



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

THURSDAY, 27 MAY 2004

CANBERRA

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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION

COMMITTEE

Thursday, 27 May 2004

Members: Senator Heffernan (*Chair*), Senator Buckland (*Deputy Chair*), Senators Cherry, Colbeck, Ferris and O'Brien

Senators in attendance: Senator Heffernan (*Chair*), Senator Buckland (*Deputy Chair*), Senators Colbeck, Crossin, Ferris, McLucas and Stephens

Committee met at 9.05 a.m.

TRANSPORT AND REGIONAL SERVICES PORTFOLIO

Consideration resumed from 26 May 2004

In Attendance

Senator the Hon. Ian Campbell, Minister for Local Government, Territories and Roads

Department of Transport and Regional Services

Corporate

Mr Ken Matthews, Secretary

Mr Peter Yuile, Deputy Secretary

Mr Mike Mrdak, Acting Deputy Secretary

Corporate Group

Mr Jeremy Chandler, First Assistant Secretary, Corporate

Mr Simon Ash, Chief Financial Officer

Mr Robert Twomey, Chief Accountant

Ms Linda Holub, Assistant Secretary, Executive and Governance

Mr David Banham, Chief Information Officer

Policy and Research Group

Transport and Portfolio Policy

Mr Mike Mrdak, First Assistant Secretary, Policy and Research

Dr Anthony Ockwell, Assistant Secretary, Portfolio Policy

Mr John Elliott, Assistant Secretary, Infrastructure

Mr Jim Wolfe, Assistant Secretary, Rail, Logistics and Maritime

Mr Nick Bogiatzis, Assistant Secretary, Transport Markets

Bureau of Transport and Regional Economics

Dr Judith Winternitz, Acting Executive Director, Bureau of Transport and Regional Economics

Mr Phil Potterton, Assistant Secretary, Transport Research

Programs Group

Transport and Local Government Programs (consideration of transport programs)

Mr John Doherty, First Assistant Secretary, Transport and Local Government Programs

Ms Joan Armitage, Assistant Secretary, Transport Programs North and West
Mr Robert Hogan, Assistant Secretary, Transport Programs South and East
Mr Adrian Beresford-Wylie, Assistant Secretary, Local Government and Natural Disasters
Mr Geoff Watts, Director, Local Government

Regulatory Group**Office of Transport Safety**

Mr Andrew Tongue, First Assistant Secretary, Office of Transport Safety
Mr John Kilner, Assistant Secretary, Maritime Security
Mr Andy Turner, Assistant Secretary, Aviation Security
Ms Vicki Dickman, Assistant Secretary, Regional and Freight Security

Airservices Australia

Mr Bernie Smith, Chief Executive Officer
Mr Hisham El-Ansary, Chief Financial Officer and General Manager
Mr Tom Grant, General Manager, Corporate Development and Corporate Secretary

Aviation and Airports Regulation

Mr Martin Dolan, First Assistant Secretary, Aviation and Airports Regulation
Ms Fiona Lynch, Assistant Secretary, Airport Planning and Regulation
Ms Marilyn Chilvers, Assistant Secretary, Aviation Operations
Mr Mike Smith, Executive Director, National Airspace System Implementation Group
Mr Warrick Paddon, Group Captain, National Airspace System Implementation Group

Surface Transport Regulation

Mr Bill Ellis, First Assistant Secretary, Surface Transport Regulation
Mr Peter Robertson, Assistant Secretary, Vehicle Safety Standards
Mr Michael Sutton, Assistant Secretary, Surface Transport Regulation and Reform

Australian Maritime Safety Authority

Mr David Baird, Acting Chief Executive Officer

Safety and Investigation Group**Australian Transport Safety Bureau**

Mr Kym Bills, Executive Director
Mr Alan Stray, Deputy Director, Air Safety Investigation
Mr Robin Graham, Director, Safety Investigations
Mr Joe Motha, Director, Safety Research and Education

Regulatory Group**Civil Aviation Safety Authority**

Mr Bruce Byron, Chief Executive Officer
Mr Bruce Gemmell, Deputy Chief Executive Officer
Mr Rob Collins, Executive Manager, Aviation Regulatory Services
Mr Bill McIntyre, Executive Manager, Aviation Safety Standards
Ms Nicola Hinder, Executive Manager, Corporate Affairs
Ms Sue-Ellen Bickford, Executive Manager, Corporate Services
Mr Ray Comer, Executive Manager, CASA Improvement Program
Mr Arthur White, Acting Executive Manager, Aviation Safety Compliance
Mr Peter Ilyk, General Counsel

Programs Group**Transport and Local Government Programs (consideration of local government programs)**

Mr John Doherty, First Assistant Secretary, Transport and Local Government Programs
Ms Joan Armitage, Assistant Secretary, Transport Programs North and West
Mr Robert Hogan, Assistant Secretary, Transport Programs South and East
Mr Adrian Beresford-Wylie, Assistant Secretary, Local Government and Natural Disasters
Mr Geoff Watts, Director, Local Government

Policy and Research Group**Regional Policy**

Ms Sema Varova, First Assistant Secretary, Policy and Research
Mr Daniel Owen, Assistant Secretary, Regional Policy

Programs Group**Regional Programs and Territories**

Ms Leslie Riggs, First Assistant Secretary, Regional Programs and Territories
Ms Wendi Key, Assistant Secretary, Regional Program Operations
Dr Leo Dobes, Assistant Secretary, Analysis and Performance
Mr Gary Dolman, Assistant Secretary, Regional Communities—Regional Office Network
Mr Andrew Wilson, Assistant Secretary, Territories

National Capital Authority

Ms Annabelle Pegrum, Chief Executive Officer
Mr Lindsay Evans, Managing Director, Business
Mr Graham Scott-Bohanna, Managing Director, Design
Mr Andrew Baird, Director, National Capital Promotions
Mr George Lasek, Director, National Capital Estate
Mr Ross Addison, Director, Finance
Mr Phil Wales, Director, Executive Governance
Mr Andrew Smith, Director, National Capital Projects
Mr David Wright, Director, National Capital Plan
Mr Ted Schultheis, Principal Town Planner

CHAIR—I declare open this Senate Rural, Regional Affairs and Transport Legislation Committee. The committee will continue its consideration of the 2004-05 budget estimates for the Department of Transport and Regional Services. Answers to questions on notice and additional information should be received by the committee no later than Friday, 9 July 2004.

Senator BUCKLAND—A number of colleagues and I have been provided with information from Cessna owners. It suggests that CASA has sent a letter—reference C04/6304, dated 2 March 2004—that may have the effect of immediately shutting down a number of aviation charter businesses that use Cessna planes. Are you aware of that letter? Do you have access to it?

Mr Byron—Yes, I am aware of that letter. I am also aware of the subsequent action undertaken by CASA in response to contact by industry members about that issue. The current status is that the effect of the letter that was originally sent was rescinded a very short time afterwards, when the extent of the effect throughout the industry became known—given, though, that the content of the letter reinforced to owners of these types of aircraft that they

should be engaging in maintenance activity, as required by the manufacturer, at the earliest possible time.

The onus is quite clearly on the owners of these aircraft to undertake the necessary maintenance. The CASA reminder to the industry of their obligations to conduct this maintenance had fairly wide effect. It was a bit disappointing to notice that so many people had not engaged in the recommended maintenance activities. We undertook significant consultation. When I became aware of the extent and the possible effect on sectors of the industry I immediately altered the content of the letter, with follow-up instructions from the appropriate area of CASA. CASA has conducted considerable discussions with industry and has reached an agreement with the key areas of industry on a progressive implementation of the manufacturer's maintenance requirements. We are still finalising our formal position, but we are likely to insist that those aircraft currently engaged in public transport RPT operations—those aircraft that we would require—have the effective maintenance done as a matter of urgency. I am talking months here. There will be a number of other aircraft engaged in charter operations, which I believe you referred to.

Senator BUCKLAND—Yes.

Mr Byron—There will probably be a larger number of them. We will be working with industry—in a shared responsibility concept, I suppose, even though the obligation is on the owner to engage in this activity—to ensure that each owner of these aircraft provides to us a plan of how they can address the recommended maintenance requirements from the manufacturer in what we will assess to be a timely manner. We will not allow this issue for aircraft engaged in commercial operations to go unaddressed for ever.

Senator BUCKLAND—You talk about a time frame of months.

Mr Byron—Yes.

Senator BUCKLAND—Can you be more specific than that? Months could mean anything up to six or eight months, but in what you said you sounded as though you mean something more immediate than that.

Mr Byron—For aircraft engaged in RPT operations, the proposal in front of me that I am considering is by the end of July.

Senator BUCKLAND—How long before operators are advised of that?

Mr Byron—Within a week. However, I hasten to add that most of the operators that are affected in that category are engaged in discussions with CASA and certainly would be aware of the way CASA is thinking.

Senator BUCKLAND—That is for the operators of regular passenger transport, isn't it—RPT?

Mr Byron—Yes.

Senator BUCKLAND—What about other operators of these planes—flying schools or charters? What if you just want to go up for a little while yourself as many of us in the Senate would do occasionally—get an operator to take us?

Mr Byron—The majority of these aircraft are engaged in some form of commercial operation. There are not many engaged in RPT. The bulk of them are in charter. We are putting the priority on RPT aircraft. The charter aircraft is a much larger volume—possible anything up to 100 aircraft. We are looking at operators of those aircraft providing us with a plan of how they intend to address the issue. We will need to be satisfied that they are actively looking at a way of doing it. It is a graduated response to addressing what we believe are the high priority areas.

Senator BUCKLAND—We are talking about two series of aircraft—the 300 and 400 series. I am not pretending to be very knowledgeable on the series, but they are twin-engine aircraft, aren't they?

Mr Byron—Yes.

Senator BUCKLAND—What part of the aircraft is in question with the supplementary inspection document that is talked about—the engine, flight services?

Mr Byron—I believe it relates to inspections relating to structural issues concerning the wings of the aircraft.

Senator BUCKLAND—What sort of time have you set for the non-RPT operators or what do you have in mind for that?

Mr Byron—As I mentioned, I have not actually set a specific time frame for any classification of operation at this stage. I expect that with the RPT aircraft that will be given the highest attention we would be looking at a time frame of about the end of July. I would expect that with aircraft engaged in charter operations I would want to be satisfied that people are addressing these issues in this calendar year or, at the latest, in the early part of the next calendar year. That is the way I am thinking at the moment. At this stage we do not look like enforcing a time limit for aircraft engaged in private operations but we will keep a watching brief on this particular issue. It is also possible, based on informal advice that we have had to date, that the initial certifying authority—the FAA in the United States—may take some form of mandating action down the track.

Senator BUCKLAND—And you would reflect that?

Mr Byron—Yes.

Senator BUCKLAND—The importance of being more stringent with time frames on RPTs relates to the hours flown, doesn't it? A private operator would fly a lot fewer hours, I would think.

Mr Byron—It is a combination of things. The first thing is that we believe we have an obligation to address as the highest priority those areas that affect the travelling public—the small RPT operators. It is also likely that those aircraft are the higher-time aircraft. There may be exceptions, but it is also likely. From our initial analysis, it would seem that those aircraft are likely to have the higher time. On the basis of a technical approach we should be dealing with those aircraft first, but also, from a commonsense approach to dealing with the travelling public in RPT, that is the area where we will focus initial attention. These sorts of concerns from us have been communicated to relevant industry organisations.

Senator BUCKLAND—Are the inspections you are talking about actually carried out in the workshop when the planes go in for their regular service every couple of hundred hours, every thousand hours or whatever it is?

Mr Byron—They are inspections that are required in the workshop; they are not necessarily tied to a regular cycle of maintenance. It is an inspection that, in the ideal case, I would expect operators to have done already—either on its own or as part of a previous scheduled maintenance activity. Normally it would require the aircraft to be put in a workshop, with panels being taken off and inspections being conducted—that type of thing.

Senator BUCKLAND—Quite often I use a pilot who will use a club plane from various clubs near where I live.

Mr Byron—Sorry, what sort of plane?

Senator BUCKLAND—For charters. They belong to flying clubs. I know he spends quite a bit of time—he goes out at least an hour before me—walking around looking at things and touching things.

Mr Byron—He will not address this requirement by walking around the plane.

Senator BUCKLAND—So it is a reasonably important checking process. As far as you are aware, have any owners and operators of Cessna aircraft been forced to close their business as a result of the direction?

Mr Byron—Not as far as I am aware, no, and I think I would have heard.

Senator BUCKLAND—I understand that some of the regional operators in Australia are facing extreme difficulties in maintaining services. As I understand it, they have put to the government—I do not have the documents so I have to take a fairly broad brush approach—a submission requesting assistance with maintaining their operations. I do not know that it is a CASA matter—looking for rebates on seats filled on flights for aircraft under 19 passengers.

Mr Byron—You are quite correct; that is not a CASA matter. And it has not been directed at CASA.

Senator BUCKLAND—Thank you.

Senator CROSSIN—I have a few questions following on from February. They relate to the Bristow helicopter accident that occurred on 29 September 2003. Can you clarify for me whether you are aware if a licensed aircraft engineer has lodged at least four submissions to the Transport Safety Bureau via the confidential aviation incident reporting system dating back as far as 2002 detailing a number of very serious concerns affecting the flight safety of aircraft operated by Bristow helicopters?

Mr Byron—I am aware that CASA has been provided by the ATSB with information of some concerns. They were forwarded to us by the ATSB. In response to that, CASA has conducted some investigative action. This is very much a detailed operational matter, so I might ask Mr Arthur White to answer in detail.

Mr White—We did indeed receive the CAIR reports that you refer. They contained two forms of allegations. The first was directed towards maintenance on the helicopters and the second were with reference to people—to personnel. Our immediate concern was the

maintenance, because that is a safety issue. CASA conducted a special audit. To do that, we used people who had not been involved with Bristow previously—and indeed were from central office. It was an independent audit. That was done several weeks ago. The results of that audit—which was a general audit but also specifically looking at what was in the CAIR reports—

Senator CROSSIN—Is this an audit on Bristow helicopters?

Mr White—It was on Bristow helicopters. The results of that audit did not bear out that there were any problems—any safety concerns. There were some deficiencies, but that is pretty normal in any audit. In relation to the second aspect—the allegations against various people—CASA is conducting an investigation. That is under way at present and I would prefer not to comment on it because we do not have any results from that as yet.

Senator CROSSIN—Can I get a copy of the independent audit or is it an internal document?

Mr White—It is an internal document. It has not been completed as yet. It will be passed to the second investigation, because aspects will cross over between the two. At the present time, I would suggest that it should be kept internal.

Senator CROSSIN—I understand that what was raised—and you are saying that perhaps this has been investigated—was the fast tracking of many of the newly employed engineers through the CASA licensing system. Did you find any evidence of that?

Mr White—The initial investigation—which, as I mentioned, was to do with safety and maintenance—did not find anything in that area. But the second investigation will also cover that.

Senator CROSSIN—I take it that the second investigation will also look at the claims that there are inexperienced and inappropriately licensed engineers. Is that correct?

Mr White—Correct.

Senator CROSSIN—My questions go to some concerns that the ATSB or CASA have not, up until now, conducted their own discrete investigations. But you are reassuring me that that is now happening?

Mr White—The Western Australian office, which has responsibility for Bristow, does scheduled audits on the company. It has been aware of the allegations, and nothing has been found in the scheduled audits. The audit that we have just completed was specifically aimed at the allegations in the CAIR report.

Senator CROSSIN—You would be aware that this has all been triggered by an incident on 29 September last year, when the helicopter suffered a complete loss of the tail rotor control. Is that correct?

Mr White—That is my understanding.

Senator CROSSIN—What happened when that happened? What is the chain of events after an incident like that occurs?

Mr White—I believe that would be an ATSB investigation, which is outside CASA's responsibility at that stage.

Senator CROSSIN—Are you aware that ATSB, I understand, investigated that and appointed three persons—the engineer in charge at Karratha, the quality assurance manager and the director of engineering of an outsourcing company, Aerotecnica? Two had connections or, by implication, had interests in Bristow? How independent is that?

Mr Byron—In terms of the investigation conducted by the ATSB, they have the statutory authorities to conduct the investigations under their requirements. I would suggest that that question would be better addressed to them. We do not have any oversight over the ATSB's investigative activity.

Senator CROSSIN—Who does that? When they conduct an investigation and they use three people who are closely related to or connected to the company that is being investigated, who has the authority to be able to say to the ATSB that that investigation is not good enough and that they should do it again? Is there another body that checks what ATSB does?

Mr Byron—CASA certainly does not have any powers to insist that ATSB does its investigations again or in a particular way. I would like to emphasise again a particular point that Mr White made: as part of CASA's activities—and we take any of these complaints very seriously, particularly when they involve comments about the way people believe CASA does its job—we particularly made sure that part of our own investigative activity was done independent of anyone that would have any normal contact with this company. That is a process that we are applying in any cases that arise like this: using people that do not normally have contact with the company or that particular area of operation—or, indeed, come from a different functional part of CASA—is an activity that we are starting to apply. I can only comment on CASA's investigative activity.

Senator CROSSIN—I appreciate that. Your CASA office in Perth has been issuing maintenance authorities to engineers working for Bristow helicopters—is that correct?

Mr White—Sorry, could you repeat the first part of the question?

Senator CROSSIN—Your office in Perth, as part of its normal activities, issues maintenance authorities—

Mr White—That would be correct.

Senator CROSSIN—To engineers working for Bristow. Is that right?

Mr White—That would be correct.

Senator CROSSIN—Do they check whether or not they have any experience in the type of helicopters they have been given approval to maintain or to service?

Mr White—Part of the process would be to check that they have the right background and skills.

Senator CROSSIN—There are allegations that those certificates are going to engineers who have little or no experience in dealing with those helicopters. How can we find out if that allegation is accurate?

Mr White—I cannot comment on that at the moment, but we could follow that up through the second investigation.

Senator CROSSIN—Perhaps you could take it on notice and ask your Perth office.

Mr White—Certainly.

Senator CROSSIN—Ask them what activities they undertake and the level or detail of work that is undertaken to check what experience these engineers have in that area. Who actually oversees entries that are made into a schedule of experience log?

Mr White—I am not too sure what you are referring to. Are you talking about in the CASA office—whether we log all the details?

Senator CROSSIN—When an engineer says to you, ‘I have experience in this way,’ do they have to log it in some sort of book? Is there some record of how they prove to you what experience they have had?

Mr White—There should be a file kept within the office. Certainly if a LAME or somebody of that ilk is claiming that they have licences, they should provide the licences at the time.

Senator CROSSIN—As part of your investigation, are you going to look at those records as well?

Mr White—We could do so.

Mr Byron—If I could add something there, any allegations concerning any of these comments that are made will be investigated by CASA where they affect areas covered by CASA relating to compliance licensing standards or operational standards.

Senator CROSSIN—The allegation is that the experience is logged in a relatively short time—often within a number of months rather than over the period of years you would normally expect. Perhaps in your investigation you might want to look at the entries and the regular nature of those entries and see if there is any verification of them. Is it true that your Perth office has given Bristow helicopters a blanket authority for engineers that fly in and fly out? Has there been some delegation passed over to Bristow that allows them to authorise engineers who fly in and fly out?

Mr White—I am not too sure what you are referring to. Off the top of my head, I am not aware of any such delegations, but there may well be approvals for UK people, for instance, coming over here to undertake maintenance if they are properly licensed.

Senator CROSSIN—I understand that your Perth office claims that they have given Bristow helicopters a blanket authority. I am assuming that is to actually log their experience.

Mr White—I am not aware of that. I cannot answer that question.

Senator CROSSIN—Can you take it on notice and see if it has occurred.

Mr Byron—Yes, we can do that. Might I just add that we are aware of these allegations and we are currently investigating each and every one of them where they affect licensing standards or operational standards.

Senator CROSSIN—I appreciate that. I am just trying to raise some of the issues publicly so they are on the record. The reason I raise the blanket authority issue is that I understand that it was given to Bristow so that they could verify the experience of their engineers in the fly in, fly out capacity. The supervising engineer may not be around when the engineer fills in his schedule of experience book, so Bristow have been handed this authority, as I understand

it. Could you take that on notice and find out if that is the case—or include it in your investigation.

Mr Byron—My understanding is that that was part of the original allegations. It is therefore part of the current investigation.

Senator CROSSIN—Just for the public record, are you aware of CHC Helicopters, a company based in Adelaide, I understand, that operates in exactly the same way as Bristow helicopters with a fly in, fly out work force and that has very limited exemptions offered to it by the CASA Adelaide office—to the extent that the supervisor must verify and sign the SOE book. There seems to be some inconsistency here about the way Adelaide office is treating CHC compared to the way the Perth office is treating Bristow. On notice, can you do that comparison and let me know why there is this suggestion of some inconsistencies.

Mr Byron—We are happy to do that.

Senator CROSSIN—Can you also take on notice why CHC in Adelaide have advised engineers who have held various maintenance authorities issued by CASA Perth while working for Bristow that their authorities have been refused by the CASA Adelaide office due to insufficient experience? It seems that some engineers working at Bristow who have been given the tick by the Perth office do not get that tick when they move to CHC in Adelaide.

Mr Byron—We can take that on notice.

Senator CROSSIN—There is some inconsistency. Basically, I am asking you to look at anomalies in the licensing and recognition of experience in the issue of maintenance authorities between the CASA Perth and Adelaide offices.

Mr Byron—I am happy to take that on notice. At this stage, I am not aware of any anomalies, but I will determine whether or not there appear to be any.

Senator CROSSIN—Thank you. That is all I have.

Mr Yuile—I have been out of the room, but I have just had a message through. I apologise that I did not hear the line of questioning in regard to Bristow helicopters and the tail rotor problem. I am advised that ATSB has issued its report on this matter—on 23 May. That will be on their web site, but I can arrange a copy for you. Apparently you made some points in regard to engineers apparently appointed by ATSB to do some investigation. That is not correct. ATSB requested the company to undertake an engineering report as part of the work on the ATSB report. Bristow appointed some engineers to do a report for them in response to the ATSB request for an engineering report. ATSB in turn, of course, had to do its own assessment of that report. The key point is that the ATSB's report on the tail rotor problem was issued on 23 May.

Senator CROSSIN—You do not know who actually conducted that report by ATSB?

Mr Yuile—I do not, but I can find out. It would be one of our investigators.

Senator CROSSIN—I am sorry you were not here earlier. I know that ATSB are not here; I missed them last night unfortunately. There has been an allegation that the investigators the ATSB appointed were actually three engineers that had a connection to Bristow helicopters. There is a claim that the investigation is not as independent as some people would like.

Mr Yuile—That is the clarification I am making. ATSB called on the company to provide an engineering report to it about the issue. The company engaged engineers to do that engineering report for ATSB—to provide it to ATSB as part of its consideration of the issue. It is not about ATSB engaging engineers and then relying on that. It is ATSB requesting a report, which it then received and took into account as part of its process of examination of the issue. I do not have any more detail.

Senator CROSSIN—Do ATSB conduct their own analysis of what is happening? They do not solely rely on the engineer's report from the company, do they?

Mr Yuile—They would have had to assess the report.

Senator CROSSIN—Thank you. That is all I have.

[9.48 a.m.]

CHAIR—We will now turn to Surface Transport Regulation.

Senator BUCKLAND—Thank you for coming back. We appreciate you doing that. Could you briefly give me an overview of the functions undertaken by the Surface Transport Regulation division under the current structure for the department?

Mr Ellis—We have formed ourselves into two groups within the larger regulatory group. One part, headed by Mr Peter Robertson, regulates motor vehicle standards. Those are the standards that we call Australian design rules, related to safety and emissions requirements under the Motor Vehicles Standards Act. The other part of the division deals with road and rail transport reform and administers the coastal permit system; it also deals with other maritime environment issues and regulatory issues. Particularly on that maritime side, we work closely with AMSA, the Maritime Safety Authority.

Senator BUCKLAND—On the motor vehicle standards, Mr Robertson is doing that. The second one you mentioned was road and rail, but you talked quite a bit about maritime as well. It is the three of them, is it?

Mr Ellis—It is the three elements. Regarding the road and rail transport reforms, much of our attention is worked through the National Transport Commission.

Senator BUCKLAND—What is the overall budget allocation for the division for the 2004-05 financial year?

Mr Ellis—The overall budget for the regulatory group as a whole is estimated as \$42.4 million for 2004-05. The component budget for these groups of functions is still being worked through and will be part of that overall figure.

Senator BUCKLAND—And how long before you will have that sorted out?

Mr Ellis—We are working through that right now. In conjunction with developing business plans for 2004-05 I would expect that both the business plans and the actual budget allocations out to the particular functions would be largely developed by mid-June.

Mr Matthews—Senator, you will recognise in that answer a very similar content to what Mr Tongue was saying yesterday—Mr Tongue is another division head in the regulatory group, and Mr Dolan as well—and it probably merits a bit of explanation. The budgets are assigned to a group; a group is made up of a couple of divisions. In most departments

divisions are self-contained entities. In this department we put the divisions together within a group, partly to allow some movement and flexibility according to peak workloads and so on within the group. It gives an opportunity to relieve workloads and to augment resources where necessary. There will not be specific divisional budgets in groups; there will be specific group budgets. That was the point I made yesterday—that we will have them out by 30 June so people know in advance, at the beginning of the year, how much is available to the group. But the specific assignments to divisions is left flexible through the year so that as workloads rise and fall we can move people and resources within that group to accommodate those changes.

Having said that, as Mr Ellis has already said, at the beginning there needs to be an estimate of what would be allocated to each function. For example, there needs to be clarity about what the starting point is of the various functions that Mr Robertson is responsible for. I hope that helps, but it is a slightly different arrangement that we have.

Senator BUCKLAND—It does help a bit, because I have picked up over the last few years that the whole department seems to be a moving feast in the setting up of groups and divisions and so on. Does that reflect the changing character of surface transport?

Mr Matthews—To some extent. I would make this point, though: no organisation that is healthy is ever absolutely stable. It is good and responsive to be able to make organisational changes during the years and certainly from year to year, because the world changes.

Senator BUCKLAND—I base it on the fact that rail is a prime example of that. Every man and his dog has a rail system now; I have got a model railway. It is different from just having a state based rail system and a Commonwealth system and then one or two heavy ore carriers. Now it seems there are so many players in the rail field that I wonder if this movement is going on to reflect those sorts of changes. Even the road transport now seems to be big companies rather than a whole lot of small operators.

Mr Matthews—I think you are right. We are going through in Australian transport a period of unprecedented change. That is an important reason why the department, particularly in these regulatory areas, needs to be flexible to deal with that. There is a lot of movement—commercial change, alliances and rationalisation in land transport, and Mr Ellis has to grapple with that.

Mr Yuile—I think that either Senator Buckland or Senator O'Brien was asking about multimodal research in the context of BTRE. One of the issues that the department has been grappling with over a number of years is the increasingly integrated nature of transporting logistics, the multimodal way in which shippers think about moving their goods around and also the way companies are thinking and integrating. So, to some extent, the move to the functional regulation in programs and policy groups with each of the modes combined is also a reflection, I think, of that kind of increasing integration and the need for us to be responsive to that.

Mr Matthews—I would add one more thing and then I will shut up. It raises questions about accountability. We are prepared to be as accountable and transparent as possible. The way that we are offering accountability is by drawing from the department as it used to be organised a set of similar functions. All of the regulatory functions which used to be scattered around the department are now concentrated in particular groups so that you can see how

many dollars the parliament is appropriating for regulation. All the policy and research functions have been put into the Policy and Research Group that you were talking to yesterday. All of the programs are in the Programs Group. They used to be scattered around the department. It is my belief that that actually improves visibility and accountability because you can see which dollars are being spent on what functions. The ones we are talking about here are all of the regulatory functions consolidated into one group.

Senator BUCKLAND—How many staff are currently working within the surface transport regulation division?

Mr Ellis—About 67 or 68 at the moment, comprising ongoing employees and some temporary employees.

Senator BUCKLAND—As to the budget we spoke about—that is, the \$42.4 million—

Mr Ellis—That is for the overall larger group.

Senator BUCKLAND—Yes. How does that compare to last year?

Mr Ellis—The group's operational budget for 2003-04 in the current year is \$26 million.

Senator BUCKLAND—How does the figure of 67 or 68 people you talked about compare with the start of the 2003-04 financial year and then the start of the 2002-03 financial year?

Mr Ellis—For just this division or the overall group?

Senator BUCKLAND—For the ASL group.

Mr Yuile—I think from 3 June last year the staffing for the regulatory group was 208.2 FTE. The number as at 30 April this year was 223.1.

Mr Ellis—The figure of 67 or 68 that I just mentioned is a component of that 223 figure.

Mr Yuile—It is one of the teams within the group, as the secretary explained.

Senator BUCKLAND—Mr Robertson, page 51 of the PBS outlines additional funding to be provided to the department to cover the administration of the Motor Vehicle Standards Act 1989. The additional funding will total \$3.1 million in 2004-05, including \$1.1 million in capital funding. I understand that the current level of resourcing in this area of the department has led to significant delays in the vehicle safety standards area. Is that the case?

Mr Robertson—I just need to clarify which area you are referring to when you say 'significant delays'. Are you referring to the development of Australian design rules or delays in issuing approvals under the vehicle certification process?

Senator BUCKLAND—Delays in the vehicle safety standards area.

Mr Robertson—I see. That funding will cover a number of activities. One of the key areas of activity that will be addressed through that funding is the Registered Automotive Workshop Scheme. That is a scheme to allow for the importation, modification and supply to the market of imported used vehicles. It is a new scheme. It commenced operations fully as a compulsory scheme on 8 May last year, and it had a year before that as a transitory scheme. It is quite labour intensive to administer, and there is quite a deal of interest from participants who wish to be included in the scheme. So in part that funding will be used to address delays in issuing approvals to people who have applied to participate in the scheme.

Senator BUCKLAND—So that \$3.1 million is going to, hopefully, reduce the delays?

Mr Robertson—Not all of it. The \$1.1 million part of it is a capital injection to do a series of enhancements on the road vehicle certification system. That is a computerised system that is used to enable vehicle manufacturers to certify compliance with the Australian design rules. It is done electronically. The remaining \$2 million will be spent on employing additional staff to address delays in the RAW Scheme and some other areas that are hotspots. Half a million dollars will be set aside for vehicle standards research, plus money will be available to conduct audits of vehicle manufacturers.

Senator BUCKLAND—So how will the money actually be allocated?

Mr Robertson—Do you mean just that budget funding component of it?

Senator BUCKLAND—Yes.

Mr Robertson—A rough allocation would be \$1.1 million capital. There would be at least \$800,000 to employ additional staff.

Senator BUCKLAND—And how many additional staff would there be?

Mr Robertson—There will be at least 10 staff. There will be half a million dollars for research, as I mentioned; \$400,000 will go to enabling the vehicle audit function and the Registered Automotive Workshop Scheme administrative costs—travel and the like—to be met. Of that, about \$200,000 is for payments to overseas agents for audit activity, and there will be a remainder left that will be used to provide enhancements to existing computer systems, particularly the Registered Automotive Workshop Scheme.

Senator BUCKLAND—Are any of those new activities or are they just extensions to what exists now?

Mr Robertson—The Registered Automotive Workshop Scheme is a relatively new activity, even though it has been running for over a year. The other activities are ongoing ones.

Senator BUCKLAND—The PBS indicates that the money will:

... enable the Department of Transport and Regional Services to improve its audit and compliance programme to ensure that the quality and integrity of vehicles entering the Australian market meet Australian Standards. It will also improve the Department's ability to undertake research on vehicle safety standards.

That is what you have just been telling us.

Mr Robertson—That is right.

Senator BUCKLAND—How big is the research and development component of that? What really happens with it? Is it just to test how high the tail light should be?

Mr Robertson—No, it is not. The research program focuses on research to underpin the development of standards. It is internationally coordinated research and, in Australia, given our size, we tend to focus on where we can get the best return on the investment, and that is normally in occupant protection measures. The money will be focused on research associated primarily with side impact crash testing for the development of a global side impact

regulation. That work is coordinated with a number of other economies and we chair that group.

We will also be putting work into a key area of research, vehicle compatibility. That concerns the interaction of vehicles with each other in a crash—vehicles of different size and geometry on one hand, but also similar vehicles. Most crash testing for regulation certification purposes is done into a barrier; in the real world, cars crash into other cars. Understanding those interactions is an important part of developing future standards. We are also going to set aside money for pedestrian protection research. That is ongoing research, also internationally coordinated. The Japanese government is taking the lead on that, and our contribution will be appreciated, I know.

Senator BUCKLAND—You might like to expand on that pedestrian research. It has certainly caught the imagination in South Australia.

Mr Robertson—Pedestrian fatalities, depending on which year you are looking at, probably account for 12 to 15 per cent of fatalities. Designing a vehicle to protect pedestrians is not easy because it means you need to change the design fundamentally. There are two areas that are very important: one is the leg strike area; the other is the head strike area. It is the head strike area that does the damage—it normally means a head impacting a bonnet. These days, with modern vehicle designs, there is not much space between the bonnet and what sits underneath. Putting more space between the bonnet and what sits underneath can improve head protection but it also increases the drag of the vehicle. I guess it is also fair to say the marketers do not like it because it affects the aesthetics of the vehicle as well.

There are also issues to consider such as that, where a leg strike region affects an adult, it is a head strike region for a child, so the issues associated with what they call the wrap-around of the vehicle have to be looked at. There is a range of research programs looking at various elements of that. Most recently in Australia, the University of Adelaide was funded by us to look at a process of trying to validate proposed test procedures against some real-world case studies to see how the proposed test procedures would relate to real-world crash data.

Senator BUCKLAND—It is an interesting area of research. There is a lot of talk about the design of bullbars or kangaroo barriers at the front of cars. There is some suggestion that you can redesign those so that they would be more pedestrian friendly, although I am not too sure how you can hit someone and be friendly about it. Are you involved in any of that?

Mr Robertson—Bullbars are generally an after-market product and, as such, are not regulated under the Australian design rules. Our part of the regulation at the Australian government level is to deal with vehicles up to the point of first supply to the market. After that it becomes what is called in-service regulation, and that is administered by the states and territories. However, we do participate on various Australian standards committees, and there is an Australian standard on bullbars—from memory, they are about a year old—and that has been taken up by most of the state governments. So when a vehicle comes up for rego, if it has a bullbar it should be one that meets the Australian standard. The key part of the bullbar standard is to make it smooth—to remove sharp edges, fishing rod holders and anything else that might be sharp or hazardous in the event of a pedestrian impact.

Senator BUCKLAND—Does it mean that the department is going to have a new audit and compliance program?

Mr Robertson—No, it will be the existing audit and compliance program but we will be able to do more of it.

Senator BUCKLAND—So there is not too much change; there is just a lot more of it?

Mr Robertson—That is correct.

Senator BUCKLAND—We have talked quite a lot about research. Does it mean that the research program is being developed or is it, again, something that is just an add-on to what was there?

Mr Robertson—The research program has been ongoing. In the past year, we have not been able to do much of it. We have been able to continue some small research using resources levered from other areas, including the manufacturers. This will enable us to focus more money into our own programs. It is quite expensive, as you can imagine. Take crashing a car: a vehicle compatibility test involving two vehicles and the hire of a crash test facility would cost around \$120,000 for one crash.

Senator BUCKLAND—So that is going to be the bulk of the research that will be done this year?

Mr Robertson—That is correct.

Senator BUCKLAND—The PBS notes that \$1.1 million is allocated to information technology to support the motor vehicle standards activity. Can you expand on that component?

Mr Robertson—The road vehicle certification system in Australia works a little differently from those of other countries. If you are certifying a vehicle in Europe or Japan, for example, you as a manufacturer would need to front the regulatory authority and have them supervise testing and issue approvals for each regulation—for example, your lighting, your emissions, braking and ultimate protection. In the United States they have a different system which is called self-certification, whereby the manufacturer can supply the vehicle to the market and the regulator will come along and test the vehicle. If it fails to comply, you have a very expensive recall.

In Australia, we allow the manufacturers to do their own testing up-front. They submit that information to us in summary form on forms that we provide to them. We do not ask for the whole test report, but we want to see that key information is provided. Providing information in a predetermined format enables it to be submitted electronically. Anywhere in the world, a manufacturer can submit their information electronically, and this means two things. The first part of it is that, as it is by electronic transmission, it is very fast. The second part of it is that, because you can do it via computer, a lot of the basic hackwork that an engineer might otherwise have to do to determine if a set of limit values is met is done by the computer, so it is received in the office, unpacked and the computer determines whether the testing meets the ADR. If there are discussion items and we need to get more clarification from the manufacturers, it is all done electronically. That is essentially what the road vehicle certification system does. When all of the ADRs are satisfactorily passed in the system, an

approval can be issued electronically. It is a very fast system. If the manufacturer has done all the right homework and everything works, approvals can be issued in about six days, which is very quick.

Senator BUCKLAND—I want to move on to shipping and salvage at ports. The issue of harbour towage and salvage has been raised in relation to potential safety, environmental and security risks at harbours and ports. If an incident such as shipping running aground or a security incident at sea were to occur, is it important that the salvage capacity exist to prevent a major environmental disaster? How far from one port to the next do you have facilities to take care of this?

Mr Ellis—I will have a go at that one. The underlying question that you have just asked is receiving a reasonable degree of attention right at the moment. In February 2002 there was a national industry-AMSA conference and workshop at which some of these questions were fully debated. The follow-up work is going through what I would call two streams. The first one is a working group of officials that will eventually report to ministers at the Australian Transport Council. The second stream of work that is currently under way is being conducted by the House of Representatives Standing Committee on Transport and Regional Services, which has a relevant inquiry running at the moment.

Senator BUCKLAND—Has the department made a submission to that inquiry?

Mr Ellis—Yes, we did. Unfortunately, it was a little bit late but it has been accepted. That submission draws together some of the work that has been done previously and highlights work that is under way at the moment. That is not a very specific answer to your general question, but I think it is a measure of the interest of jurisdictions—in particular, Queensland. The Queensland transport and maritime safety people have a particular interest. The analysis is being handled on the government side both through the officials committee and, more generally, through the parliamentary committee, which has invited submissions from interested parties.

Senator BUCKLAND—In about August 2002, there was a report into the economic regulation of harbour and towage and related services. Has the department done any work in relation to the recommendations that came out of that report?

Mr Ellis—That was the Productivity Commission report?

Senator BUCKLAND—It could have been the Productivity Commission report.

Mr Ellis—I will look up the title of it.

Senator BUCKLAND—I thought the title was *Economic regulation of harbour towage and related services*.

Mr Ellis—Yes, that is correct. That is the Productivity Commission report.

Senator BUCKLAND—Have you done any work in relation to the recommendations contained in that?

Mr Ellis—The government did respond to that report. I do not have that response in front of me, but we could provide that to the committee. Indeed, the current parliamentary committee inquiry is looking at the industry consequences that were highlighted through that

Productivity Commission report. That is the sense of the reference of the Neville committee that is working now.

Senator BUCKLAND—Is there a view about the Commonwealth's role in relation to salvage infrastructure and capacity at Australian ports?

Mr Ellis—I would imagine that some references will be made to a potential role for Commonwealth involvement. At the moment, the supply of salvage, as well as emergency towage, has been largely a commercial matter between the shipping industry and salvage operators. The facilities that are operated in ports through tugs et cetera tend to be private, commercially owned. So at the moment there is no specific engagement by the Commonwealth.

Senator BUCKLAND—Are they regulated at all?

Mr Ellis—Regulated?

Senator BUCKLAND—If you have a series of contractors or shipping operators or ports, there must be some regulation for them as to how they would go about their business.

Mr Ellis—My understanding is that the capacity and capability of a particular port is a contractual relationship between the owner-operator of the port itself and the provider of those services. As to how that is regulated, could I take that on notice?

Senator BUCKLAND—Yes. I know there are state regulations in place because we had an incident at Port Stanvac. I thought there would be some type of overall Commonwealth involvement.

Mr Ellis—Just to clarify the intent of your question, are you interested in the economic regulation—that is, the charging regime—or the capacity regulation, that contractual arrangement that I talked about, or the conduct of the actual—

Senator BUCKLAND—It is more to do with the conduct. With charging, I suppose you would charge what you could get away with—I am not really sure about that. It is more to do with the conduct of operations.

Mr Ellis—In the sense of the capacity of the crew and the safety standards of the vessel?

Senator BUCKLAND—Yes.

Mr Ellis—I will check that but my understanding would be that those regulatory interventions would be done by the state jurisdiction. But I will check that and if it is not correct I will come back on that.

Senator BUCKLAND—Does the department have any concerns about safety environment and security outcomes for ports if the Productivity Commission's recommendations saw a reduction in the salvage capacity of Australian ports?

Mr Ellis—That is a very broad question. I believe the overall shipping industry and broader community from an environmental point of view would be concerned if there was a lack of capability. Your question went to the consequences of a reaction to the Productivity Commission report. I do not think I can draw that connection in the broad. If there was a diminution of available capacity to handle shipping that was undergoing a safety threat or

threatening the environment, I believe the industry, governments and the community would have concerns.

Senator BUCKLAND—Has there been less interest in the provision of salvage operations in Australia in the last few years? Have we become complacent?

Mr Ellis—I would guess that that question would be looked at in the current parliamentary inquiry. Some work was done in 2001-02 by a consultant working to that group of officials that I referred to earlier. That information would have been available to the parliamentary committee. I do not know whether a more recent inventory has been conducted but I suspect not. Your question might well be answered by the Neville committee and, if not, it is a question that could be asked after it has reported.

Senator BUCKLAND—I imagine it will come straight to your mind as soon as I quote it and you will know exactly what I am talking about, but on page 237 of the Productivity Commission report it notes:

If an optimal level of emergency salvage capacity (and its location) is not privately profitable ... then intervention may be warranted. But this is an issue beyond the scope of this inquiry and one which warrants investigation regardless of arrangements in place for harbour towage.

Does the department have a view about the need for an additional inquiry into the optimal level of emergency salvage capacity?

Mr Ellis—No, we do not have an opinion but we do have an interest both in the work of that officials group and in where the parliamentary inquiry will come out. We would be interested to see the results of both those pieces of work.

Senator BUCKLAND—So you do not have a view? It goes back to a question I asked earlier—and I suppose it is entirely hypothetical—and, to me, it is an important question. When I look at the Queensland coast, my view would be that, for emergencies, you would want a lot more salvage availability there than perhaps you would want in other areas of Australia. When I go around, I doubt that one place could be put above the other, but the Barrier Reef is so important to us for so many reasons.

Mr Ellis—I think I mentioned that interest earlier when we were talking about that officials group. I am aware that the Queensland officials have a very close interest in that work.

Proceedings suspended from 10.27 a.m. to 10.43 a.m.

CHAIR—The committee will resume with questions from Senator Buckland on local government.

Senator BUCKLAND—Page 62 of the PBS lists priorities for outcome 2 that the department will pursue in 2004-05. One of the priorities listed is to 'Provide advice to the government on its relationship with local government.' Why is this a particular priority in 2004-05.

Mr Doherty—The real impetus for making that a priority in this coming financial year is the report of the Hawker inquiry.

Senator BUCKLAND—Has the department not provided advice previously to the government on its relationship with local government?

Mr Doherty—I think it is fair to say that on an ongoing basis we would provide advice around that. The particular issue is that the Hawker inquiry report provides a focus for re-examining the basis of that relationship.

Senator BUCKLAND—Has this issue of the relationship with local government been a priority in the past? This year it really seems to be one of the priorities.

Mr Doherty—The secretary has just reminded me that it was in the top 20 for the last year as well. I think on an ongoing basis the relationship with local government is a very important issue as evidenced by the substantial funding which is provided each year.

Senator BUCKLAND—I was going to ask the minister a question but I haven't got a minister to ask at the moment so I might have to come back to that if you do not mind, Mr Doherty, when the minister returns.

Mr Doherty—It has just been pointed out to me that in the PBS for last year it was again identified as a priority. It was expressed at that stage as:

Assist in providing efficient and effective local government by reviewing the current local government financial assistance policies.

Senator BUCKLAND—Could you read that to me again because I think it is expressed in different terms to what is talked about here.

Mr Doherty—Last year's priority was:

Assist in providing efficient and effective local government by reviewing the current local government financial assistance policies.

Senator BUCKLAND—This time the emphasis is on the relationship between government and local government.

Mr Doherty—I think the current wording is probably slightly wider.

Senator BUCKLAND— The wording tends to indicate there has been a bit of a breakdown somewhere.

Mr Doherty—I think the intention of the wording is, if anything, wider than simply looking at the financial aspects.

Senator BUCKLAND—We might come back to that but we will wait for the minister. What is the estimated average staffing level for the national office of local government in 2004-05?

Mr Doherty—I should first point out that we do not use the term 'national office of local government'. That was a term previously used for the internal unit in the department which dealt with local government issues. Consistent with a broader government policy about not presenting government functions as performed by separate organisations, we are currently maintaining the resource to work on local government issues but we refer to it as the local government section of the department rather than referring to it as if it were a separate office.

Senator BUCKLAND—How does that work differently from when there was a national office of local government?

Mr Doherty—In essence, it works very much the same.

Senator BUCKLAND—When there was a national office of local government, that would have been a stand-alone component of the department. Have I got that right?

Mr Doherty—Essentially, in name only. It would have been organised as part of the departmental resources and would have been treated as another part of the department.

Senator BUCKLAND—How many people were dedicated to that office when it existed?

Mr Doherty—I think the number would have changed over a period of time. I can come back to you with that. If you want to identify a time period we can try and find some information.

Senator BUCKLAND—We might do that. When did you stop having a national office?

Mr Doherty—I think it would have been from the beginning of the last financial year. That is an approximate time.

Senator BUCKLAND—Perhaps we could go back three years prior to that.

Mr Doherty—We could certainly identify that for you.

Senator BUCKLAND—So this replacement body—

Mr Doherty—We just call it the local government section.

Senator BUCKLAND—How many people are employed in that section?

Mr Beresford-Wylie—There are 11 people employed in the local government section.

Senator BUCKLAND—Last year would have been the first year of operation without the national office of local government. How many people were there then?

Mr Beresford-Wylie—I would not have the figure with me.

Senator BUCKLAND—Could you take it on notice?

Mr Beresford-Wylie—Yes.

Senator BUCKLAND—Are the people engaged in this function now dedicated to local government or do they cover other sections of the department?

Mr Doherty—The function of the section relates to local government and it includes staff who have been working on local government issues for a long period.

Senator BUCKLAND—If we go back to when it was a stand-alone entity, what was the structure then compared to now? Did you have a head of department that you do not have now?

Mr Doherty—The main change that we would have seen over the last two or three years is that we had a structure which involved two sections operating broadly around local government issues. We have essentially collapsed that into one section.

Senator BUCKLAND—How many fewer people do you need to run the operation now than you did then?

Mr Doherty—I would think it is a matter of perhaps five—a handful less than we had two years ago.

Senator BUCKLAND—What happened to the people who were there—these five or the handful of people? Where are they now?

Mr Doherty—It would have been handled as a matter of natural attrition. Essentially it would have been a matter of not filling positions as they became vacant.

Senator BUCKLAND—It seems to me that it is an indication that the government is placing less emphasis on the importance of local government.

Mr Doherty—I do not think that is a correct reading of the situation. We certainly continue to take that relationship seriously. We have worked on establishing a ministerial council and support arrangements through that—the Local Government and Planning Ministers Council. There is major work going on in relation to the response to the report about the Commonwealth's engagement with local government, and that will provide a focus. Our effort has really been aimed at doing the important function more efficiently rather than downgrading the function or changing the nature of the engagement at this stage.

Mr Matthews—Certainly, the ministers have made it very clear to the department that they consider local government to be an important priority, and that is evidenced by the fact that local government, as you heard, was included in a list of the top 20 priorities last year. Although it has been re-expressed, it is in a set of the top 11 priorities for the coming year. That has been explicitly endorsed by both the portfolio minister and the minister for local government.

Senator Ian Campbell—This government has probably, in a historical sense, set about one of the biggest reforms to the relationship between local government and the other two spheres of government—state and federal—that has occurred since Federation. Under the former minister we charged the Hawker committee with looking into roles, responsibilities and financing—and, in particular, cost shifting. We are in a most policy active phase in terms of local government and its relationship with the community, the Commonwealth's relationship with local government, and how we can better resource local government to serve local communities. As a federal government, we are probably in a more policy active phase on local government than any other federal government in the history of Australia.

Senator BUCKLAND—Minister, I asked about this earlier and then put it off until you were back. We were talking about why local government is a priority this time. You have partly answered that and I do not know if you want to expand on what you have said. But can you explain the aspect of the relationship with local government upon which the department's advice will focus. I ask that question specifically because, unlike in the previous year when you could actually see where the government was going with its priority, this time it seems that there have been a few bridges burnt and the government is trying to rebuild those bridges or isolate from local government. In the PBS it says, 'Provide advice to the government on its relationship with local government.' That is in quite different terms to the terms in the previous year's position that Mr Doherty read out.

Senator Ian Campbell—I think it is a matter of interpretation. From my reading of it I think it is a terminology thing. If anything, the policy activity and the advice are cranked up

even more because of the very fact that we have received the Hawker report. The government in this financial year will be putting probably more energy than even last year into getting that relationship right. Last year we were waiting for the Hawker report; this year we are actually seeking to implement it. For example, with the meeting of local government ministers, the heads of all the local government associations, the ALGA, are meeting on the same day. I think it is 10 June we are having that meeting here in Canberra. That is to really focus on the financial relationship, the roles and responsibilities, cost shifting and all those things. I have followed in the very big shoes of my ministerial predecessor and probably visit two, three, four or a dozen local councils in different parts of Australia. I had a very good day in South Australia a couple of weeks back where I met with seven or eight councils in the course of the day. I met the South Australian minister Rory McEwen, who seems to be doing a good job. I think it is a new portfolio for him, isn't it, Senator Buckland?

Senator BUCKLAND—Yes.

Senator Ian Campbell—These are the issues that they are concerned about. They are concerned about cost shifting from state governments onto them. They are worried about state governments removing financial support for things like libraries. That was a matter raised with me in South Australia by six or seven councils during the day. Luckily I had dinner with Rory up in Renmark and was able to raise that issue with him, and he had not heard of it before, so that was a constructive contribution I could make for South Australians. We are deeply engaged in those sorts of issues. And the department, under the leadership of John Doherty and Adrian Beresford-Wylie, who are at the table here, are very focused on those issues and, I would suspect, are putting more policy energy into the area than, in my short knowledge of these issues, probably ever before.

I should also say—and this might pre-empt some other questions—that the Commonwealth is very attracted to the idea of creating a direct relationship with local government where it can be efficient—to steal words out of last year's budget portfolio statements, where we talked about providing 'efficient and effective' local government and achieving that by reviewing the current local government financial assistance policies. That has been done through Hawker. The ball is now in our court. We are looking to do this in a cooperative way with the states.

That is one of reasons we paid the \$26 million extra to South Australia. I wanted to show the Commonwealth was fair dinkum about getting it right. It was a show of our bona fides to address previous anomalies. That was one of the signals I wanted to send by getting that \$26 million agreed to and paid, so that we did not have the sort of argument that the New South Wales government came up with back at our conference in February, which was: 'We don't want to do reform of our local government relationship, because it will mean New South Wales will lose and someone else will win. We will get stuck in a debate about who the winners and losers are going to be by reforming local government financing.' I wanted to show that the Commonwealth is prepared to address anomalies and be constructive about forming a new partnership with local government. These are the things local government are very interested in, and we are keen, as far as we possibly can, to create a more constructive relationship, to make sure local governments can serve their communities effectively and to give them more security in terms of their financial support.

Wherever possible I talked about the direct relationship. Roads to Recovery is an example. We have given them \$1.2 billion over four years. It has been a tremendous program because we hand the money direct to the local councils and they decide, driven by their local communities' demands, where the money goes. I think that model could be used with other programs. They have asked me to look at the HACC program, and we are doing some work on whether HACC could be delivered more effectively in a more direct relationship. There are probably all sorts of problems with that. So that is where we are going.

Senator BUCKLAND—Thanks for that, Minister. Going back to where we were, Mr Doherty, table 2.7 on page 66 of the PBS shows the operating expenses for administered programs that contribute to outcome 2. The operating expenses for the local government financial assistance grants are estimated to increase by two per cent in 2004-05. What are the reasons for the estimated increase in 2004-05?

Mr Doherty—The answer to that lies in a standard adjustment mechanism which exists in the act. If you need further information, I think Mr Beresford-Wylie would be able to go into it a bit.

Mr Beresford-Wylie—The increase in the financial assistance grants each year is a composite. It is an indexed figure. It is based on a factor of which the department is notified by the Treasurer. That increase is aimed at maintaining the real per capita value of the financial assistance grants, so it reflects population growth and an increase in the consumer price index.

Senator BUCKLAND—The operating expenses for the same program are projected to increase by a further 4.5 per cent in 2005-06, by 3.6 per cent in 2006-07 and by 3.6 per cent in 2007-08. What are the reasons for each of these projected increases?

Mr Beresford-Wylie—Those are the estimated factors that we are provided, or advised of, by the Treasury. They are factored into the increased figures you see before you. Perhaps I could just clarify briefly that figure of \$1,533 million and the increase of two per cent. The figures you have before you are in expense terms rather than in terms of the actual financial assistance grant entitlement of the councils. The financial assistance grant entitlement of the councils for 2004-05 is actually \$1,544.6 million. However, because the factors are estimated each year, we make an adjustment at the end of each year on what the actual outcome of the factors is. The current expectation is that we have slightly overestimated the factor increase for 2003-04, which has resulted in an overpayment of financial assistance grants to the councils in that year of \$11.5 million. As a consequence, the councils got \$11.5 million more this year than they would have had the factor been more accurate, and next year they will receive \$1,533 million, which is \$11.5 less than their entitlement.

Senator BUCKLAND—So they made no real gain?

Mr Beresford-Wylie—That is correct; it is neutral to them. But that would mean that the actual entitlement figure for 2003-04 was \$1,497 million. The entitlement for 2004-05 is \$1,544.6 million, so the increase is about \$47 million between those two years, which is around 3.6 per cent.

Senator BUCKLAND—How much notice did local government get that there was an error or miscalculation and that the additional money they were getting in the current financial year would be taken from them next financial year?

Mr Doherty—I would like to clarify that it is not an error or miscalculation; this is a natural consequence of the way the system works. Essentially it relies upon trying to work from estimates as far as possible so that payment is not delayed. Then when the actual figures are available at the end of a year, an adjustment has to be made because the estimates can never be perfect. I would like to make it clear that this is not a result of an error.

Senator BUCKLAND—I accept that. Local government of course will know that they are going to be short this year? Most local governments plan two and three years ahead and have visions that take them a considerable way down the road. I am wondering what it is going to do to them in real terms. If they have had additional money this year and they do not know they are not going to get as much as they thought because there is less available—

Mr Doherty—I think they understand the adjustment mechanisms and the fact that the figures are based on estimates. There has been a long history of these adjustments having to be made, one way or the other, at the end of the period. In the event, it is a relatively small amount compared with the total amount.

Senator BUCKLAND—I can just see some council accountants sitting in their back rooms pulling their hair out—if they have got any! It seems odd to me but, as you say, it is one of those things that happen.

Mr Doherty—I think every effort is made to keep councils advised on the estimates and the actual figures as soon as they come to hand.

Senator BUCKLAND—At page 68 of the PBS in table 2.9, it shows operating resources, price of outputs. Am I looking at the right one?

Mr Doherty—It is item 2.4 in that table.

Senator BUCKLAND—I apologise, You are right; it does add up now. Below the table the text states:

The ... variances ...are mainly attributable to funding for new measures in 2004-05; transfer of the Indian Ocean Territories programme to administered; measures agreed in prior years; and the reprioritisation of activities.”

The operating resources for the service to local government are estimated to increase by 22 per cent in 2004-05. This the only positive variance of any outputs for outcome 2. What are the reasons for this variance?

Mr Doherty—I would need to take that on notice and work through the derivation of that figure with our chief financial officer, because I understand that there has been some development in the methodology for attributing those costs across the outputs as well. We can come back to you with an explanation.

Senator BUCKLAND—I appreciate that. The annual increase in financial assistance grants—the FAGs as we generally tend to call them—to local government is based on the escalation factor for CPI and an estimate of population growth. However, in 1997-98 the

FAGs were increased only by CPI. This resulted in a loss of \$15 million to local government. When is the government intending to restore this lost \$15 million?

Mr Doherty—Was that a one-off effect from 1997-98? I am not aware of this issue.

Senator BUCKLAND—It resulted in a \$15 million loss to local government and it has not been made up.

Mr Matthews—That was a government policy decision at the time and I do not think the officer would be in a position to answer for the intentions of the government one way or the other.

Senator BUCKLAND—I wonder if the minister can tell us. I realise that you were not the minister then, but you know what the situation was?

Senator Ian Campbell—That was five years ago.

Senator BUCKLAND—So for five years they have been short \$15 million?

Senator Ian Campbell—I would not accept that. No local council or local government authority has ever put that case to me.

Senator BUCKLAND—The Treasurer committed \$52 billion of new expenditure—

Senator Ian Campbell—Could I add that to the Labor Party's costings for the next election? Will you guys be putting that in your policy?

Senator BUCKLAND—in the 2004-05 budget. None of this new expenditure was allocated to local government. Why did local government not receive an increase in the financial assistance grants to compensate for that \$15 million loss in 1997-98?

Senator Ian Campbell—I am sorry—the \$15 million loss?

Senator BUCKLAND—Yes, in 1997-98. It has never been restored, so local government in that financial year lost \$15 million.

Senator Ian Campbell—How did they lose it?

Senator BUCKLAND—The government just took it away. They just did not get their \$15 million.

Senator Ian Campbell—Is this the CPI adjustment that you just talked about?

Senator BUCKLAND—Yes.

Senator Ian Campbell—It was not a loss. They have been given \$1.2 billion extra for Roads to Recovery, which was opposed by the Australian Labor Party, so they are billions ahead since then. They just had \$1.2 billion given to them as well at a time when state Labor governments are reducing funding to local government and for local roads.

Senator BUCKLAND—But in the past they had CPI and the estimated population growth to work on to come to that figure. As a result of taking away one component, they lost \$15 million.

Senator Ian Campbell—No, it was not taken away. What you are saying is that, because they did not get as big an increase as they think they may have got, somehow \$15 million has

been taken from them. Can I now inform the Treasurer's office, which is putting costings together on Labor's unfunded promises, that Labor will now commit to restoring that?

Senator BUCKLAND—You do not have to be facetious and smart with your answers, because that is not what I am getting at.

Senator Ian Campbell—I am not. I am just saying that we have told you we have given them a historic level of funding under FAGs this year.

Senator BUCKLAND—You know that that is not what is being said and you know that I cannot make those policy statements, so let us get real with things.

Senator Ian Campbell—The answer is that the government have given local government a historic level of funding this year. On top of the historic FAGs grants, we have also given them historic funding for the Roads to Recovery, to effectively play catch-up for state Labor governments, who are ripping money out of local roads—

Senator BUCKLAND—We have been all through that. Do not forget, Minister, you had state Liberal governments as well.

Senator Ian Campbell—That is a program for local government funding that was opposed by the Australian Labor Party, and it is a funding program that would be under threat if a Labor government were ever elected.

Senator BUCKLAND—Of the \$52 billion—

Senator Ian Campbell—One thing you could do, Senator Buckland, is tell local government whether Labor will stand by funding for Roads to Recovery. That is one thing you should be able to say.

Senator BUCKLAND—Of the \$52 billion new expenditure in the budget—

Senator Ian Campbell—You cannot come here and attack federal government funding for local government and then say, 'Sorry; the Labor Party hasn't got any ideas or any policies on it.'

Senator BUCKLAND—In the budget—

Senator Ian Campbell—Where do you stand on local government funding?

Senator BUCKLAND—In the budget, there was \$52 billion of new expenditure in 2004-05. None of that expenditure was allocated to local government. I am just asking the question: why did they miss out, particularly when—even though we might argue for the rest of the day about it—they lost \$15 million?

Senator Ian Campbell—I am sorry; local government have been given an increase this year, and they have been given an increase of \$1.2 billion over the next four years—of new money. They have not missed out. They have done better than just about anybody else.

Senator BUCKLAND—The House of Representatives—

Senator Ian Campbell—I remind people that that is a program that the Labor Party opposed and is money they would not get if Labor were elected, because Labor refuse to commit to Roads to Recovery. They call it a boondoggle or something or other.

Senator BUCKLAND—I think our chair is going to be disappointed; we will not be gone by four. The House of Representatives Standing Committee on Economics, Finance and Public Administration produced a report entitled *Rates and taxes: a fair share for responsible local government*. That is the Hawker report that we have referred to a number of times this morning. When is the government going to respond to each of the recommendations of the Hawker report, given that it is now over seven months since it was released—in October 2003, I think?

Senator Ian Campbell—Yes, it was released about then. I called a meeting of local government ministers in Perth in February. The meeting was originally scheduled for December but, in discussions with my state colleagues, we thought that, to allow time for the states to review the report and review the states' views on that report, we would delay the meeting until February to give them those intervening months to come to that meeting with considered responses from the states.

I was flabbergasted, it is fair to say, that when we got to that meeting the state Labor ministers had caucused a position that they would not provide the Commonwealth with their responses to that report and that they sought to hold a meeting in July here in Canberra to have a general discussion about roles and responsibilities of local government. I said that that was unacceptable, that we had had a bipartisan committee in Canberra put this report forward, and that the Commonwealth could not respond adequately unless the states gave us their views—because local government, as you would know, Senator, is in fact a constitutional creature of state government. I was upset, or disappointed, that they had not done what they said they would do, and that was to provide us with formal responses. I set a meeting in the middle of this year, which, on the timetable that you and I have agreed on, Senator, would have been something like eight months after the tabling of the report. We would have had a powwow just to discuss roles and responsibilities and, effectively, go over the ground that the bipartisan House of Representatives committee had already gone through.

They did not even want to discuss the financing side of it at the meeting in July. I said that that was unacceptable, and I set a deadline of the end of March for the states to make responses in relation to all of the recommendations of Hawker that are within the states' jurisdiction and arranged for there to be a meeting here in April. As it proved impossible for all of the ministers to meet in April—and it is fair to say that their parliamentary sitting schedules did make it difficult for them—we agreed to meet on 10 June, and we will be doing so here in Canberra. I am informed that every state minister has agreed to come. All of the state local government associations will be coming, as well as ALGA. After that meeting, the Commonwealth will be in a position to respond to the Hawker report.

Sorry, Senator—I have just been informed that, although I set an end-of-March deadline for responses, we are still waiting for one state and both territories to respond to our request.

Senator BUCKLAND—I understand what you have just said but I ask: what consideration has the government given to tax design improvements to eliminate tax on tax effects arising out of the GST, as recommended in the Hawker report?

Senator Ian Campbell—All the recommendations are being considered by a task force which we have set up within the department but which, at my suggestion, has Treasury and Finance officials on it.

Senator BUCKLAND—What consideration has the government given to the new methodology to distribute the FAGs to local government?

Senator Ian Campbell—It is going through the same process. However, we gave some preliminary recognition to the special anomaly that existed in South Australia and, to a lesser extent, the Northern Territory. That was addressed in the \$26-odd million that we provided especially for South Australia.

Senator BUCKLAND—What elements do you consider to be important to the methodology used to distribute the FAGs to local government?

Senator Ian Campbell—I think it is timely to review it. I do not want to pre-empt the government's answers, but I think it is timely to review it. The South Australians have raised important issues. There are important issues across the country. You have phenomena such as sea change and phenomena such as cost shifting, where governments at both levels push more and more programs onto local government. You have the phenomenon of state governments reducing their funding of important programs like libraries, for example. In your home state, Senator Buckland, the state used to fund 50 per cent of libraries; they have now cut it down to around 20 per cent. The federal government are not totally innocent on this. We have the HACC program, which puts pressures on local government.

I think it is a timely review and one that we have been enthusiastic about, but we cannot do it without the states. I think the states genuinely would like to work with us. New South Wales say that, if we went to the funding formula in the Hawker report, they would lose 15 per cent of their funding. I do not accept that, but you can see that there will be a natural resistance from the states to pursue reform. We are keen to drive it, but we want to do it in a way that is fair to everybody.

Senator BUCKLAND—The Hawker report is recommending that the government pay the FAGS money directly to local government. What is your position on that?

Senator Ian Campbell—I do not want to pre-empt the report, but we have done some work on that. One of the issues that you have to face is that each state has a grants commission that seeks to allocate the money fairly across the local councils within their jurisdiction. If you just gave the FAGs directly to the councils, you would have the problem of having to effectively set up a new bureaucracy here in Canberra. I do not think many people would be keen on that. Having said that, there may be other ways to skin that cat. As I have said, I do not want to rule things in or out. It would not be fair to our colleagues in the House of Representatives who put a lot of energy into an important report or to all of the members of the local government fraternity and community who have also done that. I do not want to rule things in or out.

The reality is that there is a frustration among local government that, when we channel money through states, they do not get the full value of the money. They have seen that contrasted with Roads to Recovery, where they get a nice big cheque from the Commonwealth and they can get on and spend it how they want. That is very popular, and we

see it as very efficient as well. Roads get fixed quickly. You take out one level of bureaucracy. That has become very popular. There is the initial attraction of being able to do as much as you can directly with local government. They are very attracted to it. But, as Sir Humphrey would say, there are legal technical administrative problems with that approach.

Senator BUCKLAND—You have looked at a range of other options?

Senator Ian Campbell—We are looking at all of the recommendations.

Senator BUCKLAND—But apart from the recommendations, have you looked at other options for other ways of paying the money to local government?

Senator Ian Campbell—I have asked the department to look at the recommendations and come back with advice to me on that range of issues.

Senator BUCKLAND—But there could be a better way than even what was in the recommendations.

Senator Ian Campbell—There might be.

Senator BUCKLAND—And they are looking at those options?

Senator Ian Campbell—I would hope the department is looking at all the options.

Mr Doherty—We do not limit ourselves to just looking at particular recommendations that have been presented.

Senator BUCKLAND—In looking at that and taking into account what you have just said, has there been consultation with the states on this?

Senator Ian Campbell—Yes. At my level, at the departmental level and at the official formal written response level where we seek written comments.

Senator BUCKLAND—Is there any consensus of view?

Senator Ian Campbell—That is what we are trying to shake out on 10 June. I will tell you at 5 o'clock on 10 June.

Senator BUCKLAND—I look forward to hearing it.

Senator Ian Campbell—I would be surprised if there was a consensus. When you are looking at reforms like this, there will be winners and losers. The magic is going to be in trying to make sure that we assuage the interests of the perceived losers and that we get an equitable outcome. We are not going to get it through if one or two states think that they are going to be losers. We need to find a way through that. I do not think we will even have a particularly sharp idea of what the challenges are until that meeting on 10 June. The meeting on 10 June is to get it all on the table and for us as a group of ministers—particularly, from my point, the Commonwealth—say, 'Is there a way through this?' and try to deliver on the aspirations of the Hawker process.

Senator BUCKLAND—So I can read into that the optimism that there will be consensus at the end of the day?

Senator Ian Campbell—There probably will not be, but at least by the end of the day on 10 June, and with the work that will lead up, to it we will know where the hurdles are. No doubt the officers will be talking amongst themselves. My officers will come to me and say,

‘Look, we think there is a problem here with New South Wales; the South Australians are happy; the Northern Territory is still grumpy.’ As a result of the discussions, which we hope will be full and frank, getting everything out on the table, we will be able to say, ‘Here are the hurdles; here are the opportunities. What is the way forward?’ I am optimistic that we can get something worth while and I am keen to pursue it because so many people have put so much work into it and it is very important to get it right.

Senator BUCKLAND—I would like to move onto regional policy.

Senator CROSSIN—I have a couple of follow-up questions on the national highway. Mr Doherty, could you wait.

Mr Doherty—I do not have the transport advisor people here, but I will certainly be interested to take the questions.

CHAIR—Do you want to do that now?

Senator CROSSIN—Do you want to get the transport advisors? There are only six questions. I think they are a couple that were missed out yesterday.

Mr Doherty—If you can give me an indication of the areas the questions are in, I will get the appropriate people up so we can deal with them.

Mr Matthews—Can they simply be put on notice, given that the people are not here?

ACTING CHAIR (Senator Ferris)—It would be better to ask them.

Mr Doherty—I can try to answer them. What we cannot answer, we will take on notice.

ACTING CHAIR—Please proceed.

Senator CROSSIN—The funding for maintenance of the national highway network is sourced from the national highway RONI budget; is that correct?

Mr Mrdak—They are sourced from the Australian land transport act. That provides for national highway and Roads of National Importance maintenance funding.

Senator CROSSIN—But the national highway network is actually sourced from the national highway RONI budget?

Mr Mrdak—Yes, it is sourced from that program.

Senator CROSSIN—Is a set proportion of funding earmarked for national highway maintenance each year?

Mr Mrdak—Yes.

Senator CROSSIN—Over the past five financial years, what was spent from the national highway budget on the maintenance of the national highway network?

Mr Mrdak—I will have to take that on notice. I do not have those figures with me, but I can get those figures for you.

Senator CROSSIN—Can you also break that down by state?

Mr Mrdak—Yes.

Senator CROSSIN—So you will provide us with a state-by-state budget for the maintenance of the national highway network over the last five years?

Mr Mrdak—Yes.

Senator CROSSIN—What has been committed in the 2004-05 budget for maintenance?

Mr Mrdak—The government in its budget announcement for land transport has advised the states of maintenance funding for the coming year. I apologise that I do not have those figures with me, but I can get the 2004-05 figure for you.

Senator CROSSIN—Would you be able to get that for us in the next couple of hours?

Mr Mrdak—Yes, we should be able to.

Senator CROSSIN—Will the current funding arrangements for the national highway be changed under the AusLink plan?

Mr Mrdak—In its announcement in the budget the government has advised that the AusLink funding will include \$1.5 billion over the five years for maintenance work on the road component of the national network. Further details of that will be announced in the government's white paper which will be announced next month.

Senator CROSSIN—So the way in which the current funding arrangements are being applied or will be changed is yet to be announced?

Mr Mrdak—The states have been advised for maintenance for the coming year—2004-05—but, beyond that, further details will all be announced in the white paper, including the way in which that will operate in the future, how that will be calculated and the like.

Senator CROSSIN—Will any of the state governments or other sources have to pay for the national highway maintenance?

Senator Ian Campbell—That will be announced in the AusLink white paper.

Senator CROSSIN—If there are any other questions arising from that, we will put them on notice.

[11.35 a.m.]

ACTING CHAIR (Senator Ferris)—We will move on to the policy and research group. I invite regional policy officers to the table.

Senator BUCKLAND—How many staff are there in the regional policy division?

Mr Mrdak—Regional policy is part of the policy and research group. As I outlined yesterday, we operate across the whole group. It is quite a flexible arrangement, so staffing levels move depending on work tasks. The current staffing level of the group is 128 people. That covers transport policy, the BTRE and regional policy.

Senator BUCKLAND—How many of those assigned to the division are in the senior executive service?

Mr Mrdak—There are nine officers at SES level within the group, counting the BTRE.

Senator BUCKLAND—And at executive officer level 2?

Mr Mrdak—I have to take that on notice. I can get that for you.

Senator BUCKLAND—And level 1.

Mr Mrdak—I will get a breakdown by level for you.

Senator BUCKLAND—And can you tell me what levels are the remaining staff at?

Mr Mrdak—We can do that.

Senator BUCKLAND—So you will take those on notice.

Mr Mrdak—Yes.

Senator BUCKLAND—My understanding is that there is a pretty significant reduction in the budget for this division.

Mr Mrdak—Certainly in 2003-04 the group had a reduction in budget, commensurate with other groups in the department, of 10.7 per cent. The group had to implement changes to its operation, like other groups in the department, to meet that budget.

Senator BUCKLAND—Has there been a further cut this year?

Mr Mrdak—For the coming year?

Senator BUCKLAND—Yes.

Mr Mrdak—No. For 2004-05, as a result of the allocation of new funding coming out of the budget announcements, the group's budget will be \$16.2 million, which is an increase of around \$2.2 million over the budget for this current year.

Senator BUCKLAND—What will that increase do?

Mr Mrdak—It will fund a range of activities in the group. Some of that is funding for tasks coming out of the government's decision on AusLink. But there are also internal allocations by the executive to the group for tasks relating to the rail reform agenda and the Indigenous trial, which Ms Varova may wish to comment further on—

Senator BUCKLAND—Indigenous?

Mr Mrdak—The Indigenous trial activities in the East Kimberley, for which the department has responsibility. Internal funding for the group is also for tasks relating to new measures for activities which have been announced in the budget papers for energy and the environment.

Senator BUCKLAND—I am interested in that East Kimberley trial. What will that involve?

Mr Mrdak—I will ask Mr Owen to comment.

Mr Owen—We have discussed this before. It is a range of trials occurring across Australia under the auspices of the COAG—the Council of Australian Governments—banner. State, Commonwealth and, in some cases, local governments are working together in particular areas where there is identified disadvantage amongst Indigenous communities to improve outcomes through better integration of government services. We have a particular role within the Commonwealth as lead agency for a trial that is up in the East Kimberley area in WA.

Senator BUCKLAND—I have spoken to folk in the East Kimberley; indeed, a number of members of this committee have. It was on a different issue but we did speak to them. I am

particularly interested in that, arising out of what they were telling us. What is the full scope of the trial?

Mr Owen—The full scope is to work in a specifically identified geographic area, which is an area south of Halls Creek on the edge of the Tanami Desert. There are five individual Indigenous communities in the area. The project is about better integration of government services to deliver more flexible and better targeted outcomes for those people in those communities as a way of learning how we might do that on a broader scale.

Senator BUCKLAND—I think there was some discussion about that at the last estimates.

Mr Owen—Yes.

Senator BUCKLAND—This time I have the benefit of actually having been there and talked to some of the folk. Getting back to where we were, on staffing—and I apologise for the tangent I went on—there are 128. We do not have all of the figures, but you will provide them on notice.

Mr Mrdak—In fact, I can give you a breakdown of staffing by level at this stage.

Senator BUCKLAND—I would appreciate that.

Mr Mrdak—This is the closest we have got at the moment and I can look more closely to get more accuracy if we can. As I said, there are nine officers at SES level. At APS2 level, we have two; at APS3, five; at APS4, 17; at APS5, 13; at APS6, 13; at executive level 1, 36; and at executive level 2, 27. As I said, they do not quite add up to 128. We have some recruitment action currently under way but I will check those figures and give you a more definitive list if we need to. If there is any great variation in that I will come back to you, but that is a broad indication of our split between levels.

Senator BUCKLAND—So we have 55 of the 128 at the executive level. Is that correct?

Mr Mrdak—At EL1 and EL2 level there are 63.

Senator BUCKLAND—I counted wrongly, did I?

Mr Yuile—They are full-time equivalent staff. They are not necessarily the staff who might be sitting here.

Senator BUCKLAND—That seems worse than my first fears—63 out of 128 seems terribly top-heavy for such a small division. Why is it structured that way?

Mr Mrdak—The group is formed out of what were three former divisions, a branch and a bureau. It brings together a range of areas which previously held policy functions within different organisations. It brought them into one group. For the first time the department consolidated all of its policy and research into one group. It reflects the historical patterns that were in different divisions and groups formerly. But also, to some extent, it reflects the type of work involved. We tend to have quite a deal of work which involves cabinet submissions and the like, which often require more experienced officers and officers that are at high levels. We tend not to operate any programs with administrative work and the like. We have less administrative work than some other groups within the department. Hence a lot of our people are, as I said, more experienced. There are more senior officers than perhaps there would be in other groups, because of the nature of work undertaken.

Senator BUCKLAND—Do you have information with you as to how many staff there were at 1 July 2003?

Mr Mrdak—Yes, I do. Including non-operative staff, we started with 168 staff.

Senator BUCKLAND—How many of those were at executive level, such as EO1, EO2 and senior executive?

Mr Mrdak—I do not have that information with me.

Senator BUCKLAND—Could you provide that to us?

Mr Mrdak—I can take that on notice.

Mr Yuile—The group has lost staff at SES level as well as executive level over the course of that year.

Senator BUCKLAND—A breakdown would be very handy. What is the operating budget for the division for 2003 and 2004?

Mr Mrdak—In 2003-04 our operating budget was \$14.1 million and in 2004-05 it will be \$16.22 million.

Senator BUCKLAND—I have a couple of questions on the RBDA. What is happening with government's response to the regional business development analysis?

Ms Varova—The government is still considering the broad ranging recommendations for action out of the RBDA. Having said that, a number of initiatives have occurred across the government, addressing the issues that were raised in the report. For example, the recent budget announcement of additional funding for the Regional Partnerships program focuses specifically on providing regional communities and businesses with the capacity to access funds to improve their position when it comes to accessing finance, developing regional investment networks, increasing their capacity and their ability to develop more comprehensive and sophisticated business plans et cetera. In addition to that there have been a number of other initiatives that the government has introduced across the board. For example, some of the migration initiatives have been introduced to stimulate business development in regional areas so that regional communities can attract and retain migrants in their communities for at least two years. There are other initiatives—in the industry portfolio, for example. Invest Australia has a regional network. They have a business answers program which they have developed, which specifically focuses on providing support and training information for regional businesses.

One other element of the RBDA report you may recall was a criticism that there was too limited information for regional communities and regional businesses to access so that they could make informed judgments. Within the department, the Bureau of Transport and Regional Economics have initiated a new series of papers to provide some comprehensive information for regional communities and businesses, so that they can make more informed judgments and investors will have more information to base their conclusions on when making investment decisions in regions. So there is quite a range of disparate activities that are under way, addressing those various issues.

The Standing Committee on Regional Development—the Australian government, state government and local government body—are also focusing on priority issues in the areas of attraction and retention of skills and people in regional areas. They are looking at how each level of government can cooperate more effectively when it comes to delivering those services to regional areas and, in addition to that, focusing very much on how that cooperation can lead to better regional development outcomes. So there is a wide range of activity.

Senator BUCKLAND—I take it from that that some things have been implemented—

Ms Varova—Absolutely.

Senator BUCKLAND—and some are under consideration?

Ms Varova—They are going to be initiated next year with the new budget measure. For example—

Senator BUCKLAND—So these are the same things that were being considered in February? I think that was when we were told that. Some of it is still 12 months off?

Ms Varova—Yes, that is right. The government still has the whole report under active consideration. Of course some of the recommendations for action are quite significant policy changes, so the government is still considering those. However, that has not limited action, where that can occur, in stimulating more innovative practices in regional Australia.

Senator BUCKLAND—Does the department still have staff working on a response to the whole thing?

Ms Varova—Yes; in effect. We are looking at all of the activities that are under way; we had input into the recommendations for this new budget measure—

Senator BUCKLAND—How many people are involved?

Ms Varova—Specifically on the RBDA?

Senator BUCKLAND—Yes.

Ms Varova—Although not on a full-time basis, there are two people. They do other things as well. Their time is not fully taken up with the RBDA report.

Senator BUCKLAND—So a response to it is not likely for at least 12 months?

Ms Varova—That is a matter for the government.

Senator BUCKLAND—Based on what you have said, we should not hold our breath.

Ms Varova—I would not put it in those terms, but the government are actively considering it. When they decide to make a comprehensive response—or if they decide to make a comprehensive response—beyond the activities that I have already outlined, and there are more, that is a matter for their judgment, obviously.

Senator BUCKLAND—Yes.

[11.56 a.m.]

CHAIR—We will now move to the programs group, regional programs and territories.

Senator CROSSIN—I will start with cross-portfolio questions. Is it the case that the five-year strategic assessment management plan for the IOTs expires in 2005?

Mr Wilson—The strategic asset management plan for the Indian Ocean territories is an ongoing document. The version which we provided on notice, I think following the November estimates hearings, was a document that probably did expire at the end of 2004-05—I cannot actually recall. The document has been updated and has been approved by the executive. You should note that, with the transfer of the Indian Ocean territories' assets from departmental assets to administered assets, that will change again. We will give the minister very shortly a future program that will roll out from 2004-05 for a five-year program to 2009-10.

Senator CROSSIN—So you are saying from departmental assets to administered assets?

Mr Wilson—That is correct. With the change from departmentally delivered services, one of the cascading results is that the assets will also transfer across to administered assets, so the strategic asset management plan will be an administered asset management plan.

Senator CROSSIN—If it has been updated, can you provide us with a copy of that?

Mr Wilson—I do not have a cleared version of it as yet. As I said, we will provide the minister with a future asset management plan hopefully in the next week or so. Following that, it will be up to the minister to provide that.

Senator CROSSIN—Can you take it on notice to provide us with a copy when it is cleared?

Mr Wilson—Certainly.

Senator CROSSIN—Page 62 of the PBS actually refers to the government transferring overall control of funding allocations from the department to the minister for territories as of 1 July 2004. Is that related to the transfer of the assets?

Mr Wilson—Yes.

Ms Riggs—It is not related just to the transfer of assets. That is the consequence of creating an administered program. Administered programs by definition have decisions made at the macro level by ministers rather than departmental officials.

Senator CROSSIN—Can you clearly explain to me, then, what is the difference between the departmental asset management and the administered asset program?

Ms Riggs—In practical terms there are accounting differences. Whereas in the past the person in my position and the person in Mr Wilson's position would have been responsible for ensuring that the asset management plan was updated and carried out, it will in fact be the minister's responsibility to ensure that it is established each year—that the appropriate program is agreed to at the start of each year—and to make sure that it is carried out. In practical terms, Mr Wilson will still be responsible for ensuring it is carried out on a day-to-day basis, but the minister will still be requiring regular and routine progress reports in relation to that.

Senator CROSSIN—So in your eyes it would, in a sense, elevate the strategic asset management of the IOTs—

Senator Ian Campbell—Definitely.

Senator CROSSIN—by taking it from the department to the minister. Is that right?

Ms Riggs—That is right.

Senator CROSSIN—Some might call it elevated; some might call it more control, I suppose.

Senator Ian Campbell—I think it is more ministerial responsibility, which is probably appropriate.

Senator CROSSIN—I would not think so. Is there a connection between the expiry of the asset management plan and the decision to transfer control of funding to the minister? It is just an ongoing—

Mr Wilson—No, Senator, there is no connection between the two.

Senator CROSSIN—Is the transfer of funding due to occur from 1 July?

Mr Wilson—That is correct.

Senator CROSSIN—Why was this decision made?

Mr Wilson—It has been felt for a while that there needs to be a higher level of ministerial control in terms of the assets and the services provided to the islands, that a more regular approach to provision of those services and assets would be a better mechanism and that there is a clear, transparent approach to the delivery of those services.

Senator CROSSIN—If there is a problem with the delivery of those services, are people or organisations on the IOTs expected to contact the minister's office directly?

Mr Wilson—I believe what you will find is that from 1 July there will not be a change in terms of the level of contact, either to the minister or to my office.

Senator CROSSIN—So, Mr Wilson, you will still be Canberra's man in the IOTs. Is that right?

Mr Wilson—For the foreseeable future.

Senator Ian Campbell—He is the bad cop and I am the good cop.

Senator CROSSIN—So I have heard. Who was consulted before this decision was made?

Senator Ian Campbell—It was just an administrative decision.

Senator CROSSIN—So no-one in the IOTs was consulted or informed about it prior to it happening.

Senator Ian Campbell—They will not really notice much difference, I would think.

Mr Wilson—In terms of administration of the program, the difference would be that the minister will make decisions in terms of allocation of funding that have to date been made by the department. In terms of the overall direction of the delivery of services to the Indian Ocean territories, there has been no change in government policy.

Senator CROSSIN—As for the impact of the decision and what it means for service delivery, you are telling me that people will not see a discernible difference on a day-to-day basis. Is that correct?

Mr Wilson—As we have tried to improve services over the last number of years, we will continue to try to do so, so that hopefully they will see a continued improvement in services. There will not be a change in terms of the overall direction in the delivery of services.

Senator CROSSIN—So you would put it to me that this would lead to better outcomes for the people in the territories.

Mr Wilson—That the change in itself will lead to better outcomes?

Senator CROSSIN—Yes.

Mr Wilson—The change in itself will enable people in the Indian Ocean territories to clearly identify the level of funding being provided for those services.

Senator CROSSIN—How will they be able to do that?

Mr Wilson—Through this document here. It has clearly spelt out the level of—

Senator CROSSIN—And through the strategic plan?

Mr Wilson—And through the strategic plan, which will be a ministerial cleared document.

Senator CROSSIN—Whereas in the past it was just cleared by the department? Is that what you are saying?

Mr Wilson—In the past, because the assets sat on the department's asset register, it was the Indian Ocean territories component of the asset management plan. It was an internal document to the department. It was approved by the executive and signed off by the secretary of the department.

Mr Matthews—I will try and explain some of this. The background to this is to do with administration and accounting. The principle that has been applied is one that applies across the government: when the parliament appropriates resources, there is a test about who is effectively managing and controlling those resources. For a typical program there will be some so-called administered resources, which are directed by a minister but managed on the minister's behalf by the department, and some so-called departmental expenses, which are the responsibility of the chief executive of the department, such as staffing, computers and so on, which the minister does not need to have control of and which are left for the department to manage. In these cases, the decision was made that those resources which had traditionally been within the department would be more accurately characterised as an administered program—that is, that the minister should be taking the decisions about the funds and the assets.

You have been focusing on the assets, but it is about a whole range of issues: funding, asset management, sequencing, timing, decisions across the Indian Ocean territories in general. Those decisions are now formally with the minister. The macro decisions will therefore be transparently the responsibility of the minister, and the department will be managing on the minister's behalf but guided by the minister. It is an accounting and management change which is consistent with the way most programs are managed across the government as a whole.

Senator CROSSIN—I would like to take you to page 68 of the PBS. Table 2.9 on that page actually shows that funding for services to the territories has been reduced from about

\$88 million in 2003-04 to \$21 million in 2004-05. Can you explain for me the difference in those numbers?

Ms Riggs—That is because of the creation of the administered program, which now contains the bulk of the difference between those two numbers. This is departmental operating resources—

Mr Matthews—That is, the resources which are at the disposal of the secretary and the department. A big chunk of resources has now been transferred to administered resources, which is outside that table.

Senator CROSSIN—Where would I find that amount in the PBS?

Mr Wilson—You will find it in the delivery of services program; it is \$55.4 million.

Ms Riggs—If you go to page 66, on table 2.7, about the fifth program from the bottom is ‘Services to Indian Ocean Territories’, with \$55.4 million. If you move to table 2.8, which is on capital resources, the ‘Services to Indian Ocean Territories’ program—some \$7.5 million.

Senator CROSSIN—And they are the amounts which will now rest directly under the minister—is that correct?

Mr Matthews—Yes.

Senator CROSSIN—What is the total cost of providing services to the territories for 2004-05? What is the total allocated amount?

Mr Wilson—If you take the total which Ms Riggs has pointed you to in terms of page 66, you have \$55.364 million. In addition, you have roughly \$6.5 million in revenue that we will generate through the provision of services that will also be available. It will be in the order of \$62 million for the provision of services.

Ms Riggs—That relates only to the Indian Ocean territories.

Senator CROSSIN—Yes. That is what I am asking about. In table 2.9, is the services to the territories program amount—the \$21.09 million—to pay for departmental costs such as salaries and on-costs in the department?

Ms Riggs—That is some part of it. But the other part of it is services to territories other than the Indian Ocean territories—such as Jervis Bay and Norfolk Island. There are some payments to the ACT government. There are a number of things in there.

Senator CROSSIN—But the actual amount of money for provision of services to the Indian Ocean territories is about \$62 million?

Ms Riggs—Plus the capital money of \$7.5 million.

Senator CROSSIN—What is the total cost of services to the territories across the whole—including Norfolk Island, for example?

Mr Wilson—If you added all three numbers together you would get a total, but for all of the territories, if you are adding administered and departmental costs, you have to add in a number of other things. So, if you look at page 66, the Commonwealth is also providing \$3 million for the refurbishment of Kingston pier, \$9.051 million in terms of payments for

assistance in water and sewerage to the ACT, \$22 million for compensation for effects of the national capital influence on the cost of providing—

Senator CROSSIN—So you are talking about the ACT, Norfolk Island and IOTs?

Ms Riggs—You did ask for all territories, Senator.

Senator CROSSIN—On page 68, that table also makes reference, in the note underneath, to the reprioritisation of activities. What is that a reference to?

Ms Riggs—There are a number of elements in this table. There are estimated actual expenditures in relation to the price of outputs across six different outputs in outcome 2. Then there are budgeted numbers for 2004-05. There are, as you can see from the third column in the table, some variances. You have drawn attention to the most notable of those—the 75 per cent reduction in respective territories—and we have just explained that that is largely to do with the creation of the administered program in respect of the Indian Ocean territories. But a number of the other elements there have variations too. Some part of the variations in those individual line items are to do with the reprioritisation of activities between the six outputs identified in this table. That is what that is a reference to.

Senator CROSSIN—So we are not talking about reprioritisation of activities in relation to specific Indian Ocean territories; you are talking about activities within the department?

Ms Riggs—No. Perhaps the punctuation of the sentence has been confusing. It is a quite separate reason and it relates to the table as a whole.

Senator CROSSIN—So what has been changed then? What has been reprioritised amongst those six items?

Ms Riggs—Within each of those and between those items, just in the normal process of administering programs and undertaking work, there are a number of elements in the management of the programs group, which this predominantly covers, which will be reprioritised from year to year.

Senator CROSSIN—So you are saying that they are either too numerous or too minor to specify?

Senator Ian Campbell—I think it is just normal administration. There are projects that you work on, they get done and then you go onto another one.

Ms Riggs—For example, this year we have worked on some program improvement issues in relation to regional programs. We took the opportunity of creating regional partnerships to do that. Over the forthcoming year we may—some decisions are still to be taken—emphasise program improvement activities in relation to natural disasters, for example, although I do not want to be tied to any particular outcome. It is that sort of change that happens within years and between years that leads to lack of specificity, I guess—that is perhaps a better conclusion.

Senator CROSSIN—I understand. Also on the PBS in section 3, which is on page 79, it states that the estimated operating result for 2003-04 is an approved loss of \$14.9 million attributable to the transfer of housing assets in the Indian Ocean territories to DIMIA at a value of \$23.8 million. Is that correct?

Mr Wilson—That is correct.

Senator CROSSIN—Can you tell me precisely what housing was transferred—where it was and which housing?

Mr Wilson—Senator, if you recall, the department was charged by the government to build 160 single-bedroom units and 12 houses to facilitate the immigration reception and processing centre on Christmas Island.

Senator CROSSIN—Yes, I do.

Mr Wilson—We completed those during 2002-03. Those assets will be controlled by the Department of Immigration and Multicultural and Indigenous Affairs rather than the Department of Transport and Regional Services. We therefore transferred those assets—I believe at the start of this financial year. They are the assets.

Senator CROSSIN—That is 120 single-bedroom units—

Mr Wilson—It is 160.

Senator CROSSIN—Of course. And 12 houses.

Mr Wilson—Yes.

Senator CROSSIN—They are valued at \$14.9 million?

Mr Wilson—No, they are valued at \$23.8 million.

Senator CROSSIN—So that is what gives you an approved loss of \$14.9 million. Is that correct?

Mr Wilson—That was one of the factors. I am not in a position to discuss that.

Ms Riggs—Senator, the sentence after the one you are referring to says:

This loss is offset by a planned underlying surplus of at least \$8.9m ...

So the difference between \$23.8 million and \$8.9 million gives you the \$14.9 million. I think that is how the arithmetic works.

Senator CROSSIN—There is still a loss, though, isn't there?

Ms Riggs—Yes. The beginning of the first sentence says quite clearly:

The estimated actual operating result for 2003-04 is an approved loss of \$14.9m ...

That was true at the time that this was written.

Senator CROSSIN—I see. So as we move to 2004-05, you are anticipating a surplus of \$8.9 million in the coming 12 months. Is that correct?

Ms Riggs—No, that is not how to read this paragraph, but I would really need to ask the chief finance officer to deal with this. This is a whole-of-department paragraph. This is not about the territories or the IOTs. Perhaps Simon could help us.

Senator CROSSIN—That paragraph has specific losses and gains in relation to IOT housing, so I just assumed that the last sentence was also in relation to the activities on the IOTs.

Mr Ash—This was discussed, I think by the first assistant secretary of corporate, on Tuesday evening. I suppose this exemplifies very much why the Indian Ocean territories are being moved from the department into an administered program. You are getting the interaction of normal departmental activities, which, for the year 2003-04, are forecast to have a profit of the order of \$8.9 million. That is for departmental activities excluding the Indian Ocean territories. But because of the transfer of this property on 1 July, the Indian Ocean territories are having an accounting loss of \$23.8 million. When you put those two numbers together you get an overall loss across the department, including the Indian Ocean territories, of \$14.9 million.

Senator CROSSIN—I thought I was right in the first place. So that is how you arrive at the \$14.9 million.

Mr Ash—Yes.

Senator CROSSIN—Thank you. You might be able to answer the next question. On the same page of the PBS it says that the total revenue has also decreased, primarily due to the transfer of the Indian Ocean territories services program—the \$66 million or so—and depreciation associated with the Australasian space base. So the transfer of the Indian Ocean territories program from a department program to an administered program is what you are talking about?

Mr Ash—Yes.

Senator CROSSIN—Also, is it correct that no funds have been spent to date on the space base?

Mr Wilson—Do you mean expenditure on the facility itself or the infrastructure which the department has been charged—

Senator CROSSIN—I want you to explain to me why there is a depreciation of \$2.5 million associated with the space base—that sentence in the next paragraph. Why is there any depreciation associated with the program?

Mr Wilson—The depreciation component deals with the expected depreciation associated with the assets which the department is charged by the government to build to facilitate the space centre. As you would recall—

Senator CROSSIN—There is the wharf.

Mr Wilson—There is the port, the road and airport, which the department has been charged to build. The road would not become an asset of the Commonwealth, because it would end up as a shire asset. But the port and the road will be assets of the Commonwealth.

Senator CROSSIN—The port and the airport, you mean.

Mr Wilson—Sorry, yes: the port and the airport. Thank you for correcting me. When those assets are capitalised—when they come onto the books—they start to accrue depreciation. That part of the sentence relates to the depreciation that is estimated to be incurred by the department and when it transfers across to ‘administered’ by the administered component of the accounts associated with those two assets.

Senator CROSSIN—Okay. To date, the port has been completed—is that correct?

Mr Wilson—Fairly well.

Senator CROSSIN—The airport has not been started and the road has not been started—is that right?

Mr Wilson—We have done some preliminary design work on both the road and the airport but no, to date there has been no construction work of either the road or the airport.

Senator CROSSIN—Is the \$2.5 million depreciation on just the port construction or is it an anticipated depreciation across the three?

Mr Wilson—It is an anticipated depreciation across the port and the airport.

Senator CROSSIN—It does not say ‘anticipated’ in the PBS, though, does it?

Ms Riggs—This paragraph begins with ‘2004-05 is estimated ...’ because this is about projected, expected, anticipated outcomes for the forthcoming financial year.

Senator CROSSIN—So I am supposed to read ‘anticipation depreciation’ in the last sentence, am I? You would have to be a mind-reader to read this.

Mr Yuile—As Ms Riggs said, it is the fact that the total revenue is estimated. There is an estimate element of this because it is 2004-05—it is the future.

Senator CROSSIN—So the whole paragraph is about estimations, is it?

Mr Yuile—Yes, it is.

Senator CROSSIN—That is clear, isn’t it! In relation to service delivery to the external territories, can you confirm that it is the Commonwealth’s long-term plan for the incorporation of the Indian Ocean territories into an existing state or territory, with WA as the preferred option?

Ms Riggs—I believe that is an accurate description of the current stated government policy.

Senator Ian Campbell—It is. It is a fairly long-term proposition, and it is subject to detailed consultation with the island communities and the WA government. I think it also has to be the subject of a referendum in Western Australia. So there are some significant hurdles, but it is the end of a process.

Senator CROSSIN—When you are talking about ‘long-term’, do you mean, say, 10 years?

Senator Ian Campbell—My guess is probably at least that. I think that is just a practical—

Senator CROSSIN—Have you started consultations with the IOTs?

Senator Ian Campbell—No, but it is stated policy. A lot of what we are doing is aiming towards that position. When I consult—

Senator CROSSIN—Have the Indian Ocean territories agreed to it? Have the shire councils agreed to it?

Senator Ian Campbell—I do not think they are opposed to it. They never raise it with me when I talk to them.

Mr Wilson—They have raised it with me in my travels to the island. There is a belief in the population of a number of the Indian Ocean territories that they would prefer self-determination—that is, being self-governing territories. I have had discussions with a number of what I guess you would describe as community leaders. I guess at this point at time we agree to disagree in terms of long-term objectives and long-term outcomes.

Senator CROSSIN—I previously asked you about this in March last year. There have been no formal consultations, have there, between the department and the IOTs—the shire councils or the people—about this policy?

Senator Ian Campbell—This is a government policy. It is a cabinet level decision; it is not something I would ask my department to go out and consult about. That would be passing the buck.

Senator CROSSIN—Have there been some consultations with the IOTs or the shire councils?

Senator Ian Campbell—I have met with people on the IOTs on many occasions in the last six months, and this is not an issue that has ever been raised with me. It is obviously not a matter of huge concern to them. If it is, I am happy—very happy—to talk to them about it.

Senator CROSSIN—Mr Wilson is right when he talks about the fact that they would prefer a model of self-determination. Perhaps it is not an issue that they have consciously raised with you because they know you are poles apart on it.

Senator Ian Campbell—Maybe that is the case.

Senator CROSSIN—Perhaps they do not bother raising it.

Senator Ian Campbell—What does self-determination mean? Do you mean self-government or independence or—

Senator CROSSIN—There have been no specific consultations on the issue—is that right? Have you written to the shire councils and asked for their view about it?

Senator Ian Campbell—This has been cabinet policy for many years. I am advised the decision was made in 2000. I have to say that, in the time that I have been the minister, it has not been raised by anyone on the islands, that I recall. It is clearly our policy; we do not resile from it. But I am happy to talk to anyone out there who wants to talk about it. I think it is something to focus on when it becomes imminent—but, as I have said to you, plucking a figure out of my head, I would not have thought that that move would occur during this decade. I hope that we can move to that, because I think that, in terms of the service quality, living standards and political representation for the people on the islands, it is the right way to go. That is our policy. I believe in the policy, but I have enormous respect for people who disagree with me. We are having these very debates over at Norfolk Island at the moment. Your party probably has a different perspective from mine on what should happen on Norfolk Island.

Senator CROSSIN—Have there been any formal consultations between the federal government—or you, Minister—and the Western Australian government about incorporating the IOTs into WA?

Senator Ian Campbell—Not at the political level. I have had one meeting with the local government minister. I have been planning to have a meeting with the Premier to discuss this but it has really been a matter of priorities for him and me as to when our timetables mesh and we can talk about it. It is a long-term thing. We are moving along on all the administrative arrangements, trying to put in place structures through the service agreements. We are moving towards that goal. If it gets to the stage in a few years time where it becomes a sensible thing to do then we will take it to the next level. Ultimately, that will mean a referendum of the people of Western Australia, so it will need a lot of consultation.

Senator CROSSIN—When was the meeting with the Western Australian government?

Senator Ian Campbell—At officer level we have regular meetings. Do you want to know when I met with the minister for local government from Western Australia?

Senator CROSSIN—You said there had been one meeting.

Senator Ian Campbell—That was my meeting.

Senator CROSSIN—I am just wondering whether it was last week, last month or last year?

Senator Ian Campbell—It was a couple of months ago. That was not the issue of the meeting. We were mostly talking about local government issues.

Senator CROSSIN—Mr Wilson, is your department regularly meeting with the Western Australian government to progress this issue?

Mr Wilson—No, we have not had a meeting to discuss the integration of the Indian Ocean territories.

Senator CROSSIN—Do you have a list, albeit probably comprehensive, of the services that the Commonwealth is currently providing directly to Christmas and Cocos islands—not through the service delivery agreement but directly?

Mr Wilson—At the moment, I would consider that even the services that we provide through the SDAs are provided directly by us. It is through a contractual arrangement, but the department is responsible for delivery of those services. I cannot provide it to you today, but I can provide you with a list of the range of services that we provide to the Indian Ocean territory communities.

Senator CROSSIN—If you could take that on notice, it would be useful.

Senator Ian Campbell—The issue we have to confront is: is it the best thing for the people on the islands to have the federal government in Canberra—geographically, probably 4,000 nautical miles away—performing the functions of the federal government, a state government and, in some cases, a local government? Is that the most efficient way to deliver quality services to people on those islands? My answer to that is absolutely, demonstrably no. The only reason that you would do it is if, for some perverse reason, you wanted to maintain some political control out there, and that is not something I want to do.

Senator CROSSIN—How many DOTARS officers are present on Cocos Island at the moment?

Mr Wilson—None, Senator. But, as of today, there probably are two officers from Canberra present on Cocos.

Senator CROSSIN—I did not mean dropping in. What are the current arrangements with the DOTARS office and the move of that? You have closed the DOTARS office on Cocos Island?

Mr Wilson—We closed the Cocos office in December last year. The services that we provide on Cocos are provided under contract through a range of contractors, as are the service delivery arrangements with Western Australia provided to the island—and as is education provided, which is provided by the Western Australians.

Senator CROSSIN—What are the current arrangements, though? You have the DOTARS office on Christmas Island?

Mr Wilson—We have two specific DOTARS officers on Christmas Island.

Senator CROSSIN—How often are they getting to Cocos Island?

Mr Wilson—I can estimate how often staff from my area get there; I cannot tell you precisely. As I said, there are two officers on the island at the moment. We have a policy of having officers go from both Canberra and Perth, as well as from Christmas Island, to inspect and audit the services that we provide and to talk to the community in regard to the level of services that we are providing. They would get there on a two-weekly or three-weekly basis. That is probably the best estimate I can give.

Senator CROSSIN—What is the situation with the administration? The deputy administrator has also been moved off Cocos Island and now resides permanently on Christmas Island.

Mr Wilson—That is correct.

Senator CROSSIN—He goes to Cocos Island twice a month maybe?

Mr Wilson—I believe he goes every four to six weeks.

Senator CROSSIN—With regard to the reduced departmental presence on Christmas Island and Cocos Island, is there a view that that has led to more responsibility for the shire or for the Western Australian government?

Mr Wilson—I think the long-term objective of the government, as set out by the minister, has been to normalise the arrangements of the provision of services that the department is responsible for delivering. There is an ongoing debate between the shire and the Commonwealth in terms of who is responsible and who should be responsible for certain services. I do not believe that removing the officers from Cocos Island has increased the responsibilities of the Cocos Island shire to deliver services that the department is currently responsible for delivering.

Senator CROSSIN—I guess that is my question: is the department of the view that perhaps the shire is in a position to take on greater responsibility?

Senator Ian Campbell—Whenever anything comes up, the shire is always telling me, ‘We would like to do that. Can we do that?’ So it is obviously trying to take on more responsibilities.

Senator CROSSIN—But are you of the view that they are able to now do that?

Senator Ian Campbell—I do not think that is a view that we need to have. When we go to competitive assessments of service provision, it is entirely open for the shire to put a bid forward and show us their credentials on a service-by-service basis. I presume we are quite happy to receive any bids they put or any proposals, but I do not think that to make an overall judgment about the capability of the shire in a broad sense is something the federal government would want to pass judgment on. I am sure the shire is very good at doing some things and probably not the best at doing some others.

Senator CROSSIN—They say the same about your department as well.

Senator Ian Campbell—I am sure that is right. It is the same for every shire around the country. They are probably quite good at doing many things and would probably say there are better people in other service provision organisations, both private and public, that can do many other things.

Senator CROSSIN—So there are no particular areas of responsibility that the department now believes they could hand over to the shire? There has been no consultation about taking on certain areas of responsibility?

Mr Wilson—Not in terms of just handing them over. We are going through a process where we have been trying to determine an appropriate demarcation, I guess you would say, between the shires and the federal government in terms of the provision of services. Because of the historical situation of the territories there has been a long-term blurring of responsibilities. One of the things we have been trying to determine is an appropriate demarcation between the two, but in terms of handing over services that the department is responsible for delivering: no.

Senator Ian Campbell—My meeting with the Hon. Tom Stephens, minister for local government in Western Australia, was on 15 March 2004 at 9 o'clock in my office. The meeting went for about an hour or so. It was mostly aimed at talking about local government issues. I think the discussion in relation to the Indian Ocean territories lasted for a very short time. It was not the main item on the agenda.

Senator CROSSIN—Thanks for that. I understand that the general manager of the Indian Ocean Territories Health Service is now working from Canberra, but is supposedly still managing the service. Is that right?

Mr Wilson—That is not correct.

Senator CROSSIN—So what are the arrangements now?

Mr Wilson—The general manager of the health system is not in that position any longer. There is no person sitting in the general manager's position. The operational responsibility for the Indian Ocean Territories Health Service sits with my director on Christmas Island, who reports directly to me.

Senator CROSSIN—So your director on Christmas Island for the time being is the general manager of the health service. Is that correct?

Mr Wilson—No, that is not correct. Ms Jenkins does not sit in a position entitled ‘general manager of the health system’.

Senator CROSSIN—No, but she is looking after the health service while you find a replacement.

Mr Wilson—No, I am not looking for a replacement for the general manager’s position.

Senator CROSSIN—Who is going to manage the health service? How is that planned to now be managed?

Mr Wilson—We have decided not to replicate the management arrangements that we had in place whilst we had the general manager. We have reverted to the management arrangements that were in place prior to appointing a general manager.

Senator CROSSIN—Which is what?

Mr Wilson—Which is that the director of nursing reports directly to the director that I have on Christmas Island and the director of Christmas Island reports to me.

Senator Ian Campbell—And Mr Wilson reports to Leslie, who reports to Ken, who reports to me.

Senator CROSSIN—Who made the decision to actually remove the general manager from the island?

Mr Wilson—It was a joint decision between myself and the general manager.

Senator CROSSIN—So she is no longer attached to the department at all?

Mr Wilson—No, she is currently working in the Canberra office—but not with the duties of general manager of the Indian Ocean Territories Health Service.

Senator CROSSIN—What position does she have?

Mr Wilson—She is currently providing assistance with the accreditation of the Indian Ocean territories health system and developing a tender specification for market testing the provision of the Indian Ocean Territories Health Service.

Senator CROSSIN—With a view to what? Tendering the provision of the health services—

Mr Wilson—That is correct.

Senator CROSSIN—away from the hands of the Commonwealth. Is that correct?

Mr Wilson—As we currently provide services to the Christmas Island port, it would be contracted out should it be deemed that the market testing provides better value for the government and a high level of services for the communities.

Senator CROSSIN—Can I ask about the health board that was established on Christmas Island, which has not met, I think, for at least a year? It was to provide advice to the health service and provide direction. Has that met since we last had estimates?

Mr Wilson—My understanding is that the health board, which is chaired by the shire president of Christmas Island, has met this year, but I would have to check and get back to you on that.

Senator CROSSIN—Are they involved in the accreditation and the market testing activity?

Mr Wilson—They are an advisory board. They are a community information board. They are not involved in either the accreditation or the market testing process. The market testing process is a responsibility that I hold.

Senator CROSSIN—Do they have a view about whether or not they want the Commonwealth to retain management of the health service?

Mr Wilson—I would have to check on that.

Senator CROSSIN—They have not been asked or consulted in a meeting? There is no paper about this market testing proposal?

Mr Wilson—It has not been forwarded to the health board as far as I am aware. They have not been asked for their views.

Senator CROSSIN—So the health services committee is not playing a role in any of these decisions?

Mr Wilson—The health services committee?

Senator CROSSIN—I am not entirely sure what its correct name is.

Mr Wilson—I am not exactly certain what the title of it is. No, they will not be playing a role in it.

Senator CROSSIN—You are saying that you believe the committee might have met this year. Is that right?

Mr Wilson—I believe so. In discussions with my officer on Christmas Island recently we did have a discussion about the fact that we have an agreement to meet. She had requested from the shire president that the board meet.

Senator CROSSIN—You would have read, no doubt, the court transcript on the Mr Bruce Hill case?

Mr Wilson—Yes.

Senator CROSSIN—Are there any areas of concern out of that that the department will take up?

Mr Wilson—The process for Mr Hill has come to an end, and we are going through the reinstatement process with Mr Hill at the moment. We are currently reviewing a number of the processes that are in place in terms of the Indian Ocean Territories Health Service. Part of the accreditation process for the IOTHS is examining all of the human resource processes that we have in place. One of those is the harassment policies. Others are the staff interaction policies. All of those are currently being reviewed in line with the accreditation process.

Senator CROSSIN—The transcript is not exactly a resounding endorsement of the treatment of people and services provided there, is it?

Mr Wilson—I think the transcript can speak for itself.

Senator CROSSIN—So what action is now proposed? You are saying you are reviewing your policies in relation to the HR provision at the hospital.

Mr Wilson—That is correct. I was being specific there in terms of the HR provisions for the hospital because that is part of the accreditation process.

Senator CROSSIN—I know. It is the widest health service.

Mr Wilson—It is also wider than just the health service; it is also that the policies across the whole of the provision of services by the department on the island are being incorporated into that review.

Senator CROSSIN—Oh, is it?

Mr Wilson—Yes.

Senator CROSSIN—Tell me a bit more about that review. Who is involved?

Mr Wilson—The HR policies review is being undertaken by my director on Christmas Island.

Senator CROSSIN—Across the administration, the office and the health service?

Mr Wilson—That is correct.

Senator CROSSIN—All of the Commonwealth service provisions?

Mr Wilson—Yes—to ensure that practices in the Indian Ocean Territories health system are not different from the practices provided in the corporate office on Christmas Island.

Senator CROSSIN—Who is involved in that process? Is this something that is being done in consultation with service providers, the unions on the island or the shire councillors?

Mr Wilson—It is not being done in consultation with the shire councillors, because they are not responsible for the delivery of the services. It is being undertaken by my director on Christmas Island in consultation with the staff that are employed on the island to deliver services.

Senator CROSSIN—Is the Christmas Island Workers Union involved in this as well?

Mr Wilson—Yes.

Senator CROSSIN—I have some questions on assets and services. On page 108 of the DOTARS 2002-03 annual report—I do not actually have the report with me, but I have the page reference here—it is claimed:

... work continues to develop ... capital structure and resources to allow them to take on the full range of local government services.

Mr Wilson—That is correct.

Senator CROSSIN—I understand that back in September 2002 the Shire of Christmas Island wrote to you regarding Shire of Christmas Island property issues. My understanding is that there has not been a substantive answer to that correspondence yet; is that correct?

Mr Wilson—I will have to check.

Senator CROSSIN—I can even give you the reference number of their letter if you would like to do that over lunch, but I think they are still waiting for an answer to this nine-page letter.

Ms Riggs—We will check, as Mr Wilson has said.

Senator CROSSIN—The reference number at the top of their letter is 2.1.10. They are after a substantive response. Perhaps you can indicate when you might be intending to respond to it.

Senator Ian Campbell—Have they raised that with us since then?

Senator CROSSIN—I am not sure.

Senator Ian Campbell—It certainly has not been raised in the two meetings I have had with the shire president.

Senator CROSSIN—They are certainly asking me to raise it now on their behalf. What account does DOTARS take of the Local Government (Transition) Ordinance 1992, particularly clause 6, which talks about the assets, rights and obligations of the former assembly? You would need to have a look at their letter, I suppose, to refresh your memory about it.

Mr Wilson—I would need to have a look at their letter. I do not have the letter in front of me, and I do not have the detail.

Senator CROSSIN—I am happy to give you a copy of the letter if it is going to save you some problems.

Mr Wilson—If I can, I will take it on notice and give you an explanation.

Senator CROSSIN—What I am leading to is the Local Governance (Transition) Ordinance 1992. What relationship does that have for any legal interests that you or the laundry workers might have had in the sale of the laundry? Have you looked at the connection between the two?

Mr Wilson—I am not across the details of that.

Senator Ian Campbell—Is it that the shire thinks they should own the laundry and we have sold the laundry or something?

Senator CROSSIN—That is exactly what you did. You sold the assets of the laundry for \$119,000.

Senator Ian Campbell—And the shire wants the money?

Senator CROSSIN—No, I think the four or five laundry workers who are owed \$20,000 are still after their money.

Senator Ian Campbell—I am glad that came out so we know what we are talking about.

Senator CROSSIN—Their letter goes into quite a number of matters. It is nine pages long.

Senator Ian Campbell—You have the letter; we have not. We are trying to mind-read and figure out what you are talking about.

Senator CROSSIN—You have the letter, Mr Wilson. I know you have.

Senator Ian Campbell—You could use smoke signals. It might be more clear.

Senator CROSSIN—The question goes to the relationship between the Local Government (Transition) Ordinance and the contents of their letter.

Ms Riggs—That is a very broad question if it is a nine-page letter. Perhaps you could be more specific about what you would like us to take on notice, please.

Senator CROSSIN—Basically, I would like to know when you are going to respond to it.

Ms Riggs—We will certainly take that on notice.

ACTING CHAIR (Senator Ferris)—Mr Wilson has already said—and I thought you agreed, Senator Crossin—that he would like to take the questions related to the letter on notice because he does not have the letter with him and it is a substantial letter.

Senator Ian Campbell—I would like to point out that none of the issues that have been raised today have ever been raised with me in the last six months, including in two meetings with the shire.

ACTING CHAIR—But, importantly, I think both parties agreed that the questions would be taken on notice.

Senator Ian Campbell—Furthermore, we will take the question as to when the letter will be answered on notice. If there are any issues in the letter that Senator Crossin thinks are important, she should refer us to those paragraphs.

Senator CROSSIN—You need to get a copy of the letter before I can do that.

Senator Ian Campbell—Yes, we do.

Senator CROSSIN—Perhaps you can come back after lunch with a clarification of that issue. I refer you to the issue of waste management on the island. I understand that, in 2001, you provided an accountable cash grant of \$700,000 to the Shire of Christmas Island to develop and implement new waste strategies. Is this correct?

Mr Wilson—I am sorry, but that is before I took responsibility for this job and I am unaware of that cash grant.

Senator CROSSIN—Where is Mr Mrdak? He might be able to remember that. Let me continue, because it is not all that long ago. I understand that in February this year the shire again sought approval from DOTARS to erect the equipment on Commonwealth land that the shire currently operates the tip site on. Is that correct?

Mr Wilson—I will have to take that on notice.

Senator CROSSIN—Okay. What happened was that a decision was made to build the temporary detention centre on Phosphate Hill. That was the land on which it had previously been agreed to erect the waste minimisation equipment, so it was no longer available. I understand that, since that time, the shire has repeatedly tried to identify with DOTARS alternative land on which to place this equipment.

Mr Wilson—I understand that there are discussions on the island with regard to the long-term provision of waste management facilities and that they have not been resolved.

Senator CROSSIN—Has alternative land on which to place this equipment now been identified?

Mr Wilson—With regard to the specifics of the situation as it currently stands, I would have to take that on notice.

Senator CROSSIN—You might want to take this on notice too. Again, the shire has written to DOTARS and no response has been received about that. It is about finding alternative land for the waste minimisation equipment.

Ms Riggs—Could you be more specific about when this letter was sent?

Senator CROSSIN—In February this year.

Ms Riggs—Thank you.

Senator CROSSIN—In the absence of any state government waste management authority on Christmas Island—the Western Australian government is not responsible for it—Christmas Island people are waiting for land on which to put their equipment.

Senator Ian Campbell—Waste management is managed by local government in WA.

Senator CROSSIN—That is right. Currently the shire is not doing that. In terms of providing this alternative space for equipment—

Mr Wilson—The easiest way for me to answer this is to take it on notice and provide you with a detailed response in regard to where the current situation is.

Senator CROSSIN—What is DOTARS's current responsibility on the island for waste management?

Mr Wilson—As far as I am aware, it is a responsibility of the shire council.

Senator CROSSIN—When they are after land to build waste minimisation equipment, where do they go to get that land?

Mr Wilson—There are a number of options. They can purchase land, but it is more likely that they would come to us to try to identify a long-term solution for their problem.

Senator CROSSIN—That is right, and I think that happened. In 2001 they had land identified on Phosphate Hill. The detention centre has now been built on Phosphate Hill, so they are asking what land will now be available for them to put this equipment on.

Mr Wilson—I will provide you with a detailed response.

Senator CROSSIN—Thank you. I have some detailed questions about financial expenditure on Christmas Island. You might need to take them on notice. In the 2002-03 financial year I understand that around \$69.8 million was spent on the IOTs. That is what your annual report states on page 109. Is there a breakdown of the expenditure between Christmas and Cocos, or do you just put the Indian Ocean territories together?

Mr Wilson—It is just the Indian Ocean territories. As you would be aware, a number of the services that we provide cover both islands in the Indian Ocean territories—the health system, the education system, the staff. There are a number of costs that go to both islands, so it is probably not possible to isolate clearly—or definitively, I suppose is the right term—expenditure just for Cocos and just for Christmas Island.

Senator CROSSIN—Is it possible to get the percentage of expenditure for employees of DOTARS?

Mr Wilson—Out of the \$69.8 million?

Senator CROSSIN—Yes.

Mr Wilson—I would have to take that on notice.

Senator CROSSIN—You will probably need to take the rest on notice too. My other questions go to percentages of expenditure for consultancies and contracts—the percentage of that money that was spent on the service delivery arrangements. Would you need to take those questions on notice?

Mr Wilson—Yes.

Senator CROSSIN—Can I quickly ask you about the terminology ‘factor back’. I have read somewhere about continuing to ‘factor back’ financial assistance grants to the shire. Can you explain to me what the use of that term is?

Mr Wilson—The shires of Christmas Island and Cocos islands are provided with grants equivalent to what they would get if they were part of Western Australia. When we allocate funding to them, they go through a process like the one the Western Australians undertake. When the shire is allocated funding out of what the Australian government provides to local governments, it goes through the Western Australian Local Government Association, who factor back the amounts that are provided to them. If you want a technical explanation of it, I would have to take it on notice.

Senator CROSSIN—No, I think that will be fine for what I need. I just keep reading it and I wondered what it meant.

Proceedings suspended from 1.02 p.m. to 2.04 p.m.

Senator CROSSIN—Can you give me an idea of what the current employment levels on the IOTs are?

Mr Wilson—I do not have the current unemployment levels for the Indian Ocean territories. I understood that—

Senator Ian Campbell—I think you wanted employment levels, didn’t you, Senator?

Senator CROSSIN—Yes.

Mr Wilson—I do not have the level of employment.

Senator CROSSIN—And unemployment, then?

Mr Wilson—No.

Senator CROSSIN—It is not broken down.

Senator Ian Campbell—We will take both those on notice.

Senator CROSSIN—Your annual report talks about improving employment levels, and I am wondering how you are doing that.

Mr Wilson—There are a number of things that we are trying to do to improve the employment levels on the island. We are working with the economic development associations on both Christmas and Cocos.

Senator CROSSIN—To do what?

Mr Wilson—We have provided the administrator with funding to develop an economic development strategy for both islands in consultation with both the EDAs and the Christmas Island and Cocos Island shires. On top of that, there is significant construction work in regard to the construction of the recreation centre on Christmas Island, and we will shortly be calling for tenders for expressions of interest for the development of a tourist resort on Cocos.

Senator Ian Campbell—There is a new phone system going into Christmas, and construction will start probably by the end of the year. There is significant interest in reopening the resort at Christmas.

Senator CROSSIN—I understand that only 40 per cent of the IRPC is planned to be completed by 2005. That is a figure I was given by DIMIA just a couple of days ago. Will that impact on the employment level or the anticipated economic development on the island?

Mr Wilson—The construction of the immigration reception and processing centre will impact on the economic development on the island. It will be a major boost to employment. It will be a—

Senator CROSSIN—It is going to be significantly reduced, though, if only 40 per cent of the centre is planned to be built by 2005. The original plans were that it was actually going to be built by now.

Mr Wilson—That is correct, Senator. It was originally a government announcement that it would have been instructed by that time. The construction will be over a longer period of time. There will be a less concentrated construction time frame which will enable the economy, which is a fairly small economy, to better cope with a major construction project.

Senator CROSSIN—So, if we have a major construction over a longer period of time, the community can better cope with that?

Mr Wilson—I believe so, yes.

Senator CROSSIN—It is a pity that that was not thought when it was first announced. What is the DOTARS policy on market testing of service provision arrangements?

Mr Wilson—Senator, I think you will find that the department is going through a process of market testing each of the services that we provide currently on Christmas Island.

Senator CROSSIN—Is that with a view to contracting all of them out?

Mr Wilson—It will be a case-by-case situation. It will depend on the market testing process for each individual business unit as to whether or not the department analysis of the tenders received provide a better value for the Commonwealth at the end of the day.

Senator CROSSIN—So why don't you market test most of the arrangements you have got with the Western Australian government through your SDAs, as recommended by the Commonwealth Grants Commission in 1999?

Mr Wilson—I do not recall that the Commonwealth Grants Commission recommended that. I would have to check if that is the case. The services that are provided by the Western Australians are provided at a marginal cost to the Commonwealth. They relate predominantly to services that are normally provided by state government, which, in this area, is the responsibility of the department. It has not been considered that we should market test it.

Senator CROSSIN—There is no belief there are some inconsistencies there?

Ms Riggs—Would you like to describe what you think they are?

Senator CROSSIN—I am aware of the range of state delivery arrangements that you have. I have seen them all and read about most of them through the National Capital and External Territories Committee. Do you not believe that in some of those areas services can be better delivered if you contract them out rather than having an arrangement with the Western Australian government?

Ms Riggs—We would not be able to answer that question unless we went through a process of preparing for market testing and went through the first stage of that in order to test the strength of your contention. I do not think we can answer that question.

Senator CROSSIN—So you are not looking to market test any of the provisions in the SDAs?

Mr Wilson—Not at this stage.

Senator CROSSIN—Where are we at with the cleaners and the gardeners employed by the office?

Mr Wilson—We have redrafted the tender specifications. I am advised that we will be reissuing it to the marketplace in June this year.

Senator CROSSIN—So you have market tested and decided to contract out?

Mr Wilson—No. We went through an expressions of interest phase to determine the level of interest on and off the island to provide those services. There were nine respondents. I believe there were seven on-island respondents but I would have to check that number. We then went to the marketplace with a limited scope for market testing, which did not generate sufficient interest. We have rescoped it to include all of the cleaning and gardening services provided on the island by the department. We will test the market in June of this year.

Senator CROSSIN—Has there been any analysis done as to whether the market testing service delivery areas will actually provide economic benefit to the island? Is that part of your testing?

Mr Wilson—The most recent market testing process we have been through was for provision of services for the airports. We have just concluded that process. The analysis of the tenders indicates that the outsourcing of the provision of those services will provide a better quality product at a lower price to the department.

Senator CROSSIN—To what degree did you assess the local employment opportunities in assessing the short-listed tenders for the airport contract?

Mr Wilson—One of the criteria is to encourage local employment, but it was only one of the—

Senator CROSSIN—So it is not mandatory?

Mr Wilson—It is not mandatory that they have to employ locally.

Senator CROSSIN—What value did you place on the local employment opportunities when you went through that tender process?

Mr Wilson—I would have to check and get back to you on that.

Senator CROSSIN—What is currently happening with the land release on Christmas Island? Are there further releases of land or is there a policy to release further land on Christmas Island?

Mr Wilson—Not that I am aware of.

Senator Ian Campbell—Except to the extent that I would like to release land to build a major international tourism facility there.

Mr Wilson—That is on Cocos.

Senator Ian Campbell—Cocos, sorry; not Christmas.

Senator CROSSIN—Is there any further developments in the policy to release land or the sale of houses there?

Mr Wilson—If you are referring to the rental sales scheme in terms of the Commonwealth trying to dispose of the large pool of housing that we own on the islands, there is. But in terms of the release of land, no.

Senator CROSSIN—Have you developed a strategic plan for the economic development of the IOTs?

Mr Wilson—The administrator of the islands has been tasked with working with the economic development committees of both islands and the shires to develop a strategic economic development plan.

Senator CROSSIN—What is the time line for that?

Mr Wilson—I am not certain of the administrator's time line in terms of when he envisages delivering that.

Senator Ian Campbell—That is a fair question. We will report back on that.

Senator CROSSIN—I am just wondering whether he is trying to have it done by July or Christmas or—

Senator Ian Campbell—It is a good question. We will get you an answer.

Senator CROSSIN—If the APSC project does not proceed, have you had a look at what impact that will have on the economic development of the island?

Mr Wilson—No.

Senator CROSSIN—Has there been any consideration of any contingency plan if the APSC project does not proceed?

Senator Ian Campbell—We certainly have not put all of our eggs in that basket. Clearly, if it does go ahead, it will be a tremendous economic boon for the island but, if it does not,

one of the things I have been working on assiduously since the first day I went to the island is to see if we can get the resort reopened. There are investors interested in reopening it and massively increasing the size of it. I think that is one thing that we would both agree would be tremendous for the island. I am hopeful that that will occur. I have also been working closely with the phosphate mine—what is the company called?

Senator CROSSIN—Christmas Island Phosphates.

Senator Ian Campbell—Yes—I have been working with CIP on their viability. Of course, the process of getting the necessary approvals to get access to the new lease areas is part of that as well.

Senator CROSSIN—While we are on that, has the environmental impact statement been publicly released yet?

Mr Wilson—I do not believe so, but I will check for you.

Senator Ian Campbell—We can get an accurate answer for you. They seem to take a hell of a long time.

Senator CROSSIN—Because we are all waiting for that to happen in the chain of events, if you know what I mean.

Mr Wilson—Yes, I believe that is the next step in the chain of events.

Senator CROSSIN—Can you tell me if there is a definitive day on which you make an assessment about the future of the APSC?

Mr Wilson—That does not fall within my responsibilities. That is an issue for my colleagues at Industry, Tourism and Resources.

Senator CROSSIN—If they have a day in mind or a time line in mind, that is up to them, is it? You are just providing the infrastructure for the project?

Mr Wilson—The department has been charged with providing the infrastructure. The deed of agreement, I believe, is the terminology used between APSC and the department of industry.

Senator CROSSIN—Senator Campbell, you just said a minute ago and you said in February that you were keen to get the Christmas Island casino reopened. Are there actually any serious plans to reopen the casino on the island?

Senator Ian Campbell—The owners of the resort have had meetings with me and they informed me at the last meeting that they have some serious investor interest coming into it. I should say it is about reopening the resort because I think they are two separate things, as you would know from having visited there. The resort could certainly, I think, be reopened very quickly with minimal investment, although the plan that the proponents are looking at is for significant upgrading just to spruce it up. It is probably getting a bit tired, although I think it is in pretty good shape. It needs a bit of money spent on it. So option 1 is just to reopen it as it is.

Senator CROSSIN—Are discussions occurring with entrepreneurs that would actually be contracted or subcontracted to open up the casino as opposed to Mr Kwon selling on the casino?

Senator Ian Campbell—There are probably discussions around all those options. Mr Kwon has asked us about the process involved in getting the casino going. One of the options that the company would be looking at is whether they do get in an established casino operator, but that does not seem to be the tenor. Their main focus at the moment is to get it going again as a resort. My understanding is that reopening the resort is one issue and getting a casino licence is another. Any casino licence would have to go through all of the proper probity and other processes.

Senator CROSSIN—I will come to that in a minute.

Senator Ian Campbell—Let me just finish. I will tell you the whole story, which might make it easier if I give you the picture and then you can ask me about it. The next option is to increase the size of the resort to expand the number of rooms. They are talking about doubling it, because that creates the economies of scale to get charter flights and other flights in and out. It is very hard with only 145 rooms or thereabouts at the moment to get the scale you need to get the value packages involved for tourism. That is one of the proposals.

Senator CROSSIN—What will you do about the inefficient air services that come in and out of the island? You will need to look at that.

Senator Ian Campbell—It is a chicken and the egg situation. If you have the accommodation, you can get more people on seats, which can make the air services more efficient.

Senator CROSSIN—Is there a current demand for those extra seats?

Senator Ian Campbell—There will not be unless you have the rooms and the resort on the island.

Senator CROSSIN—But you already have 145 there. Wouldn't you open the resort?

Senator Ian Campbell—I think their initial plan was to reopen it as soon as possible, and that is what we would like to see happen. I think there would be a total unity ticket on that. Secondly, there is the issue of the casino. Thirdly, there is the issue of the expansion of the number of rooms. The only other information I could add on the progress of those discussions is that I have invited them to write to us to seek approval from us, as the landlord effectively, to enter into a sublease agreement, which would allow another investor to come in and take over the lease.

Senator CROSSIN—What is the process for getting the licence approved?

Mr Wilson—The process is that the Casino Surveillance Authority—

Senator CROSSIN—I know about them. They have a two-page annual report every year.

Mr Wilson—would do a probity check on the applicants for the casino licence. I am advised that that could take anywhere between three and six months. If there is a foreign company involved in it, it may take slightly longer and may require Foreign Investment Review Board consideration.

Senator CROSSIN—If that gets ticked off, is it just a simple application to the minister?

Mr Wilson—They would then make a recommendation to the minister, which he could approve or disapprove. There is then a process whereby, following the approval of the

application, the casino operators would have to establish gaming rules and operational rules. The Casino Surveillance Authority would have to approve all of those. You would then have to go through a dummy opening trial, for want of a better word, and the Casino Surveillance Authority would have to approve that. Then, and only then—at the end of that process—would you actually have an operating casino.

Senator CROSSIN—Minister, given that this was the same man who was going to launch a rocket this year on Christmas Island, do you have any confidence in these discussions?

Mr Wilson—As the minister said before, Soft Star has requested approval from the Commonwealth to sublease the resort; therefore it would not be Soft Star that would be applying for a casino licence.

Senator Ian Campbell—Setting up a space launching facility anywhere on the globe is a massive undertaking. I think most Australians would welcome the fact that we could have the right regulatory and other environments to enable it to happen. If it happens, it will be a tremendous thing for Australia and a tremendous thing for Christmas Island. No sensible person could think it is anything other than a massive, highly risky process to undertake. Mr Kwon and his team have gone about it very vigorously and energetically, but he has to find investors who are prepared to put money into the process of making money out of launching rockets and putting satellites and payloads on them. I wish him success in what he is doing, but all of us have to appreciate that it is a difficult process to put all of the pieces of the enterprise together. I still hope that it will happen, and so does Mr Kwon. I am sure most people on Christmas Island do as well.

Senator CROSSIN—Can you tell me how many tourists have visited Christmas Island or Cocos Islands in the last year? Do you have access to those numbers?

Mr Wilson—I do not, but I understand that the Christmas Island Tourism Association has recently undertaken a survey. I could inquire from them and see if I can get you those numbers.

Senator CROSSIN—We are wondering whether it is also broken down into national and international visitors.

Mr Wilson—I will see.

Senator CROSSIN—Is your department involved in any marketing strategies aimed at specifically attracting people to Christmas Island or Cocos Islands?

Mr Wilson—No.

Senator CROSSIN—Do you know if there have been any campaigns to date to promote Christmas Island as a destination, using federal funds?

Mr Wilson—Not that I am aware.

Senator CROSSIN—Only the amount of money you give to the Christmas Island Tourism Association.

Mr Wilson—I believe we provide them with some funding, but I would not be certain what level.

Senator Ian Campbell—I have had discussions with the minister for tourism to encourage him to visit the islands and to see whether we can try and ensure that all of our territories, including Norfolk, are regarded as part of Australia's tourism assets. A lot of people on the mainland forget that we have got these very important territories. I have written to the television stations saying they should, when they are going through their weather reports, mention the weather on Christmas Island and Norfolk Island.

Senator CROSSIN—Yes, I know. It is something we raised with you, I think. Although if it is anything like their reports of Darwin they will just always report that it is wet or hot.

Senator Ian Campbell—Similarly to Perth.

Senator CROSSIN—I understand that DOTARS has often been referred to as the state government on Christmas Island. Can you reiterate for me what is meant by that?

Mr Wilson—Because the territories are not self-governing territories, under the current structure the level of government that they do not nominally have is state government. There is federal government provision of services and there is local government provision of services, which is funded through the department through the funding that we get. The middle piece of the government is the state government, and those services are the services that we are responsible for delivering to the community.

Senator CROSSIN—I think people on the Indian Ocean territories do not believe they have got any state government, in a sense.

Mr Wilson—They do not have any state government representation.

Senator CROSSIN—That is right. What do you see as the system of accountability that is provided, seeing as there is actually that missing layer of government there?

Mr Wilson—I believe that the levels of accountability are this committee here, federal parliament and the joint standing committee on external territories.

Senator CROSSIN—Are you able to provide to me how much was spent on the SDA arrangements in 2002-03?

Mr Wilson—Yes, I can. I cannot give it to you now.

Senator CROSSIN—That is all right. Also, what percentage of this money is paid to the administrative cost of the WA state government? It is a breakdown really—if the SDA in education is X, what percentage of that goes to WA for administrative costs?

Ms Riggs—We will provide that if we can, but I suspect that the SDAs are written in terms of the delivery of outcomes, not in terms of components of input from our part, so I do not think we will be able to disaggregate that.

Senator CROSSIN—So when you provide the Western Australian government with an amount of money, say, to deliver education, does the West Australian government not automatically take off, say, 10 per cent on-costs or 30 per cent on-costs?

Mr Wilson—I would have to look at the structure.

Senator CROSSIN—Could you take that on notice?

Mr Wilson—Yes.

Senator CROSSIN—If new needs were identified, are the SDAs flexible enough to be able to accommodate that?

Mr Wilson—It is a variable situation. Some of them are and some of them are not. Some of them are service specific and, where that is the case, we would renegotiate the SDA with the Western Australians to expand the services that are provided. As you could well imagine, there are situations where we will contract for a specific service and there are other instances where we will contract for the provision of as much of the whole as we can.

Senator CROSSIN—So if a new service is identified and the SDAs can be changed to accommodate it, does a budget increase allocation automatically flow on?

Mr Wilson—Under the new and the old structure of funding, we have an adjustment mechanism which will take into account the additional services provided through the SDA arrangements.

Senator CROSSIN—I understand that DOTARS also used to provide information and advice to the Christmas Island community about the introduction of new WA laws when they applied.

Mr Wilson—That is correct.

Senator CROSSIN—Can you tell me why that provision was stopped?

Mr Wilson—I believe that the process stopped well before my time. I would have to look at the paperwork around the decision.

Senator Ian Campbell—Is there a law you have in mind?

Senator CROSSIN—Some traffic and building laws were raised with me when I was last there—that is, some of the laws had changed or were amended. The WA government do not actually tell people on the Indian Ocean territories about them, and the service from DOTARS had swapped. You have to bear in mind that these people are being de facto governed by a government in which they do not have any elected representative.

Senator Ian Campbell—We are trying to fix that.

Senator CROSSIN—And the laws change. I do not know what you used to do in the past. There might have been a notice in the *Islander* or perhaps a notice was put up at the Territories office. Of course, you do not have a Territories office at Cocos now, so that is a problem. How do people on Christmas Island and Cocos Islands know about relevant WA laws when they change?

Senator Ian Campbell—That is a good question. We will get you an answer.

Mr Wilson—I believe that there was a community consultative committee that acted as a conduit to provide information with regard to legislation. My recollection is that one of my officers from the Perth office has recently held discussions with both the Christmas Island and the Cocos Islands shires with regard to the provision of information on legislation. I will take it on notice and get you the full detail.

Senator CROSSIN—The other issue I want to raise is how the Western Australian housing policies apply to Christmas Island. I understand that people on the mainland have access to advocacy services for public housing tenants. There is no support or access for that sort of

advocacy service for people on the Indian Ocean territories. Is that a matter that has been raised with you?

Mr Wilson—No, that is not a matter that has been raised. I was unaware.

Senator CROSSIN—Could you perhaps look at the issue of providing support for public housing tenants to access the advocacy service, and get back to me about that?

Mr Wilson—Yes.

Senator CROSSIN—I understand the Christmas Island community has written a strategic plan. It might go back to 2001, though, but it was endorsed by the shire. Has there been any financial commitment from the department to implement that?

Mr Wilson—No, not that I can recall.

Senator CROSSIN—I do not think this is an economic plan; I think it is a strategic plan. Do you know if the department has looked at that or is working through that in conjunction with the shire?

Mr Wilson—I would hope that that plan will be incorporated into the work that the administrator of the islands is undertaking in developing an economic development plan.

Senator CROSSIN—I am assuming the administrator knows this strategic plan exists?

Mr Wilson—I would assume so.

Senator CROSSIN—I understand there has also been a local planning strategy developed by the shire. I do not have a date for that. My question to you is whether or not any funds have been allocated by the department to implement either of those plans.

Mr Wilson—I believe the local development plan was actually funded in part by the department. The responsibility for implementing the local development plan is actually the shire's. The shire is funded.

Senator CROSSIN—Is it correct that the Western Australian Corporations Act does not apply to Christmas Island? Why not? Has thought been given to applying it?

Mr Wilson—I would have to check on that. I was unaware that the Western Australian Corporations Act does not apply to the Indian Ocean territories, and I would have to check as to why.

Senator CROSSIN—Can you take that on notice?

Mr Wilson—Certainly.

Senator CROSSIN—Thank you. I would like to go to planning matters. There are a few issues here to do with planning matters. I understand that you pay through the service delivery agreements and fee-for-service consultants for the production of necessary statutory and strategic planning instruments that are actually approved by you, Minister. Can you actually advise me why it is that other federal departments seem to be operating contrary to those instruments? I guess we are going here to what is perceived to be an improper approval process for the IRPC and the 160 bedsit units.

Mr Wilson—I am not actually certain of the question. If you do not mind, I will take it on notice. Or could you repeat the question?

Senator CROSSIN—DOTARS pay through SDA and fee-for-service consultants for the production of necessary statutory and strategic town planning instruments for IOTs, doesn't it?

Mr Wilson—Yes.

Ms Riggs—What are those instruments? What are you referring to?

Senator CROSSIN—I guess they would be planning and building approval requirements for people who are wanting to build a house on the island or who are wanting to build offices or hotels or something.

Mr Wilson—I now understand that component of your question.

Senator CROSSIN—But other federal departments who are building on that island seem to actually operate contrary to those very same instruments.

Mr Wilson—I cannot answer on behalf of my colleagues in other portfolios.

Senator CROSSIN—So would there not be an expectation that if other federal departments are building on the island they would also comply with any SDA arrangements that are in place?

Mr Wilson—The relationship between other portfolios and the local shire, which is the building approval body, is a matter for those portfolios and the shire. I cannot comment on other portfolio's actions.

Senator CROSSIN—These questions may well be too complicated and I may need to put them on notice, but I want to know, for example, what process is in place that has to be followed by DOTARS when appealing an adverse decision by the Western Australian Planning Commission in relation to land development.

Mr Wilson—What we would do in appealing against an adverse decision by the WA planning authority?

Senator CROSSIN—Yes.

Mr Wilson—I do not know the exact process, but I cannot recall a situation where the WA planning authority has rejected a planning approval that we have sought.

Senator CROSSIN—Obviously you do not have the information for these questions here, and I do not expect that you would have, so if I put these questions on notice for you would that make it a bit easier?

Mr Wilson—Yes.

Senator CROSSIN—It goes to the legal obligations of the shire or private citizens building on the Indian Ocean territories in having to abide by any SDA you have got with the West Australian government.

Mr Wilson—And the Commonwealth not having to abide by it.

Senator CROSSIN—Correct. Why is that the case?

Mr Wilson—My understanding is—and I will clarify it in an answer on notice—is that it is because of the legal structure of the Indian Ocean territories.

Senator CROSSIN—So the Commonwealth can basically do what they like but private citizens have to agree by the SDAs?

Mr Wilson—I will answer the questions on notice. I do not want to mislead you in terms of making a legal judgment on the ordinance.

Senator CROSSIN—Alright. In regard to the community recreation centre, I understand that the shire and DOTARS have agreed to a process on consultation and a time frame for the centre.

Mr Wilson—Yes.

Senator CROSSIN—Can you provide me with an update on that?

Mr Wilson—Two officers of mine are on Christmas Island at the moment discussing the issue with the shire and a consultant that we have employed to develop an appropriate management arrangement for the community facility. The negotiations between the Commonwealth and the shire in regard to the provision of the sports centre and the ongoing operation of the sports centre, I understand, are working quite well.

Senator CROSSIN—Who is the consultant?

Mr Wilson—I am sorry; I do not have that with me. If you wait, I will see if I have it.

Senator CROSSIN—What is the purpose of the consultations—to iron out the problems that have arisen about the ongoing management of the centre?

Mr Wilson—I would not classify them as problems; I would classify it as trying to negotiate a situation where both parties are happy with the operational arrangements that are put in place.

Senator CROSSIN—That were put in place?

Mr Wilson—That are put in place. At the completion of the recreation centre, so that both parties—

Senator CROSSIN—Who is going to be managing it? Is that what these consultations are all about?

Mr Wilson—Yes.

Senator CROSSIN—Who had you planned would manage it?

Mr Wilson—It is an appropriate facility for the Christmas Island shire to manage. It is not an appropriate facility for the Commonwealth to manage.

Senator CROSSIN—My understanding is you did not talk to them about that or get their agreement to do that. Is that correct?

Mr Wilson—There were early discussions in regard to who would manage it, but at no stage has there been agreement.

Senator CROSSIN—I am going to jump to Cocos now. Can you clarify this for me. Two articles appeared the day after the budget. One was in the *Canberra Times*. It relates to an announcement of \$142.5 million to refurbish detention centres at Villawood, Maribyrnong,

Baxter and Cocos Island. I cannot find a reference to Cocos Island in either DIMIA or in your PBS. So is that incorrect?

Mr Wilson—Certainly not in my PBS.

Senator CROSSIN—I know it is not in your PBS. I have read it cover to cover.

Senator Ian Campbell—They probably just listed all the detention centres—

Mr Wilson—You would have to ask the department of immigration.

Senator CROSSIN—I have done that. They are as bemused as you. So the refurbishment of a detention centre on Cocos Island—

Mr Wilson—Firstly, it would not be in my responsibility.

Senator CROSSIN—But I thought you might know something about it.

Mr Wilson—No, Senator.

Senator CROSSIN—So we've gone on a bit of a witch-hunt then.

Senator Ian Campbell—I have blown my cover—there's my resort! The cat is out of the bag.

Senator CROSSIN—It was reported in a number of articles, and we have hunted but we cannot find anything.

Senator Ian Campbell—There is a good reason for that.

Senator CROSSIN—That is right. I will move to the hovercraft service at Cocos Island. This is just my favourite topic! Can you tell me where this proposal is at?

Mr Wilson—Yes, I can. We have done an operational test and it has been confirmed that the hovercraft is suitable to operate in the lagoon. There would be no difference in operational capacity from the currently utilised ferry in terms of the swell and the weather. The proponent who we have selected is currently going through the environmental clearance process to ensure that he meets his requirements under the EPBC Act. I understand that the monitoring of the turtles has been completed and that he is just about to complete the finalisation of his report to Environment and Heritage. He is finalising negotiations in regards to the selection and sourcing of the hovercraft, and I hope that we will be in a position to finalise a contract with them. As you will recall, the proponent is at this stage only a preferred tenderer rather than an actual contractor.

Senator CROSSIN—Is that Western Stevedores?

Mr Wilson—No, it is not Western Stevedores. Western Stevedores provides management and operation of the port facilities on Christmas Island, as well as providing advice in regards to port operations on Cocos.

Senator CROSSIN—So they are not actually finalising the proposal for the hovercraft?

Mr Wilson—No.

Senator CROSSIN—So you are still waiting on advice regarding the environmental impact. Is that correct?

Mr Wilson—The proponent is going through the environmental clearance process, yes.

Senator CROSSIN—When are you expecting that?

Mr Wilson—I am hoping that that will be by the end of this financial year, but I have found on both islands that environmental clearances cannot be scheduled as tightly as one would hope.

Senator CROSSIN—What is the cost of the project going to be?

Mr Wilson—What is the all-up cost of the project going to be?

Senator CROSSIN—Yes.

Mr Wilson—I do not have the details of the all-up cost of the project to the Commonwealth for ongoing operational costs and the offsetting savings that we would make through not needing to construct the Rumah Baru facility with me. But I can provide you with a detailed analysis of what we would end up with at the end of the day.

Senator CROSSIN—So if the hovercraft is put in place there will be no cost to you in running that service on a year-to-year basis?

Mr Wilson—No. We will provide a subsidy just as we provide a subsidy for the current service.

Senator CROSSIN—Do you know what that is at this stage?

Mr Wilson—Not off the top of my head.

Senator CROSSIN—So you are saying that, if the hovercraft proposal gets up, then Rumah Baru will not go ahead. Is that because the hovercraft will be able to take a freight container across to West Island?

Mr Wilson—No. We will build a more modest freight-handling facility on West Island rather than the quite elaborate freight facility that Rumah Baru was to be, because the hovercraft will not require passenger loading and unloading.

Senator CROSSIN—Is the hovercraft only for freight?

Mr Wilson—No, the hovercraft will be for passengers.

Senator CROSSIN—As well as freight?

Mr Wilson—No. It will carry light freight, but the hovercraft will not require an on-water loading-unloading facility.

Senator CROSSIN—What is the time line for the project? Once this proposal has been completed it will then go to public tender. Is that what you are saying?

Mr Wilson—If we confirm the hovercraft proposal then we will go to tender for a more modest freight-handling facility on West Island.

Senator CROSSIN—If you confirm the hovercraft, when are you looking at getting that operational by? You would actually have to build the Rumah Baru project then.

Mr Wilson—The more modest Rumah Baru. I would hope that we can confirm the hovercraft following the completion of the environmental assessment, which would hopefully be in the next couple of months. That would mean that we would then go to tender for

construction of a more modest facility on West Island. I would hope that that would be within this calendar year.

Senator CROSSIN—In terms of Rumah Baru, you are not proceeding with the more modest proposal regardless of the hovercraft; you are waiting for that to kick-start the Rumah Baru project, are you?

Mr Wilson—If the hovercraft proposal falls through—if it does not get environmental clearance or it does not meet the other requirements that we have put on it—we would most likely fall back on a more traditional ferry service. A more traditional ferry service will require a more substantial passenger and freight-handling facility, along the lines of the original Rumah Baru proposal. It is kind of chicken and egg. If the hovercraft proposal does not go through, I will have to build something slightly bigger so that we can ensure safe passenger handling.

Senator CROSSIN—So you are hoping that, if the hovercraft comes through, your facility at Rumah Baru will be significantly scaled down.

Mr Wilson—Significantly more modest—literally to handle freight only.

Senator CROSSIN—Where is the resurfacing of the Cocos runway at?

Mr Wilson—I just received the results from the latest testing of the structural condition of the runway. It confirms what we suspected—that both ends of the runway are still structurally very sound but that the section that is utilised heavily will require work. The Westralia Airports Corporation are going to analyse the results over the next month. I would hope to be in a position, following that analysis, to provide the minister with a recommended course of action early in the new financial year.

Senator CROSSIN—So you have been able to get an accurate assessment of the type of work that is needed on the airstrip?

Mr Wilson—What I have is an accurate assessment of the structural strength of the runway. Westralia corporation will then analyse that to give me an accurate picture of what works are needed to rectify the situation.

Senator CROSSIN—Has the master plan for the airport been completed?

Mr Wilson—I believe so, but I would have to check.

Senator CROSSIN—Can you take that on notice? If it has, can you provide us with a copy of that?

Mr Wilson—Certainly.

Senator CROSSIN—And can you tell me how much money you have spent to date on this project? Do you know?

Mr Wilson—On doing the assessments?

Senator CROSSIN—Probably the resurfacing.

Mr Wilson—I believe the cost of flying the latest piece of equipment out and having the testing done was in the order of \$100,000. I do not know the cost of the development of the master plan, but I can find out for you.

Senator CROSSIN—I will get you to do that, because there has actually been a designated amount set aside, hasn't there, for the extension of the runway? No, sorry, I am talking Christmas. This is the resurfacing of Cocos.

Mr Wilson—There is an allocation within the current departmental strategic asset management plan. That has been approved, but, with the change from departmental to administered, it will get reapproved by the minister once we have a final costing of it.

Senator CROSSIN—Does the master plan also include a proposal for an airport terminal development—that is, for the terminal to be developed or relocated?

Mr Wilson—Not that I am aware of. We are redoing the terminal to meet the aviation security requirements to create an inbound passengers area and an outbound passengers area.

Senator CROSSIN—For all six of them! Sorry, I am being unkind.

Mr Wilson—That will require relocation of a number of the businesses that currently occupy the terminal building. Those works are in train now.

Senator CROSSIN—So you are actually going to have to relocate the businesses in the terminal, are you?

Mr Wilson—A couple of them, yes. It is more cost-effective to relocate them than to construct new premises for the terminal.

Senator CROSSIN—So you are not going to extend the current terminal.

Mr Wilson—There are some minor extension works involved in creating both an inbound area and a transit lounge.

Senator CROSSIN—Where are you planning to put the souvenir shop, then?

Mr Wilson—I do not know, off the top of my head; I am not exactly certain where the souvenir shop will go.

Senator CROSSIN—You have to have it at the airport, surely!

Mr Wilson—No doubt—although, even if it were across the road, it would not be all that far.

Senator CROSSIN—Okay. Will the proposed development of the airport terminal be able to handle aircraft with a packed load of, say, 40?

Mr Wilson—The aircraft terminal? Yes.

Senator CROSSIN—And there will be immigration, quarantine and customs areas established—is that right?

Mr Wilson—Yes.

Senator CROSSIN—I know the quarantine station falls under AQIS, but I wanted to know whether there had been any discussions or whether you have an update on any discussion you have had with AQIS about handing over responsibility for the facility to the shire?

Mr Wilson—We have held discussions between AQIS, DIMIA and us. There is no agreed position between the three agencies in regard to the future utilisation of the quarantine station. I can add that all three parties would hope to see nine elephants there later this year.

Senator CROSSIN—The premises are actually vacant and unused. You know that there were two little businesses operating out of there.

Mr Wilson—I am aware of that.

Senator CROSSIN—They have now been told to vacate. There is nowhere to go, so they have had to close down.

Mr Wilson—I am aware of that.

Senator CROSSIN—Is this part of the economic development strategy?

Mr Wilson—The department is currently constructing additional industrial warehouse space in the light industrial area on West Island which will hopefully be able to be utilised by small business on the island.

Senator CROSSIN—When do you hope to have that done by?

Mr Wilson—I believe we committed funds in February this year. Given the delay in constructing anything on the island because it has to be shipped out, it should be done some time in the new financial year.

Senator CROSSIN—So you hope that those two businesses could relocate into that?

Mr Wilson—I am hoping to be able to provide an option for them, yes.

Senator CROSSIN—I hope the nine elephants are not going to Warren Anderson. He does not have a good track record in dealing with exotic animals where I come from.

Senator Ian Campbell—I thought someone was forced to apologise to Mr Anderson for comments like that made outside of parliament.

Senator CROSSIN—It is just as well they are in here. Now, as I understand it, in relation to the ferry service, Cocos Island—

Senator Ian Campbell—But it really is quite unfair to Mr Anderson if one politician from your party from the Territory is forced by a court to apologise to him and then another Labor Northern Territorian casts aspersions upon Mr Anderson over treatment of animals.

Senator CROSSIN—Warren Anderson and his treatment of exotic animals!

Senator Ian Campbell—I think it is grossly unfair. Here you are using parliamentary privilege to attack someone, when a member of your party in the Northern Territory has had an order from a court to apologise to him. Why would you do it?

Senator CROSSIN—If he wants to keep the committee here until midnight, then he can.

Senator Ian Campbell—I am sorry, Mr Chair. This bloke can defend himself if Senator Crossin wants to make those aspersions outside the parliament, but he cannot when she says it in here.

CHAIR—Yes, I know.

Senator Ian Campbell—So she can walk 15 yards to courage and say what she said about Warren Anderson and suffer the consequences, or she can say it in here and be a coward.

CHAIR—I heard you the first time.

Senator CROSSIN—Should I go back and ask the questions I was going to put on notice?

Senator Ian Campbell—Yes, make our day.

Senator CROSSIN—We could do that. I am happy to be here until midnight. I do not have a plane until 6 a.m.

CHAIR—I realise all that. We want a bit of goodwill here today.

Senator Ian Campbell—You do not attack citizens of Australia who have invested some money in the Territory and around the place and who forced a bloke from the Northern Territory to apologise. She then comes in here and makes aspersions about his treatment of animals.

CHAIR—With great respect—

Senator Ian Campbell—I do not need respect, Chairman. I think Senator Crossin should show respect to Mr Anderson.

CHAIR—The questions come from this side. The answers come from that side.

Senator Ian Campbell—She is casting imputations on citizens of Australia who cannot defend themselves in here.

Senator CROSSIN—I want to ask questions about the Cocos Islands Cooperative Society and the ferry service. I understand they were given a one-year extension to their contract to—

Senator Ian Campbell—Mr Chairman, is she going to apologise to Mr Anderson or not?

Senator CROSSIN—I have questions to ask here. If you could be quiet, we will get through them and get out of here before midnight.

Senator Ian Campbell—The proceedings will proceed a lot more smoothly if you do not use parliamentary privilege to denigrate the character of Australian citizens.

Senator CROSSIN—And I am sure that has never happened on your side, Minister.

Senator Ian Campbell—Would you like to make an apology?

Senator CROSSIN—I have questions to ask, and I intend to do that.

Senator Ian Campbell—You should make an apology first.

Senator CROSSIN—I intend to ask these questions.

CHAIR—Let me bring order to the meeting. Senator Crossin has the call. There is no obligation for anyone to apologise. If there was, this would be a quaint process. I take the point. I heard it the very first time you made it, Senator Campbell. I do not think there is any need to be repetitive, which is historically what happens in these committees. That is why we are here for days instead of hours.

Senator CROSSIN—The only thing I am trying to do is to repeat my questions.

Senator Ian Campbell—I formally invite Senator Crossin to walk 15 yards out there and repeat what she said about Mr Anderson.

CHAIR—That is repetitive. I heard that a while ago. There is no need to repeat it.

Senator Ian Campbell—It is. Let her either apologise here or step out there and repeat it out there, Mr Chairman.

CHAIR—You may be doing your cruet but I am not going to do mine. You have the call, Senator Crossin.

Senator CROSSIN—The extension to the ferry contract—

Senator Ian Campbell—Pathetic!

Senator CROSSIN—was given to the Cooperative Society, I understand, and it ends in October this year. Is that correct?

Mr Wilson—That is correct.

Senator CROSSIN—Is that while alternatives such as the hovercraft are being evaluated?

Mr Wilson—That is correct.

Senator CROSSIN—Is there a plan to cease the ferry service if the hovercraft service comes on board?

Mr Wilson—That is correct.

Senator CROSSIN—If it is not done within four months, an extension would be provided. Is that right?

Mr Wilson—That is correct.

Senator CROSSIN—Will there not be a need to still keep the *RJ Hawke* there for emergency and rescue purposes?

Mr Wilson—I am advised that it is unlikely that the *RJ Hawke* will be required for emergency search and rescue. There are alternative vessels that can provide those services.

Senator CROSSIN—At Cocos?

Mr Wilson—At Cocos, and they can provide search and rescue facilities.

Senator CROSSIN—What would they be? Who has those?

Mr Wilson—I do not have that information.

Senator CROSSIN—Can you take that on notice?

Mr Wilson—Yes.

Senator CROSSIN—You might want to take on notice who is having the nine elephants on Cocos Island. The Commonwealth owns the light industrial area on West Island. Is that correct?

Mr Wilson—That is correct.

Senator CROSSIN—I think you lease a small lunch room and a small working area from the Commonwealth to the shire council. Is that right?

Mr Wilson—That is correct.

Senator CROSSIN—There is no dedicated depot on the West Island—

Mr Wilson—Not that I am aware of.

Senator CROSSIN—that can provide undercover storage for the shire council's plant and machinery or adequate workshop facilities for this equipment? My question is whether you are intending to provide or have provided funding to the shire council to have a purpose-built depot created on West Island.

Mr Wilson—Not at this stage.

Senator CROSSIN—Has the shire council requested funds for assistance?

Mr Wilson—They have discussed the issue with us. At this stage the Commonwealth is not in a position to provide those funds to construct the facilities that have been under discussion.

Senator CROSSIN—Why is that? Is there a lack of money or is it that no need has been demonstrated?

Mr Wilson—It is an ongoing negotiation between the shire and the Commonwealth. At this stage, there are other priorities with regard to the asset investment plans of the Commonwealth.

Senator CROSSIN—Particularly given the conditions on Cocos, would an undercover area to protect large plant equipment and machinery not be a high priority?

Mr Wilson—Most local governments provide their own facilities, their own depots and the like. You may or may not be aware that we have entered into somewhat unsatisfactory negotiations—on both sides, it would be fair to say—between the shire and the Commonwealth with regard to the transfer of a number of assets, including the light industrial area, which would then become the shire's. In most areas the shire would be responsible for providing their own facilities, their own depots and their own arrangements. In this situation they lease space from us. At this stage, that is not a priority for the Commonwealth to invest in. There are other assets that require funding.

Senator CROSSIN—All right. I will pass that on to them. The figure for the Christmas Island and Cocos Island Economic Development Committee is \$75,000 a year. Is there an allocation in the budget for that again this year?

Mr Wilson—Yes.

Senator CROSSIN—What amount is that?

Mr Wilson—It is \$75,000.

Senator CROSSIN—Is that for the next three years or just for the next financial year?

Mr Wilson—I believe that it will be included in the budget that the minister will approve—

Senator Ian Campbell—May or may not approve.

Mr Wilson—Thank you, Minister. It will be put to him over the next couple of weeks.

Senator CROSSIN—Is that \$75,000 for each of the islands or both of them combined?

Mr Wilson—It is for each of the islands.

Senator CROSSIN—So that is not an increase on last year; it is the same amount as last year.

Mr Wilson—It is the same amount as last year.

Senator CROSSIN—I have a couple of questions on the space base. I am not sure if you can answer them.

Senator Ian Campbell—I will want to make sure that we get accountability for how the \$75,000 is spent and that it is going to good use before I sign for it.

Senator CROSSIN—Having talked to the Economic Development Committee, I think they could probably use two or three times that amount.

Senator Ian Campbell—There are very few people who get money from the Commonwealth government who would not like more.

Senator CROSSIN—I am not sure if you will be able to answer this, but is there still a commitment to upgrade the airport even if the APSC does not go ahead?

Mr Wilson—No. The upgrade of Christmas Island Airport is subject to the Asia Pacific Space Centre going ahead.

Senator CROSSIN—The upgrade of the airport is irrespective of the IPRC, isn't it?

Mr Wilson—The upgrade of the airport is directly linked to the APSC project.

Senator CROSSIN—Is it the same with Linkwater Road?

Mr Wilson—No. The Linkwater Road project was brought forward, due to the immigration processing and reception centre. Once finalisation of the design and the alignment are completed we will proceed to upgrade that road.

Senator CROSSIN—So Linkwater Road is going to happen anyway?

Mr Wilson—It will go ahead.

Senator CROSSIN—Are you going to straighten it or make a detour or just resurface it?

Mr Wilson—I believe we will straighten it and improve the gradient.

Senator CROSSIN—So that is going to happen regardless?

Mr Wilson—Yes.

Senator CROSSIN—That is all I have on Indian Ocean territories. I have questions on Norfolk Island now. There are no elephants planned for Norfolk Island, are there?

Mr Wilson—I hope not.

Senator CROSSIN—When is the refurbishment of Kingston pier on Norfolk Island likely to commence?

Mr Wilson—We are currently negotiating with the Norfolk Island government about passing the money over to them. We envisage that the works will occur during financial year 2004-05.

Senator CROSSIN—What is the time line for the project?

Ms Riggs—It is in the hands of the Norfolk Island government. We will be giving them a contract to manage the project.

Senator CROSSIN—But you are anticipating that it will start next year?

Mr Wilson—That is correct.

Senator CROSSIN—Have contractors been selected?

Mr Wilson—No.

Ms Riggs—That will be a matter for the Norfolk Island government once we have them under contract to manage the project.

Senator CROSSIN—Would there be an expectation that local contractors would be engaged for this work?

Ms Riggs—That will be a matter for the Norfolk Island government.

Senator CROSSIN—So there is no requirement or expectation on your part to put pressure on them to do that?

Ms Riggs—No.

Senator CROSSIN—Okay. So there are no measures at all for local content?

Ms Riggs—The Norfolk Island government will have an interest in where the contractors come from—

Senator CROSSIN—I am sure they will.

Ms Riggs—which will probably be even more compelling than the Commonwealth's interest. I do not think it will be necessary for us to put a local requirement in there.

Senator CROSSIN—Okay. I want to ask you about the Commonwealth loan of \$5.8 million to the Norfolk Island government in 2003 to resurface the airport runway. Has this project been completed?

Mr Wilson—No. There has been a delay in terms of provision of crushed rock on island. The Norfolk Island government have requested that the loan be carried over to the next financial year. They have resolved the crushed rock issue and they believe they can commence the project next financial year.

Senator CROSSIN—How much money has the project cost to date?

Mr Wilson—I do not know; I do not believe that they have spent any money on it. That is a matter for the Norfolk Island government.

Senator CROSSIN—Have you given them the funding?

Mr Wilson—No, I do not think that the funds have been handed over to the Norfolk Island government. I will have to check that.

Senator CROSSIN—Can you take that on notice?

Mr Wilson—Yes.

Senator CROSSIN—I understand the Norfolk Island trust fund, as part of the agreement, was set up and due to receive its first payment in June.

Ms Riggs—We will check that.

Senator CROSSIN—You do not know anything about that; it is not with you?

Mr Wilson—No.

Senator CROSSIN—I also wanted to know, if the trust fund has been set up, whether or not that amount is due to be paid in June.

Mr Wilson—The \$5.8 million?

Senator CROSSIN—Is some of it or a percentage of it due?

Ms Riggs—We will take that on notice.

Senator CROSSIN—I am just following up from a press release that was issued by Minister Tuckey at the time. It talks about the trust fund being set up and in the last sentence it says:

The trust fund will receive its first payment in June 2004 and will conclude in June 2015 when further resurfacing works are scheduled.

Mr Wilson—As I said, due to a delay in availability of crushed rock, the Norfolk Island government have sought a delay in the project of a year, so 2015 will extend to 2016.

Senator CROSSIN—An article on 27 March in the *Norfolk Islander* talked about Minister Ian Campbell's visit to Norfolk Island. The article mentions intentions to assist the Norfolk Island government to develop an assets management plan and talks about an intergovernmental task force that will progress a common approach to action arising from the joint standing committee. Can you tell me the current status of the assets management plan arrangement?

Ms Riggs—Yes. That too is something that the primary carriage of will lie with the Norfolk Island government under the same contract by which we will give them the grant for the pier refurbishment. Discussions have been held and we are getting close to being able to finalise that contract.

Senator CROSSIN—Has the task force been established?

Ms Riggs—The officers from Mr Wilson's branch were on Norfolk, I think, about two weeks ago to begin—

Mr Wilson—This week.

Ms Riggs—They were there this week to undertake those levels and the first formal meeting of the task force will be in the last week in June. I will be co-chairing that with the Secretary to Norfolk Island government.

Senator CROSSIN—That is just a task force that is made up of government reps from DOTARS and the Norfolk Island government. Is that correct?

Ms Riggs—It will be the officials from each of the two governments.

Senator CROSSIN—Are there terms of reference for the task force?

Ms Riggs—There are implicit terms of reference at this stage.

Senator CROSSIN—When will they be finalised?

Ms Riggs—When the task force meets.

Senator CROSSIN—When is the task force due to meet?

Ms Riggs—The end of June.

Senator CROSSIN—If terms of reference have been established by the time the answers are due back in July, could you take that issue on notice?

Senator Ian Campbell—I do not think there will be terms of reference. There will be a task and a series of tasks within that. But I am happy to write to this committee or to you, Senator, and say what the outcome of the meeting was. It is a very constructive process.

Senator CROSSIN—If you wrote to the committee, that would be fine.

Senator Ian Campbell—You are on the joint committee as well, aren't you? Why don't I write to the joint committee, if that is appropriate?

Senator CROSSIN—You could do that. Will the task force actually receive a specific allocation of federal funding?

Ms Riggs—No, from the perspective of the Commonwealth government the task force will be managed from within the departmental budget available—that is, whatever part of that the group allocates to Mr Wilson for his—

Senator CROSSIN—So there is not a specific Norfolk Island monetary contribution to you?

Ms Riggs—No.

Senator CROSSIN—Who is actually going to be representing the Norfolk Island government on the task force, do we know?

Ms Riggs—Their lead representative will be the secretary to the Norfolk Island government on behalf of the CEO of the Norfolk Island administration. They have yet to make any further notification of formal membership. We do not intend it to be a very formal thing.

Senator CROSSIN—You do not know if there will be members of the Norfolk Island Legislative Assembly?

Ms Riggs—No, it is an officials group; it is not a government task force.

Senator CROSSIN—And you are due to meet in June, did you say?

Ms Riggs—That is right.

Senator CROSSIN—As foreshadowed in the inquiry into the governance on Norfolk Island, the Norfolk Island government has taken issue with most of the joint standing committee's recommendations. The article I have here says that there appears to be a conflict of interest for the territory government to be involved in the preparation of the federal government's response to the parliamentary committee's report. That would be a conflict of interest, would it not?

Ms Riggs—I am not entirely sure what you might mean by that. The department will provide advice to the minister, after having consulted with any other relevant agency

representing the Australian government, about the formal terms of the Australian government's response to the joint parliamentary committee's report. The fact that we will also have a task force with the Norfolk Island government about whether there is any common ground at officials level between reactions to those responses is a responsible way for us to advise the minister. But the formal government response will be the formal government response.

Senator CROSSIN—My understanding is that the task force has been set up to progress action arising from the report.

Ms Riggs—Yes.

Senator CROSSIN—We do not have a formal government response to that report yet.

Ms Riggs—It seems to me that there is not necessarily a requirement that matters that can be progressed, where recommended by a parliamentary committee, have to be deferred pending a formal government response. The real objective of the task force is to ensure that there is a common understanding of where responsibilities might lie and therefore to provide underpinning for whatever the various options presented to the Australian government might be in terms of responding to each of the recommendations of a number of reports, including one still to be produced by the joint standing committee.

Senator CROSSIN—That is true. So the task force is going to actually look at some of the issues, even though the government has not formally responded to it? I am not saying that the government has to respond before the task force gets set up, but is that what has been decided—you are going to progress some of the issues raised in the report through the task force?

Senator Ian Campbell—Can I just add to that. I had a very constructive meeting with members of the government and many other members of the community when I was there to announce the pier funding. One of the strong messages that came through was that not only was there a motivation to progress what had been expressed in the joint parliamentary committee's report but also they were addressing a number of those issues already. I think that, where the Norfolk Island government is keen to progress those issues and it requires cooperation with the Commonwealth to do so, to wait for a formal response and for the parliamentary processes to work would be deficient. In other words, the government over there is keen to make progress on issues that the Australian government would be keen to make progress on regardless of the joint standing committee's report, so let us get on with it.

Senator CROSSIN—In the 27 March edition of the *Norfolk Islander*, there are a number of quotes from you, Minister. I will read it out because it will put my questions in context. Minister, you are quoted as saying:

I also believe very fervently in lower taxes and smaller government and I think that is one of the things that attracts me to Norfolk Island and strongly tells me that the last thing you want is to go the Labor Party way which is very much to say "Let's make Norfolk part of the Australian Tax System and give you Medicare and all those things".

In reference to the idea that Norfolk Island is being well governed, you also said, Minister:

If it continues to be well-governed, it will be thriving in another 150 years.

Those statements, however, are completely at odds with the unanimous and bipartisan report of the joint standing committee into Norfolk Island governance. It found:

There is ample evidence that Norfolk Island has serious structural problems, and there is a real and justifiable concern about the inability of the Norfolk Island Government to lead the Island toward a sustainable future.

The conclusion by the federal government's own Department of Treasury in the Commonwealth Grants Commission in 1997 also confirmed that. It would appear, on the face of it, that consideration ought to be given to Norfolk Island coming into the taxation and welfare systems of the Australian government. I am wondering what has been done to progress that.

Senator Ian Campbell—Absolutely nothing. That would be a position that would be vehemently opposed by most Norfolk Islanders. There are two ways of achieving reform on Norfolk Island. One is to work with the reform-minded people on the island, and that is what we have done. We have said, 'Right, let's see the things we can progress walking and talking alongside each other and moving reform ahead.' The other way is for 'Canberra'—the Commonwealth or the parliament—to seek to impose reform on Norfolk Island. I think that the history of Norfolk Island, as I have read it, is that, if you want to go that far, there is at least 150 years of history which will inform you that that is not the way to get Norfolk Island into a sustainable economic path going forward.

I think Norfolk Island has an absolutely terrific future ahead of it, but the way to kill it would be to impose all of the government bells and whistles that we have here on the mainland. They do not need an Australian tax system. They do not need all of those things that the Labor Party seems to want to impose upon them. If they work with eyes open to the threats to the sustainability of the Norfolk Island economy—including an ageing population, a diminishing revenue base and what was highlighted by the Treasury report that was commissioned by the Norfolk Island government—they can face up to the fact that, if you continue to put more and more of the tax burden on the visitors to the island, you will kill the goose that can lay the golden egg that will sustain the Norfolk Island economy. Then you will destroy that sustainable future. So they have got all those issues. If they face up to that—and I think, from the very long and useful meeting I had with members of the government and many other members of the community out there—they can do that. Do they need some help? Yes. Are they prepared to accept that help? Yes. The task force is an example of that. Do they want to be told how to run the place by a bunch of politicians and bureaucrats from Canberra or anywhere else in Australia? Absolutely not—and they do not need that.

They do not need to be told how to do it. They are highly intelligent, highly focused people who have very successfully created a territory in the middle of the Pacific. They have survived there for 150-odd years since they built that pier, and before then of course. I think we should work with them cooperatively and constructively. Does that mean that the work of the joint parliamentary committee does not make a contribution to that? No, it does not mean that. My remarks on the island were misinterpreted there as well. The joint committee's report contains a number of very sensible and useful suggestions which can inform that reform process. I look forward to giving a proper response to the report in the fullness of time, but in

the meantime we are going to get on with working cooperatively with the people on the island to create a sustainable future.

Senator CROSSIN—I want to move to the issue of domestic violence on Norfolk Island. In 1994 the Australian Law Commission issued a report into domestic violence on the island which highlighted that the situation was particularly bad for women. It collected evidence that suggested what was actually needed, and a recommendation accepted by the federal government in 1995 was for new or substantially upgraded specialist legal services for women. Can you tell me whether there has been any progress on that and whether there is a specialist legal service operating for women on the island?

Ms Riggs—We will take that on notice. That was way before Mr Wilson or I had responsibility in this area.

Senator CROSSIN—Can you also find out for me whether the service receives any Commonwealth funding? You would know that, surely.

Ms Riggs—No, because if it received funding through another portfolio we would not know about it necessarily. We will make enquiries of the more obvious portfolios to ask that question of.

Senator Ian Campbell—We had both the Attorney-General and the Minister for Justice and Customs out there the week before I was there. I think it would have been an issue for them.

Senator CROSSIN—Are questions relating to the reward for the murder probably better directed to Justice and Customs?

Mr Wilson—Yes.

Senator CROSSIN—Can you inform me how the Administrator of Norfolk Island keeps the minister informed of events on Norfolk Island?

Senator Ian Campbell—I can. He writes me a monthly report. It is very comprehensive. If there is an issue in between, he phones me or my adviser on that part of the portfolio.

Senator CROSSIN—So they go directly to the minister?

Senator Ian Campbell—Yes.

Senator CROSSIN—Are the reports published on the web site or publicly available?

Senator Ian Campbell—I do not think so. They are just reports to me—it is sort of a letter from Tambo to Scrambo.

Senator CROSSIN—So they are not publicly available or accessible?

Mr Wilson—I do not believe so. I believe they are correspondence between the administrator and the minister.

Senator Ian Campbell—It is private correspondence between the administrator and the minister. I would have conversations with the Administrator of Christmas Island as well. I would expect him to keep me personally informed with me being the minister and he the administrator. On other matters I would expect the administrators and their staff on all of the territories to engage on an almost daily basis with our department.

Senator CROSSIN—Can you provide the total cost of maintaining the administrator's office on Norfolk Island as well as on the Indian Ocean territories—not just the salary but the add-ons like accommodation, staff and travel?

Ms Riggs—You want the costs of each of the two administrator's offices?

Senator CROSSIN—Yes.

Mr Wilson—I will take that on notice. I do not have it with me.

Senator CROSSIN—Finally, can I ask you questions about the Hobart to Antarctic link?

Mr Wilson—You can ask representatives of the Department of the Environment and Heritage about that. That does not sit within my area of responsibility.

Senator Ian Campbell—I wish it did.

Senator CROSSIN—So you do not know anything about the cost of the service?

Mr Wilson—No.

Senator Ian Campbell—That is the Department of the Environment and Heritage's area.

[3.33 p.m.]

National Capital Authority

CHAIR—I thank witnesses from the National Capital Authority for appearing today.

Senator CROSSIN—We will start with something new and original, and that is the fountain. Has work commenced on the project?

Ms Pegrum—Work has commenced on the fabrication of the fountain. I could ask Mr Andrew Smith, who is the Director of National Capital Projects, to give you the detail on where we are up to on that.

Mr A. Smith—Detailed design work has commenced and the ordering of the glass mosaic tiles has also occurred, but construction works are yet to occur on site.

Senator CROSSIN—What is the time line for the project?

Mr A. Smith—The time line is for it to be completed in December this year.

Senator CROSSIN—These are the tiles that are coming from Italy, aren't they?

Mr A. Smith—They are, yes.

Senator CROSSIN—What is the estimated total cost of the project?

Mr A. Smith—The total project budget is \$365,000.

Senator CROSSIN—What has been spent to date?

Mr A. Smith—To give you a precise figure I would like to take that on notice, but it is in the order of \$16,000 to \$18,000. I will give you a precise figure on that.

Ms Pegrum—As a point of clarification, I believe the budget for the fountain is \$365,000 plus GST.

Senator CROSSIN—That is all the questions I have got on the fountain. We will leave them for another committee and another time. The NCA employment advertisement that

appeared in the *Age* on 22 May for a director of the National Capital Plan has a slogan up the top ‘Building the national capital in the hearts of all Australians’. It also appears in the PBS on page 168 as the authority’s mission. What is the idea behind the slogan?

Ms Pegrum—It is not actually a slogan; it is the mission statement that flows from the vision statement. It was incorporated in the first corporate plan that the authority put together, in 1998-2001 originally, and has been incorporated in the corporate plan 2001-05. It came out of discussions at that time about the corporate strategy for the National Capital Authority and was adopted by the authority and then incorporated into the PBSs. I believe it has been in the PBSs for some years.

Senator CROSSIN—Who actually came up with the idea? Was it workshopped?

Ms Pegrum—It was workshopped amongst staff and then it was put to the National Capital Authority itself for endorsement.

Senator CROSSIN—So the National Capital Authority was consulted and endorsed it?

Ms Pegrum—Absolutely, yes. As I said, it has been part of the corporate plans, the business plans, most of our publications and the portfolio budget statements.

CHAIR—You do not disagree with it, do you?

Senator CROSSIN—I have just got a brief in front of me, and I am trawling through it.

CHAIR—I think it sounds pretty good.

Senator CROSSIN—Was there consultation with tourism?

Ms Pegrum—No, not at that time. They are very much aware of it. We have been using it fairly broadly and, as I said, in most of our publications you will find it. In virtually all of our talks that we give about the authority and the role of the authority we incorporate it as an introduction.

Senator CROSSIN—Was it market tested or was there no need to market test it because it is your mission statement?

Ms Pegrum—It is not intended to be a marketing slogan. It is our current mission statement and that is all. No, there was no market testing and there were no costs involved.

Senator CROSSIN—So there were no costs involved?

Ms Pegrum—Other than the workshop time of our own staff, no.

Senator BUCKLAND—I was just wondering if it was on the bank statement. It is on every statement that you mentioned.

Senator CROSSIN—It would be a good slogan for a bank. I just have one last question, and this is very serious stuff. What is the cost of storing the Christmas tree that is put out the front Parliament House each year?

Ms Pegrum—We do have that figure. Whether we have it here as a separate item I am not sure. My officer thought that we might have answered that. There were questions about this tree on notice from the last Senate estimates which have been provided. They break down the purchase of the tree, its replacement value and its expected life but not the storage price that I

can see. But we are able to give that to you. It is stored, from memory, in a container, I think at Mitchell. We will provide that on notice.

Senator CROSSIN—Of all the things you anticipated we would ask, you did not anticipate that. We are still able to trick you out.

Ms Pegrum—Another officer believes that it may be part of the sponsorship arrangement that we have with Totalcare industries, but I would prefer to clarify that in an answer on notice.

Senator CROSSIN—So you will provide us with the annual amount you pay to actually store the Christmas Tree?

Ms Pegrum—To actually store it, yes. It is in a container so we should be able to work out the square area of our total storage space and provide that to you.

Senator CROSSIN—That is all I have. That is all anyone else had. I did not have any. Senator Lundy is in another committee but she has questions to put on notice for you.

Ms Pegrum—Of course. Thank you.

Proceedings suspended from 3.41 p.m. to 4.00 p.m.

Senator STEPHENS—I will start with you, Ms Riggs, and say thank you very much for the letter of 6 April 2004 with responses to question on notice 2167. The information finally came through. First of all, I want to ask you about the table headed ‘selected regional program commitments’, which is dated 29 February. Are you able to give us an update to the table?

Ms Riggs—I can.

Senator STEPHENS—Wonderful. Are you able to table that for us?

Ms Riggs—Yes, I can. This is an update to 30 April.

Senator STEPHENS—Thank you very much. What about the second table headed ‘Campbelltown Camden’? Do we have an update?

Ms Riggs—That comes under sustainable regions. Ms Key can assist you with that.

Senator STEPHENS—Ms Key, are you able to help?

Ms Key—Yes. I have a table to 30 April here.

Senator STEPHENS—Can you table that as well?

Ms Key—Yes, I can.

Senator STEPHENS—This is wonderful. Thank you. What about the table headed ‘FNE New South Wales’? Is that one of yours as well?

Ms Key—I believe they all form part of the same table. We have just split it up by each of the sustainable regions.

Senator STEPHENS—Okay. Is Gippsland included?

Ms Key—That is right.

Senator STEPHENS—And Atherton, WBB, Kimberly, Playford-Salisbury and Tasmania?

Ms Key—That is right.

Senator STEPHENS—Talk about going like a train! That is wonderful. At the last estimates hearing, we had a discussion about ProgramTrax, which was the online application form for the sustainable regions and the regional partnerships program. Do you have full end-to-end functionality in the software?

Ms Riggs—I regret to have to say that, no, we do not yet.

Senator STEPHENS—Can you tell me where it is at?

Ms Riggs—There are some testing cycles to go through and, if those testing cycles are successful, our time line will be shorter than if we find any significant problems, but my best estimate at the moment is that we will have that at the end of August.

Senator STEPHENS—Can community applicants use the online application form at the moment?

Ms Riggs—They certainly can.

Ms Key—I will just make a correction. The table that I will table today is to 24 May rather than 30 April.

Senator STEPHENS—Thank you very much. You also indicated at the last estimates that a post implementation review of the Sustainable Regions Program was very close to finalisation. Has that been finished?

Ms Riggs—I regret to say that I still have to regard it as an internal working document. It is not something that I wanted to have to come and say, but there are still a couple of questions about the issues raised in it that I am not quite satisfied with at this stage and we just need to invest a few more weeks in that process.

Senator STEPHENS—Would you like to estimate when it might be possible for the committee to have that report?

Ms Riggs—I would like to propose that, if it is ready in time to meet the 9 July response for questions on notice, I will regard it as a question on notice. If not, we will consult with the minister's office about making it available to the committee as soon as possible after that.

Senator STEPHENS—You also indicated at the last estimates that the Sustainable Regions Program is on the internal audit cycle for this financial year. Has that internal audit work commenced?

Ms Riggs—Indeed. I think that currently we are trying to arrange for what would be regarded as the entry interview—that is the first point for such an audit. We are trying to match Ms Key's and my own diaries with that of our internal auditors, and I am hopeful that we might be able to have that done next week.

Senator STEPHENS—So you have developed the audit plan then?

Ms Riggs—No, that is an element of developing the audit plan.

Senator STEPHENS—In terms of synchronising your diaries, have you had any discussions yet about which aspects of the program you might focus on?

Ms Riggs—Our interests will be predominantly in ensuring that our internal controls are working effectively.

Senator STEPHENS—That is all?

Ms Riggs—Yes.

Senator STEPHENS—What about the eight regions? Are you intending to focus on any particular regions in the audit?

Ms Riggs—We have not actually considered whether the structure of that would be to focus on a subset of regions or take a sample of projects across all eight of the regions. Either of those would be a legitimate methodology in terms of testing our internal controls.

Senator STEPHENS—Given that you have not actually begun the process, do you have any idea of when you anticipate the process being completed by?

Ms Riggs—I am really conscious of the fact that our internal audit provider would like to finish the fieldwork within this financial year. My recollection is that they think there is somewhere between 15 and 20 days worth of fieldwork in that audit. It is conceivable that they could do that. Our experience to date is that it would then take them some six to eight weeks to produce a robust draft report in order for us to provide management commentary on it. I anticipate it will be into August, possibly September, of this year before we are in a position to say that that work is substantially done.

Senator STEPHENS—Is that a contracted audit team?

Ms Riggs—The department has outsourced its internal audit function to KPMG.

Senator STEPHENS—At the last estimates you also indicated that the GROW ACC was about to be reviewed by the internal audit. There is a question on notice that relates to that, but can you tell me whether the department or officers within the department have been written to by any employees of GROW about concerns they have with the management and operation of GROW?

Ms Riggs—Yes, we have received communications from two employees of GROW.

Senator STEPHENS—Are they current or former employees?

Ms Riggs—I believe one may now be a former employee, and one is an employee who has been on some form of compensation arrangement. My understanding is that that employee will soon begin a return to work program with GROW.

Senator STEPHENS—How is that correspondence being dealt with? Is it being provided to the internal audit team to investigate?

Ms Riggs—In the internal audit terms of reference we did include a term of reference that went to the governance and procedural arrangements of GROW, including those for HR.

Senator STEPHENS—Was the correspondence received prior to the internal audit work commencing or since the internal work?

Ms Riggs—Both.

Senator STEPHENS—So your understanding is that the internal audit team will investigate those concerns. Did the correspondence actually contribute to the decision to target GROW for the audit?

Ms Riggs—Yes, it is fair to say it did.

Senator STEPHENS—Thank you, and thank you for the tables. I would like to move on to regional services and the Rural Transaction Centre program.

Ms Riggs—Dr Dobes will assist you.

Senator STEPHENS—According to the department's web site, the new streamlined Regional Partnerships program will make it simpler for communities to apply for support. Is that right?

Dr Dobes—That is correct, in general, but I guess the question that you are asking is how Regional Partnerships relates to RTCs. In general, all new applications are being put through the Regional Partnerships system. That is a much simpler system. It involves less detail and information on both sides, I think.

Senator STEPHENS—I am sure we will come to that very issue in a moment. On 16 September last year the minister provided an answer to a question on notice regarding RTC applications. At that point, on 16 September, for 2003-04 nil funding had been approved or paid for the business planning applications. Can you give us a figure for the year to date for the business planning applications?

Dr Dobes—I assume that you are referring to the current financial year, 2003-04.

Senator STEPHENS—Yes.

Dr Dobes—There have been two, and that is simply because that was the leftover from the old RTC program. We have not really been accepting business planning applications for quite some time. Business planning applications are basically someone coming along and saying, 'We're thinking about putting in an application for an RTC. We need someone to help us with the planning, with projecting revenues and expenditures and so on. Can you help us?' It is usually in the order of \$10,000 unless, as we used to do, we use a field officer to go and help them to do that. Those applications have been discouraged, I guess, since about early 2003 as a means of streamlining the program, because we found that people would come along and do their planning as part of a process. That would take a long time. They were using essentially the same information to put in the full application, so we discouraged doing it in two stages.

Senator STEPHENS—Isn't the business plan a prerequisite for funding for the RTC?

Dr Dobes—A business plan certainly has to be put in—that is quite right—but it was a question of whether we did it in two stages and went through two separate processes. It may seem incongruous in some ways, but those two separate processes did actually slow things down. By the time you had finished one and then people started off again—perhaps it was a new committee or something like that—it simply slowed the system down.

Senator STEPHENS—You are saying there were two applications for the business planning and, at the time of the answer from the minister, there were four RTCs established for 2003-04. Can you tell me what the current number is?

Dr Dobes—I will try. For the current year it is in the order of 60. Could I leave that one for a minute? We are looking up that answer for you. We can give it to you. It is just that our paperwork is slightly different.

Senator STEPHENS—Let us keep moving on. In December 2003 the Parliamentary Secretary to the Minister for Transport and Regional Services, Mrs De-Anne Kelly, proudly announced the opening of the 100th RTC at Waratah. Can you tell how many RTCs are now in operation?

Dr Dobes—The current number of operational RTCs is 113.

Senator STEPHENS—I understand that RTC funding was originally structured over a three-year period and that the RTCs had to report their financial arrangements over a three-year period. Since the program began, have any RTCs actually ceased operating?

Dr Dobes—No RTCs which have become operational have ceased operations. The answer I gave last time—I think it was to Senator O’Brien—is exactly the same: none of them have ceased operating.

Senator STEPHENS—When Minister Anderson announced the RTC program in March 1999, the program was allocated \$70 million. He talked about a target of up to 500 RTCs, which we all know has not been achieved.

Dr Dobes—I will perhaps clarify that for you. I do not think we ever saw it as a target. If you look at all the documents, you can see they consistently talk about ‘up to 500’, as you just mentioned. I do not think there was ever a target of 500. It was not put in those terms, as far as I know.

Ms Riggs—In addition to the 113 operational RTCs, there are some 93 approved but not yet operational RTCs. In addition, 141 communities now have electronic point of sale facilities—EPOS arrangements—through their licensed post offices as a result of support from the RTC program.

Senator STEPHENS—I am sure that you are all very aware of the ANAO report. According to that report, as at June 2003 there were 164 rural transaction centres that had been approved, 80 were then operational and 119 electronic point of sale centres had been established. The expenditure for the program totalled \$56.5 million at the end of June 2003. I am a bit like Senator Buckland doing my maths but it actually works out to be a cost of \$344,512 per RTC. If you include the 119 EPOS centres, that brings the average cost of the centres, combined with the RTCs, down to \$199,646. How does that compare with the department’s estimates of the average funding required when the RTC program was announced?

Dr Dobes—There are a couple of issues in that. I am not aware that there was any specific funding target or expectation for any of the RTCs at any stage. At least, I have not been able to come across anything like that.

Senator STEPHENS—So you were saying that there was no benchmark for the cost of an RTC?

Dr Dobes—As far as I know, there was not. We have used a figure that was based on an average of past expenditure, but it is so inaccurate—and I did point this out to Senator O’Brien last time—that it has a very large variation around it. It is not really a very useful measure to use an average of that sort. You can come up with all sorts of averages, as you have shown us, but it is necessary to think a little bit more broadly in terms of the RTCs

themselves. There have been other expenditures which have taken place which would need to be subtracted from that total before you did your averaging. For example, field officers were one expense. If you wanted to average across everything, you could, but that hides a lot of information. Australia Post had some payments and they were obviously for EPOS. It becomes a question of whether you want to add up apples and oranges—EPOS plus other RTCs—and then take an average, or whether you want to do it separately and so on. It is a little bit hard to give a specific answer on that.

While I am answering questions, I will come back to one you asked me a minute ago. So far this year 63 RTCs have been approved and 26 have been opened. ‘Opened’ means officially opened. But more than that might have been operational, obviously, because some of them become operational before opening.

Senator STEPHENS—Do you have any clue as to which of those are actually operational without having been opened?

Dr Dobes—Those that have been opened are all operational. So operational comes first.

Senator STEPHENS—What about the other way around?

Dr Dobes—There might be more, and I do not know how many, because sometimes people start providing services before the official opening. That is quite normal.

Senator STEPHENS—Notwithstanding the discussion about the maths—and I do appreciate that there were funds transferred to Centrelink and to Australia Post to meet those service requirements and the contracting arrangements that were put in place—the program originally only got \$70 million, didn’t it?

Dr Dobes—Yes, that is right.

Senator STEPHENS—It is difficult to consider that it is a cost-effective program in terms of the centres that have been established in that period.

Dr Dobes—I am never too sure. I have actually puzzled about this question myself quite often. I do not think you can establish an absolute measure against which you can judge this. How would you judge it? It is not just a building. Often there are community resources put in. We can look at it in about three or four different ways. The first way would be to ask: have legislative intent or objectives been met? A decision has been taken to spend some money on rural transaction centres; have the actually objectives been met? And I think the answer is yes in all cases.

Senator STEPHENS—The ANAO said no.

Dr Dobes—They did not say no in terms of legislative intent. I think they criticised in terms of financial amounts—so that is the second way—and we could debate that, because there is no absolute measure. The third way might be an economic measure—a cost-benefit analysis. I think there it can be shown that there is a net positive benefit in terms of net present values. You could then go on and start to think in terms of social advantages. It is a matter of judgment, I guess—as with everything.

Senator STEPHENS—Have you had the opportunity to visit very many RTCs yourself?

Dr Dobes—Unfortunately not. I have visited some, but not very many.

Senator STEPHENS—They are very different, of course, depending on the menu of services that are offered.

Dr Dobes—They are indeed. The reason for that is that the services that are offered are determined by the community, which is another reason it would have been very difficult to have had a figure in mind as to how much each one would cost. There is just no way of predicting it.

Mr Yuile—It also goes to your point, Senator, about a value judgment. Those communities that have been able to develop a plan and find and implement an arrangement that suits them have been delighted with them. As you say, it varies very much from the RTC at Wadeye to the RTC at Gulargambone or wherever. That is why I really do disagree with your judgment that it has not been a successful program.

Senator STEPHENS—We can agree to differ on that one. The ANAO found that the program was slow to get off the ground due to the lack of a needs analysis during the planning phase to identify and target likely communities. They also found that the department had responded to that issue by starting to better assess priority communities and generating demand for the program. Can you tell me where the original estimate of ‘up to 500’ RTCs came from?

Dr Dobes—I cannot tell you the original source, but there were four documents which I always consider to be relevant to this. I would like to go through those, because I would like to lay the target of 500 to rest—I think it is a bit of a furphy.

Senator STEPHENS—The ‘up to 500’.

Dr Dobes—Okay. I guess it is the word ‘target’ that I was reacting to. I apologise. The first two documents are election documents which were put out before the 1998 election. One of those refers to rural transaction centres.

Senator STEPHENS—That is the announcement document?

Dr Dobes—It is issued by the Liberal and National parties. That refers to establishing up to 500 rural transaction centres in rural Australia. Another one, which deals with sustaining local communities, specifies up to \$70 million to establish 500 locally operated RTCs, so the words ‘up to’ are missing from that. But I do not think these are the important ones. The really important ones are the media release Minister Anderson released on 11 March 1999 and his address to I think it was the National Press Club on 17 February 1999. The media release quite specifically refers to up to 500 small towns and his address to the National Press Club refers to several hundred RTCs or small communities. I think it is quite clear from those documents that there was never a specific target and that the figure of 500 was never a specific target at all. I am really not sure why that is always bandied about.

Senator Ian Campbell—I will just add something that may be of assistance. The background to that, as Senator Stephens will probably know, is that it was at a time when a number of financial institutions and I guess other service orientated businesses were leaving country towns. Of course, it was a very major focus of the government to seek to provide an innovative solution to putting those services and also connectivity back into those smaller towns. It was at a time when there were rapid developments in telecommunications in terms

of Internet access. I know that because I was in the telecommunications portfolio at that very time, just as we came out of the 1998 election.

Also within the programs of the government, but not in the regional services portfolio, the government had the Networking the Nation program and a number of other programs that had similar intentions in terms of providing services through Internet based and telecommunications system based technologies to rural, regional and remote communities. For example, in Western Australia the Networking the Nation program, which was funded from the proceeds of the Telstra sale, provided roughly 95 telecentres across Western Australia. You will see that they look, feel and sound a lot like a rural transaction centre when you visit them. They were an initiative of the coalition state government in WA, but they were half funded by the Commonwealth's Networking the Nation program. In fact, at one stage when I was in the portfolio—and I was just telling Ms Riggs this—we were trying to negotiate that the rural transaction centres would in fact incorporate the telecentres or vice versa. In that year—it was in 2000 that I was trying to negotiate that—we would have actually had an extra 95 rural transaction centres as a result.

The point I seek to make in a long-winded way is that the Commonwealth also had a range of other programs that were seeking to deliver services to regional, rural and remote communities—Internet, high-speed Internet, computer courses, facsimile machines and basically services that would not be available in those small towns through other programs. In many ways they filled a vacuum that, during the 1998 policy announcements, would have otherwise been filled by the RTCs. I think that is often not understood by people who criticise the number of RTCs.

Senator STEPHENS—Mr Matthews, I am not too sure how long you have been with department—

Mr Matthews—Since November 1999.

Senator STEPHENS—but are you able to advise whether or not the department actually scoped the program for the RTCs or provided some background data about how to actually approach the establishment of these centres?

Mr Matthews—There might be officers better equipped to answer, but my recollection is that there was some initial work. I do not think it would be described as scoping. As the minister was saying, at that time there was a good deal of demand pull from regional Australia for access to these sorts of technologies and a bit of excitement about supply push. It was that that the government was trying to capitalise on at the time. But there was not, to my memory, a detailed and fully developed scoping paper that tried to define what the final program would look like.

Senator STEPHENS—I only ask because this program built on the Credit Care Program of the credit unions, which was highly successful. When you look at the performance of the RTC program, so many of the operating RTCs in the first three years of the program actually were based on the Credit Care model and were established under that model. I just wondered whether or not there had been some overlap or some planning around whether or not it would have been better to promote the Credit Care Program longer and continue to fund that program as opposed to creating this whole different model.

Senator Ian Campbell—I think the reality on the ground in these communities is that they have different needs, and we were creating a program to fill an emerging need. I am informed that there were something like 800 communities with fewer than 3,000 people, and all of those communities with fewer than 3,000 people would have different needs. In a way, we were building a program that did not want to compete with other initiatives. You had communities, for example, where you had licensed post offices with giroPost and so forth. I know many of those came to me at the time and said, ‘Look, we don’t want an RTC to come into town and steal a business from us.’ That would have been a perverse outcome. The Commonwealth comes along, being a knight on a white charger, saying, ‘We’re going to fix up all of your regional services problems,’ and then puts out of business a couple of struggling small businesses in the town.

In a way, the reality was that the Commonwealth was earnestly and in a well-funded way—starting off with \$70 million, I understand, from what Dr Dobes said—seeking to build a program. In a way, we were building something that had not been built before anywhere else in the world. It was an iterative process. It was driven by two or three ministers in its first few years. We tried various ways of making it work. I think the appointment, under Senator Ian Macdonald’s time in the portfolio, of field officers to help work through these community issues was probably where the program really started to bear fruit in terms of the number of transaction centres, the quality of them and the way they interact with their communities.

Ms Riggs—If I might pick up on a point about Credit Care, which was a program of the then Department of Primary Industries and Energy, not of DOTARS, officers have reminded me—indeed, I think they have advised me for the first time—that, in the very early days of thinking about what is now the RTC program, there was policy work done on what it might look like. But it was done in one of the divisions in what is now the Department of Agriculture, Fisheries and Forestry and not in this department. If there is a corporate knowledge gap showing here, I am sorry—part of that is to do with the fact that this program took a little while to find a stable home.

Senator STEPHENS—So it was written and done in DPIE?

Dr Dobes—It was done late in 1998 and, in early 1999, some staff were transferred from that previous department to our department. It may have been a bit unfair to ask Mr Matthews to comment on that from that perspective.

Senator STEPHENS—The minister has mentioned the decision to create the field officers network. I understand that when the ANAO report found that the RTC program had a high level of budgeted administrative costs, actually identifying 26.9 per cent of the total program, that was largely due to the retention of GRM International to fund the field officers network. Is that right?

Dr Dobes—That was certainly a large component of costs, but it is one of those problems again. Appointing those field officers was really quite a good proxy for a needs analysis. The ANAO actually acknowledges that in its report, so one cannot really win in that position. If you do a needs analysis by proxy, by appointing field officers, it becomes an expensive exercise and then it looks as if the program is expensive, so we had a little bit of difficulty reconciling those two.

Senator STEPHENS—What was the total projected to be paid to GRM under the program?

Dr Dobes—There was an initial two-year contract. The initial contract, from December 2000 to December 2002, was almost \$6 million, GST inclusive. It was \$5.3 million GST exclusive. From what I know, I do not think it was foreseen that it would extend beyond those two years, but the contract was extended by one year later on.

Senator STEPHENS—That is right. What was the cost of that further extension?

Dr Dobes—The further extension for one year was \$2.39 million, GST exclusive—roughly half of what it had been for the other two.

Senator STEPHENS—So almost \$8½ million in total?

Dr Dobes—Yes, it almost comes to that total.

Senator STEPHENS—A lucrative contract. I understand that GRM is actually owned by Consolidated Pastoral Company, which I understand is a pastoral division of Kerry Packer's Consolidated Press Holdings. Were you aware of that?

Dr Dobes—I am aware of it. I was not around when these contracts were let, but I am certainly aware of that.

Senator STEPHENS—So effectively \$8.5 million was going into Packer's company and not into RTCs, which is significant.

Dr Dobes—I understand that those are the facts; I cannot comment on them.

Mr Yuile—They went to GRM for a service that they delivered against a public tender. I was not—

Senator STEPHENS—We could go back and do the maths again and work out how many centres got up and operational under the stewardship of the field officers network—but let's not go there. We will just keep going. Moving on to some specific RTCs, if we could, can you tell me whether or not there has been an application for either some business planning or operational funding for an RTC at Karuah, on the mid-north coast of New South Wales?

Dr Dobes—That answer is yes, apparently—even before I look it up. I am advised that the answer is yes.

Senator STEPHENS—For which? And can you advise how much?

Dr Dobes—It is for the RTC itself.

Senator STEPHENS—Where is that application up to?

Dr Dobes—We have quite a number of these applications. I am advised that that one was not supported in the assessment phase, but it has been withdrawn as an application.

Senator STEPHENS—It has been withdrawn?

Dr Dobes—It has been withdrawn by the proponent.

Senator STEPHENS—That is interesting, because I understand that the member for Paterson—Karuah is in his electorate—has actually been telling that community that he will deliver the RTC funding for them. Are you aware of that?

Dr Dobes—I am not personally aware of that.

Senator STEPHENS—The model that he is proposing and that he is suggesting he will gain funding for is one that provides room for visiting medical practitioners and specialists. Would that be a reason the application was not supported in the first instance?

Dr Dobes—I am not aware of the actual reason that application was not supported; I do not remember that. But it is quite normal to have rooms for visiting professionals, including medical practitioners, so I cannot see that that in itself would have been a reason for not supporting it.

Senator STEPHENS—Are you able to take on notice why it was not supported?

Dr Dobes—Yes, subject to the usual constraints—in other words, if giving you that information is a proper thing to do. We would have to check it through first.

Senator STEPHENS—I appreciate that; thank you. Going on to Bendoc RTC—that is spelt B-e-n-d-o-c—

Dr Dobes—I am quite familiar with that one, thank you.

Senator STEPHENS—I understand that you are quite familiar with it, and I understand that you have been in frequent correspondence with Mr Wilkshire about the Bendoc RTC. Is it your understanding that that RTC is still operating in a sustainable way?

Dr Dobes—That is a question which I cannot answer directly because I have not seen any financial statements recently. My understanding is that, yes, it is still operating. I am not quite sure what you mean by sustainable. The reason I am hedging slightly is we often get the situation where an RTC is thought to be unsustainable. None of them have ever actually ceased operation, as we said before. It is usually the case that they find volunteer labour or the council comes to the party in some way by donating resources. So it is very hard to say whether something is sustainable or not. The concept of sustainability there seems to be based on some fixed small business model and RTCs are not really small businesses. They can draw on community resources and they can do all sorts of things to remain sustainable. I think the very fact that none of them have actually fallen over, that communities have always tried to sustain them in that way, shows how successful they are. They are very popular in communities.

Senator STEPHENS—Can you tell me whether Bendoc has actually applied for additional funding in the last 12 months or so?

Dr Dobes—I cannot recall whether they have in the last 12 months, but they have certainly applied for additional funding. From memory, the reason for it was that the costs of the building had changed because it took so long to get that particular application up and to get the RTC actually built. I am not sure whether you are aware of the history of it. Bendoc is one of the very early RTCs and because of the objections that were raised when it was first proposed—

Senator STEPHENS—Objections from whom?

Dr Dobes—From some members of the community. This goes back—I can never remember the date, I am sorry—to I think early 1999. Anyway, it was in that very early

period. A number of members wrote a petition to the local member, Mr McGauran, and objected to the idea of an RTC, saying that it really would not fulfil any additional needs and that they did not want it. He subsequently held a public meeting, and it was quite clearly demonstrated that the community did not really have an objection; there were no objections registered there. That all took several months and then, of course, other events slowed it down and it took a while to actually get it up. That was the reason for asking for a funding variation. Bendoc RTC was actually initially approved on 6 December 2000.

Senator STEPHENS—One of the questions on notice refers to compliance with the East Gippsland Shire Council and its planning permits. It appears that the RTC has work to undertake to comply with the planning rules. Are you aware of that?

Dr Dobes—I am aware of this tangentially, Senator. It is not something that we would normally get into. It is really a matter for the RTC operator to obtain from the council all the right planning approvals. If I may say so, this is an extremely complicated issue. There are inconsistencies between the building code, Standards Australia and the disability legislation. I understand that that has all been worked through.

Mr Yuile—It is the Victorian legislation.

Dr Dobes—The Victorian building code is actually the enabling legislation for the national building code. So, yes, it is the Victorian building code, but it is based on the national one. There are quite a number of issues there.

Senator STEPHENS—Can you advise whether or not the Bendoc RTC made provision in their budget for the capital works that would be needed to comply with the council permit requirements?

Dr Dobes—I am not aware that they would have done that. In fact, I would hazard a guess—and it is only guess—that they did not do that because the issue arose after the RTC had been completed, after it had been built. As far as I know, it is the intention to proceed with those works, but I do not really know.

Senator STEPHENS—So that issue has not been raised with you specifically?

Dr Dobes—Not directly, although I am aware of the issue through letters from Mr Wilkshire.

Senator STEPHENS—I understand that there has been some work undertaken at Bendoc by Work for the Dole participants. Are you aware of that?

Dr Dobes—I am aware that a Work for the Dole participant has been employed there. I am not quite sure that it was employment by the RTC. It may have actually been employment on behalf of the Neighbourhood House, which is part of that complex of the RTC. But, once again, I am only aware of it through letters from Mr Wilkshire. I know he has raised that with other authorities in Victoria and I understand that it has either been resolved or the issue is no longer a current issue. I do not really know.

Senator STEPHENS—So your understanding is that there has been a Work for the Dole participant actually working in the RTC? Is that what you are saying?

Dr Dobes—No, I am not aware of that. I only know that from a letter from Mr Wilkshire. I do not think it was actually employment in the RTC itself.

Senator STEPHENS—I do not know if you are aware but recently there was a reprint of a small booklet called *Bendoc—A Centenary Souvenir*, which was actually undertaken by the Delegate RTC. Does Bendoc RTC have facilities to reprint a small black and white booklet like that?

Dr Dobes—I am not really sure, but this is probably a good time to point out that those are not two competing RTCs and they quite deliberately took those decisions. Bendoc does offer photocopying and fax facilities and things like that. Our understanding is that the Delegate RTC—which, as you know, is some 14 kilometres away—offers printing or local newsletter publishing facilities. I have always assumed that there is a difference in the capacity of the photocopying machines or whatever. So it would make sense to me. I am not surprised to hear that Delegate actually printed that booklet.

Senator STEPHENS—Are you able to advise what the hours of operation are of the Bendoc RTC?

Dr Dobes—I know from background reading what they were meant to have been during the application stage—that is, normal working hours 9 a.m. to 5 p.m., 5.30 p.m. or something like that on weekdays. I do not know about weekends. I do not really know what they are at the moment. I am also aware that voluntary labour is put into this. So it may be that it goes up and down in various ways. I do not think any RTC has absolute fixed hours of opening. It is not a small business.

Senator STEPHENS—Is there a minimal requirement of hours for the RTCs to be open?

Dr Dobes—Not at all—not that I am aware of. I do not think I have ever come across an application where the funding agreement specifies minimum hours.

Senator STEPHENS—Moving to the Regional Partnerships Program, on page 26 of the PBS we have the additional appropriation in 2004-05 of \$13 million; for 2005-06 it is \$13.4 million; for 2006-07 it is \$13 million; and then for 2007-08 it climbs to \$33.1 million. Can you explain that extraordinary figure?

Ms Riggs—In the underlying forward estimates prior to the last budget, the funding between 2006-07 and 2007-08 fell away by some \$20 million. That was because in the previous year's budget the government had approved as the underpinning funding for Regional Partnerships the combined sums of the then RAP—the Regional Assistance Program—and the Regional Solutions program. But the forward estimates at that time only went to 2006-07. So the underpinning funding was held roughly constant throughout that then forward estimates period.

In the budget management system, the previous RAP funding continued into the out years—the now new out year of 2007-08—but the previous Regional Solutions Program funding did not. This decision restores the \$20 million, which was the kind of annual round terms Regional Solutions Program funding, so that Regional Partnerships has roughly that constant base funding for what is now the additional out year.

Senator STEPHENS—I know a lot of programs were rolled into Regional Partnerships last year, but, besides the Beaudesert railway project, have any others been added?

Ms Riggs—Beaudesert is not really a new program; it is a major project for which the government has supplemented the funding of Regional Partnerships for this year. Apart from that decision that we have already discussed—the additional \$13 million for three years and \$33 million in the fourth year—that supplementation for the Beaudesert project is the only additional funding in Regional Partnerships.

Senator STEPHENS—Are you able to provide the committee with a funding profile for each of the programs this year?

Ms Riggs—I would like to understand a little about what you mean. As we move through the issue of legacy projects for each of those programs, it becomes less and less appropriate to consider them as if they were separate funding strands in the program. In fact, this is really the last year in which we would do that in any definitive way. There have been no new approvals under Regional Solutions, Regional Assistance or—at this stage—Dairy Regional Assistance or the South West Forests. There have not been new approvals under those legacy programs—if I can use that term—since before 30 June 2003.

Senator STEPHENS—Can you tell me whether the Wide Bay-Burnett structural adjustment package has received additional funding?

Ms Riggs—No, it has not. A \$4 million package was announced a few years ago for that, and that is fundamentally where it has remained.

Senator STEPHENS—What about the Namoi Valley?

Ms Riggs—It was originally an element within the Regional Assistance Program. It was not actually separate funding; it was announced as a support package for the Namoi Valley water adjustment issues, so it is within the Regional Partnerships funding.

Senator STEPHENS—So it has not received additional funding per se, but there could be additional moneys spent. Is that what you are saying to me?

Ms Riggs—Let me put it to you in these terms: at some point we will be called to account on projects in the Namoi Valley. Its original announcement was of the order of \$20 million over a 10-year period. At some time in the future, someone—hopefully not me by then—will have to acquit against that announcement of \$20 million. There will always be an issue about whether something that just happens to be in the Namoi Valley and is funded under Regional Partnerships should be counted against the \$20 million or not. So there is a bit of an issue around some of those things. But, no, no extra money is added to any of the previously announced measures now that they are all subsumed within Regional Partnerships. Perhaps that is the best way for me to put it to you.

Senator STEPHENS—In terms of the criticisms of the ANAO report on both Networking the Nation and the RTC program, what kinds of things have you put in place now to ensure that there is program integrity, efficiency and effectiveness in the Regional Partnerships Program?

Ms Riggs—First of all, I would like to say that the Regional Partnerships guidelines, the public document, and our internal procedures manuals are both built around the ANAO's best

practice guide for grants management. The second thing that I would like to say is that Regional Partnerships has in fact been through an internal audit in its first nine months of operation. While there is one improvement recommendation in that, there are no recommendations that would suggest that, fundamentally, we have not built all the right controls into that program. This early in the combined program, I take that as a very positive sign. The third element is a piece of work that we are doing at the moment. It is not completed. We are going back and looking at every audit report of the past four years, whether internal or ANAO driven, that related to any of the programs that are now subsumed within Regional Partnerships. We are doing an internal sign-off that we now have in place practices and procedures that would satisfy whatever the management response was to dealing with any adverse findings in those reports. So there have been a fairly substantial number of internal practice improvement measures.

Senator STEPHENS—In terms of the internal audit that you did on the Regional Partnerships, you said there was one recommendation for change. What did that relate to?

Ms Riggs—The monitoring regime for individual projects to ensure that it was based in the same risk management framework as our original financial assessment and that we made that flow right through our total individual project regime.

Senator STEPHENS—Wasn't that one of the issues raised in the ANAO report about the RTC? It was actually about that risk management of individual projects.

Ms Riggs—This report did not say that we did not do monitoring, which was the issue in the RTC thing—that is, whether we are doing enough monitoring. This asked, 'Have you structured your monitoring regime in such a way that you are monitoring the right sorts of projects in the right sorts of ways?'

Senator STEPHENS—Thank you. I would like to go to questions about the Bert Hinkler museum.

Mr Yuile—Before you do that, Dr Dobes has a small addition on Bendoc.

Dr Dobes—I apologise, Senator, but I have just looked at my notes here, and on your question about supervision of Work for the Dole, it is listed here as one of the services provided at the moment by the Bendoc RTC.

Senator STEPHENS—The RTC is actually supervising a Work for the Dole project?

Dr Dobes—It is supervising a Work for the Dole person who is being put through by the East Gippsland TAFE college. That is all the information I have here. I am sorry if I misled you before.

Senator STEPHENS—That is alright. So you do not know what the person's work experience is; the RTC is just supervising that person?

Dr Dobes—I really do not know.

Senator STEPHENS—Thank you. Ms Key, page 52 of the 2003 additional estimates statement showed that the department was expecting to spend \$1.16 million on the Bert Hinkler museum for that year and \$290,000 in 2004-05. Can you tell me how much of the \$1½ million promised by Minister Anderson in October 2001 has now been spent?

Ms Key—Senator, \$50,000 GST exclusive has been spent to date.

Senator STEPHENS—Can you tell me what those funds have been used for?

Ms Key—It contributed to the cost of a concept and business plan for the museum. The Queensland state government contributed \$20,000 towards that and the Bundaberg City Council, the proponent, contributed a further \$30,000 towards that project.

Senator STEPHENS—So that was a \$100,000 project in total?

Ms Key—That is right.

Senator STEPHENS—So there has been nothing more? There has been no construction started or anything?

Ms Key—The construction has not commenced. The business plan and concept plan have presented back to council a range of options which they are currently considering at the moment.

Senator STEPHENS—Is there any anticipated date for when construction might begin?

Ms Key—Not at this stage. We have not been formally advised by the council about how they want to progress the project at this stage.

Senator STEPHENS—Wasn't it going to be completed in 2004-05?

Ms Key—When the funding was committed our expectation was that, as the AE document showed, the funding would be completed then. But as construction has not commenced I do not anticipate complete finalisation of that project in that financial year at this point.

Senator STEPHENS—On page 66 of this year's budget statement it shows that \$725,000 is to be spent this year.

Ms Key—That is right.

Senator STEPHENS—And then on page 28 it shows \$435,000 is to be reprofiled for the 2004-05 year. Do you think it will be finished by the end of the next financial year?

Ms Key—It is difficult for the department to assess that at this point in time. As I said, we have not had a formal approach from the Bundaberg City Council to the department following the finalisation of the business plan. As I said, the business plan has presented a range of options to the council to consider—from something that was essentially in the same order of magnitude as was originally conceived when the commitment was made, to a much bigger project that would require considerable refinancing from all the parties including the state government, the Commonwealth and the council itself. Until we are in a position to have a look at that and make an assessment of where we should take the project, I cannot give you a definitive end date.

Senator STEPHENS—Is the \$725,000 to be spent this year likely to be on costs other than construction costs?

Ms Key—No, that simply reflects at the time when we were doing our estimates for the budget our best estimate of what we thought was going to happen. Since the council has received that report that has changed that picture quite considerably. We will have to be moving that money forward.

Senator STEPHENS—On 22 May the planning and development manager at the council, Mr Fulton, was reported as saying that the total cost of the project is in the order of \$7 million. Is that your understanding?

Ms Key—I understand that the options range from some \$2.8 million to about \$6.8 million in the business plan at the moment.

Senator STEPHENS—What was the total projected cost when Minister Anderson made his announcement in October 2001?

Ms Key—When Minister Anderson made his announcement he was committing the Commonwealth to \$1.5 million. It was contingent on the state government and the council also contributing funds. At the time, the minister said \$1.5 million from the Commonwealth, \$0.75 million from the Queensland state government and \$0.375 million from Bundaberg City Council.

Senator STEPHENS—That still does not take it to \$2.8 million, does it?

Ms Key—No, that totalled \$2.625 million at the time. It is another reason that the council is looking at those options.

Senator STEPHENS—Was there any due diligence done by the department on the proposal before the minister had made that \$1.5 million commitment?

Ms Key—It was an election commitment, so the department was not involved prior to that.

Senator STEPHENS—That poses a problem—if those kinds of promises are made as election promises for funds that are totally underresourced and then do not happen—doesn't it?

Ms Key—I cannot comment on that.

Senator STEPHENS—That is fine. I understand that the Mayor of Bundaberg met Minister Anderson recently to discuss additional funding for this project. Can you advise the committee of the details of that meeting—when it occurred and how much funding the mayor was seeking?

Ms Key—I am not aware of that meeting having taken place. I certainly have no correspondence or phone calls in relation to that meeting at all.

Senator STEPHENS—You have no official correspondence?

Ms Key—No.

Senator STEPHENS—On Saturday, 22 May, a news article stated:

Mayor ... said yesterday she had met Deputy Prime Minister John Anderson recently to discuss additional funding for the Hall of Aviation.

But there has been no formal submission?

Ms Key—There has been no progress on this project with the department at all since we received the business plan and concept plan which was funded from that first \$50,000 grant.

Senator STEPHENS—When did the department receive that concept plan?

Ms Key—We received it in January this year.

Senator STEPHENS—Page 73 of the PBS lists as a performance indicator associated with that project increased economic activity in the Bundaberg region. Are you able to provide the committee with any details of what economic activity is projected from this project?

Ms Key—I understand that the council has commissioned some work in that regard on the range of options and the kinds of impacts it will have in the community, but that is a report to council and not something that has been formally submitted to us yet. We may receive that in the future if they come back to us to access the funding, but at this point it is a council document which they have commissioned.

Senator STEPHENS—Following the announcement by the minister of the \$1.5 million commitment, has there been a process of actually registering this project and filling in the Regional Partnerships application forms?

Ms Key—At the time it was a commitment. We received documentation from the proponent after that time detailing the type of project it was going to be and where they proposed to take it. Very quickly the proponent suggested to us that it was more appropriate to do the feasibility and concept planning work. So we had an exchange of letters and forms about that but not a Regional Partnerships application per se, because RP was not operating at that point in time.

Senator STEPHENS—So there has not been a project proposal put forward that actually identifies the jobs that are expected to be created in the economic activity?

Ms Key—No. That is right.

Senator STEPHENS—In terms of that being a performance indicator for you, how are you going to be able to report on that in the next 12 months?

Ms Key—If the construction goes ahead then we will put that kind of detail into the outcomes we would be expecting from the project and report on that.

Senator STEPHENS—Is the Beaudesert shire railway project one of yours as well, Ms Key?

Ms Key—No.

Senator STEPHENS—Then it is back to Ms Riggs. That project is going to receive \$600,000 in this financial year?

Ms Riggs—Yes, that is correct.

Senator STEPHENS—According to the department's web site, the project was actually granted \$5 million for funding under the Centenary of Federation Fund in 2001. Is that true?

Ms Riggs—That is true.

Senator STEPHENS—Has that \$5 million been spent?

Ms Riggs—Yes, it has.

Senator STEPHENS—What was that spent on?

Ms Riggs—I understand from my colleagues who managed it that it was spent on the refurbishment of the rail line, vegetation control in the rail corridor, the acquiring and

refurbishment of buildings and, indeed, the train to run on the line that we have just talked about.

Senator STEPHENS—Can you recall or advise us how many jobs were predicted to be directly created as a result of that project?

Ms Riggs—The contract in fact did not have any requirement for job creation.

Senator STEPHENS—That is interesting. Under a RAP funding project that is a requirement, though, isn't it?

Ms Riggs—That would be a very frequent requirement of a RAP project.

Senator STEPHENS—This project received some RAP money as well, didn't it?

Ms Riggs—Yes, it received about \$76,000. That was to develop a marketing plan and associated materials for the tourism railway.

Senator STEPHENS—Did that provide the information about how many jobs the project itself was expected to create?

Ms Riggs—No. A marketing plan and materials were being produced with that project. A marketing plan of itself will not create jobs, except perhaps indirectly in the tourism industry. So in fact this was a slightly different RAP project and it did not have any direct jobs associated with the creation of the marketing plan.

Senator STEPHENS—According to the web site as well, the project had the eventual objective of providing 'commuter rail services between Beaudesert and Bethania, linking to the Queensland Rail passenger services on the Beenleigh and Gold Coast lines'. Has that been achieved?

Ms Riggs—I appreciate that that may be part of the original description of the Federation Fund project and it is certainly my understanding that that was an element of the then projected business plan of Beaudesert Rail. I do not know if it is in their current business plan. That business plan would now be some few years out of date. In any case, the notion of this rail line operating as a commuter service and linking to Queensland Rail would be the subject of an agreement between Beaudesert Rail and Queensland Rail, and I am not privy that.

Senator STEPHENS—What is this year's allocation of \$600,000 for?

Ms Riggs—It was to enable the Beaudesert Rail to pay off its creditors—it had amassed an unsustainable bundle of creditors—and to provide it with some supplementary operating funds for the remainder of the financial year. It had been in a difficult situation. It had some damage to its track work. One of the bridges, where there had been a fire on one of the pylons, had to be refurbished as part of the Federation Fund project. It was just one of those really unfortunate sets of circumstances, which had meant that it had not been able to run its tourist railway services for some weeks at a stretch, and that of course impacted on its income.

Senator STEPHENS—Is it a community group?

Ms Riggs—Yes, it is. It is an association.

Senator STEPHENS—Beaudesert Rail is a support group incorporated?

Ms Riggs—Yes.

Senator STEPHENS—The project was going to deliver employment creation and job skills training. What kinds of skills and jobs?

Ms Riggs—It was about linking in with some other elements of Commonwealth funding to provide some traineeships through Beaudesert Rail. The skills involved would have been metalworking and electrical associated with the repairs and maintenance of the rolling stock predominantly, but also some carpentry skills or building skills associated with the maintenance of the buildings on the site.

Senator STEPHENS—Is anything more required of that organisation in terms of Commonwealth funding?

Ms Riggs—The Federation Fund contract is completed and signed off. The RAP grant of some \$76,000 is completed and signed off. The Regional Partnerships grant has yet to be completed and acquitted.

Senator STEPHENS—Seeing that that was actually to pay off creditors, what about the funds for this year?

Ms Riggs—That is the current Regional Partnerships grant.

Senator STEPHENS—What about the \$76,000?

Ms Riggs—That was the RAP grant, and it is completed and signed off.

Senator STEPHENS—Looking at that then, the department has administered funding for a number of major capital works in the Beaudesert area. Have you had an opportunity, or do you have a process, to ensure that the projects are integrated to deliver the best outcome we can for the dollars and the community?

Ms Riggs—I think that is a really good question. My response to you is that most of these projects that are broadly in the Beaudesert region that have been funded under RAP or Dairy RAP in the last few years have come to us through the sponsorship of the area consultative committee. It is through working with area consultative committees and their local knowledge and notions of where these particular Commonwealth programs can make a difference that we would normally take advice about whether they add to the strategic future. Since they have been supported by the ACC, I have to come to the conclusion that that was indeed what the ACC believed to be the case.

Senator STEPHENS—Recalling the last time we were speaking, am I right in thinking that Beaudesert was the location of the polocrosse field funded under Dairy RAP?

Ms Riggs—Yes, you are correct.

Senator STEPHENS—Perhaps there is an opportunity to link the railway project with bringing people to the polocrosse.

Ms Riggs—I am not sure that the rolling stock accommodates horses!

Senator STEPHENS—On a completely different matter. I noted an article in the *Esperance Express* of Tuesday, 4 May, which says:

The Deputy Prime Minister, John Anderson, has allocated one of his staff members to work directly with south-east communities to help get a residential work force for the Ravensthorpe Nickel Project.

Can you advise whether one of the minister's staff has been allocated for this work?

Ms Riggs—The member of the department's staff that was with the minister at that time was Mike Mrdak, who is currently Acting Deputy Secretary. I think it is fair to reflect that the manager of our regional office in Perth has since undertaken some follow-up discussions, and those are continuing.

Senator STEPHENS—Has any funding been provided to support that work at this stage?

Ms Riggs—No.

Senator STEPHENS—On the broader issue of ACCs, have they been allocated any additional operational funding of late?

Ms Riggs—Yes. We have given them an opportunity to apply for up to \$20,000 in this financial year in respect of up to \$10,000 for an upgrade of their IT platforms, particularly to ensure that those in regional and remote Australia have high-speed access, and up to \$10,000 where they can justify a case for meeting substantial travel needs due to the size of their area. In some of those more remote regions, I am sure you are aware, sometimes there is difficulty in accessing reasonably priced transport.

Senator STEPHENS—Sure. What does that take the operational costs of ACCs up to?

Ms Riggs—At the start of this year we had about \$13½ million available to them. Assuming that they all get somewhere between \$10,000 and \$20,000—of course, not all of them will get the full \$20,000, because they already have good IT platforms or they are metropolitan and their travel costs are not under pressure—I will say, notionally, that that might cost us \$1 million. That is at the upper end of that estimate, because there are 56 ACCs. That would go up to not more than \$14½ million for the year.

Senator STEPHENS—How much of the Regional Partnerships program budget will be for the operational funding of the ACCs?

Ms Riggs—In this financial year?

Senator STEPHENS—Yes.

Ms Riggs—Because we have about \$400,000 of it, which we spend collectively on them—so when we have a chairs' meeting we meet the full costs of that—

Mr Dolman—That is within the \$13½ million.

Ms Riggs—Sorry, I am reminded that that is in the \$13½ million. It will be somewhere between \$14 million and \$14½ million.

Senator STEPHENS—How much will be used by the department for administration of the Regional Partnerships program?

Ms Riggs—Nothing for Regional Partnerships. It comes from the departmental operating expense. That is not a question that I can readily answer, because we do not allocate funding within the group at a program level. We fund organisational structures and some of those structures contribute to more than one program. I would have to do an estimate of that.

Senator STEPHENS—In the department's budget itself, what is the administrative proportion for programs?

Ms Riggs—The Programs Group budget for the forthcoming year is some \$41.9 million.

Senator STEPHENS—I am thinking again about the ANAO report and trying to calculate in my head, and it is too late in the day to work out the percentage.

Ms Riggs—It is probably pretty hard, because the Programs Group administers all the roads programs. It will be administering AusLink, which is, as you know, several billion dollars a year. The percentage that you will come out with is pretty small—\$42 million against \$3½ billion to \$4 billion. The number will be below the ANAO benchmark.

Senator STEPHENS—The next question I have is about the Sustainable Regions project. In the north-east New South Wales sustainable region there was a recent announcement to fund a \$50,000 feasibility study into a light rail option from Casino to Murwillumbah.

Ms Key—That is correct. It was to fund a planning study.

Senator STEPHENS—Not a feasibility study?

Ms Key—I am sorry: a feasibility study.

Senator STEPHENS—Can you tell me who the proponent is for that project?

Ms Key—It is the Richmond-Tweed council cooperation group.

Senator STEPHENS—Has there been an application submitted for funding of the project?

Ms Key—Yes, there has.

Senator STEPHENS—When was that received?

Ms Key—The far north-east New South Wales advisory committee considered the application on Monday, 19 April and then recommended it for funding on that day. It then went to the council.

Senator STEPHENS—How much will the proponent be contributing to the project?

Ms Key—I think we are funding the project in its entirety to \$55,000 GST inclusive.

Senator STEPHENS—Was the sustainable regions committee involved in developing the application?

Ms Key—I am aware that they considered it at their meeting on 19 April. I understand that the executive officer talked to someone in advance of the meeting before the committee had an opportunity to look at the proposal, but I am not aware that they were necessarily involved in the development of it.

Senator STEPHENS—In terms of the executive officer speaking to someone, do you mean someone from the committee?

Ms Key—There was an individual involved initially, who approached the executive officer with an outline of a potential project that they had in mind. Our advisory committee looked at that on 19 April and believed that, because of the regional nature of the proposal, it would be best coming forward from a collective rather than an individual. That individual was really there in a facilitative way; that is what I understand.

Senator STEPHENS—Was the individual a representative of the proponent?

Ms Key—No, not as far as I understand.

Senator STEPHENS—Was the individual Mr Anthony?

Ms Key—No, not at all.

Senator STEPHENS—Or Mr Causley?

Ms Key—No. Unfortunately I cannot recall his name; otherwise I would let you know. It was a member of the community who was interested in the whole issue of the closure.

Senator STEPHENS—You say that the submission was received on the 19th and approved on the 19th.

Ms Key—It was endorsed by the advisory committee on the 19th. It then went to a collective group of councils for consideration on 21 April. They believed that it was a very worth while project, I understand. Then it moved on from there.

Senator STEPHENS—Who actually worked up the project proposal?

Ms Key—I cannot remember his name, and I do not have that in my briefing. I do know it was a gentleman who was very interested in rail issues in that region.

Senator Abetz—Is it vitally important?

Senator STEPHENS—No, I am just trying to understand. So the individual came with the idea, and the executive officer said, 'We should work it up as a project.' Is that right?

Ms Key—Yes, the executive officer basically facilitated the committee looking at it on 19 April at one of their meetings. I cannot tell you whether that happened on that day or several days in advance of that meeting, which is why I cannot tell you whether the committee was involved in the development of it.

Senator STEPHENS—That is all right. I am just a little bit unsure. I thought that the proposals went through an assessment process before they went to the committee.

Ms Key—The proposals are looked at by the executive officer, who will provide advice to the committee about whether or not the project responds properly to the strategic priorities identified for the region as well as the selection criteria for the program itself. That is the kind of background that is provided to the committee in advance of a meeting.

Senator STEPHENS—So the committee then recommends the funding to the minister?

Ms Key—That is correct.

Ms Riggs—It is at that stage that the department does a formal assessment of the project.

Senator STEPHENS—That was my next question. Has the department done a full assessment of the project?

Ms Key—Yes.

Senator STEPHENS—With respect to the \$50,000 for feasibility, is that work going to be undertaken by a consultant?

Ms Key—I believe that is the case, yes.

Senator STEPHENS—Do we know who that is going to be?

Ms Key—The committee met yesterday and I believe it was discussing the project yesterday. Departmental officers have only returned today, so I cannot tell you about that at this stage.

Senator STEPHENS—It is a very ambitious project, isn't it? Given that the project has been approved, do you have any idea when you will get a report on the feasibility?

Ms Key—I understand there was a fairly short time frame involved, but I cannot tell you exactly. I could establish that for you and get back to you.

Senator STEPHENS—Could you take that on notice?

Ms Key—Yes.

Senator STEPHENS—If from this report it is deemed to be feasible, is there any requirement for the Commonwealth to act on the report? What would happen next?

Ms Key—There may be a number of routes of course. One would include coming backing to the Sustainable Region Advisory Committee with advice about a way forward.

Senator STEPHENS—I am just thinking about the parallels between this proposal and the Beaudesert one and Ms Riggs' answer that to create that light rail link would actually require negotiations with the state government. It seems to me that this is really a responsibility of the state government.

Ms Key—You would probably be aware that the state government actually announced the closure of that branch line on 15 May.

Senator STEPHENS—Because it is not feasible. That is why I do not understand why a proposal like this might be.

Ms Key—I think the project is looking at a range of possibilities for that, including the tourism element as well as just the commuter aspect of it. It will be exploring those issues in some detail. The committee recognises the importance of doing that before any further work is done.

Senator STEPHENS—Isn't it one of the guidelines of the Sustainable Regions Program that it does not override state responsibilities—that the Commonwealth is not duplicating state responsibilities?

Ms Key—The actual selection criteria go to compliance with Commonwealth, state and territory law. We certainly do not want to be seen as funding things that might be more appropriately funded elsewhere. In all cases, our committees would approach the funding of a major project like that by talking with the state. There are some other examples of small infrastructure projects where that has happened in the program already.

Senator STEPHENS—I am not too sure if you are aware that this project was actually announced via a media release from the National Party.

Ms Key—I am aware of that.

Senator STEPHENS—Does that happen very often?

Ms Key—On a number of occasions, local members have announced successful projects.

Senator STEPHENS—So it is not the usual practice for the minister to announce successful project applications?

Ms Key—Mr Anderson will do that on occasion but, more commonly, the local member will announce the project.

Senator STEPHENS—I now want to move to the National Aerial Firefighting Strategy. Is that still programs?

ACTING CHAIR (Senator Ferris)—Before we move to that, I think Senator McLucas had questions on this particular area.

Senator McLUCAS—I have questions on Stronger Regions. I have some questions about ATSRAC, the Atherton Tablelands Sustainable Regions Program. I put some questions on notice in the Senate on 8 August last year, and on 12 May this year I got a reply. It took a very long time for questions to be answered. Can I get an understanding of why it took so long?

Ms Key—Can you give me the number?

Senator McLUCAS—It is question No. 1747.

Ms Key—Could you give me the area that it covered? I do not seem to have that.

Senator McLUCAS—Atherton Tablelands.

Ms Key—Was it the one about the membership, the remuneration or the operation of the committee?

Senator McLUCAS—No. There was a series of 29 questions.

Ms Key—I am familiar with the questions.

Ms Riggs—If I might help, although I do not remember the precise numbers I do recall that earlier this calendar year some questions on notice reappeared on the group list of overdue questions on notice that had disappeared sometime earlier. We had assumed, therefore, that they had been done. They had not been, when we explored them, and I regret to say that it may be that your questions got lost in a bookkeeping problem within the department. I know that is unsatisfactory from your point of view, but there were three questions that appeared on a list with very overdue dates that had not been there for some months. I can only assume that the questions you are referring to may be included in that small number.

Senator McLUCAS—That adds to the whole question—

Ms Riggs—I appreciate that it is very unsatisfactory.

Senator McLUCAS—of providing information to the community about this program. Ms Key, do you not have the questions and answers in front of you?

Ms Key—I thought I did, but it seems I do not. I am sorry.

Senator McLUCAS—I want to ask some questions that refer back to those questions. The second question I asked was:

What are the outcomes sought by the Commonwealth Government for this funding program—

that is, from the \$18 million that is to be spent on the Atherton Tablelands? There is a series of things that are meant to be fostered, including the point:

Regions to address priority issues they have themselves identified.

Ms Key—That is right.

Senator McLUCAS—What are those priority issues in respect of the Atherton Tablelands?

Ms Key—I have tabled them in previous hearings. I do not believe I have them with me today, unfortunately, but I would be happy to provide them to you. Can I take that on notice?

Senator McLUCAS—You have tabled those?

Ms Key—They are actually on our web site.

Senator McLUCAS—I am sorry; I had a look at the web site, and I cannot identify what the priority areas are from that information. There is some discussion about increasing tourism and creating employment, but they are all in that same list that makes me think there must be another document that identifies the priority areas that need to be addressed.

Ms Key—There are a couple of documents the committee has put out. One summarises the committee's vision and futures for the region. There is a simple document that goes to what the committee regards as the strategic priorities for the region, which include things like youth retention and, as you say, job creation. I could provide you with those separate documents.

Senator McLUCAS—Which are exactly what I am reading from.

Ms Key—There are selection criteria that projects have to respond to for the program itself. Apart from those, each region has gone through a planning process and community consultation to develop regional priorities. Those regional priorities have been summarised for the web into a series of either paragraphs or dot points, and they include things like, as you have mentioned, employment creation, youth retention and diversification.

Senator McLUCAS—To be frank, it seems very vague what this program is seeking to foster. It would be very difficult, I imagine, to try to measure the outcomes if this is the objective of the program.

Ms Key—We have tabled an evaluative framework for the program separately, which includes the performance outcomes we are looking for across the program. At the moment we are building in performance information into each funding agreement, and we will be aggregating that to give us performance information on the region and on the program. So we will be doing it at three levels.

Senator McLUCAS—That is for the national program rather than the Atherton Tablelands program?

Ms Key—We will be doing it on a region by region basis as well.

Senator McLUCAS—I will get to that in a minute. Are the selection criteria that you referred to the criteria used to assess an application?

Ms Key—Yes.

Senator McLUCAS—And they are published?

Ms Key—Yes.

Senator McLUCAS—I did not see them on the web site.

Ms Key—They should be, but I am happy to provide them to you.

Senator McLUCAS—I will have another look on the web site.

Ms Key—The program does relate back all the time to the government's 'Stronger Regions: A stronger Australia' statement, so there are very clear objectives for the program articulated in the statement as well. I think there is a hotlink to the statement on the web site.

Senator McLUCAS—In the answer to question No. 10 you said: 'this is a general approach to developing and assessing projects'. The Sustainable Regions Advisory Committee and the Department of Transport and Regional Services both go through an assessment process. Are the criteria which both those groups use to assess the applications the selection criteria you are talking about?

Ms Key—Yes, and they are contained within the public information paper that is on the web.

Senator McLUCAS—Do they use the same criteria?

Ms Key—All regions use the same criteria.

Senator McLUCAS—No, do the department and the advisory committee?

Ms Key—Yes. The department will do some further investigations before we provide advice to the minister, including canvassing other portfolios for advice on particular projects, helping with seeking some additional funding that might be able to complement the project and we also undertake due diligence on behalf of the committee. So for the bigger, high-risk projects, the department will organise for independent bodies to provide due diligence advice before the advice goes up to the minister for consideration.

Senator McLUCAS—In question No. 15 I asked to whom the committee reports, how frequently and in what format. Could you explain this answer? You said: 'The format of the communication varies'.

Ms Key—That is right.

Senator McLUCAS—Why is that?

Ms Key—The committee chairs write regularly to the minister with recommendations for approval and also recommendations about projects that should not proceed but which the committee has considered. We also have a chair's conference once or twice a year and chairs take an opportunity at that to talk to the minister about issues they see emerging in the program. If the minister visits the region he will often address the ACC or the Sustainable Regions Committee. So there are a number of ways that chairs can feed information back to the minister.

Senator McLUCAS—You then go on to describe the process where a potential applicant essentially has a discussion with the executive officer of the program, and through that discussion there is an indication to the applicant that they may or may not be successful. So I imagine that the concept goes to the advisory committee, there is an assessment of the potential success of that application, that information is then referred back to the applicant and they put in a formal application?

Ms Key—Yes. There is actually an ‘expression of interest’ phase which covers a lot of that early consideration of projects. At that point executive officers will talk to proponents, often just to get a better feel for projects and to be able to provide sound advice to the committee. The committee will consider those and often narrow them down quite considerably. At that point applicants will get feedback from the executive officer about their projects. Some will be invited to come back with more detailed costings, for example. In many cases our experience has been that, because an issue might be common across a region, we may get half-a-dozen people applying to do very similar things and the executive officer will go back and say, ‘This is obviously an issue for your region. Can you work together collectively and do something regionally rather than just locally?’ The EO has quite an active role at that point. Applications then come to the full committee when they have matured enough for the committee to have a good look at them. Sometimes proponents will come in and present on their project as well and the committee interacts very actively with them before they frame their advice to the minister.

Senator McLUCAS—There was an application from the Malanda Chamber of Commerce that was looking for funding to broaden the economic base of the Eacham Shire. This is described in the *Atherton Tablelander* newspaper. That was unsuccessful. The way this article reads—and I acknowledge that I am relying on a newspaper—is that there seemed to be an application and a refusal. There did not seem to be that iterative process for this applicant. Is that methodology used for every application?

Ms Key—The more iterative approach?

Senator McLUCAS—Yes.

Ms Key—There are some basic hurdles that people have to get over. It would not have necessarily happened in every situation. In this case it may have been because the application had a local rather than regional focus. Without seeing the article or being familiar with the project, it is hard for me to comment on that.

Senator McLUCAS—My question is more about whether the process is adopted uniformly for every potential applicant.

Ms Key—All applicants get feedback from an executive officer. All applicants have an opportunity to enter into that conversation about the initial assessment of the project. You can assume that that happens in all of the eight regions.

Senator McLUCAS—In your answer you then went on to talk about the due diligence process. There were certain benchmarks and thresholds, and various due diligence is done according to the amount of money that is being applied for. For applications over \$500,000, the applicant’s financial history is checked and a corporate health check is completed. Can you give me an understanding of what that entails?

Ms Key—Essentially it is having a look at the books of the company.

Senator McLUCAS—How far back would you go?

Ms Riggs—Three years.

Ms Key—We would look at profit and loss statements—that kind of thing.

Senator McLUCAS—What about previous businesses that are owned by the applicant?

Ms Key—We would often pick those up in the searches that are done.

Senator McLUCAS—You then advised me that key performance indicators are agreed to during the negotiations between the applicant and the department and that as each project is different you will get a different set of outcomes for the outputs that you are looking for. Are those published?

Ms Key—The schedules to the funding agreement contain that information. Those details are generally not published.

Senator McLUCAS—The question that is often being asked in this community—and I daresay in a lot of others as well—is: what are we getting out of this? How does the community get an understanding of what is going to be achieved by giving \$100,000 to a bed and breakfast to build a spa bath?

Ms Key—In that particular example, it responded to a priority, identified on the Tablelands, that the Tablelands was missing out on the high end of the tourism market—the niche marketing of that top end type of facility. There is not a lot of it. There is a lot of it in Cairns but there is not a lot of it on the Tablelands. Because it responds to that, the committee reports back to the community by saying, ‘This is our interest in developing that top shelf tourism activity. Here are the projects we have funded and here are the outcomes as a result of those projects.’

Senator McLUCAS—Can you point to a place where that has been published?

Ms Key—That particular—

Senator McLUCAS—Not that particular outcome. You can say that, and that might be in the project information. But how does the community understand that they will get more tourists on the Atherton Tablelands if they build this spa bath?

Ms Key—The committee has recently decided to have after every meeting a little public forum where they communicate the outcomes of the meeting to their constituency—what their projects and interests are, where they are moving forward and the kinds of projects they will be recommending. So they do that, and they have a very public document which they have disseminated throughout the tableland and they have a community—

Senator McLUCAS—Is that the action plan?

Ms Key—Yes. It is probably fair to say that they are quite engaged in reporting back to their community. The chair is very keen to impart that kind of information. I do not know whether Leslie would like to add anything to that, but I think that essentially their interest is in keeping the information flow going.

Senator McLUCAS—There is an issue about information flow with this particular committee, as I am sure you are aware.

Ms Key—The committee has not met for some months, as you are probably aware. It is meeting this week—in fact, starting tonight and tomorrow—with a new member. There is a considerable work program—for the rest of the financial year at least—in front of the committee for that meeting. The committee will be holding a public feedback session as part

of that meeting. I understand that that should be happening after the meeting, as it has over the last three or four meetings.

Senator McLUCAS—But the public information session will be an oral presentation of the outcomes rather than a written document that people can refer to over time?

Ms Key—That is right.

Senator McLUCAS—Has there been consideration given to asking the committee if they would like to consider doing something a bit more formalised, so that the misconception that can and often does occur in small communities is limited?

Ms Key—Now that the program has matured somewhat, we will be discussing those kinds of issues with the chairs when they meet in Canberra in June, looking at ways to report back on their activities and where they are up to. At this particular point of the program, we think that that is an important component of the work they have before them—that is for sure.

Senator McLUCAS—You said there is a new member of the advisory committee?

Ms Key—That is right.

Senator McLUCAS—Can you tell me who that is?

Ms Key—He is the newly elected Mayor of Eacham Shire, Ray Byrnes.

Senator McLUCAS—In the department's answers to questions on notice to me, the department suggested that the individual members of the advisory committee were selected because of their 'local knowledge'—I think that was the term. So Mrs Lyle has been replaced by Councillor Byrnes, who is Eacham Shire's new mayor?

Ms Key—Yes.

Senator McLUCAS—So essentially the mayors of the shire were selected. They may or may not have local knowledge, but the criteria by which the committee was put together was not on an assessment of someone's local knowledge but in fact because they were the mayor of the local shires?

Ms Riggs—It is fair to reflect on the fact that there are six members of the committee, not just four. For four of them their letters of appointment say, 'Dear Mayor.' So I think it is also true to reflect on the fact that four of them were appointed because the office they held indicated, perhaps, their local knowledge. But the other two members—the independent chair and the other independent member—were both appointed on the basis of their knowledge of the tablelands and/or interests in issues to do with economic development in non-metropolitan Australia and, much more particularly, regional Queensland.

Senator McLUCAS—I think I have made my point. I understand that \$9.6 million is currently the amount that has been expended under this program?

Ms Key—For the Atherton Tableland, that is right.

Ms Riggs—I need to correct that: \$9.6 million has been committed but not necessarily expended.

Senator McLUCAS—How many projects that have been approved have been subsequently withdrawn or have had to have funds taken back to the department?

Ms Key—I am afraid I cannot be precise.

Senator McLUCAS—Can you take that on notice, please.

Ms Key—Yes. Just within the Atherton region?

Senator McLUCAS—Only with the Atherton Tableland region. That is the scope of my interest.

Mr Yuile—Did you have a focus in mind or was it just a general question?

Senator McLUCAS—I would like to know how many approved projects' funds have had to be withdrawn and, at the same time, I would like to know why that occurred. In your answers to questions on notice you talk about the assessment process that is going to be undertaken. You say there will be three levels of evaluation—project, program and location—to obtain the most comprehensive information on each program's performance. Can you give me a time frame for how that is going to occur?

Ms Riggs—We have a three-stage process in the evaluation as well. The evaluation of individual projects is an ongoing matter. We will not sign off on a project—we will not regard it as completed and close the books on it—until we have the agreed performance information relating to the project. That happens as a project comes to an end—or, indeed, in some cases, beyond the end of the project but still within the life of achieving outcomes. The program and locational subdivisions of the program process has two more stages to roll out. I have already had a brief conversation today about the fact that there are still a few issues outstanding in the first stage of the evaluation process, which is the post-implementation review, but I hope we can provide it to the committee very soon. The next phase will roll out in the second half of this calendar year, which will be a kind of 'how are we going to date?' process. The final phase will not roll out until the program is, in effect, completed or at least in its last year of funding, when we will have sufficiently robust data about a substantial body of projects that have been completed. We will then be able to measure them against the objectives of the program.

Senator McLUCAS—Are the project evaluations published?

Ms Riggs—No, project evaluations are not generally published. There is a huge mass of information.

Senator McLUCAS—Who are they provided to?

Ms Riggs—They are part of how we administer the program.

Senator McLUCAS—Are they provided back to the advisory committee?

Ms Riggs—We have really had very few completed projects across the whole of the program, but certainly whoever attends from the department at each advisory committee meeting reports on the program in that region and gives a bit of a comparison across other regions as well.

Senator McLUCAS—So essentially you are saying that there will be no evaluation until the whole of the program is completed.

Ms Riggs—I do not think that is what I said.

Senator McLUCAS—How do you inform—

Ms Riggs—I said that there would be a phase of the evaluation which would be undertaken in the latter part of this year. Our evaluation reports are, by common practice, made public, so I would expect that that would lead to something in the public domain—into the first quarter of next year, I reckon. The individual project level evaluation is material that is played back to committees, in the case of this program. But, yes, the final ‘did the program achieve what it set out to achieve?’ evaluation by its very nature will not happen until very late in the day.

Senator McLUCAS—Is the evaluation that is occurring later this year happening for each of the regions?

Ms Riggs—To the extent that we have valid data that lets us draw conclusions about the regions separately, yes, it will have a locational dimension.

Senator McLUCAS—Do you imagine that the Atherton Tableland is at the point in time to be able to have a locational evaluation, if we can call it that?

Ms Riggs—I would have to be fair and say that, in comparison to a couple of other regions, where a substantially greater share of the money available for the region has already been committed and where there is greater progress on some substantial projects, the Atherton outcomes might be more tentative and less robust, but it certainly not our intention to therefore exclude it at this stage. In the absence of seeing what we are able to draw together, it is not our intention to exclude it from locational analysis.

Senator McLUCAS—You use the phrase ‘less robust than other projects’.

Ms Riggs—That is simply because it is less of the way through committing its total funding and has had fewer projects of a substantial nature come to fruition—to conclusion—at this stage.

Senator McLUCAS—When Mrs Kelly visited the Atherton Tableland in February this year, she suggested something similar. She said that the committee needed to be better and more sharply focused. What happened after that visit?

Ms Riggs—I am not entirely sure that I understand the question. I think Mrs Kelly’s visit occurred at or about the time that the council elections were called in that part of Queensland—just before that, perhaps.

Senator McLUCAS—This report was on 3 February.

Ms Riggs—I think the council elections were at the end of March, and everybody knew in February that they were coming up. It was about that time—perhaps a little later in February—that the minister asked that, in the light of the forthcoming council elections and the not always wonderful publicity that this program has attracted there, the committee not meet again until after the outcomes of the council elections were clear. That has happened. In fact, that committee’s first meeting for several months, as Ms Key has already said, begins tonight.

Senator McLUCAS—Essentially, they needed to be better and more sharply focused—and the result was that we shut down the committee for 2½ months. Is that all that happened?

Ms Riggs—There is an ongoing dialogue between the department and the chair of the committee, as there is with the chairs of the other committees. I do not want to use Mrs Kelly's words; none of us put those words in her mouth. However, as she said, there is a need for this committee to draw focus—or an issue about this committee drawing—focus through the work that it has recommended to date, in our mind. In essence, we hope that the hiatus that has been created gives it a platform for a very active engagement in the meetings tonight and tomorrow—and the re-establishment of a platform for the future.

Senator McLUCAS—What are the problems that you as the department have identified as being at work in terms of the Atherton Tableland program?

Ms Riggs—I would be reluctant to talk about the community there, but what strikes me as I look at the projects that have been supported in the Atherton region is that it is hard to see how a number of the smaller projects contribute to a more sustainable future, viewed on a regional basis. I can see that each of them has merit at an individual project level for a very small part of the tableland, but I cannot see how the committee has brought those together into a strategic view of a platform for a more sustainable future.

Senator McLUCAS—But earlier we heard that each project is actually approved not only by ATSRAC, the committee, but by the department.

Ms Riggs—No: it is formally assessed by the department to ensure that it meets the formal selection criteria for the project, but the assessment of whether it meets the strategic priorities of this region is a primary function of the committee.

Senator McLUCAS—But it is the minister who approves each project.

Ms Riggs—That is right.

Senator McLUCAS—Is the minister being advised by the department that there is no strategic approach being adopted by the committee?

Ms Riggs—I am not going to discuss the advice that I give my minister. It is inappropriate that I do that.

Senator McLUCAS—I accept that. Has there been communication between the department and the committee around the question of a strategic approach?

Ms Riggs—Yes, there has.

Senator McLUCAS—Is it appropriate for that to be tabled?

Ms Riggs—No, it has been predominantly oral conversation, given some of the personality issues that this committee appears occasionally to bring into public view.

Senator McLUCAS—Does that refer to the inability of committee members to speak on behalf of the committee? There has been an issue about which person is allowed to speak on behalf of the committee.

Ms Riggs—There was until the latter part of last year. As Ms Key already noted, the committee has, since the September or October meeting—maybe even the August meeting last year—had a media conference, at which all committee members are present and free to speak.

Senator McLUCAS—Has the department considered reconstituting an advisory committee?

Ms Riggs—The question of the appointments to these committees is one for the minister, and I will not discuss advice we might have given him.

Senator McLUCAS—So it is the minister's decision alone.

Ms Riggs—That is right.

Senator McLUCAS—I want to go to the funding to the Mareeba Wild Animal Park.

Ms Riggs—Ms Key will help you with the details of individual projects.

Senator McLUCAS—I understand that almost half a million dollars was provided to the Mareeba Wild Animal Park—in fact, I think it was \$470,000.

Ms Key—\$491,000.

Senator McLUCAS—It seems very close to \$500,000.

Ms Key—It is indeed.

Senator McLUCAS—Can you explain to me whether or not that third tranche of due diligence was done on that application?

Ms Key—I do not have that information in my briefing, but I do recall due diligence being done, yes. I cannot tell you exactly at which level it was, but as far as I can recall it was done on the proponent and the project as well.

Senator McLUCAS—There would have been, but I am looking to whether or not that higher level of due diligence would have occurred and what it may or may not have thrown up, given what has occurred.

Ms Key—What has occurred does not relate to the financial viability of either the proponent or the project itself.

Senator McLUCAS—But if due diligence had been done about a corporate health check, there would have been a number of issues thrown up that are to do with this particular applicant.

Ms Riggs—That is not my impression. In fact the entity that underpins the Mareeba Wild Animal Park had a perfectly satisfactory corporate health check at the time it was done.

Senator McLUCAS—It is reported in the *Cairns Post* that his wild animal park in the United Kingdom had been refused membership of the zoo association there and that there was a question about whether or not its licence could be renewed after a number of safety and health issues were raised by inspectors. It does not sound like a well-performing zoo in Barrow Borough. Could you advise the committee whether or not that third level of due diligence was applied for? The second question, which you might have to take on notice as well, is how the figure of \$491,000 was arrived at, and was the original application for more? It is very close to half a million dollars, which is the threshold, and issues around that need to be made clear. I will move to the application by Eden House for the \$100,000 the day spa bath. Are you aware that property is now for sale?

Ms Key—We have been kept up to date with the various planning and other issues around this project. I believe the committee will be discussing it tomorrow. That is where it stands, as far as I am aware.

Senator McLUCAS—Does the fact that it is for sale change the status of the application?

Ms Key—The Eden House people have not received any money under the contract at this point.

Senator McLUCAS—Has the contract been signed?

Ms Key—I am sorry, I cannot tell you. There are hundreds of projects in my patch and I do not have that detailed recall, but there have not been funds made available to Eden House at this point as far as I am aware.

Ms Riggs—If a contract does exist, the fact that the business has been sold means the proponent should not necessarily presume that the contract will transfer with the sale of business. There will be a clause in there for the Commonwealth to have to agree to novate the contract to a changed entity. If the contract does not exist, the matter is still under consideration. If the contract does exist, it is equally open to us to reconsider the matter depending on what sale might occur to whom.

Senator McLUCAS—So it is not a principle of the program generally that if a private operator's application is approved, and then they sell the property in question, that approval is then withdrawn. That is certainly a view on the Tablelands.

Ms Riggs—It is common practice in most Commonwealth contracts to reserve the right to refuse to novate the contract when there is a change in the business entity.

Senator McLUCAS—But it is not a principle by which this program operates as a general rule.

Ms Riggs—No, but it is not a principle by which we do not operate either.

Senator McLUCAS—Are you aware of comments by the Malanda Chamber of Commerce president, who sees the program as a massive pork barrel?

Ms Key—I am not specifically aware of those comments.

Senator ABETZ—He did not call it a boondoggle, did he? That was the Roads to Recovery description I understand by Kim Beazley at the time. Anything for regional Australia seems to be described in those terms by certain elements.

Senator McLUCAS—Did former councillor Lyle resign? How did that replacement of that board member position occur?

Ms Riggs—The Deputy Prime Minister wrote to former councillor Lyle and thanked her for her services to the committee and indicated that, in light of the change in mayor, he would be asking the new mayor to step up into that position on the committee.

Senator McLUCAS—Could you go back and check your book where you keep the questions on notice and find out whether this was one of the ones that fell off the list?

Ms Riggs—Certainly.

Senator McLUCAS—If it is not, could I have some advice about why it took so long to answer questions?

Ms Riggs—Absolutely.

Senator STEPHENS—I have some questions to pursue with Ms Key about the additional projects that you provided to us today. With regard to the Campbelltown Camden projects, I notice that there is adjustment to the Uniting Church in Australia Property Trust-Lifeline MacArthur project, which is an additional \$62,000. Can you tell us what that is for? That seems to be an adjustment on the last set of figures that you provided to us.

Ms Key—In the funding provided to date, or in the total value of contributions?

Senator STEPHENS—The funding for that project which, on the schedule that you just provided, has that at \$737,000 but, on the previous schedule, it is \$62,000 less than that. It is actually \$675,000 for the project.

Ms Key—My table here says \$675,000.

Senator STEPHENS—The one you have just given me says \$737,000.

Ms Key—It sounds like a GST problem to me. I can clarify that for you though.

Senator STEPHENS—Could you check that for me?

Ms Key—Certainly.

Senator STEPHENS—Also there is a difference in the project in the Atherton group—the GIS implementation for Atherton Shire Council. Is that an additional \$53,705?

Ms Key—In that particular case I am aware that there were some GST miscalculations. That would reflect that.

Senator STEPHENS—Then there are some additional projects for the Atherton group. In fact, you have provided details of nine new projects in this last quarter.

Ms Key—Yes.

Senator STEPHENS—I am a bit taken by the project at Eden House heritage spa and mountain retreat. The project description suggests that this ‘aims to target the indulgence sector of the tourism market with a five star health spa retreat, luxury accommodation and training facilities. Funding will support the construction of a health spa with therapeutic treatments and natural therapies and two 4½-star luxury accommodation units.’ Is this serious?

Ms Key—As I was just discussing with Senator McLucas, that project on the tableland targeted what the committee viewed as an important niche market of the higher-end luxury market. The project is problematic, as we have just been discussing, and it has not progressed—

Senator STEPHENS—It has not progressed beyond the submission stage, which you have approved?

Ms Key—beyond the approval stage.

Senator STEPHENS—We will watch with interest.

Ms Riggs—We will send you an invitation to the opening.

Senator STEPHENS—I would love to go. Perhaps we can send the sugar farmers there. Looking at the details you have provided for us, the seed enhancement processing plant in the Athertons is a very significant project proposal of half a million dollars. What employment outcomes are anticipated from that project?

Ms Key—I have not brought those details with me.

Senator STEPHENS—Could you provide some details on that particular project?

Ms Key—I could take that on notice.

Senator STEPHENS—Thanks. There is also a very, very significant project of \$852,000 for the regional development coast and country tourism project in the Wide Bay-Burnett area. Perhaps you can provide some details of that project to us on notice as well.

Ms Key—Certainly.

Senator STEPHENS—I also noticed that a project for an ICT infrastructure development plan has been approved there. Would that normally be funded under this program or through NOIE or somewhere else?

Ms Key—That is the one in the Wide Bay area?

Senator STEPHENS—Yes.

Ms Key—That responds to the committee's priority for the region for high-technology 21st century jobs. They see themselves as being able to traverse those areas.

Senator STEPHENS—Okay. You have added a couple of projects to the Kimberley region, one of which is the Fitzroy Crossing Family Centre, which is for a purpose-built day care centre. The department is providing \$220,000 for that project. Is the project sourcing funds from any other government department—FACS or ATSIIC, for instance?

Ms Key—Let me just check..

Senator STEPHENS—Perhaps you can take that on notice. It is late in the day.

Ms Key—There may be some operating expenses, but I will have to take that on notice to be sure.

Ms Riggs—Some of the other Commonwealth support programs for child care will pick up the normal subsidy arrangements for the operation of a day care centre.

Mr Yuile—It is the same for the Longreach centre.

Ms Key—That is right. We are able to provide capital infrastructure under our programs, so we often complement it, with other portfolios providing the operating funds.

Senator STEPHENS—In regard to that, you have provided details of the Playford-Salisbury projects too. There is a project here about the flood mitigation and stormwater reuse scheme which is \$1.3 million, which is obviously infrastructure. Would that not be better funded from some other program? It just seems to be an extraordinary infrastructure project to come out of this program.

Ms Key—It needs to be remembered that this program is about economic, social and environmental outcomes for these communities. Water is absolutely critical to the horticultural industry and the manufacturing industry in Playford-Salisbury. I have actually seen this project. It is an ambitious project, but it is a great way of recycling water and providing flood mitigation.

Ms Riggs—But, more than that, the flood mitigation dimension of it will maximise the suitability for further industrial development of some of the lands in Edinburgh Parks that the Commonwealth is transferring for consideration to the South Australian government. So it has a great economic base in both directions. It opens up more land for further development and it provides for a return of recycled water to the horticultural and manufacturing industries, which are already there and will be there in the future. It is a great project.

Senator STEPHENS—Perhaps you could provide some details of that project to us?

Ms Key—Certainly.

Senator STEPHENS—We were talking earlier about the light rail proposal for Casino to Murwillumbah. When was that project received?

Ms Key—It was received and considered by the committee on Monday, 19 April. It went to the Richmond-Tweed council cooperation group for formal endorsement on 21 April.

Senator STEPHENS—We talked about whether that project would conflict with guideline No. 3, and you said you were confident that it did not conflict with that guideline.

Ms Key—Because it is a feasibility study at this stage, it is identifying options for the future. So at this point in time I do not see it being an issue.

Senator STEPHENS—Okay. So, despite the fact that the feasibility study relates to public transport, which is a state issue, you do not see that there is a conflict in the guidelines?

Ms Key—We take a very broad approach in the Sustainable Regions Program. We have funded other infrastructure projects in the program. These are vitally important to the communities that are captured by the program, so it is something that the committees respond to and are keen to provide advice on.

Ms Riggs—Given that some of the possibilities for the future of this go way beyond its current public transport use—or up until the day the New South Wales government announced they would close it—and into the possibility of tourism or alternatives, I think it is a fair call for a modest feasibility study that may end up using an asset in quite a different way.

Senator STEPHENS—I have one final question about the regional programs. We talked about the fact that this was actually announced by the National Party, and you said that it is quite common for local members to make the announcements about the projects if the minister delegates that.

Ms Key—That is right.

Senator STEPHENS—Is it common for the party itself to make those announcements first?

Ms Key—My understanding is that the release was made by the local member. Whether he represents the party, I cannot really comment. It was the local member who made the announcement.

Senator STEPHENS—Thank you. I look forward to the details of the projects. Chair, we are moving on now to the fire, floods and pestilence, if that is okay—the national aerial firefighting strategy.

Mr Matthews—I wondered if I could just make a comment on the last exchange because it is important for the department. I think Ms Key was saying that her understanding is that the announcement was made by the local member. That is absolutely according to Mr Yuile. It may be, I am advised, that that announcement also appears on a party web site and that is also legitimate. We will make it our business to check on how the announcement was made but it may be that the local member made the announcement, it was picked up by a party web site and is accessible from either or both. But a point that needs to be made by a person in my position is that the department is responding to the minister. There are normal protocols which include an announcement by a local member and that is okay.

Senator STEPHENS—I appreciate that comment. Thank you. It was on the web site on 21 April, which is the same day that the project proponents were advised. Thank you.

Senator Abetz—They are very efficient up in that part of the country, by the looks of it.

Senator STEPHENS—They must be, Senator Abetz. Moving on to the national aerial firefighting strategy, I understand that the COAG bushfire report was delivered to the Department of Prime Minister and Cabinet on 2 April this year. Is that correct?

Mr Beresford-Wylie—The report has been delivered to the Department of the Prime Minister and Cabinet. It was in early April. I believe it was the second.

Senator STEPHENS—Page 66 of the PBS actually shows that there is an allocation of \$16.5 million over three years to national aerial firefighting. Can you advise whether or not this money is being handed over directly to the National Aerial Firefighting Centre?

Mr Beresford-Wylie—The federal government contribution of \$5.5 million is paid to the National Aerial Firefighting Centre on receipt of invoices. The money is \$5.5 million per annum, commencing in 2004-05, and the funds are paid to the centre on the receipt by the department of invoices for the leasing of aircraft.

Senator STEPHENS—On invoices on leasing the aircraft, not regular invoices, quarterly or monthly?

Mr Beresford-Wylie—No. We receive invoices on a regular basis and those invoices relate to the leasing costs.

CHAIR—Do we fund *Elvis* and his mates?

Mr Beresford-Wylie—We do fund the leasing cost of those medium and heavy aircraft.

Senator STEPHENS—Can you advise whether the department has a representative on the board of the National Aerial Firefighting Centre?

Mr Beresford-Wylie—The department does not.

Senator STEPHENS—Not at all. So what mechanisms are in place to monitor the use of the Commonwealth's funds and to protect the Commonwealth's interests?

Mr Beresford-Wylie—We have an agreement with the National Aerial Firefighting Centre which sets out the terms on which the funds are provided: the fact that the funds are available for a contribution to the leasing costs of the aircraft, not to the operating costs of the aircraft. In return for the provision of that funding we expect information from the National Aerial Firefighting Centre about the aircraft that are leased and about their use in terms of numbers of hours flown and the amount of material dropped.

Senator STEPHENS—Do you have any idea what proportion of the NAFCs total cost of leasing aircraft is met by the Commonwealth's contribution to it?

Mr Beresford-Wylie—For the 2003-04 season, the Commonwealth provided \$5.5 million. The states and the Australian Capital Territory provided just under \$9.3 million. So for leasing costs of around \$14.8 million the Commonwealth provided \$5.5 million.

CHAIR—So do we only provide the money for invoices rendered once there has been a declaration of an emergency?

Mr Beresford-Wylie—We reach an agreement with the National Aerial Firefighting Centre on the aircraft that it will lease with our funding.

CHAIR—Come what may?

Mr Beresford-Wylie—That is right, and then we provide the reimbursement.

Mr Matthews—It is to ensure that there is capacity in country on time.

CHAIR—That is exactly what I was thinking about in Townsville.

Mr Yuile—But the operating costs vary with individual agencies.

Senator STEPHENS—Mr Beresford-Wylie, in his statement on 11 May, Senator Campbell says that the three-year funding commitment will save the taxpayer up to 20 per cent in aircraft leasing costs as the NAFC will be able to negotiate better terms with their suppliers. In dollar terms, what does that 20 per cent represent, do you think?

Mr Beresford-Wylie—That was based on advice from the National Aerial Firefighting Centre. That reflected feedback that it had received from tenderers involved in the tender process last year that savings of up to 20 per cent might be achieved with a multiyear contract. Savings of that order—I can only speculate—would relate to the overall cost of the leasing that we are looking at at present.

Senator STEPHENS—Can you advise when the department first became aware that a forward funding mechanism like this would save this kind of money in leasing costs? Twenty per cent is a significant saving isn't it?

Mr Beresford-Wylie—Up to 20 per cent was the advice received during the process of finalising the tender, and that would have been around probably August or September—I could not give you an exact date. August or September last year would have been when we were having discussions about that tender process.

Senator STEPHENS—Was that idea of forward funding considered in the 2002-03 budget process?

Mr Beresford-Wylie—The budget of 2002-03 was before we had the commitment for \$5.5 million that we have just had. There was a one-off commitment in that year for \$5.5 million, and that was followed up by additional funding provided in January, so the total funding provided in that year on a one-off basis was around \$8.1 million.

Senator STEPHENS—Senator Campbell's press release makes the statement that the funding is contingent on the state and the ACT governments maintaining their joint arrangements. Has that been confirmed?

Mr Beresford-Wylie—Those arrangements are through the National Aerial Firefighting Centre.

Senator STEPHENS—When we met in February, you told the committee the government's response to the Nairn report would be known after the delivery of the COAG report. Besides the funding for aerial firefighting, can you tell us what other instructions the department has to respond to both the Nairn and the COAG reports? What other issues are you considering?

Mr Beresford-Wylie—The Nairn report has, of course, been tabled and we have it before us. It has a large number of recommendations dealing with operational issues and it covers not just the federal government but also the other jurisdictions in its recommendations. The COAG report, of course, has been received by the Department of the Prime Minister and Cabinet. It is under embargo and it is obviously a report that is to be considered by COAG. It is up to that council when it chooses to consider and release the report and release its response to the report.

Senator STEPHENS—I understand that one of the recommendations was to work with the states on fire regime mapping. Is that happening?

Mr Beresford-Wylie—In terms of the actual response to the Nairn report, that report was taken into account by the COAG report, and there is considerable overlap between the two inquiries. Therefore, we envisage that a response to the Nairn report will be dealt with in parallel to a response to the COAG report.

Senator STEPHENS—The other recommendation about developing communication campaigns, teaching children and the broader public about bushfire preparedness, that is also an overlapping recommendation as much as you can advise?

Mr Beresford-Wylie—I cannot comment on the recommendations in the COAG report. I can say that that is an area that would be looked at by the federal government in terms of responsibilities across the government. Emergency Management Australia has responsibility in some areas and we would be looking at that recommendation.

Senator STEPHENS—Has the department actually planned and booked any advertising around the bushfire education strategy?

Mr Beresford-Wylie—No.

Senator STEPHENS—Is there work currently underway or proposed outside of the COAG report that you cannot actually comment on to develop an annual national bushfire reporting system? Is that also something that came out of the Nairn report, or is that something that the department has been considering in terms of its strategic management of bushfires?

Mr Beresford-Wylie—I am sorry, could you repeat that again?

Senator STEPHENS—An annual national bushfire reporting system.

Mr Beresford-Wylie—We are currently looking at the Nairn report, but a national bushfire reporting system is something that would be considered as a response to the recommendation, but I cannot say that there is any work currently underway in the department.

Senator STEPHENS—Great, thank you. Just a few more questions on the natural disaster mitigation relief program: is that for you too, Mr Beresford-Wylie?

Mr Beresford-Wylie—It is, yes.

Senator STEPHENS—On page 69 of the PBS, there is an announcement of funding for disaster mitigation Australia package of \$68.5 million over five years, including \$19.2 million in continuation of the regional flood mitigation program. On 1 April, Minister Campbell announced that \$45 million would be spent on this package. That totals \$64.2 million. Can you just tell me what the remainder of that allocation, which is \$6.4 million, is being allocated to, and how much in particular is being allocated towards marketing the program?

Mr Beresford-Wylie—The amount of funds available on page 69 was \$68.5 million. That included the funding for the natural disaster mitigation program. That funding was, in fact, \$44.6 million. There was, as you have said, \$19.2 million that had been identified as funding for the extension of the regional mitigation program. The remaining amount of funding is \$4.7 million, and that \$4.7 million is departmental funding.

Senator STEPHENS—Departmental funding, is it?

Mr Beresford-Wylie—That is correct, and it has been used to cover the cost of program administration, including the development of a nationally consistent risk assessment framework in a partnership between ourselves and Geoscience Australia. In terms of marketing, the natural disaster mitigation program, there was, of course, an initial launch of the natural disaster mitigation program, which you have referred to, and the cost of that—

Senator STEPHENS—That is the package that we received last week, isn't it?

Mr Beresford-Wylie—That is correct, yes, and the cost of that initial promotion and launch was just over \$43,000. Subsequent to that, there has been funding spent on the advertising of the natural disaster mitigation program and also the regional flood mitigation program for the 2004-05 funding round. Obviously, we advertise annually for the funding rounds for such programs, and the cost of that was just over \$27,000.

Senator STEPHENS—Is more planned?

Mr Beresford-Wylie—We would advertise annually. The regional flood mitigation program has been advertised annually, as has the natural disaster risk management studies program, and the natural disaster management program would also be advertised annually.

Senator STEPHENS—Being advertised annually, do you anticipate any more advertising in the next six months?

Mr Beresford-Wylie—I would have to check. There would not be any further advertising for the natural disaster mitigation program. There would not be any further advertising for the natural disaster risk management studies program. I do not think there is anything planned for the natural disaster or the regional flood mitigation program either, so I am not aware that there is any additional advertising. The advertising, as I have said, takes place on an annual basis, inviting applicants to submit proposals to a lead state agency.

Senator STEPHENS—I have just one more question and that is, last year this program was called the disaster mitigation Australia package, but this year page 66 of the PBS tells us that the name has changed. Do you want to comment on why that has happened?

Mr Beresford-Wylie—There is no actual change of the name of the funded program, which was always the natural disaster mitigation program. I think in last year's portfolio budget statement the funding was identified as part of the disaster mitigation Australia package, which includes a number of things other than the natural disaster mitigation program. It includes the natural disaster mitigation program, the additional funding for the regional flood mitigation program, the review of the NDRA—the natural disaster relief arrangements—and it includes that part of the \$4.7 million which is going to be spent on looking at natural disaster risk assessments. It also includes the planning reforms that we are looking at, such as land use planning reforms and the building code reforms. So there are a variety of things which form the package, of which the funding was actually attributable in program terms to the natural disaster mitigation program, and some of the departmental funding that was identified last year is money that will support the rest of the package.

Senator STEPHENS—That is great. I just have one more question. Isn't this where the Playford project should come from, the regional flood mitigation?

Mr Yuile—The Playford-Salisbury, but it is not about flood mitigation per se, but it is about recycled—

Senator STEPHENS—It is about building an aquifer, isn't it?

Mr Yuile—Sorry, that is a dimension of the project, but it is about the recycling of that water and reuse for both horticultural and for industrial purposes. So that was the focus of the project.

Senator STEPHENS—The description says that the project will protect key infrastructure against flooding and water supply costs through the construction of an aquifer storage and recovery system. I suppose that is different from flood mitigation. Thank you, gentlemen, that is it from me.

ACTING CHAIR—Thank you, Senator Stephens. Mr Yuile, did you want to make a comment?

Mr Yuile—If I may, there were just a couple of questions which we were asked through the course of the hearings, and I would like to read them into the record now. Senator Crossin asked a question in relation to maintenance funding for 2004-05 for the national highway

network, and the number is \$300.05 million, but she asked for a state and territory break-up, and I have that, and I can table that for the information the committee.

ACTING CHAIR—Thank you very much.

Mr Yuile—On the first evening there was a question about voluntary redundancies, and we mentioned a figure of \$376,620 for the year 2003-04 for redundancies. I just want to clarify that that figure does include one calculation where the redundancy has been calculated but has not been paid, so it is not actually expensed. I just wanted to make clear that was the case in regard to that sum. Secondly, there was a question in relation to SES employees, and I just need to clarify that in this financial year, there has been one compulsorily retired SES employee who left in August. There was another, and I think Mr Chandler referred to being on the cusp of the financial year, and that SES officer ceased duty on 30 June 2003, so it really was right on the cusp. Payments were made in the next period, so it was into July, and we made two payments for those compulsorily retired officers in the financial year 2003-04. I just wanted to make that crystal clear.

ACTING CHAIR—Thank you, Mr Yuile. I am sure Senator Stephens will draw those answers to the attention of Senator Crossin. Mr Matthews, can I thank your staff for their patience and good humour in the way they have answered the questions. I thank Minister Abetz for coming in to help Senator Campbell when he had another appointment. I also thank all the other officers.

Committee adjourned at 6.40 p.m.