



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE

**Consideration of Budget Estimates**

THURSDAY, 31 MAY 2001

CANBERRA

BY AUTHORITY OF THE SENATE



**SENATE**  
**RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION**  
**COMMITTEE**  
**Thursday, 31 May 2001**

**Members:** Senator Crane (*Chair*), Senator Forshaw (*Deputy Chair*), Senators Ferris, McGauran, Mackay and Woodley

**Senators in attendance:** Senators Calvert, Ferris, Greig, Forshaw, Mackay, McGuaran, McLucas, Murphy and O'Brien

**Committee met at 9.06 a.m.**

**TRANSPORT AND REGIONAL SERVICES PORTFOLIO**

Consideration resumed from 30 May.

**In Attendance**

Senator Ian Macdonald, Minister for Regional Services, Territories and Local Government

**Executive & Corporate Management**

Mr Ken Matthews, Secretary  
Mr Peter Yuile, Deputy Secretary  
Ms Rosanne Kava, General Manager, Business Services and Strategies  
Mr Jeremy Chandler, Chief Finance Officer  
Ms Faye Powell, General Manager, Information Services

**Air Transport**

Civil Aviation Safety Authority

Mr Mick Toller, Director of Aviation Safety  
Mr Bruce Gemmell, Deputy Director of Aviation Safety  
Mr Terry Farquharson, Acting Assistant Director, Aviation Safety Compliance  
Mr Richard Yates, Assistant Director, Aviation Safety Standards  
Mr Mike Smith, Assistant Director, Aviation Safety Promotion  
Mr Peter Ilyk, General Counsel, Office of Legal Counsel  
Mr Rob Collins, Executive Manager, Regulatory Services  
Mr Ray Comer, Executive Manager, Corporate Services  
Mr Rob Elder, Executive Manager, Government, Industry and International Relations  
Ms Karen Nagle, Executive Manager, Risk  
Ms Sue-Ellen Bickford, Executive Manager, Strategy and Development Unit  
Mr John Leaversuch, General Manager, Airline Operations  
Mr Peter Boys, Manager, Investigations and Enforcement

Aviation Division

Ms Robyn Beetham, Acting First Assistant Secretary  
Mr Jim Wolfe, Assistant Secretary, Aviation Security  
Mr Jim Manning, Acting Assistant Secretary, Aviation Industry  
Mr Rick Wade, Director, Aviation Trade and Operations

Mr Mike Frazer, Director, Aviation Safety and Regulatory Policy  
Mr Iain Lumsden, Director, Aviation Reform Group  
Mr Ross Gough, Director, ASEAN, Europe  
Mr Andrew Parle, Director, Africa, the Middle East, America, Pacific and Indian Oceans  
Mr Chris Stamford, Director, North Asia, Multilateral and Regulatory Reform

**Airports Division**

Mr Martin Dolan, First Assistant Secretary, Airports Division  
Mr John Elliott, Assistant Secretary, Planning Branch  
Mr John McLucas, Assistant Secretary, Operations & Infrastructure

**Airservices Australia**

Mr Bernie Smith, Chief Executive Officer  
Mr Andrew Fleming, General Manager, Air Traffic Management  
Mr Phillip Faulkner, Head Air Traffic Controller  
Mr Daryl Cathro, General Manager, Airport Services  
Mr Robert Deavin, Manager, Aeronautical Information Service  
Mr Chris Howell, Manager, Aviation Systems Engineering  
Mr Brian Predergast, General Manager, Infrastructure Support Services  
Mr Tom Grant, General Manager, Organisation Development and Company Secretary  
Mr Hisham El-Ansary, Chief Finance Officer and General Manager, Corporate Services

**Australian Transport Safety Bureau**

Mr Kym Bills, Executive Director  
Mr Alan Stray, Acting Director, Safety Investigations  
Mr Adrian Beresford Wylie, Director, Safety Programs and Support

**Integrated and Cross Modal Transport and Infrastructure**

Dr Greg Feeney, First Assistant Secretary  
Ms Joanne Blackburn, Assistant Secretary  
Ms Sue Elderton, Assistant Secretary  
Ms Sarah Brasch, Assistant Secretary  
Mr Winton Brocklebank, Team Leader

**Maritime Transport**

Dr Greg Feeney, First Assistant Secretary  
Ms Joanne Blackburn, Senior Executive Team  
Ms Sue Elderton, Senior Executive Team  
Ms Sarah Brasch, Senior Executive Team  
Mr Winton Brocklebank, Team Leader

**Australian Maritime Safety Authority**

Mr Clive Davidson, Chief Executive Officer  
Mr Brian Munro, General Manager, Corporate Support  
Ms Rowena Barrell, General Manager, Australian Search and Rescue (AusSAR)

**Road and Rail Transport**

Mr Bill Ellis, First Assistant Secretary, Land Transport Division  
Mr Robert Hogan, Assistant Secretary, Land Policy Branch  
Ms Trudi Meakins, Assistant Secretary, Roads Investment  
Mr Daniel Owen, Assistant Secretary, Rail Industry Branch

Mr Peter Robertson, Assistant Secretary, Vehicle Safety Standards Branch  
Dr Judy Winternitz, Assistant Secretary, High Speed Train  
Mr Ed Cory, Director, Roads Programming  
Mr Barry O'Neill, Director, Roads Investment Policy

**Regional Services, Development and Local Government**

Ms Sema Varova, First Assistant Secretary, Regional Services, Development and Local Government Division  
Ms Linda Addison, Acting Assistant Secretary, Regional Development Branch  
Ms Linda Holub, Acting Assistant Secretary, Regional Services & Local Government Branch  
Mr Nick Bogiatzis, Assistant Secretary, Regional Communities Branch  
Ms Jane Harriss, Director, Communications Branch

**Territories and Regional Support**

Mr Mike Mrdak, Acting First Assistant Secretary, Territories and Regional Support Division  
Dr Andy Turner, Assistant Secretary, Non Self-Governing Territories Branch  
Ms Dianne Gayler, Assistant Secretary, Regional Support and Self-Governing Territories Branch

**CHAIR**—I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. The committee will continue its consideration of the 2001-02 budget estimates and will continue to hear from the Department of Transport and Regional Services. This morning we will hear from Mr Bills and his officers from the ATSB. As I stated yesterday, and I think the day before as well, answers to questions on notice and additional information should be received by the committee no later than 13 July 2001. For the benefit of all present, the following important breaks will occur today: morning tea from 10.30 to 10.45, lunch break between 1 and 2, afternoon tea from 4 to 4.15, dinner break between 6.30 and 7.30, and supper break between 9 and 9.15.

**Senator Ian Macdonald**—Madam Chair, what are the arrangements for the committee tomorrow? I have planes to catch tomorrow afternoon.

**CHAIR**—Senator O'Brien has indicated that he expects to complete his questions by teatime tonight. I said 'expects' to; he did not commit to.

**Senator Ian Macdonald**—So we can go home tonight?

**CHAIR**—No, I think that means that Senator Mackay will be here this evening. I am not quite sure—I have not spoken to Senator Mackay about the extent to which she expects to be asking questions.

**Senator Ian Macdonald**—Could I give the committee notice that I will be leaving at 3 o'clock tomorrow afternoon, and the department with me, so I would hope that we would be able to finish them by then.

**CHAIR**—Very good. Thank you, Minister.

**Senator O'BRIEN**—We could consider starting early, because I think 4 o'clock was roughly the expected time. I cannot speak for others, because I will not be here.

**CHAIR**—I will speak with Senator Mackay when she arrives. We may need to consider starting earlier and taking only half an hour for lunch tomorrow.

**Senator Ian Macdonald**—We have had five days, Madam Chair, and I think that is a fair crack for any committee. I have to go home. And, of course, the lunch hours for me are not lunch hours; they are—

**CHAIR**—Work hours.

**Senator Ian Macdonald**—Trying to keep the wheels of government moving. Madam Chair, there is another matter, and I apologise for not raising it last night. Mr Smith had indicated that he was going to table some letters and I asked to look at them. I have had a look at them. I thought that perhaps I should get some further advice on them, which we will try and get very quickly, and then table them. The letters in themselves are not a major problem; it is just a couple of inconsistencies that we want to clarify before tabling them. So they have not gone in, and I just want to put that on the record.

**CHAIR**—Thank you very much, Minister.

#### **Australian Transport Safety Bureau**

**Senator O'BRIEN**—Mr Bills, if we assume the worst and Mr Matthews does not give you extra funding before the end of June, can you explain to me what changes or economies ATSB will have to make in order to manage the reduction in funding imposed on you by the minister?

**Mr Bills**—It is difficult for me to deal with that hypothetical because we would have to know exactly what our budget allocation is and then we will maximise the work we do within that allocation. So it is difficult for me to say exactly what would happen.

**Senator O'BRIEN**—But you have known for a little time what ostensibly you have been allocated, and that is a reduction on this year's expenditure, I take it.

**Mr Bills**—Yes.

**Senator O'BRIEN**—So what areas are likely to be most expendable?

**Senator Ian Macdonald**—Perhaps we could cut this a fraction short by having Mr Matthews just explain the arrangements for the funding so that the hypotheticals may not need to carry on too much. Mr Matthews might just indicate what is happening.

**Mr Matthews**—We took the committee's point yesterday or the day before about the difficulties in having numbers in the PBS which were subject to variation between now and 30 June. I have instructed our finance area to vary the process for next year so that the final figures will appear in this document. As I also said when we were last discussing this a day or so ago, the figures for this year, which are not quite final, will only change a bit at the margin, so I do not think there will be great variation. The final thing I can say without getting Mr Bills's hopes up terribly high is that there are two particular areas that *prima facie* have a strong case: one is the roads area and one is ATSB. So for this year, although it would be wrong for Mr Bills to speculate about the hypothetical situation, I think there is a reasonable degree of confidence that it will not be an issue.

**Senator Ian Macdonald**—Senator, can I suggest that, rather than going into hypotheticals, which really are of no use to anyone, we provide answers to questions on notice, which have to be provided by 13 July. I understand that Mr Bills will know by 30 June what his budget is, and perhaps he could then, by way of an answer to a question on notice, indicate to you, if he has to make savings, where those savings are and so answer your question.

**Senator O'BRIEN**—If I can put that sort of question on notice, I am happy to do it—if Mr Bills can, in the context of the actual budgetary allocation, tell us what the impact will be on his organisation's activities; what changes, if any, have to be made; what economies, if any, have to be instigated; and how that will impact on investigations. In relation to another matter that I previously raised—the International Transportation Safety Association—is ATSB now a member of this association?

**Mr Bills**—Yes, we were accepted as a member in January. I attended the meeting in Wellington in late February.

**Senator O'BRIEN**—What are the benefits to Australia from this membership?

**Mr Bills**—There are several levels of benefit. It is useful to meet the counterpart heads. So the chairman of the NTSB, the chairman of the Canadian TSB and like organisations are all represented at that higher level at these meetings. If there were to be a major accident in Australia—hopefully there will not be—we will be relying on some of those large organisations to assist us with the major accident investigation. If it is a TWA 800 or a Swissair type investigation, it is an absolutely massive exercise. So you cannot underplay the value of those personal contacts.

Another level of benefit is that the meetings are a forum for sharing the key safety developments that occurred within each body over the previous 12 months, or whatever the period is between the meetings. For example, at the meeting in February, there was discussion of a raft of issues such as passenger evacuation from aircraft, fishing vessel safety and a large number of others. I think they are probably the main two groups of benefits. There is no membership fee, so the cost of membership is basically the cost of attending the meetings.

**Senator O'BRIEN**—Do these meetings generate discussion papers which are circulated?

**Mr Bills**—In the past there have been some working groups set up. At the last meeting there was a proposal to reactivate those, particularly in modal safety areas but also in engineering technical analysis. At this stage that is still on the drawing board and there is not an active work program for those. Accident investigation boards and other bodies from time to time submit papers of particular safety relevance to the meeting, in addition to the update on the major developments.

**Senator O'BRIEN**—Is there a mechanism for ATSB to share valuable safety information with the state bodies who may have a closer contact? For example, fishing vessel safety is quite topical in Tasmania with the recent loss of life. I wonder what mechanism there is for distribution of information from ATSB.

**Mr Bills**—There are a couple of mechanisms. There is the modal group under the Australian Transport Council framework, which is chaired by Dr Feeney in Cross Modal and Maritime Transport. From time to time we feed papers in to that. If we think there is an issue of general safety import that is not captured just by the release of an investigation report, we will issue a publication alerting not only state bodies but also fishing vessel owners and others to the issue. We did that a few months ago when there had been a spate of collisions involving large vessels and fishing vessels. I issued a one or two page glossy to fishing vessel owners, shipping companies and crew on large ships, suggesting that each of them essentially look out for the others, but it was a bit more sophisticated than that.

**Senator O'BRIEN**—Safety at sea for ordinary Australians has been taken for granted. I know there has been significant loss of life in a number of states recently. Certainly, my state and probably others are looking at legislative measures such as mandatory life jackets and the

like. It is impossible to legislate for commonsense, which appears to be a factor in a number of incidents.

I am trying to find out what the formal linkages are. You have identified through the cross-modal area that there is one linkage which was not seen to be all that direct. I am not sure whether it is appropriate or not for ATSB to have that direct linkage. Is there any thought, Mr Matthews, at a departmental level, about formalising this linkage more and establishing a better information dissemination arrangement for these important safety issues?

**Mr Bills**—I should just mention one other body before Mr Matthews has an opportunity to comment. AMSA of course has the key Commonwealth role in terms of safety, and its focus is on the larger vessels, which is the same as ours, because of the constitutional division of powers. But there is also an Australia and New Zealand body—I think it is called ANZBEG—that distributes safety information and works on safety issues that involve the recreational boating sector. AMSA is closely involved with that. I am sure Dr Feeney could fill you in as well. All the states are involved with that as well. I think that is probably the main area to get the safety messages out to the large number of smaller vessels and their owners and the people who sail in them.

**Senator O'BRIEN**—Thank you. I want to ask some questions about the Qantas aircraft that lost engine panels on 24 April—QF7 to Los Angeles. What is happening with that investigation?

**Mr Bills**—The current status is that we are waiting for feedback from Rolls Royce, the engine manufacturer, before finalising the technical report. We expect to produce the final report shortly after that. We are assessing whether there is a need for a recommendation to prevent recurrence. At the moment, we are still in the middle of the investigation.

**Senator O'BRIEN**—According to a media release from Qantas dated 26 April, the manufacturer of the engine advised that there had been four incidents and a modification was being developed to help reduce the chance of it happening again. Do you know what the manufacturers actually sent out to operators using these engines? I am assuming it was some sort of alert bulletin.

**Mr Stray**—I am not across that, but we can certainly find out—perhaps in the break—and get back to you.

**Senator O'BRIEN**—I wanted to find out when it was sent and how it was responded to by Qantas. On a slightly different tack, can you advise the committee about the circumstances that led to a Qantas Boeing 737 flying from Coolangatta to abort its landing at Melbourne airport on 4 May at about 5.30 p.m.? According to the media, this followed another aborted landing at the airport a week earlier involving an Air New Zealand aircraft.

**Mr Stray**—I can answer that. The aircraft going from Coolangatta to Melbourne encountered turbulence generated by the preceding aircraft when it was on late final approach and the crew elected to go around. That is just a standard operating procedure—a crew decision. The Air New Zealand aircraft was on approach to runway 3/4 at Melbourne and there was an aircraft on the crossing runway 2/7. The Air New Zealand aircraft got to around 200 feet and they had been cleared to land, as distinct from land and hold short, so they elected to go around, just to prevent a narrowing of the safety margin. Again, this was a standard operating procedure. There was no untoward drama. It was not an incident.

**Senator O'BRIEN**—What does 'land and hold short' mean?



**Mr Stray**—When you have a crossing runway, a clearance can be given to land and hold short. The crew then adjust the profile of the aircraft to effect a landing and a stop before the intersection of the runway. In this case they were given a clear to land, which means that they can use the full length of the runway. There was an aircraft on the crossing runway and the margin was going to be, in the crew's opinion, too close, so they elected to go around. There is no safety incident involved in that.

**Senator O'BRIEN**—Is there reason to make inquiries to air traffic control about the choice of instruction to the pilot?

**Mr Stray**—Not really, because the controller may have expected the other aircraft to have taken off more quickly. The controller may give a take-off instruction to one aircraft and then that aircraft might take a little while to spool up, release brakes and get rolling. In that case the margin is narrowed and it is a crew decision by the other aircraft to increase their own safety margin by going around and entering the circuit again.

**Senator O'BRIEN**—Would that change if visibility conditions were altered? In this case the crew can see that, but I can imagine circumstances where visibility might not allow that until the crew was committed to landing.

**Mr Stray**—In that case you would expect the margins to be increased. Again, that is standard operating procedure for air traffic control, but they use different parameters under low visibility conditions.

**Senator O'BRIEN**—Are you able to give the committee any advice on the cause of a fatal accident at Lake Evella—it has another, Aboriginal, name—in the Northern Territory, in February? The company operating the aircraft was called Air Frontier. According to media reports, this is the second fatal accident involving the company in five months. The earlier crash occurred at the beginning of September last year.

**Mr Stray**—Yes, that is correct. There have been two fatal accidents involving this company. One was at Port Keats and involved an Aerostar aircraft, which broke up in flight. The accident is still under investigation, although that is nearing completion. We are waiting on some engineering results and then we will be able to finalise that investigation. There appear to be completely different circumstances and so the accidents are totally isolated from each other. There is no link between the two accidents.

**Senator O'BRIEN**—So in the first incident in September an aircraft broke up in flight?

**Mr Stray**—Yes.

**Senator O'BRIEN**—Do you know the circumstances of the second fatal accident?

**Mr Stray**—The aircraft was observed doing an aerobatic type manoeuvre shortly after take-off. It was conducted at a low height and recovery was not effected.

**Senator Ian Macdonald**—Where is this airline based?

**Mr Stray**—I believe the operator is based in Darwin but has operations throughout Northern Australia.

**Senator O'BRIEN**—What sort of work do they do?

**Mr Stray**—I believe it is predominantly charter work.

**Senator O'BRIEN**—How many aircraft does this operator run? They have lost two.

**Mr Stray**—I am not aware of the total. They had something like three Cessna 210s and a couple of others—possibly light twins—but I am not sure of the exact numbers.

**Senator O'BRIEN**—What was the aircraft type in the second accident?

**Mr Stray**—The second one was a Cessna 210. It is a single-engine, six-seat, high-wing aircraft.

**Senator O'BRIEN**—What type of aircraft was involved in the first accident?

**Mr Stray**—A Piper Aerostar light twin.

**Senator O'BRIEN**—A light twin?

**Mr Stray**—Yes, it is about a six-place light twin.

**Senator O'BRIEN**—When will the investigation of the two accidents be completed?

**Mr Stray**—We have finalised our investigation into the Lake Evella accident and the report has been made public. In respect of the first one, we are waiting on some fine tuning or double-checking of some engineering results. Once that is done, the report will be finalised and that should not be too far away.

**Senator O'BRIEN**—So what was the cause of the Lake Evella accident?

**Mr Stray**—We believe that, in respect of the Lake Evella aircraft, the major contributing factor was a manoeuvre undertaken at a low height which went tragically wrong and recovery could not be affected because of the height.

**Senator O'BRIEN**—Was it in charter mode at the time?

**Mr Stray**—I believe it was in a ferry mode. It had dropped passengers off and only the pilot was on board. I think it was transiting.

**Senator O'BRIEN**—What is happening in respect of the Capricorn helicopter crash investigation?

**Mr Stray**—The investigation is nearing completion. It is still under investigation, but some aspects are being checked and we are having discussions with CASA about some of the aspects of this investigation. However, it is nearing completion. Hopefully, it will be completed in the next couple of months.

**Senator O'BRIEN**—I am not sure whether it is your role to do this, but I was wondering if you were taking a wider look at Capricorn Helicopter Rescue Service, given that it has had three major accidents in four years.

**Mr Stray**—Yes, Senator, we are looking at that in relation to a wider role, not only for Capricorn Helicopters, but also in respect of the role of emergency rescue type operations and police work, as a result of the Newman incident you mentioned yesterday. That whole aspect is being considered at the moment in the context of those investigations.

**Senator O'BRIEN**—What is the time scale for that work?

**Mr Stray**—Unfortunately, it is one of those, 'How long is a piece of string?' things at the moment, but we are progressing. We have been conducting a series of interviews with the operators, the police as an operator, and with CASA, and that work is ongoing. We expect to have another series of interviews over the next two weeks. Hopefully, that will help to draw matters together.

**CHAIR**—I have some questions on Whyalla Airlines. Senator O'Brien, I am not sure whether you have any questions of Whyalla Airlines.

**Senator O'BRIEN**—No, perhaps you would like to exhaust your questions while the minister digests the problems of travelling in northern Australia.

**CHAIR**—Mr Bills, you would be aware that, a couple of weeks ago, a newspaper in South Australia ran what appeared to be quite a well-sourced and very unfortunate disclosure of a draft report of the Whyalla Airlines crash. Is that report going to be available for general release or can you give us some idea of the status of your inquiry into the Whyalla Airlines accident?

**Mr Bills**—Yes. We were concerned about the unauthorised release to the *Sunday Mail* in Adelaide of ATSB's Whyalla Airlines interested party draft report. In our view, that was irresponsible and counterproductive to aviation safety. We use the interested party process which is based on a confidential honour system to ensure natural justice and to minimise the risk of final reports containing incorrect information. ATSB considers any additional factual evidence that is provided by interested parties before we finalise a report and make it public. The release of an interested party draft, which is really work in progress, is inappropriate and in breach of the covering letter that we give to interested parties when such a draft is provided. It is inappropriate for us to comment on what was in that interested party draft until all the comments of interested parties have been fully evaluated. There have been extensive interested party comments on the draft, so we expect that will take some time to work through. A report is expected to be released in the next couple of months.

**CHAIR**—How many copies of the interested party draft were circulated?

**Mr Bills**—I would have to take that on notice, but it is less than 20, I would think—that sort of order.

**CHAIR**—And what sort of individuals are given a copy of the interested party draft?

**Mr Bills**—In this case, it would have gone to the usual bodies such as the airline operator, CASA, Airservices, the families of the deceased, relevant other flying personnel, the engine manufacturer and the aircraft manufacturer—that type of list.

**CHAIR**—So it would be a fairly wide distribution—perhaps even international—would that be right?

**Mr Bills**—I am not sure if it would be international.

**CHAIR**—Where would the airline manufacturer—

**Mr Bills**—Yes, you are quite right.

**Mr Stray**—Yes, it is the engine manufacturer. It is most unusual—we do not normally issue an interested party report to the relatives of passengers. It is normally issued only to those people who have a direct interest or relevance to the circumstances as they developed in the occurrence. As you would appreciate, the families of the passengers certainly would not have a direct relevance to what happened to develop that accident sequence, so it is most unusual for us to do it, and that is not a practice that we should be expected to continue.

**Mr Matthews**—The general principle, as Mr Bills was saying, is to provide an opportunity, in a natural justice sense, for the parties mentioned in the report to see what is proposed to be said and to give them an opportunity to respond to that. It is important that those comments be taken into account before the report is finalised. The interested party

report is very much a draft until ATSB has had an opportunity to consider the responses from the people who are mentioned, make adjustments if they think that is warranted, and then publish their final view.

**CHAIR**—On this occasion, copies of the draft report were sent to members of the families of the passengers who were on that flight?

**Mr Bills**—Yes.

**CHAIR**—Are you attempting to track down the source of that disclosure?

**Mr Bills**—It is an honour system, as I said earlier, and there is no penalty for releasing it. If we were to track down the source, we could not prosecute them, so it would not be a useful use of resources to try and track them down. As you know, it is very difficult to track the sources of these things in the best of circumstances.

**Mr Stray**—The leak is one thing; the hugely irresponsible act is the publishing of it.

**CHAIR**—There is another human dimension to this, too, Mr Stray, and that is the appalling sense of loss that families in that area still feel, particularly the family of young girls who lost both their parents. Under the circumstances, it was a very cruel action to have this publicity before appropriate closure has been brought to this in a technical sense. Those of us who have taken an interest in what has happened, the families and the city of Whyalla since the crash would share your view that it was very unfortunate. Do you have any indication yet as to the timing of your final draft? Can you take us through the process once that final report is released? Is there another draft stage, or will there now be a final report that takes into account interested party comments?

**Mr Bills**—As I said, the interested party comments are extensive on this draft, so we expect it will be a couple of months before we finalise the report. This is a high profile report obviously, given the concern, particularly in South Australia—

**CHAIR**—And the number of people who died.

**Mr Bills**—Absolutely. We will be using a staged release process which will include the interested parties getting a copy of the final report before it is made public, which again is something that we hope—

**CHAIR**—Something of a high risk decision, Mr Bills.

**Mr Bills**—It is really part of, I guess, good process to make sure that people are not surprised by this. Our role is to try and get the facts of the matter out so that people can learn from them and improve safety in the future. We are not trying to surprise people in the way we do that. That will be the process and it is probably a couple of months off.

**CHAIR**—The main facts in the disclosed report—do you have any argument with the accuracy of those or the focus that was put on one particular aspect of the report relating to the way fuel was used by Whyalla Airlines? Is that an accurate reflection of the report as it was released?

**Mr Bills**—Senator, as I said, I would prefer not to comment on the draft report. It is possible that the highlights that were in the newspaper article may be changed in the final report but, equally, they obviously had access to the interested party draft.

**Mr Stray**—I think it is fair to say that at no stage when we issue the initial interested party draft do we attempt to say that we have the definitive answer. We request that if people have evidence that either has not been considered or has not been given proper weight of

consideration in their opinion during that process that they let us know. If they present persuasive argument based on proper evidence, the investigation team will reassess the report and the report will be changed if necessary. It has to be made clear that at no stage when we issue the draft do we say, 'This is the final answer.'

**CHAIR**—It would seem, from the comments you have made, that you are not arguing with the accuracy of the report as it was published. I did not see any comment on the accuracy or otherwise of that report following the disclosure. Would it be fair to assume, therefore, that what was published was not inaccurate?

**Mr Bills**—Probably the best way of putting it is that I think the newspaper had access to our draft report, but the accuracy of what was published, compared with what will be published in our final report, may well be open to question.

**CHAIR**—Can you take me through the involvement of CASA in the development of your report at this stage? At what point do CASA become involved in the report? Is there then any role for the DPP?

**Mr Bills**—It varies, depending on the investigation, as to what point the regulator is involved. As a matter of course, we circulate all interested party drafts to the regulator, but if there is a substantial regulatory element to an investigation, they will be involved at a very early stage. If CASA believe there is a breach of regulations that is involved they will generally do a parallel investigation with the purpose of potential prosecution or other penalty. That is entirely separate from our investigation, which is looking at the safety facts and what can be learnt from them.

**CHAIR**—Are you aware of whether CASA are currently undertaking that parallel investigation?

**Mr Stray**—I would think that their power plant specialist in particular would be looking at aspects there. During the investigation—I am not sure whether he is the principal power plant specialist—one of their senior people has spent time over in our laboratory with our people. We work very closely with them. Our recommendations were developed in consultation with CASA—so, yes, there is a linkage there, but what they are doing from a regulatory aspect we are not privy to.

**CHAIR**—Can you tell me why it is going to take another couple of months. As you would be aware, the community of Whyalla and the general community of the Eyre Peninsula, who also had passengers on the aircraft, believe that this is taking a very long time. Given that you were able to circulate a draft—and I accept your comments that there is a good deal of input still to be received—can you tell me why it is going to be another couple of months before your report is released?

**Mr Bills**—When we get comments on interested party drafts, our process is to list each comment and the factual data that supports that comment and go through each one of them in turn. All of that is on our files. If there are substantial comments, as there are in this case, that process is an exhaustive one. But it is important to get it right. Mr Stray referred to the three recommendations we have already made. If we see something that is urgent in terms of safety and we have enough evidence to make a recommendation then we do that. That is so we do not wait until the end. But it is a serious issue not just for Whyalla Airlines and for the families who have lost family members; we really need to get the investigation report right so that other operators of similar aircraft can learn the appropriate lessons. There is not much point having something that is not accurate.

**CHAIR**—Of course.

**Mr Bills**—Obviously it is an important investigation, as you have noted, so we need to get it right.

**CHAIR**—Can I ask you about the way you prioritise your reports. For example, if you have an accident where eight people die, does that become a higher priority than an accident that may have happened two weeks before where one or two people died? Is there a system of prioritising the inquiries based on the magnitude of the accident? Is it always done chronologically or is there a capacity for flexibility? In other words, if there were to be a major accident, would that take priority? Do you have the staff flexibility to be able to move people onto higher priority investigations?

**Mr Bills**—We have a categorisation system in ATSB ranging from a category 1 accident—which we have fortunately never had and which is something like a major jet passenger aircraft crashing with significant loss of life—to a category 2, which is a low capacity regular public transport aircraft accident with multiple loss of life.

**CHAIR**—Presumably that is where Whyalla Airlines sits.

**Mr Bills**—Yes, it would be a category 2 investigation under that categorisation.

**Mr Stray**—We have recently changed our categorisation. A category 1 is now the high capacity RPT. I have the old definition here, but I can get the new one for you quite easily. Category 1 is basically for occurrences where the facts indicate a significant threat to the safety of the travelling public or are the subject of widespread public interest and involve high capacity RPT. Category 2 has the same definition now but involves low capacity RPT.

**CHAIR**—At what point does it become low capacity? Is it the number of fatalities? Is it under 20 or under 10?

**Mr Stray**—No, the low capacity RPT is a CASA definer. Anything above 38 passengers is high capacity and below that is low capacity. So a regional jet is high capacity. The Saab 340, for instance, is a low capacity RPT. But the number of fatalities is not the defining situation. You may get a sport aviation aircraft where we have two people killed, but we have to look at the safety benefit and where we should put our effort for the best outcome for the aviation industry and particularly the travelling public. To have a defining term on the number of fatalities would not be appropriate.

**CHAIR**—Thank you for that explanation. With regard to the categories that applied previously, would that therefore mean, given that, fortunately, we have not had a category 1 crash, that the Whyalla Airlines accident would have been your highest priority over the last 12 months?

**Mr Bills**—We were running a few very high priority investigations in the last 12 months. The Qantas 1 runway overshoot, the avgas systemic investigation of fuel contamination and Whyalla Airlines 904 would be the three most important in that period. We have to run these investigations in parallel and then there are a large number of other smaller investigations that are occurring at the same time. We normally release something in the order of 150 reports a year. So, getting back to your initial question, if there were to be a major accident, we would probably take roughly half our investigators off-line to work on that, with the other half working on what we had on the books and anything new that came up. That would basically delay the completion of the ones that were already on the books.

**CHAIR**—How many investigators are working on the Whyalla incident?

**Mr Bills**—It varies from time to time. Initially, it was in the order of eight. At the moment—

**Mr Stray**—There would probably be at least three working on that now.

**CHAIR**—Still?

**Mr Stray**—Yes.

**CHAIR**—I ask the question because I am puzzled as to why it would take so long. Understanding the complexities of this unfortunate incident—and I do accept those—there are a number of those aircraft flying in Australia. I would have thought that, given the number of aircraft that are engaged in commercial activities of that type, the questions that arose concerning those aircraft would be such that you would want to put a pretty high priority on being able to determine whether in fact there was some difficulty with the aircraft itself or whether there was a technical problem with the way the aircraft was being operated.

**Mr Stray**—That is precisely why we have a policy that we do not wait for the final report. Any safety deficiency that is identified during the period of the investigation process is worked on and recommendations are made to effect change. This is why we released three recommendations during the course of the investigation to date. If, as a result of any new evidence that has come to light during the interested party process, we determine that there is further recommendation, we will make that recommendation and not necessarily wait for the final report. That is a standard practice with the bureau.

**CHAIR**—So, at this point, have there been any responses that have caused you to consider making another recommendation following the disclosure of the report to the interested parties?

**Mr Stray**—Not to date, but it is very early. The interested party response period, I believe, finished about a week ago, so the team is just getting through the mountain of paperwork. It is not just the responses; it is also the other paperwork that has to be crossed off as a result of those responses, so it is a huge task.

**CHAIR**—I am sure you understand that the communities in South Australia are looking forward very much to being able to get some sense of closure out of this. So I look forward to being able to read that report sooner rather than later, to write to those families again to express our deep sympathy and to, hopefully, learn lessons from what you have been able to find out.

**Senator Ian Macdonald**—Madam Chair, I wonder if Mr Bills might be able to tell us if the unauthorised leaking of those draft reports has had any impact on the way ATSB will do their work. Have the bureau given any consideration—and I appreciate this would be anathema to some and in the end result would be a government decision—to a legislative prohibition on the publication of draft reports where families, people's lives and situations are at stake, as opposed to whatever public good there is—if there is any public good—in a pre-release of a draft report?

**Mr Bills**—In terms of our processes and the advice that we have, we do the interested party draft process for a number of reasons that I have outlined. With the natural justice reason alone, we have been told that, were we not to adopt that as good practice anyway, we would probably have to do it on legal grounds, so I do not think there is any discretion in that. In terms of the legislation, I have said to the committee before that we are looking at a new transport safety investigation bill. That was initially to focus on the interstate rail system. We

are looking at including aviation and marine in that bill. I will be discussing the points that you have made with the minister fairly soon but it is a difficult area because, if you include in legislation a prohibition on publication and a newspaper publishes, it is a question of what the penalty is and I am sure you then get into difficulties with freedom of the press and everything else. So I do not think it is an easy area.

**Senator Ian Macdonald**—I really did not want you to go into it, but obviously the answer to the question is yes, you would have to consider that in some depth.

**Mr Bills**—Yes.

**CHAIR**—It would be unfortunate if this disclosure meant that in future those people who are currently the beneficiaries of a pre-release document would be prevented from having that opportunity, simply because one person did not observe the protocols.

**Mr Bills**—Yes, that is right.

**Senator O'BRIEN**—What is happening with the ATSB investigation into the parachute incident at Nagambie in Victoria on 29 April which resulted in one death?

**Mr Bills**—That investigation is nearing completion. We are considering two possible recommendations, one involving the door or the blind through which parachute jumpers jump and maybe one in relation to the pilot wearing a parachute on a mandatory basis, but we have not come to a conclusion on that yet.

**Senator O'BRIEN**—Are your recommendations going to be specific to a parachute operation?

**Mr Bills**—Yes.

**Senator O'BRIEN**—The Yanda Airlines incident at Gunnedah: what is happening with that investigation?

**Mr Bills**—With that one we are awaiting further information from the aircraft manufacturer. That is the one on 2 January this year?

**Senator O'BRIEN**—Yes. What are the issues there?

**Mr Stray**—They relate to the flight control trim position and how that affects the weight and balance of the aircraft and the loading situation, so we are waiting on some information from the manufacturer that will help us come to a determination.

**Senator O'BRIEN**—So the implication is that the incident was caused by a trim problem, which was caused by weight distribution on the aircraft.

**Mr Stray**—By a combination of the flight control settings prior to take-off and the distribution of the load within the aircraft. But it has not been finally determined yet.

**Senator O'BRIEN**—The trim tabs or something, was it?

**Mr Stray**—Yes: the elevator trim tabs that assist taking the load off the controls. How they are set affects the controllability of the aircraft aeroplane.

**Senator O'BRIEN**—I do not fully understand how important that particular piece of equipment on aircraft is. Are you saying that trim tab settings might have had an impact on this incident?



**Mr Stray**—Yes, Senator. It is not saying that there is something wrong with the aeroplane but with how the aeroplane was configured prior to take-off. We need to understand a couple of aspects of that from the manufacturer a little better before we can come to a final decision.

**Senator O'BRIEN**—Can you update the committee on ATSB's inquiry into CASA's role in the Ansett maintenance incident. We did get some information on 4 May, I think, but I thought we would get an update, if we could.

**Mr Bills**—Yes. We have received the documents that we were seeking from CASA without the need for a 19CC formal process.

**Senator O'BRIEN**—Good.

**Mr Bills**—We have also agreed with CASA to interview several other CASA officers, and that will be occurring next week or certainly in the near future. We have also been interviewing other parties involved, including Ansett personnel. In terms of the wider issue that you raised last time about some of the legal issues, we are jointly with CASA seeking some advice on a couple of grey areas, so that we have an agreed understanding for the future.

**Senator O'BRIEN**—From which source are you seeking the advice?

**Mr Bills**—The process will be that the department's legal advisers and Mr Ilyk from CASA will jointly give instructions to senior counsel in Sydney, I think. That is the process.

**Senator O'BRIEN**—Whose budget will be paying for senior counsel?

**Mr Bills**—That is a good question. I do not know the answer to that, I am afraid. It would presumably be fifty-fifty, but I do not know the answer. I think it would be from the department's legal budget, in any case.

**Senator O'BRIEN**—That is a question that I think is very valid at this time: will it be from the department's resources, from your budget for the year, from CASA's budget, CASA's reserves, or some other discretionary fund in the gift of the government? That is really what I am asking.

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

**Senator O'BRIEN**—I noted that Mr Matthews did not volunteer that the department was picking up the tab, so it does not sound as though you are going to get much joy there, Mr Bills.

**Mr Matthews**—You have to wait a long time for the department to pick up a bill.

**Senator O'BRIEN**—I would never have thought that, Mr Matthews! Has the bureau undertaken any research into the matter of deep vein thrombosis, which is often associated with air transport and is a condition which is actually across transport modes?

**Mr Bills**—No, we are not, Senator.

**Senator O'BRIEN**—Is there a specific reason why you have chosen not to?

**Mr Bills**—Sorry. Your question was are we undertaking any research? There are a couple of reasons. One is that there is process under way, being coordinated by Ms Beetham in the aviation division, doing some work with the major parties, including CASA and others. That process is under way to look at further work in that area. I guess we are focusing our resources on the more normal types of investigations and safety research.

**Senator O'BRIEN**—In terms of the BAe146 cabin fume issue, I want to ask some questions about a letter which was sent to you by Susan Michaelis and copied to me. It relates

to a request to the bureau for information on the issue of the BAe and the exposure effects from cabin fumes on crews. According to the letter, the bureau had advised that this was not a safety of flight issue for the ATSB. Is that correct?

**Mr Bills**—We are not sure where the author of that letter got that information from. We suspect that there may have been a question to the bureau about how many incidents in our database involved crew incapacitation—and the answer to that question would have been the one that was a precursor to the Senate inquiry. Whereas, if the question had been how many occurrences in our database involved fumes in aircraft, it would have been a very different answer. I have read the letter and I do not think it is very balanced or very fair. Essentially it is suggesting that ATSB have downplayed the importance of this issue; whereas it was our original investigation that raised the importance of this issue and fed into the Senate inquiry.

**Senator O'BRIEN**—This letter suggests that ATSB had only one report of fumes entering the aircraft. That is not correct?

**Mr Bills**—As I say, I think the question was presumably related to crew incapacitation. On that basis, I think one is the correct number. On other occasions, crew have taken the correct steps of donning oxygen masks when fumes have entered the cockpit.

**Senator O'BRIEN**—What do you define as 'crew'? This was a matter that came up in the inquiry. You seem to be limiting the term 'crew' to the pilot and first officer.

**Mr Stray**—In this context the crew is the technical crew or flight crew up at the sharp end and the cabin crew. The Australian Civil Aviation Safety Authority issued an airworthiness directive on 30 March relating to a requirement for air crew action in the event of a suspected cabin air contamination event. It also relates to the cabin crew donning masks. If they suspect that there is a cabin air contamination event occurring, they have a responsibility to check on the flight crew and make sure that they are aware of it. In the case of a safety of flight issue, if a flight crew dons the oxygen masks and follows that procedure, that is not considered to be a safety of flight issue per se, because they have taken the appropriate steps to breathe the oxygen. In the case of a crew not taking those steps, it is very seriously a safety of flight issue.

Subsequent to the issuing of our occurrence brief with its recommendations, the British AAIB received reports of occurrences and conducted their own investigation. They found that the cabin air contamination problem is not just confined to BAe146 aircraft but in other aircraft, such as the Boeing 737 and 757 and Fokker 100 aircraft. We have received a copy of the British report, which has made a number of recommendations that we are very happy with. We are monitoring their progress now and will be keeping an eye on what happens there.

**Senator O'BRIEN**—Just confirm this for me. If there is a fume event in the cabin as distinct from the cockpit—if I can make that distinction—and a flight attendant is affected by fumes, what consequence does that have on whether it is a flight safety event?

**Mr Stray**—The cabin crew are not there simply to serve tea and bickies, as you would appreciate. They are there for the safety of those passengers in in-flight events such as turbulence or, in the event of a take-off and landing accident, for the evacuation of the passengers et cetera. So, if the cabin crew become incapacitated, then that certainly does have a safety-of-flight impact.

**Senator O'BRIEN**—Can I take it that ATSB's position is that, while exposure over the long term might be an occupational health and safety issue, there is also the issue of debilitation of the crew during the flight?

**Mr Bills**—Correct.

**Senator O'BRIEN**—I understand that there is an airworthiness directive put out by CASA that mandates certain actions of BAe146 inspection.

**Mr Stray**—Yes. It goes beyond the airworthiness aspect: airworthiness directive 146/86 goes into the flight crew requirements as well..

**Senator O'BRIEN**—Does your database have a substantial number of entries relating to fume incidents in aircraft cabins?

**Mr Stray**—Yes. At the 1 November 1999 hearing we tabled a summary of fume/smoke/odour related occurrences involving all the aircraft on our database and we have updated that as of yesterday in the same format. I am happy to tender that if you wish. The category 'Other' covers things like when an engine is washed and there is a residue of solvent before it is purged. It does not constitute an oil fume type problem because of a seal in an engine or something like that. I am happy to table that.

**Senator O'BRIEN**—Okay. Thank you for tabling that. How significant is this issue—based on ATSB occurrence data?

**Mr Stray**—Currently, total occurrences for the BAe146 is about half that of, say, Boeing 767, in this country—fourteen for the 146 and 27 for the 767—but that is the total of all fume/smoke/odour or 'Other' type smells.

**Mr Bills**—That is from November to May.

**Mr Stray**—Sorry, that is for the period from 1 November 1999 to the present. When looking at the problem as defined by the BAe146 saga, in that period there have been eight oil fume incidents related to possible seals in engines et cetera in the 146, two in the 767 and three in the Boeing 737. That is the Australian reporting experience.

**Senator O'BRIEN**—Which is notable, particularly given the lengths that Ansett in particular have gone to to minimise fume incidents.

**Mr Stray**—Exactly. There has been an increase in reporting in this country, and we have noted that since the Swissair accident there has been an increase in reporting of these types of occurrences, because of the smells coming, say, from electrical possibility and that sort of thing. So we have noted an increase in our database activity.

**Senator O'BRIEN**—The Swissair accident?

**Mr Stray**—Swissair 111 off Canada. It would probably help the committee if we give you a copy of the British report—that is a public document—with its recommendations. That goes into quite a lot of detail about the other aircraft. So it is not confined to BAe 146.

**Senator O'BRIEN**—I would appreciate that. I am sure the committee would as well. Thank you very much for that. That is all I have for ATSB.

**CHAIR**—I wonder if it is worth taking our morning tea break now, rather than in one-quarter of an hour's time, so that we can change the officials. Are you happy with that?

**Senator Ian Macdonald**—That is a point. Do you have any marine, rail or road safety issues?

**Senator O'BRIEN**—Yes.

**Senator Ian Macdonald**—Sorry, Madam Chair, but—

**CHAIR**—Do you want to move on to those while these officials are at the table?

**Senator O'BRIEN**—Sorry, I did not pick up on the word 'safety' there, Minister.

**Senator Ian Macdonald**—We do get into those other areas and then start talking about safety issues and find we have not got the right people there.

**Senator O'BRIEN**—I agree. Can I just check that over the break?

**Senator Ian Macdonald**—We will keep these people around until we have had a cup of that marvellous coffee out there, which will encourage them to stay!

**Proceedings suspended from 10.16 a.m. to 10.30 a.m.**

**CHAIR**—We will now deal with Integrated and Cross Modal Transport and Infrastructure.

**Senator O'BRIEN**—I want to ask some questions about the information paper on cabotage released by the minister in November last year. Is that publicly available?

**Dr Feeney**—Yes, Senator. I think it is on our webpage. It was widely distributed amongst industry and stakeholders.

**Senator O'BRIEN**—Could you take me through the contents of the paper?

**Dr Feeney**—It was broadly designed to explain in reasonably lay terms all the conditions and circumstances surrounding the issuing of licences and permits. They are provided in detail in guidelines that the minister has approved. This was a way of explaining a little more background, particularly in relation to some of the information that came out of the court case last year, where it was quite clear that some in the industry did not fully understand the way the system operated.

**Senator O'BRIEN**—Was its target audience the industry?

**Dr Feeney**—Its target audience was the people who apply for permits and licences, which is basically the industry, and any interested parties who might in the future apply for permits or who might be interested in the conditions.

**Senator O'BRIEN**—Was that its only purpose or was it part of some broader process of review?

**Dr Feeney**—No, it was just part of the administration in making sure that the industry is fully aware of the possibilities, flexibilities and limitations of the coastal trading regime.

**Senator O'BRIEN**—Have all of the single and multiple voyage permits been issued for this financial year? I am wondering whether you would expect at this late stage of the year still to receive applications for single or multiple voyage permits.

**Dr Feeney**—Definitely, Senator. Up to the third quarter of this financial year we have had applications for 514 single voyage permits and 66 continuing voyage permits. We expect, based on past practice, to have applications for 666—roughly 670—single voyage permits and roughly 90 continuing voyage permits.

**Senator O'BRIEN**—How is that comparing with previous years?

**Dr Feeney**—If it comes out at 666, it is almost identical to the number in the previous year, which was 667. With respect to the continuing voyage permits, we expect more; it is building up. Last year we had 73. As I said, we are expecting, based on a pro rata calculation, 90 this year.

**Senator O'BRIEN**—With continuing voyage permits, what is the time period?

**Dr Feeney**—Normally it is six months. It is up to six months.

**Senator O'BRIEN**—What is the norm, when you say it is up to six months?

**Dr Feeney**—Generally the permit applicants wish to have it for the full six months. Every now and then they might only want it for three or four months.

**Senator O'BRIEN**—I have seen some figures recently showing that a substantial number of vessels flagged in what have become known as flag of convenience ports are granted are single and multiple voyage permits. Do you have a flag of registration breakdown on the grants?

**Dr Feeney**—Flag state is one of the bits of information we collect, so we could give you the breakdown of that. Obviously we would have to take that one on notice.

**Senator O'BRIEN**—If you could that would be good. In terms of the process, are there any special requirements for bulk carriers, tankers and the like in the application and approval process?

**Dr Feeney**—Yes, Senator, there are. In relation to dry bulk vessels the applicant has to fill out what we call a dry bulk pro-forma which is quite detailed. It is filled out by the master or the applicant. That is sent to AMSA before the permit is issued and we get information from AMSA on that application as well as some information on its history in relation to port state control. For liquid tankers they have to have an OCIMF permit. That again is assessed by AMSA as well as, of course, the port state control history. That information is then provided to us and it is a factor in the decision as to whether to issue a permit or not.

**Senator O'BRIEN**—How many permits have been rejected for bulk liquid tankers in this current financial year?

**Dr Feeney**—I would have to check exactly, but my recollection is that it would be less than five. Do you mean rejection for any reason or for that reason?

**Senator O'BRIEN**—For that reason specifically.

**Dr Feeney**—I would have to check that. Normally the reason why we reject it is in relation to availability. By and large, the vessels are not considered substandard. The standard is quite high of the vessels coming to Australia, mainly as a result of the port state control regime that is managed by AMSA.

**Senator O'BRIEN**—Is there any difference with the part of Australia they are visiting? I can recall that there have been incidents of a number of overseas vessels, including tankers and otherwise, lost off the Western Australian coast. Obviously trading on the coast is the issue you are looking at rather than simple visitation.

**Dr Feeney**—Yes.

**Senator O'BRIEN**—Do you keep records which would indicate which port particular types of vessels are likely to visit first? I really am interested to see if a different fleet visits Western Australia, for example, compared to other parts of Australia.

**Dr Feeney**—We would not collect that information. Maybe when AMSA come they might be able to shed some light on that issue.

**Senator O'BRIEN**—I do not have any more questions for Dr Feeney at this stage. I wanted to ask some questions of AMSA.

**CHAIR**—Does that include maritime transport as well?

**Senator O'BRIEN**—No, that does not include AMSA. I want to ask AMSA some questions.

[10.41 a.m.]

#### **Australian Maritime Safety Authority**

**Senator O'BRIEN**—What are the current regulations in relation to the carrying of EPIRBs on marine life rafts? They have been compulsory for aviation life rafts for many years, as I understand.

**Mr Davidson**—With marine life rafts on vessels that are regulated by the states, that would be handled at the state level. I believe it is not mandatory at the moment. Within the SOLAS arrangement, with large vessels, EPIRBs are not mandatory either.

**Senator O'BRIEN**—What does SOLAS stand for?

**Mr Davidson**—It is the Safety of Life at Sea Convention, which applies to vessels regulated through the International Maritime Organisation.

**Senator O'BRIEN**—So the answer is that it is not mandatory, to the extent that it is not within your control at all? Is that what you are suggesting?

**Mr Davidson**—No—for small, state regulated vessels, it is not under our control.

**Senator O'BRIEN**—But for large vessels, it is?

**Mr Davidson**—Yes, provided they are—

**Senator O'BRIEN**—Is there a size differential or a particular operational requirement?

**Mr Davidson**—I would need to come back to you on the details of that. It may be that in certain circumstances it is mandatory, but I am not fully aware of that.

**Senator O'BRIEN**—If you can give me that breakdown, I would like to see to what extent AMSA is the responsible agency. Obviously there will be a level below that, if I can put it that way, for the state regulation. I assume that in one or other area there is the capacity to regulate all vessels.

**Mr Davidson**—Yes. At the state level, the vessels are licensed through the state regimes. There is the National Marine Safety Committee, which is the body that is looking at and agreeing the regulation so that there is consistency amongst the states. They are currently rewriting what was previously called the USL Code—the Uniform Shipping Laws Code—which went to the details of building, operation and licensing of operators and the whole gamut of operating small craft. That is currently being rewritten as the national standard for construction and operation of vessels. In that, they are looking at carriage of safety equipment and the rules that will apply to that. In the international arena, the rules are set at the IMO. Whilst Australia could act unilaterally and require its flag vessels to carry EPIRBs within the life raft, we could not mandate that as a requirement for other international vessels operating. That is a flag state responsibility.

**Senator O'BRIEN**—Given the diversity of flag states, the location of a number of flag states and their interest in maritime issues rather than registration issues, that is not likely to happen, is it?

**Mr Davidson**—In my view, it is not a severe impost on anybody, for that matter, to mandate a requirement of EPIRBs on life raft. The mandate includes medical stores, flares, radar reflectors and conspicuity requirements for the life raft. The carrying of a sensible and

relatively cheaply priced EPIRB is not anything that I think anybody would quarrel with at IMO. It is something that we are looking at.

**Senator O'BRIEN**—From what you are saying, it should not be a difficult requirement to meet?

**Mr Davidson**—The real issue is going to be which particular type of EPIRB gets mandated to be carried. The current requirements are that the vessels have a float free 406 EPIRB. That activates itself in the event of submersion of the vessel. It breaks away—it is part of the ship itself. The 406 EPIRB has an identity signal with it and allows search and rescue authorities to identify a particular vessel. They are more expensive than the 121.5, the small EPIRBs that are commonly carried in Australia by recreational fishermen, professional fishermen and a lot of people who go two miles out to sea.

Internationally, the 121.5 is satellite compatible. In Australia we use it extensively, but in other parts of the world they tend not to use it at all because they have saturation in that frequency. They have got so many spurious signals, either maliciously operated or related to other signal generation activities, that they literally ignore them. We are reaching the stage, with the number of activations that we get in Australia, where we find it difficult to isolate out whether EPIRBs are radiating genuine events or spurious events. Currently, about six per cent of activations turn out to be related to an incident of some nature rather than just a malicious, accidental or unknown source. We get quite a lot of unknown source radiations as well.

Going back to your issue, our preference, clearly, is to go to the 406 style of EPIRB because it is discrete—you know what it is. The standards for those and their maintenance become a complex matter. We want a result of getting to the vessel as quickly as possible.

**Senator O'BRIEN**—What was the final outcome of the inspection of the Indian registered bulk carrier, *Devprayag*, that was stuck on a sandbar near Portland at the end of April? There was concern at the time that the hull may have been damaged and that the vessel lost some oil.

**Mr Davidson**—The vessel was inspected after it had been refloated. As a matter of routine, we detain the vessel until we are satisfied that it is safe to proceed. There was some damage, I am informed, to the No. 5 double-bottomed fuel tanks, but the vessel was released and the damage was not of a nature that would cause any concern. Indeed, the vessel proceeded to Geelong, loaded grain and left for an overseas destination.

**Senator O'BRIEN**—When was the last time that vessel was subjected to an inspection by AMSA?

**Mr Davidson**—Reading from its port state control history, the vessel had been inspected on eight occasions since 1993. In July 1995 it was detained as a result of a lifeboat deficiency. The vessel has had defects during all inspections—a minimum of two on the best occasion and nine defects on the worst occasion—usually related to lifesaving appliances, fire appliances and navigational equipment. The vessel underwent a further inspection on 2 May of this year in Geelong following the grounding and was issued with three defects. Several fire hoses were unserviceable, magnetic compass deviations were excessive and the galley uptake was excessive, with grease posing a fire hazard. All of those were cleared before it was allowed to proceed.

**Senator O'BRIEN**—Was the vessel operating on a permit?

**Mr Davidson**—No, it was not operating on any permits at the time.

**Senator O'BRIEN**—Dr Feeney, can you help us in this regard?

**Dr Feeney**—I have checked our electronic records back to 1992 and that vessel has never, ever had a permit issued under the coastal trading provisions.

**Senator O'BRIEN**—It is obviously a bulk carrier?

**Mr Davidson**—Yes.

**Senator O'BRIEN**—Thank you, Dr Feeney. On how many occasions has the vessel been detained?

**Mr Davidson**—Once.

**Senator O'BRIEN**—The *Alama Mesao* is a vessel on which there was an explosion in Geraldton in Western Australia on 30 April, hospitalising two men. Did AMSA investigate the incident?

**Mr Davidson**—Yes, we did. I am advised that it was a boiler flashback and that it was an auxiliary boiler. We investigated the vessel when it arrived in Fremantle. The vessel was found to be seaworthy and there had been no breaches in marine orders. I understand that the ATSB have been advised of that.

**Senator O'BRIEN**—Did you say that the ATSB were advised of it?

**Mr Davidson**—Yes.

**Senator O'BRIEN**—When was this vessel last subjected to an AMSA inspection?

**Mr Davidson**—This is a new vessel that was built in 2000. She was inspected by AMSA in November 2000 and had no deficiencies.

**Senator O'BRIEN**—Was it operating on a single or continuing voyage permit?

**Mr Davidson**—We are not aware that she was operating on a single voyage permit.

**Dr Feeney**—I have not checked that; I will have to take that on notice.

**Mr Davidson**—On this particular occasion she was loading grain for an overseas destination, so I doubt that there was any single voyage permit on that.

**Senator O'BRIEN**—It sounds unlikely. What is happening with AMSA's surveys of ships operating into Australian ports? I am interested in the performance of this program against your benchmarks.

**Mr Davidson**—Are there any particular aspects that you wish to explore?

**Senator O'BRIEN**—I wanted to find out the rate of inspections, the nature and extent of the problems discovered and how they compare with outcomes in previous years.

**Mr Davidson**—We produce annually a port state control annual report. That is put up on our web site, and it does full comparisons on all those issues. Currently, we maintain a monthly tracking of what we are getting and, generally speaking, we are seeing that our rate of inspections is slightly ahead of the agreements that we have under the Tokyo MOU. We are inspecting around the 60 per cent mark of eligible vessels. Our target for our internationally agreed area is 50 per cent. We do not intend to adjust downwards our inspection rate. We intend to keep it at about that level; however, we are putting in a more focused regime so that we can do pre-assessments of vessels arriving. In terms of performance, detention rates in rolling average terms have been around 3.8 per cent to 4.6 per cent, and that has been pretty steady over the last year or so.



**Senator O'BRIEN**—There has been the publication of some figures which indicate certain trends in international shipping, in particular a concerning study in relation to certain container vessels. Overall, is there any indication that the standard of international shipping is getting better or worse?

**Mr Davidson**—Our general sense of where the international shipping has got to is that there has been an obvious and distinct improvement from the eighties to the end of the nineties—quite a clear trend—but it is levelling off to some degree. Our detention rates, which are a clear measure of what we regard as substandard or an issue that arises, have remained static. The rate used to be in the high sixes and sevens and it is now down to below five. We are not seeing any improvement in that at the moment.

**Senator O'BRIEN**—That is the percentage or the number?

**Mr Davidson**—That is the percentage. In terms of numbers, monthly we are detaining anything from as low as two in July 2000 up to 17 in April this year. That is as a result of the strategic focusing regime that we have introduced where we are looking at the proficiency of crew in handling their distress safety radio equipment. We have detained vessels for being unable to operate that equipment efficiently and effectively. We alerted companies and ships that we would be undertaking such a focused regime. We have a rolling program every four months—a bit like what the police do in the states, where they concentrate on speeding, breathalysers, drink-driving and so forth.

**Senator O'BRIEN**—An article on the AAP wire on 7 March indicated that the exception to this trend was container ships, with their detention percentage rate moving from 4.4 per cent in 1999 to 7.1 per cent in 2000, making up 14 per cent of all ships detained. The article says that, considering that container ships make up only eight per cent of the vessels inspected, these are disturbing trends and that AMSA will be carefully monitoring the quality of container ships calling at Australian ports during 2001. What can you say about that?

**Mr Davidson**—We ran a campaign prior to the distress and safety equipment one, particularly to address bridge visibility—that target was the initial campaign that we ran—and the use of radars, the quality of radars and so on. We started with that particular campaign because of a number of incidents involving collisions between vessels and small ships and the apparent lack of visibility on the bridge. That goes specifically to container ships that tend to load the containers too high and obscure bridge visibility. A number of detentions arose because of that. That is a factor that we have picked up and have been concentrating on. Some of the issues would arise because of that.

With container traffic there are a number of older ships, and there is a very strong correlation between age and whether we end up detaining a vessel. The frequency increases in a linear fashion. Twenty-five-year-old vessels are far more likely to be detained than newer vessels. There are a number of container vessels operating to Australia that fall into that category. In terms of overall trends, our sense is that operators know that Australia runs a very robust regime, as we call it, and we are unforgiving with anybody who cannot meet their proper standards.

**Senator O'BRIEN**—Are there vessels flagged to particular countries that are prime offenders, or is it evenly spread?

**Mr Davidson**—We have been in the process of collecting data for about six years and we have done some pretty broad analysis of that. Yes, there are correlations between certain flags and the likelihood of detention.

**Senator O'BRIEN**—Which flags would indicate to you a higher likelihood of detention?

**Mr Davidson**—I do not have those with me, but they would not be dissimilar to the flags that the US Coastguard puts onto its web site as being flags of concern.

**Senator O'BRIEN**—Can you supply that to the committee?

**Mr Davidson**—Yes.

**Senator O'BRIEN**—According to the PBS on page 128, AMSA will receive an additional \$3.7 million over four years to improve the search and rescue capability. I note that this extra funding is designed to increase the availability of aircraft. Will that function use up all of the funds?

**Mr Davidson**—Yes, it will. In the operational funding there is an additional \$1.7 million in capital funding which will provide a forward-looking infra-red equipment capability to the aircraft. What we are moving to is an arrangement which we have adopted in the area of oil spill response where, rather than having an arrangement where we charter aircraft for searches on the basis of opportunity, we will have a dedicated commitment from certain operators with certain aircraft and response times and that will be determined within that contractual arrangement. That has worked well in the oil spill arena and we are looking to move that into the SAR arrangements.

**Senator O'BRIEN**—Was this bid for additional funding, which was ultimately successful, based on an assessment of the effectiveness of your current resource base?

**Mr Davidson**—It was looking at improvements to our current levels, yes. We currently do not have any significant night search capability. We are looking at establishing three such operations that will allow us to look at its effectiveness and its value as an SAR tool and to see whether we can get some real results out of that.

**Senator O'BRIEN**—Was there a particular report which assessed the need and which was the basis of the decision making process to seek funding for this resource?

**Mr Davidson**—Yes, there was.

**Senator O'BRIEN**—Who did that work?

**Mr Davidson**—It was a combination of internal work and an external consulting activity.

**Senator O'BRIEN**—Who was the external consultant?

**Mr Davidson**—It was ACEL Consulting.

**Senator O'BRIEN**—When was the work done?

**Mr Davidson**—It would have been last year at some stage. I will come back to you with the date.

**Senator O'BRIEN**—Could the committee be supplied with a copy of the report?

**Mr Davidson**—I believe so, yes.

**Senator O'BRIEN**—I want to ask some questions about the grounding of a yacht, *Sunseeker II*, on Swain Reefs, which is about 240 kilometres north of Rockhampton, on 26 April and the subsequent rescue attempt by the Capricorn Rescue helicopter. The search was coordinated by AusSAR?

**Mr Davidson**—Yes, it was.

**Senator O'BRIEN**—Can you confirm that the rescue attempt involved only a single-engine, single-pilot helicopter?

**Ms Barrell**—There were two aircraft involved in that incident. There was the aircraft that crashed onto the reef and a second aircraft that subsequently rescued the stranded crew of the yacht and the crashed helicopter.

**Senator O'BRIEN**—Presumably one was sent after the other had failed.

**Ms Barrell**—No, the aircraft that ultimately rescued both crews was tasked prior to the Capricorn helicopter that crashed. The reason we had to send the second helicopter, the Capricorn helicopter that crashed, was because the crew on the vessel lost their raft and were about to abandon to sea. The tasked helicopter, which was night capable and was on its way, was going to take a little too long so we tasked the second helicopter, the Capricorn Rescue helicopter, to the scene with a view to assisting in any way that it could.

**Senator O'BRIEN**—What were the time issues in this? You got the mayday and tasked the first helicopter; how long did that take?

**Ms Barrell**—I do not have that detail to hand, but I know that the aircraft was going to take about two hours to reach the scene of the accident.

**Senator O'BRIEN**—So sometime after notification you tasked the twin jet Bell 412 Rescue 500 helicopter.

**Ms Barrell**—That was the first helicopter.

**Senator O'BRIEN**—How long after that did you task the second helicopter, which was the Bell 407?

**Ms Barrell**—I do not have the detail, but I think it was about an hour.

**Senator O'BRIEN**—And that was because the first helicopter was not going to get there in time?

**Ms Barrell**—Correct.

**Mr Davidson**—The Capricorn helicopter was asked if he was able to drop a life raft, given that the crew had lost the life raft that they had, and rather than have them swimming, we were looking to have them have a life raft with them. The helicopter was asked if he could do that, and he responded positively.

**Senator O'BRIEN**—So at no stage was the second helicopter tasked with the rescue?

**Mr Davidson**—No.

**Senator O'BRIEN**—I am told, and I suppose it is a reasonable assumption, that the Bell 412 twin jet is a faster helicopter than the Bell 407. Is that right?

**Ms Barrell**—That is correct, the issue being the transiting distance.

**Senator O'BRIEN**—Where were the respective helicopters travelling from?

**Ms Barrell**—I will have to come back to you with where precisely they were coming from.

**Senator O'BRIEN**—Did AusSAR maintain the communication channels with the Capricorn rescue task?

**Ms Barrell**—Not during its flight; that would have been handled by Airservices. We did the initial tasking of the helicopter, but once it was airborne Airservices would have taken over its usual communications role.

**Senator O'BRIEN**—So AusSAR did not have any communications role?

**Ms Barrell**—Not directly, no.

**Senator O'BRIEN**—With either helicopter?

**Ms Barrell**—Correct, not while they were in flight.

**Senator O'BRIEN**—When they arrive at rescue scenes, is that where you take over?

**Ms Barrell**—They will always be communicating through the Airservices communications network, and they will communicate back to us, which indeed was what occurred when Queensland Rescue arrived on scene. That was when we first were informed that the Capricorn aircraft had indeed crashed.

**Senator O'BRIEN**—Were there any issues raised about the incident, particularly with regard to the operation of the Bell 407 and its flight over water?

**Ms Barrell**—We were aware that it was a single-engine helicopter, that it was VFR, that it had no floats but it had GPS capability and that it had sufficient fuel. We understand that under CASA regulations it was permitted to fly under those conditions. We asked the pilot whether he was prepared to undertake the mission, and we explained to him the circumstances and the conditions of the actual incident. The pilot then agreed to do so. But the principal tasking was to simply assess the situation of the yacht and the stricken crew and that, if the pilot was in a position to deliver a raft to the crew, he should do so. That was the extent of the tasking.

**Senator O'BRIEN**—The Bell 407, according to a media release from AMSA, lost communications and ditched on the reef about a kilometre from the stranded yacht, so it did not actually get to the drop.

**Ms Barrell**—It did get to the scene of the incident.

**Senator O'BRIEN**—Did it drop a raft to the crew of the stricken vessel?

**Ms Barrell**—ATSB are investigating this incident. We have retrieved the raft from that helicopter. It was inflated, it was in the water; we do not at this point know whether it was deployed from the air or whether it was deployed after the helicopter had crashed.

**Senator Ian Macdonald**—From media reports, the yacht's people actually saw it coming but it did not quite make it.

**Senator O'BRIEN**—So you understand that the helicopter operation was in compliance with civil aviation regulation 258?

**Ms Barrell**—I cannot confirm that; I am not sufficiently familiar with regulation 258. Principally, the conditions were explained to the pilot. The pilot accepted the conditions that were explained and the circumstances, and he indicated that he was agreeable to do that.

**Senator O'BRIEN**—The regulation states in part:

An aircraft shall not fly over water at a distance from land greater than the distance from which the aircraft could reach land if the engine, or in the case of a multiengine aircraft, the critical engine—  
that does not apply in this case—

were inoperative, except (a) in accordance with directions issued by CASA, or (b) in the course of departing from or landing in an aerodrome in accordance with the normal navigational procedure.

As I understand it—and I do not have the complete regulation with me—the absence of floats in that circumstance would make it unlikely that the Bell 407 was operating in compliance with the regulations.

**Mr Davidson**—Our position in relation to contracting of aircraft for undertaking particular tasks is that, whilst we have people in the organisation with a good understanding of operational performance and regulatory requirements on the particular aircraft, we do not have the details of every operator that we contract and so we put the responsibility onto the contractor to ensure that they are operating in compliance with the regulations. They are the ones who are required to operate in that fashion. We have a list of available aircraft and, indeed, we can call at a particular time and request an aircraft that is available, and they may respond that their crew are out of hours, that the equipment is unserviceable or that one of any number of factors restricts its availability. We can only rely on the operator on the ground to assess the situation and to know their regulatory requirements.

**Senator O'BRIEN**—So you do not have a breakdown of which helicopters are equipped to legitimately operate over water, for example.

**Mr Davidson**—We keep a good—and as up to date as possible—record of aircraft, both fixed wing and helicopters, and their various capabilities. But it is a very large list and its currency can never be guaranteed. We therefore have to rely upon the particular people we contact to ensure that they understand the nature of the task that we want them to undertake, and the onus is on them to ensure that they comply with whatever regulations are on foot in relation to their operations.

**Senator O'BRIEN**—In essence, as I understand your answer, there is nothing in your database that would flag whether or not a particular helicopter is competent to be used over water.

**Mr Davidson**—That is probably correct. As I said, the AusSAR people are familiar with many of the operators. Through training exercises they are in contact with them, and in different areas they may or may not have recently visited them. Therefore, they have a good appreciation of the nature of the aircraft available.

**Senator O'BRIEN**—Does every individual who makes these decisions have all this knowledge?

**Mr Davidson**—No, they certainly do not. Indeed, that goes to the point that the onus really rests with the operators.

**Senator O'BRIEN**—I understand that that is what you are saying. At what time of day or night was this incident?

**Ms Barrell**—It was during darkness. I do not have the precise time, but it was dark.

**Senator O'BRIEN**—Presumably, someone had to make a decision to contact the second helicopter, went to the listings you have and found a helicopter that was located close to the incident and could get there quicker than the other.

**Ms Barrell**—That is correct.

**Senator O'BRIEN**—They would have had to make a quick decision in the circumstances, I take it?

**Ms Barrell**—Under the circumstances, that is right. We had received notification that the crew of the yacht were going to have to abandon; they were going to be in water. We had to take a very quick decision and find a very close asset to try and get there to save those lives.

**Senator O'BRIEN**—That is the point, isn't it—that if your database does not flag properly equipped and authorised helicopters, you take the risk, that appears possibly to have contributed to this incident, of sending a helicopter that is not equipped and authorised to travel over water?

**Mr Davidson**—We do not send them, Senator. We ask them if they can undertake the task, we describe the nature of the task, and the onus for accepting or rejecting that rests with the individuals operating.

**Senator O'BRIEN**—So you would not see it as contributing to a breach of the law and to a dangerous situation?

**Mr Davidson**—Not knowingly.

**Senator O'BRIEN**—Perhaps negligently then?

**Mr Davidson**—I think it is completely unrealistic that anyone would be expected to know in detail whether the asset fully complies with all the regulations and that that knowledge is held within AusSAR.

**Senator Ian Macdonald**—You would rely on the pilot to know what his aircraft can and cannot do, wouldn't you?

**Mr Davidson**—Completely.

**Senator Ian Macdonald**—And whether it is licensed or unlicensed.

**Senator O'BRIEN**—Minister, you have been here long enough, I think, to have heard of some of the judgment calls from some of the people who operate aircraft in northern Australia, as well as in other parts of Australia, I might add. That is a fairly dangerous proposition, I would suggest.

**Senator Ian Macdonald**—I would not concede to that, Senator—particularly northern Australians: just because we live a long way away does not mean to say we are all cowboys.

**Senator O'BRIEN**—I did say 'as well as in the rest of Australia'.

**Senator Ian Macdonald**—My inappropriate intervention was on the basis that surely, in an emergency situation, if AMSA ask the pilot—and it is his life—they have to rely on what the pilot knows about his aircraft and whether it is capable.

**Mr Davidson**—We are looking into an arrangement where we are looking for dedicated aircraft, because in those circumstances we will actually know and there will be an onus on the operators to advise us of the availability of their aircraft at all times. That is why we have a preference to move to an arrangement that gives us much more surety about the nature of the aircraft we are tasking.

**Senator O'BRIEN**—Ms Barrell, you said that you understood that the aircraft was permitted to fly. Was that before the event or after the event? I cannot remember the precise words you used. You said that you understand or you understood that the aircraft was permitted to fly even though it did not have floats.

**Ms Barrell**—Under the conditions, we understand that the aircraft can fly in accordance with CASA regulations. That is not to say that the aircraft does not specifically require some

sort of CASA dispensation. That might be a standing dispensation or a one-off dispensation, where the onus is put onto the pilot, as it is in any charter circumstance. Effectively, that is what we are doing—chartering the aircraft. The charterer is not generally expected to know whether the aircraft is fully compliant with all the regulations, but the aircraft operator is. In line with having the three dedicated aircraft and having fairly strict contractual arrangements with them which will specify all of these necessary things, we are shifting in a similar direction with all other aircraft that we frequently use in search and rescue operations. We will have an agreement, an arrangement, which is signed between us which makes the respective roles and the understandings between us clear so that there is no ambiguity.

**Senator O'BRIEN**—How hard could it be to write to CASA, submit a list and ask them to let you know which aircraft you could legitimately task with over water operations?

**Mr Davidson**—The difficulty with that is that the nature of the over water operations could vary quite a lot.

**Senator O'BRIEN**—Sure.

**Mr Davidson**—Indeed, through the Barrier Reef area there are aircraft operating out of pontoons, and the proximity of pontoons and the duration of the flight and so on can vary very widely.

**Senator O'BRIEN**—Well, you might have to be a bit more specific than my few words in a question to you, but the proposition I am putting to you is that to have reliable information available at the fingertips of your operators day and night, seven days a week, might be assisted by defining or assigning or flagging certain aspects of your database to particular tasks.

**Mr Davidson**—I understand the point you are making. I think that, at the current state of play, there is difficulty with maintaining a database that is accurate, keeping it current and making sure that all those factors are available to the search and rescue people. We do as much as we can in that area, but our resources are better tasked in other areas. Just as somebody catching a hire car or a taxi makes assumptions about the registration, the licensing and so forth—

**Senator O'BRIEN**—You are not comparing it to that, are you?

**Mr Davidson**—I am saying that the relationship between an individual in that circumstance and what we are doing is not grossly dissimilar. Aircraft that make themselves available for charter have to comply with the regulatory regime set down by another body.

**Senator O'BRIEN**—I recommend you to the *Hansard* of Mr Toller yesterday with regard to the comment he made when we had a discussion about engaging charter operators. He actually invited senators to contact CASA to see which ones we should pick.

**Mr Davidson**—I certainly would not want to get into that kind of discussion in terms of our approach. We look at the generic operations. We do have search and rescue units. We have what we call civil SAR units. We train with these people, we work with them, we have a broad assessment of them. But, on a case-by-case basis, when we call up for a charter we cannot know for certain that the aircraft will be available, that the number of hours that the pilot has are current or that the floats—if it has floats—are defective or operational.

**Senator O'BRIEN**—I concede that those points would be very difficult to keep on top of—they are variables that can change from day to day. But CASA would know, in terms of particular aircraft, whether their AOC would permit certain things. You would have a

database of the aircraft and operators that you would want to task, which your operators would have access to in emergencies and to which they would go when they wanted not to have to check these things out but to make a quick decision.

**Mr Davidson**—Correct.

**Senator O'BRIEN**—The only point I am making to you is: what is so difficult with getting a flagging system for your database to assist your operators?

**Mr Davidson**—We certainly work with CASA in terms of the organisations that we have standing contractual relationships with. Whether the Capricorn operation was one of those I am not sure. We can come back to you on that.

**Senator O'BRIEN**—Thanks for that. Has there been an internal investigation on the role of AusSAR in the Whyalla Airlines crash search and have any actions followed from that inquiry?

**Ms Barrell**—There has been an internal analysis of some aspects of AusSAR's response to the Whyalla aircraft crash.

**Senator O'BRIEN**—Has that been completed?

**Ms Barrell**—Yes.

**Senator O'BRIEN**—And what has been found in that internal analysis?

**Ms Barrell**—There have been a number of corrective actions that have been identified in respect of the incident. They pertain to a number of administrative actions within the rescue coordination centre, such as the way in which they record incoming and outgoing telephone calls. There are issues there in terms of the relationship with the South Australian police on search and rescue matters—

**Senator O'BRIEN**—What particularly was found in that case? I am asking about the South Australian police connection.

**Ms Barrell**—Principally the issue there was that there is not a shared and common understanding of what the division of responsibility for search and rescue is between the two respective agencies. There were a number of internal aspects, in terms of handovers and staff taking up one shift from another shift and the number of hours that staff were working on a particular shift. A transposition of numbers error was identified. So there were a number of opportunities for improvement that were identified. But, importantly, there were a couple of other aspects that were identified—that no matter what we could have done we probably could not have responded any more quickly with an aircraft. The South Australian response, in terms of the surface search with the fishing vessels, was extremely good. It was well placed and the target was actually found within the identified and calculated search area.

**Senator O'BRIEN**—In terms of the number of hours on a particular shift, I take it that meant that there were staff who were engaged for an excessive number of hours?

**Ms Barrell**—That is correct. There was one particular instance where one staff member worked longer than we would normally like them to work. They currently work 12-hour shifts and in this instance the shift continued for a couple of hours beyond that. From an OH&S perspective we were concerned that staff do not work—

**Senator O'BRIEN**—Was that connected with the transposition of numbers error?



**Ms Barrell**—Quite possibly. It would be very difficult to ascertain whether the transposition was caused by fatigue or some other reason.

**Senator O'BRIEN**—Is AusSAR an interested party in the ATSB investigation?

**Ms Barrell**—We have just notified ATSB that we would like to be considered an interested party in this.

**Senator O'BRIEN**—So you have reviewed the draft?

**Ms Barrell**—We have, I believe, been shown some parts of the report.

**Senator O'BRIEN**—Obviously those which relate to AusSAR's role.

**Ms Barrell**—Yes.

**Senator O'BRIEN**—You will be making some submissions to ATSB about those matters?

**Ms Barrell**—I do not believe we have any need or call to make any submissions to ATSB on what they have got reported.

**Senator O'BRIEN**—Does that mean you will not be making any submission, or are you are still thinking about it?

**Ms Barrell**—We are still thinking about it at this stage, but there is no immediate reaction to do so.

**Senator O'BRIEN**—You find nothing that has put the hackles up? Okay. I raised the matter of maintenance outsourcing at the last hearings. What has happened regarding the outsourcing of the maintenance functions of the authority?

**Mr Davidson**—We have concluded the outsourcing. The contractor has taken up the function and has been operating for a couple of months now. It has been a very seamless and pleasing transition. There has been an awful lot of hard work for certain players but, in terms of the actual outcome, it has been very good.

**Senator O'BRIEN**—I want to get a clear picture of the process that was followed in relation to the letting of the contract. I understand that the value of the work is around \$20 million per year. Is that right?

**Mr Davidson**—No, Senator. It is a tender for the provision of maintenance engineering functions and the maintenance of air droppable supplies for search and rescue purposes. The former is for a three-year contract, and the air droppable supplies part is for two years. The total value of that is approximately \$20 million over the three-year period.

**Senator O'BRIEN**—I see. And a former staff member set up a company and made a bid for that contract?

**Mr Davidson**—Yes, Senator. The manner in which we tendered it was as follows: it was put out to an open tender; there was an indication from the incumbent group operating the in-house function that they would like to bid for that; we then followed processes set up by the Office of Asset Sales and IT Outsourcing, in terms of handling those arrangements and in terms of the probity processes that were followed, which were quite extensive, I have to say.

**Senator O'BRIEN**—So, while in the employ of AMSA, the employee made the bid?

**Mr Davidson**—We went through a two-stage tender process. There were initial expressions of interest, in which the individuals who were at that stage employed in AMSA were stood to one side while they developed that.

**Senator O'BRIEN**—Individuals?

**Mr Davidson**—There was one individual who was working full-time on developing the response, and for windows of two weeks and three weeks that person requested the use of other people to help in the response. They developed their initial expression of interest. At the time of short-listing, the individual again stood aside for the period. Then, when we got down to the final negotiations on the process, the individual, who at that stage was a single individual, had left the organisation. So at no stage were we negotiating with an employee.

**Senator O'BRIEN**—So, between the time of short-listing and the final selection process, the employee took a package and left? Is that how it happened?

**Mr Davidson**—One employee was packaged out.

**Senator O'BRIEN**—And following the letting of the contract, a significant number of staff left AMSA and immediately commenced work with the new company?

**Mr Davidson**—I am not sure how many have immediately commenced work, if any. We packaged some 68 employees.

**Senator O'BRIEN**—Was that after the event or was that including those who left before the event of contracting out?

**Mr Davidson**—That is in total.

**Senator O'BRIEN**—Before and after?

**Mr Davidson**—That is right.

**Senator O'BRIEN**—What was the total payout? I think that to the 68 people it was \$3.656 million, according to an answer I have. Has that been added to? Is there any change to that figure?

**Mr Munro**—There were 68 staff retrenched and retrenchment payments related to redundancy of \$2.128 million were actually paid to those 68 staff. In addition, there were payments of \$1.04 million for long service leave—that had already been costed in previous years—and \$630,000 in lieu of annual leave. So the actual retrenchment payments were \$2.128 million. In total there was just over \$4 million. I have not added it up.

**Senator O'BRIEN**—So that is?

**Mr Munro**—It is \$3.8 million, which is fairly close to the figure that we provided before.

**Senator O'BRIEN**—Yes. I just thought I would get those figures brought up to finality. That is the final figure?

**Mr Munro**—Yes.

**Senator O'BRIEN**—Did the 68 people all leave at the same time?

**Mr Munro**—Not exactly. You may recall we mentioned earlier that one person left prior to the termination. I think there were a number of other people who were not being usefully employed and wished to leave earlier that we might also have released prior to the actual awarding of the contract. I cannot tell you how many of those there were. If you want to know, I could bring that back. Once the contract was awarded, we picked a date and retrenched the majority of the 68, but a number of other people were doing some projects at the time and they left in the last couple of months. The last people actually left two weeks ago.

**Senator O'BRIEN**—Has AMSA changed the way it manages internal bids for outsourcing as a result of the letting of this contract?

**Mr Munro**—No, I do not believe so. No issues arose, and we are unlikely to do that sort of exercise again.

**Mr Davidson**—This was a one-off exercise and we followed a process that was based on guidelines and discussion with OASITO and which followed principles of the probity auditor advice.

**Senator O'BRIEN**—There were no lessons to be learnt from it after the event? You were completely satisfied with the process, the way it went—the issue of existing staff involvement?

**Mr Davidson**—Yes. If we were to embark on another exercise—and we do not intend to; there are no other parts of the organisation where we would want to—there is nothing that we would change. The outcome has been very good for AMSA and we retained a lot of skills that were previously undertaking the task. The individuals who have set up the company now have an opportunity to build on those skills and look for work outside. There had been a trend in the organisation of our numbers going down and down, and retaining people in that sort of environment is very difficult. We have given them an environment where they can expand, and I think that has worked out extremely well.

**Senator O'BRIEN**—I presume there were external tenderers?

**Mr Davidson**—There were.

**Senator O'BRIEN**—Have there been any issues raised by external tenderers about the way the tender was run?

**Mr Davidson**—We offered a debrief to all organisations that bid and, at the end of that process, they all expressed a view to us that it had been handled extremely professionally, and they raised no concerns about probity or data or inside knowledge or anything else.

**Mr Matthews**—Obviously these sorts of bids are potentially very sensitive. AMSA recognised that from the outset. Mr Davidson and I have had conversations about it where we were telling each other how careful it was necessary to be in these situations. Mr Davidson spoke to me about the probity audit advice that he had got, which I think was very satisfactory. We have stayed in touch about it from time to time as it has gone on. But the point I really wanted to make is that this was not something that they went into lightly or without recognising that it might potentially raise some concerns; and together we have kept an eye on it.

**Senator O'BRIEN**—Indeed; possibly expecting that the matter would attract some attention if the outcome were that an internal bidder was successful.

**Mr Davidson**—Sure.

**Senator O'BRIEN**—I want to ask some questions about the search for the *Margaret J*, which I understand went missing on 12 April. How was the search initiated? Normally if there is an EPIRB triggered, AusSAR would pick up the signal and then contact the relevant state authority. In this case, if the state authority, the Tasmanian police, get the first call, they would contact you?

**Mr Davidson**—Yes. The responsibility for search and rescue for vessels or pleasure craft and so on is principally a state responsibility. Clearly if an EPIRB is used, once AusSAR has

determined whether that EPIRB is as a result of an aircraft accident, which is our responsibility, or is from a large vessel or from a four-wheel drive lost in the desert, we will then hand it over to the appropriate authority best placed to undertake the work. Quite often, of course, in determining whether it is or is not an aircraft or our responsibility, we may have tasked a helicopter and they will execute the rescue, and then there is no issue about handing over. In this particular case, as I understand it, the first notification came from the families, who were concerned about the vessel being overdue and made an approach to the state police, and the state police undertook and prosecuted the search in accordance with the standing arrangements.

**Senator O'BRIEN**—Did they contact AusSAR?

**Mr Davidson**—They did. Our first contact was on 13 April, when they informed us that the vessel was overdue and that they were coordinating a search for a missing boat. At the time, AusSAR had an aircraft which was searching for a missing Cessna 150, and we instructed the plane to also keep a lookout for any signs of the *Margaret J*.

**Senator O'BRIEN**—In terms of the issue of responsibility that you touched on, I was looking in the *National Search and Rescue Manual*, at appendix 2.3, on the arrangement of responsibility between the Commonwealth and Tasmanian state authorities for marine search and rescue operations. The manual seems clear on the point that, if the search task is beyond the resources of the Tasmanian authorities, they can seek to transfer responsibility for the search to AusSAR and that AusSAR is obliged to accept that transfer. It seems quite clear to me. I am interested to see what your view is on the matter.

**Ms Barrell**—That is correct. That is the existing arrangement that AusSAR and the Tasmanian state police service have.

**Senator O'BRIEN**—So when was AusSAR first contacted?

**Ms Barrell**—AusSAR was first contacted by the Tasmanian police on 13 April.

**Senator O'BRIEN**—During business hours, I take it?

**Ms Barrell**—We run a 24-hour business.

**Senator O'BRIEN**—During normal business hours?

**Ms Barrell**—I believe that it was on Good Friday.

**Senator O'BRIEN**—Good Friday, that is right. It was not business hours at all.

**Ms Barrell**—It was a public holiday.

**Senator O'BRIEN**—Do you know what time of day that was?

**Mr Davidson**—We will have to come back on that, I think.

**Ms Barrell**—I believe it was daylight hours, but I am not sure.

**Senator O'BRIEN**—They contacted you with regard to doing what?

**Mr Davidson**—I have actually got the time. It was at about 1.00 p.m. that the Tasmanian police informed us that they had a missing—

**Ms Barrell**—In that phone call, the Tasmanian police were informing us that they were conducting this search. The subsequent exchange was, as Mr Davidson identified, that AusSAR would task the aircraft that was indeed searching for another lost aircraft on that day to keep an eye out for any signs of the *Margaret J* as well.

**Senator O'BRIEN**—According to an article in the *Launceston Examiner* on 5 May, a Mr Darryl Stafford—who, I gather, was involved in a private search for the *Margaret J*—said that he had called AMSA on 13 April, but that it took two hours to return his call. What would be the normal response time to such a call?

**Mr Davidson**—That would depend on what is actually taking place within the centre, the nature of the inquiry and the urgency that it warranted. I have to say that, during the Easter break, there were a large number of incidents going on. To the best of my understanding of the information that was being passed at that stage, there was a family who were concerned about an overdue vessel—

**Senator O'BRIEN**—They were well overdue; it was four days since anyone had seen them on the 13th.

**Mr Davidson**—I am certainly not familiar with what the intended duration of the voyage had been or when they had been expected back, so I am not sure what the overdue nature was. One would have to look at the circumstances directly around when the call was made and at other factors going on.

**Senator O'BRIEN**—Could you check for me to establish whether there was an unacceptable delay in getting back to Mr Stafford and, if so, why?

**Mr Davidson**—Yes.

**Senator O'BRIEN**—Thank you.

**Senator Ian Macdonald**—Do I take it that there is an answering machine?

**Mr Davidson**—It would have been taken by a person, generally.

**Senator Ian Macdonald**—What is he being asked to get back on, Senator O'Brien? Is there an answering machine that requires them to get back? The suggestion is that a person would have taken the call. Do you know what they mean by saying that it took two hours for someone to ring them back and find out what the details were? Or didn't they get the—

**Senator O'BRIEN**—Mr Stafford is quoted as saying that he had called Australian Search and Rescue in Canberra on 13 April but it had taken them two hours to return his call. It is not specified in the article whether he spoke to an answering machine or a human being, to be frank.

**Mr Davidson**—We will find out what the circumstances were.

**Senator O'BRIEN**—Going back to the police contact on 13 April, did they request AMSA to take over the search on that day?

**Mr Davidson**—No.

**Senator O'BRIEN**—Did they subsequently contact AusSAR and ask them to take over the search?

**Mr Davidson**—I might give a couple of other dates. I think there was another contact about 15 April and on 17 April AuSAR informed that the vessel had been located. On 30 April the police informed AMSA that the vessel had been salvaged. As there was evidence that a life raft had been deployed, at that stage they requested that AMSA take over responsibility for any further searches.

**Senator O'BRIEN**—So on 15 and 17 April was there a request that AMSA play a role in the search?

**Ms Barrell**—On those two dates the police were asking AusSAR's assistance with calculating drift plans for a possible search of the wider Bass Strait area. AusSAR provided those calculations to the police.

**Senator O'BRIEN**—So there was no request to take over the search on either of those two days?

**Ms Barrell**—No.

**Senator O'BRIEN**—AusSAR had offered to include the search in another aerial search program taking place, which I think you mentioned, for a missing aircraft. I will come back to that. The boat was found on 17 April. When the boat was found did the Tasmanian police ask AusSAR for any particular assistance?

**Ms Barrell**—No. They did ask for assistance in terms of preparing drift plans and a map of a possible search area.

**Senator O'BRIEN**—Was that on 17 April or before that?

**Ms Barrell**—That was on 15 and 17 April. There were similar requests on both dates.

**Senator O'BRIEN**—And when was the drift information provided?

**Ms Barrell**—On those days.

**Senator O'BRIEN**—On both of those days?

**Ms Barrell**—Yes.

**Senator O'BRIEN**—Do you know what the capacity of the Tasmanian authorities is to undertake a search of this nature?

**Ms Barrell**—No, Senator. That would very much vary from week to week and month to month as the Tasmanian police services shift their personnel around. They have a statutory responsibility to undertake search and rescue for Australian registered fishing vessels, as in this instance.

**Senator O'BRIEN**—Okay. In terms of the drift advice that was provided, do you know whether that indicated a particular search area that should be searched?

**Ms Barrell**—It indicated, by that time, a fairly large search area indeed. It was in excess of 100,000 square miles by that time.

**Mr Davidson**—Square kilometres.

**Ms Barrell**—Square kilometres—I beg your pardon.

**Mr Davidson**—Can I add to that somewhat? The situation as I understand it at the time was that the actual date when the vessel had foundered was not known. Assumptions were being made about that, and the actual location, until later on, was not known. So, by the 17th, even though a drift plan was produced, there were assumptions about the date it went down—and we still do not know. Indeed, there is a coronial inquiry that will be looking at those issues, and we will be providing the information to them on our involvement.

**Senator O'BRIEN**—Did AMSA seek advice from any other organisations with regard to Bass Strait wind-water factors relevant to the drift pattern?

**Ms Barrell**—As part of our drift modelling calculations, we would have taken into account advice from the Bureau of Meteorology and other tidal and water movement issues to calculate the actual potential search area.

**Senator O'BRIEN**—So your indication to the Tasmanian police, when asked the potential search area, was 100,000 square kilometres. I am trying to visualise that in the context of Bass Strait. It is all of Bass Strait and more, is it?

**Ms Barrell**—Yes. Well, from an assumed splash point it radiates.

**Senator O'BRIEN**—It would travel east.

**Ms Barrell**—Basically it headed in an easterly direction, and constantly expanded in width from north to south.

**Senator O'BRIEN**—Is there a computer modelling program that you use for this or is there a human calculation factor?

**Ms Barrell**—It is a computer program.

**Senator O'BRIEN**—If AMSA had been involved in the search from that time, what sort of area would you have been able to search?

**Ms Barrell**—I am not sure that I would like to speculate on what we would have done under the circumstances.

**Senator O'BRIEN**—No—would have been able to search.

**Ms Barrell**—Oh, would have been able to search. Certainly not 100,000 square kilometres. On our rough calculations that would have taken about 104 aircraft, which is just not feasible in the Australian environment.

**Senator O'BRIEN**—What sort of maximum area would AMSA normally be prepared to search?

**Ms Barrell**—Senator, we do not have a defined maximum area. That would largely depend on what assets are available, what the prospect of survival is, what intelligence we have. A judgment is made on a case by case basis, depending on a whole range of factors.

**Senator O'BRIEN**—What resources would AMSA have had access to to have initiated a search?

**Ms Barrell**—Again I cannot answer that question. It would have been whatever might have been available on the day. We have not done any research into what may have been available to us on the day.

**Senator O'BRIEN**—Did the Tasmanian police communicate in written form to AMSA on 15 and 17 April?

**Ms Barrell**—I do not believe so, but I would have to check that.

**Senator O'BRIEN**—Did AMSA communicate in written form to the Tasmanian police on those dates?

**Ms Barrell**—Yes.

**Senator O'BRIEN**—Would those communications be able to be made available to the committee?

**Mr Davidson**—They are being prepared and will be submitted to the coroner. I will look into that.

**Senator O'BRIEN**—Why? What is the problem with submitting them to the committee? I have actually taken advice from the President and the Clerk of the Senate on this particular

matter. The Clerk of the Senate provided advice that I am prepared to provide, which indicates that there is no—

**Mr Davidson**—Thanks for that, but you would appreciate I would like to get some advice.

**Senator O'BRIEN**—Let me indicate what the Clerk of the Senate says, which may assist you in your advice—

**Senator Ian Macdonald**—We will take our own advice. The fact that the Clerk—

**Senator O'BRIEN**—You may well, but I want to put this on the record to indicate what the Clerk of the Senate said in relation to this matter.

**Senator Ian Macdonald**—It is all very interesting what the Clerk of the Senate might say. Sometimes he is right; sometimes he is not right. We will take our own advice.

**Senator O'BRIEN**—The information in response to my request reads:

You asked whether questions about the search for the missing fisherman off the coast of Tasmania could be the subject of questioning in an estimates hearing, given that there is a coronial inquiry into the loss of the fisherman and such questions might be thought to be inhibited by the Senate's sub judice convention.

A coronial inquiry is an administrative inquiry and not a judicial proceeding, and the sub judice convention does not apply to such an inquiry. The President so ruled in a case in 1993. The President also cautioned against debating how a plane crashed when this was the subject of a coronial inquiry. The basis of this caution was that the Senate would not wish to pre-empt the inquiry and coronial hearings sometimes involve juries who might conceivably be diverted by parliamentary debate. Soon afterwards, in relation to the same case, the Chair indicated that as there had been much public debate about the case it would not be desirable to restrict the Senate's ability to debate the matter.

I am advised that the coronial inquiry into the loss of the fisherman does not involve a jury. There has also been much public discussion of the case, particularly of the efficiency of the search.

On that basis, having regard to the observations by the Chair in the 1993 case, there is nothing to prevent questions about the search at the estimates hearing.

Please let me know if I can be of any further assistance in relation to this matter.

Yours sincerely

Harry Evans, Clerk of the Senate.

**Mr Davidson**—Thank you, Senator. I think the issue that probably concerns me more is that the coronial inquiry will look at all factors that go to the circumstances, and a single communication on a date is a single communication on a date. It needs to be set in the context of all the events that were taking place. That is the principal matter of my concern.

**Senator Ian Macdonald**—Besides which, the ruling you have just read relates to the asking of questions, it does not refer to producing documents. I might say, if my memory serves me correctly, that the President in 1993 would have been advised by the then Clerk, which was Mr Evans as I recall. So he is using his own ruling of 1993 as substantiating his ruling of today. Most judges would love to be able to substantiate their rulings by calling upon previous rulings of their own as authority. Anyhow, none of that takes it any further except that we accept—we do not accept the advice—that you have got that advice and you have put it on the record, and thank you for that. We will get our own advice as indicated originally.

**Senator O'BRIEN**—I am not sure if you have agreed with this, so let me clarify it: were there two faxes from the Tasmanian police to AMSA, at least one on 15 April and one on 17 April?



**Ms Barrell**—I do not believe that there were faxes. I understood they were phone calls, but there was a written response from AMSA.

**Senator O'BRIEN**—Did that response from AMSA say that AMSA did not intend to take any action?

**Ms Barrell**—AMSA was not asked to take any action except to calculate the possible drift area.

**Senator O'BRIEN**—Is the answer to my question no? Did AMSA say in effect that it did not intend to take any action?

**Ms Barrell**—No.

**Senator O'BRIEN**—And on 17 April, did AMSA say words to the effect that it did not intend to take any action?

**Mr Davidson**—I think we would have to come back on the specifics of that. To the best of my recollection, that was not germane or part of the issue. The action we took was to calculate the drift area, so we did take some action and responded to the request.

**Senator O'BRIEN**—You obviously have access to what you said. It seems a pretty simple proposition to say whether you in effect said you were not taking any further action on the matter.

**Ms Barrell**—I do not have the papers in front of me in terms of responses and, to the best of my recollection, the language that you are using was not used in the responses to the police.

**Senator O'BRIEN**—When did AusSAR decide to take over the search?

**Mr Davidson**—It was not a decision for AusSAR. The police handed it over on 30 April as at that stage the search area was in excess of 200,000 square nautical miles, which took it more than halfway to New Zealand, and the issue was clearly beyond the state's capacity to do anything about it then.

**Senator O'BRIEN**—At that stage had something happened with regard to information about the life raft?

**Mr Davidson**—I think the issue was that on 30 April the vessel had been salvaged, and at that stage there appeared reasonable evidence that the life raft had been cut from the cradle, had been tethered to the rail of the vessel and cut from that again, which suggested to both the police and other people that the crew had been able to deploy the life raft. Therefore, it was more likely that we were looking for a life raft with people. And the question of survivability—given that it was quite a substantial life raft, at that stage reportedly a 14-man life raft with food and equipment on board, there was a potential for survivability. I have to say that we had issued broadcasts—at an earlier time; I am not sure when exactly—and we had a general broadcast to shipping to keep an eye out.

**Senator O'BRIEN**—When was that?

**Mr Davidson**—Certainly on the 30th.

**Senator O'BRIEN**—Certainly on the 30th but not before?

**Mr Davidson**—Not to my knowledge, no.

**Senator O'BRIEN**—There was no broadcast on the 13th then when you were first contacted about the matter?

**Mr Davidson**—No, I do not think so; I would not have expected so.

**Senator O'BRIEN**—Who would be the more experienced in conducting searches of this nature: the Tasmanian police or AusSAR?

**Mr Davidson**—I am unable to pass judgment on the capacities or abilities of other parties. I would not want to get into that.

**Senator O'BRIEN**—I did not say 'capacities or abilities'—I said 'experienced'.

**Mr Davidson**—I simply do not know.

**Senator Ian Macdonald**—On the previous question, I understood you to ask whether there was any broadcast warning, and I think Mr Davidson said 'not to my knowledge'. I think he might add to that 'not to my knowledge so far as AusSAR is concerned'.

**Mr Davidson**—Correct.

**Senator Ian Macdonald**—It may well have been that the Tasmanian police, who have the capability, had issued warnings to shipping but that is not within the knowledge of AusSAR. So he is not saying that no warning was issued; he is saying that, to his knowledge, no warning was issued by AusSAR up to that time.

**Senator O'BRIEN**—Was it competent for AusSAR to use its resources on 13 April to issue such a warning or alert?

**Mr Davidson**—Yes. Depending on the circumstances and depending on the information and the intelligence and the knowledge of the incident, we would issue warnings for vessels to keep an eye out.

**Senator O'BRIEN**—Is it competent for AusSAR to assume control of a search from a state authority?

**Senator Ian Macdonald**—Do you mean without a request from state police?

**Mr Davidson**—Do you mean: would AusSAR step in and take over an event?

**Senator O'BRIEN**—Yes. Can AusSAR do that?

**Mr Davidson**—No. The reason for the search and rescue manual is so that various parties prior to an incident are aware of their respective responsibilities and jurisdictional roles, and it certainly does not provide for one jurisdiction that has no responsibility to come and step in over the top of another agency. We provide assistance as best we can and as sought.

**Senator O'BRIEN**—What do you know about the capacity of the Tasmanian authority to conduct a search? I think you mentioned a search area of about 100,000 kilometres, estimated on either 15 or 17 April.

**Ms Barrell**—We cannot comment on the capacity of the Tasmanian authorities to conduct a search of that nature. I would suggest that they would be hard pressed to do it, because certainly AusSAR would find such a search out of the question. It is impractical and impossible to effectively task 104 aircraft into that sort of area.

**Senator O'BRIEN**—I am just looking at 2.3(2)(c), which says:

Should an operation which is the responsibility of a state or territory authority overreach that authority's capacity, responsibility will be transferred to and accepted by the Commonwealth authority.

That mandates transfer, doesn't it?

**Ms Barrell**—It does, and that is indeed what happened on 30 April when the police said that it was beyond their capability and transferred responsibility to AusSAR.

**Senator O'BRIEN**—Was any discussion held about the arrangements between the Commonwealth and the state and their relative responsibilities prior to 30 April—that is, discussion between AusSAR and the state authority?

**Ms Barrell**—I imagine there was discussion prior to that.

**Senator O'BRIEN**—For example, around 13 or 15 April?

**Ms Barrell**—Quite possibly there was; it would really have been in terms of the fact that the Tasmanian police had a search in front of them and that they were doing what they could in response to that. They asked us for drift plans, so there was communication all the way through in terms of the search itself, how it was being conducted and what we could do to assist them in providing the search plan calculations. At the end of the day, on the 30th they eventually came and said that the search was no longer able to be managed by the Tasmanian police and they asked us to assume coordination.

**Senator O'BRIEN**—Before that time, did they say to you that they did not have the capacity to conduct the search?

**Ms Barrell**—To the best of my knowledge, no.

**Senator O'BRIEN**—Can you check that for me, please?

**Ms Barrell**—Certainly.

**Senator O'BRIEN**—Were the oral communications with the Tasmanian police recorded?

**Ms Barrell**—Assuming they came in on the recorded lines then, yes, they would have been recorded, and that is material that we are now preparing for the coroner.

**Senator O'BRIEN**—So that is being transcribed?

**Ms Barrell**—It will be; it has not been yet. When the process of identifying all the phone calls that pertain to this particular incident is complete, they will be made available to the coroner in both an electronic and a transcribed form.

**Senator O'BRIEN**—When will that transcription process be completed?

**Ms Barrell**—We expect that it will probably take us about another month or so to actually identify all the calls. Because the incident, as you are aware, expands over a very long time frame—from 13 April through to early May—it will probably take us a month or so to listen to all the tapes of all the phone lines simultaneously and to identify all the calls, and we also had an extremely busy month. We will then have to engage an external transcription service to do that for us, so we will probably be looking at another eight weeks or so before that is finalised.

**Senator Ian Macdonald**—Is there any indication as to when the inquest will commence?

**Ms Barrell**—No. At this point there is no date set.

**Senator O'BRIEN**—Have you checked the tapes of 13 and 15 April?

**Ms Barrell**—We have checked some recordings on those days. I would not say that we have checked the entire 24-hour period for all the phone calls but, of the phone calls that we were aware of that occurred on that day, we have checked those.

**Senator O'BRIEN**—Where your officers have revealed that they had particular conversations, have you checked those conversations?

**Ms Barrell**—Yes.

**Senator O'BRIEN**—Have they been transcribed?

**Ms Barrell**—No.

**Senator O'BRIEN**—So officers from AusSAR have listened to the tapes?

**Ms Barrell**—On those particular two dates, the 13th and the 15th, where there was known contact with the Tasmanian state police service, yes, we have listened to the phone calls. I am aware that the phone call on the 13th has been transcribed, but I do not believe that any of the others beyond that have been transcribed.

**Senator O'BRIEN**—Conversations on the 15th and the 17th have been identified, have they?

**Ms Barrell**—Yes.

**Senator O'BRIEN**—Have officers of AusSAR listened to those tapes?

**Ms Barrell**—Yes.

**Senator O'BRIEN**—Have they been transcribed?

**Ms Barrell**—No, not to my knowledge.

**Senator O'BRIEN**—What was the content of the conversations on 15 and 17 April?

**Ms Barrell**—I have not listened to those myself.

**Senator O'BRIEN**—Do you have any officers here who have?

**Ms Barrell**—No.

**Senator O'BRIEN**—Which officers have you brought with you today—just the ones at the table?

**Mr Davidson**—That is correct.

**Senator O'BRIEN**—Who manages search and rescue?

**Ms Barrell**—I am the general manager.

**Senator O'BRIEN**—Is there an operations manager?

**Ms Barrell**—Yes, there is an operations manager.

**Senator O'BRIEN**—Who is that?

**Ms Barrell**—John Young.

**Senator O'BRIEN**—He is not here today?

**Ms Barrell**—No. Senator, I do not believe he has listened to those calls either.

**Senator O'BRIEN**—At what level would they have been reviewed?

**Ms Barrell**—I have an analysis officer position, and that analysis officer is the one who has listened to those respective phone calls and I believe done the transcription of the phone call for the 13th.

**Senator O'BRIEN**—You have not listened to the other calls?

**Ms Barrell**—No, I have not.

**Senator O'BRIEN**—Okay. Who has reported to you about the other calls?

**Ms Barrell**—The fact that they exist?

**Senator O'BRIEN**—And the content of them?

**Ms Barrell**—There is a record on the file of the phone call. The way in which it works in the centre is: as a phone call is received or made, the officer involved will write a short memo of the basic content of that phone call. That is how we know that those phone calls exist, and that is what we are in the process of doing.

**Senator O'BRIEN**—I asked some specific questions about whether requests were made and you said, 'I don't believe so.' I take it that is because you have not heard them.

**Ms Barrell**—I have not listened to the phone call in its entirety.

**Senator O'BRIEN**—And you have not spoken to anyone who has?

**Ms Barrell**—I have spoken with people who have listened. Certainly that was a topic of our discussion and it was made fairly clear to me, without actually listening to the tape myself, that there was no request for transfer of coordination and no suggestion that the search was beyond the resources of the Tasmanian state police service.

**Senator O'BRIEN**—How long were these phone calls? Were they lengthy?

**Ms Barrell**—I do not know.

**Senator O'BRIEN**—Was it one contact on each of those days?

**Ms Barrell**—There was certainly one that is the key contact, which is the one I am referring to, in which the request was made for a drift plan. There may be other contacts on that day that I am unaware of. We are in the process of going through and identifying each of those.

**Senator O'BRIEN**—Have you perused the written responses to the Tasmanian police arising from at least some of those telephone calls on 15 and 17 April?

**Ms Barrell**—I have seen them; I have not examined them closely myself personally, no. I certainly have seen them and I am aware of their existence.

**Senator O'BRIEN**—Are they lengthy items of correspondence or short?

**Ms Barrell**—The correspondence on the 17th I recall was about 1¼ pages. I cannot tell you about the one on the 15th. They are not that lengthy.

**Senator O'BRIEN**—Who is responsible for perusing those and making an assessment of those documents at AusSAR?

**Ms Barrell**—For what purpose—for collating them for the coroner?

**Senator O'BRIEN**—And perhaps to tell you what is in them so that you can do whatever you need to do with regard to those as the general manager.

**Ms Barrell**—We are undertaking an analysis of the incident, and that is being undertaken by our analysis officer. That process will produce a report which will examine all aspects of the incident, look at AusSAR's response and reaction and any other issues that are of note, and identify a number of corrective actions. We will work from there.

**Senator Ian Macdonald**—You did say earlier, did you not, that someone was going to be listening through all of the tapes from that period, from the 13th to the 30th?

**Senator O'BRIEN**—In three months.

**Senator Ian Macdonald**—Any that were relevant to this incident would be transcribed and would also be made available in their original electronic form to the inquest; is that what you said?

**Ms Barrell**—That is correct.

**Senator O'BRIEN**—I understand that. That will take about twelve weeks in total, will it?

**Ms Barrell**—No, I anticipate it will take about eight weeks.

**Senator O'BRIEN**—About eight weeks—I was not sure whether the four and the eight weeks you mentioned were concurrent or cumulative.

**Ms Barrell**—Sorry about that.

**Senator O'BRIEN**—You mentioned the other search for the Cessna 150 which went missing at about the same time. When and how did AusSAR first become aware that that plane was missing?

**Ms Barrell**—We were first informed of some concern for the safety of the pilot of VHROG, a Cessna 150, on 11 April. We were informed by the pilot's employer that he had not returned to work and they were concerned for his safety.

**Senator O'BRIEN**—What was AusSAR's role in the search?

**Ms Barrell**—We undertook a fairly extensive investigation, looking for any intelligence on this particular one. We established that the pilot was reported to be on a trip from Wallan in Victoria to Devonport, thence to Hobart. We established that there was no flight plan or flight note in the system and that the pilot had not been reported lost until 11 April. We understood that he was last seen on 4 April at Rocky Cape on north-west Tasmania. Then, in the process of gathering intelligence, we established that he refuelled at Devonport on 3 April and departed there on 4 April. The pilot had spoken to another pilot, who also sighted the aircraft as he passed Rocky Cape on 4 April at 11 o'clock, and nothing further had been heard from the aircraft after that time. On 12 April we started searching around the islands of north-west Tasmania and following an intelligence replay of the tapes from Wynyard. Information from the employee's employer at Devonport was that the pilot intended to fly west around the coast to Hobart.

Then, on 13 April, the search was extended around the west coast of Tassie, to Hobart, using both fixed wing and rotary wing aircraft. When nothing further was found, AusSAR suspended the search on the evening of Friday, 13 April. Subsequently, on 16 April, a witness came forward who positively identified having seen the missing aircraft in very poor weather conditions on 4 April, south of Strahan at Spero Bay. The aircraft was observed to be flying very low and following the coast in a southbound direction. We drew up a search area and resumed the search with two fixed wing aircraft and one helicopter. The aircraft found nothing before darkness and the search concluded the following day with contour searches by two helicopters in the area around Port Davey and Bathurst Harbour, but nothing was found. The search was suspended on that day.

Subsequent to that, on 30 April a fisherman reported finding an aircraft wheel in Spain Bay. Once it was confirmed as being an aircraft wheel, the police searched the Port Davey

area over 4, 5 and 6 May. They found further wreckage and personal effects that have been positively identified as having belonged to the pilot. There have been various bits of wreckage indicating that they have been washed ashore—they have been found on the beach indicating that they had been washed up. We can only deduce from that that the aircraft possibly crashed into the water.

**Senator O'BRIEN**—There was no EPIRB alert?

**Ms Barrell**—No.

**Senator Ian Macdonald**—Was the aircraft carrying an EPIRB that you know of?

**Ms Barrell**—We do not know.

**Senator Ian Macdonald**—Whose aircraft was it?

**Ms Barrell**—I think it was a privately chartered aircraft. The pilot did not own it; he had chartered it from Victoria.

**Senator Ian Macdonald**—The charter owner would know if it had an EPIRB.

**Ms Barrell**—If it had a fixed one. I do not believe it had a fixed one but it may have had.

**Senator O'BRIEN**—With regard to this search, I think the AMSA spokesperson was quoted in the *Examiner* on 14 April saying:

The reality is, we have no idea where this pilot is. He could have changed his mind and flown back to Victoria for all we know, and is oblivious to all this.

Obviously, over the period of the search, there was very little information to go on.

**Ms Barrell**—That is correct.

**Senator O'BRIEN**—They were searching an area almost on speculation.

**Mr Davidson**—In that particular case, the intelligence unit puts out inquiries to all aerodromes that he could have got go and tries to piece together the nature of the flight that had been taken—hence, the Devonport contact. Subsequently for them it is a pretty painstaking process, and delays come about pursuing those.

**Senator O'BRIEN**—I understand they also investigated an oil slick off the coast near Marrawah and a burnt out piece of bush on the west coast as part of their search.

**Ms Barrell**—That is correct—to no avail.

**Senator O'BRIEN**—Obviously, if you think it was somewhere else. Your person was quoted in the *Examiner* in relation to those two searches that I mentioned, saying:

This new information allows us to concentrate our resources in one area and discount the North-West Coast.

That is on page 2 of the *Examiner* on 17 April. When did you last put AusSAR resources into the search for this missing pilot?

**Ms Barrell**—On 17 April was the last time that AusSAR had search assets at the event.

**Senator O'BRIEN**—Can you tell me what resources were put into this search?

**Ms Barrell**—A number of fixed wing and rotary wing aircraft were engaged in this incident. Would you like me to detail the times?

**Senator O'BRIEN**—If you would, please.

**Ms Barrell**—It might be easier if I supply them to you on notice.

**Mr Davidson**—We will come back with that.

**Ms Barrell**—It is probably easier to come back with it after having put it into a sensible order.

**Senator O'BRIEN**—Have you got a document you can table now? That makes it easier than coming back on notice.

**Ms Barrell**—It is a bit difficult to get through it, but certainly we will tie it all together. There were a number of aircraft out of Tasair, Rotor-Lift, Smithton Aerial Services, General Flying Services and Seair Adventure Charters.

**Senator O'BRIEN**—Seair Adventure Charters—is that what you said?

**Ms Barrell**—Yes. It is a helicopter.

**Senator O'BRIEN**—It does not sound like my sort of organisation. So they were the resources available. What sort of costs would be involved in running those sorts of resources to do a search?

**Ms Barrell**—I do not have the cost of that search available to me here. I will come back to you with that.

**Senator O'BRIEN**—Okay. That is not the sort of number you keep running in a search—how much the search has cost?

**Ms Barrell**—We do keep a tally of the aircraft that we are using and we do have a fairly typical hourly charter rate associated with each of the aircraft that we use. I do not have access to the full—

**Senator O'BRIEN**—I am not asking if there is a meter ticking, I am just wondering whether you keep an eye on the cost as the search is going on or whether you just pay the bills and total it up at the end.

**Mr Davidson**—When a search is on foot, the officers within AusSAR who are tasking aircraft and looking at what they are doing work to effecting the most efficient and effective search for that particular incident. At no stage would they take cost into account. But in terms of whether we monitor the use of aircraft and so forth, we get accounts put in by the operators, so we keep close track of the number of hours that they were used on site, and make sure that the accounts that are rendered are appropriate. At a global level, discussion may take place on protracted searches about the decisions that are being made, such as whether to search the next day, the number of aircraft that are being tasked and are available, and the probability of success. Those sorts of discussions take place at a management level, but certainly not within the centre.

**Senator O'BRIEN**—So this sort of information is under the eye of the management and at some stage the management might consider that as an input to the decision making process?

**Mr Davidson**—No. Not in my experience. The issue goes to the search, and the discussion is principally around the survivability of the individuals that we are talking about. We will look at issues such as whether the people in distress could still be alive and what level of effort should go into that. As long as there is a chance that they are alive, then we will continue to search.

**Senator Ian Macdonald**—Cost does not determine the extent or the nature of the search and rescue operation.



**Mr Davidson**—No.

**Senator Ian Macdonald**—That is what I think Senator O'Brien was probably asking about.

**Senator O'BRIEN**—Ms Barrell said that you would not put 104 aircraft in to search 100,000 square kilometres.

**Mr Davidson**—There are not 104 aircraft in Tasmania and Victoria that could do such a search.

**Ms Barrell**—I hasten to add that it was not because of the cost of 104 aircraft; it was the feasibility of finding 104 aircraft and crew. It was not practical.

**Senator Ian Macdonald**—And then keeping them out of each other's way, I guess.

**Senator O'BRIEN**—Obviously I am concerned as to whether there has been any attempt by the Tasmanian police to obtain more than search area information from AMSA. For that reason, I want to put this very clearly to you and get a very clear answer. Do you categorically say that there was no request from the Tasmanian police on 13, 15 or 17 April to have AusSAR take over the search for the missing fishermen? Secondly, do you categorically say that the Tasmanian police did not say on any of those days that they did not have the capability to conduct the search?

**Ms Barrell**—Without having had the benefit of reviewing all of the tapes myself and exploring all of that, I cannot give you a categorical answer. I will review all of that and provide an answer.

**Senator Ian Macdonald**—Senator, do you have any information to the contrary? If you do, I am sure it would help Ms Barrell—

**Senator O'BRIEN**—Obviously people say things, Minister. I can only ask questions.

**Senator Ian Macdonald**—But it would help the authority if you were to say, 'There has been a suggestion to me that on the 14th the Tasmanian police did ask you to do that.'

**Senator O'BRIEN**—I think it is fairly obvious that a suggestion has been made that there was such a request. The reliability of the suggestion can only be tested.

**Senator Ian Macdonald**—But you do not have a date when it was suggested it happened, do you?

**Senator O'BRIEN**—It was suggested to me that, on the 15th and the 17th, requests were made. But if on any of those days such a request or declaration was made, I think it is appropriate for this committee to be so advised.

**Senator Ian Macdonald**—If there is a suggestion that allows the officers to be extra vigilant, but as I understand, unless you are suggesting impropriety from whichever officer is going to do it, the authority has said that someone will go through all of the tapes for everything, from the 13th to the 30th, and any conversation will be recorded and transcribed, and the actual tape will be made available. If that is right, we will all know about it.

**Senator O'BRIEN**—Okay. Could we have copies of the transcripts?

**Senator Ian Macdonald**—Again, I think that comes back to the same question when you were quoting the grand authority of Mr Evans. We would have to take advice on whether that is available before the inquest. Certainly I would categorically say that it would be available to the committee after the inquest is dealt with. I do not think there is any doubt about that. It

is really a question of the timing—and that is for reasons other than than the purposes of the authority or the committee.

**Senator O'BRIEN**—Could you clarify for me what those reasons are? I just want to understand the basis of the consideration.

**Senator Ian Macdonald**—I might start by saying that we want to get some advice on it. That advice will give us reasons but, if the officers want to have a stab at their legal knowledge in the meantime, it is up to them. It is to be sure rather than sorry that we want to get independent advice on it, I would assume.

**Mr Davidson**—Yes, absolutely. I will reiterate that looking at the issue in isolation does not go to the whole matter, and the coronial will look at all sides of the operation. Clearly, AusSAR's and AMSA's information relates to our understanding of what took place.

**Senator O'BRIEN**—You have the tapes. You have the objective evidence, I would have thought, about those particular points. Whatever else was happening, this discussion is about the actions and interchange around the state-federal interface and what, if any, responsibility devolved to AMSA in the process. From the 30th, you say clearly there was some responsibility. If there is a suggestion that it actually devolved earlier, then the only way that can be tested is with the objective evidence, and that is precisely what I have been pursuing.

**Mr Davidson**—From our perspective, the facts are that contacts made on the 13th, 15th and 17th and that the Tasmanian police continued to carry out actions on their part suggested that they were still assuming responsibility for the search.

**Senator O'BRIEN**—Or it could suggest—and I am not saying that this is the fact—that at some stage they had said, 'Look, we are out of our depth here, can you help us?' and someone said, 'I am sorry, we are busy doing a search for someone somewhere else, we do not have the resources, can you keep going please?' or something like that. That is entirely hypothetical—I am not saying that is what happened. I am suggesting that you have the objective evidence that will show what took place and when it took place.

**Senator Ian Macdonald**—That is why it is all being made available. And if the Tasmanian police are alleging that, they will no doubt have their evidence to submit to the coroner in their recordings.

**Senator O'BRIEN**—I do not say that they are alleging that, Minister. They have made no such comment.

**Senator Ian Macdonald**—Well, whoever. That is the point of a coronial inquiry: you do not rely on suspicion or innuendo or guesses, you get all the facts and things, then everybody knows where they are going and people do not get sent up the wrong path.

**Senator O'BRIEN**—Yes, but we can also recall the coronial inquiry into the *Red Baron* incident, when that fishing vessel sank off the west coast of Tasmania, where AusSAR or its predecessor were involved. There was a coronial inquiry, but I think we are now satisfied that not all of the information got to that inquiry. There were subsequent inquiries within the predecessor to AusSAR about that matter. Pursuing that matter took considerable time in estimates committees. There have subsequently been civil actions commenced. I do not know whether they have been concluded yet.

**Senator Ian Macdonald**—I do not know anything about *Red Baron* and do not want to. Insofar as this is concerned, we have indicated that when the inquest is finished—if not

before, depending on our advice—we will make all the transcripts available to this committee, if that is able to be done.

**Senator O'BRIEN**—While we are touching upon that, what is the status of the actions arising from the *Red Baron* incident?

**Ms Barrell**—It is not concluded. There is no conclusion yet to the litigation.

**Senator O'BRIEN**—Litigation in the Tasmanian Supreme Court is ongoing, is it?

**Ms Barrell**—Yes.

**Senator O'BRIEN**—Is it approaching a stage where it will go to hearing or is it still in the interrogatory stage?

**Ms Barrell**—It is still at a very early stage in terms of discussions on settlement, and various other aspects of the case have yet to be explored. It is not moving along apace.

**Senator Ian Macdonald**—Is the Commonwealth government a party to that action?

**Ms Barrell**—Yes.

**Senator O'BRIEN**—Certainly.

**Senator Ian Macdonald**—Is it your area that is dealing with it?

**Ms Barrell**—Yes.

**Senator O'BRIEN**—Most certainly. That action has been afoot for at least 18 months, hasn't it?

**Ms Barrell**—Longer than that. A complication, of course, now is that the insurer—

**Senator O'BRIEN**—The complication is that HIH is the insurer?

**Ms Barrell**—FAI.

**Senator O'BRIEN**—What are the ramifications of that—that, if there is a liability, it would fall entirely on the Commonwealth?

**Ms Barrell**—That will obviously depend on what the outcome is of the—

**Mr Davidson**—I think the answer is yes, if there is a liability.

**Senator O'BRIEN**—What about legal costs that have been incurred to date? Have they been paid, or are they outstanding?

**Ms Barrell**—They are within the excess of the claims that have all been paid.

**Senator O'BRIEN**—So you were going to have to pay them anyway?

**Ms Barrell**—Yes.

**Senator O'BRIEN**—What is the limit of the excess? When do you get beyond the excess? How much is that?

**Mr Munro**—I believe the deductible is \$100,000 in that case.

**Senator O'BRIEN**—You should have a little way to go before the lawyers get that much out of it. That is only your side, is it?

**Mr Munro**—Yes.

**Senator O'BRIEN**—What other insurance claims are there that fall into a similar category, where the insurer is insolvent and where claims have been met and agreed and not paid?

**Mr Munro**—That is the only one.

**Senator O'BRIEN**—That is all I want to ask of AMSA.

**CHAIR**—Thank you.

**Proceedings suspended from 12.57 p.m. to 2.01 p.m.**

**CHAIR**—Welcome to the afternoon session of the estimates hearing. We will be starting with road and rail transport. Senator Greig has some questions that he would like to ask on this issue first.

**Senator GREIG**—Thank you, Chair, and I thank the committee for its cooperation. Good afternoon, Minister and gentlemen. I would like to begin by pointing out that my colleague Senator Lyn Allison placed some questions on notice on 26 February in relation to Scoresby Freeway in Victoria. That is approximately 100 days ago and they have not yet been answered. I am wondering why that is, whether there is some particular difficulty in searching the information which she has sought and when she may receive some answers?

**Senator Ian Macdonald**—Is this questions on notice in the chamber or questions from this committee?

**Senator GREIG**—I understand in the chamber, Minister.

**Senator Ian Macdonald**—Okay. I was going to say that I think we have answered all the questions from this committee, finally.

**Mr Ellis**—My apologies to the senator. That information is still being prepared and has yet to be submitted to the minister's office.

**Senator GREIG**—Are you able to give some indication as to when answers might be forthcoming?

**Mr Ellis**—We will process them as soon as we can, and I will give attention to those next week.

**Senator GREIG**—Thank you. What is the basis for the government's budget decision to allocate \$220 million towards Scoresby?

**Ms Meakins**—The Commonwealth has decided to declare the Scoresby Freeway a road of national importance and to offer a contribution towards that road on the basis of its economic benefits to the nation as well as to Victoria. Negotiations are still under way with the Victorian government and therefore I am not able to provide a great deal of detail on the situation, but the benefits, as I said, are very large. It will relieve congestion in a major industrial area and connect South-East Melbourne with Citylink. The Scoresby corridor is home to over a million people and 40 per cent of the state's manufacturing and production activity. It is home to a third of Melbourne's jobs and it will facilitate export from that production area and therefore be important to the nation as well as to Victoria.

**Senator GREIG**—Mr Barresi, the member for Deakin, recently said in a circular to his electorate that he had fought for fifty-fifty funding for Scoresby. Why is it that the government did not make an offer for half the estimated cost?

**Senator Ian Macdonald**—That is normally the way that roads of national importance are funded.

**Senator GREIG**—My understanding, though, is that the government has provided \$220 million, which falls far short of the estimated \$1 billion that would be required to complete the project.

**Mr Ellis**—The normal proposition for roads of national importance is a fifty-fifty split. The Prime Minister announced the government's offer recently, and negotiations are still under way between the Commonwealth and the Victorian governments.

**Senator GREIG**—Last month the Victorian state government put out its strategy for roads, which stated that key priorities for 2001-02 are to include Scoresby Freeway. How would you explain the lack of budget commitment in the context of that announcement by the state government of Victoria?

**Mr Ellis**—If I understand your question correctly, the indication of the importance of that particular road from the Victorian government's point of view is confirmed by that priority. As it relates to funding from the Victorian government, I could not comment.

**Senator GREIG**—If Scoresby is funded as a road of national importance, isn't it the case that any expensive urban road project is, by reason of its expense alone, a road of national importance?

**Ms Meakins**—The criteria for roads of national importance certainly go beyond urban roads of high cost. Roads of national importance are generally funded when they: encourage inter-regional and international trade in goods and services; improve national competitiveness by maximising transport efficiency and reliability; allow quick adjustments to the pattern and nature of trade in response to emerging national and international economic opportunities; and, obviously, when they address issues of safety, efficiency, reliability and net economic benefits. Not all expensive urban roads would have equal claims against those criteria.

**Senator GREIG**—Is the RONI budget proposed to be increased to cover the eastern ring road, and is it the case that the guidelines for the RONI state that to be eligible for funding a proposal must not increase greenhouse emissions?

**Mr Ellis**—Would you repeat the description of the road you were just talking about? We are not clear on which part of the Victorian road network you are talking about.

**Senator GREIG**—I understand there is an aspect of the network known as the eastern ring road in relation to the Scoresby proposal.

**Mr Ellis**—That is forming part of the Scoresby link?

**Senator GREIG**—I believe so.

**Mr Ellis**—There is some debate here about which road the ring road that you have mentioned actually is. Perhaps it would be better if you gave us a description of the particular road, and, with the minister's permission, we might take that question on notice. If you continue your question then we could give you a more considered answer than we could at the moment.

**Senator GREIG**—Did the EES—environmental effects statement—for Scoresby state that the proposal will increase emissions by 18.4 per cent?

**Ms Meakins**—I am sorry, Senator, I do not have that information with me today. I will have to take it on notice.

**Senator GREIG**—Thank you. Could you also take on notice the subset to that question: if that is the case—and I believe it to be so—how is it eligible for funding? In terms of private sector involvement and tollways, I understand that Minister Anderson has said that the private sector will fund the remainder of the Scoresby Freeway. How is that going to happen? Are we really looking at tollways in much the same way as the Western Sydney orbital?

**Ms Meakins**—As I explained before, negotiations are still continuing between Minister Anderson's office and the office of the Victorian Minister for Transport on how the remainder of the project will be funded.

**Senator GREIG**—So there is no specific detail of private sector involvement?

**Ms Meakins**—I understand that a range of options is being discussed.

**Senator GREIG**—Can you indicate what some of those options might be?

**Ms Meakins**—It would probably not be appropriate to do that at this stage.

**Senator GREIG**—In terms of the Greensborough link, does the federal government understand the Scoresby Freeway to be part of the eastern ring road from Greensborough to Frankston or does that relate back to one of my earlier questions?

**Mr Ellis**—Yes, I think that relates to your earlier question. If you have some detailed description there, if you could pass it to the secretariat we could look at the map and offer a better answer than we can at the moment.

**Senator GREIG**—I do not have that with me, but I will provide it on notice. Has the Victorian government spoken to you about the environmental damage that would be related to the proposal for the works that would pass through the Yarra Valley green wedge at Eltham or Heidelberg, or does that also link to my earlier question? I understand the estimated cost of that link to be between \$800 million and \$1 billion in today's figures.

**Mr Ellis**—Once again, I think that detailed question should be attached to the earlier question I took on notice.

**Senator GREIG**—In terms of public transport alternatives, did the EES find that improvement to public transport would be of greater economic benefit than building the Scoresby Freeway and would, presumably, reduce greenhouse emissions?

**Ms Meakins**—Again, Senator, I do not have the information from that statement with me today. I will have to take that question on notice.

**Senator GREIG**—Did the EES state that a modest shift to public transport of just one per cent to two per cent would produce the equivalent travel time savings and economic benefits to the Scoresby Freeway?

**Ms Meakins**—Again, Senator, as I do not have that document with me, I am afraid that I cannot answer that question.

**Senator GREIG**—The Victorian government said before its election that there would be a regional transport plan for the outer eastern suburbs to act as a demonstration model for the other outer suburb regions of Melbourne. That is referred to on pages 10 and 11 in *Rebuilding the transport network* under the heading 'Reduced dependence on excessive car use'. What is your understanding of the Victorian government's intention with regards to that regional plan?

**Mr Ellis**—I think that we are in no position to comment on, or answer, that inquiry. It is a matter for the Victorian government.

**Senator GREIG**—What do you understand community support to be in terms of the proposed freeway?

**Mr Ellis**—As with the earlier question, I would like to take that on notice. We will probably have to seek some advice from the Victorian Roads Authority.

**Senator GREIG**—Have you had representations from Knox Council?

**Mr Ellis**—Again, that is quite possible. We handle a significant number of representations to the government. I would have to check on that. It would help if you have a particular date that a letter might or might not have been sent on.

**Senator GREIG**—Can you tell me or perhaps answer on notice: who is represented on the eastern ring road steering committee, and does that representation include Manningham, Banyule, Nillumbik, Yarra Ranges or Casey; and, if not, why not?

**Mr Ellis**—I am happy enough, with the minister's agreement, to take that question on notice as well. But I think we are drifting here into matters under the purview of the Victorian government and their authorities and processes. I do not know the answer to that question and I do not think anyone here does. I am certainly happy to take it on notice, but take the point, please, that we will probably have to go to the Victorian authorities to ascertain what has happened on a couple of those questions and, in particular, on that one.

**Senator GREIG**—Would you agree with press reports that the failure to provide 50 per cent of the cost—that is, to the overall project at Scoresby—raises some doubts about the federal government's real commitment to the freeway? And what has been the Victorian government's response to that offer?

**Senator Ian Macdonald**—Senator, you cannot ask the official that; you can ask me. The government's commitment to Scoresby is clear and unambiguous. We have actually put the money on the table and we are very keen to see that project proceed. We have had a lot of representations from many members of parliament, representatives for the people, for that to go ahead. You need be under no misapprehension as to the government's commitment to see that going ahead.

**Senator GREIG**—The money on the table, though, Minister, is less than 50 per cent, isn't it?

**Senator Ian Macdonald**—As the officers have indicated to you, the questions of funding are being discussed. But certainly the amount that we have nominated—\$220 million—is very substantial and very real and, with a contribution from the Victorian government and perhaps from other sources, which are all being talked about at the moment, that freeway will become a reality.

**Senator GREIG**—Minister, are you aware that Minister Thwaites in the Bracks government has stated that the only freeway to be given the absolute go-ahead was the eastern freeway extension to Ringwood?

**Senator Ian Macdonald**—No, I am not; but then perhaps I would not be. Whether that is a Victorian government decision or something that involves the federal government, I do not know, but I will refer that to Mr Anderson for you.

**Senator GREIG**—Thank you. I have many more questions, but I will be happy to place them on notice, Chair.

**CHAIR**—Thank you very much, Senator Greig. We will continue now by moving back to Senator O'Brien.

**Senator Ian Macdonald**—I say to Senator Greig that he should not hesitate to ask those questions rather than put them on notice, if he wants to.

**Senator GREIG**—In what fora?

**Senator Ian Macdonald**—Nobody else seems to be as disciplined as you are, Senator.

**Senator O'BRIEN**—You are suggesting to ask them now, aren't you, Minister?

**Senator Ian Macdonald**—Yes, if you want to.

**CHAIR**—I think Senator Greig has indicated that he is happy to put them on notice. Perhaps we will take advantage of that opportunity while we can.

**Senator O'BRIEN**—I want to ask firstly about the audit of the interstate rail network that was released on 1 May. I believe the work was done by the Australian Rail Track Corporation at the request of the minister and that it flowed from the government's response to the three rail reports in April last year and that it found there is a need to spend \$507 million on the network. According to the report, the savings that will be generated by that investment will be in the order of \$1.5 billion, flowing from freight costs, greenhouse emission reduction, and noise and road accident savings; and the ARTC chief executive, Mr Marchant, said that little had been invested to improve the interstate rail network compared with the level of expenditure on roads. Minister, is that a fair comment from the government's point of view?

**Senator Ian Macdonald**—I am sorry, I was not listening as intently as I could. Perhaps Mr Ellis might be able to help me with an answer there, and I will pay more attention.

**Mr Ellis**—Perhaps we can give you a brief run-down on recent consideration by the Australian Transport Council, which received a presentation last Friday on this particular track audit. We can then come back to your question from there.

**Mr Owen**—As Mr Ellis has indicated, the audit exercise was presented to the Australian Transport Council meeting last Friday in Darwin. Ministers took the opportunity to reiterate their commitment to reform of the rail industry. We had a presentation from Mr Marchant, who is the CEO of ARTC, and asked officials to take on a range of activities, and also asked ministers to ask the relevant track managers involved to take on a range of initiatives and come back to the ATC meeting later in the year. Those range across issues about determining the appropriate targets by corridor which have been discussed as part of the review and looking at new technologies and how those things might impact on future investment needs, but fundamentally looking at some of the impediments to efficiency that were identified as part of the audit as well: issues about track management, a one-stop shop for track access—those things again.

**Senator O'BRIEN**—How much money has the Commonwealth spent on the interstate rail network since 1996-97 compared with expenditure on the national highway system?

**Mr Owen**—I would certainly have to take that on notice and come back to you with an answer.

**Senator O'BRIEN**—Would that be a fair measure of the validity of Mr Marchant's claim?

**Senator Ian Macdonald**—Until we know the figures, we could hardly use them as a justification for someone's claim.



**Senator O'BRIEN**—‘Someone’? Mr Marchant is the head of the ARTC.

**Senator Ian Macdonald**—Mr Marchant’s claim.

**Senator O'BRIEN**—Mr Marchant suggests that \$398 million should be spent on the Melbourne-Sydney-Brisbane corridor, which he says is the second most in need of upgrading; and that, of that, \$146 million should be spent on the easing of congestion through the Sydney system. When does the government plan to respond to the audit?

**Mr Ellis**—Just going back a bit, the broad comparison of total spending on roads and Commonwealth spending on interstate rail is a very crude comparison, if I can use that word. We will collect those figures, but it will clearly show that the Commonwealth has spent significantly more on its road responsibilities than it has on interstate track. I can foreshadow that without—

**Senator O'BRIEN**—Without a shadow of a doubt, there is absolutely no possibility of that being contradicted, is there, Mr Ellis?

**Mr Ellis**—I said I can foreshadow that, yes. In layman’s terms, the track audit that was conducted by the ARTC is intended to provide all jurisdictions with an interest in interstate rail with a presentation that allows governments to look at the impediments to improving interstate rail operations, as well as to compare the market share that interstate rail could acquire vis-a-vis road in those corridors, and to present for jurisdictions and the commercial rail operators a figure of investment in the track that might be contemplated—as distinct from some of the figures that have been around for many years.

I think the ministers at the transport council welcomed that presentation. As well as the follow-up actions that were mentioned earlier, I think the conclusions will be considered by the various jurisdictions in the context of budget processes. There is no notion that I am aware of that somehow the Commonwealth will respond—in the terms that we usually use the word ‘response’—to that specific track audit. It is a very useful tool for work that is in progress. That work is being progressed through the deliberations of the ATC and will be pushed further in that context later this year.

**Mr Matthews**—The ATC certainly welcomed the track audit as an informed and professional assessment of some of Australia’s rail needs, so it was very well received by the ministerial council. What the council did, under the leadership of Minister Anderson, was set up a process to identify where the highest yield opportunities now are within each jurisdiction for taking further action on rail. But Minister Anderson made it very plain that further Commonwealth government investment would be heavily dependent on there being further action on the regulatory reform, access reform and safety reform arrangements which were identified in that report. The audit report itself makes it plain that, unless those things happen, the yield from further infrastructure investment, the value, would be much less than it would be otherwise. So it has been welcomed. There is a process to carry it forward, but the Commonwealth has made very plain that it expects that there is progress on some of the reform issues as well.

**Senator O'BRIEN**—So this agenda is conditional on other things happening, presumably at the initiative and expense of the states? Is that what that means, Mr Matthews?

**Mr Matthews**—No, there would be the national effort. Certainly a lot of the responsibility for making these continued reform improvements lies with state bodies and state authorities. Minister Anderson is very keen to see progress on that resume, particularly in New South Wales.

**Senator O'BRIEN**—What in particular is the minister expecting of the New South Wales government?

**Mr Owen**—It is essentially the same things that we have spoken to you about before, which is about the concept of the one-stop shop for access to the interstate track. There have been various mechanisms pursued, including a wholesale access concept, which, as one tool, would have New South Wales essentially provide for the ARTC to market slots and train paths on the interstate track in New South Wales. Other tools that are being pursued are a more active sort of management of that track by the ARTC. Fundamentally, it is the same reason why the expenditure on the dedicated freight route has not progressed, that is, there has been a linkage made between cooperation in making that system work as a national system before the funds going into that asset are released.

**Senator O'BRIEN**—So, when the minister was critical in his press release of some states not fully embracing the single national rail freight system, he really meant New South Wales?

**Mr Matthews**—The minister's statement stands in the way he expressed it.

**Senator O'BRIEN**—Which other states are involved?

**Senator Ian Macdonald**—That is the answer. The statement stands by what it says.

**Senator O'BRIEN**—I asked which other states are involved in not fully embracing the effectiveness of a single national rail freight system.

**Senator Ian Macdonald**—I will refer that to Mr Anderson, if you like. If you think his media release requires more explanation, I will see what he had in mind.

**Senator O'BRIEN**—Okay. Mr Owen, what is the position of the Victorian government on the single national rail freight system?

**Mr Owen**—The Victorian government has entered into a lease agreement with the ARTC for the management of their interstate track, and that has been a successful arrangement.

**Senator O'BRIEN**—What is the position of the Queensland government on the single national rail freight system?

**Mr Owen**—There is no agreement with the ARTC for access to the interstate elements of the track in Queensland.

**Senator O'BRIEN**—What about South Australia?

**Mr Owen**—The track in South Australia is owned by the ARTC.

**Senator O'BRIEN**—So there is no issue there.

**Mr Owen**—No. All the assets are held by the ARTC.

**Senator O'BRIEN**—Does this issue involve the Western Australian government?

**Mr Owen**—Yes, it does. A wholesale access agreement has been finalised in West Australia, and funding through the program has been released.

**Senator O'BRIEN**—I take it the Tasmanian rail system is not relevant to this?

**Mr Owen**—It is not part of the defined interstate network at the moment.

**Senator O'BRIEN**—When is the bridge going across Bass Strait?

**Mr Owen**—A tunnel, I think!

**Senator O'BRIEN**—I will quote you on that, Mr Owen.

**Senator Ian Macdonald**—I was going to say: don't even joke!

**Senator O'BRIEN**—Is the Prime Minister out making an announcement at the moment?

**Senator Ian Macdonald**—For the purposes of *Hansard* that was said in jest.

**Senator O'BRIEN**—So, there is no agreement with Queensland at the moment.

**Mr Owen**—No.

**Senator O'BRIEN**—The state of play in New South Wales is also that there is no agreement—is that right?

**Mr Owen**—That is right.

**Senator O'BRIEN**—According to the AAP wire, the audit found that east coast freight trains could no longer offer competitive services because of the obsolete and poor quality track and signalling, but, if the audit recommendations were implemented, rail could achieve at least a 30 per cent market share, up from 18 and 20 per cent, on different sectors. Has the department done any work which would indicate how taking a proportion of major long-haul trucking off the road system would affect the task of maintaining the national road and highway system?

**Mr Ellis**—No, we have not.

**Senator O'BRIEN**—Do you know whether the Bureau of Transport Economics has done any work on that?

**Mr Ellis**—There has been some previous work done by the bureau but not in the particular context of the question that you just asked—in other words, if you improve the rail, what is the consequent effect? So the answer is: not to our knowledge, no.

**Senator O'BRIEN**—Not to that specific question?

**Mr Ellis**—Not to that specific question, no.

**Senator O'BRIEN**—But other related work?

**Mr Ellis**—Yes, there was a competitive neutrality—that is my term—report released last year, I think. If someone can tell me what that title is we can give that to the secretariat later.

**Senator O'BRIEN**—That would be good. I am really interested in the ramifications of the investments suggested of \$398 million—whether it is possible to make some assumptions about the cost-benefit of that investment against potential savings on the expenditure on the national highway. That is not work that is in contemplation within the department?

**Mr Ellis**—The ARTC work, the track audit, was only recently released, as you know. I have not been engaged in any discussions with the BTE on the prospect of future work in that area.

**Senator O'BRIEN**—If there was some in prospect you would know about it, Mr Ellis?

**Mr Ellis**—I expect I would.

**Mr Matthews**—It is a central policy question and it underpins the interests of governments in trying to get the balance between modes correct because it is in the community's interest and in the interests of federal and state government to have the investments made where they yield the highest benefit. On some occasions that will be a road mode, sometimes it will be rail. It is certainly Minister Anderson's view at the moment that there are big benefits to be made by investments, provided they are accompanied by regulatory reform, in rail.

**Mr Ellis**—In answer to the earlier question you asked about the BTE work, there was some previous work done about the growth in freight generally. When I get the correct reference I will provide that to the secretariat as well. That preceded the competitive neutrality BTE work that I mentioned a moment ago.

**Senator O'BRIEN**—Mr Owen, do you know why the states are adopting a position in opposition to what Mr Anderson is proposing?

**Mr Ellis**—I am sorry, Senator, we could not hear that last bit.

**Senator O'BRIEN**—I was asking Mr Owen—but maybe you know the answer, Mr Ellis—why the states are adopting a position of opposition to Mr Anderson's proposal—those two states in particular, I take it: Queensland and New South Wales?

**Mr Owen**—Is that in relation to the access agreements?

**Senator O'BRIEN**—Yes, the package. If that is the part of the package they are opposing, yes.

**Mr Owen**—Those agreements are a matter between the ARTC and the relevant track agency.

**Senator O'BRIEN**—So it is not a government-to-government negotiation?

**Mr Owen**—No, it is not.

**Senator O'BRIEN**—Who directs the ARTC in its negotiating role?

**Mr Owen**—The ARTC determines its own priorities in those negotiations. It is a Corporations Law company. There is no power of direction.

**Senator O'BRIEN**—So the relevance of Mr Anderson's position is that he is awaiting the resolution of the negotiations between those two authorities before he is prepared to spend any money on the network?

**Mr Owen**—That has been the position that has been adopted as being adequate. Access arrangements have to be settled to release the funding from the government program. Mr Matthews reminds me that there are also elements relating to regulatory reform, which we are also looking for, as well as safety reform.

**Senator O'BRIEN**—The expected cost of the audit that we have been referring to was about \$750,000. That was advised to Mr Ferguson in question No. 2270. What was the actual cost?

**Mr Owen**—The expenditure to date on the audit—and it is concluded—is \$766,000.

**Senator O'BRIEN**—Are you expecting more?

**Mr Owen**—No.

**Senator O'BRIEN**—That answer advised that additional resources were involved from track managers in the Department of Transport and Regional Services that were uncosted and were absorbed by those bodies. Were additional costs uncosted and absorbed in addition to the \$766,000?

**Mr Owen**—There were to the extent that track managers provided a lot of information. Other related people contributed to the gathering of the information, which the consultants then looked at. The \$766,000 relates to the consultancies that were let. I would have to say that it was a very cooperative effort with the track managers and users.

**Senator O'BRIEN**—In real terms, would the cost of the audit have been considerably more than \$766,000?

**Mr Owen**—I could not speculate. Some of that information may well have been available information and just provided into this process—much of it was.

**Senator O'BRIEN**—Is it possible to get at least an estimate of the additional cost, other than the consultants' costs, on this project?

**Mr Ellis**—I would not have thought so. In our case, our people would consider this sort of work as part of our core business or core activity, and we would not as a matter of course record the time that we had spent on a particular issue or a project like this. My guess is that that is probably the same in most of the agencies that contributed to this work; therefore, it would be quite difficult to go back and try to collect man-hours and hourly rates to compute some sort of estimate, given that it would not have been recorded during the process.

**Senator O'BRIEN**—The report mentions a figure of \$155 million which has already been committed. What has that been committed to?

**Mr Owen**—The majority of that relates to the commitment from the \$250 million program towards a dedicated freight route access to Sydney component, but the audit by nature looked at whole corridors and it was identified that that figure would be attributable to expenditure that is already intended to go into that network. For instance, we have already spent some money between Melbourne and Albury on the overall Sydney-Melbourne corridor, and there are other elements outside the Sydney access—Sydney metro area—that would contribute to that figure as well.

**Senator O'BRIEN**—That money has been expended on the track between Melbourne and Campbelltown?

**Mr Owen**—No, it has not been expended. It is money in the program that is available. Of the \$507 million, the Commonwealth had some commitment on the table already for part of that money.

**Senator O'BRIEN**—Is it the \$155 million?

**Mr Owen**—No, that is the figure in the audit.

**Senator O'BRIEN**—What is the actual figure?

**Mr Owen**—It is a little bit hard to determine, because there are elements of the overall program, for instance, that involve crossing loops across Australia. Obviously, as part of the audit, somebody has done work on that, because our program of investment of the \$250 million is also managed by the ARTC, so they have those figures to hand, and somebody has identified that—the elements from the overall program that would be attributable to some of the benefits or the investment that has been identified as part of the audit on that corridor.

**Senator O'BRIEN**—Does all this encompass the Sydney dedicated freight line, for which \$124 million has been allocated?

**Mr Owen**—It encompasses those elements that would significantly improve the performance of the overall corridors, and again primarily that relates to issues relating to southern entry into Sydney. The earlier analysis that I discussed with you about that being the most worthwhile initial focus for alleviating the Sydney access problems was reinforced by this work.

**Senator O'BRIEN**—What is the expectation regarding the New South Wales government and private sector funding of the project?

**Mr Owen**—There is no commitment that I am aware of at the moment, other than the commitment to the joint work we have done to scope the project.

**Senator O'BRIEN**—Is there an amount which is required to make the project viable? I am presuming that the money that the Commonwealth has allocated, \$124 million, is not sufficient.

**Mr Owen**—That is a fair assumption.

**Senator O'BRIEN**—What I want to know is: how much money is needed from the New South Wales government and/or the private sector for the project to be viable?

**Mr Ellis**—We have some figures here, but not a proper answer to your question. If it is okay, we will take the question on notice.

**Senator O'BRIEN**—When you say you have some figures, do you know what the overall cost of the project is likely to be or is estimated to be?

**Mr Ellis**—I would like to look at our paper back at the office and get a proper answer for you on that.

**Senator O'BRIEN**—The fate of that is linked with the negotiations between the New South Wales authority and the ARTC? Is that right?

**Mr Owen**—It is linked in that it is a precondition that the government has determined in terms of progressing that expenditure, but the detail of the project definition is not linked directly.

**Senator O'BRIEN**—It is obviously a very important project. What steps is the Commonwealth taking to resolve the impasse that apparently is the impediment to its proceeding?

**Mr Ellis**—In essence, that is described in Mr Anderson's media release of 22 May.

**Senator O'BRIEN**—I do not think I have that one here. What does it say?

**Mr Ellis**—It is headed 'Refocussed priorities for federal rail reform agenda'. In it he says:

The Commonwealth is prepared to provide \$111 million to the ARTC in the form of an equity injection that will enable it to fund rail initiatives in NSW when it reaches agreement on suitable access arrangements and develops a sustainable business case supporting that investment ...

I think that goes to the heart of your question.

**Senator O'BRIEN**—Is that the extent of what the Commonwealth is doing to try and resolve the impasse?

**Mr Owen**—There are other efforts that relate to the broader rail reform agenda. They go back to the things that were agreed at the Australian Transport Council meeting as well, where the audit in itself is an important piece of additional information that justifies and supports additional expenditure, including on this corridor. It identifies the Sydney access issues as significant, and puts it in an overall context of how the improvement on the corridor can alleviate some of the congestion issues.

**Senator O'BRIEN**—So the two things that the Commonwealth is doing to resolve the impasse which is holding up substantial redevelopment of the Sydney dedicated freight line,

which would be part of the national track for the main economic drivers in this country, are its involvement in the audit process and lobbying out the press release of 22 May?

**Mr Owen**—It has fundamentally restructured that \$250 million program to put the incentives closer to that arrangement.

**Senator O'BRIEN**—Is it fair to say that this project is being bogged down and that certainly the Commonwealth and possibly the New South Wales government are in their bunkers and there is not much engagement taking place at the moment?

**Mr Ellis**—I would not put in the words you used, but it is clearly a complex issue for both the New South Wales and Commonwealth interests.

**Senator FORSHAW**—On page 33 of the PBS there is a reference to the east coast very high speed train. It says:

The Government will provide \$20 million for a scoping study to examine the feasibility of an east coast Very High Speed train network. The proposed network would link Melbourne, Canberra, Sydney, Brisbane and major regional and coastal centres.

Where is that scoping study up to? I understand that the first step was to negotiate with the states and the ACT about this plan. Did that happen?

**Dr Winternitz**—Your question was where the scoping study is at at the moment?

**Senator FORSHAW**—Yes, but also, in that context, where the negotiations are at with the relevant state governments and the ACT. I understand that has been happening.

**Dr Winternitz**—That is right; it has been happening. Three state governments and the ACT have been invited to participate in the study and all have agreed. We have also set up a Commonwealth-state reference group and all states and the ACT are participating with us on that. The first meeting of the reference group took place on 26 April.

**Senator FORSHAW**—Who is on the reference group specifically?

**Dr Winternitz**—At the moment?

**Senator FORSHAW**—Yes.

**Dr Winternitz**—Representatives of the ministers for transport of New South Wales and Queensland, the minister for infrastructure of Victoria, a representative of the Chief Minister of the ACT and ourselves.

**Senator FORSHAW**—Ourselves being the representatives of the department?

**Dr Winternitz**—Representatives of the Commonwealth government's Minister for Transport and Regional Services as the managers of this study on behalf of the Commonwealth.

**Senator FORSHAW**—Are you able to give us an indication of the parameters of the study? I note that in the PBS it refers to a range of things to be looked at: possible routes, technical performance requirements, risk management, patronage, project structure, costs, economic impact, government involvement and financing. Has much been done to date on any of those issues that have been identified there?

**Dr Winternitz**—I am sorry, I lost the last part of that question.

**Senator FORSHAW**—The scoping study is under way and I am trying to ascertain just what has happened and what work has been done in respect of each one of those factors that have been identified.

**Dr Winternitz**—The scoping study is under way and, as part of it, we are commissioning a preliminary study on broad threshold issues related to a possible high speed train network in eastern and south-eastern Australia. That preliminary study has been tendered for publicly and there have been publicly available documents available to consultants. We have had a very successful result to that tendering process and we are just now in the midst of selecting an appropriate consultant to undertake that preliminary study.

**Senator FORSHAW**—In respect of each one of those items that are mentioned, essentially you are not able to say at this point in time whether you have reached any indicative conclusions?

**Dr Winternitz**—No. We are commissioning the preliminary study to a great degree in order to attempt to start assessing each and every one of those key threshold issues which are mentioned there. On the basis of that preliminary study, and what it indicates to us, we will be commissioning further more detailed studies addressing those individual parts of the study, for example, technologies, routes and corridors, environmental impacts, regional impacts and so on.

**Senator FORSHAW**—My recollection is that the minister, Mr Anderson, has said that, whilst he thinks a very high speed train is achievable or the project might be achievable, it is not viable without public subsidy, particularly due to lack of passenger volume. Am I correctly reflecting the minister's position?

**Dr Winternitz**—I think it became clear during the study and the assessment that was done of the Sydney-Canberra bid that a considerable proportion of construction and operation costs would have to come from the governmental purse—and that means not just the Commonwealth but also the states—in order to construct and ongoingly operate that train, if it were to exist. On that basis, some sketchy assumptions could be made also about a longer high-speed train network. At this stage of the game I would not hazard any kind of conclusive result about the nature of the financial arrangements to construct such a network. Indeed, that is part of the preliminary study and also the ongoing more detailed studies. Financing will be part of that analysis.

**Senator FORSHAW**—I am sure it will. I am sure that it will be a matter of particular focus by both state and federal governments and other groups, including the private sector. Can we take it from the minister's views about the Sydney-Canberra project that the Commonwealth accepts that there will have to be some public funding or subsidy for this for a bigger project to be achieved?

**Senator Ian Macdonald**—You cannot take anything. I think the officers have said we are investigating the matter and decisions cannot be made until the investigations are done. If you want me to refer to Mr Anderson any particular thing he meant, other than his plain English, if you give me the reference, I will refer it to him.

**Senator FORSHAW**—Minister, the government is putting \$20 million into this scoping study. The Sydney-Canberra proposal hit the wall because it was identified as not a viable option or proposal. Clearly there was going to have to be public funding involved. The private sector is not prepared to pick up the full tab. Predictions on passenger use led to those conclusions about Sydney-Canberra. If the government is now prepared to put the \$20 million into a scoping study to look at a bigger project, it must have some views at this point of time on—if that project is achievable—whether or not it will require a commitment from the federal government.



**Senator Ian Macdonald**—We are in no position to say anything; work is in progress.

**Senator FORSHAW**—Mr Anderson's comments about Sydney-Canberra stand alone and do not relate at all to this project.

**Senator Ian Macdonald**—Look, Senator, nothing is ruled in, nothing is ruled out. That is why we are spending a lot of money on a scoping study. We will have a look at it at the time.

**Senator FORSHAW**—But Mr Anderson did say that he believed the project was achievable.

**Senator Ian Macdonald**—Okay.

**Senator FORSHAW**—He must have had some idea about how it would be achievable and whether or not it would require public funding.

**Senator Ian Macdonald**—If you would like me to ask Mr Anderson I will.

**Senator FORSHAW**—I would like you to ask him that.

**Senator Ian Macdonald**—All right, I will do so.

**Senator FORSHAW**—Ask: what was the basis of his comments as to why he believed it was achievable and was it only achievable if there was Commonwealth funding involved? Now I take you to another issue which relates to an article that appeared in the *Australian* newspaper on 29 January this year. In particular, it suggests that money being spent on the Alice-Darwin railway could have been used elsewhere.

**Senator Ian Macdonald**—Who is the article by?

**Senator FORSHAW**—The article is by Robin Bromby.

**Senator Ian Macdonald**—Who is Robin Bromby?

**Senator FORSHAW**—He is a journalist with the *Australian*. Minister, I am asking the questions. Let me get to the point of the question.

**Senator Ian Macdonald**—Okay; carry on.

**Senator FORSHAW**—Thank you. It referred to the problems caused by the break of gauge at several points in the south east of the continent, with main lines on standard gauge and many country routes taking only broad gauge rolling stock. Without getting into a debate certainly at this point in time about money being spent on the Alice to Darwin railway, does the government see this issue of the different gauges as an impediment to the further growth in the use of rail? If so, how big a problem is it?

**Senator Ian Macdonald**—I will ask Mr Ellis to answer that. I am at a loss to understand what this has to do with the article in the *Australian* about the Alice to Darwin railway. Your question is: are we concerned about the breaks?

**Senator FORSHAW**—Let me quote for you, Minister. You do not ever wait and listen. The article I referred to talked about how the money being spent on the Alice to Darwin railway could be better used elsewhere. The article then suggested where the money could have been better used elsewhere—I do not want to debate that point. The problem that it identifies is—and I will quote:

But the more urgent problem is the break of gauge at several points in the south-east of the country, with main lines being on standard gauge and many country routes taking only broad-gauge rolling stock.

This unresolved transport problem is now highlighted by news that about 50,000 tonnes of mineral sands from the Murray Basin are to be moved by truck the length of the state to ships at Portland—even though railway lines parallel the road route.

That identifies the problem. I want to know: does the government accept that this a problem? How big a problem is it?

**Senator Ian Macdonald**—All I am saying is that your question is: is the break in the gauges a problem for rail in Australia? Mr Ellis will be able to—

**Senator FORSHAW**—I know what the question is; they know what the question is.

**Senator Ian Macdonald**—I am sorry but you confused me with some reference to an article by someone whom I do not know. Anyhow, we will answer your question. Is it a problem? Mr Ellis will no doubt agree that it is, and perhaps there are other things to be considered too, but he will be to tell you about that.

**Mr Ellis**—From a Commonwealth perspective, the Commonwealth involvement in rail infrastructure continues to be firmly focused on the interstate network. There are no break of gauge issues as such on the interstate system. The question about standardisation of intrastate tracks would normally fall to either the state government or any of the private entities that control or use those particular tracks.

**Senator FORSHAW**—So you are telling me that it is not an issue that the Commonwealth really is concerned about or involved in?

**Mr Ellis**—As I said, the Commonwealth's primary focus is on the interstate network.

**Senator FORSHAW**—Do you acknowledge that it is a problem?

**Senator Ian Macdonald**—A problem for whom?

**Senator FORSHAW**—It is a problem if what we have is a railway network in this country where, because of different gauges, industry can be seriously impeded from endeavouring to transport its product across state or territory boundaries.

**Senator Ian Macdonald**—What Mr Ellis has said is that the Commonwealth is responsible for the interstate track and there is not any break of gauge.

**Senator FORSHAW**—I understand that.

**Senator Ian Macdonald**—If you want us to have a general gas about rail folk generally around the world we can, but it is hardly a matter for this estimates committee.

**Senator FORSHAW**—Is it a matter for the government?

**Senator Ian Macdonald**—Not what they do around the rest of the world; what is of matter to the government is the government's rail track responsibilities interstate.

**Senator FORSHAW**—So the government is not concerned if there are significant impediments to industries because of different gauges or sizes preventing their product being transported across the country?

**Senator Ian Macdonald**—We will get them to use the Commonwealth track.

**Senator FORSHAW**—Can you guarantee that the Commonwealth track will run to the places where they need to send their product for export, for instance—such as from the Murray Basin to Portland?

**Senator Ian Macdonald**—Are you asking whether the Commonwealth would become responsible for interstate—

**Senator FORSHAW**—I am asking if the Commonwealth was, first, aware of the issue and, second, saw it as a problem. So far, what I have been told is that, because it is not an area of direct responsibility of the Commonwealth government, basically you do not care. You are not prepared to tell me whether you think it is a problem or not that the government should be concerned about. It relates to the efficiency of our industries, particularly our export industries, which is something that you and this government make a lot of noise about from time to time. It is something that we all regard as important.

**Senator Ian Macdonald**—I have a view, but it is hardly relevant to this estimates committee. Mr Anderson, as the transport minister, will no doubt have a view that will be relevant to the government's program, because he is in charge of it, so I will put that to him.

**Senator FORSHAW**—While you are doing that, you might draw the minister's attention to this article—and I am happy to supply this, but I am sure you can find it. It refers to a rail consultant, Mr Mark Carter, who said that this problem had its roots in the conversion of the main Melbourne-Adelaide line to standard gauge in 1995. What he is saying is that the actual problem that now exists goes back to the conversion of the standard gauge line.

**Senator Ian Macdonald**—If you give us the article, we will refer it.

**Senator FORSHAW**—While the truck route from Ararat to Portland, for instance, was standardised, most of the other broad gauge lines were left unchanged, which in turn isolated much of the country network from the national system. What I would like to know is whether the Commonwealth or this department has done any work in assessing what upgrading to the rail network should be done to try and deal with this project.

**Senator Ian Macdonald**—Which rail network?

**Senator FORSHAW**—The rail network generally.

**Senator Ian Macdonald**—The rail network in Australia, not just the Commonwealth's—

**Senator FORSHAW**—In the areas that I have particularly directed your attention to.

**Senator Ian Macdonald**—Not those the Commonwealth is responsible for but across Australia—that is the question? I am just trying to get your question clear so I can get the right answer.

**Senator FORSHAW**—What you are trying to do is to continue to say—much, I think, to your own detriment—that, unless this falls clearly and precisely within the financial responsibilities of the Commonwealth, you are not interested. I am happy if you want to continue to say that. You can say that as often and as loudly as you like, because all it does is demonstrate that you are not interested. I have taken you through the issues I have raised—

**Senator Ian Macdonald**—Do not put interpretations on it. What is your question?

**Senator FORSHAW**—The question I just asked you: has the Commonwealth, has this department, done any work, acknowledging that there is a problem that arose out of the change to a standardised gauge from Adelaide to Melbourne—that it has caused a problem because of the different gauge in the country rail lines—on what should be done to upgrade that network?

**Senator Ian Macdonald**—Have we done any work on those things?

**Mr Ellis**—No, I am not aware of us doing any work of that detail.

**Senator FORSHAW**—Thank you, I could have got that 10 minutes ago. Can I take you back to the Alice Springs to Darwin railway. You provided an answer to the question identified as ‘Land 02’ that was asked by Senator O’Brien. The answer from the government was that the Commonwealth was still considering options for the provision of the Commonwealth share of the additional support. This is to bridge a \$70 million gap.

**Senator Ian Macdonald**—So this is ‘Land 02’?

**Senator FORSHAW**—Yes, it arose out of the February supplementary budget estimates. It is in the 19 February *Hansard* at page 86. As that was the position that was communicated to us in that answer—that the government was considering options—can you give us an update of what has happened in those considerations?

**Mr Owen**—Yes, we can. On 20 April of this year formal arrangements were entered into by the Australasian Railway Corporation, which is an entity established by the Northern Territory and South Australian governments, with an entity called the Asia Pacific Transport Consortium for a 50-year, build-own-operate-and-transfer agreement for the railway. Financial closes, as they call them, occurred on 20 April. On 19 February of this year the Prime Minister announced that the Commonwealth would provide some assistance to address the problems that had arisen from the withdrawal of a previous backer to the project. On 19 April we signed a deal with the government entity representing South Australia and the Northern Territory to provide for additional stand-by support of up to \$26.4 million as the Commonwealth’s contribution towards finalising the project.

**Senator FORSHAW**—Does that bridge the entire \$70 million gap?

**Mr Owen**—That allowed the builder to sign up and go on, and the project has essentially commenced.

**Senator FORSHAW**—On the Melbourne to Darwin railway, can you tell me where the assessment process for this second rail link from Melbourne to Darwin is up to, please?

**Mr Ellis**—Senator, can I be clear as to the question: you are talking about the Melbourne to Darwin proposal by ATEC, the inland railway?

**Senator FORSHAW**—Yes, exactly.

**Mr Ellis**—In terms of an ‘assessment process’, to use your words, in broad terms a Melbourne to Brisbane pre-feasibility study was released by the proponents, ATEC, on 14 July last year. That was pre-feasibility work and the Commonwealth contributed \$300,000 to that particular analysis. The ATEC proponents have moved on from there and are currently working through what I would call a business case for that private railway. Over and above that, the Commonwealth has contributed to a market study of a proposal to extend it beyond Toowoomba and up to Gladstone and Emerald. That market study has been finalised and the minister recently announced that the Commonwealth would contribute to pre-feasibility work on that particular segment of the overall proposal. I use the words ‘pre-feasibility’ and ‘market study’ as distinct from your word ‘assessment’.

**Senator FORSHAW**—It is a bit confusing. The minister put out a media release in March 1999, in which he announced the establishment of ‘a high-level committee to help facilitate development of the proposed Melbourne-Darwin inland railway’. The committee at the time was chaired by Mr Brough, and Mr Macfarlane was also on it. They are both now ministers. Mr Anderson referred to this project as being ‘exciting and innovative’. ATEC had put

forward a proposal for a ‘corridor of size sufficient to carry a double track standard gauge rail expressway, a four lane road highway, a natural gas pipeline, electric power cables, a water pipeline and fibre optic cables’. I must say, I agree. It sounds very exciting and innovative.

Then you went on—before I asked you—to talk about the Melbourne-Brisbane prefeasibility study, about which the minister had put out a release in July last year. This project was described as a ‘captivating concept’. He put out a release in November last year announcing a finding by the Bureau of Transport Economics that the Brisbane-Melbourne line has very significant economic benefits. Firstly, has any serious work been done on the Melbourne-Darwin proposal, or has the focus shifted to the Melbourne-Brisbane proposal?

**Senator Ian Macdonald**—Do you mean serious work by the government?

**Senator FORSHAW**—By anyone. I want to know—

**Senator Ian Macdonald**—First of all—

**Senator FORSHAW**—Let’s go back to the minister’s press release.

**Senator Ian Macdonald**—I am clarifying your question. Do you want us to answer for the government, or do you want us to answer for everyone? You have said everyone. I am sure we cannot answer for ATEC—perhaps we have a bit of information.

**Senator FORSHAW**—Why can’t you answer, Minister?

**Senator Ian Macdonald**—Because it is a private company.

**Senator FORSHAW**—So they can be part of a public proposal—

**Senator Ian Macdonald**—Let me finish. What I can do for you—

**Senator FORSHAW**—But you are not interested.

**Senator Ian Macdonald**—I can give you a copy of the speech that Mr Crompton recently made—I am sure he won’t mind me passing it on to you—which tells you where their company is at and what they expect. Reading that, you will no doubt share Mr Crompton’s enthusiasm. That is from his point of view.

From the government’s point of view, I will ask Mr Ellis to answer the question: have we done any ‘serious’ work on the Melbourne-Darwin project? This is over and above the Bureau of Transport Economic’s work, which Mr Ellis has already referred you to and which I think you have a copy of from the last estimates.

**Senator FORSHAW**—Before you do that, Mr Ellis, I will just draw the minister’s attention to what Mr Anderson said in that media release.

**Senator Ian Macdonald**—You did that before, Senator.

**Senator FORSHAW**—I am going to draw your attention to further comments in the media release.

**Senator Ian Macdonald**—Okay; it is your time. We are here until 3 o’clock tomorrow.

**Senator FORSHAW**—You just said that what ATEC might have done was really not a matter for you. But, firstly, the minister established the committee. Secondly, his press release said:

Last year, the Prime Minister said the Government stood ready to facilitate this project with all Commonwealth processes to be finalised as efficiently as possible.

The Prime Minister also indicated that if a need was established, the Government would pass legislation to facilitate the project.

Mr Anderson said ATEC had proposed the creation by governments of an Australian Inland Trust to acquire the corridor on behalf of the nation. He said the new committee would be asked to investigate the proposal and report back to him.

That is why I am asking what work is being done. Obviously, it must be a matter of interest—not only because of what the government may have done but because of what work may have been done by ATEC and jointly by the government, the department, and ATEC and whoever else may have been involved in this project that the minister and the Prime Minister say they are going to move hell and high water to get off the ground.

**Senator Ian Macdonald**—If you want to keep repeating the questions and keep editorialising, be my guest; we are here until 11 o'clock tonight and 3 o'clock tomorrow and I do not care how I have to fill in the time. But I will ask Mr Ellis again, as I offered to do 10 minutes ago now, to say whether the government has done any work. That was your question.

**Senator FORSHAW**—My question was: has any work been done on this? That includes work both by the government and by the government in consultation. This project does not involve the government sitting over here, wiping its hands and doing what it wants to do, not even liaising with and not even being involved with the proponents of the projects. Your own minister's statements and the Prime Minister acknowledged that.

**Senator Ian Macdonald**—I will ask Mr Ellis again to say what we have been involved in.

**Mr Ellis**—The media release of 17 March 1999 to which you referred established a committee of government members, and that was chaired by Mr Brough, as you mentioned earlier. That committee completed its work in July 1999 and presented the minister with a report. So that was one measure of engagement by the Commonwealth in the proposal for a railway from Melbourne to Darwin. That was coming forward from ATEC, the private sector proponent. Then on 30 July 1999, the minister announced that the Commonwealth would contribute \$300,000 towards a pre-feasibility study to examine the Melbourne-Brisbane section—

**Senator FORSHAW**—I will stop you there. The question I asked you firstly was about the proposed Melbourne to Darwin project, which Minister Anderson waxed so lyrical about. As I pointed out, and as you are now pointing out, you got a report on that. You then went on to talk about what he said in July. Whatever happened to that report?

**Mr Ellis**—That report by that committee to the minister recommended that the Commonwealth agree to contribute a sum in the order of \$300,000 towards a pre-feasibility analysis of the Melbourne to Brisbane section.

**Senator FORSHAW**—Okay. Carry on.

**Senator Ian Macdonald**—You interrupted Mr Ellis when he was giving the answer.

**Senator FORSHAW**—He has clarified that.

**Senator Ian Macdonald**—Which question do you want him to answer now?

**Senator FORSHAW**—I interrupted Mr Ellis to clarify something. He has now clarified that and he was going on to make further comments. I am happy for you to continue, Mr Ellis.

**Mr Ellis**—The Commonwealth contributed to the pre-feasibility study to examine the Melbourne-Brisbane section of that proposal. That work was released on 14 July 2000.

**Senator FORSHAW**—Yes—which was the date of the minister’s press release?

**Mr Ellis**—That is correct.

**Senator FORSHAW**—In that press release Minister Anderson said that the pre-feasibility study found that an investment in the range of \$1.2 billion to \$1.4 billion would be required on existing and new railway lines and that the results of the study would be assessed. Can you tell me what transpired after that?

**Senator Ian Macdonald**—After what?

**Senator FORSHAW**—After Minister Anderson said the results of the study would be assessed. Presumably they were assessed. What was the assessment?

**Mr Ellis**—The Commonwealth has not been directly involved in further assessment of that. I understand that the ATEC commercial consortium is working through the proposal to establish a business case for a railway line from Melbourne to Brisbane. I should clarify that a member of that consortium is ARTC and they are engaged in that, but the Commonwealth department as such is not involved in assessing that commercial proposal.

**Senator FORSHAW**—What is the extent of the government’s or the department’s involvement in this?

**Senator Ian Macdonald**—In ‘this’—what is ‘this’?

**Senator FORSHAW**—In this project. Minister, why do you keep asking inane questions? Let me quote you what Minister Anderson said—

**Senator Ian Macdonald**—Quote as long as you like, Senator.

**Senator FORSHAW**—I will, because you might learn something. The minister said:

The Commonwealth provided a \$300,000 grant towards the pre-feasibility study conducted for ATEC ... as an indication of the preparedness of the Government to foster major infrastructure projects.

I repeat what he said: ‘the preparedness of the government to foster major infrastructure projects.’ It further says:

The study found that investment on existing and new railway lines could be justified up to total project costs in the range \$1.2 to \$1.4 billion.

The study findings will be assessed, Mr Anderson said, to see how the proposal could be developed further by private enterprise and what role governments may have in that event.

They are Mr Anderson’s words—they are not mine. I am asking what the role of the government and/or the department is. That is what Mr Anderson has said: that the findings would be assessed and considered in the light of what involvement the government would have.

**Senator Ian Macdonald**—I will ask Mr Ellis to again tell you—

**Senator FORSHAW**—That was a question I asked five minutes ago and you then interrupted—

**Senator Ian Macdonald**—I did not interrupt.

**Senator FORSHAW**—Yes, you did.

**Senator Ian Macdonald**—No, I did not.

**Senator FORSHAW**—You prevented Mr Ellis from answering the question.

**Senator Ian Macdonald**—I said: what is ‘this’? That is a clarification.

**Senator FORSHAW**—Well, if you would like me to get a blackboard and a bit of chalk, I mean I am happy to.

**Senator Ian Macdonald**—Do what you like, Senator.

**Senator FORSHAW**—I think Mr Ellis knows what we are talking about.

**Senator Ian Macdonald**—So what is the Commonwealth’s role in this, again.

**Senator FORSHAW**—And, in the light of Minister Anderson’s statement in that press release, what findings have been made and what decisions have been taken by the government to develop further the role government may have.

**Senator Ian Macdonald**—So the question is: what have the government done and what decisions have they taken?

**Senator FORSHAW**—Would you like to swap places now or do you want to wait till November?

**Senator Ian Macdonald**—If you can keep quiet he will answer it.

**Senator FORSHAW**—Mr Ellis, please.

**Mr Ellis**—The minister’s press release of 14 July 2000 that you were quoting from and where he said that ‘study findings will be assessed ... to see how the proposal could be developed further by private enterprise’ is what I was referring to as the proponents developing their business case.

**Senator FORSHAW**—But you did not finish. The rest of the sentence is what I am asking you about.

**Mr Ellis**—‘And what role governments may have in that event’—that has not been progressed in any formal way.

**Senator FORSHAW**—The minister goes on to say that ‘The State Governments of Queensland, NSW and Victoria will need to do likewise.’ What did he mean by that?

**Mr Ellis**—It meant that the rail proposed by ATEC would use existing lines for part of the way from Melbourne to Brisbane and that some new construction would be required, particularly at the Queensland end. Therefore, there was a recognition that the state governments would need to have some engagement should that private sector proposal get up.

**Senator FORSHAW**—They would have to make an assessment of their involvement.

**Mr Ellis**—They would have to make an assessment of some type.

**Senator FORSHAW**—I will come back to that in a moment. Were the ATEC figures that were produced and provided to the government in that pre-feasibility study checked by the government at all?

**Mr Ellis**—No. Because the Commonwealth contributed to the pre-feasibility study, we looked at the coverage, the form, the final conclusions and the final report. We did not check them, as such, but we have an interest in them, of course.

**Senator FORSHAW**—Do you have the press release in front of you?

**Mr Ellis**—I have Minister Anderson’s press release of 14 July.



**Senator FORSHAW**—I am certain that it is the same one that I am reading from. The last paragraph says:

“ATEC, as proponents of the inland railway, have made a significant step forward through this pre-feasibility study. What we now need to do is understand what it means for the various interested parties—including the Commonwealth—

and I highlight that: the Commonwealth—

and State Governments—and what steps may be involved in moving the proposal forward,” Mr Anderson said.

In light of the minister’s statements about the need to understand what it means for the Commonwealth and how it may be moved forward, has any further work been done by the government or by the department to follow through on that statement?

**Mr Ellis**—There are three elements that I think I mentioned earlier in the session. Firstly, the BTE completed a report—which I think you referred to—and released it around November 2000. Secondly, the minister announced, also in November 2000, a Commonwealth contribution for a market study extending from Toowoomba through to Gladstone-Emerald.

**Senator FORSHAW**—That is the \$30,000, is it?

**Mr Ellis**—Yes, that is correct. Thirdly, on 9 May this year, the minister announced that the Commonwealth would contribute \$250,000 to a pre-feasibility study over the same section of the proposed railway line from Toowoomba to Gladstone-Emerald.

**Senator FORSHAW**—Drawing that all together, is it possible at this point in time to get an overview of what the project is looking like? Where is it actually going to start and finish? What are the regional links?

**Mr Ellis**—I think the minister referred you to a recent speech by Mr Crompton, who is the principal of ATEC. That outlines some of the objective ways forward seen by the commercial proponents.

**Senator FORSHAW**—Is the government accepting that that is the position?

**Mr Ellis**—I do not understand that question.

**Senator FORSHAW**—The Commonwealth has an interest in this project, as do the state governments. I am trying to ascertain whether or not you are leaving it to the private sector proponents to determine ultimately which links might be built first, where it will actually start and finish, and whether or not the Commonwealth government and this department is actually working on the issue. As I understand it, this is an ongoing proposal at this stage. I am trying to ascertain the position of the Commonwealth government in relation to the proposal.

**Senator Ian Macdonald**—We will take the question on notice. Part of the answer will be to give you a copy of Mr Crompton’s speech where he deals with a lot of those issues that you have raised.

**Senator FORSHAW**—I know what Mr Crompton said in his speech. What I am trying to find out is: if the Commonwealth is going to have a role in this as Mr Anderson has said, and the states are going to have a role in it, then presumably they are going to have a role in the decisions that are taken about where it goes, what route it takes and which parts are built first. Presumably, you are not just going to sit back and wash your hands of it all. It is legitimate to ask, on a project that the Commonwealth has got an interest in, just what views it has formed

about it on these issues and what work it has done on this. I am beginning to think that it has not done any.

**Senator Ian Macdonald**—As I said before, we will take your question on notice and part of the response will be Mr Crompton's speech—although I understand now that you have read it, so perhaps I will withdraw that. We will indicate in our response just the things you asked for. Suffice it to say that it is a visionary project and something that I have been excited about. As you will recall, in Mr Crompton's speech he gives one of your Labor prime ministers a great rap at the end, indicating that this was a plan that you once had in the immediate post-war years. We will do it and hopefully we will see this eventuate in the fullness of time. It is a great project for Australia.

**Senator FORSHAW**—Thank you. While you are providing that answer, you might provide me with detail on exactly how much government money has been spent or committed to date on the development of the proposal. There are figures that you have referred to that are in the minister's press release, but I would appreciate it if you could respond to that in your answer on notice and also tell me what negotiations have taken place with the relevant state governments to date.

**Senator Ian Macdonald**—We will not waste your time in taking the first bit of that question on notice, because Mr Ellis has already given you the detail.

**Senator FORSHAW**—No, he has not.

**Senator Ian Macdonald**—He will give you the answers now about what money we have spent.

**Senator FORSHAW**—Fine.

**Senator Ian Macdonald**—We will not have to take that on notice. I thought that Mr Ellis also had said what we have done with the state governments, but if he can answer that without taking it on notice then that would be good too. If it is a lengthy thing, then we will take it on notice. On to the figures, Mr Ellis.

**Mr Ellis**—The figures are, essentially: \$300,000 towards the pre-feasibility study for Melbourne-Brisbane that was completed on 14 July; the announced \$30,000 to the market study for Toowoomba to Gladstone—I am not sure whether we have actually paid out that last bit, but that is the indicative amount; and the announced intention to contribute \$250,000 to a pre-feasibility study for the Toowoomba-Gladstone-Emerald section—and, of course, there has been no expenditure on that.

**Senator FORSHAW**—Is that the lot?

**Mr Ellis**—Sorry, I need to add another point. At the estimates last November or December, the BTE were asked a question about what the cost of their analysis was and they provided the committee with an estimate of \$38,000 for their work in preparing their analysis. Just to be clear, the figures that I have just quoted you are for a payment from the Commonwealth. They do not reflect staff-in-kind costs and they would be considered part of our normal working business.

**Senator O'BRIEN**—I have some questions about the Murrumbateman bypass. Can you provide me with a detailed breakdown of all Commonwealth funding spent on or committed to the assessment of the options for the bypass since March 1996? I want to know the nature of the expenditure, the basis for it, who initiated it, who approved it and who received it.

**Mr Ellis**—I am sorry, we do not have that level of detail here with us but, with the minister's agreement, we will take that on notice and spell it out.

**Senator O'BRIEN**—I am happy for you to take that on notice. Do you have a total figure easily available?

**Mr Cory**—The expenditure over the life of the project is approximately \$643,000. That is expenditure which is being provided to the New South Wales Roads and Traffic Authority, which is the state agency responsible for the planning of that project.

**Senator O'BRIEN**—Can you confirm that there have been eight studies into the bypass options for the Murrumbateman bypass since 1996 and that all have recommended the eastern route?

**Mr Cory**—I am not aware of eight studies. There have been three substantial studies that I am aware of, or two studies and a review of one of the studies. The two most substantial of those studies, being the original route selection report and the route selection report which is currently out for public comment, recommend the eastern route.

**Senator O'BRIEN**—So there have been three substantial reports—two studies and a review?

**Mr Cory**—There was an initial study undertaken by RTAC, the RTA's technology consultancy. That study was the subject of some criticism from within the community. It was subsequently reviewed by an independent consultant. Subsequently, that independent consultant was commissioned by the RTA to complete the route selection process. That is the report which is out in the community at the moment.

**Senator O'BRIEN**—Going back into history, I understand that the then Department of Main Roads wrote to the Yass Shire Council in 1984 advising that the department had adopted a location for the bypass which in the letter it says is 'as shown on Map M15-16'—that is east of the township. I take it officers are familiar with the original planning map. The Yass council then released its LEP showing an arterial road reserve for a future bypass to the east of Murrumbateman in 1987. That is the case, isn't it, Mr Cory?

**Mr Cory**—I would have to review that. That is a matter for the RTA, the New South Wales government and the relevant councils.

**Senator O'BRIEN**—I understand that there were meetings about the Murrumbateman bypass involving Mr Robert Bain and the New South Wales RTA at the end of 1995 and that the Commonwealth department of transport had some involvement in those discussions.

**Mr Cory**—I am not aware of any Commonwealth involvement in those meetings. If you can provide more detail on that perhaps I can review that answer, but that is my understanding.

**Senator O'BRIEN**—I guess the question I am asking you is: does the department have records of such meeting or meetings on file?

**Mr Ellis**—I thought I heard you say 1995. Was that right?

**Senator O'BRIEN**—I did. This matter has a long history.

**Mr Ellis**—We had better take that one on notice. If you have follow-on questions perhaps you could put those now and we can look at them in that context.

**Senator O'BRIEN**—I understand that the then minister, Mr Sharp, decided to provide funding for an investigation of possible routes—you mentioned that earlier, I think, Mr Cory—in early 1996.

**Mr Cory**—I think that is approximately the timing.

**Senator O'BRIEN**—Can you check the exact date for me?

**Senator Ian Macdonald**—Again, I do not want to be uncooperative but this is an estimates hearing into the 2001-02 budget and I am reluctant to have my department going back to 1995-96 trying to extract issues. If you have some specific questions that are relevant to modern history, you could indicate those to us.

**Senator O'BRIEN**—It is very tempting to say this is about your government, which is ancient history, but I will not. I am interested to trace through exactly what has happened with this, given that, as we have established, there have been a significant number of investigations and reviews into this project and it does not appear to be going anywhere. That is certainly the work of the department at the moment, which is part of its agenda, I believe, for the coming financial year. Tell me if I am wrong. Is that wrong, Mr Ellis?

**Senator Ian Macdonald**—Certainly we can take it on notice, but I indicate here that while you may want to go back and find out what happened in 1995 or 1996 or 1994 or 1990 or 1980, that is not what this process is about. Someone will have to make an assessment on just how far we do go back, unless you can indicate to us specifically what the purpose of the inquiry is.

**Senator O'BRIEN**—I just did.

**Senator Ian Macdonald**—If that is the relevance, then we will make assessments on that. I would not have thought that that is a matter for the 2001-02 budget estimates. What is happening now, where the money is going, what money is being allocated, when we expect to spend it, what the New South Wales government is doing are all relevant to now; but what happened at a meeting in 1995 in the time of a previous government or a previous minister I cannot see as relevant. We will take it on notice.

**Senator O'BRIEN**—I want to know if, at that time, Mr Sharp or his office asked the department to undertake the review that took place. Was the department recommending that this work be done following the discussions with Mr Bain? Was the department and the minister or his office in general agreement with the review of the corridor options or was it the RTA that wanted that review?

**Senator Ian Macdonald**—If it were my area I would say we are not providing that as part of the estimates process. It is a matter for Mr Anderson, though, and he can make up his mind. It is a nice debating point and it would probably be a fascinating investigation, but it is really not part of the estimates process.

**Senator O'BRIEN**—The money in the road funding package in the 1996-97 budget would have provided for that review, and that study introduced 10 possible routes, including eight to the west of Murrumbateman. We are going to get some details about that. Also, in 1996 the RTA conducted a value management study with the community and government agencies. Was that part of Mr Sharp's review process and did the Commonwealth have a part in that? I assume it was a Road Traffic Authority initiative from New South Wales. Does the Commonwealth know why the RTA was carrying out that work?

**Senator Ian Macdonald**—The comments that I just made would apply equally.

**Senator O'BRIEN**—I would like to know if the department has records of that.

**Senator Ian Macdonald**—They will correct me if I am wrong. I am sure that they would have records.

**Senator O'BRIEN**—Good. Is that right?

**Senator Ian Macdonald**—I am advised the department would have records of things the department was involved in back in those years, the same as I guess you would have some on what you were involved in in 1980, wouldn't you, and 1970—or is that going back a bit far?

**Senator O'BRIEN**—So on the department's records would be information about anything the department was involved in, and any information the department was given, going back to this period, Mr Ellis?

**Mr Ellis**—In taking those questions, Senator, we will work through the records that are on our files and answer them to the best of our ability.

**Senator Ian Macdonald**—Subject to Mr Anderson's directions you will. It would be my advice to Mr Anderson that these things are not relevant to the 2001-02 estimates committee. Senator O'Brien will have a different idea. That may be something to be resolved elsewhere.

**Senator O'BRIEN**—Mr Ellis, the department has files which cover that period of history, and anything relevant to the Commonwealth's involvement will be on those files?

**Mr Ellis**—I said we will go through what records we have and provide information to the best of our ability. I think the records we have from about 1996 would be readily available; stuff prior to that is probably less readily available.

**Senator O'BRIEN**—Mr Cory, I am not sure if you answered this earlier. My understanding is that every one of the studies, reviews, call them what you will, into this project has recommended the eastern corridor for the Murrumbateman bypass.

**Mr Cory**—Both of the reports that I referred to concluded that an eastern option was a preferable route.

**Senator O'BRIEN**—Are you aware of any reviews, reports or studies other than ones the Commonwealth has been involved in? Does the New South Wales government conduct separate studies, independent of the Commonwealth, on the matter?

**Mr Cory**—If it has I am not aware of it.

**Senator O'BRIEN**—I have a few more questions on this.

**ACTING CHAIR (Senator McGauran)**—While you are pausing to think, will you stop for afternoon tea?

**Senator O'BRIEN**—Certainly.

**Proceedings suspended from 4.00 p.m. to 4.16 p.m.**

**Senator O'BRIEN**—Before we get back to the Murrumbateman bypass issue, I have a question on notice outstanding, No. 3531, regarding Commonwealth funding for roads. It was lodged on 21 March. Has the department completed its work on that?

**Mr Ellis**—I apologise, we have not.

**Senator O'BRIEN**—When is that likely to be completed?

**Mr Ellis**—As I said earlier in answer to a similar question, we will try to move those next week.

**Senator O'BRIEN**—Thank you for that. Following on from what I was raising just before the break, I understand there was a value management study, which was the first stage of the original investigation working out the parameters, which I understand had community representation of initially five—two developers from the region, their town planners and one other person from Murrumbateman—but public pressure added two more people: the local grazier is one and I am not sure about the other. If your files reveal it, could you let me know how that committee was constructed? Then in 1998 RTA Technology conducted an environmental investigation of the 10 routes identified by Mr Sharp in 1996. Is the department aware of that?

**Mr Cory**—Yes.

**Senator O'BRIEN**—There was extensive community consultation and input from a number of government agencies and statutory authorities, but the inquiry was not required to look at the costs of options. I understand that there were 12 agencies or authorities from three tiers of government involved in that inquiry. Does the department know which agencies were involved and what their input was?

**Senator Ian Macdonald**—When was this?

**Senator O'BRIEN**—In 1998.

**Senator Ian Macdonald**—Senator, that is not a matter for this estimates committee.

**Senator O'BRIEN**—It is my opinion that it is.

**Senator Ian Macdonald**—What happened at a meeting in 1998 is not a matter for the 2001-02 estimates committee.

**Senator O'BRIEN**—Mr Ellis, what funding is in the 2001-02 budget for the Murrumbateman bypass?

**Mr Cory**—It is \$100,000.

**Senator O'BRIEN**—Could you direct my attention to the page where it is mentioned in the PBS?

**Mr Cory**—I do not believe it is in the PBS.

**Senator O'BRIEN**—What is the \$100,000 intended to provide?

**Mr Cory**—That funding is intended to underwrite the conclusion of the current studies.

**Senator O'BRIEN**—What are the current studies about.

**Mr Cory**—Essentially, they are the studies that have resulted in the route selection report that is currently on display and the associated processes to do with the winding up and the passing of that study through to the Commonwealth.

**Senator O'BRIEN**—Is that work being conducted by NSW RTA?

**Mr Cory**—It is being conducted by a firm of consultants, Connell Wagner, on behalf of the RTA.

**Senator O'BRIEN**—How long has that study been under way?

**Mr Cory**—Since approximately 1998-99.

**Senator O'BRIEN**—Does it have a title? Is there a particular description that we can apply to this study?

**Mr Cory**—I think it is called the ‘Barton Highway route selection study-Murrumbateman’.

**Senator O’BRIEN**—Is that the third, fourth, fifth study into the route selection issue?

**Mr Cory**—As I indicated earlier, I would describe it as the second route selection study.

**Senator O’BRIEN**—And it commenced in 1998?

**Mr Cory**—Depending on where one wants to indicate the commencement of the study. Connell Wagner were commissioned to provide a third party evaluation of a previous RTAT report, which was referred to earlier. They undertook that work, but the RTA subsequently commissioned Connell Wagner to proceed with the conclusion of the route selection study. That was in late 1999.

**Senator O’BRIEN**—Connell Wagner are the consultants conducting the ‘Barton Highway route selection study-Murrumbateman’, as you described it?

**Mr Cory**—Late 1999.

**Senator O’BRIEN**—Yes.

**Mr Cory**—Connell Wagner are the consultants.

**Senator O’BRIEN**—And the study that you mentioned that preceded it?

**Mr Cory**—The preceding study that I referred to was a study undertaken by RTA Technology.

**Senator O’BRIEN**—That was commenced in 1998, was it?

**Mr Cory**—I guess probably 1997-98—somewhere about that time frame.

**Senator O’BRIEN**—What was the purpose of the Connell Wagner study if the RTA had conducted a study in house on the same issue?

**Mr Cory**—To supplant it. The RTA study was found to be deficient. It was the subject of serious criticism within the community. As a result of its lack of credibility, the work was reviewed by Connell Wagner. As a consequence, it was decided that Connell Wagner should basically redo the work and complete the route selection study.

**Senator O’BRIEN**—It was decided by whom—the minister?

**Mr Cory**—I think it was an RTA decision, but it was certainly endorsed by the department.

**Senator O’BRIEN**—Could you let me know if the minister rejected the findings of the RTA Technology report? Can you check that, please?

**Senator Ian Macdonald**—There have been 15 estimates committees since then. It is not something for this estimates committee.

**Senator O’BRIEN**—It certainly is. Unfortunately, we are still spending money on the same project. That is precisely the connection you asked me to establish, which I have. I know you want to block these questions, Minister, but I want to go through the process of getting the facts. If they suit you, they suit you and if they don’t, they don’t.

**Senator Ian Macdonald**—It is not a question of suiting. This is the 2001-02 estimates. If we are spending \$100,000 this year, ask about that or ask about who is doing it.

**Senator O’BRIEN**—I am asking why we are spending it this year.

**Senator Ian Macdonald**—We are not going back to minutes of meetings in 1998 or 1990 or 19 anything else in this estimates committee. If there is something that you should have asked two years ago, you should have asked it then.

**Senator O'BRIEN**—I do not accept that. The fact is that there is expenditure which is not in the PBS but is in the budget.

**Senator Ian Macdonald**—Yes. So anything you want to know about—

**Senator O'BRIEN**—We are continuing to spend money over a six-year period on studies on roadworks which I assume are important. I think I am entitled, arising from the estimates, to find out why we are still spending money on it. That is what I am asking, and you are saying that you are not prepared to examine why the Commonwealth needs to spend \$100,000 this year.

**Senator Ian Macdonald**—Ask anything you like about the \$100,000 and we will tell you.

**Senator O'BRIEN**—I am asking about why we need to spend it.

**Senator Ian Macdonald**—But we are not going back into what the RTA—

**Senator O'BRIEN**—So you do not want to allow these estimates to ascertain why we need to spend \$100,000 this year on a project that commenced pre-1999?

**Senator Ian Macdonald**—I am not interested in the 2001-02 estimates in working out what the RTA might have done three, four or five years ago. If there is anything you want to know about the \$100,000 or anything that we are currently doing, go your hardest. But we will not be answering questions going back those years.

**Senator O'BRIEN**—You will not be answering them?

**Senator Ian Macdonald**—No.

**Senator O'BRIEN**—Mr Ellis, do the files of the department accurately reflect the involvement of the department and the minister in this project since 1996?

**Senator Ian Macdonald**—The first question is: has Mr Ellis read the files to ask him whether they accurately reflect—

**Senator O'BRIEN**—If he has not, he will say so, I presume.

**Mr Ellis**—My understanding is that the department's involvement in this project is documented on the files.

**Senator O'BRIEN**—The other part of the question is: is the minister's involvement documented on the files?

**Mr Ellis**—To the extent that we understand the minister's involvement, I expect it would be.

**Senator Ian Macdonald**—If you want to do a return to order on the files, again, be my guest and that will take its course—but not in the 2001-02 estimates. Have a special inquiry if you like, I do not care. I am not trying to stop you asking anything; I just do not want this estimates committee process looking back into things that should have been addressed by previous estimates committees. I have some concern for my departmental staff and committee members in focusing on the current budget.



**Senator O'BRIEN**—I am not going to debate that matter with you any more; I consider it a futile exercise. So the Connell Wagner contract: is \$100,000 provided in the budget to conclude that?

**Mr Cory**—I cannot speak for the Connell Wagner contract because that is a contract with the RTA. We have provided a small amount as a provision for the finalisation of the work that will be charged to us by the RTA.

**Senator O'BRIEN**—And the RTA are overseeing that work?

**Mr Cory**—That is correct.

**Senator O'BRIEN**—Does the Commonwealth have any corresponding oversight role in the work? Are you getting progress reports? Is there any monitoring in the work that the Commonwealth is involved in?

**Mr Cory**—There is some involvement.

**Senator O'BRIEN**—Could you explain what that is?

**Mr Cory**—It is, I guess, as and when required on the one hand, and at milestone type events on the other hand.

**Senator O'BRIEN**—What does 'as and when required' mean? Does that mean that from time to time you will be directed to be involved or your assistance will be requested? I am trying to understand what that comment meant.

**Mr Cory**—We have ongoing dialogue with the RTA across a range of projects at a range of levels and degrees of formality. There is normally infrequent but regular contact between project officers within the department and the RTA to canvass minor issues or developments that might be occurring. That is the former category, Senator.

**Senator O'BRIEN**—So it is just incidental involvement, in other words?

**Mr Cory**—No, I also referred to milestones. One milestone, for example, might be the current process that is under way, which is the public consultation on the route selection report. That commenced at the beginning of this month and will conclude in the middle of the next—I think it is 14 June. That is the sort of milestone at which we would expect and require to be consulted.

**Senator O'BRIEN**—When does that consultation conclude again?

**Mr Cory**—On 14 June.

**Senator O'BRIEN**—You would expect consultation after that?

**Mr Cory**—I would expect consultation in the context of that.

**Senator O'BRIEN**—What role does the Commonwealth have in that consultation process?

**Mr Cory**—We are involved not necessarily in the consultation process itself but, for example, through our agreement to documents which might go out either jointly or in the Commonwealth's name. We would expect to be consulted in that event.

**Senator O'BRIEN**—What documents would go out in the Commonwealth's name in this consultation process?

**Mr Cory**—In this case, the route selection report carried the Commonwealth crest.

**Senator O'BRIEN**—But it is being organised by the state government, the RTA.

**Mr Cory**—The route selection report is funded by the Commonwealth. As a result, the report contained not only the relevant New South Wales identification but also the Commonwealth's.

**Senator O'BRIEN**—Does the Commonwealth have a role in reviewing any draft of the report or any aspect of the report or is it simply a badging issue?

**Mr Cory**—This is an issue involving the expenditure of a potentially large amount of Commonwealth funds. Accordingly, for something as crucial to that as a route selection report, we would take an interest.

**Senator O'BRIEN**—I am trying to find out what your role is in terms of the particular report. Will you receive a draft and will you have a power of veto on aspects of it or the ability to request changes in the draft?

**Mr Cory**—It is perhaps not quite as clear cut as that. Essentially, we would expect to be consulted, we would expect to see a draft of the document in question, and we would expect to have the opportunity to comment if we felt that that was necessary and appropriate.

**Senator O'BRIEN**—It is due to go out on the 14th, so when would you expect to see the draft?

**Mr Cory**—We have seen the draft.

**Senator O'BRIEN**—Has the Commonwealth required that changes be made to the draft?

**Mr Cory**—Yes. Let me revisit that: we saw a draft of this report around about Christmas time, I think. We had some concerns with the draft and we raised those concerns with the RTA. We subsequently had discussions with the RTA and the authors and, as a result, some changes were made.

**Senator O'BRIEN**—Did that input have any effect on the conclusions of the report?

**Mr Cory**—Those changes did not alter the recommendation of the report.

**Senator O'BRIEN**—What is the recommendation?

**Mr Cory**—The recommendation of the route selection report is that the eastern outer option be the preferred route.

**Senator O'BRIEN**—What is the difference between that option and previous eastern options that have been recommended?

**Mr Cory**—I would really need to revisit the earlier report. The report, as I indicated earlier, favoured an eastern option. There have been two basic eastern options: an eastern inner and an eastern outer. The current route selection report, which is on display at the moment, recommends the eastern outer option.

**Senator O'BRIEN**—Did this study consider the issue of whether a western option should be preferred?

**Mr Cory**—Yes, Senator.

**Senator O'BRIEN**—Why is that? Who are the proponents of the western options?

**Mr Cory**—I am not sure that I could necessarily identify proponents of either. Who the proponents of one or the other are is less of an issue for the Commonwealth than are the merits of particular options.

**Senator O'BRIEN**—How does the outer eastern option fit with the provision made by the Yass Shire Council in its plan for a roadway corridor?

**Mr Cory**—It does not.

**Senator O'BRIEN**—What will that require? Will that require resumption of land or different arrangements than might otherwise have been the case?

**Mr Cory**—My understanding is that very little, if any, of the eastern outer option is in anything but private hands. There may be a small parcel of council land—perhaps a recreation area—but, as I understand it, the eastern outer option passes largely through private property.

**Senator O'BRIEN**—What is its relationship to the provision made by the council? Is it a long way from it? Is it adjacent to it?

**Mr Cory**—I think it is best described in broad terms, without wishing to be literal, as being two arcs, one of which is the centre of one displaced from the other—essentially two points.

**Senator O'BRIEN**—Joined by two arcs, with one going out further.

**Mr Cory**—Yes. The eastern outer option is essentially, as its name indicates, an option which travels further to the east of Murrumbateman than the inner option does.

**Senator O'BRIEN**—Is the \$100,000 in the budget this year for the consultation process?

**Mr Cory**—I do not think it has been costed precisely. We have made provision for the costs of the RTA, the finalised contract cost, presumably, of Connell Wagner and any associated costs of the RTA.

**Senator O'BRIEN**—What role will Connell Wagner have now? I presume they have completed their work on the study.

**Mr Cory**—Connell Wagner's work will not be completed until the period for public comment is concluded. Public comment has been received, collated and reported upon, and the report has been passed to the Commonwealth—or at least it has been passed to the RTA, which contracted Connell Wager. The detail of that contract would be a matter for the RTA.

**Senator O'BRIEN**—I was just trying to understand. You have made provision for payment. Was it based on something specific about the contractual arrangements between the RTA and Connell Wagner, or was it simply made on the basis of potential expenditure?

**Mr Cory**—The latter.

**Senator O'BRIEN**—Is Connell Wagner's study a value management study, or is it something more than that?

**Mr Cory**—It is a route selection study.

**Senator O'BRIEN**—Will that require further studies in terms of the financial implications of the route, or is that part of this study?

**Mr Cory**—I am not sure that I understand your question.

**Senator O'BRIEN**—Has this study considered engineering matters and has it determined that not only is it an appropriate area but it is also going to be cost effective?

**Mr Cory**—The study itself has not looked at a detailed design or detailed costings for any of the particular routes. There has been an estimate of costs made and, at the same time that this work is being concluded, the RTA are looking at the basis of those estimates so that, when

they provide the selection report to us, we will have some degree of confidence, given the preliminary stage that this project is at in those costs.

**Senator O'BRIEN**—So after five years this project is still at a preliminary stage?

**Mr Cory**—Anything up to the point of contract we would describe as being at a preliminary stage.

**Senator O'BRIEN**—What steps need to be taken before we get to the so-called point of contract?

**Mr Cory**—The next step would be the conduct of an environmental impact statement on the selected route.

**Senator O'BRIEN**—Has the Connell Wagner study considered any special features in the route that might cause problems in such an EIS?

**Mr Cory**—Not in those terms; but the route selection has been undertaken in the knowledge of the major influences in determining a route and in the knowledge that the chosen route will hopefully survive the following process.

**Senator O'BRIEN**—Has the department been conducting any of its own studies in parallel with the RTA's work?

**Mr Cory**—No.

**Senator O'BRIEN**—You are not aware of any value management study that has been under way over the current financial year?

**Mr Cory**—The route selection study has encompassed a range of activities within it, one of which was a value management study. That was not undertaken by the department.

**Senator O'BRIEN**—So Connell Wagner has been doing that work as part of the route selection study?

**Mr Cory**—That is correct.

**Senator O'BRIEN**—In terms of their work, the eastern outer route would have been the preferred route in any value management assessment of the project?

**Mr Cory**—No. The context in which the value management study was undertaken was to identify a preferred eastern route and a preferred western route. Value management did that. It identified the eastern outer option as the preferred option. In the case of the west, it also identified a preferred option; I could not off the top of my head tell you which one that was.

**Senator O'BRIEN**—Did it give a preferred option overall? I thought you said the outer eastern was the preferred option.

**Mr Cory**—The outer eastern was the preferred eastern option; likewise, the VMS identified a preferred western option. The VMS did not select an overall preferred route.

**Senator O'BRIEN**—Are we talking about different things? The Connell Wagner route selection report that I thought we were talking about includes the value management study?

**Mr Cory**—It incorporates the outcomes of that, and it was conducted within the scope of that work.

**Senator O'BRIEN**—In relation to the draft reports, Mr Potter wrote to Mr Hamon of the RTA in December and said that overall they considered the draft report to be 'of an unacceptable standard'. If that took place, what happened? Did Connell Wagner get paid, or

was there some discussion about the standard of the work and the requirement that it be rectified and that things be changed?

**Mr Cory**—What happened in December was a pretty run-of-the-mill situation. As I indicated earlier, the Commonwealth regularly receives reports of this nature. It often has comment upon them. The letter to which you refer from Mr Potter was an expression of our views on the draft that was submitted to us. As I indicated in my earlier answer, subsequent to that letter, the department met with the RTA and Connell Wagner and certain changes were made.

**Senator O'BRIEN**—Can the committee be supplied with a copy of Mr Potter's letter?

**Senator Ian Macdonald**—We would perhaps sometimes hesitate, but I am informed that it was made available under a FOI on the RTA, so there seems to be no problem in making that available, Senator, and we will do that.

**Senator O'BRIEN**—Thank you very much. Where does the opposition to the eastern route come from? I understand that the local authorities and the local community oppose the western option. Is that right?

**Mr Cory**—It is fair to say that there are bodies of opinion in the community in favour of both routes and opposing the other one. This is, unfortunately, a common feature of bypass issues.

**Senator O'BRIEN**—I understand that there were some public meetings as late as June last year about the issue—not small meetings—and 184 of the 222 people present voted for the eastern option and against the western option. I am just trying to find out how significant support for the western option is and where it comes from. There does not appear to be a lot of community support for it; there may be some pockets.

**Mr Cory**—There was one meeting—which you referred to and which I thought was a little earlier than June last year—at which, as I recall it, the numbers were of the order of 180 to 220 or maybe 230 at that time. I am also aware that we have a petition that has been provided to us by supporters of the western route which purported to have about 600 or more signatures in favour of the western route. We draw no conclusion from either event.

**Senator O'BRIEN**—Mr Potter said at the estimates hearing in May last year that the department had done no work on assessing the options for the bypass. That does not appear to be correct now.

**Mr Cory**—Do you have a page reference?

**Senator O'BRIEN**—It is page 120. That is an interpretation of the last passage attributed to Mr Potter on that page.

**Mr Cory**—Can you give us the reference again, please?

**Senator O'BRIEN**—It is page 120 of the estimates committee *Hansard* of 2 May last year.

**Senator Ian Macdonald**—Was it 2 May or 25 May?

**Senator O'BRIEN**—It was 2 May—no, it is not the estimates committee, it is another committee. I think it is the estimates committee; it might be the supplementary estimates committee.

**Senator Ian Macdonald**—There was a *Hansard* report on 24 and 25 May. It could have been a continuation, but I do not think that we would have gone—

**Senator O'BRIEN**—It is definitely 2 May.

**Senator Ian Macdonald**—I do not think that is the estimates then.

**Senator O'BRIEN**—It might be supplementary additional or something like that. I do not think there has been a separate inquiry. My assumption is that it is one of the estimates. I am told it is a supplementary additional one. Perhaps we can move on.

**Senator Ian Macdonald**—We have it now.

**Senator O'BRIEN**—There are a number of other issues which I will pursue in another manner. On road signage funding, how much money is spent by the department on erecting signs identifying federally funded road projects? I would like to know how much money was spent in the previous and current financial years.

**Ms Meakins**—Senator, I do not have that figure easily available. I can give you some idea of the cost per sign but it would not be possible to easily identify total expenditure on signs.

**Senator O'BRIEN**—How do you identify that? Is that not broken down into particular projects? There is a requirement for some sort of identification, isn't there?

**Ms Meakins**—Yes, the notes on administration for the Australian Land Transport Development Act, which covers the national highway and roads of national importance, set out requirements for signage. There are also signage requirements in the guidelines for the Roads to Recovery program. But those costs would be incorporated within larger project costs.

**Senator O'BRIEN**—I request that that information be found. I would like a breakdown of such spending by federal electorate, if possible, please.

**Mr Ellis**—Sorry, could you clarify that please, Senator?

**Senator O'BRIEN**—I would like the amount spent on federally funded road signs to identify federally funded road projects in the previous and the current financial years by electorate.

**Mr Ellis**—At this stage that is almost undoable because of the extent of the projects and the comparatively minor component that the signage costs the Commonwealth for those signs placed on the national highway and RONIs. To begin to answer that question, we would need to go to each of the state and territory jurisdictions on each of the projects over the two-year span that you have requested there, seek that information, and then disaggregate that by electorates. That is not information we have available and would be a large task.

**Senator O'BRIEN**—What is the cost per sign?

**Ms Meakins**—For example, the Victorian government have advised that the cost of manufacturing a sign as required for the national highway is roughly \$1,000, with additional installation costs of about \$780. I am told costs for Roads to Recovery signs are somewhat less than that.

**Senator O'BRIEN**—How much are Roads to Recovery signs?

**Ms Meakins**—I have been told the cost is somewhere between \$400 and \$600.

**Senator O'BRIEN**—Plus erection costs?

**Ms Meakins**—Yes.

**Senator O'BRIEN**—Presumably the erection costs are the same?

**Ms Meakins**—Yes.

**Senator O'BRIEN**—Why is there a substantial difference? Is it a bigger sign?

**Ms Meakins**—I would have to check the requirements but I think that is the probable cause.

**Mr Cory**—Yes, it is.

**Senator Ian Macdonald**—I make the point, Senator, that to look for that information would cost far more than the signs are worth. While we are on that, can I say to the department that you might want to have a look at your signage policy because every day I pass a sign on the Bruce Highway between Ayr and Townsville and the state government sign announcing what they are doing, which is spending nothing, is about six times as big as the federal government sign. That seems to be par for the course around Queensland, but I pass it every day and it irks me.

**Senator O'BRIEN**—Don't tell me someone learnt something from Joh!

**Senator Ian Macdonald**—Actually, Beattie is a great fan of Joh and he has learnt a lot. Beattie has very cleverly picked up a lot of Joh's political skills. You are right, Senator: that might be one of them.

**Senator O'BRIEN**—Is there a requirement per project for a sign at the beginning and end of work?

**Ms Meakins**—For the national highway, states are required to place permanent national highway signs along agreed intervals of the national highway. For construction or work on the national highway, the requirement is that signs be placed at either end of the construction site in plain view of passing motorists.

**Senator O'BRIEN**—At what sort of intervals? Does that vary by project?

**Ms Meakins**—The notes for administration state that the requirement is that signs be placed at either end of the construction site. Under the Roads to Recovery program, where perhaps minor works are being done at various intervals along a stretch of road, my understanding is that we have advised councils to use their judgment in the placement of signs, rather than have them every metre.

**Senator O'BRIEN**—Provided there is a number? They could not use their judgment and decline to put any up?

**Ms Meakins**—No, Senator.

**Senator O'BRIEN**—What is the minimum requirement? Is it either end of the construction work—a minimum of two?

**Ms Meakins**—Yes, apart from an example I was given earlier today of a cul-de-sac where we relented and agreed that there would be one sign.

**Senator O'BRIEN**—Was it double sided?

**Ms Meakins**—I would have to check, Senator.

**Senator O'BRIEN**—You could take on notice the cost of a double-sided sign, just in case. How many national highway projects are we talking about in that two-year period for which signs would have been required? Is that easier to find, Mr Ellis?

**Mr Ellis**—We can certainly tell you how many projects there are. On the national highway?

**Senator O'BRIEN**—The national highway.

**Ms Meakins**—When I commenced the job I was told we had roughly 200 current projects. I would have to check that for accuracy but it would be of that order of magnitude.

**Senator Ian Macdonald**—Senator, I drive a lot and I can assure you that wherever our signs are, we are completely outdone by the respective state governments.

**Senator O'BRIEN**—Are their signs as expensive, Minister?

**Senator Ian Macdonald**—I have no idea. They would be more expensive because—

**Senator O'BRIEN**—You might be paying for their signs as well, Minister. You never know.

**Senator Ian Macdonald**—Are we paying for theirs?

**Senator O'BRIEN**—I said you might be. That might be something that people have learnt from Joh.

**Senator Ian Macdonald**—We should investigate that, actually. That is a good point.

**Senator O'BRIEN**—The Roads to Recovery package included an additional \$400 million for the national highway and Roads of National Importance program. This was over five years. In Budget Paper No. 2, can you confirm that this money was allocated to a program called Roads in Outer Metropolitan Areas? Is there a forward list of items to be funded under this program?

**Ms Meakins**—I can read into the record the projects that have been announced, which in total now add up to the full amount of the program. The projects that have been announced from that amount are: the Roe Highway in Perth, an amount of \$76 million; \$150 million of the \$220 million for the Scoresby Freeway in Melbourne is from this amount of money; the widening of the F3 in New South Wales, \$80 million; the duplication of the Gatton bypass in Queensland, \$30 million; and widening of the Ipswich motorway in Queensland, \$64 million.

**Senator O'BRIEN**—That is the \$400 million. Is that for expenditure over the five years or will that be expended sooner?

**Ms Meakins**—That is over the five-year period.

**Senator O'BRIEN**—Is there a yearly amount or chunk allocated from that? Is it \$80 million a year or is it uneven amounts?

**Ms Meakins**—The anticipated funding profile, which may be subject to some change, is approximately \$50 million this coming financial year, the subject of the recent budget; \$100 million in the financial year 2002-03; \$125 million in 2003-04; and \$125 million over 2004-05. This is in fact four years.

**Senator O'BRIEN**—Yes. Will that program be accounted for separately, or as part of the national highway and RONI program?

**Ms Meakins**—It would be part of the program.

**Senator O'BRIEN**—Apart from the projects to which money is committed—and these are already announced—there are no other projects to be funded by the national highway and RONI program?



**Ms Meakins**—The projects announced fully account for the \$400 million.

**Senator O'BRIEN**—Other than the \$400 million, what other funds are available for national highway and Roads of National Importance work in the budget and in the out years?

**Senator Ian Macdonald**—Can you just repeat the question, Senator?

**Senator O'BRIEN**—Apart from the \$400 million, how much is in the budget for the current year and the out years for the funding of national highway and Roads of National Importance projects of various types?

**Mr O'Neill**—The special purpose payments to the states under the roads program are detailed on page 61 of Budget Paper No 3. We have \$1.037 billion for 2001-02, \$1.063 billion for 2002-03, \$1.002 billion for 2003-04 and \$1.010 billion for 2004-05.

**Senator O'BRIEN**—What was the first figure? That is in the PBS at page 48, isn't it? \$1.032 billion et cetera.

**Mr O'Neill**—There is a \$5.3 million difference which is attributed to the Scoresby Freeway additional funding which is in Budget Paper No. 2 at page 190.

**Senator O'BRIEN**—Is the additional \$400 million that we have been talking about with Ms Meakins included in those figures for next year and the out years or is it in addition to those figures?

**Mr O'Neill**—It is included in those figures.

**Senator O'BRIEN**—Can we get a list of the other projects to which funds have been committed for next year and the out years so we can understand how much is available for projects which might come up—for example, the Murrumbateman bypass et cetera?

**Senator Ian Macdonald**—We have not got the information so we will take that on notice. I think there is a question on notice from the House of Representatives seeking the same information. We have not been able to finalise the work on it yet.

**Senator O'BRIEN**—It is keenly sought obviously.

**Senator Ian Macdonald**—There is only one other question. Not everybody is clamouring for it.

**Senator O'BRIEN**—I thought you might have been able to answer a whole swag of questions all at once. Unfortunately, that is not the case. Presumably, that information will include a list of current national highway and Roads of National Importance projects to which funds are committed in the coming financial year and the out years?

**Ms Meakins**—That would be right, Senator

**Senator O'BRIEN**—Where Roads of National Importance projects are not fifty-fifty splits with the relevant state, could you identify those and the details of the financial split?

**Mr O'Neill**—Between the state and federal?

**Senator O'BRIEN**—Yes. Are there any? That is probably the first question.

**Ms Meakins**—Yes, I believe there are some, Senator.

**Senator O'BRIEN**—If you could identify those and the others, we can therefore assume a fifty-fifty split.

**Senator Ian Macdonald**—We can look into that in some detail and see what is available and what is forwardly projected. It is a bit out of my area, but if you indicate what you want to

know, we will see whether we are in a position to provide it and whether it is the sort of thing that is provided.

**Senator O'BRIEN**—Presumably, if commitments have been made, they are made and it is committed outyear funding. If you have something up your sleeve that is not committed, obviously you are not going to allow the public servants to tell us, whether we want to know it or not.

**Senator Ian Macdonald**—One would imagine that, with running projects where there are agreements with the states, it would all be projected forward for the states. They would want to know. We will see what we can find, anyhow.

**Senator O'BRIEN**—I do not know whether we have found the information to understand where the money is going.

**CHAIR**—We will do our best.

**Senator O'BRIEN**—If you cannot, there is something wrong with the record system, and I do not think that there is.

**CHAIR**—Indeed.

**Senator O'BRIEN**—We had some information about the Scoresby project earlier. Is it a road of national importance project?

**Ms Meakins**—Yes. The government has announced that it will declare the Scoresby Freeway a road of national importance.

**Senator O'BRIEN**—That is one of the projects that would not be funded fifty-fifty?

**Ms Meakins**—As we explained earlier in answer to a previous question, that is the subject of current negotiations with the Victorian government.

**Senator O'BRIEN**—In terms of roads of national importance, are there specific guidelines that identify the funding requirements that the Commonwealth has to proceed with a road of national importance?

**Ms Meakins**—The rule of thumb for roads of national importance is a fifty-fifty split with state government, but it is a subject for negotiation on a case-by-case basis. Some roads of national importance are also funded with local government funds as well as state government funds.

**Senator O'BRIEN**—Which projects are funded with local government funds?

**Ms Meakins**—I can give you some examples. Certainly, Main Road 92 has a local government commitment. Gladstone and Devonport are two other examples.

**Senator O'BRIEN**—Could you check and see if there are other examples and let us know?

**Ms Meakins**—Yes.

**Senator MURPHY**—I want to ask a couple of questions regarding the Roads to Recovery Program and IRTF funding. Why is it the case that, in terms of the funding that goes to local government bodies when they apply and get their money, they have to do these quarter-by-quarter programs?

**Mr Hrast**—The reason behind the quarter-by-quarter is the acquittal on a quarterly basis. Councils are provided in advance and are required to acquit that expenditure at the end of a

quarter and, depending on their expenditure, they are provided with a further quarter's funding.

**Senator MURPHY**—Is it the case then that if they do not complete their program in the quarter they lose that funding?

**Mr Hrast**—No, there is no question of losing the funding. The funding is guaranteed by the legislation. They will get it over the life of the program. The administrative arrangements that have been put in place are in line with ANAO guidelines to ensure that recipients are not simply banking Commonwealth grants and are using those funds for what they were intended for.

**Senator MURPHY**—So if a council gets \$200,000, for instance, as long as they spend it over the course of the four-year period they still get the money.

**Mr Hrast**—That is correct.

**Senator Ian Macdonald**—The actual amount each council will get is in legislation that you voted for.

**Senator MURPHY**—That may well be. I do not take the opportunity to read all the legislation that comes into parliament and passes through the Senate. It is just that I had a matter raised with me in respect of this issue as to the local government's understanding of how the program worked and therefore I thought I would raise it here.

**Senator Ian Macdonald**—Another of your Tasmanian Labor Senate colleagues was also running around saying that a few months back but I think I clarified it for her. I invited her to read the act.

**Senator MURPHY**—I thank you for clarifying that point. That message will be passed on. That is the only question I want to ask about the road funding.

**Senator Ian Macdonald**—Just for your constituent council, you should be aware—and I hope they are—that if some of them have a major project for which they want additional money up-front in certain circumstances we are prepared to do that. It is a very flexible program. It is all about building roads and, if there are councils that want a further advance up front in addition to their quarterly one, they should get in touch with the department and we will be happy to try to help.

**Senator MURPHY**—Their understanding may have been that to get the money they had to submit 16 little quarterly projects over the four-year period.

**Senator Ian Macdonald**—No.

**Senator MURPHY**—They can submit one project, can they?

**Senator Ian Macdonald**—They can submit one project. The projects they would have to cover for their full grant may just be sufficient for the next quarter or the next couple of quarters. It is quite flexible in that sense.

**Senator O'BRIEN**—Mr Ellis, your division is involved in meetings about the decision issued by the minister for transport in February to upgrade the Hume Highway at Albury-Wodonga. What is the decision with respect to the external freeway? I understand it will be a two-lane freeway in the first instance. What does 'in the first instance' mean? Does it mean that is all that is going to be funded for now?

**Mr Cory**—The minister has announced the construction of the external route. That route will be constructed on a staged basis, initially as a two-lane road with overtaking lanes with provision for upgrading to a four-lane standard in the future. The configuration is known as a four by two: earthworks for four lanes but construct only two in the first instance.

**Senator O'BRIEN**—How much of the Hume Highway remains two-lane? Will this be the only part of it or will there be significant parts that remain so?

**Mr Cory**—The highway is substantially four lanes between Sydney and Melbourne. The principle amount of two-lane road is from north of Albury to the junction with the Sturt Highway.

**Senator O'BRIEN**—How far is that?

**Mr Cory**—It is probably a couple of hundred kilometres. Work is being undertaken at Bookham, south of Yass, to complete one of the two remaining sections between the Sturt Highway and Yass. There is one remaining section north of the Sturt Highway at Coolac, but the bulk of it is south of the Sturt Highway junction, between the Sturt Highway junction and Albury.

**Senator O'BRIEN**—The minister released a communique on 28 March saying that the group agreed that the federal government will commit to a high standard, four-lane external national highway route and that construction will be staged over a period of years, planning to commence forthwith and construction to proceed as soon as possible. Who were 'the group' that reached this agreement?

**Mr Cory**—The minister issued that statement following a meeting with representatives of the three local councils, the Hume, Albury and Wodonga councils.

**Senator O'BRIEN**—So there was a meeting at some stage involving those councils and Minister Anderson?

**Mr Cory**—Yes. The press release records that meeting. It also involved the two local members in that area.

**Senator O'BRIEN**—Were officers of the department in attendance?

**Mr Cory**—Yes.

**Senator O'BRIEN**—Did they make a record of the meeting?

**Mr Cory**—I would have to consult the file to confirm that.

**Senator O'BRIEN**—Who were the officers who attended?

**Mr Ellis**—They were three officers from this division who are responsible for roads matters.

**Senator O'BRIEN**—Could you check to see whether there is a minute or minutes or record of the meeting on the file?

**Mr Ellis**—Yes, we will check.

**Senator O'BRIEN**—And could you advise the committee?

**Mr Ellis**—Yes. I would also point out that the results of that meeting are summarised in the minister's media release of 28 March.

**Senator O'BRIEN**—Well, one would hope so. I just wanted to be certain that there were records other than the communique which were kept on the department's records. So you will

let me know about that? Could the committee be supplied with a list of the individuals who attended? You have talked about the group representing the three councils and the two local members, so we can identify the two local members and we can identify the minister, I guess.

**Mr Ellis**—Yes. I take it that is the question about the mayors?

**Senator O'BRIEN**—Was it just the mayors?

**Mr Ellis**—We will go back and look.

**Senator O'BRIEN**—Is it fair to say that the local government representatives were seeking a four-lane route?

**Senator Ian Macdonald**—There is some hesitation in attributing positions to others for whom we are not responsible. It might be better if someone asks the councils that. We are just a bit hesitant.

**Senator O'BRIEN**—If you are not sure whether that is the case I suppose you could say that, or you could take it on notice and check to see whether it is recorded.

**Senator Ian Macdonald**—I suspect people involved in the meeting would not want us interpreting whatever they have said—they may have said things with qualifications or reservations, or in a personal capacity or a mayoral capacity. We just have a hesitation about that but we will look at it and see what we can tell you, if anything.

**Senator O'BRIEN**—Has a decision been made as to when the federal government will commit to the four-lane external national highway route? The communique says the federal government will commit to this. I take it that it has not done so yet and no funds are committed. Is that right?

**Mr Cory**—The governments has committed funds towards the construction of the route as a four-lane route on a staged basis.

**Senator O'BRIEN**—Can you identify those funds for next year and the outyear—how much in particular years?

**Mr Cory**—In the current year in New South Wales we have identified a sum of \$1 million and another \$1 million next year—these two amounts are in relation to planning activities; \$30 million and \$40 million in the next two years for the commencement of construction. In Victoria the equivalent figures are \$2 million, \$2 million, \$12.5 million and \$40 million. However, I need to emphasise that these are, other than the current year, indicative figures for planning purposes. They may fluctuate somewhat depending on the progress of activities.

**Senator O'BRIEN**—That is the case with all projects, is it not? If you do not spend it somewhere in one place you will try and spend it in another.

**Mr Cory**—No, that is not the point I am making. The point I am making is that depending on the rate of progress of the project more funds or fewer funds may be necessary in a particular year.

**Senator O'BRIEN**—More funds might be necessary. In other words, it is in contemplation that the work could be brought forward?

**Mr Cory**—These are for estimated funding profiles and therefore they are subject to adjustment as circumstances might change.

**Senator O'BRIEN**—So the only funds that are actually committed are the current year's funds. Is that what you are saying?

**Mr Cory**—Those funds have been provided for the states. They have been requested to proceed on the basis that I outlined a moment ago.

**Senator O'BRIEN**—But the funds for the coming financial year and subsequent years are not committed as such? There is a commitment to the project but the timing could be brought forward or put back?

**Mr Cory**—Yes. The funding this year is committed through the budget. The funding for out years is provided for planning purposes as an indication of our expectation of the rate of expenditure on that project in those years.

**Senator O'BRIEN**—What is the expected cost of the first instance part of the project—if I can call it that—the two lanes with earthworks for four lanes?

**Mr Cory**—The initial stage, being stage 1 of the two lanes plus two lanes of earthworks, is estimated at \$281 million. Again, I caution that this is an estimate.

**Senator O'BRIEN**—So, in those projected figures that you gave me earlier for this year, next year and the following two out years, there is not enough to complete that first instance part of the project?

**Mr Cory**—The project is expected to take longer to construct than two years, and hence funding for the actual construction phase will extend beyond the current planning horizon of the budget and forward estimates. We would be reviewing that situation closer to construction time.

**Senator O'BRIEN**—What is the estimated cost of the balance of the work to take the work to a four-lane highway for the entire length of the bypass?

**Mr Cory**—The current estimate of the full four lanes is \$411 million.

**Senator O'BRIEN**—Has the planning for the four-lane bypass commenced?

**Mr Cory**—Yes.

**Senator O'BRIEN**—What stage is it at?

**Mr Cory**—An environmental impact statement was completed in, I think, mid-1995. That was an environmental impact statement which considered both the internal and the external routes. As a result of the environmental impact statement, initially a decision was made to construct the internal route. When the cost of \$203 million for that route was advised to the Commonwealth, the minister indicated, following a review of the project in the light of substantial cost increases, to opt for the external route. Planning for the external route would pick up from the environmental impact statement of 1995. Follow-up environmental and other planning work will be undertaken so that construction can proceed on that external route.

**Senator O'BRIEN**—On the projected spending figures you gave me, there would not be any real construction until the 2002-03 financial year? Is that a fair projection on the figures you gave me? At the earliest?

**Mr Cory**—It is of that order. I think that is dependent on exactly what environmental and planning work remains to be done. There is work under way at the moment to assess precisely what will be needed for that purpose.

**Senator O'BRIEN**—Has all the land for the proposed external bypass been acquired?

**Mr Cory**—I do not have a definitive answer on that. Certainly a substantial length of the external bypass has been acquired. Some land along the common route, that is the route north

of Bells Corner, remains to be acquired, and there may also be some land to be acquired on the external route between Barnawatha and Bells Corner.

**Senator O'BRIEN**—Have there been any compulsory acquisitions?

**Mr Cory**—Not as far as I am aware, but that is a matter for the New South Wales government. Acquisitions are undertaken under New South Wales legislation. Offers have been made to land-holders under what are known as the hardship provisions, and voluntary acquisitions have been made under those provisions.

**Senator O'BRIEN**—How much has been spent to date on land acquisitions?

**Mr Cory**—I could not give you a precise figure.

**Senator O'BRIEN**—Does the Commonwealth not know?

**Mr Cory**—We do not receive individual accounts for land acquisitions. We fund New South Wales on the basis of their statements of expenditure on the project and we do not normally request break-ups of those costs.

**Senator O'BRIEN**—As I understand it, the government has decided on the route—it has been determined. Has that been agreed with the New South Wales government?

**Mr Cory**—Yes.

**Senator O'BRIEN**—When the minister announced the decision on 21 February, his statement said that the decision was based on advice from the Commonwealth's independent auditor. To which organisation was he referring?

**Mr Cory**—He was referring to the Flagstaff Consulting Group. The group was appointed by the minister to audit the review of costs being undertaken by the New South Wales RTA, following the blow-out in costs from \$200 million to \$500-odd million.

**Senator O'BRIEN**—Did Flagstaff not write to you on 27 March, raising some serious question marks over the information they had to work with? Did they not actually say that they could not finish their auditing job?

**Mr Cory**—Flagstaff wrote and said that they had reservations over certain aspects of the material that had been provided to them.

**Senator O'BRIEN**—How could the minister say that his decision of 21 February was based on advice from the independent auditor when they are conceding that there are some serious question marks over the information they had to work with?

**Mr Cory**—Perhaps I can outline some of the elements of the review that was undertaken. Following the minister's announcement that he was reopening the route selection issue, the RTA undertook a review of the justification of both the internal and the external routes. Initially the RTA's consultants focused on the costs of those two routes. Subsequently, after some period of time, Flagstaff declared themselves broadly satisfied with the costs provided by the RTA for both the internal and the external routes.

At the same time, the question of the traffic analysis and the ensuing economic analysis of the project was put in hand. It was in this area of the analysis of the review that Flagstaff developed reservations—which proved to be rather substantial problems—about the work that was undertaken. This did not lend itself to a quick solution. The minister's announcement was based on the costs of the project as audited and as broadly signed off the auditor.

**Senator O'BRIEN**—By Flagstaff?

**Mr Cory**—That is correct.

**Senator O'BRIEN**—What correspondence would indicate that? Do you have correspondence from Flagstaff that would indicate that they broadly signed off on the estimates?

**Mr Cory**—Yes.

**Senator O'BRIEN**—Can you provide a copy of that to the committee?

**Mr Ellis**—We will take that one on notice as well.

**Senator O'BRIEN**—The 27 March letter says:

This time we are not able to endorse any of the BCRs—

benefit-cost ratios—

nor are we able to assert that they are robust in their relative magnitude one to the other. Because of the lack of transparency of the analyses and the information provided to us, we have not been able to establish unequivocally the reasons for change in absolute and relative terms.

So they are still quite fluid after the minister's announcement apparently.

**Mr Cory**—The passage that you quote refers to the economic and traffic analyses component of the task. That does not bear upon the costs of the task.

**Senator O'BRIEN**—But they say in the same letter:

Regrettably we thus must advise that our task as auditors remains unfinished. It is a matter beyond our control.

Then they quote from the brief:

The department wishes to be assured that the advice on various options that will be supplied by the RTA and VicRoads on the project can be relied on.

Hardly a finished project!

**Mr Cory**—As I have indicated, the minister made his decision based on the cost estimates of the project, as signed off broadly by Flagstaff. Regrettably, it was not possible to get reliable information from the New South Wales RTA on the traffic analysis and economic benefits of the projects. That work continues.

**Senator O'BRIEN**—So the audit was not concluded?

**Mr Cory**—That is correct.

**Senator O'BRIEN**—I look forward to seeing Flagstaff's correspondence that you referred to. Have you seen the minutes of the project control group meeting held on 31 October 2000?

**Mr Cory**—I would need to check my files, but that is entirely possible.

**Senator O'BRIEN**—They are in circulation. I am not sure how widely, but I would expect you would have them on your file.

**Mr Cory**—What was the date again?

**Senator O'BRIEN**—It was 31 October. On page 2 of those minutes, attributed to you, is the following, under the heading 'Economic analysis':

Ed Cory advised that the Department of Transport and Regional Services did not see the Albury project as setting a precedent in terms of the approach to estimating. History had shown that it was



necessary to set aside the rule book and do whatever is necessary to complete the task effectively. Albury is a one-off project.

What does that mean? Do you have any idea?

**Mr Cory**—Yes. That comment goes to the one-off nature of the project. I guess it is fair to say that not too many projects have been presented to the Commonwealth initially as \$200 million projects and have found themselves as \$500 million projects. We felt, and I think we still feel, that it was necessary to adopt a process of investigation and satisfaction in relation to this project that we do not normally apply to other projects. Part of the background to that comment reflects the level of commitment of resources by all three agencies to the task and the fact that I do not think any of the agencies would wish that that became a norm. They would certainly hope it was not necessary. We would certainly hope that we do not get too many more projects that go from \$200 million to \$500 million.

**Senator O'BRIEN**—You have had plenty of projects that have overrun their costs in the past, haven't you? Plenty.

**CHAIR**—I do not think Mr Cory said 'plenty', Senator O'Brien.

**Senator O'BRIEN**—I am asking him.

**Mr Cory**—Costs have increased. I am not aware of any projects of significant size that have been the subject of detailed planning that have escalated in such a short space of time to such an extent—not Commonwealth funded roads projects.

**Senator O'BRIEN**—I can think of quite a few projects that have involved substantial additional expenditure, but we will not debate that now.

**CHAIR**—Those of us with long memories can remember them going back a long way.

**Senator O'BRIEN**—Yes. There is a big white-sailed thing on Sydney Harbour that is probably the clearest example.

**CHAIR**—That is probably an investment rather than an overrun.

**Senator O'BRIEN**—That is what the citizens of Albury-Wodonga will say about this bypass in years to come. Mr Ellis, I understand you exchanged correspondence with a Mr Terry Wright in relation to the Hume Highway upgrade and comments attributed to one of your officers, a Mr Caldwell.

**Mr Ellis**—Yes, I recall that.

**Senator O'BRIEN**—I understand that in the letter to Mr Wright you say that Mr Caldwell made unfounded and inappropriate comments. Does that mean that Mr Caldwell has been counselled on the matter?

**Mr Ellis**—I do not have that correspondence in front of me, but I have certainly spoken with the officer of the department and that letter offers an apology to that member of the community.

**Senator O'BRIEN**—I have a copy in front of me. You say, 'Mr Caldwell accepts this statement,' and it is a serious statement. Mr Wright had alleged that a member of your staff had said that Mr Wright would threaten to shoot any of your staff members if they entered his property. What was conceded was that Mr Caldwell did state that he had heard that Mr Wright had threatened to shoot New South Wales Roads and Traffic Authority officers. Ultimately, Mr Caldwell accepted that this statement was unfounded and inappropriate and withdrew it unreservedly, and you said that he deeply regretted making that statement.

**Mr Ellis**—Yes.

**Senator O'BRIEN**—You then apologised on behalf of the department and Mr Caldwell for the distress and embarrassment that the statement had caused him. Have you established why this officer would make that allegation if it were unfounded?

**Mr Ellis**—I have spoken on a couple of occasions with the member of staff. The letter of apology that you have got there is a result of looking into that particular letter to the department, that particular complaint. As I have said there, we have apologised for any concerns that might have resulted.

**CHAIR**—I am not sure if that question survives the test of relevance, Senator O'Brien.

**Senator O'BRIEN**—I am not sure why you would say that, Madam Chair.

**CHAIR**—Do you have further questions on road transport, Senator O'Brien?

**Senator O'BRIEN**—This was about road transport, actually.

**Senator CALVERT**—I have a question about roads of national importance.

**CHAIR**—Perhaps you would like to ask it now and give Senator O'Brien a break for a few minutes.

**Senator CALVERT**—Has the department had a request or a submission from the Tasmanian government through Deputy Premier, Paul Lennon, about funding under the RONI program for the Arthur Highway?

**Ms Meakins**—Yes, we have.

**Senator CALVERT**—Is it just being looked at or processed? Is it thumbs up or thumbs down? Is it being assessed?

**Mr Cory**—That project is being assessed within the department.

**Senator CALVERT**—When do you think an answer is likely?

**Mr Cory**—We would normally provide advice to the minister; it is a matter for the minister.

**Senator CALVERT**—When are you likely to be talking to the minister about it? I want to know so I can write him a letter supporting it. That is all.

**Mr Ellis**—We are just trying to work out where it is in the process. It will probably be several weeks before we get advice to the minister, so I suggest you could write right now.

**Senator CALVERT**—Thank you.

**Senator MURPHY**—There were discussions at an officer level between Tasmanian government officers and yourselves some little while back.

**Ms Meakins**—Yes. At that meeting we asked them to provide us with up-to-date information on their submission, and that has since been received and is currently being assessed.

**Senator CALVERT**—I believe it was sent around 7 May.

**Senator MURPHY**—Is the information that they updated different to what was discussed in the meeting?

**Ms Meakins**—I cannot answer that question.

**Mr Cory**—We made a general request of the Tasmanian officers to provide an updated submission, and that has been provided.

**Senator MURPHY**—When you say an updated submission, was there a submission from some time earlier?

**Mr Cory**—There had been a submission some years previously.

**Senator O'BRIEN**—I have some questions regarding the Road Safety Black Spot Program. The budget renews funding for the black spot program for one year only. It is usually a four-year program, isn't it?

**Senator Ian Macdonald**—It is a program, you might remember, that the previous government had cancelled. It was a four-year program only, which should have finished this year. We extended it for one year pending a review of the program, which I understand is due to be made available around July.

**Senator O'BRIEN**—The review will be made available?

**Senator Ian Macdonald**—Yes.

**Senator O'BRIEN**—The portfolio additional estimates statement had a revised budget for this program of \$41.182 million.

**Senator Ian Macdonald**—That figure does not sound right to me.

**Senator O'BRIEN**—This was revised down by two per cent, according to that additional estimates statement.

**Senator Ian Macdonald**—Mr Beresford Wylie will have the details of what the budget actually provided for it.

**Mr Beresford Wylie**—The Australian Transport Safety Bureau has responsibility for funding for the national program. Senator, you mentioned a figure.

**Senator O'BRIEN**—Page 49 of the portfolio additional estimates statement had a revised budget for the program, which I understand to be \$41.182 million. Have I read that correctly?

**Mr Beresford Wylie**—Yes, that is correct.

**Senator O'BRIEN**—That was a downward revision of about two per cent.

**Mr Beresford Wylie**—There had been an original figure contained in the portfolio budget statement for last year of \$42.183 million. That reflected an estimated carryover from the previous year. When the actual figures came in, the figure turned out to be \$41.182. That reflected the difference in carryovers and prepayments.

**Senator O'BRIEN**—This year's PBS shows that only \$39.566 million was spent. Is there any explanation for the underspend?

**Mr Beresford Wylie**—Yes. The \$41.182 million figure was the figure we started with. We have then a series—

**Senator O'BRIEN**—You started with \$42.183 million. Presumably you are planning to spend that.

**Mr Beresford Wylie**—Yes. Then we had that additional revised figure of \$41.182 million. To that we had a final figure of a previous year's prepayment of \$5.084 million. At the time that the budget was printed, we had an estimated prepayment expenditure running into next year of \$6.7 million, resulting in a figure of \$39.566 million.

**Senator O'BRIEN**—Are you saying that the reduction was due to a revision upwards of the prepayment figure?

**Mr Beresford Wylie**—That is correct.

**Senator O'BRIEN**—As to the review of the black spots program—which is due in July, we are told—what is the nature of that review and who is conducting it?

**Mr Beresford Wylie**—The review was conducted by the Bureau of Transport Economics at the request of the minister. It was undertaken mostly in the second half of last year, and it is currently being finalised. It is a before and after evaluation of the black spot program.

**Senator O'BRIEN**—Is there some reason that it was not finished in time for budget considerations? Was it always intended to be a post-budget document?

**Mr Beresford Wylie**—It was not aimed at being a document for the budget; it was simply a review that was being carried out. The extent to which it is to be finalised in July reflects additional information which has come through from the states.

**Senator O'BRIEN**—Is this the only evaluation of the program that has taken place?

**Mr Beresford Wylie**—Of this current program—yes.

**Senator O'BRIEN**—What about previously?

**Mr Beresford Wylie**—There was a previous program and a previous evaluation by the Bureau of Transport Economics or whatever it was in those days—I think it was the Bureau of Transport and Communications Economics.

**Senator O'BRIEN**—Effectively, the decision for this budget for this coming year, the year which is the subject of the PBS, was to spend the same amount as last year less the overspend—is that how we should understand it?

**Mr Beresford Wylie**—Yes. A sum of money was provided for the budget and that sum of money has then been added to by the expected prepayment figure, which will flow over into next year, resulting in a final figure of \$48.846 million.

**Senator O'BRIEN**—Perhaps I did not understand you.

**Mr Beresford Wylie**—A figure of \$42.146 million was allocated for the program for next year and in addition to that there is a prepayment—that is to say, money spent from this year which will in fact be expense next year because of the program—of an additional \$6.7 million, which will take the amount of money spent for the program next year to \$48.846 million.

**Senator O'BRIEN**—That is all that I have, subject to the Murrumbateman bypass matter and the questions that are on notice. I may put some more on notice.

**Senator Ian Macdonald**—Could I just mention that the department has been trying as best it is able to answer questions that we have taken on notice. We have four questions that we took on notice earlier in the hearings that I would like to present to the committee now.

**CHAIR**—Thank you.

**Senator O'BRIEN**—Can I have a look at them before we close off? They may raise other matters and we can keep asking other questions.

**CHAIR**—Are they related to—

**Senator Ian Macdonald**—No. They are aviation, generally.

**CHAIR**—So they are not related to these issues. Senator Murphy has indicated that he has some questions on regional solutions and rural transaction centres. We might begin that section now, bearing in mind that, by an arrangement, Senator Mackay has indicated that she wants to ask some questions on floods which necessitate the return of some AFFA officers, who will be here at half past seven. We will move on to the officers who can answer the questions on regional solutions and RTCs until 6.30 p.m. We will then, at 7.30 p.m., resume with Senator Mackay's questions on floods and then go back to regional solutions and RTCs following those flood questions, which I understand have been arranged prior with some AFFA officers.

**Senator Ian Macdonald**—I am not aware of any such arrangement, Madam Chairman. I would have thought it was common courtesy on someone's behalf to let me know if we are interposing another department. I am not sure if the committee is aware of that. The committee makes its arrangements and it seems that one or two senators just ignore them and make their own! In relation to the other matter, I do not think any of the officers are here. I am quite happy to try to answer Senator Murphy's questions but they will perhaps be lacking in the detail if there are detailed matters required.

**CHAIR**—Let us make a start. If it transpires that we are not able to satisfy Senator Murphy's questions, perhaps we will strike an early tea break and then come back at 7.30 p.m.

**Senator MURPHY**—I understand that there was an announced expenditure of \$90 million over four years for the Regional Solutions program. Yet in the PBS, at page 47, the total expenditure seems to be only \$80.4 million. Can you give me an explanation as to why there is a difference?

**Senator Ian Macdonald**—The expenditure is not \$84 million, because we are only in the first year of a four-year program.

**Senator MURPHY**—I am sorry. The estimate is as outlined there, but I thought you said that the program was announced at \$90 million over four years. You have four years of budget estimates here which total up to \$80.4 million.

**Senator Ian Macdonald**—Yes, that is a fair point. I cannot answer that, because we have not got our people here.

**CHAIR**—Perhaps we can set that question aside for when we come back at 7.30 p.m.

**Senator MURPHY**—The names of the projects and the places that have been funded are available on the Web, but I would appreciate a full disclosure that includes the dates the different funding rounds were announced and the type of project assistance that was awarded in each project. I can give you these questions and you can just take them on notice. As I understand it, of the \$90 million announced—or \$80 million, whatever it is—about \$13 million has been expended. I would be interested in how you think that is going, given the expenditure for the outyears to 2004. Is it possible for an applicant to be awarded two lots of funding for two different applications?

**Senator Ian Macdonald**—Yes. They are all assessed on their merits, and the fact that you have been given one grant would not preclude you from another. There are a range of things that are taken into account; it would not necessarily preclude you. In relation to your first question, we will have those details.

**Senator MURPHY**—The reason I asked you that question is that, as I understand it, there are different opportunities. They range from \$1,000 to \$5,000 and then up to \$500,000, which I understand is the maximum.

**Senator Ian Macdonald**—That is right.

**Senator MURPHY**—Can anyone get more than \$500,000?

**Senator Ian Macdonald**—I see what you are getting at—not for the same project.

**Senator MURPHY**—You say not for the same project, but what if they sought funding for, say, a planning arrangement?

**Senator Ian Macdonald**—If it were for the same project in different stages, that would be unlikely. I guess it would depend on circumstances.

**Senator MURPHY**—The reason I asked the question is that I am curious about a project called Portland, in the seat of Wannon, in Victoria. It received \$550,000 to build a tourist tramway.

**Senator Ian Macdonald**—No. I think you will find that it is \$500,000, plus the GST.

**Senator MURPHY**—I see, could you provide some explanation for that?

**Senator Ian Macdonald**—I am quite interested in that because I like railways, and the group involved actually came up to see me so I remember it clearly. I think you will find that, in all of them, it is the \$500,000 plus the GST.

**Senator MURPHY**—Is it normal that you would put the GST on top of a grant?

**Senator Ian Macdonald**—They give it straight back to us. We give it to them because they pay us straight back.

**Senator MURPHY**—I would have thought that the government might give the money and just take the GST straight out of it.

**CHAIR**—That would be an interesting new policy to contemplate; we might find that is related to roll-back, Senator Murphy.

**Senator MURPHY**—A government policy, I would have thought.

**Senator MURPHY**—I have a question on the rural transaction centres. Seventy rural transaction centres were supposed to have been established by May 2000 and 500 over five years. That began in May 1999. We have only 25 centres currently operational. As I understand it, 123 grants have been given out, mostly for business and planning assistance, which equates to \$10.4 million and represents only about 15 per cent of the total funding. Page 47 of the 2000-01 PBS showed the project budget estimate for 2000-01 to be \$23,633,000. Yet in this year's PBS it is shown as \$10,952,000. I think I know what the reason is, but I would like an explanation as to why there is a difference.

**Senator Ian Macdonald**—There is certainly an underspend this year. I cannot confirm or deny your figures. They sort of sound right. Until we get the people with all the detail, I could not confirm those figures but they sound about right. There is no doubt that there is an underspend this year. I might say in passing that I do not agree with your premise, but anyhow that is not your question. What was the other part of your question?

**Senator MURPHY**—The best I can tally up is that there has been about \$10.4 million spent.

**Senator Ian Macdonald**—Yes.

**Senator MURPHY**—Which represents about 15 per cent of the funding.

**Senator Ian Macdonald**—It is a \$70 million program over—

**Senator MURPHY**—That is over a two-year period of a five-year program. There is going to have to be a lot of spending between now and when the five years is up.

**Senator Ian Macdonald**—The bit of your preamble that I disagree with is that there was never any commitment to open 500 centres. The commitment was to provide money for up to 500 centres, and the government has done that. It is a community driven program. The communities make application if they want the program. They work out where they want it, who they want to do it and how they want to do it. As you would know, Senator, as one who represents smaller areas, communities work at different speeds—some are speedy and some are slow.

**Senator MURPHY**—Can you provide me with all of the dates that the funding rounds were announced? I found that difficult to find.

**Senator Ian Macdonald**—Yes.

**Senator MURPHY**—I want to clarify something about the RTC program. If there is assistance mentioned for different projects but the amount is shown at zero dollars—this is stuff that is on the web site—does that mean that the cheque has not been delivered? Has the money been committed? How do we ascertain where things are at? To give you an example, the Bombala council was given \$3,000 in BP assistance and \$235,000 in project assistance, yet I think it shows zero dollars.

**Senator Ian Macdonald**—I assume they would have spent the business planning moneys of \$3,000 and the allocation has been made to Bombala but perhaps it has not been actually drawn down at this stage. I think that would be the explanation, but the officers would have the exact detail with respect to that.

**Senator MURPHY**—Is it possible for me to get an outline of the process the organisations go through to get the funding—for example, how long it takes and whether the process has been altered with the advent of the field officer program?

**Senator Ian Macdonald**—Generally the program is like this: a community makes its own decision as to whether they want a rural transaction centre. If they need some professional advice in putting together their application, they can make a very simple application for business planning money. We assess that relatively quickly and give them the money. They indicate that they are getting a broker or their local accountant or the shire clerk or someone to do it. They then have meetings in the town, and whoever is preparing the application meets with them. They look at different options and contact a bank or building society or the Centrelink people and decide what they want: whether they want a doctor's surgery, or a child-minding centre—whatever they want. They then prepare their application, which is done by the business planning consultant or by someone in town who is prepared to do it. It is entirely community driven. They do it how they like. The application comes in and is assessed by the department. They then refer it to an independent panel to assess it, and it comes back to me with their recommendation. In almost 100 per cent of the cases I adopt their recommendation. Then there is a contract signed with the community. Once the contract is signed, the money starts to flow, depending on what the arrangements are—whether we pay

the builder, or whatever. It is done in progressive payments as the community needs it. That is in broad how it works.

You asked whether it has changed since the field officers came on board. The idea was that the field officers would do a lot of the legwork that we found that the communities, whilst they were able to do it, were very slow in doing—because they are all principally volunteers. In those cases, the field officers may well in fact do the business plan and may do the application, instead of the broker. But it is fairly flexible and fairly easy as to who does it, providing it is done and acquitted properly.

**Senator MURPHY**—With regard to the field officer program, I noticed in your announcement you said there were between 12 and 15. There have been 10 allocated around the place.

**Senator Ian Macdonald**—It is actually 14.

**Senator MURPHY**—It is 14 now, is it?

**Senator Ian Macdonald**—Yes.

**Senator MURPHY**—I could find that there was one each in Mackay, Toowoomba, Bendigo, Tathra, Bairnsdale, Mount Gambier, Wudinna, Bunbury, Meander and Tennant Creek.

**CHAIR**—And Port Broughton.

**Senator MURPHY**—Very good. It is just that it was difficult to find the information as to where they were. What is the process for deciding the placements for the field officers?

**Senator Ian Macdonald**—With regard to the field officers, we called tenders for someone to run the field officer program. The successful tenderer was a group called GRM.

**Senator MURPHY**—GRM International?

**Senator Ian Macdonald**—GRM International Pty Ltd. The contract will run for a period of two years at a cost of \$5.9 million. As part of their tender, they said they would provide 14 field officers, which they have done, and I can tell you where they are, if that is of assistance to you. In Queensland, they are at Rockhampton, Toowoomba and Cairns. In New South Wales, they are at Tathra, Armidale and Canowindra. In Victoria, they are at Bairnsdale and Bendigo. In South Australia, they are at Mount Gambier and Wudinna. In the Northern Territory, they are at Darwin and Tennant Creek. In Western Australia, they are at Bunbury—and I think there is another one to go there, isn't there? In Tasmania, there is one at Meander. I should make it absolutely clear that, whilst that is where those people live, their base is actually in a car or somewhere else; they move around. They do not have offices, as such.

**Senator MURPHY**—In terms of GRM International providing these people, does the department set the requirements for the experience that these people need to do this work?

**Senator Ian Macdonald**—Not really. We told GRM what these people were required to do—which was in the tender documents, as I understand it—and GRM have made the selections and have then run the field officers, in contact with the department.

**Senator MURPHY**—Has the department received any criticism about any of these officers?

**Senator Ian Macdonald**—From?

**Senator MURPHY**—From any of the councils?



**Senator Ian Macdonald**—I don't know. I am not aware of any. I have not received any criticism and the department, if they have had criticism, have not mentioned it to me.

**Senator MURPHY**—You might just take that on notice.

**Mr Yuile**—I have not heard any such feedback. In fact, I have heard positive things, but we can check with the officer who was running the program. You might not be here, but we will make sure, if there is anything, that it is responded to.

**Senator MURPHY**—Criticism was made to me, and I just wanted to check whether it had been made officially. I don't want to mention the criticism unless it has been made officially.

**Senator Ian Macdonald**—I was going to ask whether you could—

**Senator MURPHY**—I would prefer not to because it might reflect on the person.

**Senator Ian Macdonald**—That is fair enough.

**Mr Yuile**—Whilst I was not involved in the specifics of the contract in meeting the field officers when they were brought to Canberra for briefing and meeting with all the other departments as well as ourselves, I think all those folk come from the various communities within which they are working, so from that point of view they are people who we considered would be able to relate effectively to the communities with whom they were working. But I will make sure that we have an answer to your question.

**Senator MURPHY**—Thank you.

**Mr Matthews**—Senator O'Brien asked a question the other night about where revenues are presented in the PBS in previous years and we undertook to get back to him during the hearings about that. Can I table the answer, that is, for the last two years they have been in the PBS; in previous years they have been in the actual budget documents, and these are copies of those pages.

**CHAIR**—Senator O'Brien has indicated that he will be back here at 7.30, so we will draw that to his attention.

**Proceedings suspended from 6.32 p.m. to 7.30 p.m.**

**ACTING CHAIR (Senator McGauran)**—Welcome back from dinner, and Senator Mackay is to open the bowling.

**Senator MACKAY**—I have a number of questions in relation to floods. I wonder if the appropriate AFFA officer come to the table. Thank you, Dr Samson—

**Senator Ian Macdonald**—Is this regional services estimates or AFFA estimates?

**ACTING CHAIR**—Regional services, I am informed.

**Senator Ian Macdonald**—Who is the minister for regional services? What are AFFA people doing here?

**Senator MACKAY**—A number of the programs are joint.

**Senator Ian Macdonald**—No disrespect to the officer, with whom I would love to spend some hours.

**ACTING CHAIR**—I am informed, Minister, that this particular program for question is administered under a dual arrangement between AFFA and regional services.

**Senator Ian Macdonald**—Why was it not dealt with in AFFA?

**Senator O'BRIEN**—It was.

**Senator Ian Macdonald**—It was? So what is the AFFA officer doing here?

**ACTING CHAIR**—That is a good question.

**Senator O'BRIEN**—The answers were not able to be extended into this area's portfolio. It is a matter of having the ability to answer the questions together, I would have thought.

**Senator Ian Macdonald**—If it is a justice portfolio, you ask the justice minister; if it is a regional services portfolio you ask this minister.

**Senator O'BRIEN**—The committee has agreed with it.

**Senator Ian Macdonald**—You just do not bring estimates committee witnesses from wherever you feel like bringing them.

**Senator O'BRIEN**—My understanding is that the committee has agreed with it.

**Senator Ian Macdonald**—Your understanding is that the committee has agreed to it?

**Senator O'BRIEN**—Yes.

**Senator Ian Macdonald**—Well, has anybody told me about it?

**Senator MACKAY**—It is not our job.

**Senator Ian Macdonald**—Has Senator Alston who represents the AFFA minister been advised?

**ACTING CHAIR**—No. You are quite right. The secretary advises me that if you have an objection to the AFFA officer at the table then I think the committee will have to accommodate your concern.

**Senator Ian Macdonald**—I think it is a gross lack of courtesy. I concede that someone mentioned it to me at 25 minutes to seven, and I raised the same sort of objection then. If this is the standard of cooperation and courtesy and plain good manners of the committee—which I have not noticed so far in the four days the committee has been going—I just find that quite incredible. I would prefer the AFFA officer not to be at the table. If something comes up that our officers cannot answer, we might call him forward or we might seek his advice and mention it. I apologise to the AFFA officer in that he is giving up his dinner tonight to do this, but I just think this is an inappropriate way to handle things, Mr Acting Chair.

**Senator FORSHAW**—The purpose, as I understand it, of Dr Samson being asked to be here is because we started with AFFA on Monday. We asked questions of AFFA about a number of programs that the government has implemented and referred to in the portfolio budget statements relating to flood assistance and a package of measures. There are two or three programs that have been instituted but they are interlocked, if you like, and funds are supplied from both AFFA and from this department. That is indeed acknowledged in the PBS for this department and AFFA, and it was really as a result of endeavouring to get a complete picture of the programs that we asked questions of AFFA. We also wanted to ask questions of regional services, and I thought it was as a matter of courtesy, if you like, to ensure that the full picture could be explained, that an AFFA officer was asked to be in attendance.

**ACTING CHAIR**—Thank you, Senator Forshaw. That is quite correct, and we are all aware of that argument. In the end, it is the minister's decision.

**Senator FORSHAW**—Excuse me; I said that because it has been suggested that somehow there was a lack of courtesy or it was insulting or whatever.

**ACTING CHAIR**—I know.

**Senator FORSHAW**—I thought we actually bent over backwards to do this.

**ACTING CHAIR**—In the end it is the minister's decision and, in wanting to progress all of this, we have to understand the minister's concern. It is his judgment. I even had a ruling of the procedural committee on a similar matter. So we can refer to rulings. In the end, the minister makes the determination who answers the questions. We will have to ask Dr Samson to take a back seat.

**Senator Ian Macdonald**—With apologies to Dr Samson. I make it clear that there are elements of the flood package that are my responsibility and are my department's responsibility. There are elements that are the responsibility of another department. In this estimates committee, I am more than happy for us to answer any questions that we possibly can about the involvement of the Department of Transport and Regional Services in the flood committee but if there are questions for another committee then that is a question for another committee.

**Senator FORSHAW**—One of the difficulties we face is that the PBS for the Department of Transport and Regional Services or for AFFA gives a description of the programs and it mentions what the programs are for. It also mentions when it is jointly administered or when funding is provided from both departments. But neither PBS actually delineates which department is responsible, necessarily, for which particular part. There might be some comment, but it is not a full picture. This was the difficulty we ran into the other day. We were asking questions and finding that either we could not be told the answer or that it was a mixture of the roles of both departments and that they were acting together.

**CHAIR**—Perhaps I could clarify it by noting that page 51 of the portfolio budget statements related to AFFA says:

This is a cross Portfolio measure between the Department of Agriculture, Fisheries and Forestry - Australia and the Department of Transport and Regional Services, with assistance administered by Centrelink.

Therefore, Minister, if there are questions that are not able to be answered by the officers at the table would it be possible for those to be answered by the AFFA representative who has come tonight? The representative could come to the table, answer the questions and then go back to sit in the body of the meeting.

**Senator Ian Macdonald**—If the committee had a problem or the senators did not understand which program belonged to which minister then perhaps the committee could have contacted me or contacted some of the officers. I am always happy to help the committee, as the committee well knows.

**CHAIR**—I agree.

**Senator Ian Macdonald**—I am not authorised to sit through Agriculture, Fisheries and Forestry estimates. That is a role for Senator Alston. I do not want to impeach upon his domain.

**Senator O'BRIEN**—This is not a time for jokes, Minister!

**Senator FORSHAW**—We were wondering whether he was authorised to sit through them!

**CHAIR**—This is not a discrete portfolio item related only to AFFA. As I just said, this is clearly a cross-portfolio measure. Therefore, as it would have been appropriate, I would have

thought, for Minister Alston to have been present when some questions were asked that officers may not have been able to respond to because they related to your portfolio, would it not be the case, because it is a cross-portfolio issue, that it would be appropriate for those questions to be answered by the AFFA officer?

**Senator Ian Macdonald**—I am not aware of what is in the AFFA PBS.

**CHAIR**—I would be happy to show it to you.

**Senator Ian Macdonald**—No, I accept your words. We might ask Mr Mrdak to explain the department's responsibility and take questions on that. If two departments need to answer a question, we will consider it as we come to it.

**CHAIR**—That seems an appropriate outcome. Let us move to that position.

**Senator Ian Macdonald**—Is there any order in tonight's proceedings or are we just going to switch around?

**CHAIR**—No. As I said before the break, by arrangement, we will have these particular flood questions and then we will move back to regional services. We were going to move straight back to the RTCs. We propose to stick with that program.

**Senator MACKAY**—As the Chair has already indicated, on pages 50 and 51 of the AFFA PBS, it says that the—

**Senator Ian Macdonald**—Which PBS?

**Senator MACKAY**—The AFFA PBS.

**Senator Ian Macdonald**—This is the Department of Transport and Regional Services.

**Senator MACKAY**—It says that the Commonwealth flood assistance package for central and northern New South Wales and southern Queensland is provided through AFFA and DTRS respectively. What elements of this package, and I believe there are four or so elements, are administered by DTRS?

**CHAIR**—Mr Mrdak, this will give you the opportunity to put the framework on the area for which you are able to speak.

**Mr Mrdak**—Certainly; thank you. There are two elements of the flood assistance package which was announced in November last year which applies to New South Wales and to Queensland for which the Department of Transport and Regional Services has responsibilities. They are the Flood Recovery Fund, which is a fund of some \$10 million for community groups, councils and the like for restoration of flood damaged areas. Secondly, there is the Commonwealth funding assistance business grants program, which provides up to \$6 million for small and medium-sized businesses who have been flood affected to claim clean-up costs and restoration of business premises caused by flood damage. That program was announced in November, and in March this year it was extended to areas which were inundated between January and March on the north coast of New South Wales.

**Senator MACKAY**—What kind of contact do the departments have in relation to the administration of the aggregate program?

**Mr Mrdak**—In relation to the two it is quite close. We meet regularly with AFFA at officer level to discuss the elements of the program. The business grants scheme is administered on behalf of us both by Centrelink. They provide the direct contact with the business grants recipients and applicants. In relation to the Flood Recovery Fund, we receive

the applications directly, but we do work closely with AFFA in relation to the guidelines for the programs and the like just to make sure that we are both working together and applicants are being treated in the same way, wherever we can, in relation to the guidelines and the like.

**Senator MACKAY**—Does the Flood Recovery Fund come out of this aggregate package?

**Mr Mrdak**—It is separately identified. It is administered out of departmental expenses—the Department of Transport and Regional Services—but it was announced as part of the government's flood assistance package in November last year. It was part of the cumulative total announced.

**Senator MACKAY**—I am a bit confused in relation to this whole flood issue. Minister Anderson has a table in his press release, for example, where he actually refers to a four-part federal assistance package. You have indicated two elements. What are the other two elements?

**Mr Mrdak**—My understanding is that the other elements are with AFFA, and are in relation to northern New South Wales and southern Queensland that were inundated in November. They relate specifically to farm assistance for re-cropping and assistance with income support for farms that have been damaged by flood.

**Senator MACKAY**—What is the fourth element?

**Mr Mrdak**—They are the two elements: the income support arrangements, and there is a number of elements to that which includes interest subsidies as well as those types of assistance for income support, and then, on top of that, there is re-cropping grants assistance. They are administered by AFFA.

**Senator MACKAY**—In Minister Anderson's table there is something called NDRA. What would that be?

**Mr Mrdak**—NDRA is the National Disaster Relief Arrangements. They are long established arrangements that have been set down between the Commonwealth and various state and territory governments. It is a scheme by which, essentially, when the level of expenditure by states and local governments reaches a certain point, the Commonwealth contributes to national disaster relief in terms of remedial arrangements, reconstruction and various income support mechanisms. Essentially it is a funding agreement which is not administered by Transport and Regional Services; it is administered by the Department of Finance and Administration and other agencies, but it is a standing Commonwealth-state arrangement by which, in the event of natural disasters, there is Commonwealth funding assistance made available.

**Senator MACKAY**—In Minister Anderson's table he indicates the two columns in terms of the 2000-01 allocation for the national disaster and relief fund, and then 2001-02, where he has a total of \$71 million. Are you able to advise what happened to the \$5 million, or what is the projected spend for 2000-01 of the \$5 million?

**Mr Mrdak**—Sorry, I am not. That is administered by the department of finance.

**Senator MACKAY**—That is Finance, is it?

**Mr Mrdak**—Yes, it is.

**Senator MACKAY**—The second part of this table is income support. Is that DTRS or AFFA?

**Mr Mrdak**—It is AFFA.

**Senator MACKAY**—I think Senator O'Brien and Senator Forshaw got some breakdowns previously as to the aggregate with regard to 116.2 plus six. In relation to income support, Mr Anderson has \$24.5 million for 2000-01. Is anybody able to advise me how much of that is projected to be spent this financial year?

**Senator Ian Macdonald**—No-one at this estimates committee can tell you that.

**Senator MACKAY**—Is this an AFFA question?

**Senator Ian Macdonald**—Yes.

**Senator MACKAY**—So you are not allowing the office to come and answer that question?

**Senator Ian Macdonald**—You had AFFA earlier this week.

**Senator MACKAY**—So no response. Do you know what income support constitutes?

**Mr Mrdak**—There are two elements to it, as I understand. I am just working through the minister's statement. I do apologise; I am not very familiar with that program. There is identified income support for farm enterprises—

**Senator Ian Macdonald**—These are not questions for this estimates committee.

**Senator MACKAY**—Do you have any contact with AFFA in relation to this?

**Mr Mrdak**—No, we do not.

**Senator MACKAY**—So there is no IDC?

**Mr Mrdak**—Not in relation to these matters. Not that Transport and Regional Services is involved in.

**Senator MACKAY**—Do you have any involvement with grants for replanting?

**Mr Mrdak**—No, that is solely AFFA.

**Senator MACKAY**—Do you have any involvement with interest subsidy?

**Mr Mrdak**—No.

**Senator MACKAY**—No involvement at all? Do you have any involvement with small business grants?

**Mr Mrdak**—Yes. That is our program.

**Senator MACKAY**—What is the projected spend for small business grants for this year?

**Mr Mrdak**—At this stage, as you can see there, we have forecast, and government has made available, up to \$5.5 million for this current year. At this point in time, Centrelink, on our behalf, has handled and approved about 200 applicants for that. As of today, the current spend is about \$1.5 million.

**Senator MACKAY**—What is the projected spend to the end of the financial year?

**Mr Mrdak**—At this stage, we believe we will not achieve the \$5.5 million. It is difficult to say at this stage. The applications close tomorrow; however, we will be accepting applications till 30 June, subject to agreement from the department of finance in relation to some rephrasing. So I am not in a position to tell you at this stage. Generally, as the application date gets closer, we do get a rush of applications, but I could not give you a projection beyond saying that at this stage we do not anticipate spending up to the \$5.5 million.

**Senator MACKAY**—So it will just be rolled over to 2001-02, in terms of the applications being extended to the end of this financial year?

**Mr Mrdak**—We do not have agreement as yet for rephrasing into the next year, and you will see in the PBS that there is no rephrasing into the following year.

**Senator MACKAY**—That is right. There is zero.

**Mr Mrdak**—But we are seeking that at the moment to enable some applications to be received beyond tomorrow.

**Senator FORSHAW**—Has the \$6 million that was provided this financial year been fully expended at this point in time?

**Mr Mrdak**—No. As of today, we have only expended just over \$1.5 million in relation to the program.

**Senator FORSHAW**—Is the money paid out on the basis of applications that have been made for assistance, which is the way the AFFA assistance operates?

**Mr Mrdak**—That is correct. The applications are made to Centrelink. The business grants scheme works on the basis of demonstrating actual expenditure, so the businesses come in with their invoices or proof of expenditure in relation to the matters which meet the guidelines, and payment is made by Centrelink to them.

**Senator FORSHAW**—How many applications have there been?

**Mr Mrdak**—To this point, we have had 330 claims lodged. These figures relate to the start of this week. At this point, approximately 200 have been granted, 61 have been rejected and the remainder are still being assessed by Centrelink.

**Senator FORSHAW**—That is another 70 almost.

**Mr Mrdak**—Yes. I have not got the figures for today, but as people were aware of the closing date, we would expect some more to come forward over the next couple of days.

**Senator FORSHAW**—When is the closing date?

**Mr Mrdak**—It was to be tomorrow but we are going to be taking applications until 30 June.

**Senator FORSHAW**—I seem to recall that the closing date in relation to one of the AFFA programs was 30 May, but this is 30 June. You would not expect too many more claims, surely?

**Mr Mrdak**—I would not expect too many more but, as I say, the reason the date was extended to this point was that this program was extended to the North Coast of New South Wales in March, hence we put back the application closing date to 1 June. We have left some flexibility now to go beyond that so we can deal with any claims that come in late.

**Senator FORSHAW**—I am aware of that, and that is why I mentioned the closing date of 30 May. The program was extended for assistance to dairy farmers too and applications closed yesterday. You have got about another 70 claims to be assessed. So far you have paid out \$1.5 million?

**Mr Mrdak**—That is right.

**Senator FORSHAW**—Does that represent settlement of the 200 claims?

**Mr Mrdak**—That is right.

**Senator FORSHAW**—You got \$6 million in this year's allocation. How much is allocated for 2001-02?

**Mr Mrdak**—We do not have any agreement to rephase any expenditure at this time, but we are seeking that agreement at the moment to enable us to deal with any applications which come in after tomorrow.

**Senator FORSHAW**—There was a special package for the dairy farmers affected by the North Coast floods and there is \$18 million allocated to that. It comes out of the general pool but it is allocated for that. For this coming year, there was not a similar allocation in this budget for corresponding situations for small businesses?

**Mr Mrdak**—Certainly we funded this existing \$6 million out of the existing departmental allocation for this year and, as I say, we are seeking rephasing into the next year of some of those funds, but at this point the \$6 million is only for this financial year.

**Senator MACKAY**—What types of small businesses would be eligible for this?

**Mr Mrdak**—It varies. It can be a whole range of businesses, including businesses which were directly inundated with floods and had to replace equipment and the like. The guidelines also allow people such as contract harvesters, transport businesses, tradesmen who are working from a vehicle and have had damaged equipment, and home based workers. It covers a wide variety of small to medium-size businesses and the guidelines have been extended to apply to intensive agriculture businesses in relation to northern New South Wales and the North Coast. But that can go to a whole range of small businesses, principally horticultural enterprises and the like, which have suffered damage. Intensive agriculture has been defined so there are a number of horticultural-type activities.

**Senator MACKAY**—Was the extension to intensive farming announced in the minister's release last week?

**Mr Mrdak**—That is correct.

**Senator MACKAY**—Intensive agriculture.

**Mr Mrdak**—That extension to the North Coast.

**Senator MACKAY**—Yes. Are there any guidelines in relation to the change?

**Mr Mrdak**—Yes, there are.

**Senator MACKAY**—Can you get me a copy?

**Mr Mrdak**—Yes, we can make those available.

**Senator MACKAY**—Have there been any other changes made to this small business grant since its announcement?

**Mr Mrdak**—No. As I said, we are seeking approval to take applications beyond tomorrow, but we do not have that as yet.

**Senator MACKAY**—It states in the minister's press release of 23 March that a business can receive up to \$10,000 under the small business grant. What is the average being dispersed?

**Mr Mrdak**—The current average is around \$7,000.

**Senator MACKAY**—In terms of what we were traversing before with the natural disaster relief arrangements, which you indicated are administered by DOFA, how long has this part



of the natural disaster relief arrangements been used for this purpose? Or is it normally totally separate and has just been brought in in relation to this particular flood situation?

**Mr Mrdak**—These programs that we administer are totally separate to the NDRA arrangements. As I said, they have been longstanding arrangements in relation to Commonwealth-state funding for natural disasters, but these programs that we administer are separate to that.

**Senator MACKAY**—What precisely does Centrelink do?

**Mr Mrdak**—Centrelink acts as our agent in relation to handling. Firstly, it issues information about the availability of the grants scheme and the programs; it then receives applications on our behalf; it then processes the applications, using the guidelines; and it then makes payments to applicants who meet the guidelines.

**Senator MACKAY**—So Centrelink acts as the assessor and also makes the payments?

**Mr Mrdak**—That is correct.

**Senator MACKAY**—How much of the \$10 million federal Flood Recovery Fund has been spent to date?

**Mr Mrdak**—As of today, \$1.01 million has been approved for payment under that fund.

**Senator MACKAY**—What is the projected spend for the remainder of the financial year?

**Mr Mrdak**—We do not have a projected spend at this point. At this stage some 40 projects have been approved. There are another 49 being assessed and being processed. We are still receiving, on a daily basis, additional inquiries and applications coming through, so we do not have a final projection at this point.

**Senator MACKAY**—The PBS on page 47 actually states that \$1.5 million was being spent in this financial year and on page 54 it states that the remaining \$8.5 million is being rolled over. Is that still the case?

**Mr Mrdak**—That projection was based on our estimate at that time of what the take-up would be. Since that time there has been a further announcement in relation to the extension applying to the January to March floods on the North Coast, so the \$1.5 million may well be exceeded this year, but I cannot give you a firmer projection than the \$1.5 million at this point.

**Senator MACKAY**—Would it be fair to say that you will not reach \$10 million by the end of this financial year?

**Mr Mrdak**—Not this financial year, hence we have approval in the PBS for a rephasing of the \$8.5 million into next year.

**Senator MACKAY**—Why was this not spread over the outyears? Why was it only allocated to one financial year?

**Mr Mrdak**—The nature of the scheme is to provide immediate assistance. It was designed, in the case of the Flood Recovery Fund, to recompense community groups, councils and the like for expenditure that they incurred. In most cases the approved projects are for things like sporting clubs and community groups which have had facilities damaged. They then immediately get those things repaired so that kids can play sport or use the pony clubs or whatever, or the community hall can be repaired. It was to provide immediate funding and we expected the claims would be coming in quite speedily, so we did not see a need to have a

long-running program. It was designed to meet a specific flood situation and the damage caused by that.

**Senator MACKAY**—But, as it transpires, both of these programs are going to be rolled over to the next financial year anyway.

**Mr Mrdak**—Certainly the payments from the Flood Recovery Fund have approval to go forward. Again, that is simply reflecting the fact that a number of community groups have taken some time to get their applications organised and all of those arrangements put in place. We are recognising that a lot of these community groups are voluntary and the like when they apply, so it is taking a bit of time. Hence, we have rephased some of that money into next year and extended the time for them to make their applications, and we can make payments into the next year.

**Senator MACKAY**—The program is targeting central and northern New South Wales and southern Queensland. Why were those areas being particularly targeted? Is there provision for any other areas?

**Senator Ian Macdonald**—That is where the big floods were.

**CHAIR**—Do you want to add to that, Mr Mrdak?

**Mr Mrdak**—Just to say that the government was responding to the specific needs of a very major flood situation.

**Senator MACKAY**—I understand that. But, in terms of the rollovers, if there are floods in other parts of Australia could this fund be used for those?

**Mr Mrdak**—That would be a matter for the government to decide at the time. The decision was taken in March to extend the program to the North Coast of New South Wales and to use the funds which had been provided as part of the November package. It is a matter for a government at the time if another situation arises.

**Senator FORSHAW**—Did the November package include the North Coast? It talked about central and northern New South Wales and southern or western Queensland.

**Mr Mrdak**—That is right.

**Senator FORSHAW**—I do not think the floods had really affected that strip on the coast, had they?

**Mr Mrdak**—That is right. The extension in March was to reflect the January to March flooding which occurred on the North Coast of New South Wales.

**Senator MACKAY**—Can you take me through the guidelines for the Flood Recovery Fund?

**Mr Mrdak**—Certainly. Would you like me to provide a copy of them?

**Senator MACKAY**—Just take me through the general parameters of them.

**Mr Mrdak**—Essentially there are three types of assistance. The first is community facilities reinstatement and reconstruction, which is essentially for damage to public buildings, sporting grounds or equipment. The second element of the eligibility is the clean-up of public and community facilities. It provides direct clean-up costs to those groups. Finally, there is an element which provides grants to community service organisations to enable them to cover the cost of additional staff or expenses in relation to providing services to those areas. For instance, it provides some additional money to assist the rural counselling

services and other community assistance which is not directly related to clean-up or repair but which is related to the additional demand on those services at times of great stress for people during the floods and beyond.

**Senator MACKAY**—Is there any provision within the guidelines for TV advertising?

**Mr Mrdak**—Not in the guidelines. The guidelines are designed to assist those people who wish to make an application to us for assistance under the program.

**Senator MACKAY**—What about communities airing TV commercials? Is that within the guidelines?

**Mr Mrdak**—It is not within the guidelines. The guidelines, as I say, are designed for those who wish to make an application for funding. They set out for them what the eligibility criteria are, how they go about applying, what sort of deed they would enter into with us for payment and those sorts of administrative arrangements.

**CHAIR**—How would they know that they may be eligible?

**Mr Mrdak**—At the time of the announcement, ministers wrote to the mayors and local members in those areas advising them of the availability of these funds. That has been followed up by letters from the department to the key local government authorities and other organisations in the areas. Newspaper advertisements have been put in place to advise how people go about making an application.

**CHAIR**—Are you satisfied that that covered everybody you believed could be eligible?

**Mr Mrdak**—We believe so. We have had a very good response. As part of this program we have asked local councils to assist us to verify that the expenditure has taken place in relation to flood related damage and the like. It has a quite high involvement of local councils. We find with these sorts of programs that we soon know if that is not happening because we do not see the involvement of the local council.

**Senator MACKAY**—Would the promotion of a specific town by way of TV advertising be within the guidelines?

**Mr Mrdak**—I understand that one of the projects that has been approved did involve a town being able to use those funds basically as part of their rehabilitation of the town and the image of the town. That was one of the programs which did receive assistance in relation to how they spent, as I said, some of those community service grants.

**Senator MACKAY**—Which one was that?

**Mr Mrdak**—It was the Gunnedah Shire Council. They had a project to set up an interactive Gunnedah web site to provide emergency information and business promotion information in relation to the town.

**Senator MACKAY**—Did their application include provision for TV advertising?

**Mr Mrdak**—I would have to check that.

**Senator MACKAY**—Can you just repeat what you said in terms of the project description?

**Mr Mrdak**—The project description was setting up an interactive Gunnedah web site to provide current emergency information as well as business promotion information and to play a community development role. I do not have details that are more specific than that, but I can certainly take that on notice and come back to you, if I may.

**Senator MACKAY**—Right. How much was given to Gunnedah for this?

**Mr Mrdak**—That particular project was \$14,000.

**Senator MACKAY**—That was given to whom in Gunnedah?

**Mr Mrdak**—The Gunnedah Shire Council.

**Senator MACKAY**—I have an article here which talks about the Gunnedah Chamber of Commerce and Industry. It indicates that funding for these commercials was obtained through the Flood Recovery Fund.

**CHAIR**—Which commercials?

**Senator MACKAY**—The commercials are called, ‘Why we’re so special—tell the world why we love Gunnedah’. They involve young people from Gunnedah. The article indicates:

The commercials will be aired extensively over the next few months putting a positive spin on the town to anyone who visits for an hour, a day or a week.

It indicates that this is being run through the Gunnedah Chamber of Commerce and Industry. Is that the same \$14,000?

**Mr Mrdak**—No. There was a separate project grant to the Gunnedah Chamber of Commerce and Industry for reimbursement of the costs of a small business disaster recovery summit, and that was for \$2,400. I would have to check if there have been any other approvals. I am not aware of anything beyond that to the Gunnedah Chamber of Commerce and Industry.

**Senator MACKAY**—Maybe I could give you a copy of this newspaper report and you could advise me whether it is correct or not.

**Mr Mrdak**—I will check that and come back to you, if I may.

**Senator MACKAY**—It clearly states:

Further information can be obtained from the executive officer of the Chamber of Commerce and Industry, Anne Simms. Funding for the commercials was obtained through the Flood Recovery Fund of the federal Department of Transport and Regional Services.

**Mr Mrdak**—I have found the project. Yes, the Gunnedah Chamber of Commerce and Industry have been given a grant for an advertising campaign to rebuild tourist and business confidence in the region, and that was for \$42,000.

**Senator MACKAY**—Is that within the guidelines?

**Mr Mrdak**—Yes, that falls within the guidelines which provide for community organisations and the like in respect of providing additional services for the community. That comes under the section of the guidelines dealing with grants to community services organisations to cope with the demand for advice and services as a result of the impact of the flooding.

**Senator MACKAY**—Have any other communities got money for TV advertising along similar lines?

**Mr Mrdak**—I would need to check firstly that that has been used for TV advertising, but I will take that on notice. I am not aware, but I will check.

**Senator MACKAY**—So there is \$42,000 for the Gunnedah Chamber of Commerce for these commercials called, ‘Why we’re so special—tell the world why we love Gunnedah’.

**Mr Mrdak**—Certainly, they had a project that was an advertising campaign and I will check how the money was spent in relation to television or other media.

**Senator FORSHAW**—Do you know where it was spent and how it was spent?

**CHAIR**—Mr Mrdak has just said that he would have a look and see what the details were.

**Senator FORSHAW**—He did not know there were television commercials. Was it spent locally? I have to confess I have not seen the ads.

**Mr Mrdak**—I will have to check with them as well. From the description the senator has given, I would presume it is locally based and involving local community children. But I will check and come back to the committee, if I may.

**Senator FORSHAW**—I am interested in an advertising campaign which says, ‘Tell the world about Gunnedah,’ as to where you actually show the commercials.

**Senator MACKAY**—So I take it you do not have a copy of the script, for example?

**Mr Mrdak**—No, I do not, but I will find out what the details are.

**Senator MACKAY**—Can you take that on notice and provide that to the committee—also the schedule in terms of the airing of the material?

**Senator Ian Macdonald**—If we have it, we will. Apart from that we will have to ask the officials—

**Senator MACKAY**—So there is \$42,000 for the Gunnedah Chamber of Commerce and Industry; \$7,000 for the council for a web site—Gunnedah again?

**Mr Mrdak**—That is right.

**Senator MACKAY**—You mentioned a figure of \$2,000-plus; what was that for?

**Mr Mrdak**—Small business. That, again, was a grant to the Gunnedah Chamber of Commerce and Industry in relation to a reimbursement of costs for a small business disaster recovery summit.

**Senator MACKAY**—And you are not aware of any other communities that have, off the top of your head—and I will understand if you take it on notice—received similar funding for commercial advertising to promote their town?

**Mr Mrdak**—I will check the project descriptions for each of the projects we have approved and come back to you, but I am not aware.

**Senator MACKAY**—Do you have the project description for the chamber of commerce one in front of you?

**Mr Mrdak**—Yes, I do.

**Senator MACKAY**—Can you just indicate what it says?

**Mr Mrdak**—It simply read:

Advertising campaign, the West is back on track, to re-build tourist and business confidence.

**Senator MACKAY**—In terms of any other descriptions you have in front of you, do any others meet similar criteria?

**Mr Mrdak**—Not without looking at detail. All I have is a summary. I do not have the full project description or the applications. I will need to go back to the source documents and come back to you.

**Senator Ian Macdonald**—Perhaps I could help the committee. There were other programs that we funded. For example, the Katherine floods were a major disaster. Living in a cyclone area myself, I know that the worst thing for tourism is not the cyclone or the flood but the media reporting of it in the major southern capitals. It really impacts upon tourism. When there is a cyclone, the plea always is, ‘Please don’t tell anyone about it. We don’t want their sympathy.’ So with Katherine—Katherine is going back three or four years now—and the Elaine and Vance cyclones on the west coast, I have a suspicion that money was provided to try to get tourists coming back into those areas after the devastation.

**Senator MACKAY**—Can you just take me through how this Gunnedah one, the \$42,000, was in fact processed? What happened with it?

**Mr Mrdak**—The department receives the applications from the community groups or the local government involved. We then make an assessment against the guidelines. We then provide advice to the minister, who approves that the projects are going forward. If the projects are then approved by the minister, the department enters into a funding deed with the organisation involved for the provision of the funds, which sets out the requirements in relation to the acquittal of the funds and the like.

**Senator MACKAY**—Who made the final decision in relation to this Gunnedah Chamber of Commerce and Industry grant?

**Mr Mrdak**—The department provided advice to the minister, as it does with all the applications as to whether they meet the eligibility criteria or not.

**Senator MACKAY**—Which minister would that have been?

**Mr Mrdak**—The Minister for Regional Services, Territories and Local Government.

**Senator MACKAY**—Minister Macdonald.

**Mr Mrdak**—Yes.

**Senator FORSHAW**—It is the minister’s decision, is it?

**Mr Mrdak**—We provide advice as to whether—

**Senator FORSHAW**—I understand that you provided advice.

**Senator MACKAY**—You provide advice, I understand.

**Senator Ian Macdonald**—I get very good advice from the department. I think in this program I have not disagreed with them once. I have accepted every recommendation.

**Senator MACKAY**—Can you take me through what has happened in relation to flood funding, particularly flood mitigation, over the last four years or so?

**Mr Mrdak**—As you would be aware, the government instituted the Regional Flood Mitigation Program, announced in 1999. That has been a three year \$20 million program in relation to providing flood mitigation works around Australia. In the budget just announced, the federal government has announced a federal Flood Mitigation Program, which provides for some \$40 million over four years and extends the eligibility criteria to outer metropolitan areas as well as regional areas. Since that time, there has been the Regional Flood Mitigation Program and now the new program which will start with the coming financial year.

**Senator MACKAY**—Have flood mitigation programs in the past ever extended to outer urban areas?

**Senator Ian Macdonald**—I do not know that Mr Mrdak, who is recently with us from another area of the department, would know that. I do not know what that has to do with the 2001-02 budget?

**Senator MACKAY**—Do you know, Mr Mrdak?

**Mr Mrdak**—I am sorry senator. I am relatively new to the area.

**Senator MACKAY**—You do not know. What prompted the change from the department's perspective in relation to the extension of the Regional Flood Mitigation Program to urban areas?

**Senator Ian Macdonald**—They are not decisions made by the department; they are decisions made by the government.

**Senator MACKAY**—What prompted the government to change the Regional Flood Mitigation Program to extend to outer urban areas?

**Senator Ian Macdonald**—We have had a lot of discussions with various flood management associations, various councils. A great number of members of parliament had approached us. The government weighs all things up, as it does with any new policy announcement, and then makes a decision. We were convinced that it was appropriate in the circumstances.

**Senator MACKAY**—Previously, Minister, the government had indicated that it was not appropriate for flood mitigation programs to be extended to outer urban areas, didn't it?

**Senator Ian Macdonald**—No. We called it the Regional Flood Mitigation Program. That is what we promised prior to the 1998 election. That was our commitment and that is what we delivered.

**Senator MACKAY**—There has obviously been a bit of a change of heart since John Sharp issued his press release on 17 July 1996 in which he said:

Under the previous Labor Government regional development funding was actually being spent in cities and metropolitan areas on programs such as Better Cities and Urban Design, Urban Flood Mitigation ... So presumably the government has had a change of heart since 1996. Would that be fair?

**Senator Ian Macdonald**—I am not entering into semantics about what Mr Sharp might have said five or six years ago. It is a good debating point. Why don't you ask me a question about it in the chamber? But we are here for the 2001-02 estimates and what Mr Sharp might have said five years ago is of no interest to me.

**Senator MACKAY**—Mr Mrdak, the 2000-01 PBS puts spending in the Regional Flood Mitigation Program for 2001-02 at \$8.8 million, but the PBS this year says that the existing funding for 2001-02 is \$9.2 million. What is the reason for the discrepancy?

**Mr Mrdak**—There was an underspend in the first two years because, by the nature of the projects, when they are delivered by state and local authorities on the whole, there is a lumpiness to them. Some projects are still being completed, and there have been delays in some of the projects. Really, the current figure reflects the roll forward of the earlier year 1 and year 2 underspends that go into this year. The funding for this year will cover both new projects available to be funded and ones currently under way.

**Senator MACKAY**—The performance indicators for the new program in this PBS are different. Can you take me through the reasons for the changes?

**Mr Mrdak**—Are these the ones on page 56 of the PBS?

**Senator MACKAY**—Correct.

**Mr Mrdak**—We have tried to just simply reflect the sorts of projects we see coming through the program in relation to the quantity and quality of the works we are funding. It is probably trying to better reflect what our actual experience has been.

**Senator MACKAY**—Apart from the extension of the funding to urban areas, do the guidelines for the new program differ from the old ones?

**Mr Mrdak**—No.

**Senator MACKAY**—Has the paperwork for the new program been finalised?

**Mr Mrdak**—We are currently in discussions. Applications closed earlier in the year for year 3 of the former program, which is currently the regional program. The various state bodies which administer these state committees are currently assessing and putting together their list of priorities that will come to the Commonwealth probably in the next few weeks. We are working on that basis. We are still awaiting receipt of the final proposals from a number of states and territories. We will have a look at those and then provide advice to the minister in relation to the Commonwealth funding of those programs based on the priorities we receive from those areas.

**Senator MACKAY**—When will councils, for example, be able to apply for funding?

**Mr Mrdak**—Councils have been applying for the coming year already. The expressions of interest closed around February, and there has been an assessment of those expressions of interest. Final applications will be coming forward in the next few weeks from the various state authorities which coordinate and do the assessment of those projects for us to consider. We will do another round of applications for the following year, probably towards the end of this calendar year.

**Senator MACKAY**—The local authorities want funding on a 2:2:1 basis—federal, state and local government—which was the formula under the previous Labor government prior to 1996, as you may not know. The formula currently is 1:1:1. Why was it changed from 2:2:1 to 1:1:1?

**Senator Ian Macdonald**—Again they are decisions of the government, not of the department. There is no 1:1:1 rule. The only rule that we make is that the Commonwealth will fund no more than one-third of any project and we expect the states to at least match that. What happens beyond that is a matter for state and local government. In doing that we took the view that if you do that you get a maximum amount of money. If we put in \$20 million, that will develop \$60 million worth of flood mitigation. It is on that basis that we decided that we would put in a third, provided others put in the balance.

**Senator MACKAY**—Is that likely to be changed?

**Senator Ian Macdonald**—No.

**Senator MACKAY**—I just noticed the New South Wales government has asked for a return to the old 2:2:1. Presumably that is off the agenda as far as this government is concerned. Is that correct?

**Senator Ian Macdonald**—I do not know what the New South Wales government are doing. I think there may have been a letter, but we have made it quite clear all along that we



believe that you get the maximum investment in flood mitigation if we provide money and say to others that it is available, provided others pick up another two-thirds.

**Senator FORSHAW**—Who actually sets the benchmark figure? Is it the Commonwealth that says, ‘We will put in X dollars, providing you match it with Y dollars’?

**Senator Ian Macdonald**—That is our program. We are putting in \$20 million and we are saying that we will put in \$20 million but others will have to put in \$40 million.

**Senator FORSHAW**—I appreciate that is how it works. The Commonwealth sets its contribution. I am going back to your statement that 1:1:1 will maximise the total amount, but that depends upon what the first amount is. For instance, if the Commonwealth put in \$40 million then you could end up with more than \$60 million.

**Senator Ian Macdonald**—That is right. That is the budgeted figure—\$20 million. We have made a decision that we will spend \$20 million on flood mitigation, and that will generate a total investment of \$60 million from other sources.

**Senator FORSHAW**—You have answered my question. It is based upon what figure the Commonwealth determines.

**Senator MACKAY**—This is an issue close to the heart of my colleague, Senator Forshaw. The New South Wales government has offered to put up \$4 million for the \$10 million levee works at Lismore if the Commonwealth matches it. Is it likely that the Commonwealth will match it, Minister?

**Senator Ian Macdonald**—We have a budgeted allocation program of \$20 million and we ask people to apply for it. We then ask the respective state governments or the relevant state government agencies to look at them, assess them and prioritise them. The various states then come back to us with recommendations of priorities and I think—I stand to be corrected—on 100 per cent of the occasions so far we have accepted the state government recommendations as to priorities and we have funded them accordingly. If the New South Wales government were going to list that as a priority out of their allocation, we would have a look at it. We always make an independent judgment. It would seem to me to be a fraction confined.

**Senator MACKAY**—Confined in what sense?

**Senator Ian Macdonald**—Spending a lot of money on one project—

**Senator MACKAY**—On Lismore?

**Senator Ian Macdonald**—could mean others miss out. It is hypothetical. I would have to make judgments when the assessments are put to me. I do that with all the information—the facts and figures and the reasons for it—before me, so I really do not want to prejudge something that I have not heard about so far.

**Senator MACKAY**—Are you or Mr Mrdak aware of whether the New South Wales government has indicated this to you?

**Mr Mrdak**—Not as such. New South Wales are still to complete their final assessment of their priority list, as the minister has indicated. We are meeting at officer level with New South Wales officials next week in relation to the projects which have been through the ‘expression of interest’ assessment and are now moving to final assessment. Once we have had those discussions, we will get a clearer picture of what the New South Wales priorities are, but I am not aware that that particular project has been brought forward to us at this point.

**Senator MACKAY**—What is the New South Wales allocation in terms of the breakdown?

**Mr Mrdak**—In terms of the split between states?

**Senator MACKAY**—Yes.

**Senator Ian Macdonald**—I have not personally seen any letters. My adviser seems to think that there may have been a letter from Mr Amery which would have gone to that department. Mr Mrdak is the acting first assistant secretary, but he is not the person normally in charge of this program. That person is regrettably ill for a while. So I will do that, if need be, to correct the record that perhaps Mr Amery has written to someone about Lismore. But I have not seen it, and Mr Mrdak is not aware of it.

**Mr Mrdak**—I will check.

**Senator MACKAY**—Do we have the information on the New South Wales allocation yet?

**Mr Mrdak**—We have not done an allocation. We are still waiting for a number of states and territories to come forward with their priorities before we finalise advice to the minister on what the allocations will be. We have spoken to states about notional allocations based on the percentages we have seen in the past for priority projects. The allocations for the next year are still to be settled.

**Senator MACKAY**—So there has been no decision in relation to specific New South Wales projects at this point?

**Mr Mrdak**—No, we have only done a notional allocation based on what we have seen in the past, but no decision has been taken because we are yet to see the priority projects come forward.

**Senator MACKAY**—So there have been no intrastate allocations either?

**Mr Mrdak**—How do you mean?

**Senator MACKAY**—Intrastate. Is the idea that you will simply disaggregate state by state?

**Senator Ian Macdonald**—Perhaps I can just explain. Each state is given a notional allocation. There have been occasions when some states have underspent, so we have increased funding in other states but taken it off them next year. We try to maintain equity and fairness. Each state has its notional allocation. As I explained to you before, applications come in, they are assessed by the state government authorities and recommendations are made to us up to the limit of their notional allocation. There have been other underspends in other states—I am not sure whether Mr Mrdak is aware of this because it would have been before he was with us. I think on one or two occasions we did take some underspends from other states and put that into New South Wales and Queensland, but that was only as a forward loan against their notional allocation for the following year.

**Senator MACKAY**—But there have not been any notional allocations yet? Is that right, Mr Mrdak?

**Mr Mrdak**—No. We are still waiting to see, certainly from New South Wales and Queensland, their final priorities.

**Senator MACKAY**—Have there been beyond any other states?

**Mr Mrdak**—Not at this stage.

**Senator MACKAY**—No finalisation?

**Mr Mrdak**—Not as yet.

**Senator MACKAY**—I have a copy of an article here from the *Parramatta Times*, dated 30 May. I want to read you a section and perhaps you can indicate whether this is accurate. The article states:

Federal Parramatta MP, Ross Cameron, says about 400 flood prone properties in Toongabbie and Wentworthville will benefit from a \$40 million expansion of the regional flood mitigation program.

Would it be fair to say that these properties will in fact benefit from it? Has that decision been made yet?

**Mr Mrdak**—I am not aware of the article. I am sorry, I could not comment on it.

**Senator MACKAY**—But is this right?

**Mr Mrdak**—As I said, New South Wales has not yet put forward any projects in relation to the coming year, but I am not aware of any such proposal.

**Senator MACKAY**—Okay. That is interesting.

**Mr Mrdak**—I will check again in relation to that. If there is anything I can add I will come back to you.

**Senator MACKAY**—It just seemed a bit pre-emptive, given what you were saying before.

**Mr Mrdak**—I am not aware of it, but I will take that on notice.

**Senator FORSHAW**—He is doing a bit of mitigation.

**Senator MACKAY**—In terms of the state allocations, will there be a disaggregation by urban versus regional and outer metro versus regional areas?

**Mr Mrdak**—Again, that will very much depend on the priorities that come forward, so I really could not comment at this stage.

**Senator MACKAY**—Minister, there was an advertisement in the *Parramatta Advertiser*, again from Mr Ross Cameron. I am happy to give you a copy or show it to you if you like, but it said:

Federal Member for Parramatta Ross Cameron said the Federal Government's decision to provide funding for flood mitigation works in Parramatta and outer metropolitan areas came after several years of intense Government lobbying.

I think you have probably confirmed that. He goes on to say:

The expansion of flood mitigation funding to Parramatta and outer metropolitan areas is an example of the Government addressing the funding gap between country and city.

Do you endorse those comments?

**Senator Ian Macdonald**—The only comment that I endorse wholeheartedly is that Mr Cameron is a very active, very able, very enthusiastic local member who is always doing everything he can to represent his constituents.

**Senator MACKAY**—So you are not endorsing these comments?

**Senator Ian Macdonald**—If you would like, send them around. But, with respect, you know what I say about endorsing or commenting on things that members of the Labor Party read to me. I regret to say that, but it is from sad experience.

**CHAIR**—Minister, did you want copies?

**Senator MACKAY**—Did you want to have a look at it?

**Senator Ian Macdonald**—If Senator Mackay wants to send it around I will have a look at it. I do not particularly want to.

**Senator MACKAY**—I am not fussed.

**Senator FORSHAW**—Minister, is there a city-country gap in the funding?

**Senator Ian Macdonald**—I cannot quite understand the language used.

**Senator FORSHAW**—That is what I am trying to understand too.

**Senator Ian Macdonald**—I have not seen the article and I am not sure of the context. I have not spoken to Mr Cameron about this advertisement, if there is one, so I cannot quite work out city-country gap.

**Senator MACKAY**—The same advertisement says:

The Government's budget decision to expand flood mitigation funding to outer metropolitan areas will see around 400 flood prone households in Toongabbie and Wentworthville benefit from the flood mitigation works.

This is beyond the article that I indicated to you earlier, Mr Mrdak. Is that correct about the 400 flood prone households? Has that decision been made yet in relation to Toongabbie and Wentworthville?

**CHAIR**—I think Mr Mrdak has already answered that, when he said that he was not aware that New South Wales had finalised their application. I think that was what he said.

**Senator Ian Macdonald**—They will benefit in that they can apply for funding through whatever they use in New South Wales—sometimes the council, sometimes the flood management body. Prior to that they were not eligible, now they are eligible, so that is a big benefit. Whether they get it or not I guess will depend on whether it is recommended by the New South Wales government. That they are now eligible to apply is a huge benefit to them, I guess.

**Senator FORSHAW**—It says in the PBS that the Commonwealth will fund one-third of the costs of approved projects. There is \$20 million available from the Commonwealth and that is split up once the projects are all prioritised and you sign off on which ones you are going to fund. Does it then follow that the Commonwealth funds that are going to a state must be utilised on the basis of each project, or can a state take the pool and then, as long as it provides its share of the overall figure, utilise the funds as it chooses?

**Senator Ian Macdonald**—No, it is for a particular project. We do require that this is in addition to normal state government projects, so a lot of the states have their own projects and this is not to be a cost transfer. When the project comes to us, it is for a particular area and it is for a particular project. The full cost is there and we write out our cheque for a third, providing the other two-thirds is in the kitty.

**Senator FORSHAW**—For that project?

**Senator Ian Macdonald**—For that project.

**Senator MACKAY**—I have a glossy little pamphlet here called *Mitigating the flow*. How much did it cost to produce that?

**Senator Ian Macdonald**—I hope you enjoy it, Senator. I am told that I sent it to you with a covering letter, so I look after you. I certainly hope I sent one to Senator Ferris as well. I would not like to pick favourites.

**Senator FORSHAW**—I do not think I got one.

**Senator Ian Macdonald**—You did not get one, Senator Forshaw?

**Senator FORSHAW**—I am sure I did.

**Senator MACKAY**—Is Mr Mrdak able to answer the question?

**Mr Mrdak**—Not at the moment. I will take that on notice and come back to the committee. Are you after the cost of production of the first newsletter?

**Senator MACKAY**—Correct.

**Senator FORSHAW**—That is all costs.

**Mr Mrdak**—Yes.

**Senator MACKAY**—I take it there is no prohibition of a personal business applying for funding in several different pools at the same time. Is that correct?

**Senator Ian Macdonald**—For the flood mitigation program?

**Senator MACKAY**—Yes: Flood Recovery Fund, flood assistance package or the small business one.

**Senator Ian Macdonald**—You are not talking about the flood mitigation program, which goes to councils or authorities. That relates to the first programs you were talking about, Mr Mrdak.

**Mr Mrdak**—Certainly there is a delineation. In relation to the Flood Recovery Fund, that is only available to local government authorities, Aboriginal communities, incorporated not-for-profit community service organisations, and community groups or clubs. That is in relation to the clean-up, the re-establishment and the like. In relation to the business grants program, that is available to small to medium-size businesses, as per the ABS definition. As the minister has indicated, in relation to the mitigation program, that is really funding to state and local authorities.

**Senator MACKAY**—So the answer is no.

**Mr Mrdak**—Yes.

[8.45 p.m.]

**CHAIR**—We will now proceed to questions on Regional Services, Development and Local Government. Senator McLucas has some questions on Regional Solutions.

**Senator McLUCAS**—Just generally, can you tell me when the next round of funding for Regional Solutions will take place?

**Mr Bogiatzis**—We do not have rounds. People can apply at any time. We will, however, be advertising again around June to remind communities of the program.

**Senator McLUCAS**—I understand there was an application submitted on behalf of the Mareeba Shire Council on 16 May this year. Can you give me some advice about when that would be dealt with and when they will have an answer to their application? I know it is very specific, but there is a need for it.

**Mr Bogiatzis**—I cannot answer the specific question unfortunately, but I can say that we have received about 850 applications since November last year and it would be some months away before we were able to assess those from March—I would say about six weeks to eight weeks, but I could not guarantee that.

**Senator McLUCAS**—Thank you, that is useful. In very general terms, can you give me the criteria for funding under the program?

**Mr Bogiatzis**—Yes. These are specified in the public guidelines for the program. The program generally targets communities in regional Australia. Not-for-profit organisations, community organisations or local government are eligible. The five specific criteria are: the particular circumstances and degree of disadvantage or need in a local community or region, the significance and benefit of the proposal to the local community or region, sustainable outcomes, support for the project, and organisational financial project management capabilities of the applicant.

**Senator McLUCAS**—I understand that the application from Mareeba that has been sent to Regional Solutions on the advice of Minister Anderson is for a bush connection service. Have you funded bush connection services through Regional Solutions to this point in time?

**Mr Bogiatzis**—I am not sure if we have specifically funded a bush connection service. The program is such that there is not a category of things we would fund. For example, we might fund a swimming pool in one community but not fund a swimming pool in another. It depends on a range of other factors. A bush connection would not necessarily be ineligible.

**Senator McLUCAS**—Thank you.

**Senator Ian Macdonald**—Do you know what ‘bush connection’ means?

**Mr Bogiatzis**—Good question, Senator. My understanding is that the bush connection was part of a Queensland network of outreach workers and telecommunications.

**Senator McLUCAS**—Not necessarily in telecommunications. I understood it was more of a welfare service for people in rural communities under stress. I do not know about the telecommunications component myself.

**Mr Bogiatzis**—My understanding is that it had that.

**Senator Ian Macdonald**—We do not fund the state government programs.

**Senator McLUCAS**—It is not a state government funded program; it is run through St Vincent de Paul.

**Senator Ian Macdonald**—Right. And your question was: have we funded any others?

**Senator McLUCAS**—That is right.

**Senator Ian Macdonald**—That does not mean to say we would not fund this. It all depends on its merits.

**Senator McLUCAS**—I have raised this because of the urgency—and, Minister, you might like to make some comments on this. In August 2000 Minister Anderson visited Mareeba and committed to undertake a study which was then undertaken. The report on the Atherton Tablelands recommended a bush connection service be considered for funding. That was one of the recommendations of that report.

In November 2000 an application was sent to the offices of Ministers Anderson, Truss and Newman. They had a response from DFACS to say that the application would be considered under Stronger Families and Communities. In March this year they got a letter from Minister Truss to say that DFACS was going to look at the application. The application has been unsuccessful. Now, in May this year, they have been contacted by Minister Anderson to say that they should apply under Regional Solutions.

Minister, you may not be aware that the Mareeba-Dimbulah irrigation area is under enormous stress. The recent announcement by the British American Tobacco Company not to purchase any more tobacco in the area means that there are about 150 farmers who just do not have a living. So that amount of time, and the knowledge that they are going to be waiting another period of time before this application will be even dealt with, is very disappointing.

**Senator Ian Macdonald**—I take your point, Senator. I am aware of that situation in Mareeba. The government are aware of it. We have spent quite a bit of money and Ms Varova was involved in trying to get a handle on what we might be able to do. Whilst these things are all dealt with on their merits and within guidelines, it is a very disadvantaged area. Both Mr Anderson and I have to make independent decisions on these applications so I do not want to prejudge anything, but I think Mr Bogiatzis has got your message.

**Senator McLUCAS**—The question was for you, Minister.

**Senator Ian Macdonald**—Lots of members and groups lobby me, and I listen to all the lobbying. Some make very good cases. I think you have. But I do not want to pre-empt the process because the department assess it, they have done a marvellous job in assessing a huge number and they go through them in great detail. Again, the department deal with them in an order—we do not really have claim jumping. But I am sure that Mr Bogiatzis has heard what you have said and I am sure it will slide its way perhaps a bit closer to the top of the pile.

**Senator McLUCAS**—That would be good.

**Senator Ian Macdonald**—Without committing that we will do it.

**Senator McLUCAS**—I understand that. My other questions have to do with the interim response by the Commonwealth government to CYPLUS stage 2, which probably does not fit with Regional Solutions, so if other people have Regional Solutions issues to raise—

**Senator MACKAY**—I do, but I think you should ask these questions because I have got fairly substantial questions on Regional Solutions.

**CHAIR**—We are only five minutes from the supper break. It is probably easiest if you pursue your questions, Senator McLucas.

**Senator McLUCAS**—I will do it really quickly. Minister, what was the purpose of this document, the interim response to CYPLUS stage 2?

**Senator Ian Macdonald**—I first saw that response a few days before I was asked to go and deliver it because I was going to be up that way. Whilst I think it is a very good response, I thought there was a bit more we could have put in it for the purposes of completeness. So because the arrangements had been made and because it was not quite the final response I thought was appropriate for the federal government, we distributed it as an interim response. We should be getting close to a final response—do we know when?

**Mr Bogiatzis**—11 to 13 July. We are anticipating having a response at their next meeting.

**Senator Ian Macdonald**—In fact I was going to ask you that this morning, so I thank you Senator McLucas for prompting my memory. So that is what the purpose of it is.

**Senator McLUCAS**—I am sorry, that does not quite get to the nub of my question.

**Senator Ian Macdonald**—I am sorry.

**Senator McLUCAS**—Was this going to be ‘the’ response and then, when you saw it, it became the interim response?

**Senator Ian Macdonald**—The government had done a lot of work on it but, as with lots of things the department does for us, they submitted it to us and said, ‘Is this the response?’ I looked at it when it came to me and thought that there were some areas that we could be more expansive in. We thought we would keep the work going and get a full and complete response but, as the organisation was meeting and as I was going there, we thought we would do an interim response, indicate that very clearly and say that we were going to deliver the final response as soon as possible.

**Senator McLUCAS**—This document was launched in May of this year. Is that correct?

**Mr Bogiatzis**—It was provided on 21 March.

**Senator McLUCAS**—It is not a glossy document but do you know how much it cost to produce?

**Mr Bogiatzis**—No, I do not have a costing for that but it was not very much at all.

**Senator McLUCAS**—I still cannot grapple with the reason why we had the interim response when it says very clearly in the document that we are going to have another one that really does address the substantive report of CYPLUS stage 2. This is a document that says that there will be another document—from the way I read this.

**Senator Ian Macdonald**—That is a very substantive document. There were some areas where the government thought that we could be a bit more expansive. There were a couple of areas that had not been covered so that is what we are doing. The bulk of the final report will contain most of that, I would think.

**Senator McLUCAS**—In your document it says:

The comprehensive response is to cover the 30 strategies encompassing a range of economic, environmental, infrastructure, social and cultural issues.

They are, I dare say, in response to the recommendations of CYPLUS stage 2.

**Mr Bogiatzis**—Yes.

**Senator McLUCAS**—This does not do that, though?

**Senator Ian Macdonald**—No.

**Senator McLUCAS**—So what is substantial in the document that required it to be produced and published, after a lot of departmental effort, so that it could be launched on 21 March to tell us essentially that we are going to have another one? I cannot understand the purpose of the document.

**Senator Ian Macdonald**—Mr Bogiatzis, I am not passing the buck here. I am quite happy to answer that but is there anything that you wish—

**Mr Bogiatzis**—Senator, preparing a whole of government response to such a complex document as that takes a considerable amount of time and effort. The Commonwealth was keen to show its sincerity by producing at least an interim response while more detailed responses were being gathered and developed, with the intent of providing it by the middle of the year for the full committee. It was not an expensive document to produce. It was the material that we were able to draw together at that time, although we had intended to do more work on it. The intent was to show the seriousness of intent on the part of the Commonwealth.



**Senator McLUCAS**—Thank you. In the document—just a point of information that I need to confirm—it says that the Northern Australian Forum was attended by some CYRAG members. Can you tell me who those were?

**Senator Ian Macdonald**—Let us take it on notice.

**Senator McLUCAS**—That is fine. I think that would resolve a matter—

**Senator Ian Macdonald**—I think the mayor is both in CYRAG and attended the Northern Australian Forum.

**Senator McLUCAS**—No, he is no longer a member of CYRAG.

**Senator Ian Macdonald**—He used to be a member of CYRAG.

**Senator McLUCAS**—That is very important.

**Senator Ian Macdonald**—I can sit down and think. Perhaps there are other people I met at both of them. This was done before I got there, of course. I am sure we will find one or two to help you.

**Senator McLUCAS**—Thank you.

**Senator Ian Macdonald**—Have all of the CYRAGs sworn on the Bible that none of them went to the Northern Australian Forum?

**Senator McLUCAS**—No, not at all.

**Senator Ian Macdonald**—If they have, let us know so that we do not start looking for things that we cannot find.

**Senator McLUCAS**—There are a number of errors in the document that I think possibly will have been brought to your attention. Dauan Island is not in Cape York Peninsula, along with a lot of other places. The report is a compilation, in my view, of comments from departments about Queensland and many people in Cape York Peninsula have said that this does not address CYPLUS stage 2—and they are the views that I am expressing here.

**Senator Ian Macdonald**—They were views that I had when I saw it the first time as well, which is why it became an interim report.

**Senator McLUCAS**—Which comes back to my original question about why did we did it.

**Senator Ian Macdonald**—We got squeezed for time, I guess. There was a meeting on. The group were, as I understand it, anxious to get our response. Work was done towards it but with so many other things happening we were not able to fully finalise what we were doing.

**Senator McLUCAS**—On page 51 of the document there is a table entitled 'Funding provided to Cape York Peninsula under Commonwealth Government Tourism Program'. It lists a range of grants. There are three grants for which the year is not marked—they are three backpacker projects. I just want to point out to Minister Macdonald that, with the exception of those three, all of the funding for tourism in Cape York Peninsula—and the exception of those three is that I do not know when those funding grants were made—was actually made prior to 1996. I find that an interesting page to have in a document. That is responding to CYPLUS stage 2, a report which came down in 1997.

**Senator Ian Macdonald**—What did our document say—that they were in place after 1996?

**Senator McLUCAS**—No, it says that they were there before 1996. I am trying to understand the reason for this document, Minister. It is telling me that there was all this money given to Cape York Peninsula for tourism programs prior to 1996 with the exception of three that I do not know the dates for. The report for CYPLUS stage 2 came down, as you know, in the middle of 1997. I cannot see why that table is at all relevant to the CYPLUS stage 2 report.

**Senator Ian Macdonald**—I will have a look at the point you are making and perhaps adjust the document if that is the case. I must say, without looking at it, I cannot make a comment on it. Perhaps the officers will take on board what you have said.

**Senator McLUCAS**—You might fix the Roads to Recovery table as well, which includes funding for the Douglas Shire, which is not in the CYPLUS stage 2 area, and once again Dauan Island. I do not know how Dauan Island got into Cape York Peninsula, given that it is very close to New Guinea, Minister—and I am sure you know that.

**Senator Ian Macdonald**—You are quite right to point out those very important errors. The CYPLUS project has been going a long time and we may have got the boundary slightly wrong. My interest does not particularly go by a line on a map. Far North Queensland is Far North Queensland, and maybe we have slipped in Douglas shire by error.

**Senator McLUCAS**—It bumps up the final figure by about half a million dollars. It looks good on the bottom line. Thank you, Chair. That is all I need.

**CHAIR**—Thank you, Senator McLucas. I think this is an appropriate moment for a supper break.

**Proceedings suspended from 9.04 p.m. to 9.23 p.m.**

**Senator MACKAY**—Mr Bogiatzis, how many projects were funded under the Rural Communities Program?

**Mr Bogiatzis**—The number of projects funded was 193, after the program was transferred to DOTRS.

**Senator MACKAY**—How many applications were lodged in total?

**Mr Bogiatzis**—Some 412 applications were received by DOTRS.

**Senator MACKAY**—How many applications are still pending?

**Mr Bogiatzis**—None. One or two may have come in very late, but as I understand it none are still pending.

**Senator MACKAY**—So there is no backlog in relation to this program?

**Mr Bogiatzis**—No.

**Senator MACKAY**—Approximately how long did it take to process each application?

**Mr Bogiatzis**—That would have varied. There are about four rounds a year. Normally, applications are processed during a round, so that would be three to four months.

**Senator MACKAY**—Did you receive any complaints about the length of time it took to process applications?

**Mr Bogiatzis**—I do not recall any specific complaints. My general understanding is that people seemed to be satisfied with the timings.

**Senator MACKAY**—Were there any complaints from the community about any aspects of this particular program?

**Mr Bogiatzis**—I am sure that possibly there was some criticism of the program at some stage, but I cannot recall any specific criticism about a specific aspect of it.

**Senator MACKAY**—So there was a general concern, but you cannot remember anything specific?

**Mr Bogiatzis**—My staff spent a fair bit of time in regional Australia with communities that were receiving grants or were seeking to apply. There are always concerns around a funding program, but there did not seem to be any major issue that I recall that we were not able to address.

**Senator Ian Macdonald**—I would not accept that there were any concerns. How long did RCP go—four years?

**Mr Bogiatzis**—Yes.

**Senator Ian Macdonald**—People were disappointed when they did not get funded—that is a natural human reaction—but I would not describe that as concern, or are there concerns that I am not aware of?

**Mr Bogiatzis**—No, I do not recall any specific criticism. There are always concerns around funding programs, but normally we are able to address them.

**Senator MACKAY**—On page 52 of last year's PBS the appropriation and expenses for rural communities was \$3,531,000, and on page 47 of this year's PBS the projected actual figure is \$4,214,000. What is the difference?

**Mr Bogiatzis**—I am assuming that the variation is where moneys are committed in the one year and expended in that year, but, under accruals, if activity has not been fully implemented there is an adjustment for that into the next year.

**Senator MACKAY**—How much was actually spent in rural communities last financial year?

**Mr Bogiatzis**—Actual expenditure for 2000-01 was \$2,873,000.

**Senator MACKAY**—And this current financial year?

**Mr Bogiatzis**—That is for 2000-01.

**Senator MACKAY**—Will all the money be expended by the end of this financial year?

**Mr Bogiatzis**—We are expecting an underspend of around \$500, which we are quite proud of.

**Senator MACKAY**—Tut, tut! In the last estimates you said that there was only \$101,750 unexpended and uncommitted. How does that relate to the higher projected figure of \$4,214,000 that I referred to previously? I found that a bit confusing.

**Mr Bogiatzis**—A project might have been approved in year 1 and it runs for four years, so part of that money will be spent in that fourth year.

**Senator MACKAY**—What assessment has been done in relation to the program meeting its performance targets?

**Mr Bogiatzis**—We did a variety of things through the life of the program, and at the end we did an overall review of the program.

**Senator MACKAY**—Is that review available?

**Mr Bogiatzis**—That is correct.

**Senator MACKAY**—Is there nothing beyond that? There is no internal departmental assessment?

**Mr Bogiatzis**—Yes. We do a variety of things: we do assessment sheets with members of the advisory committee, and we talk to applicants and recipients. There is a variety of processes that we undertake. We do an internal review.

**Senator MACKAY**—Was there an internal document that basically went to the assessment process, or was it simply a series of assessment sheets?

**Mr Bogiatzis**—That is correct—a series of activities.

**Senator MACKAY**—Are they available to the committee?

**Mr Bogiatzis**—No, there is no formal document.

**Senator MACKAY**—If we were to ask for assessment sheets on specific projects, would they be available? I am not saying that we are going to, but we may want to.

**Mr Bogiatzis**—I will take that on notice, Senator.

**Senator MACKAY**—How many projects were funded under Rural Plan in total?

**Mr Bogiatzis**—There were 53 projects.

**Senator MACKAY**—How many applications were lodged?

**Mr Bogiatzis**—There were 209.

**Senator MACKAY**—Are any still pending?

**Mr Bogiatzis**—All applications have certainly been assessed and I do not think that any late ones have come in.

**Senator MACKAY**—There is no backlog?

**Mr Bogiatzis**—No.

**Senator MACKAY**—How long did it take to process each application on average in relation to Rural Plan?

**Mr Bogiatzis**—It would be roughly around the same time. Although there was no advisory committee, they operated in the same sort of cycle.

**Senator MACKAY**—Maybe it would have been quicker then—or about the same?

**Mr Bogiatzis**—Perhaps.

**Senator MACKAY**—Did you receive any complaints in relation to the length of time of processing?

**Mr Bogiatzis**—It would be the same as for Rural Communities.

**Senator MACKAY**—Were there any complaints from the community in relation to this program?

**Mr Bogiatzis**—It was the same as for Rural Communities—nothing specific that comes to mind.

**Senator MACKAY**—Similarly, in the last year's PBS the appropriation expenses for Rural Plan were \$3,397,000. This year it is \$4,762,000. What is the reason for that? Does that span the same period?

**Mr Bogiatzis**—Again, it is the accruals paperwork.

**Senator MACKAY**—What was actually spent in Rural Plan last financial year?

**Mr Bogiatzis**—For 2000-01 expenditure has been \$3,549,310 to date.

**Senator MACKAY**—Is there any projected rollover or underspend?

**Mr Bogiatzis**—We expect an underspend of around \$4,000.

**Senator MACKAY**—Similarly, was there any internal departmental document that undertook a review of Rural Plan beyond what is publicly available?

**Mr Bogiatzis**—No, there was not, Senator.

**Senator MACKAY**—I will just move to Regional Solutions, Mr Bogiatzis. How many projects have been funded to date under this program?

**Mr Bogiatzis**—One hundred and twenty-three have been approved, Senator.

**Senator MACKAY**—In the last estimates you indicated that approximately half of the \$15 million appropriation for this financial year would be likely to be rolled over. Can you provide me with an update in relation to that?

**Mr Bogiatzis**—Of the administered funds of \$12.6 million we are currently anticipating, and are hopeful of achieving, an expenditure of \$8.6 million against that \$12.6 million. The outstanding \$4 million has been allocated elsewhere.

**Senator MACKAY**—Where?

**Mr Bogiatzis**—A program has been established called the Wide Bay Burnett program and the \$4 million has been allocated to that program.

**Senator MACKAY**—Under what program was the Wide Bay Burnett program established?

**Mr Bogiatzis**—It is a stand-alone program.

**Senator MACKAY**—How did that come about?

**Ms Varova**—The Wide Bay Burnett program was a decision of the government based on addressing some of the serious issues in the Wide Bay Burnett area. The Wide Bay Burnett community and quite a number of the local councils have developed—as you may be well aware—an action plan and a strategic plan for their future. They put a submission to the government and the government agreed that support would be given. Four million dollars of the Regional Solutions program was transferred to a new structural adjustment program.

**Senator MACKAY**—What involvement did the department have in relation to this?

**Ms Varova**—It was a decision of the government, Senator.

**Senator MACKAY**—Did the department have any involvement at all?

**Ms Varova**—The department provides advice to the government, as you are well aware, and through the process we did provide advice.

**Senator MACKAY**—Minister, why was Wide Bay Burnett specifically chosen?

**Senator Ian Macdonald**—I think that it has an unemployment rate twice the national average. The majority of families in the region have weekly incomes of below \$500. There is a very high rate of young unemployed. I think that the area actually has the lowest income per capita of any region in Australia.

**Senator MACKAY**—What other regions did you consider?

**Senator Ian Macdonald**—We considered Eden following the reduction of the mill. We considered Newcastle when BHP left. We considered the south-west forest areas of Western Australia. We try to target areas, particularly areas where there has been difficulty. I think there have 13 mayors up there who have been very proactive over a number of years in trying to get together a strategic plan or something to address what is arguably one of the poorer areas of Australia.

**Senator MACKAY**—How was this proposal brought to fruition? Were direct representations made to you or to Minister Anderson? What was the process?

**Senator Ian Macdonald**—It was a whole of government decision.

**Senator MACKAY**—Did anybody put anything forward to you or to Minister Anderson? Were there any proposals in front of you?

**Senator Ian Macdonald**—As I have mentioned to you there have been a number of visits by people representing the local governments there. Mayor Bill Trevor was down here a couple of times looking for ways that governments could help that particular area which, as I say, is acknowledged to be one of the poorest in Australia. I think there are 21 councils all in that very difficult area. They are subject to structural change with the lessening of forestry and the difficulties in the dairy industry. It is all, regrettably, a reasonably disadvantaged area.

**Senator MACKAY**—Were representations received by you from councils in any other disadvantaged regions in Australia?

**Senator Ian Macdonald**—Have there ever been?

**Senator MACKAY**—Have there been in the last six months—of a similar nature?

**Senator Ian Macdonald**—Yes. People are knocking on my door practically every minute of the day and people always come to try to work with the government to find ways that they can be helped. The most recent visit was by the Gippsland people. I did receive a deputation from people in the south-west of Western Australia some months ago. It is a continual thing. In the Mareeba area, which Senator McLucas mentioned earlier, those mayors and other representatives of those areas are continually coming to see us to try to work their way through difficulties and problems.

But this particular group—and there are others; I cannot remember all the people I have seen over the last 2½ years—has been down a number of times. They have had a number of workshops and conferences, and they have made a particularly intensive effort to plan their future and to find opportunities for development in their area. So we are very pleased to do what we can to help.

**Senator MACKAY**—When was this decision made, Minister?

**Senator Ian Macdonald**—Within the last three or four weeks, I think. It was signed off on 21 May, apparently, and announced on the 25th.

**Senator MACKAY**—Is that why it does not appear in the budget papers?

**Senator Ian Macdonald**—Yes, I guess it is.

**Senator MACKAY**—Are there any other structural adjustment packages of a similar nature in the pipeline or under active consideration by government?

**Senator Ian Macdonald**—We are always considering new initiatives. It is not appropriate for me to indicate the sorts of things government is looking at all the time.

**Senator MACKAY**—That is interesting. Thank you. Mr Bogiatzis, can we safely say there will be no money unspent by the end of this financial year, given the \$4 million allocation to what I think you termed a ‘stand-alone’ program?

**Mr Bogiatzis**—We are doing our best and it is my expectation at this stage that there should not be.

**Senator MACKAY**—So beyond the \$4 million which we have just discussed you are anticipating that there will not be, at this point?

**Mr Bogiatzis**—There should not be any amount of significance.

**Senator MACKAY**—Can the department provide me with a project description for the Wide Bay Burnett project?

**Ms Varova**—It is envisaged at this stage that it will work in a similar fashion to the Newcastle structural adjustment package and the south-west Western Australia structural adjustment program in that applications will be made to utilise that program funding. Again, it is envisaged that over the next few weeks the minister would consider an advisory body and that we could advertise for applications.

**Senator MACKAY**—At what point would you be advertising for applications?

**Ms Varova**—That would be dependent on the minister’s consideration. We do not have a date set as yet.

**Senator MACKAY**—Minister, when are you anticipating that the applications will be called?

**Senator Ian Macdonald**—As soon as we possibly can. We have to promulgate the guidelines and get the applications out. They were only signed off on 21 May, so we are working hard to get those out.

**Senator MACKAY**—So when will the guidelines be available?

**Ms Varova**—It will be in a matter of weeks.

**Senator MACKAY**—Was the local member involved in discussions with you, Minister?

**Senator Ian Macdonald**—I would hope so. He is a member of cabinet, after all.

**Senator MACKAY**—Was he involved in discussions with you in relation to this matter?

**Senator Ian Macdonald**—He certainly would have had an input, like most members on our side—they are always putting forward ideas, putting forward proposals and trying to convince their colleagues of the need to help in particular areas.

**Senator MACKAY**—So did you have any discussions with him in relation to this?

**Senator Ian Macdonald**—I did not, personally. Mr Anderson would have.

**Senator MACKAY**—Mr Bogiatzis, could you tell me the number of applications that have been approved for each state so far? You may take the question on notice, but given that we advised that we might be asking this type of question you may have the information.

**Mr Bogiatzis**—Yes, I can. It is: ACT zero, New South Wales 35, Northern Territory four, Queensland 25, South Australia 10, Tasmania 6, Victoria 21, and Western Australia 22.

**Senator MACKAY**—The minister indicated earlier that areas of greatest economic distress—I think that was the term used—are part of this program's target. Is that your understanding?

**Mr Bogiatzis**—The guidelines talk about disadvantage and need. Disadvantage would certainly cover what you have just described. But the program is not just limited to that. It also includes need, so if there is a community that is not disadvantaged but is in need of something that could further assist it, then it would be eligible.

**Senator Ian Macdonald**—Do we have a copy of the guidelines handy? We could perhaps give them to the senator so she can—

**Senator MACKAY**—I have got them—it's all right.

**Mr Bogiatzis**—I read those out earlier.

**Senator MACKAY**—In terms of the assessment of the applications, is the issue of the unemployment rate considered?

**Mr Bogiatzis**—Yes, it is.

**Senator MACKAY**—What weight is given to the issue of unemployment?

**Mr Bogiatzis**—There is no weighting. We look at everything on a case by case basis, so issues like strong community support may end up being a strong factor in one and a weak factor in another—so there is no formal weighting.

**Senator MACKAY**—So it is not really a factor. It is not the predeterminate factor?

**Mr Bogiatzis**—It is not a predeterminate factor but it is certainly a factor.

**Senator MACKAY**—For example, the unemployment rate in O'Connor in Western Australia is 3.9 per cent, as I understand it, but, interestingly, that electorate has, on my figures, received \$869,068 under Regional Solutions. How does unemployment feature there?

**Mr Bogiatzis**—It is certainly not a pre-eminent criterion. There would have been other factors which have made it a worthy proposal.

**Senator Ian Macdonald**—I should add that electorates are not a factor either. To say that an electorate, particularly one as vast as O'Connor, has a global rate of unemployment does not mean to say that there are not pockets of disadvantage within that very vast electorate.

**Senator MACKAY**—With regard to the pockets of disadvantage referred to in O'Connor, was the issue of unemployment taken into account in terms of the pockets of disadvantage in the disbursement of Regional Solutions funding, Mr Bogiatzis?

**Mr Bogiatzis**—The issue of unemployment is taken into account in all assessments of all applications.

**Senator MACKAY**—So it was in relation to all of these, presumably?

**Mr Bogiatzis**—Yes.



**Senator MACKAY**—What is the average turnaround time for Regional Solutions projects?

**Mr Bogiatzis**—I do not think we have achieved an average as yet.

**Senator MACKAY**—Haven't you been going for long enough?

**Mr Bogiatzis**—We have been quite swamped by applications. Last time we met we had, from memory, about 550 and we now have over 900. In some weeks we receive up to 30 additional applications, so it does take some months to fully process an application.

**Senator MACKAY**—What is the total funded to date?

**Mr Bogiatzis**—The number of successful ones is 123. Is that what you are asking?

**Senator MACKAY**—Yes. I have the state breakdowns; thank you for that. How long does it take to process an application, generally?

**Mr Bogiatzis**—If there had been no backlog, we would process an application probably within an eight-week period.

**Senator MACKAY**—If there had been no backlog?

**Mr Bogiatzis**—Yes.

**Senator MACKAY**—Given that there is a backlog, how long is it taking to process them?

**Mr Bogiatzis**—It is shortening as a period of time, but it still takes several months.

**Senator Ian Macdonald**—It depends; some of them are pretty simple and they can be dealt with very quickly. Others are quite complex and require a lot more work by the department. I do not know that you can give averages terribly well on how long things take.

**Senator MACKAY**—Mr Bogiatzis, have people expressed concern about the turnaround time?

**Mr Bogiatzis**—Yes, we have received some comments about turnaround times.

**Senator MACKAY**—Presumably indicating that it was a bit long. So what is the process? An applicant makes an application. Does that person receive a response from the department indicating that it has been received?

**Mr Bogiatzis**—Yes. If it is lodged electronically, they receive a response within 48 hours. If it is received on paper, we will have confirmed receipt of that letter within several weeks. We also advise of the process that occurs beyond that. We generally find that, once we have explained the situation to people, they tend to be understanding.

**Senator MACKAY**—How many staff are allocated to the processing of Regional Solutions applications?

**Mr Bogiatzis**—We have a process whereby Rural Communities, Rural Plan and Regional Solutions are managed together to gain efficiencies. The total number of staff who would be working only on Regional Solutions would probably be in the vicinity of about 35 to 40.

**Senator MACKAY**—We established in previous estimates that the on-costs in relation to those staff are coming out of the program.

**Mr Bogiatzis**—That is correct.

**Senator MACKAY**—And is that still approximately 10 per cent?

**Mr Bogiatzis**—It is \$2.4 million.

**Senator MACKAY**—Per annum?

**Mr Bogiatzis**—Yes.

**Senator MACKAY**—How many staff are responsible for updating the department's web site?

**Mr Bogiatzis**—Mainly one person does that, but that person does a variety of other tasks as well.

**Ms Varova**—Actually, two people are working on the web site on a full-time basis. One updates the content and both of them are working on the grants link processes, and on the regional portal more generally.

**Senator MACKAY**—What procedure is followed to update the web site? For example, is it posted seriatim or is it in a batch?

**Ms Varova**—It very much depends on the information. Information is received in batches or as a single element and it is then updated. It is pretty well updated daily insofar as the information that is provided internally from within the department or the division and information from other areas as well is concerned.

**Senator MACKAY**—So when you say 'pretty well updated daily' is that generally the case?

**Ms Varova**—Yes, it is generally the case. It is one of the daily tasks. There may or may not be something to include, but the two people involved ensure daily that any material they have been provided with or have received is included on the web site.

**Senator MACKAY**—Are there any quality control or checking procedures in place for the web site information?

**Ms Varova**—Yes. In the first instance, obviously, the provider of the material is responsible for checking the accuracy of the material and ensuring that we receive it appropriately. When it comes to the communications people who are including it on the web site, they would look more closely at the presentation, the content, typos et cetera. Obviously, they do not fiddle with the actual substance or the content.

**Senator MACKAY**—There was an issue in relation to Regional Solutions about the quanta not being included in terms of the various applications. On inquiry, I understand that the department advised that that related to ministerial discretion. That struck me as being a bit odd.

**Ms Varova**—About this?

**Senator MACKAY**—About the quanta—including the quanta.

**Mr Bogiatzis**—That should be on the web site, Senator.

**Senator MACKAY**—It was not initially.

**Mr Bogiatzis**—It should be now.

**Senator MACKAY**—We chased it up with Senator Macdonald's office several times. Was that just an oversight?

**Ms Varova**—It would have been insofar as we have included that in the web site.

**Senator MACKAY**—Minister, you did not issue any instruction or anything in relation to particular figures not being included on the Regional Solutions web site?

**Senator Ian Macdonald**—No.

**Ms Varova**—No, not at all. If it was the early days, Senator, it would have been that we had such a mass of applications we would have been getting the information on to the web site. It would have only been a reason like that.

**Mr Bogiatzis**—The web site will continue to change over time.

**Senator MACKAY**—Everything was there except for the amount of money—the project description, the works. In the last round of estimates, Mr Bogiatzis, you indicated that program milestones could be provided for the projects for which each contract has been signed. Can we have the program milestones for each of those projects now?

**Mr Bogiatzis**—I understood that they were forwarded to you, Senator.

**Senator MACKAY**—No, totally up to date.

**Mr Bogiatzis**—I would need to take that on notice.

**Senator MACKAY**—For each individual project.

**Mr Bogiatzis**—Sure.

**Senator MACKAY**—You took on notice last time to write a list of projects with which a state government is a contributor—thank you for that. Could you supply a list of projects which include each state government's contribution, the amount of funding provided by each state government and how the funding is disbursed, including in kind?

**Mr Bogiatzis**—We could certainly take on notice each project for its state government contribution. We would not necessarily have the information on exactly how that contribution is being expended in relation to that program.

**Senator MACKAY**—That is fine.

**Mr Bogiatzis**—We can certainly address the former.

**Senator MACKAY**—I think last time you indicated that projects under \$10,000 do not go to the advisory committee. Is that still the case?

**Mr Bogiatzis**—That is correct. The qualifier is that if they have been rejected by the department they go to the advisory committee for review.

**Senator MACKAY**—Have the advisory committee ever reversed a departmental recommendation?

**Mr Bogiatzis**—Yes, certainly. I would not see it as a reversal. The department mainly does an assessment. Yes, it is a recommendation that goes to them, but it goes forward for discussion. Quite a few of them are explored and changed by the advisory committee.

**Senator MACKAY**—Approximately 123 would have gone to the advisory committee?

**Mr Bogiatzis**—Correct.

**Senator MACKAY**—How many—

**Mr Bogiatzis**—One hundred and twenty-three have been agreed to be funded.

**Senator MACKAY**—How many are in the pipeline, as it were, beyond the 123?

**Mr Bogiatzis**—There were 133 successful, there have been 144 unsuccessful, and we would have about 150 in the pipeline at the moment.

**Senator MACKAY**—How many that were put to the advisory council as not to be funded were in fact funded as a result of going to the advisory committee?

**Mr Bogiatzis**—I would need to take that on notice, Senator.

**Senator MACKAY**—You have no idea?

**Mr Bogiatzis**—The advisory committee is quite a vigorous one. I am a member of the advisory committee, and I myself can override a recommendation—and do. We will make our best attempt to pull out some figures. Your question is: where the department does not recommend it and the advisory committee has suggested a recommendation. There would probably be as many as the reverse-case scenario, and it might be 10 per cent. That is a rough guess—say 10 per cent.

**Senator Ian Macdonald**—Can I come back to the question about providing the milestones. I understand that it involves the department in an enormous amount of work. As you have heard, this program has been very successful and people are anxious to get results. The last thing I want to do is tie up staff doing this. In whatever way you got it before, you may not get it in that way now. What we might try to do in the program is photocopy the schedules to the contracts which have milestones in them.

**Mr Bogiatzis**—That is correct.

**Senator Ian Macdonald**—That would be a much easier process. It may mean that it is not quite as simply set out—

**Senator MACKAY**—That is fine.

**Senator Ian Macdonald**—but it will be the actual schedule of the contract. If we can do that, it will relieve staff from what is otherwise an enormous job of going through and extracting.

**Senator MACKAY**—No, that is all right. That will do. How many projects fell into the under \$10,000 category?

**Mr Bogiatzis**—About 24 to date; those have been considered, that is.

**Senator MACKAY**—Senator Murphy asked a question earlier—he had just simply gone through the budget I think and discovered that the aggregate figure for Regional Solutions was \$80 million rather than \$90 million. I think the minister undertook to ask the officers a question in relation to that. Senator Murphy has asked me to pursue it, that is all.

**Senator Ian Macdonald**—I think the question was just answered to you in that 10 per cent or thereabouts goes to the oncosts.

**Senator MACKAY**—Is it the oncosts, \$2.2 million.

**Senator Ian Macdonald**—Could you refer that to Senator Murphy so that we do not have to bother taking that question on notice?

**Senator MACKAY**—That is fine. The appropriation for the outyears, Mr Bogiatzis: can you just take me through that?

**Mr Bogiatzis**—Certainly, Senator. The total funding this year is \$15 million—that includes administered and departmental; and then \$25 million for each of the outyears. From each of those years, \$2.6 million is removed as departmental costs and from this year \$4 million years is removed for Wide Bay Burnett.

**Senator MACKAY**—What is the projected spend for 2001-02?

**Mr Bogiatzis**—The allocation is \$22.4 million for administered funds.

**Senator MACKAY**—Is that the projected spend? Do you think you will spend all of that money within 2001-02?

**Mr Bogiatzis**—Given that we have done remarkably well in four months, we would expect that to be possible.

**Senator Ian Macdonald**—I would expect that to be the case too.

**Senator MACKAY**—So no more ad hoc regional adjustment programs?

**Mr Bogiatzis**—It is \$22.6 million. It is \$2.4 million each year, as we indicated earlier, for our departmental costs, leaving \$22.6 million.

**Ms Varova**—Next year it will drop to \$4 million because it goes into the Wide Bay Burnett program.

**Senator MACKAY**—That is out of this year's allocation.

**Ms Varova**—Out of this year's, but it will be rephased into next year.

**Senator MACKAY**—The idea is that it is being expended this financial year.

**Mr Bogiatzis**—It has been reappropriated, so it comes out of this year.

**Senator MACKAY**—This financial year?

**Mr Bogiatzis**—That is right.

**Senator MACKAY**—Will it be expended this financial year?

**Ms Varova**—No, it will be rephased—the \$4 million we are talking about.

**Senator MACKAY**—So it is rolled over for expenditure for next financial year?

**Ms Varova**—That is right.

**Senator MACKAY**—To be expended within the next financial year?

**Ms Varova**—That is the case at the moment.

**Senator Ian Macdonald**—If you do that it will be \$26 million next year rather than \$22 million; is that right?

**Mr Bogiatzis**—No, because it is quite a separate program.

**Ms Varova**—It is a separate program.

**Senator MACKAY**—It is a stand-alone program, I think was the term that was used, Mr Bogiatzis. Has the department undertaken any evaluation as to ensure equity of funding issues across Australia for Regional Solutions?

**Mr Bogiatzis**—What do you mean by that, Senator?

**Senator MACKAY**—To ensure an even spread using criteria such as unemployment, social disadvantage, and so on. Is it based purely on application?

**Mr Bogiatzis**—It is based purely on application.

**Senator MACKAY**—Are there any steps taken to ensure that one state is not advantaged more than any other state?

**Mr Bogiatzis**—No, there is no formal process to do so.

**Senator Ian Macdonald**—Can I just clarify that again, Senator: next year is \$22.6 million on Regional Solutions. Do not take any notice of Wide Bay; that is now a separate program for next year of \$4 million.

**Senator MACKAY**—You are right, Minister. Has the department done any analysis, Mr Bogiatzis, of how much has been allocated to infrastructure-type projects, how much to strategic planning or capacity building, and how much to employment of project officers, or whatever?

**Mr Bogiatzis**—No, not at this stage. It has been a bit too early in the program for us.

**Senator MACKAY**—Other than the guidelines, Mr Bogiatzis, was there a strategic plan used for the assessment of any application under Regional Solutions or was it just straight against the guidelines?

**Mr Bogiatzis**—I am not sure what you mean by a strategic plan. Assessments are conducted against the criteria in the guidelines.

**Senator MACKAY**—And there is no other intervening process or no overarching process in relation to, say, equity of funding?

**Mr Bogiatzis**—No, Senator.

**Senator MACKAY**—I am also interested in how many programs DTRS offers for regional cities and towns and what they are.

**Ms Varova**—There are no specific programs for cities. Our only involvement in those sorts of urban issues would be in the local government area where we have the Local Government Incentive Program and also the Development Assessment Forum. That is not a grants program. There are a number of projects and activities that we do undertake.

**Senator MACKAY**—Under DAF?

**Ms Varova**—That is right.

**Senator Ian Macdonald**—There are all of our road programs.

**Ms Varova**—Yes. The local government and the roads programs.

**Mr Bogiatzis**—As does the Regional Solutions program cover regional towns.

**Senator MACKAY**—What programs does the department offer for outer suburban areas?

**Ms Varova**—We do not have any specific programs for outer suburban areas but, again, under Regional Solutions there can be joint projects, et cetera, although the focus very much is on regional Australia.

**Senator Ian Macdonald**—Are you talking about the department as a whole?

**Senator MACKAY**—Yes.

**Senator Ian Macdonald**—There are all the roads programs. There are the Roads to Recovery programs, flood programs, national highways—

**Senator MACKAY**—No; I am talking about for this section of the department. Floods would be the only one, would it?

**Mr Yuile**—Floods are not administered by this division.

**Ms Varova**—For this division it really is the local government programs.

**Senator MACKAY**—As I understand it—and you may correct me, Mr Bogiatzis—Regional Solutions is available to outer suburban areas. Is that correct or incorrect?

**Mr Bogiatzis**—Strictly speaking, it is not correct. The program was meant to have the major benefit in regional Australia so it would be possible to fund something in a suburban metropolitan area, if that makes sense.

**Senator MACKAY**—My point is it is not precluded in the guidelines. Is that right?

**Mr Bogiatzis**—It could not be the primary purpose of the grant.

**Senator MACKAY**—What about, say, an interface area and an interface council, for example, that moves from outer metropolitan or outer suburban areas into regional areas?

**Mr Bogiatzis**—That would have to be judged on a case by case basis. Where we have seen examples like that the benefit tends to go into the rural component of the geographic area.

**Senator MACKAY**—In terms of the 123 successful applications, have any gone into outer metropolitan areas?

**Senator Ian Macdonald**—Senator, why don't we give you the list and you make up your own mind whether they are inner or outer metropolitan, regional or urban. In fact, we will not give it to you. They are on the web site that I think you know of and you can assess that. We are flat out trying to get these programs assessed, sent to the committee, then actioned and contracted. We really have better things to do than count things that you can do yourself.

**Senator MACKAY**—Mr Bogiatzis, have any gone into outer metropolitan or suburban areas that you are aware of?

**Senator Ian Macdonald**—Do you want to run through the 123 and work out what each one is?

**Senator MACKAY**—I am waiting for an answer.

**Mr Bogiatzis**—Senator, I would need to take that on notice and go through the 123, subject to the minister's agreement.

**Senator MACKAY**—Thanks for that.

**Senator Ian Macdonald**—Otherwise you might guess at one or two and miss others and then you get into all sorts of trouble, so we will take it on notice.

**Mr Bogiatzis**—In taking it on notice, sometimes it is difficult to judge what is interpreted as outer metropolitan. That is an issue that we try to face, but we will certainly make our best attempt at that.

**Senator MACKAY**—While you are doing that, you may look, if it is possible—and I just want raw figures; I do not want details—at the 115 that are in the pipeline. So we had 123 approved; is that correct?

**Senator Ian Macdonald**—Look, Senator—

**Senator MACKAY**—I cannot get access to that information.

**Senator Ian Macdonald**—if we give you the list, surely we don't have to go through and tell you where every town is. Surely, you can work that out yourself without having the department sit down and write an answer for you.

**Senator MACKAY**—All right. Give me a list of all the ones that are actually not posted on the web site as well—that is what I am after.

**Senator Ian Macdonald**—All the ones that are done are posted on the web site within a short period of time, Senator.

**Senator MACKAY**—Let us go through this again, Mr Bogiatzis. There are 123 approved and on the web site; is that correct?

**Mr Bogiatzis**—There are 123 approved and they should all be on the web site, yes.

**Senator MACKAY**—There are 115 that have been assessed?

**Mr Bogiatzis**—No. There are 123 approved; there are 144 that have been rejected; and there are about 150 that are active in the pipeline. That could be at any stage of assessment where we have looked at it, gone back to the applicant, and have gathered more information. And 33 have been returned to applicants because there was not sufficient information for us to be able to work from it.

**Senator MACKAY**—Minister, Mr Bob Charles, the member for La Trobe, made a speech in the House of Representatives on 29 March. If you are not familiar with it I can provide it to you. I will quote him, in order to get your views:

... we hear constantly in this place—

I presume he means in the House of Representatives—

... about issues concerning rural and regional Australia, and they are live issues and I accept that and I am not denigrating that or the people who live in rural and regional Australia ... I have a fringe electorate—the largest metropolitan electorate in Victoria. ... We have the same problems as rural and regional Australia but no-one takes any account of us or pays us any attention because, statistically, we are called a metropolitan seat.

Are there any programs that this department offers that may apply to Mr Charles's seat of La Trobe?

**Senator Ian Macdonald**—Senator, this is the Department of Transport and Regional Services. If he is not in a regional electorate, certainly he would have a local authority in his electorate, so he would be getting local government money plus Roads to Recovery money. He has other roads in his area, so he would be getting roads funding from this department. Across the whole range of government, he would no doubt be getting health funding, he would no doubt be getting funding from Family and Community Services, Environment—across the range of government departments. But if his electorate is a city electorate, then I would not expect him to be getting any regional programs.

**Senator MACKAY**—Are there any urban programs offered by the government?

**Senator Ian Macdonald**—Roads to Recovery. I am sure there are a hundred of them—hospitals, health, family and community services.

**Senator MACKAY**—Specifically urban programs, other than LGIP. I think Ms Varova is probably right: LGIP is the only one.

**Ms Varova**—Yes, for our division.

**Senator Ian Macdonald**—For one division in this department, yes, that is right. There are many divisions in this department.

**Senator MACKAY**—Mr Charles has indicated that he is reflecting a view of his constituents in what he regards as diminished access in terms of government programs. Has the department received any applications, in terms of the grants it administers, from any community groups in La Trobe?



**Mr Bogiatzis**—Yes, we have, Senator.

**Senator MACKAY**—Could you indicate who they are?

**Mr Bogiatzis**—I would need to take that on notice.

**Senator MACKAY**—Approximately how many have you received?

**Mr Bogiatzis**—More than half a dozen; about six or seven.

**Senator Ian Macdonald**—Is this Regional Solutions applications?

**Mr Bogiatzis**—Yes, purely through Regional Solutions programs.

**Senator MACKAY**—I was actually asking about all programs administered by this section. So half a dozen for Regional Solutions is fine. Have any of those been approved?

**Mr Bogiatzis**—As far as I am aware, no decision has been made on those yet.

**Senator MACKAY**—Is any other officer aware of any applications from La Trobe for grants administered under this department?

**Ms Varova**—No. We would have to take that on notice, Senator. I cannot recall any.

**Senator Ian Macdonald**—You want us to go through our files and find every application from a particular federal electorate. Is that what you are after, Senator Mackay?

**Senator MACKAY**—I suppose so. Minister, in your GrantsLINK press release of 15 May 2001, you refer to the grants information maze. What specifically was meant by that?

**Senator Ian Macdonald**—The grants information maze?

**Senator MACKAY**—Yes.

**Senator Ian Macdonald**—Senator, one of the things that I find as I go around regional Australia, regional groups, the various forums we run and local councils is that some councils which are very switched on and well-resourced with people with skills in looking through government papers do very well out of applications for state and federal grants, whereas other councils and groups never really hear about a lot of programs. Despite some advertising, we obviously do not advertise a lot of our programs enough. We really should upgrade that. However, it seems people are not aware of them. We have tried to get rid of that maze where people ring one department and say, 'We've heard you've got this', and they say, 'No, we haven't, but you might try some other department.' With GrantsLINK, we are trying to get rid of all that confusion and that running across departments. We are trying to make it simple for people. I explained somewhere that if you go to the web site and type in a key word, it will flash up all the programs across federal government that you might be able to access for a grant for that particular subject or locality.

**Senator MACKAY**—Minister, your speech at the Urban Leadership Summit does not appear to be posted on your web site. Why is that?

**Senator Ian Macdonald**—Can I just complete my answer to the GrantsLINK question? I am told that we have already had 51,000 hits on the GrantsLINK site since it was launched on 11 May. That is an average of 3,000 plus per day so we have obviously got something right. It is obviously something that people wanted.

**Senator MACKAY**—It is a very useful site. Now, what about your speech?

**Senator Ian Macdonald**—My speech to whom?

**Senator MACKAY**—The Urban Leadership Summit.

**Senator Ian Macdonald**—Where was the Urban Leadership Summit? Was that the one on the Gold Coast?

**Senator MACKAY**—I don't know; I did not go. Sorry, the one at the Gold Coast, yes.

**Senator Ian Macdonald**—The proceedings are transcribed as the tape catches up with the person in the office who does the transcribing. It is haphazard. It will be there; contain yourself a little longer and you will be able to read all about it.

**Senator MACKAY**—I have had a number of requests for it.

**Senator Ian Macdonald**—It was a pretty good speech, I have to say.

**Senator MACKAY**—When was the speech delivered?

**Senator Ian Macdonald**—I am told on the 23 April and I am told that the transcribing has almost finished.

**Senator MACKAY**—That is a month's turnaround time. Is that satisfactory?

**Senator Ian Macdonald**—That is pretty good. It is simply that, when I go out, we record my speeches. I make many speeches and people want to hear what I have to say, so we try to record them, but it depends on which adviser is with me, where the tape goes, when it gets back to one of the offices where someone can type it, what the priorities are and so on. Don't worry, there is no great conspiracy in it at all. Contain yourself for a couple of days and you will be able to read it—it is a great speech and I recommend it to you.

**Senator MACKAY**—I was just curious—and I will read it. I had a number of reports back about it, so I am keen to read it. In estimates in May 2000—this time last year—I asked you about a report on the Better Cities Program which was completed by the National Capital Authority in 1999. A copy of this report—*A report on the Commonwealth Better Cities Program 1991-97*—was provided to my office following those estimates hearings, and I thank the department for that. I found it extremely useful. Has this report been publicly released?

**Ms Varova**—I am not aware of that. I would have to take that on notice. I do not know if it was publicly released at the time.

**Senator MACKAY**—If it has not been publicly released, is there any reason why it would not be publicly released?

**Ms Varova**—I do not know. We will check with the National Capital Authority.

**Senator MACKAY**—Coming back to Regional Solutions, Minister, you said earlier that you had had some involvement with the Portland tourist tramway project, which amounted to \$550,000, including GST. What was your involvement?

**Senator Ian Macdonald**—I sat in my office while a group of people from Portland made a presentation to me and lobbied me.

**Senator MACKAY**—Okay, that is fine.

**Mr Bogiatzis**—Could I just correct something I said earlier: my ever vigilant staff have noted that we have funded the country town of Traralgon in the La Trobe Valley—so there is one that has been funded.

**Senator MACKAY**—How much did Traralgon get?

**Mr Bogiatzis**—I am sorry, but I cannot give you that amount. I will come back to you on that.

**Senator MACKAY**—We might even have that information ourselves.

**Mr Bogiatzis**—It was \$210,000.

**Senator MACKAY**—Traralgon is not in the electorate of La Trobe.

**Mr Bogiatzis**—I am told that the La Trobe City Council is the sponsoring group for this community group in Traralgon.

**Senator MACKAY**—But Traralgon is in the electorate of Gippsland.

**Senator Ian Macdonald**—These programs are not done by electorate, they are done by township.

**Mr Bogiatzis**—Yes, I am not operating by electorate here, I am operating by location.

**Senator MACKAY**—So we still do not know whether there are any Regional Solutions programs in—

**Mr Bogiatzis**—And my answers earlier were also in relation to a geographic area and not an electorate.

**Senator MACKAY**—So you will take that on notice in relation to the electorate of La Trobe. I can provide you with a list of towns that are in La Trobe, or you can get it off the AEC web site.

**CHAIR**—No whiteboard, Minister?

**Senator Ian Macdonald**—No!

**Senator MACKAY**—Except for Wide Bay Burnett. On Murwillumbah and the Tweed Economic Development Corp. Ltd specifically, the description of the project was the Tweed shire agricultural land viability and sustainability study.

**Mr Bogiatzis**—Is there a number with it?

**Senator MACKAY**—No, I do not have a number here. It is New South Wales, location Murwillumbah, funding \$99,000.

**Mr Bogiatzis**—We are locating that one, Senator.

**Senator MACKAY**—According to the description, the intention is to develop a strategy to better place and embrace the potential changes required to develop a new attitude to the local economy. Do you have readily to hand some more details about what this program entails?

**Mr Bogiatzis**—The application had strong support from peak industry bodies, state government, and community groups, including chambers of commerce and rural industry groups. I understand that a regional industries forum was also conducted. There was an in-kind financial contribution from Tweed shire and the Economic Development Corporation. The overall project has been costed at \$133,450, and our provision was \$90,000.

**Senator MACKAY**—What precisely is the money being used for, beyond ‘to develop a strategy to better place and embrace the potential changes required to develop a new attitude to the local economy’?

**Mr Bogiatzis**—I do not have any more specifics than the general description here, but we can take that on notice and return to you.

**Senator MACKAY**—Do you have any information about how ‘a new attitude to the local economy’ will be assessed?

**Mr Bogiatzis**—That is just a broad descriptor. We often find vague terms. We tend to use the words of the project applicant in the summary itself. It is not assessed in terms of attitude by us. It is assessed in terms of specific activities that they are seeking to undertake. We understand that it has emerged from a forum that was quite broadly supported in the community. We will be able to come back to you with specific outcomes.

**Senator MACKAY**—Do you have a list of the specific activities?

**Mr Bogiatzis**—No. All I have is the general description. I would need to come back to you, Senator.

**Senator MACKAY**—What is the time frame on this one?

**Mr Bogiatzis**—This suggests that it is fully funded this financial year, but I need to check that.

**Senator MACKAY**—Were the Tweed Shire Council involved?

**Mr Bogiatzis**—They certainly were involved, but I am not sure what the nature of that involvement has been or will continue to be.

**Senator MACKAY**—That will presumably emerge when you check the details of the program.

**Mr Bogiatzis**—Yes. Its primary purpose is to look at the viability and sustainability of land use in the Tweed shire.

**Senator MACKAY**—That is indicated by the project name. The description is not quite the same.

**Mr Bogiatzis**—Yes. Beyond that, I do not have that detail.

**Senator MACKAY**—Let us look at Queensland. The recipient is the Shire of Tara Development Association Inc, and the project is the Tara Shire SPESIAL, and it is to identify future needs in the community through brainstorming workshops and open community meetings, and, once the needs are recognised and drafts are made, to implement a shire development plan. The initial approval is \$19,724. Could you provide me with further details about how this project will be undertaken?

**Mr Bogiatzis**—The information I have before me is that the association has quite a strong volunteer base—about 250 people across the shire—and it is quite a strong body. It maintains a cash flow of \$15,000 per year through its volunteers. The proposal is strongly supported by the Tara Shire Council. It should provide socioeconomic development opportunities in the shire. The council itself has made considerable contributions to it, both in kind and through donation. There is a wide degree of support. It is intended that six towns be brought into the process to look at local economic community development that would lead to a shire-wide development plan. It has been strongly community driven. That is the information I have on me.

**Senator MACKAY**—Given that one of the key objectives of the program is through brainstorming workshops and open community meetings, do they indicate how many they are intending to have?

**Mr Bogiatzis**—I do not know how many, but it will cover six towns within the shire.

**Senator MACKAY**—Do they indicate what format the brainstorming workshops or the open community meetings will take?

**Mr Bogiatzis**—The detail I have at this stage is that they are open community consultation meetings, which will then be drawn together.

**Senator MACKAY**—Within that, is there any infrastructure earmarked?

**Mr Bogiatzis**—For \$17,931, I would suggest not.

**Senator MACKAY**—Infrastructure not in terms of roads or bridges—

**Mr Bogiatzis**—But it would seem not.

**Senator MACKAY**—Can you just give me—you may have to take this on notice—exactly how the \$19,724 is being spent?

**Mr Bogiatzis**—Yes, Senator.

**Senator MACKAY**—Is any money being spent on a strategic plan or an external consultant in relation to this program?

**Mr Bogiatzis**—The intent is to bring it together into an overall strategic plan, a shire wide development plan. I am not sure if consultants are being used for this.

**Senator MACKAY**—So you will find out when you find out the project details?

**Mr Bogiatzis**—We will find that out for you.

**Senator MACKAY**—What does the acronym stand for?

**Mr Bogiatzis**—SPESIAL—your guess would be as good as mine at this stage. We are happy to advise you once we find it out.

**Senator Ian Macdonald**—How are you going to find out, Mr Bogiatzis?

**Mr Bogiatzis**—We can contact the organisation. There may be further detail in the application. I have a very short summary here.

**Senator Ian Macdonald**—If you have to contact the association, why do not we cut out one step in what becomes a very bureaucratic and red tape process: if you are contacting the association, would you ask them to send the material direct to Senator Mackay so that they know why they are being asked to provide where every single cent is spent.

**Senator MACKAY**—Fine with me. What is the time frame for this particular strategy, Mr Bogiatzis?

**Mr Bogiatzis**—The funding is being fully allocated this financial year, which suggests that the bulk of it should be committed this financial year. But it is likely also to carry over into the next, so I would expect it to be done by the end of this calendar year. That is my interpretation of the information in front of me.

**Senator MACKAY**—Can you indicate to me whether there was a Regional Solutions program grant made to Kingaroy Economic Development Inc.?

**Senator Ian Macdonald**—Do you have those indexed under K? If not, we will take it on notice.

**Mr Bogiatzis**—From the index I have for Queensland, I do not have Kingaroy listed as approved—but I understand there is an application under consideration.

**Senator MACKAY**—This grant was actually on the web site this year but recently disappeared.

**Mr Bogiatzis**—Yes, there was a mistake between numbers 79 and 49 on the web site, which has since been corrected.

**Senator MACKAY**—How does that impact on this?

**Mr Bogiatzis**—It means that Kingaroy should not have been up there. We have since corrected it and put the correct one up there.

**Senator MACKAY**—So does that mean that Kingaroy—I understand it was \$43,999—has not been approved yet?

**Mr Bogiatzis**—It is still under consideration.

**Senator MACKAY**—Any others posted by mistake?

**Mr Bogiatzis**—We hope not.

**Senator Ian Macdonald**—People sometimes make mistakes with their web sites, Senator, as you might recall.

**Senator MACKAY**—When I checked the web site last week, Mr Bogiatzis, there was only one Regional Solutions program grant made to Tasmania, which was Zeehan for \$45,450. I was delighted when I checked again on Monday to discover that there were another four grants made to Tasmania. I congratulate the department on that. Can you explain how this actually occurred—four grants at once being posted on the web site on Monday morning?

**Mr Bogiatzis**—It would not have been just the four Tasmanian; there would have been a number of other successful ones posted. We try to get them up as quickly as we can.

**Senator MACKAY**—I notice that a grant for the town of Ulverstone was posted. Ulverstone is actually in Tasmania—

**Mr Bogiatzis**—Yes.

**Senator MACKAY**—It has been listed under the New South Wales grants—I thought I would point that out to you.

**Mr Bogiatzis**—Thank you for pointing it out. We will correct it immediately.

**Senator MACKAY**—I presume it is the Ulverstone that is in Tasmania or is there an Ulverstone in New South Wales that I am unaware of?

**Mr Bogiatzis**—If you give me just a moment—

**Senator Ian Macdonald**—I have signed off on a program for Ulverstone in Tasmania, I recall.

**Mr Bogiatzis**—As I lived in Tasmania, I would assume it is the Ulverstone in Tasmania. Yes, it is Ulverstone, Tasmania. We will correct that.

**Senator MACKAY**—That is all right. It has now been 18 months since the regional summit, and I would like to get an update on how the department is progressing with some of the key recommendations from the summit. Does that require a change of officer?

**Ms Addison**—Yes, it does.

**Senator MACKAY**—Ms Addison, if I can refer you to pages 6 to 28 of the summit report which has the recommendations in relation to it. On page 7 i, the summit report recommended better data availability for regional communities. What work has been done in this area?

**Ms Addison**—We have a number of programs or projects running under the Understanding Rural Australia Program and we could provide you with details of those projects.

**Senator MACKAY**—Do you need to take it on notice or can you provide it to me tomorrow?

**Ms Addison**—We would need to take it on notice.

**Senator MACKAY**—Would you?

**Ms Addison**—Yes.

**Senator MACKAY**—The lack of coordination of regional programs was criticised by the summit report—for example, Regional Solutions is run by DTRS, RAPS is run by DEWRSB, Local Solutions to Local Problems is run by FACS. I refer you specifically to page 9 and then throughout the report. Has any work been done on this particular difficulty that has been established by the summit steering committee?

**Ms Varova**—The more accessible government work is probably the most appropriate area here. This focuses on more effective coordination, more effective relationship and cooperation between portfolio agencies in responding to regional communities both in the provision of information and in the delivery of programs and activities. Quite a lot of work has been done in that area at the moment. GrantsLINK is part of that exercise. Similarly, there is a focus on trying to streamline grants applications: standardising the front end, for example, so people do not have to provide information on numerous occasions. In addition to that, the More Accessible Government Interdepartmental Committee is focusing on cooperation on a number of fronts: joint projects and also responding in a whole of government way to communities. The intergovernmental aspect of more accessible government is important. Similarly, as you are aware, we have the Commonwealth, state, local government task force that is focusing on increasing cooperation and collaboration between the levels of government.

**Senator MACKAY**—We will get to that a bit later, but thanks for that. Can you expand on the more accessible government work in particular? Is that being driven by DTRS?

**Ms Varova**—Yes, it is. We are focusing in the first instance on the streamlining of grants processes, because that seemed to be a very important issue that was brought forward at the summit. Similarly, it has come forward in the consultations that were part of the Northern Forum and at the Northern Forum itself. So those activities have been of prime importance to us in the first instance. We are also working much more effectively across the board in responding to communities when it comes to funding. Some examples of this are the Commonwealth responses to the consultations in the Northern Forum, the 21 consultations leading up to it—you may recall the government response. Part of the more accessible government process is to ensure that portfolios do all the work behind the scenes so that communities do not have to go separately from government department to government department. Of course, there is a long way to go, but it is progressing very well at the moment.

**Senator MACKAY**—The more accessible government process, is that just internal departmental resources?

**Ms Varova**—Yes, it is.

**Senator MACKAY**—Presumably there is not particular appropriation—

**Ms Varova**—No.

**Senator MACKAY**—It does not fall under any particular program.

**Ms Varova**—No, it does not. This is an activity and initiative being carried out with departmental resources.

**Senator MACKAY**—When was the more accessible government aspiration commenced?

**Ms Varova**—Post summit. A very clear message that came through the summit was that people wanted responsive government both within the Commonwealth and between the levels of government. So it was post summit that we started some work on that, and that has continued to today.

**Senator MACKAY**—So the IDC has been in operation for how long?

**Ms Varova**—I would have to check on notice and check the date that we actually started—

**Senator MACKAY**—No, ballpark is fine.

**Ms Varova**—About 18 months, but work started before the IDC as well on into formulating a series of priorities that we wanted to work on.

**Senator MACKAY**—What has progressed in that 18 months since that IDC has been up and operating?

**Ms Varova**—GrantsLINK, and we are also working on stage 2 of GrantsLINK which is an interactive grants application. So that is over the next year or so. As I mentioned, we are working on having a standardised front end of grant applications across the Commonwealth. Similarly, we are looking at the possibility of being able to ensure that community groups can provide single reporting mechanisms where that is possible. There are quite a few issues to do with that, but that is what we are working on. We are trying to streamline the amount of information that groups have to provide in their grants applications so that they do not do it numerous times and also doing it at a single point to ensure, again, that they are not trying to go from department to department to receive quite different sorts of funding for similar projects. Also through the IDC we have been working on encouraging cocktail funding so that different departments can access funds from different programs and bring an integrated amount of money for particular projects which may be multidimensional, not just specific. In a sense, we are trying to break down the lines between departments and the compartmentalisation that does exist to some degree.

**Senator MACKAY**—Will that necessarily require any restructure of the current grants schemes; for example, given the summit's concerns about DTRS, FACS, et cetera—

**Ms Varova**—Of course, that is not something for us; it would be a matter for the government how the structures occur. What we are trying to do through the more accessible government process is—no matter what the structure—put the onus on the program managers to do the negotiation and the work behind the scenes so that it is simpler for communities. There will be some sort of structure of grants across governments, but the important thing is that if communities know that are able to go to one spot and provide an outline of what they need, why they need it and they are aware of the menu of opportunities, the menu of grants available, so that they can select in that vein and the assessment can occur behind the scenes between government departments, then it will be a big step forward for communities.

**Senator MACKAY**—That is good. What is the timeline for that, is it ongoing?

**Ms Varova**—Yes, it is. It started after the summit and it was considered of value as an ongoing activity. The IDC is working progressively through different priorities, as I said. We



started off with the streamlining of grants processes, because that seemed the most significant in the eyes of communities, but working on other things as well. We do not see an end to that.

**Senator MACKAY**—Is there any timeline, say, for the single point access issue for communities?

**Ms Varova**—In about 18 months or so, we are hoping that that could occur, but I would not like to be held to that. It depends very much on the technical issues that we are contending with: the stage 2 of GrantsLINK, interactive grants and the ability of different government departments to actually organise their sites accordingly. So I am probably being extraordinarily ambitious—

**Senator MACKAY**—Even with 18 months?

**Ms Varova**—Yes.

**Senator MACKAY**—How difficult is that to achieve in terms of being—

**Mr Yuile**—Sorry, I was just thinking: the other thing is the work of the government online processes and the regional portal.

**Ms Varova**—The regional portal exists as now.

**Mr Yuile**—A major single entry point.

**Senator MACKAY**—That is right. That should get to the regional portal.

**Mr Yuile**—Which is a National Office of the Information Economy responsibility. But we are plugged into that obviously and have a major responsibility—

**Senator MACKAY**—I would like a briefing on that, so we will get to that later on. In terms of this excluding the regional portal issue, how difficult is this proving—what problems are the IDC particularly finding that they are having to confront?

**Ms Varova**—The whole issue of ensuring that we have the meta tagging right of all the data. Therefore, there is a lot of work to be done by each and every portfolio to ensure that the information is designed on the web site in a way that is accessible and that can be captured in the processes that we are undertaking. That is technically quite complex and probably will be quite time consuming. Of course, the processes under way at the moment when it comes to the online strategy are assisting, because obviously all government departments are aware and are working quite hard to ensure that those processes occur. But they do take time.

**Senator MACKAY**—Does the IDC report to a ministers group or is it just simply—

**Ms Varova**—No, it is an internal departmental activity. Obviously we report to ministers—

**Senator MACKAY**—Individually.

**Ms Varova**—That is right.

**Senator MACKAY**—Has the IDC established how much this may cost?

**Ms Varova**—At this stage, the work that we have done on GrantsLINK was done internally using our communications resources. It cost about \$57,500. That is excluding staff costs, of course, which are the real costs of the development work. That is just costs for us; it does not include that other departments have put into the IDC. Other departments have also worked very hard and very closely with us in trying to ensure that the matter progresses. Stage 2 will probably be more costly. We do not have a final costing on the interactive grants applications processes.

**Senator MACKAY**—What about the other measures that you identified? Has anybody tried to ballpark those?

**Ms Varova**—No, it has been mainly staffing resources. It has not gone into projects per se. The Regional Solutions program, of course, does exist, so in that sense we have been able to encourage different sorts of communities to apply for solutions funding for an integrated response so to speak. But we have also been successful in getting funding from other portfolios for different things, so joint measures are much more feasible.

**Senator MACKAY**—That sounds very positive. In relation to the duplication involved with Can Do Communities and case studies under the Regional Australia Resource Centre, what has been done specifically on that recommendation?

**Ms Varova**—I will find the recommendation. What page are you looking at?

**Senator MACKAY**—Page 10. It starts on page 9 under ‘Showcasing regional Australia, action to date’ and it goes on the top of page 10.

**Ms Varova**—The two programs you are referring to are Family and Community Services programs.

**Senator MACKAY**—It just says under suggested further actions:

The Steering Committee acknowledges the many noteworthy initiatives already put in place ... There is, however, a danger that their effect could be dissipated through a lack of coordination.

It specifically talks about CDC.

**Ms Varova**—That goes back to the point I was making and the reason for our more accessible government initiative. It can be very easy for programs such as Solutions and the programs outlined under the Family and Community Services portfolio to duplicate in some instances. What we are doing at the moment with Solutions is that we consult with our colleagues in other portfolios when we have projects that may fall into their particular purview so that we can come to some agreement on whether it is that particular program that is more appropriate or Solutions. So that interaction behind the scenes has been important in reducing that duplication. Similarly, with the Solutions program, all of the programs go to our state government colleagues for their comment, et cetera—again for the same reason: either to ensure that duplication does not occur or to perhaps initiate some joint action or joint ideas.

**Senator MACKAY**—That is good. In relation to infrastructure, the report was critical of government actions on facilitating private sector involvement in infrastructure. I am just interested that is page 12. I am interested in what has been done on that specifically in terms of leveraging.

**Ms Varova**—On the infrastructure front when it comes to private sector investment, we have been working with the Commonwealth-state local government task force on that particular issue. It is a very big and very hard issue, as you are well aware. It was one of the priorities that was determined by ministers at the last meeting. What we are working on at the moment in cooperation is an attempt to bring together some ideas for projects and a number of different strategies for attracting private sector investment together. That is probably the biggest thrust of our work in that area. That is apart from the infrastructure measures that the government announced when we come to the Roads to Recovery or telecommunications infrastructure. If we are talking about forward policy development, it is through the task force.

**Senator MACKAY**—What particular strategies are being considered by the task force in relation to leveraging private sector investment?

**Ms Varova**—At the moment we are working up some internal documents for consideration by the officials group in the first instance. It is looking at some of the impediments to investment—why it does not occur—and looking at a strategy of how we can overcome each of those impediments. It is a working document at the moment.

**Senator MACKAY**—Is the department conducting any work on the PPP, the private public partnerships model—

**Ms Varova**—The UK model. Obviously we have looked at it. It is a very interesting model. Of course, they have a different way of resourcing but we are looking at the international experience in general—how the Canadians are approaching infrastructure investment as well—and are hoping to bring together a paper for ministers' consideration on that front.

**Senator MACKAY**—In relation to overseas examples that you have been looking at, obviously you are looking at the UK PPP, Canadians, are there any other international?

**Ms Varova**—The US—I think that would probably span. We might have looked at New Zealand, but I do not think very carefully.

**Senator MACKAY**—Canadians are particularly apposite because of the federation situation. The summit report recommends on page 14 'appropriate and specific incentives to attract business and investment in regional Australia'. What has been done in relation to that?

**Ms Varova**—We have a project that is under the consideration of the minister at the moment along those lines. Again, this was something that originated from the discussion from the task force, because it was put forward as a high priority area by all the states and local government. So at the moment there is a project being considered.

**Senator MACKAY**—Do you have a list of the officers that are on the task force?

**Ms Varova**—I am not sure whether I have it with me, but we can certainly get it very quickly or tomorrow.

**Senator MACKAY**—That is great.

**CHAIR**—Given the lateness of the hour, Senator Mackay, it might be something for tomorrow morning.

**Senator MACKAY**—Absolutely, that is fine.

**Ms Addison**—Excuse me, Senator, in respect of the question about investment, we are doing some work with Invest Australia. In particular, we have had them making a case pilot. We are currently talking to them about holding a forum towards the end of June to bring together representatives who have been involved in the pilots to talk about the issues that they have raised and questions about how they could better utilise the resources and trying to look at what is the best way forward. That is another area where we have been working on investment strategies in particular and how to better improve communities access to investment and developing investment strategies for their regions.

**Senator MACKAY**—Is the task force of the department looking at issues of access to capital for regional Australia?

**Ms Addison**—In the context of the regional development task force, they are looking at access to capital as one of the issues among the myriad—venture capital—

**Senator MACKAY**—Motion capital, seed funding, et cetera.

**Ms Addison**—Et cetera.

**Senator MACKAY**—Has any work been done specifically on access to capital issues in terms of regional development?

**Ms Addison**—No, we are just starting to have a look at that. The project that Ms Varova mentioned is under consideration at the moment is one we would be looking at, subject to the minister's consideration and agreement to it, as a learning experience as part of building our knowledge base in that particular area. As well, I think the regional development task force members are looking at maybe getting some research undertaken to look at some of those impediment issues, particularly in relation to access to capital.

**Senator MACKAY**—Is the department or the task force considering enterprise zones in relation to this?

**Ms Addison**—We are looking at it.

**Senator MACKAY**—We will come back to that tomorrow. Good, thank you. Is there anything else that anybody wants to add in relation to the summit recommendations that you think I might be interested in?

**Ms Varova**—No.

**Senator MACKAY**—Chair, I was going to move on to another topic. Do you want to break now?

**CHAIR**—I think we might stop now and have a three-minute early mark.

**Committee adjourned at 10.58 p.m.**