

The Senate

---

Rural and Regional  
Affairs and Transport  
Legislation Committee

---

Budget estimates 2009-10

June 2009

© Commonwealth of Australia

ISBN 978-1-74229-117-8

This document was produced from camera-ready copy prepared by the Senate Rural and Regional Affairs and Transport Legislation Committee and printed by the Senate Printing Unit, Department of the Senate, Parliament House, Canberra.

# Membership of the Committee

## *Members*

Senator Glenn Sterle	ALP, Western Australia	Chair
Senator Fiona Nash	NPA, New South Wales	Deputy Chair
Senator the Hon. Bill Heffernan	LP, New South Wales	
Senator Steve Hutchins	ALP, New South Wales	
Senator Kerry O'Brien	ALP, Tasmania	
Senator Rachel Siewert	AG, Western Australia	

## *Participating Members*

---

Senator Abetz	Senator Cash	Senator Furner	Senator Milne
Senator Adams	Senator Colbeck	Senator Hanson-Young	Senator Minchin
Senator Back	Senator Collins	Senator Humphries	Senator Moore
Senator Barnett	Senator Coonan	Senator Hurley	Senator Parry
Senator Bernardi	Senator Cormann	Senator Johnston	Senator Payne
Senator Bilyk	Senator Crossin	Senator Joyce	Senator Polley
Senator Birmingham	Senator Eggleston	Senator Kroger	Senator Pratt
Senator Bishop	Senator Farrell	Senator Ludlam	Senator Ronaldson
Senator Boswell	Senator Feeney	Senator Lundy	Senator Ryan
Senator Boyce	Senator Ferguson	Senator Macdonald	Senator Scullion
Senator Brandis	Senator Fielding	Senator McEwen	Senator Troeth
Senator B Brown	Senator Fierravanti-Wells	Senator McGauran	Senator Trood
Senator C Brown	Senator Fifield	Senator McLucas	Senator Williams
Senator Bushby	Senator Fisher	Senator Marshall	Senator Wortley
Senator Cameron	Senator Forshaw	Senator Mason	

### **Committee Secretariat**

Ms Jeanette Radcliffe, Secretary  
Ms Jenene James, Research Officer  
Mr Alex Wilson, Research Officer  
Ms Maria Sarelas, Executive Assistant

PO Box 6100  
Parliament House  
Canberra ACT 2600

phone: (02) 6277 3511  
fax: (02) 6277 5811  
e-mail: [rrat.sen@aph.gov.au](mailto:rrat.sen@aph.gov.au)  
internet: [www.aph.gov.au/senate\\_rrat](http://www.aph.gov.au/senate_rrat)

# Table of Contents

<b>Membership of the Committee .....</b>	<b>iii</b>
--	------------

<b>List of Abbreviations .....</b>	<b>viii</b>
------------------------------------	-------------

## Chapter 1

<b>Introduction .....</b>	<b>1</b>
Changes to departmental structures.....	2
Questions on Notice .....	2
Additional information .....	2
Note on references .....	2

## Chapter 2

<b>Agriculture, Fisheries and Forestry portfolio.....</b>	<b>3</b>
Department of Agriculture, Fisheries and Forestry.....	3
Secretary's overview .....	3
Corporate Services/Corporate Finance/Corporate Policy .....	4
Land and Water Australia (LWA).....	6
Wheat Exports Australia (WEA).....	7
Meat and Livestock Australia (MLA) .....	9
Climate Change; and Australian Bureau of Agricultural and Resource Economics (ABARE).....	10
Sustainable Resource Management.....	12
Australian Fisheries Management Authority (AFMA) .....	12
Trade and Market Access .....	13
Quarantine and Biosecurity Policy Unit; Australian Quarantine and Inspection Service (AQIS); and Biosecurity Australia .....	13
Australian Wool Innovation (AWI).....	15
Product Integrity, Animal and Plant Health (PIAPH).....	15
Australian Pesticides and Veterinary Medicines Authority (APVMA) .....	16
Agricultural Productivity.....	17
Rural Industries Research and Development Corporation (RIRDC).....	18

Grains Research and Development Corporation (GRDC) .....	19
Bureau of Rural Sciences (BRS) .....	20

### **Chapter 3**

#### **Infrastructure, Transport, Regional Development and Local Government portfolio .....**

Department of Infrastructure, Transport, Regional Development and Local Government .....	23
Acting Secretary's overview .....	23
Corporate Services.....	24
Infrastructure Australia.....	25
Australian Rail Track Corporation Ltd (ARTC) .....	26
Nation Building—Infrastructure Investment.....	27
Infrastructure and Surface Transport Policy; and National Transport Strategy ...	27
Australian Maritime Safety Authority (AMSA) .....	28
Bureau of Infrastructure, Transport and Regional Economics (BITRE) .....	29
Inspector of Transport Security (ITS) .....	29
Office of Transport Security.....	30
Aviation and Airports .....	30
Airservices Australia .....	31
Civil Aviation Safety Authority (CASA).....	32
Australian Transport Safety Bureau (ATSB) .....	33
Local Government and Regional Development .....	33
Office of Northern Australia .....	34

### **Appendix 1**

<b>Table of contents to proof Hansard transcripts .....</b>	<b>35</b>
<b>Monday 25 May 2009 .....</b>	<b>36</b>
Agriculture, Fisheries and Forestry portfolio .....	36
<b>Tuesday 26 May 2009 .....</b>	<b>37</b>
Agriculture, Fisheries and Forestry portfolio .....	37
<b>Wednesday 27 May 2009.....</b>	<b>38</b>
Infrastructure, Transport, Regional Development and Local Government portfolio .....	38

<b>Thursday 28 May 2009.....</b>	<b>39</b>
Infrastructure, Transport, Regional Development and Local Government portfolio .....	39

**Appendix 2**

<b>Tabled Documents .....</b>	<b>41</b>
Agriculture, Fisheries and Forestry portfolio .....	41
Infrastructure, Transport, Regional Development and Local Government portfolio .....	41

**Appendix 3**

<b>List of topics discussed with the Agriculture, Fisheries and Forestry portfolio .....</b>	<b>43</b>
--	-----------

## List of Abbreviations

AAHL	Australian Animal Health Laboratory
AANRO	Australian Agriculture and Natural Resources Online
ABARE	Australian Bureau of Agricultural and Resource Economics
ACCC	Australian Competition and Consumer Commission
AFMA	Australian Fisheries Management Authority
AFP	Australian Federal Police
AMSA	Australian Maritime Safety Authority
ANAO	Australian National Audit Office
APVMA	Australian Pesticides and Veterinary Medicines Authority
AQIS	Australian Quarantine and Inspection Service
ARTC	Australian Rail Track Corporation
ASL	Average Staffing Level
ATSB	Australian Transport Safety Bureau
AWI	Australian Wool Innovation
BITRE	Bureau of Infrastructure, Transport and Regional Economics
BRS	Bureau of Rural Sciences
CASA	Civil Aviation Safety Authority
CCRSPI	Climate Change Research Strategy for Primary Industries
CEO	Chief Executive Officer
CIE	Centre for International Economics
COAG	Council of Australian Governments
CPRS	Carbon Pollution Reduction Scheme
DAFF	Department of Agriculture, Fisheries and Forestry
DCC	Department of Climate Change
DITRDLG	Department of Infrastructure, Transport, Regional Development and Local Government
DLO	Departmental Liaison Officer
EC	Exceptional Circumstances
EITE	Emissions-intensive and trade-exposed
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ETS	Emissions Trading Scheme
FAO	Food and Agriculture Organisation



FMA Act	<i>Financial Management and Accountability Act 1997</i>
FOI	Freedom of Information
FTA	Free Trade Agreement
GM	Genetically Modified
GRDC	Grains Research and Development Corporation
IOTC	Indian Ocean Tuna Commission
IRA	Import Risk Analysis
ITS	Inspector of Transport Security
LWA	Land and Water Australia
MAC	Management Advisory Committee
MIS	Managed Investment Scheme
MLA	Meat and Livestock Australia
MRL	Maximum Residue Limit
MSIC	Maritime Security Identification Card
NLIS	National Livestock Identification Scheme
NRM	Natural Resource Management
NTC	National Transport Commission
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PIAPH	Product Integrity, Animal and Plant Health
R&D	Research and Development
RDA	Regional Development Australia
RDCs	Research and Development Corporations
RIRDC	Rural Industries Research and Development Corporation
RPP	Regional Partnerships Program
SRM	Sustainable Resource Management
TFES	Tasmanian Freight Equalisation Scheme
TRaCK	Tropical Rivers and Coastal Knowledge
UK	United Kingdom
US	United States
WEA	Wheat Exports Australia
WTO	World Trade Organisation



# Chapter 1

## Introduction

1.1 On 12 May 2009, the Senate referred the following documents to the Rural and Regional Affairs and Transport Legislation Committee (the committee) for examination and report in relation to the Agriculture, Fisheries and Forestry portfolio and the Infrastructure, Transport, Regional Development and Local Government portfolio:

- Particulars of proposed expenditure in respect of the year ending on 30 June 2010;
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2010; and
- Particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2010.<sup>1</sup>

1.2 The committee was required to report to the Senate on its consideration of 2009-2010 budget estimates on 23 June 2009.

1.3 The committee considered the Portfolio Budget Statements 2009-2010 for both portfolios at hearings on 25, 26, 27 and 28 May 2009. The hearings were conducted in accordance with the agreed agenda as follows:

- Monday 25 May 2009 – Agriculture, Fisheries and Forestry portfolio.
- Tuesday 26 May 2009 – Agriculture, Fisheries and Forestry portfolio.
- Wednesday 27 May 2009 – Infrastructure, Transport, Regional Development and Local Government portfolio.
- Thursday 28 May 2009 – Infrastructure, Transport, Regional Development and Local Government portfolio.

1.4 The committee heard evidence from Senator the Hon Nick Sherry, the then Minister for Superannuation and Corporate Law, representing the Minister for Agriculture, Fisheries and Forestry, and Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, representing the Minister for Infrastructure, Transport, Regional Development and Local Government. Evidence was also provided by Dr Conall O'Connell, Secretary of the Department of Agriculture, Fisheries and Forestry, Mr Andrew Tongue, Acting Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government, and officers representing the departments and agencies covered by the estimates before the committee.

---

1 *Journals of the Senate*, No. 67, 12 May 2009, p. 1920.

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

### **Changes to departmental structures**

1.6 The committee notes that no changes have been made to the departmental structure for the Department of Agriculture, Fisheries and Forestry or the Department of Infrastructure, Transport, Regional Development and Local Government since the 2008–09 Additional Estimates round.

### **Questions on Notice**

1.7 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 Wednesday 22 July 2009.

### **Additional information**

1.8 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 2009-2010 – May 2009 - Senate Rural and Regional Affairs and Transport Legislation Committee'. Documents not suitable for inclusion in the additional information volumes will be available on request from the committee secretariat.

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

### **Note on references**

1.10 References to the Hansard transcript are to the proof Hansard; page numbers may vary between the proof and the official Hansard transcript.

# Chapter 2

## Agriculture, Fisheries and Forestry portfolio

### Department of Agriculture, Fisheries and Forestry

2.1 This chapter contains the key issues discussed during the 2009-2010 budget estimates hearings for the Agriculture, Fisheries and Forestry portfolio. A complete list of all the topics discussed, and relevant page numbers, can be found at appendix 3.

2.2 The committee heard evidence from the department on Monday 25 May and Tuesday 26 May 2009. The hearing was conducted in the following order:

- Corporate Services/Corporate Finance/Corporate Policy
- Land and Water Australia
- Wheat Exports Australia
- Meat and Livestock Australia
- Climate Change
- Australian Bureau of Agricultural and Resource Economics
- Sustainable Resource Management
- Australian Fisheries Management Authority
- Trade and Market Access
- Quarantine and Biosecurity Policy Unit
- Australian Quarantine and Inspection Service
- Biosecurity Australia
- Australian Wool Innovation
- Product Integrity, Animal and Plant Health
- Australian Pesticides and Veterinary Medicines Authority
- Agricultural Productivity
- Rural Industries Research and Development Corporation
- Grains Research and Development Corporation
- Bureau of Rural Sciences

### Secretary's overview

2.3 In his opening remarks to the committee, the secretary, Dr Conall O'Connell, sought to clarify aspects of the department's budget for 2009-10. He indicated that drought funding estimates have been revised downward by \$433 million due to a decrease in the number of areas that are Exceptional Circumstances (EC) declared. He explained that the budget papers can appear to show a greater reduction, as funds

previously recorded in this portfolio for EC interest rate subsidies are now accounted for by the Treasury as part of the financial relations reforms stemming from the COAG agreement.<sup>1</sup>

2.4 Biosecurity funding has been received for a number of lapsing programs, pending the government's consideration of reforms to the biosecurity framework proposed by the Beale review. The 40 percent subsidy of AQIS fees and charges provided to the agricultural export industry is due to expire as scheduled at the end of 2008-09, equating to \$37.4 million. Fees for 2009-10 are under discussion with industry clients.<sup>2</sup>

2.5 The government has decided to cease funding for Land and Water Australia (LWA), providing savings of \$6.3 million in 2009-10 and \$13 million in each of the out years. Funding has been reduced by \$3 million per year for the Rural Industries Research and Development Corporation (RIRDC).<sup>3</sup>

2.6 The department is subject to a 3.25 percent efficiency dividend, amounting to \$5.935 million. This year the department has also been asked to find further efficiencies of \$800,000 in relation to information technology spending as a result of the Gershon review. In addition, the department is subject to a savings measure of \$3.4 million, equating to 1.2 percent of the department's departmental appropriation. This will require a reduction in departmental and agency running costs. To manage outcomes within its appropriation while maintaining the department in a financially secure position, it is estimated that staffing levels may need to decrease by about six percent, or 250 ASL.<sup>4</sup>

### **Corporate Services/Corporate Finance/Corporate Policy**

2.7 The committee began by expressing concern about the level of cuts to the department's budget for 2009-2010, in particular the application of the 1.2 percent savings measures in addition to the 3.25 percent efficiency dividend. The Minister indicated that he considered there had been a range of both inadvertent and deliberate misrepresentations about the size of the budget cuts. The Secretary added that most other departments also had savings measures.<sup>5</sup>

2.8 The committee was interested in the impact of the savings measures on staffing levels, estimated to decrease by six percent, equivalent to 250 staff. The secretary indicated that no decisions have been taken on how this will be managed. The department is currently assessing priorities, taking into account statutory

---

1 *Proof Estimates Hansard*, 25 May 2009, p. 5.

2 *Proof Estimates Hansard*, 25 May 2009, p. 5.

3 *Proof Estimates Hansard*, 25 May 2009, p. 6.

4 *Proof Estimates Hansard*, 25 May 2009, p. 6.

5 *Proof Estimates Hansard*, 25 May 2009, pp 7–9.

---

requirements, government priorities and other needs. The secretary emphasised that any changes to staffing levels will not come from the frontline, that is, AQIS, quarantine and export staff.<sup>6</sup> He explained that:

it is our intention to achieve changes to staffing levels primarily through managing normal turnover and placing staff in suitable positions within the department or, if necessary, other departments. We will minimise reliance on voluntary redundancies and there should be no need for an open offer of voluntary redundancies. It is also our aim to achieve no involuntary redundancies.<sup>7</sup>

2.9 In addition, a freeze has been placed on next year's graduate program of approximately 60 positions.<sup>8</sup>

2.10 The committee questioned the rationale behind the decision to abolish LWA, given its importance as a central research organisation. In response, the Minister stated that:

A great deal has changed since Land and Water was established over 20 years ago. Natural resource management is now a mainstream issue for government, the community and the R&D network generally. Land and Water Australia has played an important role in progressing innovative responses to natural resource management issues and it, rightly and justly, is proud of its contribution. Land and Water Australia has created momentum that is now being carried forward by major natural resource management programs funded by the government, including the \$2.25 billion Caring for our Country program, the \$13 billion water reform and the \$130 million investment program Australia Farming Future initiative. This was a policy decision taken as part of the budget and the government stands by the decision to end this program.<sup>9</sup>

2.11 The committee was interested in the impact of the decision on existing contracts. The department indicated that LWA will receive an appropriation this year of \$6.7 million, firstly, to wind-up the organisation itself and, secondly, to enable transition to occur in relation to key research programs managed by LWA. It is anticipated that a number of programs will be continued, including the Climate Change Research Strategy for Primary Industries (CCRSPI); Managing Climate Variability; Tropical Rivers and Coastal Knowledge (TRaCK); the National Program for Sustainable Irrigation; and the Australian Agriculture and Natural Resources Online (AANRO) facility. The committee was informed that negotiations to identify new hosts for these programs are underway at the moment. The Minister has asked

---

6 *Proof Estimates Hansard*, 25 May 2009, p. 11.

7 *Proof Estimates Hansard*, 25 May 2009, p. 7.

8 *Proof Estimates Hansard*, 25 May 2009, p. 12.

9 *Proof Estimates Hansard*, 25 May 2009, p. 23.

LWA to identify which programs and projects may possibly be continued and which may be modified or transferred to another agency to manage.<sup>10</sup>

2.12 The committee raised concerns that some of the initiatives mentioned by the Minister as replacement programs for those managed by LWA, such as Caring for Country (see paragraph 2.10 above) are not research-based. The department pointed out that:

there now exist a significant number of bodies with a policy and research interest in land and water issues which exist now but did not exist at the time Land and Water Australia was established. And they are to varying degrees purchasers and in some cases conductors of research.<sup>11</sup>

2.13 The committee also highlighted LWA's important role in carrying out a range of projects around natural resource management and in relation to knowledge brokering. The committee questioned who would now assume responsibility for networking and liaising between all research organisations. The department indicated that it is working through those issues with LWA at the moment.<sup>12</sup>

2.14 The committee also sought information about:

- rationale for removing drought-related payments to the states from the department to Treasury (*Proof Estimates Hansard*, 25 May 2009, pp 9–10);
- explanation of the application of the efficiency dividend and specific savings measures (pp 16–20);
- Gershon review and cuts to IT spending; contract with new IT service provider (pp 20–22); and
- administrative support for Minister's video on the departmental website (pp 31–33).

### **Land and Water Australia (LWA)**

2.15 In his opening statement, the Executive Director, Dr Michael Robinson, indicated that while the LWA board accepts the government's decision to abolish the corporation and is committed to managing the wind-up of the organisation as professionally as possible, they are

deeply disappointed at the government's decision to abolish Land and Water Australia and reduce government investment in research and development.<sup>13</sup>

---

10 *Proof Estimates Hansard*, 25 May 2009, p. 24. See also p. 29.

11 *Proof Estimates Hansard*, 25 May 2009, p. 25.

12 *Proof Estimates Hansard*, 25 May 2009, p. 26.

13 *Proof Estimates Hansard*, 25 May 2009, p. 33. See also p. 34.



2.16 The committee sought information about the projects LWA is currently running either on its own or in partnership with other research organisations or industry groups and legal liability in relation to funding agreements. LWA indicated that it has about 120 research projects on its books and it has given in-principle commitment to another 26. LWA is about to begin an assessment of each project as to its relative priority and make a judgement, according to its budget, as to what will continue in what form. The 26 projects will be assessed according to the stage of negotiations they have reached. Some have already signed a contract while others are at earlier stages in the process.<sup>14</sup>

2.17 The committee asked whether there had been any formal undertaking from the government in relation to the future of the Climate Change Research Strategy for Primary Industries (CCRSPI). The department indicated that the Minister has made it clear that CCRSPI is a priority, with the department expected to play a role in ensuring it is maintained and continues. LWA explained that the CCRSPI steering committee recently met to find a new managing agent. LWA continued:

All of the partners, which include all the RDCs and PISC agencies, the Commonwealth and CSIRO, have reiterated their commitment to continuing CCRSPI but it is a matter of finding a managing agent who has the independence and partnership brokering role that we have played to carry on the role in the same way. That is the process we are working through.<sup>15</sup>

2.18 The committee also pursued the following matters:

- rationale for abolishing LWA and cutting research funding for agriculture (*Proof Estimates Hansard*, 25 May 2009, pp 34 and 35–36);
- estimated number of job losses and loss of research capacity if current projects do not go ahead (pp 38, 39–40, 41–42 and 44);
- timeframe for the process to determine the future of programs and projects currently managed by LWA (p. 42);
- cost of termination of building lease (pp 43–44); and
- breakdown of funding allocation for winding-up LWA (pp 47–49).

2.19 LWA was also discussed with the departmental executive under the section on Corporate Services/Corporate Finance/Corporate Policy at paragraphs 2.10–2.13.

### **Wheat Exports Australia (WEA)**

2.20 The committee sought an assessment of the first year's operation of the new deregulated market. WEA responded that 'the system had gone about as well as it could do'. There are now 23 accredited exporters and a majority of those have been

---

14 *Proof Estimates Hansard*, 25 May 2009, pp 36, 37 and 38.

15 *Proof Estimates Hansard*, 25 May 2009, p. 41.

actively exporting grain. Feedback provided to WEA indicates that people within the industry are 'generally fairly comfortable' with the accreditation scheme.<sup>16</sup>

2.21 WEA considers that all of the companies it has a close association with through the accreditation scheme have been performing 'well and creditably'. WEA observed that while the accreditation process is rigorous and difficult, some of the smaller or medium-sized companies have actually improved their systems, such as governance, risk management or credit facilities, as a result of the accreditation process. WEA pointed out that there have been some teething problems, particularly at the ports, however, the bulk handlers have responded 'very openly and well'.<sup>17</sup>

2.22 WEA informed the committee that, since deregulation, a number of companies have established new markets in countries such as Rwanda, Mozambique and Israel. While quantities have been small, WEA sees this as an encouraging trend.<sup>18</sup> The committee was also interested in the impact of deregulation on wheat exporting costs. WEA advised that overall, bulk cargo rates have come down by 95 percent.<sup>19</sup>

2.23 WEA emphasised that the prime issue to be addressed at present is the access undertaking process, which is due to come into effect on 1 October 2009. Providers of export port terminal services need to have an access undertaking if they wish to be accredited. To date, three major bodies have submitted their draft access undertakings to the Australian Competition and Consumer Commission (ACCC), namely CBH, ABB and GrainCorp.<sup>20</sup> WEA explained that while it has no role in developing the access undertakings, it has had discussions with the ACCC and will provide them with assistance and advice if requested.<sup>21</sup>

2.24 The committee also discussed the following matters:

- issues in relation to current access arrangements for port terminals (*Proof Estimates Hansard*, 25 May 2009, p. 53);
- reviews of the grain freight rail networks in NSW and WA (pp 57 and 61);
- update on delays with unloading of road freight at Newcastle terminal (pp 57–58); and
- factors taken into account during assessment of applications for accreditation (pp 58–59).

---

16 *Proof Estimates Hansard*, 25 May 2009, p. 53.

17 *Proof Estimates Hansard*, 25 May 2009, p. 62.

18 *Proof Estimates Hansard*, 25 May 2009, p. 61.

19 *Proof Estimates Hansard*, 25 May 2009, p. 58.

20 *Proof Estimates Hansard*, 25 May 2009, p. 53. See also pp 62–63.

21 *Proof Estimates Hansard*, 25 May 2009, p. 54.

---

## Meat and Livestock Australia (MLA)

2.25 The committee was interested to know how Meat and Livestock Australia (MLA) will be affected by budget cutbacks. MLA explained that it is largely funded by levies and private sources, with the exception of a significant amount of government funding through the matching R&D dollar, so there has been no change to its income streams.<sup>22</sup>

2.26 The committee sought information about the impact of the proposed removal of the 40 percent quarantine exporter's subsidy and the extent to which Australian producers may be disadvantaged in comparison with overseas competitors. MLA indicated that the additional cost will be around \$32 million–\$34 million for meat inspection. It is widely recognised in the meat and livestock industry that all costs apportioned to a processor will either be passed back to the grower or forward to the consumer. MLA also pointed out that this will be an additional impost that American producers do not incur.<sup>23</sup>

2.27 The committee held a long discussion with MLA about the impact of the Emissions Trading Scheme (ETS)/Carbon Pollution Reduction Scheme (CPRS) on production costs and profitability. MLA described its role in relation to this issue as twofold: primarily, MLA devotes its energies to stimulate and lift demand for Australian meat domestically and worldwide; separately, its research portfolio is carrying out research into any imposts, burdens or impacts relating to production or productivity. This has included funding of a number of research projects into the possible effects of climate change.<sup>24</sup>

2.28 The committee also heard evidence on the following matters:

- consultation with the government on AQIS fees (*Proof Estimates Hansard*, 25 May 2009, p. 66);
- assumptions behind research into the impact of CPRS conducted by the Centre for International Economics (CIE) and modelling by ABARE (pp 67–68 and 71–73);
- extent to which meat processors will qualify for assistance as emissions-intensive and trade-exposed (EITEs) (pp 75–76);
- NSW proposal to introduce a meat labelling program; Primary Industries Ministerial Council working group examination of consumer labelling for meat (pp 77–78); and
- research into methane emissions from sheep and cattle (pp 82–84).

---

22 *Proof Estimates Hansard*, 25 May 2009, p. 65.

23 *Proof Estimates Hansard*, 25 May 2009, p. 66. See also p. 84.

24 *Proof Estimates Hansard*, 25 May 2009, p. 67. See also pages 68–77.

---

## **Climate Change; and Australian Bureau of Agricultural and Resource Economics (ABARE)**

2.29 The Climate Change division and ABARE appeared together.

2.30 The committee was interested in the extent of ABARE's research into the impact of climate change, the ETS, and the CPRS on agriculture. In particular, it asked whether ABARE had considered factors such as the impact at a state level, flow-on effects on rural communities, population shifts from rural to urban areas and so on. ABARE indicated that while it has not, as yet, looked at the impact of the CPRS below the national level, it is part of its work plan to do so.<sup>25</sup>

2.31 In relation to flow-on effects on rural and regional communities, ABARE explained that it is limited to a certain extent by lack of data which makes it difficult to develop comprehensive modelling across the country. Data is available on the economy and employment at a fairly fine-grain level, but not on some of the social impacts. Mr Phillip Glyde, Executive Director, ABARE, stated:

I sense a fair bit of frustration about the modelling work that we do, but I think it just goes to the limitations of modelling itself. There is only so far you can go with the level of data we have in the country. If we do not have fine-grain data from the ABS in relation to population trends and dynamics and things like that, it is not worth the effort of modelling it.<sup>26</sup>

2.32 The committee sought an update on forestry Managed Investment Schemes (MIS), in particular, arrangements for the ongoing management of Timbercorp and Great Southern plantations while they are in the hands of the receivers. The department indicated that the Minister has met with the receivers and discussed the handling of the administration process and employee issues. The department observed that:

It is pretty difficult, if not impossible, to say anything about that at this stage because the whole question of ownership of those assets is not clear. Timbercorp and Great Southern are both in the hands of receivers, so at this stage they remain owned by the current owners. No decision has been taken as to who the future owners might be or what the management arrangements for them might be, so what we have to do at this stage is await the outcome of the process that the receivers have to go through. The receivers have to follow corporate law in doing their job in terms of an orderly treatment, wind-up if that is the case, or whatever, of those corporations and assets in the interests of the owners. Then, from there on, I think there is a question as to how they might be managed, but it is impossible to say—and indeed we cannot really prejudge—what the

---

25 *Proof Estimates Hansard*, 25 May 2009, pp 94–95.

26 *Proof Estimates Hansard*, 25 May 2009, p. 95.

---

ownership arrangements might be and what the management arrangements might be.<sup>27</sup>

2.33 The department suggested that as these are privately owned pieces of land containing privately owned assets, issues of land use and management of fire risk, feral animals, weeds and so on are most appropriately dealt with at the state government level.<sup>28</sup>

2.34 The committee was interested to know whether the government intends to review the effectiveness of forestry MIS. In response, the Minister indicated that there are three sets of intersecting policy issues across three portfolio areas:

Firstly, there are my responsibilities in respect of corporate law managed investment schemes—the direct regulation and supervision of the investment entities themselves. It is not appropriate for me to go into those issues here and now. The second group of policy issues relate to tax treatment. That is an issue for Minister Bowen and the Treasurer. The third set of issues which would be appropriate here are the various issues around the agricultural effect on production markets et cetera.<sup>29</sup>

2.35 The department added that it will be examining the consequences of the two failed MIS with a view to providing advice to the government on whether there are issues to be addressed. However, 'that is at the preliminary stage here and now'.<sup>30</sup>

2.36 The committee also heard evidence on:

- drought policy review process (*Proof Estimates Hansard*, 25 May 2009, pp 86–87);
- funding for research into climate change impacts on the agriculture, fisheries and forestry sector, including the Climate Change Research program (pp 91–93 and 103–104);
- cost of impact of the CPRS on the dairy industry (pp 96, 97–100 and 101);
- National Carbon Accounting Toolbox – development of a standard methodology for measuring and modelling the impact of soil carbon under different farm practices (pp 102–103); and
- update on the government's election commitments in relation to forestry, including: addressing forestry skills shortages; boosting the export of forest products; forestry industry database; development of regulatory framework to restrict illegally logged timber; preparing forest industries for climate change (pp 114–118 and 122).

---

27 *Proof Estimates Hansard*, 25 May 2009, p. 119.

28 *Proof Estimates Hansard*, 25 May 2009, p. 119.

29 *Proof Estimates Hansard*, 25 May 2009, p. 120.

30 *Proof Estimates Hansard*, 25 May 2009, p. 121.

## **Sustainable Resource Management**

2.37 The committee sought detailed information on the Caring for Country program, including the following:

- breakdown of funding for the Caring for Country program – regional base funding, competitive grants and administration component (*Proof Estimates Hansard*, 25 May 2009, pp 122–124);
- methodology for determining regional allocations (pp 123–127 and 135);
- assessment of applications for competitive grants by multijurisdictional community panels; assessment framework; standard assessment tool (pp 127 and 131–133);
- grant application process (pp 127 and 129); and
- steps taken to improve transparency in decision making to achieve expected project outcomes (p 133).

2.38 The following matters were also raised by the committee:

- replacement for Defeating the Weed Menace program; funding for the National Weeds and Productivity Research program; cost of weeds to Australia (*Proof Estimates Hansard*, 25 May 2009, pp 138–140);
- work of the Recreational Fishing Advisory Committee; progress on the recreational fishing industry development strategy; funding allocated under the Recreational Fishing Community Grants program; funding options for Recfish Australia (pp 140–142); and
- impact of the Coral Sea conservation zone on commercial and recreational fishing; statistics in relation to the Eastern Tuna and Billfish fishery and Coral Sea fishery; bioregional marine planning processes (*Proof Estimates Hansard*, 26 May 2009, pp 4–13).

## **Australian Fisheries Management Authority (AFMA)**

2.39 The committee heard evidence on the following issues:

- update on patrols of the *Oceanic Viking* to the Southern Ocean (*Proof Estimates Hansard*, 26 May 2009, pp 14–15);
- incursions in the north-west fishing zone; discussions with the East Timorese government about illegal fishing in East Timorese waters (p. 16);
- update on the amalgamation of management advisory committees (MACs) (p. 17); and
- change to AFMA's funding basis when it became an FMA Act agency (p. 17).

---

## Trade and Market Access

2.40 The committee discussed the following matters:

- funding for the Live Trade Animal Welfare Partnership, replacing the Live Animal Trade Program; proportion of industry to government funding; operation of the new program (*Proof Estimates Hansard*, 26 May 2009, pp 19–20);
- progress towards the resumption of the live cattle and sheep trade into Egypt (pp 21–22);
- operation of Australia's existing Live Animal Trade Program; improvements since the program began in 2004-05 (pp 22–23);
- export trade in southern bluefin tuna; quotas for Australia and Japan; review of quotas (pp 23–24);
- update on the Indian Ocean Tuna Commission (IOTC) (pp 25–27); and
- role of agricultural attachés; plans to reduce the number of staff in Brussels and Washington and combine the positions in Paris and Rome (pp 27–28).

### **Quarantine and Biosecurity Policy Unit; Australian Quarantine and Inspection Service (AQIS); and Biosecurity Australia**

2.41 The Quarantine and Biosecurity Policy Unit, Australian Quarantine and Inspection Service (AQIS), and Biosecurity Australia appeared together.

2.42 The committee raised concerns about the proposed return to full cost recovery of AQIS fees, following the government's decision to cease the 40 percent quarantine export subsidy paid to exporters. The department indicated that the cost saving to the government is expected to be around \$37 million to \$41 million per year depending on the volume of exports.

2.43 The department advised that the export subsidy:

...was a measure introduced eight years ago. The decision was made when it was renewed four years ago that it would in fact lapse. The previous government made that decision. The decision that it would lapse on 30 June this year was clearly communicated to all parties. The Beale review looked at that and many other issues and reached the same conclusion—that the assistance measure should lapse—and that is the action that has been taken.<sup>31</sup>

2.44 The department explained that since the decision was taken by the government to formally endorse the recommendations of the Beale report, its officers

---

31 *Proof Estimates Hansard*, 26 May 2009, p. 34.

have met a number of times with each of the six commodity groups that are affected by the increase in the export certification charge. A departmental officer observed:

Specifically, there is always concern when exporters are confronted with an increase. This is a large increase that they have to respond to in terms of their business. So I have spent significant time with each of those sectors to respond with a set of fees and charges that seek to be the most reasonable you could have in reintroducing full cost to these industries.<sup>32</sup>

2.45 In terms of the impact on affected businesses, the department advised that the industries have not given specific details, however, industry groups have suggested that the increased fees and charges will have an impact in terms of competitiveness with international markets. The department pointed out that it has received independent economic advice about the impact of currency movements in comparison with the \$40 million increase:

For the meat program, for example, less than half a cent movement in currency offsets the total cost of the \$40 million. For horticulture in terms of the subsidy down around \$2 million, that is less of an event. In terms of competitiveness in international markets, the \$40 million is probably almost unrecognisable in terms of its impact at this stage.<sup>33</sup>

2.46 The committee was also interested in the potential for AQIS to introduce productivity gains and efficiencies to bring about reduced costs. The department explained that AQIS is scrutinised every year in terms of the costs underpinning its delivery of services, and if these are wound back too tightly, its regulatory oversight becomes frail. The department continued:

If it is reviewed by importing countries, there is the risk that they will actually delist the country from accessing that market. So you have to run that regulatory framework in a robust way without imposing any unnecessary additional costs on the industry sector.

So you need to maintain an infrastructure there. Yes, there is a capacity to create efficiencies, and I concede that point, but I do not concede that you could ever create a 40 per cent efficiency without actually putting at risk export markets. So I think there is a big percentage that is an efficiency opportunity. I think there is also an investment there that gives you sustainable long-term benefits, in terms of export market opportunities and the robustness of our system in the face of very difficult international trade environments at the moment. So there is a bit of a balancing act between those two items.<sup>34</sup>

2.47 The committee discussed a range of issues in relation to AQIS fees and charges. For further details please see listing at appendix 3.

---

32 *Proof Estimates Hansard*, 26 May 2009, p. 35.

33 *Proof Estimates Hansard*, 26 May 2009, p. 35.

34 *Proof Estimates Hansard*, 26 May 2009, p. 57.



2.48 The committee also raised the following matters:

- importation of uncooked dry marinated green prawns into Australia; concerns that the regulations are inadequate to protect against marinade being rinsed off then used for fish bait or by restaurants as a cheap source of raw prawns instead of more expensive local product; justification for the dry marinade being adequate to protect the Australian prawn industry (*Proof Estimates Hansard*, 26 May 2009, pp 30–34);
- update on equine influenza and preparation for the coming breeding season; changes implemented as a result of the previous outbreak (pp 64–65);
- development of an Australian standard for organic production; AQIS' ongoing involvement in certification (pp 65–70);
- progress towards resumption of red meat and wild game exports to the Russian Federation following suspension of 19 processing plants due to microbial contamination in meat (pp 72–73); and
- removal of irradiation as an option for treating imported dried cat food due to its harmful effect on the health of cats; irradiation of other products including some types of dog food and dried pigs' ears (pp 73–74).

### **Australian Wool Innovation (AWI)**

2.49 The committee discussed the following issues with AWI:

- actions taken in the last three months since new Chief Executive Officer, Ms Brenda McGahan, joined AWI (*Proof Estimates Hansard*, 26 May 2009, p. 76);
- AWI marketing and branding strategy using the Woolmark; marketing of Australian wool products, including Australian Merino (pp 76–77 and 80–82);
- management of conflicts of interest on AWI board, including Dr Meredith Shiel's connection with the drug Tri-Solfen; governance procedures (pp 77–79);
- commercial release of clips (pp 82 and 85); and
- progress towards the phasing out of mulesing by the end of 2010 (pp 83–84).

### **Product Integrity, Animal and Plant Health (PIAPH)**

2.50 The committee raised the following matters:

- role of the Australian Animal Health Laboratory (AAHL) in swine flu diagnostic surveillance (*Proof Estimates Hansard*, 26 May 2009, p. 99);

- changes in AAHL's diagnostic workload over the past few years (pp 99–100);
- PIAPH's budget (pp 100–101);
- progress toward eradication of the red imported fire ant (p. 101); and
- update on the National Livestock Identification System (NLIS) (pp 101–102).

### **Australian Pesticides and Veterinary Medicines Authority (APVMA)**

2.51 The committee raised concerns about the use of the triazine herbicides such as Atrazine and Simazine, following their discovery in drinking water supplies in Hobart and a number of other places in Tasmania. The committee noted that in 2004 the APVMA concluded that the labelling instructions for Atrazine were inadequate and needed improvement. The APVMA explained that the recommendations from its review were implemented in early 2008 when changes to the labelling were made.<sup>35</sup>

2.52 The committee pointed to work conducted by the CSIRO which expressed concern about endocrine disruption caused by this group of herbicides. The APVMA responded that it looked at endocrine disruption potential in quite extensive detail as part of its Atrazine review, and was unable to conclude that there was sufficient evidence that it was going to occur at a level that would be harmful to humans.<sup>36</sup> The APVMA continued:

Having said that, we are continuing to investigate all the research that is going on in the area that is suggesting that there may be other modes of action that may not have been taken into account, and we have asked the Office of Chemical Safety within the Department of Health and Ageing to review all the newest literature and provide a report to us. We expect to have that report finalised in the near future.

...Today, with the information that we have before us, we are confident [that it is not a problem for human health]. If new science comes up, which happens in these areas continuously, we keep an eye on any new developments. But we can only make a decision today based on the information that we have before us today.<sup>37</sup>

2.53 The committee was interested in the difference between the Australian and European framework for assessing chemicals, noting that Atrazine has been prohibited in Europe. The APVMA confirmed that Atrazine is no longer available in Europe as it has been removed from the listing of approved chemicals. It was removed due to

---

35 *Proof Estimates Hansard*, 26 May 2009, p. 91.

36 *Proof Estimates Hansard*, 26 May 2009, pp 91–92.

37 *Proof Estimates Hansard*, 26 May 2009, p. 92.

---

insufficient monitoring studies for the authorities to be satisfied that it would not get into waterways, rather than human health concerns.<sup>38</sup>

2.54 The APVMA informed the committee that:

In Europe, they have a regular re-registration program where the companies have to put in a full submission of all the data and there is a new assessment made from scratch. Then, when they come to the end of that assessment, they decide whether they have all the data and either include the chemical or exclude the chemical.

In Australia we have a program reviewing new concerns with chemicals and, at the end of the process, if we come up with a concern about the chemical, the legislation actually requires us to look for risk mitigation before we can remove the chemical. So, in our instance, we also came to the conclusion that there were insufficient monitoring studies when we looked at Atrazine, but we actually went out there and required the industry to generate those monitoring studies so that we would be able to make a decision with the knowledge rather than without the knowledge.<sup>39</sup>

2.55 The committee also pursued the following matters:

- review of APVMA's cost recovery arrangements (*Proof Estimates Hansard*, 26 May 2009, pp 87–88);
- update on work being done in relation to permits issued for minor use, including stakeholder liaison (pp 90–91);
- pesticides and herbicides registered for use by the forestry industry in Tasmania; work done to assess the toxicology of the mixture of those chemicals (pp 96–97); and
- use of chemicals by Tasmanian forestry industry that are not registered for general use by APVMA; use of chemicals under research permits (pp 97–98).

## **Agricultural Productivity**

2.56 The committee was interested in the productivity performance of Australia's agricultural sector over the past decade, in view of its importance as a world food supplier. The department indicated that

Over the last 30 years Australian agriculture has had a very strong productivity performance...way above what the economy-wide average is for productivity growth—by our measurement, by about 1.5 per cent a year. Since the turn of the century, though, we have begun to notice that the rate of growth of productivity has begun to fall. We think that might have something to do with the fact that it has been a couple of dry years.

---

38 *Proof Estimates Hansard*, 26 May 2009, p. 92.

39 *Proof Estimates Hansard*, 26 May 2009, p. 92.

...productivity is simply a measure of outputs by inputs. It is not a measure of absolute production but simply a measure of efficiency of production, so when the outputs fall, as they do during drought, then you are going to expect a decline in productivity. It is hard to be definitive about that, because it is a fairly imprecise measure at the national level, but there are certainly some concerns—and we have certainly been expressing them—that agricultural productivity, broadacre productivity, might have been falling over the last eight to nine years.<sup>40</sup>

2.57 The committee also sought information on the following issues:

- impact of amendments to Division 7A of the tax laws on farms owned by family companies; extent to which the department was consulted by Treasury in the development of this measure (*Proof Estimates Hansard*, 26 May 2009, pp 102–105);
- review of the Horticultural Code of Conduct (pp 107–108);
- 'Grown in Australia' label operated by the Australian Made Campaign Ltd (pp 108–109);
- Food Regulation Ministerial Council's review of food labelling across Australia (pp 109–110);
- research into the long-term impact of non-forestry managed investment schemes on agricultural production (pp 110–112); and
- Regional Food Producers Innovation and Productivity program (pp 112–115).

### **Rural Industries Research and Development Corporation (RIRDC)**

2.58 The committee raised concerns about the RIRDC's budget which has been reduced by \$3 million per year for the next four years. The committee was interested to know how the funding cut will be managed. The RIRDC indicated that the Minister has provided some broad guidance to the RIRDC's board on the implementation of the budget measure. The Minister has asked that:

the corporation's vital role in investing in priority research for a range of new, emerging and established small industries, funded in part by industry levy collections, not be affected and suggest[ed] that savings might be made through administrative overheads and prioritisation within the corporation's national rural industries portfolio. He also suggested that within that, if possible, the priority programs such as Rural People and Learning Systems, Rural Leadership and farm health and safety continue to receive the board's attention.<sup>41</sup>

---

40 *Proof Estimates Hansard*, 26 May 2009, p. 106.

41 *Proof Estimates Hansard*, 26 May 2009, p. 116.

2.59 The RIRDC explained that its board has considered and agreed on a set of principles for implementing the reduction to its budget, as follows:

...first, that we address the government's directions and priorities; second, that it has consistency with corporate and industry strategy and delivering on our objectives to the maximum extent possible; third, that we minimise reputation and relationship impact; fourth, minimise impacts on staff and deal, in the best way possible, with any affected staff; next, that we review and assess commitments, which is to say that we will open up existing contracts as part of this review process; next, that any staff and supplier impacts follow activity reductions; next, that we continue our focus and existing focus on efficiency and effectiveness; next, that we are transparent and explicit in implementing these cuts; and, finally, that we communicate clearly about them. So that is our intention as we apply those principles to our revised budget.<sup>42</sup>

2.60 The RIRDC stated that the board's decision will be incorporated into its draft annual operating plan, due to be lodged with the Minister by 31 May, however, this year an extension has been granted until 16 June. Under statutory requirements, the annual operating plan must be submitted to the Minister for his approval by 30 June, and will take effect from 1 July.<sup>43</sup>

2.61 The committee also discussed:

- invitations to the RIRDC's rural women's award; continuation of RIRDC's sponsorship (*Proof Estimates Hansard*, 26 May 2009, pp 115 and 121–122);
- impact of budget cuts on RIRDC's work with new and emerging industries (pp 116 and 118–119);
- other possible sources of funding for the RIRDC (pp 117 and 120–121); and
- R&D budget; five-year R&D plan; R&D program (pp 118, 121 and 122).

## **Grains Research and Development Corporation (GRDC)**

2.62 The committee was again interested in the issue of genetically modified (GM) crops. It sought information about the yields for GM canola from the national variety trials undertaken by the GRDC. The GRDC indicated that of the five specific yield trials carried out, three failed due to poor climatic conditions and the other two trials harvested returned similar yields with some of the conventional canolas in front. A number of reports have been released based on the results of the field trials. In addition, the GRDC has commenced a survey of growers in southern NSW and

---

42 *Proof Estimates Hansard*, 26 May 2009, p. 121.

43 *Proof Estimates Hansard*, 26 May 2009, pp 116, 118, 120 and 121.

Victoria who grew canola last year. It is expected that this will be an ongoing study for the next three years.<sup>44</sup>

2.63 The committee raised concerns from some growers about the decision by GrainCorp to bin GM and non-GM canola together, given their 2008 statement in which they were very clear about maintaining segregation. The GRDC advised that:

this year the industry has decided to have two standards for canola, given that there is GM production and non-GM production. Previously it only had one standard. One standard will be for combined GM and non-GM crops and the second standard will be for non-GM crops only. Farmers have the option to pursue the second standard only if they want to. But it is an industry driven standard.<sup>45</sup>

2.64 The committee asked about the benefits of binning the two crops together. In the GRDC's opinion, as many of the markets do not differentiate between GM or non-GM canola, the extra cost of segregation was not justified. The GRDC observed that 'from GrainCorp's perspective, it is an efficiency measure, a cost-saving measure'.<sup>46</sup>

2.65 The committee also discussed:

- new wheat classification panel (*Proof Estimates Hansard*, 26 May 2009, pp 123–124);
- research into other potential GM traits in crops such as wheat and barley (p. 125);
- additional costs associated with segregation of non-GM canola; feedback from growers (pp 126–127); and
- ongoing GM trials across Australia (p. 127).

## **Bureau of Rural Sciences (BRS)**

2.66 The committee heard evidence on the following matters:

- modelling of drivers for land use change; clarification of the definition of 'marginal land' (*Proof Estimates Hansard*, 26 May 2009, pp 129–131);
- modelling in relation to fish species considered at risk; production of the Fisheries Status Report (p. 131);
- research into the relationship between forestry and rainfall generation (p. 133); and

---

44 *Proof Estimates Hansard*, 26 May 2009, p. 124.

45 *Proof Estimates Hansard*, 26 May 2009, p. 125.

46 *Proof Estimates Hansard*, 26 May 2009, p. 126.

- monitoring of soil health and assessment of the impact of the drought on soil health (pp 133–134).





## **Chapter 3**

### **Infrastructure, Transport, Regional Development and Local Government portfolio**

#### **Department of Infrastructure, Transport, Regional Development and Local Government**

3.1 The committee heard evidence from the department on Wednesday 27 May and Thursday 28 May 2009. The hearing was conducted in the following order:

- Corporate Services
- Infrastructure Australia
- Australian Rail Track Corporation Ltd
- Nation Building—Infrastructure Investment
- Infrastructure and Surface Transport Policy
- National Transport Strategy
- Australian Maritime Safety Authority
- Bureau of Infrastructure, Transport and Regional Economics
- Inspector of Transport Security
- Office of Transport Security
- Aviation and Airports
- Airservices Australia
- Civil Aviation Safety Authority
- Australian Transport Safety Bureau
- Local Government and Regional Development
- Office of Northern Australia

#### **Acting Secretary's overview**

3.2 In his opening remarks, the Acting Secretary, Mr Andrew Tongue, noted that since Additional Estimates hearings in February 2009, Mr Michael Taylor had retired as Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government (the department). The Acting Secretary reported that on 14 May 2009 the Prime Minister announced the appointment of Mr Mike Mrdak as

secretary of the department commencing on 29 June 2009.<sup>1</sup> The committee thanks Mr Taylor for his work with the department and wishes him well in retirement.

## Corporate Services

3.3 Committee members sought information on current and projected staffing levels for the department. The committee heard from the department that:

As at 31 March we had 1,242 full-time equivalent staff. That is probably around 36 up from where we were projecting, but we still expect to finish the year on our projections or around 1,200.<sup>2</sup>

3.4 The department went on to explain that 108 staff would transfer to the Australian Transport Safety Bureau when it completed the process of becoming an independent statutory authority.<sup>3</sup> Seeking more detail on staffing levels the committee questioned officers on the anticipated use of consultants.<sup>4</sup> Officers told the committee that the department was not anticipating the use of 'lots of consultants' but may employ a number of non-ongoing staff.<sup>5</sup> Officers undertook to provide more detail to the committee on notice when divisional budgets were finalised.<sup>6</sup>

3.5 The committee was interested in how funding for various programs was reported in the budget documents and portfolio budget statements.<sup>7</sup> Officers advised the committee that under the new federal financial framework a large proportion of funding is paid directly from the Commonwealth Treasury to state and territory treasuries.<sup>8</sup> In his opening statement the Acting Secretary advised the committee that under this structure 'the department retains policy and implementation responsibility for these programs while Treasury recognises the appropriation and expenses'.<sup>9</sup> The remainder of the programs, officers also told the committee, were funded through the department.<sup>10</sup>

3.6 The committee also sought information about:

- media monitoring (*Proof Estimates Hansard*, 27 May 2009, pp 12–14);

---

1 *Proof Estimates Hansard*, 27 May 2009, p. 3.

2 *Proof Estimates Hansard*, 27 May 2009, p. 18.

3 *Proof Estimates Hansard*, 27 May 2009, p. 18.

4 *Proof Estimates Hansard*, 27 May 2009, pp 18–19.

5 *Proof Estimates Hansard*, 27 May 2009, pp 18–19.

6 *Proof Estimates Hansard*, 27 May 2009, p. 19.

7 *Proof Estimates Hansard*, 27 May 2009, pp 6–7.

8 *Proof Estimates Hansard*, 27 May 2009, p. 6.

9 *Proof Estimates Hansard*, 27 May 2009, pp 3–4.

10 *Proof Estimates Hansard*, 27 May 2009, p. 7.

- 
- departmental liaison officers (pp 20–21 ); and
  - the division of responsibilities between the Parliamentary Secretary and the Minister (p. 21).

### **Infrastructure Australia**

3.7 The committee sought information on infrastructure projects announced in the budget.<sup>11</sup> Specifically, the committee sought more detail on the process for selecting the projects. Infrastructure Australia advised that the projects had been selected following prioritisation in accordance with the *Outline of Infrastructure Australia's Prioritisation Methodology*.<sup>12</sup> The committee heard that all the projects announced in the budget had been considered by Infrastructure Australia and approved on merit and in a competitive selection process.<sup>13</sup>

3.8 Continuing its interest from Additional Estimates the committee questioned officers on Infrastructure Australia's consideration of future oil prices when prioritising infrastructure.<sup>14</sup> Officers told the committee that Infrastructure Australia was still grappling with how to model the impact of future oil prices. The committee also sought information about the consideration of land use planning issues and how these affect the consideration of infrastructure projects.<sup>15</sup> Officers told the committee that when working with proponents of projects Infrastructure Australia examines issues such as land use as part of a cost benefit analysis.<sup>16</sup>

3.9 Committee members questioned Infrastructure Australia on whether it assessed greenhouse gas emissions of proposed infrastructure projects. Officers told the committee that in regards to its prioritisation methodology:

One of the criteria that we seek to deal with...is a rating against whether or not the particular project and proponent would reduce greenhouse emissions.<sup>17</sup>

3.10 The committee also discussed the following infrastructure projects:

- the National Electricity Market (*Proof Estimates Hansard*, 27 May 2009, p. 46);
- Majura Parkway project (p. 50); and
- Bell Bay Port expansion (pp 59–60).

---

11 *Proof Estimates Hansard*, 27 May 2009, pp 21–31.

12 *Proof Estimates Hansard*, 27 May 2009, pp 21–22.

13 *Proof Estimates Hansard*, 27 May 2009, p. 25.

14 *Proof Estimates Hansard*, 27 May 2009, pp 43–45.

15 *Proof Estimates Hansard*, 27 May 2009, pp 44–45.

16 *Proof Estimates Hansard*, 27 My 2009, p. 44.

17 *Proof Estimates Hansard*, 27 May 2009, p. 47.

## **Australian Rail Track Corporation Ltd (ARTC)**

3.11 The committee sought details on rail projects funded by the Australian Rail Track Corporation. Specifically senators sought information on ARTC's programs to upgrade rail sleepers.<sup>18</sup> Officers told the committee that 4 rail sleeper manufacturing plants in Wagga Wagga, Mittagong, Grafton and Geelong that were previously scheduled to close would now remain open to provide sleepers for the program, explaining that:

All of those plants would have discontinued operation in January, so this actually continues those plants through until December this year to facilitate the million-plus concrete sleepers to be manufactured at these locations. Each of them have actually taken up the opportunity for the contracts in January and, in fact, each of them commenced operation in manufacturing the concrete sleepers in February and they are underway now.<sup>19</sup>

3.12 The committee was interested in the Hunter Valley rail expansion program.<sup>20</sup> ARTC advised that the program aimed to:

...increase the present capacity of the Hunter Valley coal chain to export 97 million tonnes per annum of coal to reach the projected level of 200 million tonnes of coal by 2013.<sup>21</sup>

3.13 ARTC told the committee that the program would involve \$1.2 billion worth of works involving duplication of rail lines, rail loops and upgraded signalling.<sup>22</sup> Officers told the committee that the project would create 800 jobs per year peaking at 900 jobs in 2010.<sup>23</sup> To fund the program ARTC advised that it had received a \$580 million equity injection from the government which it would borrow against to achieve \$1.2 billion in funding.<sup>24</sup>

3.14 The committee sought information on the upgrade of the Cootamundra-Parkes rail line.<sup>25</sup> Officers advised that the project included replacing all timber sleepers with concrete sleepers as well as replacing 201km of track.<sup>26</sup> The program was projected to cost \$91.5 million dollars and employ 160 people.<sup>27</sup>

---

18 *Proof Estimates Hansard*, 27 May 2009, pp 65–66.

19 *Proof Estimates Hansard*, 27 May 2009, p. 66.

20 *Proof Estimates Hansard*, 27 May 2009, pp 66–70.

21 *Proof Estimates Hansard*, 27 May 2009, p. 67.

22 *Proof Estimates Hansard*, 27 May 2009, pp 66–67.

23 *Proof Estimates Hansard*, 27 May 2009, p. 67.

24 *Proof Estimates Hansard*, 27 May 2009, p. 66.

25 *Proof Estimates Hansard*, 27 May 2009, pp 71–72.

26 *Proof Estimates Hansard*, 27 May 2009, p. 71.

27 *Proof Estimates Hansard*, 27 May 2009, p. 71.

---

## Nation Building—Infrastructure Investment

3.15 The committee sought an update from the department on the following projects:

- Gold Coast Light Rail project (*Proof Estimates Hansard*, 27 May 2009, pp 83–88);
- the Sydney West Metro rail project (p. 91);
- Rail capacity improvements at Rhyndaston in Tasmania (pp 95–96); and
- Northern Sydney rail freight corridor (pp 116–117).

3.16 The committee also discussed:

- signage for infrastructure projects (pp 79–82);
- the Black Spot Program (pp 106–109); and
- rail level crossings upgrade program (pp 132–134).

## Infrastructure and Surface Transport Policy; and National Transport Strategy

3.17 The committee sought detailed information on the Tasmanian Freight Equalisation Scheme (TFES).<sup>28</sup> Officers told the committee that the budget had allocated \$117.9 million for the TFES.<sup>29</sup> The committee heard that the scheme is demand driven and for the 2008-09 financial year the program would be close to the budgeted amount.<sup>30</sup> The committee questioned officers on whether the government was currently considering changes to the TFES. The committee heard that changes were currently being considered following a report produced by the Productivity Commission.<sup>31</sup> Committee members then sought detailed information on the consultation process the department had undertaken with stakeholders regarding the proposed changes.<sup>32</sup> Officers told the committee that:

As part of the process, we saw it important to have face-to-face meetings with people who we knew had a strong interest in the scheme and were able to offer insights into the operation of the scheme that would assist us in framing advice for the minister on the changes.<sup>33</sup>

---

28 *Proof Estimates Hansard*, 27 May 2009, pp 140–148.

29 *Proof Estimates Hansard*, 27 May 2009, p. 140.

30 *Proof Estimates Hansard*, 27 May 2009, pp 140–141.

31 *Proof Estimates Hansard*, 27 May 2009, pp 141–146.

32 *Proof Estimates Hansard*, 27 May 2009, pp 141–146.

33 *Proof Estimates Hansard*, 27 May 2009, p. 142.

3.18 Officers undertook to provide, on notice, more detailed information on who had been consulted in the process.<sup>34</sup>

### **Australian Maritime Safety Authority (AMSA)**

3.19 Committee members sought information on a proposed under-keel monitoring system for the Torres Strait.<sup>35</sup> Officers explained that:

We are looking at introducing an under-keel clearance monitoring system that can gauge the depth of the water beneath the ship, for safe passage through the Torres Strait. It has potential benefits for safety, and it has potential benefits for the industry itself, because obviously the lower the ship sits in the water, the more freight can go on top.<sup>36</sup>

3.20 The committee heard that owing to its very technical and complex nature AMSA had been examining the issue for 12 months with officers advising that they were not able to provide an estimated cost at this stage.<sup>37</sup>

3.21 The committee inquired about AMSA's role in the *Pacific Adventurer* maritime accident.<sup>38</sup> Officers told the committee that:

We were not the lead agency...our counterparts in Queensland were. We were, however, involved pretty much from the start, both providing advice to our counterparts and also deploying some of our people and coordinating the deployment of other trained people in this area to the region.<sup>39</sup>

3.22 Officers explained to the committee that a report was being prepared by AMSA into the incident and that no recommendations had yet been made.<sup>40</sup> AMSA also provided the committee with details of the communications between the Queensland authorities and AMSA immediately following the incident advising that AMSA was contacted within six minutes of the accident occurring.<sup>41</sup>

3.23 The committee also discussed:

- AMSA's involvement with the SIEV boat explosion off the coast of Western Australia (*Proof Estimates Hansard*, 27 May 2009, p. 151).

---

34 *Proof Estimates Hansard*, 27 May 2009, pp 141–142.

35 *Proof Estimates Hansard*, 27 May 2009, pp 149–150

36 *Proof Estimates Hansard*, 27 May 2009, p. 149.

37 *Proof Estimates Hansard*, 27 May 2009, pp 149–150.

38 *Proof Estimates Hansard*, 27 May 2009, pp 150–152.

39 *Proof Estimates Hansard*, 27 May 2009, p. 150.

40 *Proof Estimates Hansard*, 27 May 2009, p. 151.

41 *Proof Estimates Hansard*, 27 May 2009, p. 151.

---

## **Bureau of Infrastructure, Transport and Regional Economics (BITRE)**

3.24 The committee held a brief discussion with officers of the BITRE about current research into the social impacts of water allocation policies in the Murray-Darling Basin.<sup>42</sup> Officers advised the committee that while BITRE had undertaken some research into the Murray-Darling Basin it had not undertaken research directly relating to the social impacts of water allocation policies.<sup>43</sup>

## **Inspector of Transport Security (ITS)**

3.25 Committee members were interested in the staffing and funding arrangements for the office of Inspector of Transport Security.<sup>44</sup> Officers told the committee that:

We have a base budget of \$600,000 per annum, which is intended to cover the basic administration of the office and the things that go to keeping up to speed in terms of and understanding of the environment and the changing nature of it—attending conferences, perhaps commencing inquiries or doing peripheral matters on the either end of debriefing or briefing ministers, groups of the ITC, that sort of thing.<sup>45</sup>

3.26 In respect of staffing the committee heard that the office of the Inspector of Transport Security employs two-full time staff and two-part time staff (including the inspector in a part-time position).<sup>46</sup>

3.27 The committee questioned officers on whether ITS would be undertaking an investigation into a security incident at Sydney airport on 22 March 2009.<sup>47</sup> Committee members expressed concern when the Inspector, Mr Palmer, advised that he had not been asked to inquire into the incident.<sup>48</sup> The Acting Secretary responded that the incident was:

...the subject of an AFP investigation, a New South Wales Police investigation and an independent investigation by the Secretary of the Attorney-General's Department. Looking at that number of investigations, the fact that they are still court matters and that the New South Wales Police investigation is ongoing, the question we often face is: what more would we learn?<sup>49</sup>

---

42 *Proof Estimates Hansard*, 27 May 2009, p. 153.

43 *Proof Estimates Hansard*, 27 May 2009, p. 153.

44 *Proof Estimates Hansard*, 28 May 2009, pp 4–5.

45 *Proof Estimates Hansard*, 28 May 2009, pp 4–5.

46 *Proof Estimates Hansard*, 28 May 2009, p. 5.

47 *Proof Estimates Hansard*, 28 May 2009, pp 7–9.

48 *Proof Estimates Hansard*, 28 May 2009, p. 6.

49 *Proof Estimates Hansard*, 28 May 2009, p. 6.

3.28 The committee was interested in the activities of the ITS in relation to shipping piracy.<sup>50</sup> Committee members were interested to know if there is a possibility of shipping piracy coming to Australia. The committee heard that Mr Palmer was currently engaged in an inquiry into shipping piracy. ITS observed that such piracy is a global issue and potentially it 'always has the capacity to impact on Australian trade shipping or foreign trade shipping carrying Australian crew...or foreign registered ships that are carrying Australian cargo...'.<sup>51</sup>

3.29 The committee also discussed the following matters:

- inquiries undertaken by the inspector in the current financial year (*Proof Estimates Hansard*, 28 May 2009, p. 5); and
- travel costs for the ITS (pp 5–6).

### **Office of Transport Security**

3.30 The committee sought information on the security screening of passengers at Australian airports.<sup>52</sup> Officers advised that a review had been undertaken with regards to screening of passengers and a report provided to the minister.<sup>53</sup> Committee members questioned officers on what inconsistencies in security screening had been identified in the review. Officers told the committee that in terms of security outcomes no inconsistencies had been identified.<sup>54</sup> Officers also advised that federal legislation governed the security screening of passengers and as a result there was no legislative inconsistency between states and territories.<sup>55</sup>

3.31 The committee also discussed:

- cargo security screening at airports (*Proof Estimates Hansard*, 28 May 2009, pp 15–20); and
- the Maritime Security Identification Card (p. 9).

### **Aviation and Airports**

3.32 The committee sought detailed information on the proposed upgrade of Perth Airport.<sup>56</sup> The committee heard that a draft master plan for Perth Airport had been released which, under the Airports Act, was currently subject to a 60-business-day

---

50 *Proof Estimates Hansard*, 28 May 2009, p. 6.

51 *Proof Estimates Hansard*, 28 May 2009, p. 6.

52 *Proof Estimates Hansard*, 28 May 2009, pp 14–20.

53 *Proof Estimates Hansard*, 28 May 2009, p. 14.

54 *Proof Estimates Hansard*, 28 May 2009, p. 15.

55 *Proof Estimates Hansard*, 28 May 2009, p. 15.

56 *Proof Estimates Hansard*, 28 May 2009, pp 26–28.



---

consultation process.<sup>57</sup> Officers advised that the draft master plan would be submitted to the minister in August 2009.<sup>58</sup>

3.33 The committee also discussed:

- the Sydney Airport master plan (*Proof Estimates Hansard*, 28 May 2009, p. 29); and
- aircraft noise (pp 29–32).

### **Airservices Australia**

3.34 The committee sought an update on reforms to air traffic control services and staffing.<sup>59</sup> Committee members were interested in the details of new arrangements with regards to sick leave for air traffic controllers.<sup>60</sup> Officers advised the committee that a new collective agreement had commenced operation which contained 'a wage increase of 4.3 per cent per annum in return for productivity improvements relating to both sick leave and rostering'.<sup>61</sup> Committee members sought more details on the new sick leave arrangements.<sup>62</sup> Officers told the committee:

In regard to sick leave, constraints have been put in in the area of single-day absences. Previously there were unlimited single-day absences without a certificate. At the moment in the 12-month period there is up to eight single days without a certificate. For any absences of more than 15 days in a 12-month period there is a management review that is undertaken, and various options apply in that management review.<sup>63</sup>

3.35 The committee also questioned officers on the workforce issues relating to air traffic controllers.<sup>64</sup> Committee members were interested in the number of air traffic controllers who had had resigned and moved overseas. Officers told the committee that in the current year 50 air traffic controllers had left Airservices Australia of which 32 had resigned.<sup>65</sup> The committee heard that that it was not possible to establish how many of those resigning had moved overseas.<sup>66</sup> With regard to the recruitment of new

---

57 *Proof Estimates Hansard*, 28 May 2009, p. 26.

58 *Proof Estimates Hansard*, 28 May 2009, p. 26.

59 *Proof Estimates Hansard*, 28 May 2009, pp 43–46 and 50–55.

60 *Proof Estimates Hansard*, 28 May 2009, pp 43–46 and 50–55.

61 *Proof Estimates Hansard*, 28 May 2009, p. 43.

62 *Proof Estimates Hansard*, 28 May 2009, pp 43–46 and 50–55.

63 *Proof Estimates Hansard*, 28 May 2009, p. 43.

64 *Proof Estimates Hansard*, 28 May 2009, pp 43–46.

65 *Proof Estimates Hansard*, 28 May 2009, p. 45.

66 *Proof Estimates Hansard*, 28 May 2009, p. 45.

air traffic control officers, officers told the committee that this year 93 air traffic controller applicants will commence at Airservices Australia's training college.<sup>67</sup>

3.36 Officers told the committee that across almost all of its operating groups Airservices Australia had an ageing workforce and that many air traffic controllers have retired.<sup>68</sup> Officers expanded, saying:

The average age of our air traffic controller workforce is between 42 and 43 and without some action similar to what we have taken there could be a problem going forward...so this area of training and recruitment is a very high priority for the organisation.<sup>69</sup>

3.37 The committee also raised the following issues:

- Airspace management arrangements in northern Australia (*Proof Estimates Hansard*, 28 May 2009, pp 46–48); and
- Airservices Australia training establishments (pp 49–50).

### **Civil Aviation Safety Authority (CASA)**

3.38 The committee maintained its long and active interest in the operation of CASA. The committee welcomed the new Chief Executive Officer, Mr John McCormick, and congratulated him on his appointment.<sup>70</sup>

3.39 Committee members questioned officers about what steps CASA was undertaking to address findings made in the International Civil Aviation Organization audit of Australian air safety oversight.<sup>71</sup> CASA advised the committee that the report had identified that CASA did not have a 'comprehensive formal training program' that included 'initial on-the-job, recurrent and specialised training'.<sup>72</sup> CASA advised the committee that in response it will 'develop a comprehensive initial on-the-job, recurrent and specialised training program' for its technical staff.<sup>73</sup> Officers told the committee that this was expected to be implemented by 31 December 2009.

3.40 The committee sought details on the new structure of CASA and what advantages this had over the previous structure. Officers told the committee that the new structure would 'give us more direct responsibility and accountability for where a certain standard is in place'. For example:

---

67 *Proof Estimates Hansard*, 28 May 2009, p. 45.

68 *Proof Estimates Hansard*, 28 May 2009, p. 45.

69 *Proof Estimates Hansard*, 28 May 2009, p. 45.

70 *Proof Estimates Hansard*, 28 May 2009, p. 62.

71 *Proof Estimates Hansard*, 28 May 2009, pp 65–66.

72 *Proof Estimates Hansard*, 28 May 2009, pp 65–66.

73 *Proof Estimates Hansard*, 28 May 2009, p. 65.

---

There has been inconsistent application of regulation in the industry at large. We will try and get rid of this history of inconsistency, by centralising those functions, putting them under the responsibility of one person and then having someone specific in charge of, for instance, the maintenance regulations, the flying regulations, the small aeroplane regulations.<sup>74</sup>

3.41 The committee also asked about:

- National Airspace Policy Statement (*Proof Estimates Hansard*, 28 May 2009, pp 68–81);
- airspace management in northern Australia (pp 66–68); and
- drug and alcohol testing (pp 85–90).

### **Australian Transport Safety Bureau (ATSB)**

3.42 The committee sought information on the number of inquiries currently before the ATSB.<sup>75</sup> Officers told the committee that they currently had 94 aviation, 12 rail, and 14 marine investigations underway.

3.43 The committee heard that of the 94 aviation investigations underway, 35 were considered to be complex or very complex.<sup>76</sup> Furthermore, officers told the committee that three of the aviation inquiries 'are very significant investigations requiring significant resources'.<sup>77</sup>

3.44 The committee also heard evidence about:

- The transition of the ATSB to a separate statutory authority (*Proof Estimates Hansard*, 28 May 2009, p. 90); and
- Investigations into the *Pacific Adventurer* maritime accident (pp 91–94).

### **Local Government and Regional Development**

3.45 The committee sought information on the status of the Better Regions program.<sup>78</sup> Officers told the committee that 20 funding contracts had been entered into while there were 48 projects that had been approved for the release of funds but for which funding contracts were yet to be entered into.<sup>79</sup> Committee members sought

---

74 *Proof Estimates Hansard*, 28 May 2009, p. 66

75 *Proof Estimates Hansard*, 28 May 2009, p. 90.

76 *Proof Estimates Hansard*, 28 May 2009, p. 90.

77 *Proof Estimates Hansard*, 28 May 2009, p. 90.

78 *Proof Estimates Hansard*, 28 May 2009, pp 97–100.

79 *Proof Estimates Hansard*, 28 May 2009, p. 98.

more detail on the individual projects which the department agreed to provide on notice.<sup>80</sup>

### **Office of Northern Australia**

3.46 The committee was interested in the budget for the Office of Northern Australia. Officers told the committee that the total budget for 2008-09 is \$3.54 million.<sup>81</sup> Of this, \$2 million was allocated for the Canberra office, \$0.69 million for the Northern Australia Land and Water Taskforce, and \$0.85 million for the Townsville and Darwin offices.<sup>82</sup> The committee heard that there were no anticipated changes to staffing levels.<sup>83</sup>

3.47 The committee sought an update on the work of the Northern Australian Land and Water Taskforce (the taskforce).<sup>84</sup> The committee heard that the taskforce had met three times and had agreed on a work plan.<sup>85</sup> Officers also told the committee that the taskforce was planning to conduct consultation and forums with Indigenous, industry, agriculture, conservation and education groups.<sup>86</sup>

### **Senator Glenn Sterle Chair**

---

80 *Proof Estimates Hansard*, 28 May 2009, p. 98.

81 *Proof Estimates Hansard*, 28 May 2009, pp 136–137.

82 *Proof Estimates Hansard*, 28 May 2009, pp 136–137.

83 *Proof Estimates Hansard*, 28 May 2009, p. 136.

84 *Proof Estimates Hansard*, 28 May 2009, pp 138–140.

85 *Proof Estimates Hansard*, 28 May 2009, p. 138.

86 *Proof Estimates Hansard*, 28 May 2009, p. 138.

# **Appendix 1**

## **Table of contents to proof Hansard transcripts**

**Budget estimates 2009–2010**

### *Agriculture, Fisheries and Forestry portfolio*

**Monday 25 May 2009**

**Tuesday 26 May 2009**

### *Infrastructure, Transport, Regional Development and Local Government portfolio*

**Wednesday 27 May 2009**

**Thursday 28 May 2009**

**Monday 25 May 2009****Agriculture, Fisheries and Forestry portfolio**

	Hansard page
In attendance	1
Corporate Services/Corporate Finance/Corporate Policy	5
Land and Water Australia	33
Wheat Exports Australia	52
Meat and Livestock Australia	65
Climate Change	86
Australian Bureau of Agricultural and Resource Economics	86
Sustainable Resource Management	122

---

## Tuesday 26 May 2009

### Agriculture, Fisheries and Forestry portfolio

	Hansard page
In attendance	1
Sustainable Resource Management (continued from 25 May)	4
Australian Fisheries Management Authority	14
Trade and Market Access	19
Quarantine and Biosecurity Policy Unit	30
Australian Quarantine and Inspection Service	30
Biosecurity Australia	30
Australian Wool Innovation	76
Product Integrity, Animal and Plant Health	87
Australian Pesticides and Veterinary Medicines Authority	87
Agricultural Productivity	102
Rural Industries Research and Development Corporation	115
Grains Research and Development Corporation	123
Bureau of Rural Sciences	129

**Wednesday 27 May 2009****Infrastructure, Transport, Regional Development and Local Government  
portfolio**

	Hansard page
In attendance	1
Corporate Services	3
Infrastructure Australia	21
Australian Rail Track Corporation Ltd	65
Nation Building—Infrastructure Investment	79
Infrastructure and Surface Transport Policy	140
National Transport Strategy	140
Australian Maritime Safety Authority	149
Bureau of Infrastructure, Transport and Regional Economics	153



---

## Thursday 28 May 2009

### Infrastructure, Transport, Regional Development and Local Government portfolio

	Hansard page
In attendance	1
Inspector of Transport Security	4
Office of Transport Security	9
Aviation and Airports	26
Airservices Australia	43
Civil Aviation Safety Authority	62
Australian Transport Safety Bureau	90
Local Government and Regional Development	97
Office of Northern Australia	136



# **Appendix 2**

## **Tabled Documents**

### **Agriculture, Fisheries and Forestry portfolio**

#### ***Documents tabled at hearing on Monday, 25 May 2009***

1. Opening statement – Dr Conall O'Connell, Secretary, DAFF
2. Summary reconciliation – Dr Conall O'Connell, Secretary, DAFF
3. Average staffing level – Ms Anne Hazell, Chief Operating Officer, DAFF
4. Opening statement – Dr Michael Robinson, Executive Director, Land and Water Australia

#### ***Documents tabled at hearing on Tuesday, 26 May 2009***

5. ForestWorks Industry Skills Council – Mr John Talbot, General Manager, Forestry DAFF

### **Infrastructure, Transport, Regional Development and Local Government portfolio**

#### ***Documents tabled at hearing on Wednesday, 27 May 2009***

*No documents were tabled at this hearing*

#### ***Documents tabled at hearing on Thursday, 28 May 2009***

1. Aircraft permitted to take-off or land during a curfew period: Sydney Airport and Adelaide Airport – Ms Maureen Ellis, General Manager, Aviation Environment, DITRDLG
2. ATSB Transport Safety Investigation Report: Loss of containers from *Pacific Adventurer* off Cape Moreton, Queensland, 11 March 2009 – ATSB



## Appendix 3

### List of topics discussed with the Agriculture, Fisheries and Forestry portfolio

#### *Division or Agency/Topic/Hansard page reference*

#### **Corporate Services/Corporate Finance/Corporate Policy**

- rationale for removing drought-related payments to the states from the department to Treasury (*Proof Estimates Hansard*, 25 May 2009, pp 9–10);
- reduction in the number of Exceptional Circumstances regions from 74 to 58 (p. 10);
- basis for termination of a number of programs scheduled to conclude (pp 10–11);
- change to funding basis of the Australian Fisheries Management Authority (AFMA) since it became an FMA Act agency (pp 12–13);
- staff turnover rates; movement between departments (pp 14–16);
- explanation of the application of the efficiency dividend and specific savings measures (pp 16–20);
- graduate program intake (pp 17 and 52);
- Gershon review and cuts to IT spending; contract with new IT service provider (pp 20–22);
- new spending on rural science and innovation programs (pp 26–29);
- removal of the 40 percent quarantine export subsidy paid to exporters (pp 29–30);
- expenditure on staff travel (p. 30); and
- administrative support for Minister's video on the departmental website (pp 31–33).

#### **Land and Water Australia**

- future of the Tropical Rivers and Coastal Knowledge (TRaCK) initiative; public release of TRaCK research reports (*Proof Estimates Hansard*, 25 May 2009, pp 35 and 44–45);
- rationale for abolishing LWA and cutting research funding for agriculture (pp 34 and 35–36);
- analysis of economic benefit gained from every dollar invested in LWA (pp 38 and 40);

- estimated number of job losses and loss of research capacity if current projects do not go ahead (pp 38, 39–40, 41–42 and 44);
- government consultation with LWA before the decision was made to abolish LWA (pp 38–39);
- government's view on the Productivity Commission report recommending more funding to be spent on agricultural R&D (p. 39);
- future priority of projects relating to environmental flows in agricultural landscapes (pp 40–41);
- government undertaking in relation to the future of the Managing Variability in Climate Change program (p. 41);
- timeframe for the process to determine the future of programs and projects currently managed by LWA (p. 42);
- leveraging of direct government funding through investment by the industry sector (pp 42 and 45–46);
- inconsistency with Prime Minister's support for the Chinese stimulus package providing direct assistance for agriculture (pp 42–43);
- cost of termination of building lease (pp 43–44);
- breakdown of funding allocation for winding-up LWA (pp 47–49);
- future of the Environmental Water Allocation Forum (p. 50);
- status of the draft operational plan (p. 51); and
- projects related to the sustainability of Australia's groundwater (p. 52).

### **Wheat Exports Australia (WEA)**

- issues in relation to current access arrangements for port terminals (*Proof Estimates Hansard*, 25 May 2009, p. 53);
- reasons for the significant basis difference between west and east grain prices (pp 54 and 61);
- complaints process; requests for reconsideration of a decision (pp 54–55);
- whether licensed exporters have had difficulty in accessing finance (pp 56 and 62);
- potential takeover of ABB by Viterro (p. 56);
- current exemption of Melbourne Port Terminal from access arrangements (p. 56);
- survey of overseas vessels by marine survey underwriters and AQIS before Australian grain can be loaded (pp 56–57);
- reviews of the grain freight rail networks in NSW and WA (pp 57 and 61);
- update on delays with unloading of road freight at Newcastle terminal

(pp 57–58);

- initiatives implemented by the Wheat Industry Expert Group (p. 58);
- factors taken into account during assessment of applications for accreditation (pp 58–59);
- auditing of accredited exporters (p. 59);
- discussions with Japanese flour millers about the new deregulated system (p. 59);
- concerns from overseas markets about delays in loading grain at four ports in WA (p. 60);
- freight costs for growers (pp 60–61);
- quality control issues: chemical residues and wheat substitution (p. 61);
- statistics on market tonnage and exports to new markets (pp 63 and 64–65); and
- update on the Wheat Export Technical Market Support Grants program (pp 63–64).

### **Meat and Livestock Australia (MLA)**

- consultation with the government on AQIS fees (*Proof Estimates Hansard*, 25 May 2009, p. 66);
- assumptions behind research into the impact of CPRS conducted by the Centre for International Economics (CIE) and modelling by ABARE (pp 67–68 and 71–73).
- increased costs associated with the Carbon Pollution Reduction Scheme (CPRS) (p. 67);
- steps to be taken before a decision is made in 2013 about the inclusion of the agricultural sector in the CPRS (pp 68–69);
- whether any work is being done by MLA regarding adaptation to changes in climate and rainfall (pp 69–70);
- ABARE modelling on the cost of an ETS to the beef industry at a domestic and export level (p. 70);
- percentage of greenhouse gases in Australia that come from livestock (pp 70–71);
- concerns that Australia will lose its competitive edge in a global market following the introduction of the CPRS (pp 71 and 73);
- international trends in relation to inclusion of agriculture in CPRS-type schemes (p. 74);
- extent to which meat processors will qualify for assistance as emissions-intensive and trade-exposed (EITEs) (pp 75–76);

- assistance available to farmers from the date of introduction of the CPRS to mitigate increased costs (pp 76–77);
- NSW proposal to introduce a meat labelling program; Primary Industries Ministerial Council working group examination of consumer labelling for meat (pp 77–78);
- legal pricing mechanisms for meat (p. 79);
- MLA's views on a national standards system for meat labelling (p. 80);
- lamb dentition testing (p. 80);
- alignment of Australian and New Zealand ETS (p. 80);
- projections for growth in the national herd levels (p. 81);
- review of current beef levy (pp 81–82);
- research into methane emissions from sheep and cattle (pp 82–84); and
- waiver of \$5 transaction levy in areas affected by bushfires in Victoria (pp 84–86).

### **Climate Change; and Australian Bureau of Agricultural and Resource Economics (ABARE)**

- government expenditure on drought programs (*Proof Estimates Hansard*, 25 May 2009, p. 86);
- clarification of wording in the PBS regarding reduction in expenses 'due to cessation of drought programs' (p. 86);
- drought policy review process (pp 86–87);
- drought programs, including Exceptional Circumstances assistance; Transitional Income Support (pp 87–88);
- cost and government consideration of three reports into drought: climate report by the Bureau of Meteorology and CSIRO; Expert Social Panel process and report; and Productivity Commission independent report on government drought support programs (pp 88–90);
- level of carbon emissions due to logging compared to carbon emissions from bushfires (pp 90–91);
- funding for research into climate change impacts on the agriculture, fisheries and forestry sector, including the Climate Change Research program (pp 91–93 and 103–104);
- reconsiderations of areas that are no longer Exceptional Circumstances declared (pp 93–94);
- classification of the processing sector of agriculture as manufacturing under the CPRS (pp 96–97);
- cost of impact of the CPRS on the dairy industry (pp 96, 97–100 and 101);



- farm financial sector modelling (pp 100–101);
- National Carbon Accounting Toolbox – development of a standard methodology for measuring and modelling the impact of soil carbon under different farm practices (pp 102–103);
- Climate Change Action Fund (p. 103);
- funding for the biochar project (p. 104);
- department's public relations budget (p. 104);
- Mr Glyde's comments about the difficulty of getting a new international agreement on climate change, quoted in the *Rural Press* (p. 105);
- ABARE's updated modelling released in March 2009 (p. 106);
- extent to which the manufacturing sector of agriculture will qualify for assistance as emissions-intensive and trade-exposed (EITEs) (pp 106–107);
- environmental protection of the superb parrot under the EPBC Act and impact on forestry in the Riverina area (pp 107–109);
- ABARE estimates in relation to on-farm stocks of wheat (pp 109–110);
- economic impact of swine flu on consumption of pork (p. 110);
- impact of changes to the Youth Allowance on rural and regional areas (pp 110–111);
- ABARE's projections on potential land that can be converted into afforestation; interception of water by plantations; research on the relationship between forestry and rainfall generation (pp 111–114);
- update on the government's election commitments in relation to forestry, including: addressing forestry skills shortages; boosting the export of forest products; forestry industry database; development of regulatory framework to restrict illegally logged timber; preparing forest industries for climate change (pp 114–118 and 122);
- payments made under the Tasmanian Community Forest Agreement (p. 118);
- lessons for carbon sink forests legislation (p. 120); and
- review of non-forestry MIS (p. 120).

## **Sustainable Resource Management**

Details on the Caring for Country program:

- breakdown of funding for the Caring for Country program – regional base funding and competitive grants (*Proof Estimates Hansard*, 25 May 2009, pp 122–123);
- proportion of funding for administration (pp 123–124);

- methodology for determining regional allocations (pp 123–127 and 135);
- assessment of applications for competitive grants by multijurisdictional community panels; assessment framework; standard assessment tool (pp 127 and 131–133);
- grant application process (pp 127 and 129);
- probity audit of the application and assessment process (p. 128);
- limits on the size of the grants (p. 128);
- review of the grant and application process (p. 129);
- impact of budget cuts on the Caring for Country program (pp 129–130);
- annual review of projects funded and outcomes achieved under the Caring for Country program (pp 130 and 136);
- consultation process with NRM groups (pp 130–131);
- potential funding gap for NRM groups between 1 July and September (p. 131);
- steps taken to improve transparency in decision making to achieve expected project outcomes (p 133);
- whether applications for Landcare funding are part of the Caring for Country process (pp 133–134);
- level of funding requests under the Caring for Country program; notional funding allocation for future years for projects extending over several years (pp 134–135 and 136–137); and
- funding for the Ghost Nets project run by the Northern Gulf Natural Resource Management Region (p 137).

Other matters raised:

- replacement for Defeating the Weed Menace program; funding for the National Weeds and Productivity Research program; cost of weeds to Australia (*Proof Estimates Hansard*, 25 May 2009, pp 138–140);
- work of the Recreational Fishing Advisory Committee; progress on the recreational fishing industry development strategy; funding allocated under the Recreational Fishing Community Grants program; funding options for Recfish Australia (pp 140–142);
- funding for the establishment of a new peak industry body, following the demise of the Australian Seafood Industry Council in 2006 (pp 142–143);
- funding for the Fisheries Research program and the Reef Rescue program (pp 143–144);
- consultation with the department before the announcement of the Coral Sea Conservation Zone (p 144); and

- impact of the Coral Sea conservation zone on commercial and recreational fishing; statistics in relation to the Eastern Tuna and Billfish fishery and Coral Sea fishery; bioregional marine planning processes (*Proof Estimates Hansard*, 26 May 2009, pp 4–13).
- update on patrols of the *Oceanic Viking* to the Southern Ocean (*Proof Estimates Hansard*, 26 May 2009, pp 14–15);
- management of the Southern Bluefin Tuna fishery (p 15);
- incursions in the north-west fishing zone; discussions with the East Timorese government about illegal fishing in East Timorese waters (p. 16);
- update on the amalgamation of management advisory committees (MACs) (p. 17);
- change to AFMA's funding basis when it became an FMA Act agency (p. 17);
- new appointments to board of directors (pp 17–18);
- management and monitoring of fish species classified as overfished, including Pink Ling (p. 18); and
- proposed boat burning facility on Cape York (p. 19).

### **Trade and Market Access**

- funding for the Live Trade Animal Welfare Partnership, replacing the Live Animal Trade Program; proportion of industry to government funding; operation of the new program (*Proof Estimates Hansard*, 26 May 2009, pp 19–20);
- funding for DAFF position in Dubai involved in government-to-government negotiations on agricultural issues (pp 20–21);
- progress towards the resumption of the live cattle and sheep trade into Egypt (pp 21–22);
- ABARE database of trade with our agricultural trading partners (p. 22);
- trading of livestock into the Middle East and North Africa by competing countries (p. 22);
- international funding contributions to improve animal welfare standards (p. 22);
- operation of Australia's existing Live Animal Trade Program; improvements since the program began in 2004-05 (pp 22–23);
- export trade in southern bluefin tuna; quotas for Australia and Japan; review of quotas (pp 23–24);
- update on the Indian Ocean Tuna Commission (IOTC); resolution to address deficiencies identified in its performance review; meeting of coastal states convened by Australia (pp 25–27);

- role of agricultural attachés; plans to reduce the number of staff in Brussels and Washington and combine the positions in Paris and Rome (pp 27–28);
- update on negotiations for a free trade agreement with Chile (pp 28–29); and
- evaluation of the US free trade agreement in terms of benefits to primary industries in Australia (pp 29–30).

### **Quarantine and Biosecurity Policy Unit; Australian Quarantine and Inspection Service (AQIS); and Biosecurity Australia**

Issues in relation to AQIS fees and charges:

- comparison with New Zealand cost recovery practices (*Proof Estimates Hansard*, 26 May 2009, pp 35 and 36);
- AQIS efficiencies and reforms; engagement with industry sectors on reforms and forward work plans (pp 35–37 and 57–58);
- scope for phasing in full cost recovery (pp 38, 47 and 55);
- whether the previous government had taken the decision to cease the subsidy; whether there was provision for a further four year's funding in the forward budget estimates (pp 38–39);
- cost-recovery impact statements (pp 39–40 and 55);
- revenue shortfalls (pp 41–44);
- Minister's involvement in the consultation process with industry; department's schedule of meetings with industry groups; timing of recommendations arising from consultative process (pp 45 and 47–48);
- timetable for presentation of regulations to parliament (pp 45–46);
- subsidies provided by competing countries (pp 46–47);
- whether there is expected to be a decline in demand for services as a result of the downturn in economic activity (p. 47);
- cost increase of electronic and manual certification for the wool industry (p. 49);
- other non-food industries facing fee increases arising from the budget (p. 49);
- comparison of Australia's level of support and funding for inspection services in the meat industry with international competitors such as Brazil and the US (p. 50);
- AQIS review of fees and charges to fully cost-recover activities performed on behalf of importers; cost recovery impact statement (pp 50–54);
- modelling on the impact of removal of the subsidy; whether any modelling has been done at an enterprise level (pp 55 and 58–59);

- potential impact of the subsidy removal on jobs, particularly in regional areas (p. 60);
- consultation with industry (pp 60–61); and
- timing of implementation of new fees and charges (pp 61–62).

Other matters raised:

- importation of uncooked dry marinated green prawns into Australia; concerns that the regulations are inadequate to protect against marinade being rinsed off then used for fish bait or by restaurants as a cheap source of raw prawns instead of more expensive local product; justification for the dry marinade being adequate to protect the Australian prawn industry (*Proof Estimates Hansard*, 26 May 2009, pp 30–34);
- whether live animal exports are still a high-risk enterprise (p. 48);
- protocol for the importation of animals into Australia (p. 48);
- issues relating to the export of bananas from the Philippines to Australia (p. 50);
- establishment of a ministerial task force to work with the agriculture export industry (p. 57);
- importation requirements for Australian sausage casings sent offshore for processing; (pp 63–64);
- update on equine influenza and preparation for the coming breeding season; changes implemented as a result of the previous outbreak (pp 64–65);
- development of an Australian standard for organic production; AQIS' ongoing involvement in certification (pp 65–70);
- provision of fresh fruit on incoming international flights and measures to mitigate the risk of bringing such items into Australia (p. 71);
- impact of budget cuts on staffing levels (pp 71–72);
- progress towards resumption of red meat and wild game exports to the Russian Federation following suspension of 19 processing plants due to microbial contamination in meat (pp 72–73); and
- removal of irradiation as an option for treating imported dried cat food due to its harmful effect on the health of cats; irradiation of other products including some types of dog food and dried pigs' ears (pp 73–74).

### **Australian Wool Innovation**

- actions taken in the last three months since new Chief Executive Officer, Ms Brenda McGahan, joined AWI (*Proof Estimates Hansard*, 26 May 2009, p. 76);
- AWI marketing and branding strategy using the Woolmark; marketing of Australian wool products, including Australian Merino (pp 76–77 and 80–

82);

- management of conflicts of interest on AWI board, including Dr Meredith Shiel's connection with the drug Tri-Solfen; governance procedures (pp 77–79);
- misleading reports in the media about AWI funding Bayer's registration of the mulesing pain relief treatment Tri-Solfen (pp 79–80);
- update on corporate social responsibility program (p. 82);
- commercial release of clips (pp 82 and 85);
- sales of non-mulesed wool (pp 82–83);
- progress towards the phasing out of mulesing by the end of 2010 (pp 83–84);
- whether AWI has a marketing program in Thailand (p. 85);
- percentage of wool being processed by China (p. 85);
- whether shearer numbers are adequate; training of shearers (p. 85);
- feedback from national wool grower day (pp 85–86);
- advertising to promote the sale of woollen products within Australia (p. 86);
- presentation of the draft annual operating plan to wool growers (p. 86);
- relationship between AWI and Bayer (pp 86–87); and
- whether Zegna is still buying Australian wool (p. 87).

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

- role of the Australian Animal Health Laboratory (AAHL) in swine flu diagnostic surveillance (*Proof Estimates Hansard*, 26 May 2009, p. 99);
- changes in AAHL's diagnostic workload over the past few years (pp 99–100);
- PIAPH's budget (pp 100–101);
- progress toward eradication of the red imported fire ant (p. 101);
- update on the National Livestock Identification System (NLIS) (pp 101–102); and
- Australian export of alpacas to the UK based on mutual recognition of alpaca 'bluetongue-free zones' (p. 102).

### **Australian Pesticides and Veterinary Medicines Authority**

- review of APVMA's cost recovery arrangements (*Proof Estimates Hansard*, 26 May 2009, pp 87–88);
- request from AWI for APVMA to review its current species-specific guidelines on setting maximum residue limits (p. 88);

- application from Bayer for registration of Tri-Solfen (pp 88–89);
- budget and staffing issues, including: impact of departmental budget cuts on APVMA; APVMA workload (pp 89–90);
- agency's jurisdiction (p. 90);
- update on work being done in relation to permits issued for minor use, including stakeholder liaison (pp 90–91);
- safety threshold for the presence of Atrazine in waterways; drinking water standards; extent of APVMA's role and responsibility in relation to drinking water (pp 92–95);
- investigation into the link between fish deaths, abnormalities and chemical run-off in Queensland (p. 93);
- studies into the correlation between Atrazine and obesity (pp 94 and 95);
- use of the precautionary principle (pp 95–96);
- pesticides and herbicides registered for use by the forestry industry in Tasmania; work done to assess the toxicology of the mixture of those chemicals (pp 96–97);
- use of chemicals by Tasmanian forestry industry that are not registered for general use by APVMA; use of chemicals under research permits (pp 97–98); and
- British High Court ruling in relation to spray drift from pesticides; European Union decisions (p. 98).

### **Agricultural Productivity**

- impact of amendments to Division 7A of the tax laws on farms owned by family companies; extent to which the department was consulted by Treasury in the development of this measure (*Proof Estimates Hansard*, 26 May 2009, pp 102–105);
- impact of the budget cuts on the division's programs (p. 105);
- value of Australia's total farm and fisheries production; level of food imports and exports (pp 105–106);
- work on soil condition and fertility (p. 106);
- review of the Horticultural Code of Conduct (pp 107–108);
- Agricultural Finance Forum (p. 108);
- 'Grown in Australia' label operated by the Australian Made Campaign Ltd (pp 108–109);
- Food Regulation Ministerial Council's review of food labelling across Australia (pp 109–110);
- research into the long-term impact of non-forestry managed investment

schemes on agricultural production (pp 110–112); and

- Regional Food Producers Innovation and Productivity program (pp 112–115).

### **Rural Industries Research and Development Corporation**

- invitations to the RIRDC's rural women's award; continuation of RIRDC's sponsorship (*Proof Estimates Hansard*, 26 May 2009, pp 115 and 121–122);
- impact of budget cuts on RIRDC's work with new and emerging industries (pp 116 and 118–119);
- other possible sources of funding for the RIRDC (pp 117 and 120–121);
- provision of managing agent services to the Council of Chairs (p. 117);
- leveraging of funds from the government (pp 117–118);
- R&D budget; five-year R&D plan; R&D program (pp 118, 121 and 122);
- funding levies from industry (p. 120); and
- RIRDC's commercialisation policy (p. 122).

### **Grains Research and Development Corporation**

- new wheat classification panel (*Proof Estimates Hansard*, 26 May 2009, pp 123–124);
- research into the effectiveness and suitability of GM canola (p. 124);
- level of anti-GM sentiment amongst farmers (p. 124);
- obligation on the non-GM grower to avoid contamination with GM crops (pp 124–125);
- research into other potential GM traits in crops such as wheat and barley (p. 125);
- additional costs associated with segregation of non-GM canola; feedback from growers (pp 126–127);
- ongoing GM trials across Australia (p. 127);
- evaluation of seeding of last year's GM canola crop outside the paddock (pp 127–128); and
- other GM crops grown commercially in Australia and overseas (p. 128).

### **Bureau of Rural Sciences**

- modelling of drivers for land use change; clarification of the definition of 'marginal land' (*Proof Estimates Hansard*, 26 May 2009, pp 129–131);
- modelling in relation to fish species considered at risk; production of the Fisheries Status Report (p. 131);



- 
- whether the BRS has been commissioned to do any work on structural change in regional communities with respect to the CPRS (pp 131–132);
  - BRS report on the estimation of seabird bycatch rates in the Eastern Tuna and Billfish Fishery (p. 132);
  - trends for plantation development over the next three to five years in Australia (p. 132);
  - research into the relationship between forestry and rainfall generation (p. 133); and
  - monitoring of soil health and assessment of the impact of the drought on soil health (pp 133–134).

