult to identify and then prove, but we are at a point now where we have taken action in the Industrial Relations Commission. We currently have an application before the commission to clarify the issue of what is regarded as 'reasonable' overtime. A clause within the current certified agreement has been interpreted by

some of the union members to mean that overtime is always optional, when in fact we believe there is an obligation for overtime.

Senator McGAURAN—Why are you giving the union the benefit of the doubt that they know nothing about or have no link to the wildcat strikes or the sick leave strikes that are being pulled?

Mr Russell—They tell me they do not. I have a relationship with the president of the union and—

Senator McGAURAN—They fooled you once. Is the 63 per cent pay rise together with unlimited sick leave still on the table?

Senator WILLIAMS—Sixty-three per cent?

Mr Russell—We have a log of claims from the union that averages 25 per cent as an alignment pay together with about a four per cent increase each year for the three years of the agreement. That average 25 per cent is in a range and, at the top end of that range, a small number of categories of air traffic controller are in the 63 per cent range, yes.

Senator McGAURAN—And are you in negotiations over unlimited sick leave?

Mr Russell—There are two issues that we have tried to put on the table for this negotiation. One goes to the question of rostering so that we can more flexibly roster a 24-hour operation. The second is the removal of the unlimited sick leave provision that is currently within this agreement. We want that sick leave capped at what I think is a reasonable 15 days a year. We are in discussion with the union about those issues now.

Senator McGAURAN—Fifteen days a year is the current average, isn't it? So you are not cutting back or saving anything at all. It is the current average for 2007-08 or 2006-07.

Mr Russell—On average, the number of sick days taken in 2007-08 has been 14, yes.

Senator McGAURAN—You are increasing it. What good is that? You are getting nowhere.

Mr Russell—What good there is is that it allows the air traffic controller to accrue those days so that, in the event they get ill, they can use them but not for pay purposes.

Senator McGAURAN—I will leave the finer details to you, because I am in admiration of you. What is the probability now that there will be a Christmas strike and are you preparing for one?

CHAIR—You have asked that already.

Mr Russell—I am hopeful that we can resolve this situation.

Senator McGAURAN—What is the probability?

CHAIR—Do not speculate; no hypotheticals.

Senator McGAURAN—Are you prepared for a Christmas strike?

CHAIR—Mr Russell, I just want to clarify one thing. Sometimes senators have a tendency to rush out on one line to grab cheap headlines—and I am certainly not accusing anyone who is on this committee of that. But we had better get this very clear: the line of questioning was

about air safety of aircraft and passengers in Australian air space. However, I think it would help the committee if you told us how many employees we are talking about overall and, if you do have a small renegade group, give us a rough number, if you can.

Mr Russell—We have nearly 900 operational air traffic controllers. We are a 24-hour operation that covers the whole of the country. I cannot be precise, but I think the numbers are quite small; they may be around the 30 mark. That is basically what we are trying to deal with here. I think the positive side of this is that the large majority of the people who work in this organisation do so with a sense of professionalism and are continuing to get on with the job, and we have no problem with them.

CHAIR—That is very encouraging. Thank you very much for that. I hope that clarifies it for others.

Senator HEFFERNAN—Can I clarify one thing about the sick leave? Does that accumulate annually after—what is it—two weeks a year?

Mr Russell—In our certified agreement we currently have a provision, which goes back some 10 years, for unlimited sick leave.

Senator HEFFERNAN—So you do not have to accumulate it, because you can—

Mr Russell—We are seeking to change that by putting a cap on it of 15 days a year.

Senator HEFFERNAN—Will that then be accumulated?

Mr Russell—Yes, it will.

Senator HEFFERNAN—Every now and then you have to change the government to get things done—and that is a funny thing for a politician to say. When we rationalised the railways in New South Wales—when we had firemen for diesel engines that had no fire; and this took a change of government—we went through the sick leave provisions. They accumulated a month's sick leave annually, which was fully paid out on retirement. That meant that, after 14 years, they were paid a year's sick leave. Do you accumulate it and pay it out when they retire?

Mr Russell—No. This will accumulate in days but not in dollars. There will be no payout if you resign, for instance.

Senator HEFFERNAN—But we are all likeable rogues. So I am an air traffic controller and I want to go off on my annual holiday. I have a new wife, a new car, or whatever, and towards the end of my career I want to take a year off. Can I just call up my sick leave and go off for a year?

Mr Russell—No.

Senator HEFFERNAN—Why not? If I get a doctor's certificate that says a valve in my heart is leaking or—

Mr Russell—That is exactly the type of eventuality that we are trying to accommodate.

Senator HEFFERNAN—Best of luck.

Mr Russell—People who are genuinely sick will have that—

Senator HEFFERNAN—Will you have independent medical examinations? If you do not, that is what is going to happen.

Mr Russell—Our aim would be to do that, yes.

Senator HEFFERNAN—If you do not do that, I can assure you that it will not work.

Mr Russell—We have put lots of work into this.

Senator HEFFERNAN—If they have the same family doctor for 30 or 40 years, they get to know one another—and there you go.

Mr Russell—Thank you.

Senator HEFFERNAN—The response to question on notice No. 4 from 28 May indicated that, at airports across the country—these are the specifics of what Senator McGauran was going on about—unplanned absence days for air traffic controllers increased. Can you give a reason for that increase?

Mr Russell—Generally, the amount of sick leave that we have seen in the last 12 months has been about the same level as that of the last couple of years. We have noticed that where we are having issues is with the sick leave that has then caused us to ask people to come in on overtime; they are not taking up the overtime.

Senator HEFFERNAN—So what can happen? With these likeable rogues, whoever the 30 are—

Senator McGAURAN—They are not likeable.

CHAIR—Senator McGauran, I do not think a comment like that needs to be thrown across the room.

Senator HEFFERNAN—Anyhow, these guys—

Senator McGAURAN—Just because we do not like them—

CHAIR—If you do not like the air traffic controllers, you can write to them.

Senator HEFFERNAN—can go off on unlimited sick leave on pay. Is that right?

Mr Russell—Well—

Senator HEFFERNAN—Do they have to have a doctor's certificate for one day, two days—

Mr Russell—Yes—

Senator HEFFERNAN—or 10 days?

Mr Russell—Yes, they—

Senator HEFFERNAN—One day?

Mr Russell—If I may, I will ask Caroline Fleming, who looks after this area of our operations, to comment.

Ms Fleming—The current provision is unlimited sick leave and also unlimited single days without a certificate.

Senator HEFFERNAN—Is that right?

Ms Fleming—But, of course, we do have a provision in there where—

Senator HEFFERNAN—I will have to become an air traffic controller!

Ms Fleming—air traffic controllers have to be fit for duty. If we think they are not fit for duty, say, where they have a long-term illness that means they are not fit for duty—

Senator HEFFERNAN—That is fair enough where it is genuine.

Ms Fleming—we call them in for a fitness for duty assessment and a medical examiner will examine them.

Senator HEFFERNAN—But, under your arrangements, would it be possible for me to say on Monday, ‘God, I had a big night last night; gee, I’m sick’? Do I have to present a certificate for that?

Ms Fleming—No, you do not.

Senator HEFFERNAN—What about Tuesday?

Ms Fleming—If you took two days, yes, you would.

Senator HEFFERNAN—So, if I go to work Tuesday and get on the grog that night, on Wednesday I do not have to have a certificate?

Ms Fleming—For single days at the moment you—

Senator HEFFERNAN—So I could choose not to go to work every second day.

Ms Fleming—Also we assume that managers manage—

Senator HEFFERNAN—But that is true.

Ms Fleming—their people and get them to come to work.

Senator HEFFERNAN—But that is according to theory—

CHAIR—Senator Heffernan, let Ms Fleming answer a question before you rattle off your next one, or you will put them all on notice.

Senator HEFFERNAN—The answer, then, is that the reward for the rest of the mob is that that creates more overtime for them.

Ms Fleming—If you were cynical, that is what you might say.

Senator HEFFERNAN—There you go. What financial cost do 15,138 unplanned absent days impose on the system?

Mr Russell—Currently, in the air traffic group, to cover that sick leave, we are operating about, what, 60 FTEs?

Mr Harfield—In the last financial year, 50 per cent of our absenteeism was covered within our existing numbers of staff. So only 50 per cent of the absenteeism—

Senator HEFFERNAN—Does that mean that you have too many staff or do you pay them overtime?

Mr Harfield—No. We paid overtime to 50 per cent to come in and cover those absences.

Senator HEFFERNAN—What is the real cost?

Mr Harfield—For the 50 per cent that we were not able to cover within our staffing numbers, the cost would be around \$8 million a year.

Senator HEFFERNAN—So wouldn't it be a matter of fact that you could have a medical practitioner on board, fully paid, on the payroll in each of your major centres, and still been be in front? I have dealt with a lot of this stuff all my life. We are speaking of a system where you do not have to present a certificate—or, even if you do have to present one, it is not challenged. I know of factories in Wagga that put in their own medical requirements and absenteeism and sick leave just disappeared.

Mr Russell—I will ask Caroline Fleming to talk about the principles.

Senator HEFFERNAN—Have you thought about having an in-house doctor to—

Mr Russell—We have addressed the whole issue of absenteeism. Caroline, would you like to comment?

CHAIR—Ms Fleming, just before you answer, I would like to say that we will be wrapping up at 5.15 pm. I am mindful that there may be a lot of questions and we have been on this subject for quite some time. I note from your opening statement that you are halfway through enterprise negotiations at the moment and a lot of speculative questions are being asked here. Perhaps we could wrap up on this one item, as there may be other questions of Airservices Australia that other senators wish to ask.

Ms Fleming—The only thing I would add is that we do have designated medical officers. If we see a pattern of absenteeism in somebody or somebody is off for a long time—

Senator HEFFERNAN—Righto; that will do. Do these absences have a negative impact on passenger safety?

Mr Russell—I would say that we need to manage carefully absences that involve the question of bringing people in on overtime. We have a fatigue policy to ensure that people in these critical positions are not fatigued, and that is something that we need to manage carefully.

Senator HEFFERNAN—So there would be a negative impact on the smooth running of the air traffic control system because of this.

Mr Russell—We operate in a very dynamic environment, where something is happening every day. It could be bad weather or runway closures. It could be all those sorts of things.

Senator HEFFERNAN—I am an old failed pilot myself, so I realise what you can get up to if you are adventurous. Is the increase in absenteeism related to the recent industrial action, do you think?

Mr Russell—As I mentioned earlier, the amount of sick leave currently being taken is about the same as it has been for the last couple of years. It is still at a high level, but it is about the same. The issue is that we have difficulty getting others to cover for people who are reporting sick at short notice. That is part of the issue.

Senator HEFFERNAN—To make it a bit easier for you, I will put some questions on notice.

Mr Russell—Sure.

Senator HEFFERNAN—Across the country in 2007-08, there was an average of 15.57 unplanned absent days per controller—I realise that it is a stressful and very important job and they do a fantastic job et cetera—Melbourne and Brisbane airports, however, had 17 and 20 respectively. Why do Melbourne and Brisbane have significantly higher levels of absenteeism with their controllers? Is it the weather or the grog?

CHAIR—It is on notice, Senator Heffernan.

Mr Russell—I think I will take that, if you would not mind, Chairman.

CHAIR—Senator Heffernan, do you have any more questions?

Senator HEFFERNAN—Yes, I have a couple on carbon footprints. With reference to question on notice No. 8 from 28 May and the Energetics audit on Airservices Australia's carbon footprint, to which it referred, what was the cost of the audit?

Mr Russell—I will ask Mr Dudley, who is the—

CHAIR—That is on notice.

Mr Russell—Thank you.

Senator HEFFERNAN—I did not put it on notice, did I?

CHAIR—Senator Williams has some questions. You did say that you would put some questions on notice.

Senator WILLIAMS—I do not mind Senator Heffernan having a go.

CHAIR—So they are not on notice now, Senator Heffernan?

Mr Russell—I am happy to take questions on notice.

Senator HEFFERNAN—Yes, take that on notice.

Mr Russell—I am quite happy to do that.

CHAIR—Are there any other questions?

Senator HEFFERNAN—I will put the rest of my questions on notice, to assist the committee.

Mr Russell—We are happy to take them.

CHAIR—Thank you, Senator Heffernan.

Senator McGAURAN—Mr Russell, have you had discussions with the minister about costings and contingencies regarding a Christmas strike by the air traffic controllers?

Mr Russell—I am of the view that, with some goodwill here—

Senator HUTCHINS—What Christmas strike?

Senator McGAURAN—There is an extremely high probability of a Christmas strike occurring. I would go so far as to say—

Senator HUTCHINS—Who actually said that the probability was high?

Senator McGAURAN—Me. Are you ruling that out, Mr Russell?

Mr Russell—I am saying that it is—

Senator HUTCHINS—It is like asking: ‘Have you stopped beating your wife?’

CHAIR—Mr Russell, you do not have to answer hypothetical questions and speculations.

Senator McGAURAN—You had better be prepared, Mr Russell.

CHAIR—Do you have any other questions, Senator McGauran?

Senator McGAURAN—He knows it. I am telling you: this guy knows it. He is at the head of the game now—and it is to his credit.

CHAIR—Senator McGauran, do you have any other questions of Mr Russell?

Senator McGAURAN—What was wrong with that question: are there any contingencies regarding the threat of a strike? It has been threatened.

CHAIR—I am not entertaining your hypotheticals, Senator McGauran.

Senator McGAURAN—Has it not been threatened by the union? Has it been threatened?

Mr Russell—No, it has not.

Senator WILLIAMS—Just out of curiosity—this is all new to me—how long does it take to train an air traffic controller?

Mr Russell—To train a new air traffic controller from scratch takes about 15 months. Presently, this year, we have about 80 trainees in our centre in Melbourne.

Senator WILLIAMS—My attitude in business is that, if troublemakers can be replaced, I will replace them. Anyway, that is only a comment; sorry, Chair.

Senator IAN MACDONALD—I had a friend who, after training as a pilot 15, 20 years ago could not get a job as one and became an air traffic controller. Does the shortage worldwide of pilots these days impact upon your ability to recruit air traffic controllers?

Mr Russell—No. Whilst there are shortages, given the growth that at least until recently has been predicted for just about everybody in aviation—pilots, engineers and some air traffic controllers—we have had no difficulty in attracting applicants. The last time we put an advertisement for air traffic controllers in the press in Australia, we attracted 480 applicants, so you would need to go through those. There is still a lot of interest in this profession, yes.

Senator IAN MACDONALD—Do ex-pilots need less training?

Mr Russell—As a rule, they make a good start in air traffic control. In fact, many of our current employees are pilots as well, so it is a good background.

Senator IAN MACDONALD—As stated in your opening address, you indicate that, with the worldwide expected downturn already happening and likely to get worse, perhaps again there will be a surplus of pilots, engineers and air traffic controllers.

Mr Russell—I think that some of the pressure is off for now. Looking at the United States, you will see that United Airlines, one of the big carriers there, has literally taken 100 aeroplanes out of its system and, as a result, lots of pilots are now looking for jobs.

Senator IAN MACDONALD—You may have said this before when I was not listening intently, but is your program for the recruitment of trainees or apprentices, or whatever you call them, ongoing?

Mr Russell—It is. I think one of the failings of the organisation over some years has been not to plan well enough for changes in the workforce, in particular for an ageing workforce. Our current median age for air traffic controllers is 42, and 20 per cent of them are over 50. We need to train not only to keep the numbers up but also for retirements and those sorts of things that will occur over the next few years—and that is throughout our organisation.

Senator IAN MACDONALD—But you have a robust, ongoing training program.

Mr Russell—We do indeed.

Senator IAN MACDONALD—Does that have an impact on some of the difficulties that you have been experiencing in recent times?

Mr Russell—I think it is regarded generally within the organisation as a positive. We have centralised all of our training into our operations in Melbourne. We have spent considerable money, about \$6 million, on a tower simulator and we are implementing a new en route simulator for about \$27 million; so we are putting capital into that training program. We now have over 40 trainees in the organisation; three years ago we had none. So we are catching up, I might say, for lost time and now, I think, are positioning the organisation as well as we can for the future.

Senator IAN MACDONALD—I will digress slightly and finish on the matter that I was talking to you about before. I understand that the Townsville airport asked for Airservices to put in a quote, a tender or an expression of interest for the work and that Airservices did not respond or did not respond positively. I just ask that on notice in view of what you said before. Could you just check whether that is right?

Mr Russell—I am happy to do that. There were some discussions with the Townsville airport operators going back some years, and I am very happy to take that on notice.

Senator McGAURAN—I have a quote here from Mr Albanese that was reported the *Age* newspaper, but he stated it on 3BC. It reads:

‘It is a fact that Civil Air, the air traffic control union, is engaged in industrial negotiation at the moment over a wages agreement,’ Mr Albanese told Brisbane radio 4BC. ‘At the same time, there appears to be a situation whereby you’ve had a number of people not turning up for work in order to create a situation which causes some difficulty.’

Isn’t Mr Albanese making a clear link between the industrial disruption and the union negotiations? I believe he is.

Mr Russell—Can I just be clear here? Senator, I could not differentiate between your quoting the minister and your quoting the commentary.

CHAIR—What date was that, Senator McGauran?

Senator McGAURAN—It was from the *Age* newspaper of Saturday, 26 July. Quoting Mr Albanese, ‘It is a fact that’—

CHAIR—I am sorry; you have given that quote already and we have date on which that article appeared in the *Age*. In Mr Russell’s opening statement, I think there was a suggestion of what has happened between now and then; but I will let Mr Russell answer that, if he wants to.

Senator McLucas—I am sorry; could you ask the question again?

Senator McGAURAN—Is it not clear from that quote that Mr Albanese himself, the minister backing you, is making the link between Civil Air and the industrial disruptions?

Mr Russell—I do not think he has made the link with Civil Air per se; he is indicating that he believes there is a nexus between the negotiations that are going on and some of these disruptions, yes.

Senator McLucas—I do not think it is appropriate to ask Mr Russell what the minister thinks.

Senator McGAURAN—I should ask you, Minister.

Senator McLucas—I would not mind seeing the article that you are referring to.

CHAIR—It is quite all right, Parliamentary Secretary. We have had it for a day and a half.

Senator HEFFERNAN—Can I table an article?

CHAIR—You can table it, if you wish.

Senator HEFFERNAN—Who authorised the audit of the carbon footprint?

Mr Russell—It is part of the development of an environment policy within the organisation.

Senator HEFFERNAN—So did you authorise the audit?

Mr Russell—Ultimately, yes; one of my senior managers did, in accordance with the policy our board has agreed to.

Senator HEFFERNAN—Do you plan to follow through with the recommendations of the audit and go carbon neutral?

Mr Russell—Our aim is to try to do that, yes, but to do it carefully.

Senator HEFFERNAN—Why do you plan to do so?

Mr Russell—We believe that it is good practice in the organisation. As part of this audit, we have looked at the various buildings that we operate around Australia to see how energy efficient they are and whether we are wasting water; it is those sorts of issues.

Senator HEFFERNAN—You can turn the lights off at night too.

Mr Russell—There are energy-saving programs, I can assure you—for instance, within our car park at night.

Senator HEFFERNAN—Have a look in this room. How many lights do we need in here? Do we need all those side lights on? No.

CHAIR—If you are going to read half the stuff that is photocopied and faded, I would say that you need the lot.

Senator HEFFERNAN—If Airservices Australia plans to go carbon neutral, how will it fund the alleged cost of half a million dollars? Where is that half a million dollars coming from?

Mr Russell—I might ask Richard Dudley, who is responsible for this area, to comment.

Mr Dudley—We are not only investigating the recommendations coming out of the Energetics report but also keeping a close monitor on decisions of government, particularly those pertaining to the Garnaut review and also the climate change white paper coming through. There are also implications for the organisation potentially from the interdepartmental committee on sustainability. So those three, in concert with the Energetics findings, we will wrap up and present to our board towards the end of this year in relation to a program moving forward to achieve those sorts of goals.

Senator HEFFERNAN—Best of luck with that. But will you give an assurance that that will not divert funds from your core functions, however you are funded?

Mr Dudley—In terms of our core operations?

Senator HEFFERNAN—Yes.

Mr Dudley—No, it will not impact on our core operations.

Senator HEFFERNAN—So you will report back on how you will—

Mr Dudley—I will be happy to.

Senator HEFFERNAN—Does the government plan to increase the budget to cover the cost? I will give you these questions on notice.

Mr Dudley—I am happy to take them on notice.

CHAIR—It being almost 5.15 pm and there being no further questions, we thank Airservices Australia and now call the Civil Aviation Safety Authority.

[5.13 pm]

Civil Aviation Safety Authority

CHAIR—We welcome officials from the Civil Aviation Safety Authority. Mr Byron, you normally do like to make a brief opening statement. However, we are on a very tight timetable.

Mr Byron—It is brief.

CHAIR—If it is very brief we will all be watching you. You will hear the ticking, but I will offer you the opportunity to make a brief opening statement and then we will go to questions from Senator Macdonald.

Mr Byron—You will probably be aware that, given my five-year contract as CEO of CASA is completed on 30 November, this is likely to be my last appearance before the committee. I have enjoyed most of my interactions with the committee over that time and they have provided an opportunity to keep members informed about our achievements in building a better and more effective aviation regulator, which I trust is the objective of everyone.

The key point that I would like to make is that in December 2003 I was brought on board at CASA to do a particular job. That was to drive substantial change and reform in an organisation that had somewhat lost its way. Five years on, the major elements of organisational change and safety direction have been achieved. The CASA of October 2008 is a much-changed organisation. It is now a more efficient and effective regulator. We have completely restructured, refreshed and refocused the organisation and its people and CASA is

now very well positioned to manage any future challenges that will inevitably emerge in what is a dynamic and changing industry.

In this environment of change, safety threats can emerge that may not be directly linked to past experience and for this reason CASA have established a framework for identifying emerging risks to drive our activity. You may be interested to know that last week I met with Mr Roberto Kobeh Gonzales, along with other senior government officials. He is the president of the council of ICAO, the International Civil Aviation Organisation. Mr Gonzales has been emphatic in his view that aviation safety standards should not be compromised because of the current worldwide shortage of aviation professionals. He also emphasised the importance of the introduction of safety management systems to the advancement of aviation safety worldwide. ICAO has mandated 1 January 2009 for SMS implementation and CASA is currently developing civil aviation orders to satisfy this international mandate. I was pleased to be able to tell Mr Gonzales of the strong backing CASA has been giving to the adoption of SMS by Australian operators, one of the key strategies I have driven during my tenure and something I have discussed with the committee in past hearings.

On the issue of training, in the context of the issue raised by Mr Gonzales with professional shortages, I believe it is also satisfying to note that CASA have been on the front foot even though we, as a regulator, are only having indirect involvement. We have devoted significant resources to a substantial increase in our surveillance of check and training conducted by operators, especially in passenger carrying operations, which is our focus. We have also taken a major initiative in setting up a new group within CASA to oversee the checking of industry flying instructors, those that train the bulk of our junior pilots that feed the air transport system. Since this activity has been in place for some months it is interesting to note that, while CASA has taken over the testing of new instructors, around 45 per cent of candidates have failed to meet our standard—a confirmation that we have identified an area where standards need to be addressed and we are doing something to fix the problem.

In concluding my introductory statement, I should make mention of the recent series of incidents with Qantas. A significant initiative that I introduced several years ago was to personally engage with the CEOs of all the airlines, including Qantas. My object was to ensure that senior management of operators, not just the technical people, were well aware that they have the ultimate responsibility for the safety operation of their organisation and they must manage their risks. This engagement has been ongoing and my latest round of discussion was quite recent. This was part of our key strategic decision to focus our resources firmly on the safety of passenger carrying operations. My ongoing engagement with airline senior management in the case of Qantas gave us the ability to get immediate and comprehensive information on the incidents as they occurred, a response that I would now expect from any operator. It enhanced our ability as an organisation to quickly and professionally respond to problems, evaluate their implications and in a timely fashion take any necessary remedial action that Australians have a right to expect of their aviation safety regulator.

I have mentioned our clear focus on passenger transport operations, which we have been pushing for the last three to four years. In that context this has meant that two weeks ago we

were once again required to use the serious and imminent provisions of the Civil Aviation Act to ground Lip Air—

CHAIR—Congratulations.

Mr Byron—an operator in Far North Queensland. This is not something we do lightly. We are conscious of the economic and social impacts that can flow from such action. However, we must, as we are required to do by the act, exercise our powers and perform our functions with the safety of air navigation as our most important consideration. This we have done without fear or favour in the case of Lip Air. I hope I have presented myself in the time constraints, Chair. Thank you for that. My officers and I would be happy to respond to any issues and questions you may have.

CHAIR—Thank you very much, Mr Byron.

Senator IAN MACDONALD—Mr Byron, it is a very difficult task you run and, broadly speaking, I think you have done particularly well. Your organisation does well, although I could find an exercise book of complaints I have had over the years but—

Mr Byron—So can I.

Senator IAN MACDONALD—by and large we do have the safest skies and I am very proud of Qantas and, indeed, Virgin for their safety record in Australia. Having started with such a big picture, I want to digress in a personal way to a constituency matter which is, of course, of great importance to me. That is a matter I have mentioned a couple of times today.

Mr Byron—We are aware of it.

Senator IAN MACDONALD—I am just trying to clarify for the record with Townsville airport where Airservices Australia is currently running the rescue and fire operations and the owner of the airport wants someone else to do it. The someone else, I believe, is qualified and, in fact, has a lot of former Army and former Airservices people on board. But they are having difficulty in getting a transition plan accepted to change over from one to the other. If that part is right—and if it is not, you might clarify for me—could you just explain what is needed to get the transition plan up and operational?

Mr Byron—I would like to put some of the issues that you have raised about the function of rescue and firefighting services in the context of where I look at the aviation safety issues. Internationally, there has been a consistent number of what we call runway excursions—aircraft running off the end of the runway or the side of the runway. They are happening, unfortunately for other countries, in their areas. We have been very fortunate that we have not had a significant runway excursion accident in this country. However, we have got to be ready for it. In the event that we get a significant runway excursion of airline aircraft with some of our fare-paying passengers on board, we need to make sure that those responsible for assisting the problem as it exists—it may be fire, it may be helping egress to save passengers—and that is the rescue and firefighting service, are very clear about their mandate and they have got the procedures and the people to do their job properly.

Senator IAN MACDONALD—I am glad of that, particularly in Townsville, because I use the airport a lot.

Mr Byron—We are taking that more and more seriously. The issues around airports to me are something that, as safety regulator, we need to increase our efforts on. We have identified that in our emerging risk study as a particular area of focus. In the case of Townsville, as you have said, there is an existing service provider, Airservices, and there is the potential for another operator to do all or some of the services. From my point of view I want absolute clarity about how such a change, if there is going to be a change, is going to be affected so that nothing falls between the gaps. So, if we have something go wrong in the transition period between moving from one service provider to another or from one to two service providers, if that is the case, we have all the potential risks adequately covered. Our need is really for a transition plan to be very clear on a safety case basis and my advice is that we have not got to that point yet with the operator.

Senator IAN MACDONALD—Can you be a fraction more specific in that, either now or on notice?

Mr Byron—We can give you some specifics now if I bring another officer to the table.

Senator IAN MACDONALD—Could you do that quickly because my colleagues have perhaps broader pictures to pursue?

Mr Byron—I will ask Mr Peter Cromarty to come to the table.

Mr Cromarty—The situation as far as the transition plan is concerned is that CASA is requiring Delta to provide a transition plan to establish what the procedures are between the two potential providers of fire and rescue services at Townsville. That transition plan has not been given to us to our satisfaction yet, but that is not the only reason why Delta has not been certified.

Senator IAN MACDONALD—Is there another reason?

Mr Cromarty—Yes. They have not provided us with a sufficiently detailed or satisfactory training plan. Their syllabus is not adequate and they have not provided us with an adequate safety case as far as their staffing levels are concerned.

Senator IAN MACDONALD—Have you told them about this?

Mr Cromarty—We have.

Senator IAN MACDONALD—In writing?

Mr Cromarty—Yes.

Senator IAN MACDONALD—Have they responded to that?

Mr Cromarty—Yes, they are working on it.

Senator IAN MACDONALD—For the transition plan to be accepted by you, one would think you would probably need both operators to sign off on it. Would that be right?

Mr Cromarty—That is correct.

Senator IAN MACDONALD—So, if the one operator who is about to lose the contract does not want to lose the contract, they could make sure they never lose the contract by simply not signing off on it?

Mr Cromarty—I am unclear as to the contractual arrangements between Defence, Queensland Airports Limited, Delta and Airservices. I have been given information in these areas, but I am not the economic regulator so I do not know the details of it. I can only give you what I understand to be the situation, which is that the contract has not yet been contested for the bulk of the airport, and as far as I am aware Defence are satisfied with the service provided from Airservices and are going to honour their contract.

Senator IAN MACDONALD—That is fine but the civil operator who uses the airstrip 80 per cent of the time and pays 80 per cent of the fire and rescue is not particularly happy with the current operators and wants a different, qualified operator to do it. Incidentally, as it turns out, it is a subsidiary of their own company. I am pleased that you are being very cautious, as it is an airport I use and I am glad to know that the standards are the highest.

But there is this difficulty that if you do require both to sign off and by doing that one will lose 80 per cent of the contract, it is likely that if they were showing ill will—and I am not for a moment suggesting Airservices Australia is showing ill will—it could cause problems. Are you able to assess the arrangements without one party signing off if you are satisfied that the arrangements are in order?

Mr Cromarty—We would be unable to sign off and certificate Delta without both parties signing up to the agreement. I cannot see how you could have a transition arrangement with only one party putting it forward.

Senator IAN MACDONALD—Is there no other way you can be satisfied that the new operator has every duck lined up and every i dotted and t crossed without the competitor having a power of veto effectively?

Mr Byron—We need to take this step-by-step. We are still at the stage of looking at the competencies of Delta. They are yet to provide us with some information, as Mr Cromarty has mentioned. I have not before heard of the likelihood or possibility of the issue that you raise about the potential unwillingness of the other service provider to sign off on it. If there were any inkling that we were not going to get two service providers operating in harmony and having clear areas of responsibility—which could end up with confusion in the case of an accident if they did not do so—I would have serious concerns. If they were to flow from an unwillingness to sign off on it, I think that would probably be the first indication that we would have, but I do not think we have got to that point yet.

Senator IAN MACDONALD—As heard in previous evidence, I understand the minister has written to both Airservices and Defence saying to cooperate to bring about what the airport owner in its own right has the ability to do, and that is to appoint its own qualified and very professional operators. It would seem to me that, if you were satisfied with being qualified and very professional and looking after me if something happens—that is most important—then a competitor should not be allowed to veto a commercial transaction.

Mr Byron—Perhaps I can give you some comfort there. This is not a unique situation where Airservices Australia, Department of Defence and CASA have needed to interact on the provision of services at what is fundamentally an airport staffed to some degree by Defence personnel. There are a number of other examples. We have a process in the portfolio called the Aviation Policy Group that brings together the heads of CASA, Airservices and the Air

Force and is chaired by the secretary of the department. Over the last two years under the leadership of the secretary we have been able to, if necessary, knock heads to fix things where there have been differing views. So, if this was to get to a point where there were differing views between Defence and Airservices, I am confident that through that process we would sort it out at the highest level and get a resolution that is the best in the interests of safety.

In discussions with another airport, I have made it clear with my colleagues, who I have just mentioned, that if we are required to take a position as the safety regulator, we will take the decision in the best interests of our passengers, forgetting the interests of Defence, Airservices or anyone else. If it comes to that on this particular case, we are quite prepared to do it. My view is that, as we go through the process, when it gets to the next stage it is probably at that level that we will need to get our heads together at the highest level and sort it out.

Senator IAN MACDONALD—I will leave it there. Is this interdepartmental committee chaired by the secretary of the department?

Mr Byron—It is the Aviation Policy Group. Yes, it is. It is a group that is not a decision-making group. We do not hold each other accountable but we share views and try and resolve areas of different views. We have even had the Americans say to us, ‘Gosh, I wish we could have something where we got the head people together to sort these things out.’ It has worked on a couple of key problem areas so far.

Senator IAN MACDONALD—Thank you very much. You do give me comfort.

CHAIR—Thank you, Senator Macdonald. Senator Abetz?

Senator ABETZ—Thank you very much. I have three brackets of questions, the first of which involves two technical areas. Has there been an increase in aircraft safety incidents that have been associated with the use of atomising mixture nozzles?

Mr Byron—I will have to get some technical advice on that one?

Senator ABETZ—And that would be Mr Quinn.

Mr Quinn—I am not aware of any particular operational area. I am not aware of any increase in this particular phenomenon that you are talking about. I am happy to take that on notice and go away and do some discovery work, but it is certainly not something that has come to my attention during our recent browsing of air safety incidents. It may be a question you may wish to pose to the ATSB.

CHAIR—They will be on later today.

Senator ABETZ—If you could be so kind as to take these questions on notice and hopefully they could be fed through me to the ATSB. That would be helpful. I understand that in 1979 the atomising mixture nozzle was removed from the list of parts that met the airworthiness standards and therefore were prohibited from use in aircraft engines. But then back in 1999 that directive was overturned. Could you possibly confirm for me whether in 1979 or thereabouts the atomising mixture nozzle was removed from the list of parts that met airworthiness standards? Then that directive was overturned 20 years later in 1999. Has there been an increase in aircraft safety incidents associated with the use of the atomising mixture

nozzle? For those of us who cannot get to sleep at night we read the *Australian Pilot Extra*. In the October edition on page 11 this matter is referred to:

Leading up to 2005, Ralph's Warriors suffered a series of crashes. The cause was found to be a carburettor mixture nozzle of the 'atomising' type.

I will leave that with you and simply ask whether any testing has been undertaken to suggest that the atomiser nozzle is any safer than any other type of nozzle that has been specified in the past.

Mr Byron—You are obviously an avid reader. Do you also read CASA's flight safety magazine?

Senator ABETZ—I am usually asleep by then.

Mr Byron—We can provide it to you if it would be of interest.

Senator ABETZ—Chances are that it would not be of interest to me personally—

CHAIR—We could quiz Senator Abetz on it.

Mr Byron—The only reason I mention it is—I am not aware of this particular issue—that within our flight safety magazine, which goes out to every licensed person in the industry, there is a section in there on service difficulty reporting which talks about various component problems that are reported to CASA. In my tours around particularly general aviation people have expressed a great amount of enthusiasm for making sure that we give them as much information as possible about component faults through our education magazine.

Senator ABETZ—Just in case I gave you the misapprehension that I am a regular reader of the *Australia Pilot Extra* I had better come clean and say, no, I am not. This has been brought to my attention by a constituent and he has pointed out to me page 11—

Mr Byron—Can we send you our magazine anyway?

Senator ABETZ—I do not pretend to be a Biggles so the chances are it would be wasted postage on me. In relation to this specific issue with the atomiser nozzle that would be very helpful. I have similar questions and you might be able to help me, Mr Quinn; is it the aileron?

Mr Byron—A flight control, yes, aileron.

Senator ABETZ—The aileron control stainless steel fitting. Senator Adams is up with this as well. Have there been any reports of specific failures with this particular fitting on aircraft?

Mr Quinn—Are we talking about a particular type of aircraft here? Can you be a bit more specific?

Senator ABETZ—I understand it is fitted on smaller aircraft. As to shapes and sizes, are they fitted to all aircraft?

Mr Quinn—Generally, yes.

Senator ABETZ—What is our definition of smaller aircraft? That is what my constituent has referred me to.

Mr Quinn—I would say below 5,700 kilos is probably what they are interested in, which are single-engine, piston aircraft and small, twin-engine, piston aircraft.

Senator ABETZ—That sounds right to me, knowing my constituent. In relation to those smaller type aircraft, have there been any reports of specific failures with these fittings?

Mr Quinn—I am aware of the issue of control flutter. It is a known phenomenon in the industry, but there is certainly no spike in incidents that I am aware of at the moment. I do have an aeronautical engineer here with me who would be able to provide some more detail if that would help. But certainly from an incident point of view I am not aware of anything significant.

Senator ABETZ—Chances are it might even be lost on me, and given the time constraints the committee has what I would ask you to do is let me know what number of incidents there have been in relation to this particular fitting and when reports of this problem were first received and then what action, if any, CASA has taken. Could you take that on notice?

Mr Quinn—We will take that on notice.

Mr Byron—We do have one of our senior officers who has some knowledge of it. Do you want to take the time for him to give you what he has?

Senator ABETZ—I personally would, yes, but having regard to other senators around the table I would have to decline that kind offer, but I am appreciative. In relation to violations of controlled air space, are you able to tell us how many cases of violations of controlled air space are known to have occurred between 2005 and June 2008?

Mr Byron—I do not have those specifics in front of me.

Senator ABETZ—But would it be in the thousands?

Mr Byron—That was a three-year period?

Senator ABETZ—Yes, between June 2005 and June 2008, so three years.

Mr Byron—Are we talking about Australia wide?

Senator ABETZ—Yes.

Mr Byron—I do not think it would be in the thousands, but I would need to check.

Senator ABETZ—A figure has been provided to me that is very specific. I am not sure from where it is sourced, but it is 4,468.

Mr Byron—I stand to be corrected, but we track violations of controlled air space as one of our safety outcome parameters. We are sitting down on, I think, 5 November to look at the last quarter's figures. But going back to the last quarterly safety review that we, as a full senior management team, did, we know that in terms of the incidents that occur, which are reported through the Airservices electronic information reporting system, violations of controlled air space are one of the highest problems that we have. We certainly have worked education wise with the industry and also with Airservices—

Senator ABETZ—I am sorry to interrupt, but I think time is at a premium—

CHAIR—We do have until 6.30 pm, but I know that Senator Heffernan will have questions. I can come back to you if you want to. Do you want to put them on notice?

Senator ABETZ—What we might do is truncate this now. We can let the other senators have a go and if we have time left then we might revisit this, and I might even ask the

engineer to assist us as well if we have the time. Can you take on notice for me how many cases are known to have occurred and then how many cases were pursued by legal action? Do you know how many there have been?

Mr Byron—Not off the top of my head, no.

Senator ABETZ—I understand there has only been one and I would be interested in you either confirming or denying that. All I can say is that I have this constituent who has been giving me this information and, if that is wrong, then please tell me why it is wrong as to the actual number.

CHAIR—That constituent probably reads *Hansard* as well and can get the answer.

Senator ABETZ—Yes, but these will be on notice so I doubt that he will get them unless I pass them on. If it was only the one case, what were the particular circumstances that warranted it being prosecuted? I refer to page 21 of this great, well read magazine. This is the October 2008 edition. I think I referred to that previously. It asserts:

It's strange that this went to court after a CASA FOI had decided no further action in 2005. But the real strangeness is CASA confirms that from 2005 to June 2008 there has been only one prosecution for a VCA (this case) against our estimate of around 4,468 VCA during that period, some of which (not this one) required aircraft avoidance action.

I would be interested to find out whether this article is correct. It may well be that the article is not. I do not seek to make any allegations. All I am seeking to do is ascertain the proof about the figures. If the figures are correct, it would beg the question why only this one out of the 4,000 has been pursued. I know in my home state of Tasmania the police are given certain quotas for speeding tickets, et cetera, to fulfil. I would assume CASA officials do not have such quotas.

Mr Byron—Our objective is the safety outcome. If we think we can fix a problem through enforcement, that is the only way we will do that. If we think it is an error that was made unintentionally, we will probably take a more educational approach, particularly if it is a learning pilot. A lot of the VCAs we get are with student pilots. But we will provide those figures.

Senator ABETZ—Is there a guide or a protocol that dictates what is a breach and how a breach of the law is dealt with?

Mr Byron—We certainly have an integrated enforcement policy within CASA, which has very clear guiding standards.

Senator ABETZ—How big/thick is that? Is it just a few pages or is it a volume?

Mr Byron—It is a volume.

Senator ABETZ—In that case I do not want a copy of it. If it were just going to be a page or two, I would have said it would be helpful if that could be attached.

Mr Byron—We will put together what we think will best assist you in those inquiries.

Senator ABETZ—That is very kind.

Senator ADAMS—Is your organisation still involved with random drug tests throughout the airports?

Mr Byron—Yes.

Senator ADAMS—I just wanted to check that I had that right.

Mr Byron—The alcohol and other drugs policy.

Senator ADAMS—That is correct. How long has that policy been in place? I think last time I spoke to you you were just getting it organised?

Mr Byron—I will ask the Deputy CEO Strategy and Support, Mr Carmody, to answer in detail because he has been driving this issue. You will get the best answer from him.

Mr Carmody—Civil Aviation Safety Regulation Part 99, Drug and Alcohol Management Plans and Testing, came into effect on 23 September 2008. When I spoke to you last time we were hoping it would be done in July. It was signed by the Governor-General and came into effect on 23 September. The program has two main elements—as you mentioned, a random-testing element and industry led drug and alcohol management plans. It is now in effect. Certified organisations that need to have drug and alcohol management plans—and that is essentially the organisations with which we have a certification arrangement such as airlines, maintenance organisations and so on will need to have their drug and alcohol management plans in place within six months. That means by 23 March 2009. However, it is expected that our random-testing component will be in place towards the end of this year, towards the end of 2008.

Senator ADAMS—Are the people carrying out the random tests contracted to you? Where do they come from?

Mr Carmody—They will be. In fact, we have gone to tender and I think a contract is on the cusp of being signed. I expect it will be signed this week. A private provider will be providing the random component for us.

Senator ADAMS—I do not have the legislation in front of me. I suddenly realised that this was the area that I had to ask the questions in. As far as the actual process, that private provider will then have access to all personnel who are involved with the airport, such as cleaners and caterers? I think I asked you this before. Will all the people on the airport premises or are attached be subject to random testing?

Mr Carmody—We have defined the personnel to be tested as safety sensitive personnel. We estimate there are about 120,000 people who fall into that broad category and who therefore will be subject to testing. Dr Hosegood, our principal medical officer, might be able to provide a bit of additional detail for you on how the program is going to operate and what we have done thus far.

Senator ADAMS—As there are so many personnel involved who are able to be randomly tested, I was really just looking at the logistics of how it was going to be managed. Could you just give me a brief run-down on that?

Dr Hosegood—Yes. The people who are subject to testing are those carrying out safety sensitive aviation activities. Some of those are carried out on the aerodrome area itself—anyone on the airfield driving or walking around where propellers are turning et cetera. Also, some of these activities are undertaken off the aerodrome area. For example, some of the activities undertaken by air traffic controllers are not on the aerodrome.

Senator ADAMS—I know the Air Pilots Association was very concerned about the embarrassment of being taken aside when it was first raised. How do you envisage that would be done, if somebody decided that they wanted to do some tests?

Dr Hosegood—We are currently undertaking some field testing. We are scoping out how it is going to occur, looking at how privacy can be respected in certain areas. The testing that we are doing with the CASA program is oral fluid testing. It is placing an oral swab in the mouth. It is not as invasive as, for example, urine testing might be where somebody has to be taken to a toilet. But discretion is going to be uppermost in the testing provider's mind. We are scoping that at the moment and trying to work out how we can best achieve it in various settings. We are working closely with the airlines, airports associations and people such as that to make sure that we make it work in a pragmatic way.

Senator ADAMS—Will any warning be given when random testing is being done or will someone just walk up to someone and tap them on the shoulder and say, 'Can you come with me for five seconds?'

Dr Hosegood—It is no-notice testing so it should be completely without the knowledge of the person who is being tested, though there will be some brief notice given to some of the organisations to facilitate access of the testers and to make sure that we can arrange to have the people that we want to test in the place we want to test them. But the individuals themselves will not have any notice of the testing.

Senator ADAMS—I am very happy to hear that it is progressing.

Senator HEFFERNAN—Time flies when you are having fun, doesn't it—five years? It only seems like yesterday.

Mr Byron—No, it doesn't seem like yesterday actually.

Senator HEFFERNAN—What are you going to do?

Mr Byron—You are about the 50th person who has asked me that. I do not know and I am not going to think about it until I am out the door.

Senator HEFFERNAN—In relation to response to question on notice No. 6 from 28 November, which indicated CASA had no communications with DFAT regarding the arrest of an Australian pilot in Singapore, why did CASA not contact DFAT given that an Australian citizen had been arrested on an aviation matter that CASA had earlier worked on?

Mr Carmody—I think the matter came to our attention when an Australian citizen was apprehended in Singapore. But as far as I know, he was apprehended for breaching Singapore law. It is not a matter that we would approach DFAT about. I presume that the individual in question would have sought consular assistance.

Senator HEFFERNAN—Was this the ferry pilot bloke?

Mr Carmody—Yes, I presume that was the case.

Senator HEFFERNAN—In the event of a similar incident in future would CASA communicate with other government departments as appropriate?

Mr Carmody—I suppose it would depend on the circumstance. In a circumstance where on the face of it we thought an Australian citizen had broken a law overseas I do not see that we would directly involve ourselves.

Senator HEFFERNAN—I would have thought he would approach DFAT and they would. In relation to question on notice No. 10 from 28 May on findings from the coroner that reflect on CASA, what actions has CASA taken in relation to each of the incidents in which it was—so it says here—adversely reflected upon?

Mr Carmody—I am sorry, I am not quite clear on that. Could I ask you to repeat the question?

Senator HEFFERNAN—In relation to the response to question on notice No. 10—have you got that there?

Mr Carmody—I have not got it.

Senator HEFFERNAN—This is from 28 May. I take it these are the incidents Lockhart River, Thargomindah, Kununurra, Mackay and Jandakot?

Mr Carmody—I am sorry, what was the question again? Now that I have the question on notice, I just want to hear your question, I am sorry.

Senator HEFFERNAN—What action has CASA taken in relation to each of the incidents in which it was adversely reflected upon?

Mr Carmody—It depends on the incident. What we normally do is take the recommendations of the coroner or the ATSB—

Senator HEFFERNAN—I will make it a bit easier for you. If no action was taken, please explain why? We will take the Lockhart River accident. 'Expedite the introduction of mandatory crew resource management training' was a recommendation to the coroner, was it?

Mr Byron—All the recommendations from the coroner in that particular tragic accident CASA is implementing. We are certainly implementing mandatory—

Senator HEFFERNAN—In relation to the accident at Thargomindah on 13 October 2004 with a commercial aerial mustering gyroplane—a gyroplane is a great way to get killed, I might say—it states CASA should fund an investigation into gyroplane manufacture and maintenance procedures, facilitate regular industry forums, fund the production of an industry code of practice for aerial mustering et cetera.

Mr Byron—On that particular one I will ask Mr Vaughan, who heads our general aviation operations group, to give you some specifics.

Mr Vaughan—I understand your question is relating to an accident with a gyroplane involved in mustering operations?

Senator HEFFERNAN—Yes.

Mr Vaughan—We have re-engaged with the Australian Sport Rotorcraft Association to drive some safety initiatives. That is ongoing right now. There was a period probably where it was not as robust as it should be, given that these aircraft were operated in what was a commercial environment. Next month the first instructor seminar takes place in Brisbane for

gyroplane instructors, which is an initiative to improve the safety standards of these types of aircraft. We are currently working through this re-engagement with the Australian Sport Rotorcraft Association. We will actually be working through implementing these coronial suggestions.

Senator HEFFERNAN—Is CASA providing \$250,000 to ASRA likely to happen?

Mr Vaughan—What happening right now is that we are redefining the deeds. There are 10 sport and recreational organisations approved by us to administer that portion of the civil aviation regulations that apply to that sector of activity. We are sitting down with them to renegotiate these deeds of agreement by which we carry out our business. In that deed of agreement is a financial model. It probably does not adequately reflect what contribution they make; that is, what they take off us and administer on our behalf. It is unlikely that it would be a figure that significant. As we speak we are currently working to apply a logical model to how much these organisations get.

Senator HEFFERNAN—Do you have to have a licence to fly a gyrocopter?

Mr Vaughan—There is a licence for it; that is correct.

Senator HEFFERNAN—You have to do so many hours?

Mr Vaughan—That is correct. There is a syllabus—

Senator HEFFERNAN—It used to be a great way to get killed, and ultralights were the same. Do you have to have a licence these days for an ultralight?

Mr Vaughan—You do.

Senator HEFFERNAN—They are probably out of date, are they?

Mr Vaughan—It depends which type of ultralight we are talking about. There is a VH registered-type ultralight which takes a CASA pilots licence. For the majority of the ultralights as they are known, which are aircraft that are below 544 kilograms gross weight, a licence is issued by Recreational Aviation Australia in accordance with the syllabus.

Mr Byron—You are obviously going to be interested in the specifics for the coronial recommendations. Activity has been going on in CASA for probably about six to eight months now following a directive that I issued to our senior management. Our Deputy CEO of Operations actually runs an activity that covers a lot of this double-checking of recommendations that are made to CASA. I will ask him to give you some detail.

Mr Quinn—It is important to speak about the process. I probably cannot give you the detailed specifics here.

Senator HEFFERNAN—That is all right. I think that is what we want to find out.

Mr Quinn—It is an important initiative that was taken by two bodies. The first one was actually set up before the Miller report was published into the relationship between the ATSB and CASA. That is a body called the Accident Investigation Report Review Board, which I currently chair. It is a committee based upon all of the operational members and also some of the headquarters members of CASA, including our legal staff. We review in detail the specific incidents and the specific accident reports from the ATSB and also those recommendations that come from coronials. The basis of this report and review board was to streamline the

CASA involvement in the accident investigation process, an important process, and support the outcomes of aviation safety by providing a technical viewpoint from the regulator's perspective into safety recommendations made by either coroners or the ATSB. As Mr Byron said, that has been up and running now for approximately a year, maybe more. It was chaired by Mr Carmody prior to my joining the organisation.

Another body that has recently been established gives us the capability to engage even further with the ATSB, the Accident Liaison and Investigation Unit. This is comprised of specialists who are trained in aircraft accident investigation within the regulator, who can focus on providing technical assistance in the actual accident investigation process and also specialise in this area and work closely with the ATSB. I am pleased to say that the relationship certainly between the two organisations has improved significantly since the formation of these two bodies. I am sure my colleagues from the ATSB will back me up on that.

Mr Byron—One thing this is designed to do is to make sure recommendations do not slip between the cracks and that there is clear accountability for us to address its recommendations.

Senator HEFFERNAN—The same applies to Kununurra, Mackay and Jandakot. What would it cost to take the actions recommended by the coroners in all of those cases? How would implementing these recommendations impact on the aviation industry? Take those questions on notice.

Mr Byron—If I could just reiterate that any of those recommendations we now very carefully assess. We make our own judgement and there is a clear paper trail of what we are doing with them.

Senator HEFFERNAN—In relation to the response to question on notice No. 14 on 28 May, which indicated that CASA may decline to initiate enforcement action in the event of a breach of regulations, what percentage of breaches attract enforcement regulations?

Mr Carmody—I am not sure I would know the percentage. I would like to get the acting head of our legal services to take that up.

Senator HEFFERNAN—Yes, you can take that on notice. You have not got a calculator there?

Mr Carmody—I have not.

Senator HEFFERNAN—On what basis does CASA decide whether to pursue or decline to take an action in the event of noncompliance?

Mr Carmody—Normally there are a range of measures that CASA can take. Actions are referred to our enforcement organisation by the operational organisations that are run by Mr Quinn. If they consider that enforcement action is warranted, it is then progressed on that basis, but there are numerous other actions, as Mr Byron mentioned before, that might be undertaken. It might be counselling. It might be a request for corrective action. It could be a range of graduated activities all the way through to enforcement. It depends very much on the circumstance.

Senator HEFFERNAN—Sometimes with the highway patrol it does get decided by which side of the bed the bloke who is booking you got out of. I take it you are a little more formal that that?

Mr Byron—We have an integrated enforcement policy that is backed up by a fairly comprehensive manual that gives clear guidance to our legal services people that manage this aspect for us.

Senator HEFFERNAN—Have there been any aviation incidents in the last five years that could have been prevented with a more robust approach to civil aviation order 48?

Mr Byron—I am not aware of any specifically. I will ask Mr Quinn to give his view.

Mr Quinn—I can say that in the past five years—actually longer than that, since 2001—there have been 26 interventions by CASA where we have issued RCAs over non-compliance with CAO 48.

Senator ABETZ—I would like to interrupt and ask: what is order 48? What does it relate to?

Mr Quinn—Flight time limitations for flights particularly. There have been 26 incidents of CASA issuing RCAs and a request for corrective action in terms of non-compliance with CAO 48 since 2001. In six cases non-compliances have been referred further from an RCA to our Enforcement Policy and Practice Branch, where they considered taking further action with these particular breaches. I am not familiar with whether there have been any accidents either in Australia or internationally.

Senator HEFFERNAN—How are we going for time?

CHAIR—We are ready to wrap up as soon as you finish asking questions.

Senator HEFFERNAN—Are there other questions?

CHAIR—No.

Senator HEFFERNAN—I have a series of questions that it might be convenient to the committee for me to put on notice. I will start with a couple and then put the rest on notice. Recently a senate committee inquiry criticised CASA for being too close to industry. What steps does CASA intend to take to ensure that it is better informed of industry maintenance processes? How might these steps affect the way in which CASA scrutinises overseas maintenance projects?

Mr Byron—We would take the two issues separately. The first issue is our ability to oversight maintenance practices. It would be fair to say that, in terms of the various activities that contribute towards a safe outcome in, let us say, an air transport operation—be they to do with the loading of the aircraft, the maintenance requirements for the aircraft, the training of the pilots, the way in which the aircraft is loaded, fuel and so on—the airworthiness and maintenance aspects of our regulations are very extensive and probably the most comprehensive. There is little room for manoeuvre for an operator in terms of the conduct of maintenance. There is a maintenance system that is approved by the regulator, by us, and the operator is required to operate in accordance with that maintenance system. There is a structure that they are required to have in terms of people and, most certainly, processes, and

as part of our oversight activity we conduct very comprehensive compliance auditing, because there are a lot of compliance requirements of every operator. It is probably the one area where our compliance auditing process is the biggest.

That is not the end of the story. Certainly the last four years have put some additional requirements on top. Compliance auditing has always been a feature of the way in which we have conducted our oversight of the industry, but for the last four years or so, apart from increasing the total amount of surveillance that we conduct, we are also doing operational surveillance, which means that we go out there and sample some of the activities that are happening in every aspect of the operation, including maintenance. I would say we are certainly better positioned now to look at a greater range of things an operator should be doing in regard to its maintenance than we were four to five years ago.

In addition, as you have already heard from my opening statement, we have been putting a lot of emphasis on the need for operators to take the responsibility to try and identify things that are not already written down—the risks that are coming up and things that are changing. A new aircraft being introduced to an operation may be a brand-new aircraft, comprehensively certificated, and the may be people trained, but the fact that a new aircraft comes into an operation means that there is change and when there is change there is always the potential for things to be done differently and risks to occur. We expect the industry in any aspect of change in an operation to be looking at the potential risks. Certainly for the last 18 months we have been doing far more activity in going to operators and saying, ‘We have done our compliance audit with the regulations.’ That is one thing. We have always done that. We are also saying, ‘We have done our operational surveillance’, which is additional now to what we did in the past, so we have got additional information about what they are doing. But we also now go to the operator and say, ‘Tell us how you are managing your risks? What risks have you identified and how do you go about doing that?’ That is done not only with the senior technical people; as I have labouring the point over the last few years and certainly today, we actually sit down now with the CEOs. I personally sit down with the CEOs and say, ‘You show me how you are managing your risks, including your maintenance.’

Senator HEFFERNAN—It is more proactive than reactive?

Mr Byron—I believe we are far more proactive now than we have ever been. Getting back to your original question about what steps and what assurance do we have about monitoring the maintenance activities, I believe we are better positioned now than we have ever been. We get a lot more information by doing not just one activity but effectively three separate activities.

Senator HEFFERNAN—As to the Malaysian Airlines flight that ran into trouble into Melbourne, there was a report that it came back with a whole series of faults.

Mr Byron—What do you mean by ‘ran into trouble’?

Senator HEFFERNAN—I cannot remember. There have been that many things lately.

Mr Byron—Mr Quinn might be able to provide a little bit of detail on where I think you are going.

Mr Quinn—The aircraft that you were referring to is a Qantas 737 returning from maintenance in Malaysia with some technical problems associated with the aircraft. The CASA investigation into that, both on site at the premises, but also into the process that ensured—

Senator HEFFERNAN—That is back here?

Mr Quinn—In the overseas base and also back here with Qantas. Bear in mind—and I recall stating this in the Senate inquiry—that when offshore maintenance is done with Qantas they actually travel with a significant team of their own personnel overseeing the maintenance. In this case it was about 12 people who sign off and go through the maintenance. It is important for me to say here, because this is tacking on to what Mr Byron alluded to about where we are taking this, we are taking a long hard look at offshore maintenance. I believe it is a global issue. It is here to stay. It is not going to go anywhere in a hurry. There are certain things that we are doing to give us the confidence that we need, and the travelling public the confidence that they need. On that particular case CASA took corrective action and issued eight requests for corrective action from Qantas in terms of their own process. It was not so much the process of the organisation that conducted the maintenance.

Senator HEFFERNAN—Was that when the plane was back here after it came home?

Mr Quinn—That is correct. But bear in mind the audit was done under the guise of Qantas maintenance practices.

Senator HEFFERNAN—At the time it was reported in the press over there that when the plane left Malaysia it did not have these faults that it allegedly had when it got home.

Mr Quinn—I am not sure that is the case. I cannot recall the specifics of the individual technical defects, but some of them would have been apparent when the aircraft left the facility. For example, a chaffed windscreen was one aspect. That does not happen in flight between Malaysia and Darwin.

Senator HEFFERNAN—It would be nice to think that we could pick it up before it left.

Mr Quinn—Yes. Would you like me to continue on with this offshore maintenance aspect?

Senator HEFFERNAN—Yes, you can.

Mr Quinn—I know it is a topic of interest. Again, to complement what Mr Byron said about where CASA is taking this in terms of auditing, there is a much more stringent approach to auditing with a CAR 30 organisation—a CAR 30 being the CASA qualification we give to offshore maintenance destinations to conduct the process. In the past it was certification of an operation not necessarily based upon the evidence or based upon the checking of an actual Qantas aircraft or an Australian registered aircraft in that facility. What we are doing now is targeted surveillance where we are able to identify when an Australian registered aircraft, typically from Qantas, is going to be in the facility. We turn up at the same time and do our surveillance of whether we believe the organisation is coping legally and coping appropriately with the demands and with the tasks that they have been issued at the time that that aircraft is in the facility. We are doing this in heavy maintenance installations, but we are also taking a view now to be looking at targeted surveillance on line maintenance

operations, which is the complete network of any Australian international operation. The view of this is broadening.

There is another aspect to this that is interesting, which I have been discussing with one of my colleagues, the general manager of airworthiness and engineering. There are currently multilateral discussions going on between regulators from a group of countries, including Hong Kong, Singapore, New Zealand and Canada, in particular, with regard to globalising our approach to how we set the maintenance requirements internationally. That means that when an Australian aircraft turns up in Singapore the maintenance organisation will be dealing with exactly the same regulatory set for the Australian rigs as they would be for the Singaporean set. It is a global industry so we are taking a global approach to this, and they are in discussions on this type of activity at the moment.

Senator HEFFERNAN—Is that in the future? Is that the plan for the future. Qantas have the most fantastic global brand and they have had quite a few things happen. There is a view that they are being sent over there to some sort of discount workshop. What you are talking about would be a great way to get rid of that perception from the public that somehow it was a discount workshop.

Mr Byron—Of all the international passengers that fly into Australia every day, I believe the majority—I would have to be advised on the precise figure, but it is a lot; if it is not the majority then it is about half—are on foreign carriers. The majority of them are Australians, plus people visiting this country. Those aircraft are by definition maintained by overseas maintenance organisations. The International Civil Aviation Organisation issue fairly comprehensive approaches to what they expect of regulatory authorities and they audit all countries that are signatories to ICAO. We are encouraged to accept the regulatory standard of other countries that are signatories to ICAO and to a large part we do that. But, as Mr Quinn has mentioned, prior to the issue that is on the horizon there, in addition to that at the moment we do conduct specific audits of engineering organisations that maintain Australian aircraft offshore right now.

Mr Quinn—I can add to that. I am aware of the public perception. You hear it in the street. I think it is important to add some numbers to this to back up our position on what we think is going on. Our intelligence, based upon the surveillance and auditing activity that we have done, does not indicate that there is a problem. The organisations that we have audited in the last 12 months, whether it be through targeted surveillance or normal annual surveillance activities, do not indicate significant problems in the destinations that we have been to, which include Singapore, Hong Kong, New Zealand and a list of other destinations. I understand the public perception of this. The perception is important, but that perception is not backed up by statistics.

Senator HEFFERNAN—It is a tough business. I would not own an airline if you gave it to me. There are discounted airfares, pressures on maintenance and now we have a global financial meltdown. As I have said in that inquiry, if you put enough competition into the market and try to keep yourself flying financially, you could end up crashing physically. If the travelling public do not understand there is a real cost to flying and you cannot discount that real cost of flying—

Mr Byron—I would like to add one point. I tried to make the point earlier that the regulatory airworthiness and maintenance requirements are very comprehensive. If there was any concern that low-cost carriers were able to make compromises in that area, there is absolutely minimal scope—and this is probably the one area where there is the least discretion—for an operator to change maintenance practices.

Senator HEFFERNAN—What made me think that was in that same inquiry we had that FAA stuff over there where they discovered a series of aircraft—were they 737s?—that were well off the pace.

Mr Byron—No. They were McDonnell Douglas aircraft.

Senator HEFFERNAN—Whatever they were. To assist the committee I might put the rest of my questions on notice. Who is the acting chair? I will put these on notice. Is that all right?

Mr Byron—Through the acting chair, if I may, a question was asked by one of the senators earlier about violations of controlled air space. I have some figures, they may be of use, that the VCAs were talking about. The one figure I have for you is that I have been advised that we have had approximately 1,400 over the past three years.

Senator ABETZ—How many of those have been prosecuted?

Mr Byron—We will need to give you that information on notice.

Senator ABETZ—All the questions that I put on notice you would not have been able to assist me with today other than your kind offer to give me a brief tutorial on the aileron control wire stainless steel fitting with the benefit of an engineer.

Mr Byron—Yes, correct.

Mr Vaughan—I will try to brief, as we are short on time. I am aware of the situation that you have mentioned and we will provide this later, but I am personally aware of two incidents in Australia. They involve the fittings at the end of the control wires, which are not unlike what you find on a boat; a balustrade connecting a stainless steel cable. They crack under the surface. It is not detectable by the naked eye. When it breaks it has some very significant consequences. As to the two in Australia that I am aware of, one occurred while the aircraft was still on the ground and being inspected prior to flight and the other one occurred in flight, which I believe may be the gentleman who is in your constituency. We are very concerned about that.

Senator ABETZ—Was that the April 2005 one?

Mr Vaughan—Yes, I believe so. He was able to land the aircraft. We are very concerned about it. The action that we took was to put out a discussion paper to canvass input from industry.

Senator ABETZ—Was the discussion paper in March 2007?

Mr Vaughan—Yes, that would be correct. The discussion paper was seeking input from industry on other possible means of detecting this and preventing this occurrence. It is still being assessed. The impact on industry is very expensive. It ran into the many millions of dollars. We are still considering what action needs to be taken. Additionally, we canvassed

overseas. There were a small number of occurrences within the United States that the NTSB were aware of, and the FAA had also considered action. To date, it is inconclusive.

Senator ABETZ—You have searched internationally for assistance in relation to this issue?

Mr Vaughan—Yes, that is correct.

Senator ABETZ—Your counterparts internationally have not taken any action in relation to this fitting?

Mr Vaughan—My recollection—and we will provide this in detail—is that the National Transportation Safety Board of the United States recommended an action. The action had several options. One of which was to retire these cables at a certain life. The FAA did not act on that. As has been historic, it relies on the inspection method; that you check it periodically. There is some difficulty. It is problematic. The piece that breaks is underneath a securing/safety wire. As I said, it is currently actively under review with the airworthiness engineering branch.

Senator ABETZ—The notes provided refers to this fitting being used in all aircraft up to the size of a Boeing 727.

Mr Vaughan—That is correct. It is a very common fitting, in various sizes, and some aircraft have hundreds of them. We have two incidents in the country that we are aware of.

Senator ABETZ—When do you anticipate that we might have a conclusion to this matter?

Mr Vaughan—We will endeavour to work on it quickly now.

Senator ABETZ—What does that mean? Do you mean by the end of the year or within the next 12 months?

Mr Vaughan—From our review we have decided that it is not a serious safety critical issue but a random isolated occurrence. It is certainly something that we would not take lightly, but given the nature of the occurrence and the sheer number of these that are in service and the fact that we have had two that we are aware of, it is not to discount the potential but it is certainly not a catastrophic or a very significant safety occurrence just by its occurrence rate. There are other mechanisms for detecting potential failures without having to replace or mandate the replacement of these parts.

Senator ABETZ—I reckon the pilot in the incident in April 2005 thought it was pretty catastrophic and fortunately is still with us to tell us about it. Thank you for that explanation.

CHAIR—If there are no further questions of CASA we shall suspend until 7.30, when we will call the Australian Transport Safety Bureau.

Proceedings suspended from 6.26 pm to 7.31 pm

Australian Transport Safety Bureau

CHAIR—I welcome officers from the Australian Transport Safety Bureau. Senator Ludlam?

Senator LUDLAM—I have a couple of questions all around the same subject. I wanted to get your sense of the incident that occurred on 7 October with a Qantas Airbus flight over

Exmouth being forced to land. Would you give us a brief overview as to what stage your investigation is at and what your overall feeling for that incident is so far?

Mr Bills—Our director, Julian Walsh, will give you most of the detail because he has been managing it on a day-to-day basis. I was meant to fly on that aircraft actually from Perth to Singapore, but obviously the accident meant that it was diverted to Learmonth, as you said. We have had several media conferences concerning the accident and we have done so in close cooperation with a number of colleagues internationally, including the French BEA, who are our investigation equivalent; Airbus, the manufacturer; our own CASA in Australia; and we will be enlisting the help of the US NTSB, our equivalent in the United States when it comes to testing a piece of the equipment, the ADIRU, that seems to be most directly involved in the accident. In terms of the detail, I will let Mr Walsh speak, but we do not want to tell you things you already know. We are happy to give you as much detail as you like.

Senator LUDLAM—I am happy for a certain amount of detail because most of what I ‘know’ has come through media reports so I am actually more interested in hearing directly from you.

Mr Bills—That is excellent, because some of those have been a bit off the mark. I will let Mr Walsh give you an update.

Senator WILLIAMS—We understand that.

Mr Walsh—In terms of process and in terms of how the ATSB responded, we were advised of the incident during the afternoon. We made arrangements at that time for some of our officers from our Perth office to fly to Learmonth. We chartered an aircraft and they were up in Learmonth a short number of hours after the aircraft landed. At the same time we had staff who flew from both Brisbane and from Canberra over to Learmonth and they arrived the following day. Our onsite activities in Learmonth continued from the Tuesday evening through to the Monday. As Mr Bills mentioned, during that time we had seven ATSB investigators in Learmonth. We had representatives from Qantas obviously, representatives from the French BEA, the Bureau Enquêtes-Accidents—excuse my French, it is not all that good—and we had representatives from the Civil Aviation Safety Authority as well. At the same time, obviously, there were parallel lines of inquiry going on with people back in the office here. We have also had a member from Airbus attend our offices here in Canberra. He arrived a couple of days later and worked closely with our flight recorders and people and provided us with assistance as well. Again, as Mr Bills alluded to, we held a number of media conferences throughout that period to try to keep people informed of the progress of the investigation in terms of what we had found.

Essentially, the aircraft was approximately 100 miles south of Exmouth. It was at 37,000 feet, the autopilot and the auto-thrust systems were engaged on the aircraft. When the crew received what they call an inertial reference system fault, which occurred on the No. 1 Air Data Inertial Reference Unit—you will hear us refer to an ADIRU, and that is this piece of equipment—this caused the autopilot to drop out, or disconnect, and essentially from that moment on the crew flew the aircraft by hand, although there was a very short period of time—a few seconds—when they re-engaged the autopilot. Essentially the aircraft climbed approximately 200 feet quite slowly and that was actually in response to just a very slight

input by the pilot on the control stick. That was when the autopilot was re-engaged and the aircraft returned to 37,000 feet and then the crew was flying the aircraft manually again.

It was then a number of minutes later that the crew received a range of other faults and warnings within the cockpit, and essentially the aircraft then nosed down and pitched down to a maximum pitch angle of about 8.5 degrees quite suddenly. The crew responded very quickly to react to that and to return the aircraft back to the normal flight. The aircraft descended about 650 feet during that process. From 37,000 feet it descended about 650 feet before it started to climb back up to 37,000 feet. That took somewhere about 20 seconds. It is not a phenomenal rate of descent. In fact, the rate of descent, if you put it out over a minute, is probably something in the order of 2,000 feet a minute, which is not really all that unheard of. I suppose the issue that has probably caused the problem is the fact that the pitch down has occurred very quickly, and that is what has caused the problems. Essentially, the aircraft returned back up to 37,000 feet and then a couple of minutes later there was once again another of these events, but it was not as severe and the aircraft only pitched down at the maximum pitch down angle of 3.5 degrees, and it descended about 400 feet before returning up to the cleared level. The crew then diverted the aircraft to Learmonth, and the remainder of the flight was essentially uneventful from an operational point of view in terms of the aircraft flying, and the aircraft landed without any problems at Learmonth.

CHAIR—I bet the passengers would not have felt that good if they had said that on the plane on the way home. Too late then, wasn't?

Senator LUDLAM—Without prejudicing the investigation, which I believe is still afoot, what can you tell us to date about the cause of the incident?

Mr Walsh—What is apparent is that there does not appear to be anything wrong mechanically with the aircraft. The systems have checked out okay. What we have identified is a fault within this Air Data Inertial Reference Unit, the ADIRU, and in particular there was a range of frequent and high spike values in the angle of attack information that the ADIRU was sending out. The ADIRU basically has two components. It has an air data reference component and it has an inertial reference component. The air data reference component essentially receives information in relation to barometric altitude of the aircraft, angle of attack, temperature and one other parameter. I have forgotten what the other parameter is.

Senator LUDLAM—But it is a device that is telling the autopilot where the aircraft is and what—

Mr Walsh—Essentially, it takes that information and then the other part of it, which is the inertial reference part, computes positional information, and together that component feeds the information to a range of systems on the aircraft. It feeds that information to displays in the cockpit and also feeds that information to the flight management computers. Essentially what has happened in this situation is that this erroneous and high angle of attack reading within the ADIRU has been sent to the flight control primary computer and the flight control primary computer has responded to that thinking that the aircraft is in a high angle of attack. But of course the aircraft was still flying. The aircraft has tried to protect what it thought was a potential stall situation because of the high angle of attack and said, 'This aircraft needs to

pitch down to avoid that happening.’ So, essentially it is that erroneous message from the ADIRU to the flight computer that has caused this problem.

Senator LUDLAM—Are there more than one of these devices on these aircraft? Are there a number of redundant systems or is it just this one critical device?

Mr Walsh—There are three ADIRUs on the aircraft, and at the moment that is obviously something that we are quite keen to understand. It is quite a complex system. Obviously, part of the investigation will be to understand the interaction between those units, what interactions there should have been and what protections there should have been perhaps within that ADIRU to isolate that erroneous data. They are certainly lines of inquiry that we are quite keen to pursue at the moment. Essentially, those ADIRUs have to go to the manufacturer’s facility in the United States for downloading of data and for more detailed examination. They are the only organisation that has the equipment and the facilities to do that. The normal protocol for doing that is for it to be done under our supervision, but because there are other interested parties, including Airbus, the BEA from France, the National Transportation Safety Board—our equivalent in the US—and the US component manufacturer, we will all be present during that testing. At the moment we are developing a testing protocol with all of those bodies to ensure that we are all agreed on exactly how this testing process should go ahead and to make sure that we do it carefully so that we do not lose any data while we are doing it. It is a matter of making sure that we have a very clear plan of how we do that before we physically start the work and, essentially, we all have to agree to that process.

Senator LUDLAM—I have discovered since starting this job that I am spending an appalling amount of time climbing on and off aircraft, and each time we are asked to switch off mobile phones and other radio transmitters, radios and so on. Is this device known to be sensitive to external sources of various frequencies of radiation?

Mr Walsh—No, I would not say it is. These ADIRUs are on a range of aircraft, including Airbus-type aircraft. There are also similar pieces of equipment, ADIRUs, in a number of Boeing aircraft—for example, the Boeing 777. They are commonly used throughout the world and this sort of reaction is certainly not something that is known as a result of that sort of thing.

Mr Bills—The fact that it appears that it is the ADIRU No.1 that has had these extreme values and the other two have not suggests that there is an issue with the ADIRU No. 1, but we do not know what it is yet. Clearly, we need to understand that and, as Mr Walsh said, we want to understand why it was that with one seemingly misbehaving in the way it did the other two did not take over in some way. Both things are very important.

Senator LUDLAM—That was where I was going before. As to the line of questioning about radio transmitters and so on, the aircraft at the time was 100 miles from the most powerful transmission station in the southern hemisphere, the Harold Holt ground station. Are you taking that seriously as a potential factor in the cause of the incident?

Mr Walsh—We do not close our minds to anything in an investigation of this nature. We really do need to be open to evaluate all of the facts and all of the circumstances surrounding an occurrence such as this. The aircraft was about 100 miles from that transmitter. We have

done some preliminary calculations based on some indicative values as to the sorts of power outputs and wavelengths that we expect from that antenna. The amount of energy at the aircraft 100 miles away from that antenna is quite small, and we think it is very unlikely that that was a factor. Having said that, we will not dismiss it. We have already been in touch with the facility and we will get information from them in relation to the time of operation of that antenna, the power output, frequencies and so on. We will gather that information and we will look at it, but of course if we look at the ADIRU in the US and we find a definitive problem, of course it would be very nice if there was something quite clear that we find when we are able to do that testing.

Senator LUDLAM—Is that base operated by United States contractors or Australian personnel?

Mr Walsh—I do not know, but I think it is run by Australian personnel now. I have not personally been in touch with them, but the people who have been in communication have indicated that they are going to cooperate fully to provide us with the information that we need.

Senator McGAURAN—What base are we talking about?

Mr Walsh—It is the Harold Holt very low frequency transmitting station on the North West Cape.

Senator LUDLAM—Have there been other incidents of a similar nature in that airspace in the past?

Mr Walsh—No. There has been media speculation, again, about a Boeing 777 that had an occurrence back in 2005.

Senator LUDLAM—Was that in the vicinity of that transmitter or was it elsewhere?

Mr Walsh—No, that incident was investigated by us and the report is available on the website. I have a copy here as well. That happened about 240 kilometres north-west of Perth, so it is about 900 to 1,000 kilometres away from Exmouth. The nature of the failure in that one was determined. What had happened in the case of the Boeing 777 was that there was an accelerometer within the ADIRU that failed in 2005. It is a fault tolerant unit so it is actually able to accept those failures and it switches to another component and isolates the faulty component. What had happened a number of years later was that the accelerometer that was being used failed and the software within the ADIRU allowed the ADIRU to revert back to the one that had failed previously. There were really two faults, to some degree. There were two failures of the accelerometers and there was a software change done within the ADIRU that actually allowed the ADIRU to reference that faulty data. We had quite a clear picture of what happened in that particular case and safety action was put in place with that one to upgrade the software and to eradicate that problem. It was also an ADIRU of a different manufacturer, so it was not manufactured by the same manufacturer of this one here.

Senator LUDLAM—It would seem to be drawing a long bow to relate those two incidents in terms of the proximity to that base certainly, but are there other incidents that you are aware of in proximity to that transmitter, or ones like it around the world, interfering with navigation systems?

Mr Walsh—No, not that we are aware of.

Senator LUDLAM—Is that something that you have gone back and you have researched?

Mr Walsh—That is something that we will continue to research. As I said, we will not be closed to it, but we are not aware of anything at the moment. We will certainly try to gather any information of that nature.

Senator LUDLAM—It occurred to me on the basis of the media reports that, if my mobile phone is powerful enough to mess these systems around, then flying over a transmitter that is able to communicate with nuclear submarines halfway around the world would have to be a factor that you would consider.

Mr Walsh—It certainly is one that we are considering. We think it is unlikely at the moment, but we will cover that off and we will make sure that, if there is potential for that to have been an issue, we will certainly look at it.

Senator LUDLAM—When are you expecting to publish your findings and will those findings be made public or are they internal documents?

Mr Walsh—All ATSB reports are public documents and they go on to the website and are distributed broadly for the safety message to make sure people are aware of the circumstances and are aware of what safety action has been taken to address safety issues. To give you a definitive time frame for how long the investigation will take is very difficult. We endeavour to put out a preliminary factual report to at least detail the facts of the accident within about 30 days of the accident. At any time if we identify any critical safety issues, we are not going to wait for the investigation to be completed to make sure that those things are acted upon. We would bring those things to the attention of the relevant authorities to act on straightaway and we would probably put out some sort of interim report to make sure that that was communicated publicly so people were aware of progress and what had been done to address any issues that do arise.

Mr Bills—We are pleased that Airbus has indeed taken some safety action already to mitigate the possibility of this sort of thing happening again.

Senator LUDLAM—How can they do that when they do not know what the cause of the glitch was?

Mr Walsh—To clarify that, they have put out an operations engineering bulletin that essentially provides guidance to crews on what to do in the event of an inertial reference system fault so that they can isolate it straightaway. It is actually like a mitigation strategy to minimise the risk. In the unlikely event that something like this does happen again, there is a procedure and a checklist and a set of instructions to crews on how to respond to an inertial reference system fault. Essentially that is in place pending finding out what has actually caused this.

Senator LUDLAM—Thank you very much for your answers tonight.

Senator WILLIAMS—Has Airbus had this ever happen before?

CHAIR—Senator Williams asked about the Airbus. While we are talking about this one incident, can we have agreement amongst members of the committee to ask all of our questions on this same topic now, and then we can move on to something else.

Mr Walsh—Airbus have advised us that they have not seen an incident of this nature before.

Senator McGAURAN—They have a very short memory. I understand that a similar incident—

CHAIR—Senator McGauran has one on the same issue.

Senator McGAURAN—What is the status report of all the passengers at the moment? Is anyone still in hospital or anything?

Mr Walsh—I am not aware of that. Certainly there were 14 people who did need to be medivacced by air ambulance away from Learmonth on that night. I am not sure whether any of those people are still in hospital. Certainly, over the course of this week and next week we are doing interviews with all of those passengers who were seriously injured to make sure that we get a first-hand account from them. Plus we are happy to talk to any other passengers who want to provide information to the ATSB. We are also going to be sending a survey to all of the passengers so that every passenger has the opportunity to provide us with information regarding the flight.

Senator McGAURAN—As to the two pitches down, just to get an idea of the drama of the situation, was the computer driving the plane down to the point where the pilots were fighting it up?

Mr Walsh—No. The aircraft pitched down. The crew responded within a matter of seconds and the aircraft—

Senator McGAURAN—They were not fighting against the computer?

Mr Walsh—No. The aircraft essentially only pitched down—

Senator McGAURAN—If it is a 20-second dip the pilots would have been fighting that dip, wouldn't they, at least after 10 seconds; is that not so? They did not just let it dip, did they?

Mr Walsh—An aspect of the investigation is still an ongoing analysis of the flight data information, but in essence there would be some time once the aircraft has physically pitched down for the aircraft to then recover and start climbing back up again. But to say that they were fighting the aircraft all the way down, I could not say that at all, no.

Senator McGAURAN—Was the computer just instructing it to go down to another level and then level off or was it going down?

Mr Walsh—No. As we understand it, the computer was instructing the aircraft to pitch down to counteract what it thought was a high angle of attack, so it was saying the aircraft needed to pitch down to reduce that high angle of attack. But of course the aircraft was not in a high angle of attack. It was only the erroneous information to the computer that was saying that was the case.

Mr Bills—It was the combination of the pitch down and the non-wearing of seatbelts that led to the injuries predominantly in the rear of the aircraft.

Senator HEFFERNAN—What makes this particular incident unique, such that it is unlikely to happen in another Airbus? Is that the view; that it is unlikely to happen again?

Mr Walsh—I do not think we can judge to any degree what the chance is per se of it happening in another Airbus. Until we understand why this has happened, obviously we will not have a full understanding of the potential for it to happen again. What we are aware of is that obviously there are hundreds of thousands of hours of flying of these Airbus aircraft throughout the world and this is the first time that it has happened.

Senator HEFFERNAN—We will come to that. It is potentially dormant?

Mr Walsh—Sorry?

Senator HEFFERNAN—It is potentially dormant in all Airbuses?

Mr Walsh—I do not know.

Senator HEFFERNAN—We will come to that.

CHAIR—Do you want to add commentary to that?

Mr Bills—I was just saying that earlier—

Senator HEFFERNAN—Don't take the bait just yet.

CHAIR—Feel free, if you wish, to add some commentary.

Mr Bills—Basically just as to the safety issue, we really need to understand why ADIRU No. 1 failed and misbehaved, and we need to understand why the system was such that two and three did not take over and deal with that in such a way that this problem did not occur. We need to understand those two things and when we do we may—

Senator HEFFERNAN—To always understand that—

CHAIR—And we want to do it in the most responsible way without frightening the living daylight out of public who have to fly—

Senator HEFFERNAN—All of that. Are you familiar with the Malaysian Airlines flight three years ago?

Mr Bills—The 777?

Senator HEFFERNAN—Do you agree it was a similar incident?

Mr Walsh—I just described that before. The Malaysian Boeing 777 had a failed accelerometer. That accelerometer was taken out of the system and another accelerometer performed that function for a period of time. That fault with the original accelerometer remained dormant for some time. Then the second accelerometer failed some time later and there was a software error within the ADIRU that allowed the ADIRU to revert to the data from the original failed accelerometer, and that essentially was the cause of that. The first accelerometer failed in 2001 and that essentially remained dormant until 2005, when the second accelerometer failed and because of the software error in that ADIRU it allowed the ADIRU to use the information from the accelerometer that failed—

Senator HEFFERNAN—Did they pick the first one up or did they not pick it up and two picked it up?

Mr Walsh—No. The first one was not picked up. To some degree, it did not need to be because of the nature of the design of the ADIRU. It is fault tolerant. It is supposed to be able to—

Senator HEFFERNAN—Did the failsafe system work at that stage?

Mr Walsh—To some degree except that, when the second accelerometer failed, there was an identified software error that allowed it to revert to the originally failed ADIRU. That was addressed and the software build for that particular piece of equipment, which is a different make ADIRU from the one involved with the Airbus—

Senator HEFFERNAN—You will appreciate that I have very little idea what that all means, because I am a wool classer and welder. When that happened, what was your response at the time of that incident? Was there a response?

Mr Walsh—To the Malaysian 777?

Senator HEFFERNAN—Yes.

Mr Walsh—That was a serious incident. We initiated an investigation immediately. As a result of that there was very prompt safety action taken by the manufacturer on 29 August. That incident happened on 1 August 2005, and on 29 August 2005 as a result of our initial investigations the USFAA issued an emergency airworthiness directive that required all Boeing 777 operators to install a revised operational—

Senator HEFFERNAN—I think it is important to put that on the public record for, as the chairman says, the confidence of the flying public to know that we are on top of the breach, as it were.

Mr Walsh—There was a range of safety action following that as well, but that was certainly the initial response to that incident.

Senator HEFFERNAN—The ATSB accepts the Airbus advice as adequate?

Mr Walsh—When you say ‘the Airbus advice’, do you mean in terms of it being a unique event?

Senator HEFFERNAN—Yes.

Mr Walsh—Yes. We certainly have no information on any other events that are the same as this particular one that we are talking about, the one near Learmonth. We have received excellent support on there—

Senator HEFFERNAN—There is no process, is there, where you can address that issue before it happens again?

Mr Walsh—As Mr Bills says, we need to understand why this ADIRU allowed these erroneous values to be used and in fact what caused these erroneous values, because there was a series of very high and quite frequent spikes in the angle of attack values quite evident on the flight data recorder, and that is quite abnormal. We really need to understand why that was

happening and then, in terms of why it happened, what the process was in terms of how the aircraft could have protected itself from those errors. That is the focus of our—

Mr Bills—When that testing occurs in the US we will have two people there. We will have the NTSB there. We will have the BEA there. Qantas may or may not be there, but it will not just be Airbus and the manufacturer of the equipment in the US. We will be there making sure that we look at all the analysis to try to pin this down.

Senator HEFFERNAN—I think it is pretty fair to say that for the flying public's benefit, the Qantas side of it—as to the professionalism of the staff and the pilots—has not put a foot out of place. There have been a few incidents and they have passed the test each time.

Mr Walsh—I do not think that there is anything to indicate that Qantas could have had any knowledge that this was ever going to happen.

Senator HEFFERNAN—But what I mean is that the pilot did not faint; everything went to plan in the cabin, which is nice to know.

Mr Walsh—Yes. We have acknowledged in the media already that the pilots responded very quickly and appropriately.

Senator HEFFERNAN—I should declare an interest, shouldn't I?

CHAIR—I will declare an interest because I am on an Airbus tomorrow up that way, so I have definitely got an interest. You should.

Senator HEFFERNAN—I will declare an interest. I have a daughter who works for Qantas. In case she gets annoyed with me.

Senator McGAURAN—They did ride the plane down 20 seconds, did they, before they readjusted it?

Mr Walsh—No, they actually responded within a matter of seconds.

Senator McGAURAN—It was a 20-second drop though, wasn't it?

Mr Walsh—The aircraft descended 650 feet over a period of 20 seconds.

Senator McGAURAN—I am not criticising, but what were they doing on the way down?

Mr Walsh—They were adjusting the flight trajectory of the aircraft. They initiated the response, but the aircraft is going to take some time—since it is travelling at that speed and with some momentum—to actually physically react to the input from the pilot.

Mr Bills—It is a fly-by-wire aircraft. It is based on a computer system so it is not as if you are physically moving it yourself.

Mr Walsh—No. There is no mechanical connection. In fact, the Airbus has a side-stick control, a bit like a game controller that kids have on their computers. It does not have a control wheel. It is a stick on the side and that is all essentially connected to computers. That is essentially what flies the aircraft.

Senator HEFFERNAN—The bit I am not finished with you may have covered in your eminent style, one Julian to another, but what were the outcomes of the interviews with the passengers?

Mr Walsh—They are ongoing. I cannot give you that information at the moment. That is ongoing work. In fact, I think most of that work is really starting this week in terms of the face-to-face or the actual interviews with the passengers themselves. They are at the four corners of Australia and overseas so it is going to take some time to track some of those people down.

Senator HEFFERNAN—I hope you have noticed that I am being very polite because having been threatened to be punched out, or whatever it was, earlier in the day by Senator Boswell I am worried.

Senator ADAMS—As to issues with patients, how long did it take to get the Flying Doctor Service up there for the more badly injured people?

Senator Conroy—Is this your area?

Senator HEFFERNAN—They handle aircraft.

Senator ADAMS—I know. This was the aircraft. This was as a result of the aircraft.

Senator Conroy—They handle emergencies in aircraft, not the emergency services that are brought in afterwards.

Senator ADAMS—Surely after something like this happens there must be a process as far as—

Senator Conroy—I am sure there is, but I am just saying that these public servants do not handle that area.

Senator ADAMS—I asked a question about the time. Can anyone answer it?

Senator Conroy—They do not handle these aspects. They handle investigation of air incidents.

Senator ADAMS—It was an air incident, but it actually ended up very safely on the ground and I am asking how long—

Senator Conroy—And this transfers to a different section of the department—

Senator ADAMS—did it take to get the Flying Doctor Service planes up there to take away the badly injured people.

CHAIR—Answer to the best of your ability, and if you can do it very quickly.

Mr Walsh—The answer is: I do not know. We have not looked at that aspect at this stage at all. We have been focusing on—

CHAIR—We understand that. Thank you very much. Do you have any more questions?

Senator ADAMS—No, because they are all on that area, but I would have thought that would have been part of the process.

CHAIR—I understand your frustration, but I think you would have to talk to some state departments there.

Senator McGAURAN—I am disappointed in the minister's response in trying to shut down Senator Adams. I think she has been very good—

CHAIR—No-one was shut down.

Senator McGAURAN—Mr Bills, I ask you this question: is it not your job or Mr Walsh's job to look at the overall emergency response?

Senator Conroy—The answer is no.

Senator McGAURAN—You were not going to leave certain aspects out, were you?

Mr Bills—The focus of our investigation is the causal factors, the contributing factors, behind the accident, so we really want to focus on what happened and why and try to prevent it from happening again. That is really our focus.

Senator McGAURAN—You are not going to get much of an interview from—

Senator Conroy—A flight recorder box?

Senator McGAURAN—the passengers. The passengers will want to express to you a lot more than that. They will want to express to you situations such as she has raised, and you are going to say, 'That is not our job,' and be very bureaucratic with them?

Senator Conroy—The legislation that establishes them by parliament, which is—

Senator McGAURAN—Tell that to the passengers.

Mr Walsh—We will get that information in the course of the investigation.

Senator McGAURAN—They have just been through a trauma.

Mr Walsh—Clearly when we are interviewing the passengers, and out of the survey that we are sending to all of the passengers, if there are issues arising out of that that clearly need to be brought to the attention of the authorities that look after that we would do that, but I do not know that information at the moment.

Senator McGAURAN—That is exactly the issue Senator Adams was raising. If they raise those issues with you are you just going to shut them down?

CHAIR—I will toss you for the explanation. Do you wish to comment on that? You already have, but I do not know whether you wish to make a third or fourth comment on the same thing? If you do not—

Senator Conroy—The questions being asked are very legitimate questions. They are just being asked to the wrong part of the estimates process. It is as simple as that.

CHAIR—It is the wrong jurisdiction.

Senator ADAMS—By leave, may I ask the minister where they should be asked?

Mr Wilson—As to the emergency services that you are inquiring about, the Flying Doctor services would be a state based facility. It is not an area that is Commonwealth funded. I do not believe it is subject to these estimates or any of the committees.

Senator Conroy—That is not duckshoving. That is just a fact.

Senator McGAURAN—The poor old passengers will get a real surprise—

Senator ADAMS—They certainly will.

Senator McGAURAN—when you, Mr Walsh, go up and say: ‘I am just a technocrat. Just tell the technical side of what happened.’ They are flesh and bones. That is not how they will respond to you.

Senator ADAMS—Obviously any advocacy skills—

CHAIR—I will call some order here at this late stage of night. Time is limited. Let’s move on.

Senator McGAURAN—In relation to the gas cylinder incident, have there been any design changes? In one respect that was possibly a more terrifying accident than the one the pilots were able to deal with. The gas cylinder one could really have gotten out of hand. That was just sheer luck. What are the recommendations of your report?

Mr Walsh—We have not got any recommendations at this stage. The problem that we have with that particular investigation of course is that we do not have the cylinder. The cylinder is somewhere at the bottom of the South China Sea. Obviously, it is a challenge for us to try to establish what might have caused that bottle to fail in the manner that it did. We have tried to locate cylinders that were made in the same batch as that particular cylinder. In recent times we have identified a number of those cylinders, six of which are currently on their way to the ATSB’s facilities here in Canberra.

Senator McGAURAN—What about where the cylinders are lined up and placed? Are you satisfied that that does not need any design change?

Mr Walsh—I think it is a bit premature for that. Design issues are not something that we would really be responsible for. It is really a matter for our airworthiness authorities. We have briefed the situation to the regulators and the various authorities. They are aware of the circumstances. We are working very closely with the National Transportation Safety Board and the FAA, the US FAA, on this particular one. They are across the circumstances as well. If there was a need for such a redesign I would think it would primarily lie there. But, again, what we are focused on is trying to understand how this bottle has failed—

Senator HEFFERNAN—So we have no idea; that is fair enough, isn’t it?

Mr Walsh—At the moment that is absolutely correct. What we will do with these bottles from the same batch—and we believe we have a bottle and the serial number of that bottle that is coming to us is very close to it—

Senator HEFFERNAN—Is the theory that the top has just blown out of it?

Mr Walsh—Essentially the bottom part of it blew off. The bottom of the cylinder is rounded and really just above the rounding where it gets into the straight part of the cylinder it has split there—

Senator HEFFERNAN—What is the pressure in the bottle?

Mr Walsh—Eighteen hundred PSI or 1,850 or something.

Senator HEFFERNAN—It could have been fatigued, I suppose?

Mr Bills—In addition to getting the cylinders in the same batch of the manufacture we are also looking at the maintenance regime for the cylinders for the operator, among other things. It is not just the manufacture, but that is one possibility. But unless something turns up in

either the maintenance regime or the manufacturing, perhaps there is a batch that has larger faults than others—

Senator HEFFERNAN—It would not be that it had the wrong gas or something in it, would it?

Mr Walsh—No.

Senator HEFFERNAN—Was it more arse than class that that did not turn into a worse situation, except that the crew were impeccable?

Senator McGAURAN—On this occasion you are quite right; they were impeccable, but this was a deadly accident—

Senator HEFFERNAN—It could have been, yes. It was more arse than class.

CHAIR—While I enjoy the banter across the table, can we take questions to the officers because time is moving on.

Senator McGAURAN—But the second incident—

Senator HEFFERNAN—We can see how many folders you have there and we are wishing you would hurry up.

Senator McGAURAN—You mentioned the maintenance issue. It would not have escaped you that there has been some criticism, rightly or wrongly, about Qantas's outsourcing of maintenance to overseas areas. Malaysia is one. I think Singapore is another. Can you tell me where this occurs and can you tell me whether these incidents are in any way able to be traced back to those maintenance centres?

Mr Walsh—The issue of the maintenance of the aircraft is really one for CASA, but there is no evidence to suggest that any maintenance activity has any bearing on any of these occurrences at this stage.

CHAIR—Thank you very much, gentlemen.

[8.15 pm]

Australian Maritime Safety Authority

Senator McGAURAN—I would like a status report on the waterfront security system and the introduction of photo ID cards and vetting of those who work on the waterfront. I raised this in the last estimates and, just as I am getting now from the minister, a mock and a shrug of the shoulders, he did not even know it existed. It does exist. In the first estimates I started to doubt myself. I thought, 'I do remember this going through parliament.' And it did. We have a very extensive security-checking system on the waterfront. Can someone give me a status report with regard to that?

Mr Wilson—The issue that you raise is the responsibility of the Office of Transport Security, which were on earlier this morning. Those officers are no longer available, obviously. I am happy to take the issue on notice and provide an answer to the committee, but unfortunately nobody is here to answer that question.

Senator McGAURAN—My questions are: have there been any changes, how many rejections have there been and are there any recommendations for changes to the system? I

would just like a health check on it, if you do not mind. It does not have to be elaborate. I do not appreciate the minister at the table mocking such a serious issue—

Senator Conroy—It is a very serious issue. It is just that it is patently obvious from this that the officers at the table do not cover the area you are referring to.

Senator McGAURAN—Once again. Okay. I will tell you something. For the last two days the number of jobs—

Senator Conroy—If you have questions, we beg you to start asking them. If you do not that is fine.

Senator McGAURAN—For the last two days we have seen the remarkable phenomenon that the departments have not been quite sure of some of their responsibilities, particularly in the area of climate change. Who is actually running the climate change so-called all-of-government policy; that is just one example. Landcare was another. Do not come to me and say—

Senator Conroy—On a point of order, I seek some guidance about whether or not Senator McGauran is asking a question or whether he accepts that his question has been taken on notice and we can move on to another question.

CHAIR—That is a very good point of order. Do you have any more questions? Senator Adams does.

Senator McGAURAN—Before she starts, I will just finish that comment; there is a question to it. I was responding to the minister's—

CHAIR—We do not have to talk it out.

Senator Conroy—It is your time.

Senator McGAURAN—With good grace, I will.

CHAIR—We appreciate your giving your colleague time to find the briefing. Senator Adams has found the briefing.

Senator ADAMS—Yes, I have the brief. The response to question on notice No.2 on 29 May indicated that 64 per cent of ships in regional harbours were inspected. Can you break down inspection rates on a port-by-port basis as to how many ships rather than percentages, please?

Mr Peachey—Yes, we can do that. I do not have the data with us, but we are happy to provide it.

Senator ADAMS—Are there any ports that are significantly below par? Are there any ports that you are having more problems with than others? Can any ports be identified that are not up to where they should be?

Mr Peachey—I am sorry, I missed the question. Are there any ports that are below par?

Senator ADAMS—Yes, that is right—whether ports are not doing as well as they should.

Mr Peachey—It might be helpful if we actually get the data and then we can look at that question. I think it might be a bit speculative to suggest one port is performing better than another.

Senator ADAMS—Do regional ports have a lower inspection rate compared with metropolitan ports?

Mr Peachey—I will turn to Mick Kinley, one of the deputy chief executive officers. He is across those issues.

Mr Kinley—We have that data for all of the ports around Australia, but a lot of our officers are located in some of the busier regional ports, such as Dampier. We have three officers there. In Port Hedland we have one officer and are about to put another one there. We are satisfied with the inspection rates in those regional ports at this time. We are constantly monitoring those inspection rates to make sure we meet our targets, and at this point in time we are happy with those target rates.

Senator ADAMS—Could you give me an example of a ship that does not meet the standards and how you deal with it? If it is an overseas ship, what process do you use?

Mr Kinley—Under our port state control inspection program, which is the program whereby we inspect foreign flagged ships to make sure they meet internationally recognised safety and pollution prevention standards, we board those ships and we inspect those ships physically to ensure that they meet the requirements under those international conventions that apply. Where there are significant deficiencies that impact upon safety or the environment, we have the ability to and we do commonly detain those ships in port until those deficiencies are rectified to our satisfaction and to the flagged state's satisfaction. For less significant deficiencies we issue a deficiency notice and we give them varying amounts of time to rectify those deficiencies.

Senator ADAMS—Where a ship arrives and it is not up to scratch, how long can you detain them?

Mr Kinley—We can detain them until the deficiencies are rectified or we can detain them, if necessary, and direct the ship to go to dry dock in another port to undertake the necessary repairs.

Mr Peachey—As a general comment it is fair to say that Australia has got a very good track record in port state control inspections. It is well regarded regionally and internationally. It has had quite an impact on the nature of shipping into Australia over the last decade or so.

Senator ADAMS—I did not doubt that that was the case. I have just visited the Torres Strait on an Australian Defence Force parliamentary program, which is one of my favourite occupations. I was at Thursday Island. I was just going to ask you how far your jurisdiction goes. If a ship called into Thursday Island do you have someone there or is Cairns the nearest port?

Mr Peachey—Our jurisdiction extends to that Torres Strait area.

Mr Kinley—We have a surveyor in Cairns who regularly attends those northern ports. Weipa, in particular, is quite busy for us.

Mr Peachey—Some of the ships that we deal with are quite large. They do not call into Thursday Island.

Senator ADAMS—That is what I was about to say. What is the minimum size of a ship that you deal with? I am not really across this portfolio.

Mr Kinley—It is not an international trading port. There are domestic ships that go within Queensland from Cairns to Thursday Island taking supplies up for the island communities and they come under the jurisdiction of the Queensland authorities.

Senator ADAMS—If a ship came down the Torres Strait and it could not make it to Cairns and it arrived at Thursday Island or Horn Island, what would happen then?

Mr Kinley—If it were a foreign flagged ship, if necessary, we would go there and inspect the ship. We have done that in the past.

Senator ADAMS—We will not go to the smaller ones. That was what I was alluding to. Just coming back to the regional ports—you may have already answered this—do they have a lower inspection rate compared to metropolitan ports and, if they do, what impact would this have on safety?

Mr Peachey—I will just lead on that and perhaps Mr Kinley can help. Our starting point is not the port; it is the vessel itself. We do a fairly detailed risk assessment of the vessel, which goes through its history, the nature of the ship, the size of it and so on, and that is the basis upon which the risk assessment is judged and the basis upon which the inspection regime is implemented. We are starting with the ship rather than the port.

Senator ADAMS—If a pilot goes out to the ship to guide it in and he feels that things are not right or there are safety issues, does he have a responsibility to report to you? How does that work?

Mr Kinley—Yes. In that case, as far as legal responsibility goes, only the coastal pilots under our jurisdiction have that legal obligation. In practice, all port pilots around the coast have a very good ongoing relationship with our regional officers and they are very quick to report any instances of machinery failure, competency issues and so on, and we take those very seriously and will follow those issues up.

Senator ADAMS—Thank you.

CHAIR—Senator Williams.

Senator WILLIAMS—Minister, as you are well aware, this is new to me. Search and rescue is under the Australian Maritime Safety Authority.

Senator Conroy—I believe so.

Senator WILLIAMS—They have about five aircraft. Perhaps someone else at the front may like to help me out. Meanwhile CoastWatch is under the Customs service and it has 10 Dash 8 aircrafts. Do you think it would be a good idea under a whole-of-government approach to have those two combined under the one banner?

Senator Conroy—That is a policy question. I am happy to take that on notice and see how the minister would like to respond.

Senator WILLIAMS—Thank you for a detailed answer.

Senator Conroy—I am sure it will be.

CHAIR—Senator Williams, do you have any other questions?

Senator WILLIAMS—No, I do not.

CHAIR—Thank you very much to the officers from the Australian Maritime Safety Authority. I would now like to call National Transport Strategy.

[8.28 pm]

National Transport Strategy

CHAIR—Welcome. We will go straight to questions.

Senator MILNE—Ms Riggs, it is good to see you here because we were trying to work out where your role and the other agency's role fitted in. I hope your speech went well.

Ms Riggs—It did. I apologise for any inconvenience I caused and I hope we can now take your questions.

CHAIR—Whilst Senator Adams is getting ready, can you tell us about your speech?

Ms Riggs—Certainly. I will be happy to explain. Some time ago the Truck Industry Council had invited the minister to speak at a seminar they were running on urban freight. He was unable to accept that invitation and, through the way these things happen, I was asked to take up that invitation. At that time the indications were that this department would be before this committee yesterday so, as I say, forgive me for any difficulties I have caused but it was in Sydney and it went just fine.

CHAIR—Senator Adams, have you found your briefing notes? If not, Ms Riggs, you may wish to tell us all the good things about urban transport.

Ms Riggs—That is a little broad.

CHAIR—Senator Adams has found her briefing notes.

Senator ADAMS—I have found some.

CHAIR—Senator Hutchins has got some questions.

Senator HUTCHINS—Ms Riggs, can you give us examples of why the national transport reforms are so important? I will go through some other questions here and you may be able to answer them in the one answer. What benefits do you expect there will be for the maritime sector? Is it true there are more than 50 pieces of legislation pertaining to maritime? How does Australia compare to other countries in terms of the regulation of rail? What benefits do you expect to result from nationally consistent heavy vehicle regulations? That is just off the top of my head.

CHAIR—You could take that on notice.

Senator Conroy—Are you ready, Senator Adams?

Senator ADAMS—No.

CHAIR—Sorry, Ms Riggs, we will let you answer that. Senator Milne will have a question. If Senator Adams does not have her briefing notes, she can put them on notice and we will let you go.

Senator ADAMS—I have asked most of my questions.

CHAIR—In all fairness, you have.

Ms Riggs—I will touch briefly on each of the three sectors where transport ministers have agreed that they would like officials to prepare regulatory impact assessments on their behalf for moving to single national systems of regulation. Those three areas are the maritime safety area, the rail safety area and the regulation of heavy vehicles.

In the maritime sector there are currently eight separate regulators of commercial vessels. Senator, I think you asked about how many pieces of legislation. I do not have the precise number, but including the federal and state jurisdictions there are more than 50 pieces of separate legislation that pertain to maritime industry regulation. It is problematic for the commercial shipping sector to have a ship built to specifications and to meet the standards in one jurisdiction if that vessel is then going to operate in another jurisdiction where the standards for construction and crewing of a ship might be different. Just to put it in those simple terms, there are advantages to the shipbuilding industry in Australia, as well as shipping operations, if we move to a uniform set of regulations in the nation.

There are also workforce related issues because at the moment those large ships that operate in Australian waters and internationally are regulated under the Navigation Act through AMSA in terms of crew competency standards, for example, and crewing standards. The smaller ships that are operating commercially in local waters, even on interstate trips, are regulated by the individual jurisdictions and so there is not a clear career path or possibility of transition for people from the local domestic commercial vessel to the larger vessels. Those are some of the advantages that would accrue in the maritime sector were first ministers to agree through COAG to pursue the reforms.

In terms of the rail safety arrangements, again there are seven separate regulators of rail safety in Australia. Whilst all governments have committed to introduce legislation based on a model rail safety bill produced by the NTC through their very consultative and careful process, not all jurisdictions have achieved that yet. In addition, the rail safety arrangements are also seen to include not just the regulation of the rail safety arrangements but also the investigation of accidents. At the moment there are three separate investigators, the Australian Transport Safety Bureau and two of the jurisdictions have investigators separate from their regulatory function. Other jurisdictions appoint a regulator or ask the ATSB to undertake investigations of accidents that they perceive require it.

Again, it is a situation where an operator in the rail system can seek to be accredited as a safe operator—if I can use that language—through one jurisdiction, but that does not automatically license them or accredit them as an operator in other jurisdictions. That is inefficient and increases the cost to industry. The benefits to industry are fairly evident of having a single system of rail safety regulation. Of course, having a single investigator adds to the quality and standard of the investigative staff involved in that through having a single core of expertise.

In the heavy vehicle sector, I understand that, in my absence earlier today, Mr Wilson and Mr Jones did mention some of the benefits of moving to a consistent approach for heavy vehicle regulation.

CHAIR—They certainly did, in depth.

Ms Riggs—Given the time, perhaps I could leave that one with the answers that they gave.

CHAIR—You can, because your colleagues did give a very precise and in-depth insight into what is going on there national. Senator Milne has one question.

Senator MILNE—In relation to transport strategy, I am interested to know how you are taking into account climate change and peak oil in terms of sensitivity analysis and investment in the various sectors and whether that is bringing forward coastal shipping as a better freight option than road transport.

Ms Riggs—That is a very interesting question. I need to describe a couple of activities in order to give some response to that. Of course there is modelling associated with the government's carbon pollution reduction scheme green paper and white paper process from Treasury in terms of the impacts on the economy of the possibilities being considered for a carbon pollution reduction scheme. Our Bureau of Infrastructure, Transport and Regional Economics has been contributing to that modelling in terms of the transport sector. That modelling will be available publicly very soon and that will enable you to see some parts of the impacts of interest to you.

The sorts of things that we hear from the logistics industry do suggest that, given the likely scenarios that they are envisaging and recognising that modelling is not yet available, the price impact on road freight will clearly be more evident on a per tonne or per tonne kilometre basis than either the rail system or the coastal shipping system. The shippers are in effect saying that they anticipate that that will give some further weight to consideration of shipping as a viable alternative market. We really need to see the modelling before we and the industry can take that forward.

Senator MILNE—If the modelling demonstrates what we might anticipate because of those changed costs, is the National Transport Strategy capable of upgrading the port-rail nexus in order to maximise the benefits of coastal shipping and rail?

Ms Riggs—Yes. Again, I would make two comments. Under the banner of the National Transport Strategy we have some work underway examining five of the major supply chains in Australia from production point through to the export point. Those are: coal, oil and gas, grain, meat and livestock, and container shipping. That will really tell us something about where the issues are at each of those supply chains and, again, the modelling that will come from Treasury and the bureau in the near future will look at some of the costs, for example, of bottlenecks. So, yes, those two will come together under the banner of the strategy.

It is also fair to refer to the criteria that have recently been released that Infrastructure Australia is intending to use when it considers major infrastructure investments that might be included or prioritised in their national priority infrastructure list. Clearly, one criterion is about the contribution of the investment to greenhouse gas reduction. So, yes, the transport strategy and IA, while working at slightly different dimensions of the transport task in Australia, both have that clearly in sight at the moment.

Senator MILNE—When would we expect that strategy to be done?

Ms Riggs—It is a bit of an incremental process. I have already answered questions in relation to some priority reforms. It is intended to bring those to fruition through ministers in

the first half of next year. The supply chain work that is underway at the moment is intended to report to the Australian Transport Council at its first meeting in 2009. Mid-2009 will probably be when we start to see some potential outputs from that work.

Senator MILNE—In relation to climate change, are you doing any work on the impacts of extreme weather events on existing infrastructure—road and rail particularly—in coastal regions from storm surge, inundation, flooding events and so on?

Ms Riggs—No. We are not under the banner of the transport strategy. I am not aware that this portfolio is involved in any modelling or examination of those issues.

Senator MILNE—Who would be looking at potential adaptation foreshadowing the likely areas of vulnerability? Particularly up the east coast of Australia there are numerous roads and rail links that potentially could be severely impacted in the event of extreme weather events.

Mr Wilson—I believe that issue is being handled by the Department of Climate Change, in terms of an analysis of adaptation measures required to mitigate the effects of rising sea levels.

Senator MILNE—It is not just sea levels. It is the storm surge, flooding events and so on.

Mr Wilson—Yes.

Senator MILNE—The concern I have got here is that across Australia this could be a huge cost and there would be a long lead time to start the adaptation. We need to get things shifted before they are destroyed, effectively.

Mr Wilson—It is not an industry-specific issue. It is an issue that covers not just transport. It covers urban planning and coastal facilities as well.

Senator MILNE—Of course it does.

Mr Wilson—It is not one that sits within this portfolio. I believe it sits within the Department of Climate Change.

Senator MILNE—This is part of my problem with this whole-of-government approach that turns out to be quite siloed in the way that things are handled. My concern here is that the people who are doing the long-term strategic planning for transport are not getting fed the information they need in doing that strategic planning in terms of the areas that might be most impacted, but we will see.

CHAIR—Are there any further questions?

Senator ADAMS—I have found my questions. I was very careful to take the questions that I did not ask down to get them put on notice. We had great confusion before with Infrastructure, Surface Transport Policy and your National Transport Strategy as to where the questions should be asked. Could you give us a definition of your role and the other one so that next time we have the questions in the right box?

Ms Riggs—I will do my very best, but I will have to say that the work of the small unit that I am leading at the moment inevitably draws on, and to some extent overlaps with, that of a number of other areas of the department, most notably in Infrastructure and Surface Transport Policy, but other areas as well.

I need to take you back to 29 February this year when transport ministers accepted a piece of advice from the National Transport Commission that there were a number of areas in which a more national approach to transport policy warranted further investigation. They established a series of working groups, which ministers from different jurisdictions are taking a personal interest in and leading work. The ministers have had two meetings since then and they have agreed to some work programs—I am going to list some areas in a moment—and, flowing from that, the priority transport regulatory reforms that I have already spoken about were given the highest priority in terms of deliverables from all their work streams. Other work is coming forward to a transport ministers meeting on 7 November and still other work will come early in 2009, as I have already mentioned to Senator Milne.

The work that ministers have agreed to undertake is to look at issues to do with impediments, blockages, overlaps, inefficiencies and issues to do with infrastructure planning and investment, and that clearly relates closely, as does that climate change issue, to the work that Infrastructure Australia is doing. That work is being led through the Victorian ministers.

There is a stream of work underway on urban congestion issues and that is being led by Victorian ministers as well, because there are two active Victorian transport ministers able to do this. The capacity constraints and supply chains work is being led by South Australian minister Conlon, and I have briefly described the five supply chains of initial investigation.

Senator McGAURAN—What do you do?

Ms Riggs—I will just finish the working groups and then I will tell you what we do.

CHAIR—Good on you. We have been trying to get that through to Senator McGauran since nine o'clock yesterday morning.

Ms Riggs—There is a safety and security working group, which is looking at issues to do with road safety, rail safety, policy and how regulatory systems work together. Again, that aligns with the regulatory work but is a little separate from it. There is one on climate change and the environment, although of course most of its focus at the moment is waiting to see whether the Carbon Pollution Reduction Scheme and associated work comes out. There is one on workforce planning and skill development and there is one on strategic research and technology.

The National Transport Strategy Unit, on Minister Albanese's behalf, chairs a working group called Governance. I think I could translate it as meaning keeping all of those working groups going, making sure that they are properly supported and not duplicating each other's work so that we get efficiency from the work, and also driving forward with the things that could be regarded as governance reforms. That is where the regulatory reform work is coming to fruition, in the Governance working group.

My unit coordinates across those working groups. We sit on all those working groups. We are therefore working with every other jurisdiction in the country through those working groups, but particularly with the lead jurisdiction on each of those matters. We act as the point of connection between the working groups and other parts of the department that relate to the work of the working group. We make sure that they stay connected with work of the National Transport Commission where its regulatory policy advice is relevant, and connect through to Infrastructure Australia and the COAG Infrastructure Working Group. We also work with the

Department of Environment, Water Heritage and the Arts regarding the issues about climate change, vehicle fuel efficiency and so that come within this banner as well. It is a large agenda and it certainly keeps us actively engaged.

Senator ADAMS—How many staff do you have to help you?

Ms Riggs—Seven.

Senator ADAMS—Seven to coordinate all of that?

Ms Riggs—Yes.

Senator ADAMS—That is quite incredible. This afternoon I probably confused the issue because I was asking on national issues as far as vehicle safety and also fatigue of drivers. There is something that I asked last time and I have not raised this time. I am wondering if you might be able to help me in some way. It is to do with the road pilots. They seem to have been missed out, because every state has a different rule for these people when they are towing large vehicles or escorting large vehicles across Australia. For some reason they seem to be overlooked. One example is: coming from Western Australia to South Australia, they have one pilot in front, one at the back, and a police escort. When they get to South Australia they have to have two or three, plus a police escort. When they get to New South Wales they are not allowed to go over the double white line. There are all these issues. Can you tell me where they would go as an organisation to try to get some help?

Ms Riggs—At the moment the reality is that they have to go to each of the individual jurisdictional regulators.

Senator ADAMS—That is what I thought.

Ms Riggs—The reason why we are pursuing the heavy vehicle regulatory reforms is so that in future they would go to one organisation and get clearances for the entire trip. That is precisely the sort of inconsistency in regulation that a move to a single regulator is aimed at eliminating.

Senator ADAMS—How does it get to the single regulator? What process do they have to go through to get there?

Ms Riggs—The single regulator does not exist yet.

Senator ADAMS—I know.

Ms Riggs—Clearly there are a number of models to the way it could be constructed and we are currently seeking ministers' agreement on the broad framework for a regulatory impact statement which will explore those models and look at the costs and benefits of this operation.

Mr Wilson—As outlined this morning, the next step in that process is the ATC in November and then COAG in March or June next year.

Senator ADAMS—I wanted to raise that particular issue. I should have done it this afternoon but I thought I would do it now because it really does come in with the heavy vehicles and more and more machinery moving backwards and forwards across Australia. It is becoming a nightmare with the tourists, so it is a safety issue as well.

I am wondering about the deregulation of the container trade for wheat in August last year. Has any modelling been done on the extra number of containers and the lack of facilities to get them loaded on to ships? Has anything been looked at there?

Senator HUTCHINS—Did you think of that when you supported it?

Senator ADAMS—I knew it was all right in Western Australia at that stage. I am just wondering about the rest of Australia.

Mr Wilson—I am not aware of any modelling being done by the department in that regard.

Senator ADAMS—Obviously in the other ports everyone must be really happy with trying to get their grain off with containers.

Ms Riggs—The grain rail systems are a matter for each of the individual state governments.

Senator ADAMS—I am fully aware of that. This was just the containers that were mentioned before. Thank you for your help. Next time I will be able to ask the right questions at the right place.

CHAIR—Senator McGauran.

Senator McGAURAN—Do you have a timetable set for the recommendations that will come out from these five bodies?

Ms Riggs—In terms of the regulatory reforms, if that is what you are referring to, the Council of Australian Governments has asked that transport ministers bring forward draft regulatory impact statements for the council's consideration in the first half of 2009. Where the timetable goes after that will depend on what the Council of Australian Governments decides at that time.

Senator McGAURAN—If they are all chaired by state ministers, do they supply any sort of secretarial back-up or is it, as I understand it, dependent on you?

Ms Riggs—No. It is fair to reflect on the fact that each of the working groups has some part-time support. It differs in different jurisdictions from within the minister's home jurisdiction.

Senator McGAURAN—What are some of these national regulatory reforms? Can you name one or two that would be practical and common sense to your truck driver?

Ms Riggs—If I understand your question correctly, in the heavy vehicle space the issue of escort arrangements that your colleague has mentioned is one of them. Another example would be the arrangements for managing driver fatigue.

Senator Conroy—Senator Adams mentioned logbooks earlier in the day as well.

CHAIR—Thank you. I will now call Australian Rail Track Corporation Ltd.

[8.59 pm]

Australian Rail Track Corporation

CHAIR—Welcome, Mr Marchant. I remember Mr Marchant's presentation last time was absolutely fantastic. We were all in awe and I think we tried to keep you here for about an

hour and a half, which I can guarantee we will not do tonight, because we asked all of the questions of Mr Marchant last time. Questions from Senator Hutchins.

Senator ADAMS—Can we have an opening statement?

CHAIR—No. Senator Hutchins.

Senator McGAURAN—I have a point of order on that.

CHAIR—A point of order, Senator McGauran.

Senator McGAURAN—If there is a reason why we should not have an opening statement, I am happy to hear that.

CHAIR—I have chaired this committee now for some nine months. The only time I ask for a statement is if I get a note slipped to me when the witnesses wish to make an opening statement. We know CASA make one every time they come and that is it. It is not common practice.

Senator McGAURAN—It is common practice.

CHAIR—I am not going to get into a blue. It is not common practice. Mr Marchant, do you wish to make an opening statement?

Mr Marchant—I have nothing prepared for an opening statement.

CHAIR—Thank you. As I said five minutes ago: Senator Hutchins.

Senator HUTCHINS—One of the things that we were very interested in was the progress of the Sydney-Brisbane-Melbourne rail link. Could you bring us up to date with where it is, when you expect it to be completed by, all that we might wish to be aware of in terms of that arc?

Mr Marchant—As you are probably aware, the Australian government asked ARTC to undertake a detailed engineering and economic study of the proposed inland route. In the course of that process the study is to be completed by August/September next year, but we will be publishing major papers at each of the critical points. We have so far progressed to a situation where the outline of the study has been concluded with all the participating states—Queensland, New South Wales and Victoria—and with the Commonwealth department with regard to the form and structure of it. We have actually gone to the market for expert consultants. We have announced in the last month that Parsons Brinckerhoff have been retained as consultants on the detailed engineering and structural design frameworks for the route, and PricewaterhouseCoopers with ACIL Tasman have been retained to do the finance and economic analysis of the study framework.

The first major report will be around December when we will release an outline of the preferred engineering routes, the estimated costs around those routes and some of the benefits around those routes through into Brisbane. Effectively, that will be brought out for consultation to see what people's views are with regard to those options to feed back into the study for the next stage, which is the detailed engineering analysis of the costs, benefits and risks, the economic appraisal of how much it would cost to construct over a period of time, and the beginning of a study of an economic analysis of what would be the mix between public and private investment. That will form a second stage report in about March/April. We

will then get some feedback from that from both the finance sector and other interested players with regard to the form and structure of our views around the economics of it, the costs and the differential of the risks. From that, we will move to a preliminary environmental analysis of those routes to actually get firmer information on the costs on benefits and do a final report in August/September.

Senator HUTCHINS—To get to that stage, have you got the complete support of the Commonwealth and state and territory governments in terms of regulations, dimensions, all those sort of areas?

Mr Marchant—All the states have been forthcoming with assistance and giving their views with regard to the appropriate planning routes, the different options they would like to see included and the provision of any economic or other analysis they have of our particular markets. Our project manager is meeting with each of the states on a regular basis to actually keep both the information flows up and also to actually capture any information the states may have. In the end these routes will require planning and environmental approval from the states and in some cases they will be on common corridors which states already have for other rail or transport purposes.

Senator HUTCHINS—This is for passengers, is it?

Mr Marchant—It can include passenger systems. There is already an option of a couple of routes in the ranges behind Brisbane which are preliminary planning options which Queensland has done with regard to passenger systems. Therefore it is appropriate to have a look at that to maximise it as an option. There is a lot of consultation with each of the three states with regard to their information and with regard to their preferences and bringing that in so they are actually part of the process as well as part of a broader consultation. So far, everybody has been very supportive of going through constructive analysis.

Senator HUTCHINS—So in the end the Commonwealth makes the decision in this process, Mr Marchant?

Mr Marchant—At the end we will do a report by August/September next year and it will be a matter for the Commonwealth to weigh up the economics of that proposal against public and private investments and against other alternative investments that may achieve similar objectives.

Senator HUTCHINS—Mr Marchant, since last estimates, a number of us have been contacted by a group called the Macarthur Intermodal Shipping Terminal based in Minto in the Macarthur area of Sydney, whom you are all aware of. The group has advised a number of us that its rail company, Independent Railways of Australia, handles about 20 per cent of the container freight into and out of Port Botany. When I asked the question at the last estimates:

So the containers that go into Macarthur can be put on rail to Port Botany and vice versa?

your response was:

What it will do is open up the framework. Containers will be able to be moved much more freely in and out of the port and much more freely from Melbourne to Sydney and vice versa. They will not be held up by interacting with the urban passenger system. There is also another big benefit. It actually liberates about 100 urban passenger paths because they conflict with freight trains in the non-peak hours. So there is another benefit for the urban passenger system by separating the freight out.

At this point in time, will the Macarthur Intermodal Shipping Terminal handling that amount of freight out of Port Botany be able to connect to the South Sydney freight line?

Mr Marchant—MIST has three paths to Port Botany at the moment, three daily paths through RailCorp. Those paths go through the passenger system and then go into the Chullora mixed system— Chullora to the port. Chullora to the port is going to be separated from the passenger system and we will take that over from June or July next year; it will be totally separated from the urban passenger system. So effectively from the port out to Chullora and then from Chullora to Macarthur to Melbourne will be totally separated from the passenger system.

Now, part of the passenger system runs past MIST and effectively MIST presently runs on that system for three paths a day to the port. MIST approached us a couple of years ago and we worked up an option of developing a holding bay in between the passenger system and our freight line and for the option for them to move across the passenger system onto that holding bay. There are two elements required. Firstly, someone has to pay for the holding bay which is about \$15 million. We approached MIST to see what contribution they would make towards that because they are the only beneficial user of the holding bay. At one stage we put an indicative bid into AusLink with regard to the potential for that holding bay and went back to them on the basis of indicatively we may be able to get AusLink money for half of it if they were prepared to contribute the other 50 per cent in some form. So, the first issue is what contribution they make considering they are the only beneficial user of it. The second thing which is much more critical though is they have to get paths from RailCorp to get across to that line. I will explain why: there are two RailCorp passenger lines and MIST happens to be on the other side of where the Southern Sydney Freight Line is so they have to cross two passenger lines to get to that holding bay.

Senator HUTCHINS—That holding bay is in Minto is it?

Mr Marchant—It is just outside MIST. To cross those two lines you actually have to get paths from RailCorp so you can actually have a path to put your train through their system. To have a path, RailCorp must give up capacity systems and so far they have not been able to get permanent paths from RailCorp. So even if we built the holding bay with their contribution or otherwise, they may never be able to enter it. Effectively there needs to be a resolution with RailCorp about the paths problem, and secondly MIST needs to come to a view about how much they will contribute to the capital cost and therefore it could be looked at as a bid under AusLink.

Senator HUTCHINS—So is that the difficulty, the determination by RailCorp?

Mr Marchant—There are two difficulties, one getting determination of long-term paths and secondly what MIST's contribution should be?

Senator HUTCHINS—And has there been discussion about who would pay for this?

Mr Marchant—There have been extensive discussions about who should pay for it. MIST would like the government or ARTC to pay for it to pay for it. As I indicated we put an indicative bid to AusLink about possibly having 50 per cent paid for by the government through AusLink and 50 per cent contributed in one form or another by MIST as the only beneficial user of it. That contribution could be by amortising charges and access fees, or a

whole range of things. In the last week there has been another meeting with them and our people are redoing the costings to show them again and they are going to come back with what they think they can afford to contribute. Regardless of the contribution, they still need to get paths out of RailCorp on a long-term basis because putting \$15 million of a holding bay there, you want to be pretty certain you can get in and out of it. Their drive way is cut off by the two RailCorp lines; they need to get out of their driveway through the two RailCorp lines, therefore they need a pass to get out.

Senator HUTCHINS—Fair enough, thank you.

Senator MILNE—Do you have a problem with accepting 600 metre short-haul trains to Port Botany on the South Sydney line when it is completed?

Mr Marchant—Intellectually no; it has never been an issue raised with us.

Senator MILNE—I understand in the past you have stated to rail operators that you are only interested in long-haul or interstate trains of 1,500 to 1,800 metres; is that the case?

Mr Marchant—Your understanding is incorrect, Senator.

Senator MILNE—So that is not the case; you are saying that you do not have a problem with 600 metre short-haul trains to Port Botany?

Mr Marchant—As long as there are paths there we can get them through then that is good. The problem is not 600 metre trains; the problem is the access charges because effectively if you have signals on long hauls, you can only put one train in. If you have got 220 kilometres between signals and a 600 metre train or a 1,500 metre train, it is obviously cheaper for a 1500 metre train to pay the tariff for that use because the tariff is a gross tonne kilometre tariff. The issue on long haul for 600 metre, not short haul, has always been their cost per tonne is slightly higher because they are shorter. It has been an economic issue not a size issue. We have passenger trains that are just over 600 metres operating all the time.

Senator MILNE—It is just that people believe that you have made those statements in the past so I am glad that we can clarify that. Also I am interested in the cost blow out. The allegation is that the cost estimate has blown out from \$5 million to \$6 million for the Macarthur connection to \$14 million to \$16 million in the last two months.

Mr Marchant—No; I heard that last week from the particular company. The documents I have seen from my offices have always had it between \$11 million and \$15 million and the documents I have seen last year from my offices had \$11 million to \$15 million as well, including emails to that company.

Senator MILNE—Okay, that is fine, I am just interested to know. So you are saying it has been consistently between those figures over time?

Mr Marchant—It has been consistent within the realms of what we can estimate at this time. I will explain why. There are some elements of those costs which relate to RailCorp and New South Wales having to change its signal system and we do not have firm estimates from them. But the estimates I saw last week and the estimates I saw last year in the papers I went through a week ago indicate the estimates have been consistent for a year.

Senator MILNE—Okay. Can you tell me why you are not ensuring that the Macarthur terminal maintains its existing access to the Southern Sydney line at Ingleburn while a new connection is being built?

Mr Marchant—Firstly, Macarthur does not have existing access at Ingleburn now. Macarthur has three paths contracted with RailCorp now on the passengers and nobody is moving away from those paths at this point in time. The connections that we have always had in our plans, the connections that went in our EIS which was published—it went through an 18-week public exhibition in New South Wales in January two years ago—actually had the connection at Macarthur and the other connection at Chullora. There has been no change to the connections.

Senator MILNE—What about aligning the systems? It just seems to me that we are trying to facilitate as much freight onto rail so that we get rid of road congestion in Sydney. It looks like the control mechanisms have to be upgraded and there needs to be better alignment of the systems. It just seems to me that there are a lot of blockages being put in the way of this company which is transporting 20 per cent of the freight. Now they believe that you have made a decision to block access to them on the Southern Sydney Freight Line. That is essentially in a nutshell what they believe. Are you saying that is categorically not the case?

Mr Marchant—Senator, ARTC receives its funding via its customers. We do not receive any government funding for our operations. We are desperate to get as many trains on our track as possible to get revenue. We are not in the business of blocking people going on our tracks so we can earn revenue. In fact, we have gone out of our way to encourage as much new traffic as possible. The Southern Sydney Freight Line is a good example. There is not one dollar of government money in the Southern Sydney Freight Line. It is a \$300 million investment by the company from our resources, et cetera. It is not subsidised through AusRAIL or Austudy or AusLink. That money has been put up by the company against its forward revenue streams. So effectively to suggest that somehow ARTC has an interest in stopping people coming onto our track for us to earn revenue is counter-intuitive to what our business is.

Reality is that MIST would like to have access to the Southern Sydney Freight Line and we would like them to have it. But, there are two obstacles: (1) someone has to pay for that benefit in some form or put up a submission in a form which would get through some cross-subsidy with government contributing some and MIST contributing some; (2) secondly there has to be some resolution of getting paths from RailCorp so even if it is built they can get there. Now those are the fundamental things that need to be resolved. We have been positive in trying to seek a resolution of that with MIST for four years, including putting up submissions to AusLink and getting a preliminary agreement to 50 per cent of that funding possibly coming from AusLink if they commit to making some contribution. They never responded to our letter from a year ago making that offer. In the last few weeks they have come back saying, 'We want 100 per cent government funding.' Well, we do not give government funding. The reality is they need to help resolve what is commercially sound for their business if they wish to contribute to it, what is that level of commercially sound contribution whether it is adequate or inadequate, or at least come to a view of it. Their present view seems to be zero. Secondly, they need to resolve with RailCorp long-term paths

over and above the three paths they have already got otherwise anything that may be built can end up being stranded. These are very basic commercial things that need to be sorted through. There is no way that ARTC has impeded them; the exact opposite. We have actually encouraged and given suggestions about how to move forward but they have chosen in every other circumstance to go around and do political lobbying rather than actually dealing with commercial issues and sitting down and trying to sort them through.

I am hoping over the next few weeks they will. There is no way ARTC can cough up \$15 million out of the blue on a thing that we could not earn any revenue from of any substance for the short journey because the journey is only from there to the port for them. Secondly, even if we did, which we will not but we may contribute some, they still have to get there; they have to get out of the drive way and get across. The only way they can do that is by RailCorp committing to long-term paths to give security of their access. So those issues have not changed in four years.

Senator MILNE—Okay, we will see you next time.

Senator ADAMS—I have got some on the port rail shuttles. We just had a briefing on cargo sprinters—on their port-rail shuttle initiative and we saw the prototype. I am from Western Australia; do you see a future there perhaps if we end up getting another port or two new ports? That just may be a way of having containers going into Fremantle because it is becoming more and more urbanised and something really is going to have to happen. Do you see a role for these port-rail shuttles, the light weight ones that can just ship containers backwards and forwards and get them out of the way in a hurry?

Mr Marchant—There are three elements, one of which is that one of the great impediments to those short-haul small trains is in fact the access charge because of the signal distances. Again, you are running a factory, you have got 20 kilometres between signals or 10 kilometres between signals and one thing takes 600 metres up and the other kilometres are empty, that is a very sunken large investment and not very optimised. One of the ways of solving that is to actually move railways away from being controlled by signals. As you are probably aware, we are in a joint venture with Lockheed Martin and Lloyds Register reviewing a thing called an Advanced Train Management System which effectively is about controlling trains from a train control centre into the cabin of the train and tracking it both with GPS and gyros with back-up safety systems and actually therefore bringing the distance between trains to be a safe distance between trains plus braking distance—that is, getting rid of signals on the ground and dealing with distances between trains and their braking distances.

The additional benefit of that is if trains get too close to each other, the control system and the controls can switch the train off; it can stop it. So if the driver was killed or injured or had a heart attack, we could intervene and take control of the train and the system would overload. The extra benefit of that is you are no longer captured by the distance between signals; you are now dealing with the distance between trains. It would not matter whether a train was 600 metres, 300 metres or two kilometres, the next train behind it would be behind by the safe distance, plus braking distance; therefore, you could have a whole range of different types of units of activity running along the railway line, not being impeded by the distance between signals. Signals were a safe thing when they were developed in the 1850s and they have been

pretty interesting since then but our technology has moved on. We as a rail industry need to move to the next levels of technology. That will actually free up the whole issue of how capacity is charged, distances and capacity take-up because you move away from capacity based on things on the ground to things between trains. That pilot is a three-year pilot. We have just started it. The proof of that concept at the end of three years will probably lead to a much better and more sophisticated system which will actually increase the capacity of existing sunken infrastructure by 45 per cent.

Senator McGAURAN—Is it used anywhere else in the world?

Mr Marchant—It has been trialled in the US a couple of times. In fact, the US are now tracking our movement on it and, as you are probably aware from a recent accident in the US, the regulator in the US has now said they want something compulsory in the next 10 years. So, the US industry is now watching how we develop it forward. One of the reasons why we can get away with it and the US cannot is we have a common communications system and the US does not, and therefore it has a whole range of interfaces behind it. They are looking at how our common interface system works.

Effectively, the real long-term solution to that is take away what is in fact the economic and capacity impediments, which are signals; that is a long-term solution. In the short term, we are just completing a second dual line into Port Melbourne where previously there was only one standard gauge freight track in. As you could probably appreciate, a 50-kilometre one standard gauge track will not boost a lot of small trains when there are so many big trains that want to go in. We have just finished building a second line, and at this point both lines are signalled unidirectional. In January, there will be a close-down and we will bidirection those two lines so they can run both ways, so you get four times the capacity out of twice the capacity that exists now. That will help those sorts of options moving forward.

But the long-term method of helping is to move away from the present signalling system which acts as a deterrent to train sizes, because you obviously have to maximise the capacity you can take up. In the longer term we are working on solutions which would change the whole dynamics of that problem. In the shorter term I expect that, in Brisbane and Melbourne, there will be some shuttles out to the terminals in outer Melbourne but not as many as could take place in years to come. In Sydney there is a potential for shuttles, and that is why I am surprised by the comment about 600 metres because I have made no comment about the size of trains in and out of ports to anybody, not even to my staff. Effectively, the shorter trains in and out of the ports are likely to be more frequent to the inner terminals, whether it is MIST or Moorebank or Chullora. The same occurs in Melbourne. So the potential for shorter hauls out and reconfiguration in those centres is quite high, but the longer term solution has changed the whole economic dynamic of it and changed the nature of signalling. In the medium term, I think the path we are on will not only get us through that but be progressive in world freight markets.

Senator ADAMS—So, for a greenfields site, in a few years time maybe that will be the solution to it?

Mr Marchant—We will finish the proof of concept in three years. We will actually prove most of the concept in two; most of it is already proven. We are not creating a world; all we

are doing is bringing together existing technology and integrating it. Effectively, the next two years we will get through that and in the third year we will actually prove the next sophisticated levels, but enough for every rail safety regulator, of which there are seven in the country, to come to a view on.

Senator McGAURAN—On the same point, on that signals research that you are undertaking, is there any government support in that and, if not, have you submitted any to the infrastructure review, Infrastructure Australia?

Mr Marchant—We have put a very wholesome submission to Infrastructure Australia about our longer term views and the modelling we have done of land transport and sea transport in that framework. Incorporated in that is in fact an advanced train management system rollout framework.

CHAIR—On the same topic, Mr Marchant, I will just declare an interest: I love rubber wheels, but I also think trains have an important role to play. Make no mistake: what you do, you do well. Just to clarify Senator Adams' line of questioning on the cargo sprinters, let us talk about our home town of Perth where our wharf is currently in Fremantle and the major freight warehousing and distribution centre is queued up. Senator Adams was alluding to whether the port may move down to Kwinana. You will not convince me, on an economical argument, that they are the way to go in Western Australia for freight distribution in the metropolitan area because regardless—I am not going to get into an argument about the merits of moving the wharf, not at all—but costs will kill that.

Mr Marchant—If I could add to that?

CHAIR—Please, convince me.

Mr Marchant—No, I will not. Be under no illusions, on short-haul journeys rail is not economic, and double handling is one of the big problems for Melbourne, Sydney and elsewhere. Unless there are price penalties in some form, the reason so many trucks move freight from the ports is that the great bulk of the freight, 70 per cent plus, is moved within 80 kilometres of the port. So essentially the real problem is you would have to unload from the port, you then load it onto a train, you then move it 80 kays, then unload the train and put it on trucks for another journey. The economics of those things are not going to work through thoroughly. Where they do work through is where you do not have a small load, like cargo springers, but you have average loads, 300 metres or 600 metres, or where you are moving, for example, in Sydney, empty containers. There are 100,000 empty containers taking up valuable land space right in the port of Sydney. If you can move those 100,000 containers out of the way and bring them in—because you can stream them in because they actually are scheduled when they have to move; you can schedule them in with other goods and services—you can actually help part of the problem. But it is not a panacea to short-haul journeys. In most cases, short-haul journeys are not effective on rail.

CHAIR—And that is what I just want to clarify, Mr Marchant, because the line of answering to Senator Adams' question may have left some reading the *Hansard* or sitting at home hanging on the edge of the seat listening to us talk now with, 'That is the you-beaut way of moving freight around the metropolitan area and off the waterfront to our Welshpool

warehousing and distribution centre.' Thank you very much, I am sorry I interrupted. Senator Adams, you still have the call.

Senator ADAMS—We both want to ask questions but New South Wales can go first, then WA.

Senator WILLIAMS—I have several questions here, Mr Marchant. They probably only require brief answers, but I do have a fair few questions. I refer to the budget announcement by the Rudd government regarding the \$3 million for a grain rail task force that will:

... will see industry and governments work together to develop viable long-term solutions to grain transport in NSW ...

Under what program will this task force be funded?

Mr Marchant—Senator, that is a matter for the Australian government. I am just a member of the task force.

Senator WILLIAMS—I see from your media release of 12 November 2007 that you proposed to invite growers, handlers, the National Farmers Federation, the Australian Rail Track Corporation and the New South Wales government to participate in this task force. Also I note from media dated 20 October this year that the government has decided on the make-up of the review of the task force. Who will make up the task force?

Mr Marchant—Again, Senator, that is a matter for the government. All I can tell you is that ARTC was announced as being a member of the task force.

Mr Tongue—We touched on this issue earlier today back with Mr Williams from the Infrastructure Investment Division. If you have got more questions in this vein I think we would need to put them on notice and we can handle them that way.

Mr Marchant—Senator, I am just a member of the task force.

Senator WILLIAMS—I will be glad to put these on notice and hand them to you.

Mr Tongue—If you just give them to me.

Senator ADAMS—I asked you a question last time on the grain network and rail in Western Australia and you were able to give me some information, even though you were not really that involved with it. Have you any idea where that is going? There is a lot of angst about the state of our rail over there and whether the new task force is going to move in that direction. We have a WA task force. Are you involved with that?

Mr Marchant—Not in the WA task force, although I am aware of it.

Senator ADAMS—So who do we ask those questions of, because I missed out—

Mr Tongue—That was Mr Williams this morning in Infrastructure Investment.

Senator ADAMS—I missed that session.

Mr Tongue—If you would like to put them on notice we can handle them that way.

Mr Tongue—I am not across it enough to help you; my apologies.

Senator ADAMS—I do not have any more questions.

CHAIR—Thank you, Senator Adams. There are no further questions. Senator Williams, did you want to put something on notice or do you want to ask a question?

Senator WILLIAMS—No, I am going to email them tomorrow to be put on notice, if that is okay with you?

CHAIR—That is absolutely no drama. Mr Marchant, I have had a quick meeting with the committee. We do thank you very much and we can guarantee you that you will not be last at the next round of budget estimates. I can guarantee you that. Minister and officials from the department, thank you. Once again to Broadcasting and Hansard, another superb job, without any whingeing, thank you. And to the secretariat, thank you. That concludes today's hearings.

Committee adjourned at 9.31 pm