

The Senate

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Standing Committee on  
Rural and Regional  
Affairs and Transport

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Budget estimates 2007–08

June 2007

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## **List of Abbreviations**

AMSA	Australian Maritime Safety Authority
ATSB	Australian Transport Safety Bureau
AusSAR	Australian Search and Rescue
AWB	Australian Wheat Board
AWB(I)	Australian Wheat Board International
BRS	Bureau of Rural Sciences
CASA	Civil Aviation Safety Authority
FOB	Free on Board
GIC	Geographical Indications Committee
GTEM	Global Trade and Environment Model
LWA	Land and Water Australia
MISs	Managed Investment Schemes
MOUs	Memoranda of Understanding
MSICs	Maritime Security Identity Cards
NHT3	Natural Heritage Trust round 3
PBS	Portfolio Budget Statements
RASS	Remote Airservices Subsidy Scheme
WEA	Wheat Export Authority





# Chapter 1

## Introduction

1.1 On 9 May 2007, the Senate referred the following documents to the Standing Committee on Rural and Regional Affairs and Transport (the committee) for examination and report in relation to the Transport and Regional Services portfolio and the Agriculture, Fisheries and Forestry portfolio:

- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2008;
- Particulars of proposed expenditure in respect of the year ending on 30 June 2008;
- Particulars of certain proposed supplementary expenditure in respect of the year ending on 30 June 2007; and
- Particulars of proposed supplementary expenditure in respect of the year ending on 30 June 2007.<sup>1</sup>

1.2 The committee was required to report to the Senate on its consideration of 2007-2008 Budget estimates on 19 June 2007.<sup>2</sup>

1.3 The committee considered the Portfolio Budget Statements 2007-2008 for both portfolios at hearings on 21, 22, 23 and 24 May 2007. The hearings were conducted in accordance with the agreed agenda as follows:

- Monday 21 May 2007 – Transport and Regional Services portfolio;
- Tuesday 22 May 2007 – Transport and Regional Services portfolio;
- Wednesday 23 May 2007 – Agriculture, Fisheries and Forestry portfolio; and
- Thursday 24 May 2007 – Agriculture, Fisheries and Forestry portfolio.

1.4 The committee heard evidence from Senator the Hon David Johnston, Minister for Justice and Customs, representing the Minister for Transport and Regional Services and the Minister for Local Government, Territories and Roads and from Senator the Hon Eric Abetz, Minister for Fisheries, Forestry and Conservation, representing the Minister for Agriculture, Fisheries and Forestry. Evidence was also

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1 *Journals of the Senate*, No. 126, 'Days of Meeting–Committees–Estimates Hearings', entry no. 19, 7 December 2007, pp 3292-3293.

2 *Journals of the Senate*, No. 143, 'Particulars of Proposed Expenditure for 2007-08 and Particulars of Proposed Supplementary Expenditure for 2006-07–Documents–Reference of Estimates to Committees', entry no. 5, 9 May 2007, p. 3753.

provided by Mr Mike Taylor, Secretary of the Department of Transport and Regional Services, Dr Conall O'Connell, Secretary of the Department of Agriculture, Fisheries and Forestry, and officers representing the departments and agencies covered by the estimates before the committee.

1.5 The committee thanks the ministers, departmental secretaries and officers for their assistance and cooperation during the hearings.

### **Questions on Notice**

1.6 In accordance with Standing Order 26, the committee is required to set a date for the lodgement of written answers and additional information. The committee requested that written answers and additional information be submitted by Thursday, 26 July 2007.

### **Additional information**

1.7 Answers to questions taken on notice at the committee's budget estimates hearings will be tabled in the Senate in separate volumes entitled 'Additional information relating to the examination of budget estimates 2007-2008 – May 2007 – Senate Standing Committee on Rural and Regional Affairs and Transport'. Documents not suitable for inclusion in the additional information volumes will be available on request from the committee secretariat.

1.8 Answers to questions on notice received from departments will also be posted in the committee's website at a later date.

### **Note on References**

1.9 References to the Hansard transcript are to the proof Hansard: page numbers may vary between the proof and the official Hansard transcript.

## Chapter 2

### Transport and Regional Services Portfolio

#### Department of Transport and Regional Services

2.1 The committee heard evidence from the department on Monday 21 May and Tuesday 22 May 2007. The hearings were conducted in the following order:

- Corporate Services
- Portfolio Strategic Policy and Projects
- AusLink
- Maritime and Land Transport
- Australian Transport Safety Bureau
- Australian Maritime Safety Authority
- Aviation and Airports
- Civil Aviation Safety Authority
- Airservices Australia
- Inspector of Transport Security
- Office of Transport Security
- Regional Services
- National Capital Authority
- Territories and Local Government

#### Secretary's Overview

2.2 Proceedings opened with an overview of developments in the department by the Secretary, Mr Mike Taylor. Mr Taylor noted the enactment of the legislation transferring airspace regulatory functions from Airservices Australia to the Civil Aviation Safety Authority (CASA), which is scheduled to come into force as of 1 July 2007.<sup>1</sup>

#### Corporate Services

2.3 The committee sought to understand the difference between support for regional aviation and airports and the Remote Airservices Subsidy Scheme (RASS). The department proceeded to explain that RASS is a subsidy for operators, whereas,

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1 *Estimates Hansard*, 21 May 2007, pp 3-4.

the new measure to support regional aviation and airports is focussed on upgrading and supporting airports in remote and rural areas.<sup>2</sup>

2.4 The committee also asked for an update of tables in the 2006-07 Portfolio Budget Statements (PBS), and explanations for various measures in the 2007-08 PBS, including the budget allocation for, and the administration of, the following items:

- Strengthening National Security;
- upgrade of the Launceston levee system;
- National Aerial Firefighting assistance;
- CASA's drug and alcohol testing program;
- assistance to the Republic of Indonesia with transport safety improvements;
- support for representation of women in decision-making bodies;
- regional aviation and airports support; and
- the combination of the previous Natural Disaster Mitigation Program and the Regional Flood Mitigation Program.<sup>3</sup>

### **Portfolio Strategic Policy and Projects**

2.5 The committee raised the following issues with officers of the Portfolio Strategic Policy and Projects division:

- the internal budget and staffing of the division (*Estimates Hansard*, 21 May 2007, pp 20-21);
- an update on the status of various projects under the Bureau of Transport and Regional Economics (pp 21-22); and
- focus of strategic projects and associated funding (pp 22-25).

### **AusLink**

2.6 The committee asked about expenditure under, and administration of, the AusLink Strategic Regional Program. The department informed the committee that the current round is operating differently to the previous round. The government has nominated a list of projects for funding, comprising projects regarded as priorities by government and applications which were eligible, but unsuccessful in the initial round. Offers are contingent on the following conditions: the project must be completed within three years, acceptance must be confirmed by mid-June, and in some cases, joint funding is required.<sup>4</sup>

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2 *Estimates Hansard*, 21 May 2007, p. 18.

3 *Estimates Hansard*, 21 May 2007, pp 5-19.

4 *Estimates Hansard*, 21 May 2007, pp 25-30 and 36-38.

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2.7 The committee requested updates on current projects on the Hume, Pacific and Bruce Highways, and asked about the contributions by state and Commonwealth governments.<sup>5</sup>

2.8 The committee sought updates on non-network projects as well as the following AusLink projects:

- Goodna bypass and Ipswich Motorway; and
- Inland rail.<sup>6</sup>

2.9 Other matters raised included:

- the eligibility criteria for Black Spot program funding, and the composition and operation of state Black Spot Committees (*Estimates Hansard*, 21 May 2007, pp 31-32);
- progress on the Sydney-Dubbo corridor strategy, especially in respect of the Bells Line of Road (pp 34-36);
- the process of, and priorities and considerations involved in, creating corridor strategies, particularly the consideration given to shipping in developing these strategies (pp 34-36 and 58-59);
- state and Commonwealth contributions to projects under AusLink 1 and state funding requirements for AusLink 2 projects (pp 38-44 and 47-49);
- the department's response to the Australian National Audit Office audit report on the Roads to Recovery program (p. 54); and
- work by the Australian Rail Track Corporation regarding Port Botany, the Tasmanian track upgrade, rail infrastructure supporting the Hunter Valley coal chain, and grain lines in each state (pp 59-61).

## **Maritime and Land Transport**

2.10 The committee held a brief discussion with officers of Maritime and Land Transport division regarding:

- completion of, and issues addressed by, the Australian Maritime Group report on Australian shipping (*Estimates Hansard*, 21 May 2007, pp 61-62);
- the integration of the Australian Maritime College with the University of Tasmania (pp 62-63);
- a case taken to the Administrative Appeals Tribunal regarding an application to import under the Personal Vehicle Import Scheme, in which the tribunal upheld the minister's decision (pp 63-64); and

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5 *Estimates Hansard*, 21 May 2007, pp 50-53.

6 *Estimates Hansard*, 21 May 2007, pp 55-57.

- the failure of the Reva electric car to meet the Australian Design Rules (pp 64-65).

### **Australian Transport Safety Bureau**

2.11 The committee discussed the Australian Transport Safety Bureau's (ATSB) report on the Lockhart River air tragedy, and sought information on the following matters:

- the process of producing the final report;
- the 'contributing safety factors' identified by ATSB; and
- how ATSB intends to monitor the implementation of its recommendations.<sup>7</sup>

2.12 The committee also heard evidence on:

- the investigation of the 2005 Beech King Air incident, and the status of the current investigation into the incident of 10 April 2007 (*Estimates Hansard*, 21 May 2007, pp 66-67);
- ATSB's review of possible courses of action against TransAir (pp 68-69);
- the role ATSB expects to have in the coronial inquest into the Lockhart River air tragedy (pp 74-75);
- the use of an ATSB interview in the coronial inquiry into the sinking of the Malu Sara (pp 75-76);
- work undertaken by ATSB following the Garuda plane accident of 7 March 2007 in Indonesia (pp 76-78);
- funding required by ATSB to provide Indonesia with transport safety assistance (pp 78-79);
- the absence of a requirement to provide seatbelts on school buses, and related safety concerns (pp 79-82);
- whether recommendations arising from the investigation into the cyclone incident involving the *Dampier Spirit* have been implemented (pp 82-83); and
- research undertaken on the effectiveness of wire rope barriers as road safety devices (pp 84-85).

### **Australian Maritime Safety Authority**

2.13 The committee held a brief discussion with officers of the Australian Maritime Safety Authority (AMSA) on:

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<sup>7</sup> *Estimates Hansard*, 21 May 2007, pp 69-74.

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- the role and staffing of AMSA (*Estimates Hansard*, 21 May 2007, pp 85-86);
  - the operation, cost and effectiveness of Australian Search and Rescue's (AusSAR) emergency response arrangements (pp 86-88); and
  - involvement of AusSAR and AMSA in the Malu Sara search (p. 88).

## **Aviation and Airports**

2.14 The committee raised the following issues with the Aviation and Airports division:

- protection of light aircraft owners' access to airports, particularly Bankstown airport (*Estimates Hansard*, 21 May 2007, pp 89-93);
- major development plans under consideration by the department and consideration of these plans by the Department of Environment and Water Resources (pp 93-94);
- the allocation of funding to improve the safety of remote airstrips (pp 94-95);
- the capacity of general aviation infrastructure in Australia (pp 95-96); and
- the composition and proposed work of the newly formed Aviation Regulation Review Taskforce (pp 97-98).

## **Civil Aviation Safety Authority**

2.15 The committee discussed the findings of ATSB's report on the Lockhart River air disaster and the two recommendations made in relation to CASA at some length. Mr Byron, the Chief Executive Officer, stated that CASA '...fully agree with the ATSB that there is a need for CASA to improve the way in which we oversight the management of airlines at all levels' and '...totally agree with the ATSB that risk assessment is an important part of the way an operator oversights their operation and the way CASA looks at operators', but that they do not believe that those factors were directly linked to the failures causing the crash.<sup>8</sup>

2.16 Mr Byron also indicated that CASA have already increased surveillance, and the effects of this measure had become evident by late 2005. In addition, CASA have made a commitment to respond to ATSB regarding the recommendations made, to review action taken in that regard on a monthly basis, and to report to the minister.<sup>9</sup>

2.17 The committee also discussed:

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8 *Estimates Hansard*, 21 May 2007, pp 111-120; *Estimates Hansard*, 22 May 2007, pp 3-4.

9 *Estimates Hansard*, 21 May 2007, pp 111-120.

- oversight of airline operators by CASA's Perth office (*Estimates Hansard*, 21 May 2007, pp 98-99);
- CASA's investigation into the causes of the 2005 and 2007 Beech King Air 200 accidents (pp 99-108);
- regulatory action and the Enforceable Voluntary Undertaking process regarding TransAir, and CASA's surveillance of the operator prior to the Lockhart River accident (pp 116-120);
- CASA's internal budget, including the allocation of additional funding relating to the engagement of extra staff (*Estimates Hansard*, 22 May 2007, pp 4-11);
- expenditure on change management (pp 10-11);
- CASA's potential role in providing safety assistance to Indonesia, and the administration of the funds allocated to this activity in the budget (pp 11-12);
- the process and consultation involved in applications to change or be exempt from regulations, particularly regarding an application by Virgin Blue to reduce the number of cabin attendants required on a flight (pp 14-19);
- participation in, and success of, CASA's Big Day Out, which constituted a mass deployment of inspectors on one single day, to conduct operational surveillance for the purposes of collecting data (pp 20-22); and
- differences in the oversight of low and high capacity operators (pp 24-25).

### **Airservices Australia**

2.18 The committee discussed various issues with officers of Airservices Australia, including:

- the role that Airservices Australia will play in providing transport safety assistance to Indonesia and related income (*Estimates Hansard*, 22 May 2007, pp 26-27);
- services provided overseas by Airservices Australia (pp 28-29);
- differences in competitive air traffic control services in Australia and the United States (pp 28-29);
- the process involved in building new airport towers, and Airservices Australia's power to access airport land for this purpose (pp 29-30); and
- regulations regarding aviation rescue and firefighting services, related cost savings, and agreements in place to provide such services (pp 30-33).



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## Inspector of Transport Security

2.19 The committee had a brief discussion with the Inspector of Transport Security regarding inquiries undertaken, meetings held with foreign agencies, and the budget and staffing of the Office.<sup>10</sup>

## Office of Transport Security

2.20 The committee asked a series of questions regarding Maritime Security Identification Cards (MSICs). Information was sought on:

- the basis on which MSIC applications are denied (*Estimates Hansard*, 22 May 2007, p. 37);
- security breaches involving MSICs and the importance of face to MSIC checks (pp 42-45); and
- the cost of replacing MSICs (pp 45-46).

2.21 Other matters raised included:

- internal staffing of the division (*Estimates Hansard*, 22 May 2007, pp 35-36 and 40);
- the division's role in protecting critical infrastructure (p. 36);
- provisions for employee associations to access seafarers, and access to facilities provided during onshore leave (pp 37-39);
- the National Counter-Terrorism Committee report on implementing measures relating to the security of land transport, and practical measures undertaken (pp 39-40);
- the division of responsibility for land transport security between states and the Commonwealth (p. 40); and
- screening procedures at airports (pp 41-42).

## Regional Services

2.22 The committee pursued the following issues with officers of the Regional Services division:

- production and distribution of, and funding for, the colour booklet *Wide Canvas Country: Broken Hill Australia-no artificial additives* (*Estimates Hansard*, 22 May 2007, pp 46-47);
- Regional Services' internal budget (pp 47-48);
- the revision of the Regional Partnerships procedures manual which is currently under way (pp 48-49);

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10 *Estimates Hansard*, 22 May 2007, pp 34-35.

- transparency of the process for assessing and approving Regional Partnership project applications (pp 49-52);
- the Queensland Audit Office's investigation into the @GIS sustainable region grant (pp 52-53);
- progress of various projects and related funding (pp 52-65);
- the process involved in assessing applications for the Sustainable Regions program (p. 61);
- amendments to the constitutions of Area Consultative Committees to reflect the new arrangements under which deputy chairs are now appointed by the minister (pp 64-65);
- assessments undertaken to analyse the effectiveness of the Regional Partnerships program (pp 65-68);
- access of Indigenous communities to Regional Partnerships program funding (pp 68-70); and
- funds diverted from the Regional Partnerships program to the Sugar Industry Reform Package (p. 70).

### **National Capital Authority**

2.23 The committee discussed the following issues with officers from the National Capital Authority:

- progress on discussion about the proposed location of various amenities on and around Anzac Parade (*Estimates Hansard*, 22 May 2007, pp 70-71);
- implementing a peer review and consultation process as part of the development of urban design guidelines and master plans (pp 71-73);
- the status of various projects including Immigration Bridge and a rowing course (pp 74-76);
- the effects of the Griffin Legacy amendments on Canberra's parking and traffic provisions (pp 76-79);
- the decision taken to retain the Albert Hall precinct for cultural, community and social uses (pp 79-82);
- the reasons for, and proposed conduct of, the Canberra Central Parklands Competition (pp 82-83); and
- water abstraction from Lake Burley Griffin by the Royal Canberra Golf Club (pp 83-85).

### **Territories and Local Government**

2.24 The committee raised the following matters with the Territories and Local Government division:

- local government financial assistance grants contained in the budget and the PricewaterhouseCoopers report into the national financial sustainability of local government (*Estimates Hansard*, 22 May 2007, pp 85- 88);
- Commonwealth funding for various projects on Norfolk Island, and the repayment strategies in place (pp 88-92);
- the employment conditions of departmental staff located on Christmas and Cocos Islands (pp 92-93); and
- progress on various projects and issues on Christmas and Cocos Islands and related funding (pp 93-104).



# Chapter 3

## Agriculture, Fisheries and Forestry portfolio

### Department of Agriculture, Fisheries and Forestry

3.1 The committee heard evidence from the department on Wednesday 23 May and Thursday 24 May 2007. The hearings were conducted in the following order:

- Management Services
- Corporate Policy
- International
- Food and Agriculture
  - Wheat Export Authority
  - Grains Research and Development Corporation
- Australian Bureau of Agriculture and Resource Economics
- Bureau of Rural Sciences
- Rural Policy and Innovation
- Natural Resource Management
- Fisheries and Forestry
  - Australian Fisheries Management Authority
- Product Integrity, Animal and Plant Health
  - Australian Pesticides and Veterinary Medicines Authority
- Australian Quarantine and Inspection Service
- Biosecurity Australia

### Management Services and Corporate Policy

3.2 The committee held a brief discussion with officers of the Management Services and Corporate Policy divisions on the following matters:

- the process of calculating forward estimates and preparing Portfolio Budget Statements (PBS) (*Estimates Hansard*, 23 May 2007, pp 4-6);
- expenditure on advertising campaigns (pp 6-9); and
- explanations for the movement of administered funds between years in the PBS (pp 11-14).

## International

3.3 The committee pursued the following issues with officers of the International division:

- funding allocated to animal welfare in live trade (*Estimates Hansard*, 23 May 2007, pp 15-16);
- negotiation of Memoranda of Understanding (MOUs) with Middle Eastern Countries and related expenditure (pp 16-17 and 21-22);
- departmental contributions to the United Nations Food and Agriculture Organisation (pp 17-18);
- the budget for, and administration of, the International Agricultural Cooperation program (pp 18-19);
- the role of the veterinary counsellor (pp 20-21);
- state of arrangements with Egypt since the suspension of cattle trade in February 2006 (pp 22-24); and
- methods for monitoring compliance with MOUs and funding provided for this function (pp 24-27).

## Wheat Export Authority

3.4 The Australian Wheat Board's (AWB) hedging policy was discussed at some length. The Wheat Export Authority (WEA) informed the committee that,

There have been a number of years in which they [AWB(I)] have earned quite a bit of money for the pool through their hedging policies...the essence of the situation is not that AWB mismanaged the hedging of the pool; the issues are more the world situation and the size of the Australian crop were changed...<sup>1</sup>

3.5 The committee asked what action the WEA had taken when it became aware of AWB International's (AWB(I)) hedging losses. The WEA outlined the steps they had taken, but further noted that they report on pools retrospectively, so they will not be in a position to comment on alleged hedging losses, or the degree of those losses, until the 2005-06 and 2007-08 pools have closed.<sup>2</sup>

3.6 The committee expressed concern that the above statement (see paragraph 3.4) regarding AWB(I)'s management of hedge trading, appears to be contrary to WEA's explanation that they cannot make a final assessment of the situation until the pool is closed.<sup>3</sup>

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1 *Estimates Hansard*, 23 May 2007, pp 29-32 and 34-49.

2 *Estimates Hansard*, 23 May 2007, pp 29-49.

3 *Estimates Hansard*, 23 May 2007, pp 38-39.

3.7 The WEA sought to clarify their earlier statement as follows:

We must report on a pool-by-pool basis. We therefore report on all aspects of that pool, including hedging. We do not know how that will be until the pool is closed. We were trying to give growers a view of the world as it stood at the time we wrote this. That was a view we honestly came to, and therefore we reported it.<sup>4</sup>

3.8 The WEA explained their examination of the development of the 2004 services agreement which provides for the break-fee, and told the committee that the WEA have sought advice and have been told that the agreement is valid. The WEA also noted that negotiation of the new services agreement has been put on hold, pending the government's decision on future wheat marketing arrangements.<sup>5</sup>

3.9 The WEA reaffirmed their support for the recommendation by Commissioner Cole that a thorough review is required of the role and obligations of the body responsible for the oversight of a monopoly exporter.<sup>6</sup>

3.10 The committee also heard evidence on:

- WEA's examination of the Tigris arrangement (*Estimates Hansard*, 23 May 2007, pp 32-33 and 54-55);
- the current *Wheat Marketing Act 1989* and WEA's role under this legislation (pp 49-50 and 53 -54);
- issues arising from the decision to cede full control of marketing of the 2007-08 crop to AWB (pp 50-51);
- wheat pricing (pp 51-52);
- WEA's examination of the possible inflation of the Free on Board (FOB) price of wheat (pp 56-58);
- assessment of applications for bulk wheat export permits, and the conditions of the permits issued (pp 58-59 and 60-64);
- sales through the Geneva desk (pp 59-60);
- proposed separation of AWB(I) and AWB Limited (pp 64-66);
- the impact on growers of being locked out of the Iraq wheat market and analysis of the export market to India (pp 67-68);
- WEA's inability to audit AWB's wheat inventory (pp 68-69); and
- the potential for AWB's credit rating to impact on the pool (pp 69-70).

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4 *Estimates Hansard*, 23 May 2007, p. 39.

5 *Estimates Hansard*, 23 May 2007, p. 33.

6 *Estimates Hansard*, 23 May 2007, p. 34.

## **Grains Research and Development Corporation**

3.11 The committee held a brief discussion with officers of the Grains Research and Development Corporation regarding:

- research undertaken into water-efficient crop management, particularly into drought tolerant wheat, and the investment in these projects (*Estimates Hansard*, 23 May 2007, pp 70-73); and
- levy appropriations and matching funds to be paid by the Commonwealth (pp 73-75).

## **Food and Agriculture**

3.12 The committee pursued the following issues with officers of the Food and Agriculture division:

- the effect of the drought on the wine industry and the proposal to establish a Wine Innovation Cluster (*Estimates Hansard*, 23 May 2007, pp 76-79);
- funding and administration of the Tobacco Growers Adjustment Assistance Package 2006 (pp 79-82);
- concerns surrounding a payment made by AWB to an Iranian transport company in breach of United States sanctions (pp 84-85);
- implementation and funding of the Horticulture code of conduct, and concerns about the existence of backdated contracts (pp 85-89);
- funding to extend initiatives under the National Food Industry Strategy as a result of an evaluation by KPMG (pp 89-92);
- the relationship between the Australian Wine and Brandy Corporation and the Geographical Indications Committee (GIC) and the operation of the GIC (pp 93-94);
- funding for the Food Innovation Grants and the Food Processing in Regional Australia programs (pp 95-97); and
- administration of, and funding for, the Australian HomeGrown campaign (pp 97-100).

## **Australian Bureau of Agriculture and Resource Economics**

3.13 The committee questioned officers of the Australian Bureau of Agriculture and Resource Economics on the following matters:

- the outlook for various commodity groups (*Estimates Hansard*, 23 May 2007, pp 101-103);
- research undertaken on biofuels (pp 103-104);
- work undertaken on the effects of the drought (pp 104-105);



- research and modelling on the Australian economy and climate change (pp 105-111);
- projections on oil prices and the incorporation of the cost of carbon (pp 111-113);
- cost and development of the Global Trade and Environment Model (GTEM) (pp 113-115); and
- effects of the drought on the Australian wine industry (pp 115-116).

### **Bureau of Rural Sciences**

3.14 The committee raised the following issues with officers from the Bureau of Rural Sciences (BRS):

- work undertaken in relation to the drought, climate change and El Nino (*Estimates Hansard*, 23 May 2007, pp 116-118);
- the role of the BRS in reinterpreting data, as opposed to conducting new research (p. 119); and
- the classification of fish stocks (p. 120).

### **Rural Policy and Innovation**

3.15 The committee asked about the administration, funding and applications for the following programs, as well as any related expenditure on advertising:<sup>7</sup>

- FarmHelp (*Estimates Hansard*, 24 May 2007, pp 2-5);
- Advancing Agricultural Industries (pp 5-12);
- Country Women's Association (pp 12-13);
- Drought Assistance Professional Advice (pp 13-16);
- Exceptional Circumstances (pp 20-22) ; and
- Regional Assistance (p. 24).

3.16 Other matters raised included:

- the cost and administration of the Rural Financial Counselling Service and mental health issues encountered in the provision of this service (*Estimates Hansard*, 23 May 2007, pp 121-123);
- new funds appropriated to enable the delivery of FarmBis as a national program (pp 123-125); and
- clarification of the fluctuations in the amount of funding provided for FarmHelp in consecutive budgets (*Estimates Hansard*, 24 May 2007, pp 2-5).

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<sup>7</sup> *Estimates Hansard*, 24 May 2007, pp 17-20 and 22-23.

## Land and Water Australia

3.17 The committee called Land and Water Australia (LWA) to appear at budget estimates 2007-08 to discuss Dr Richard Evans' report *the Impact of Groundwater Use on Australia's Rivers*. The committee asked a series of questions regarding:

- the process of selecting the project for funding;
- the amount of funding allocated; and
- the drafting and review process, which included internal and external review, peer review and international review.<sup>8</sup>

3.18 The committee inquired about:

- research projects funded by LWA (*Estimates Hansard*, 24 May 2007, p. 31); and
- LWA's internal budget and staffing (pp 31-32).

## Natural Resource Management

3.19 The committee pursued the following matters with the Natural Resource Management division:

- the allocation of funding for, and the administration of, Natural Heritage Trust Round 3 (NHT3) (*Estimates Hansard*, 24 May 2007, pp 34-37)
- the combination of various programs into NHT3, including the National Action Plan for Salinity and Water Quality. The National Landcare program however, has remained separate (pp 34-37);
- funding for weeds programs (pp 38-40); and
- funding and administration of the National Action Plan for Salinity and Water Quality (pp 40-41).

## Fisheries and Forestry

3.20 The committee showed considerable interest in the issue of illegal fishing in Australian waters. Senators sought information on:

- the reduction in the number of sightings of illegal vessels, and progress on work by the CSIRO to remove the effect of double counting from these figures (*Estimates Hansard*, 24 May 2007, pp 43-44);
- consideration given to licensing Indonesian fishing vessels to access the traditional MOU box area, to enable monitoring of the sustainability of fish stocks (p. 46);

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8 *Estimates Hansard*, 24 May 2007, pp 24-31.

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- research undertaken into the impact of illegal fishing on shark stocks (pp 47-48); and
  - enforcement of the zero tolerance of illegal fishing policy in the Australian Fishing Zone (pp 69-71).

3.21 The committee asked about the department's involvement in developing legislation regarding revised plantation tax arrangements, which will require forestry Managed Investment Schemes (MISs) to direct at least 70 per cent of invested funds towards direct forestry expenditure, and their involvement in the development of the related secondary market model which will apply to forestry MISs. The department confirmed that it had been involved throughout the process, and answered the committee's questions about the intended operation of these measures.<sup>9</sup>

3.22 Other matters raised by the committee included:

- the compliance budget for domestic fisheries (*Estimates Hansard*, 24 May 2007, pp 49-50);
- work of the Western and Central Pacific Fishing Commission (pp 51-53);
- funding, administration and performance of the Australian Fisheries Management Authority's domestic compliance program (pp 54-60);
- conservation plans and recovery strategies for threatened species, particularly relating to orange roughy (pp 60-63);
- potential impact of the Smartraveller campaign, featuring the 'dodgy prawn', on the Australian seafood industry (pp 64-66);
- the efforts of the Australian prawn farming industry to establish a marketing promotions levy, and progress achieved to date (pp 66-67);
- operation of the Seafood Services Australia Hotline (p. 68);
- liquidation of the Australian Seafood Industry Council and the likelihood of re-establishing the body (pp 71-72);
- funding for, and operation of, the fisheries structural adjustment package (pp 72-77);
- the department's strategy of setting total allowable catches to mitigate against, and eventually end, overfishing (pp 73-74);
- funding and administration of the Recreational Fishing Community Grants program (pp 78-80); and
- the basis for developing regional forest agreements (pp 92-96).

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9 *Estimates Hansard*, 24 May 2007, pp 84-88.

## **Product Integrity, Animal and Plant Health**

3.23 The committee questioned officers from the Product Integrity, Animal and Plant Health division on a variety of issues, including:

- the operation of the National Livestock Identification Scheme (*Estimates Hansard*, 24 May 2007, pp 97-98);
- the potential impact of bee die-off on the Australian agricultural and bee industries, and the import conditions for queen bees (pp 98-104);
- an incident in the United States in which melamine-tainted products imported from China and used in pet foods caused a number of animal fatalities (pp 104-106);
- progress on the Citrus Canker Eradication program to date (pp 106-108); and
- progress on the eradication of the red imported fire ant (p. 108).

## **Australian Quarantine and Inspection Service**

3.24 The committee held a brief discussion with officers of the Australian Quarantine and Inspection Service on the following matters:

- expenditure on, and administration of, advertising campaigns (*Estimates Hansard*, 24 May 2007, pp 109-111);
- live animal exports to the Middle East (pp 111-112);
- import protocols for the importation of bee and honey products (pp 113-116); and
- update on preparations for an influenza pandemic (p. 116).

## **Biosecurity Australia**

3.25 The committee raised the following matters with Biosecurity Australia officers:

- the process of, and progress on, the Import Risk Analysis for prawns, and meetings held with Thai officials on the matter (*Estimates Hansard*, 24 May 2007, pp 117-121);
- applications to import grain (pp 121-122); and
- progress on the import protocol for bananas from the Philippines (p. 122).

**Senator the Hon Bill Heffernan  
Chair**

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