



**RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE**

**CONSIDERATION OF BUDGET ESTIMATES
2001-2002**

REPORT TO THE SENATE

JUNE 2001

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MEMBERS OF THE COMMITTEE

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Senator Winston Crane, LP, Western Australia – **Chairman**
Senator Michael Forshaw, * ALP, New South Wales – **Deputy Chairman**
Senator Jeannie Ferris, LP, South Australia
Senator Julian McGauran, NP, Victoria
Senator Sue Mackay, ** ALP, Tasmania
Senator John Woodley, AD, Queensland

- * Senator O'Brien substitutes for Senator Forshaw for all inquiries relating to transport issues, including in respect of budget estimates.
- ** Senator O'Brien substitutes for Senator Mackay for all inquiries relating to the Agriculture, Fisheries and Forestry portfolio.

Participating Members

Senator Abetz	Senator Ferguson	Senator S Macdonald
Senator Bartlett	Senator Gibson	Senator Murphy
Senator Boswell	Senator Greig	Senator O'Brien
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TABLE OF CONTENTS

MEMBERS OF THE COMMITTEE.....	III
LIST OF ABBREVIATIONS.....	VII
CHAPTER 1.....	1
INTRODUCTION.....	1
Questions on Notice.....	2
Administration of written answers or additional information.....	2
CHAPTER 2.....	5
AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO.....	5
Department of Agriculture, Fisheries and Forestry.....	5
General Issues.....	6
Industry Development – Rural Support and Adjustment.....	6
Industry Development – Fisheries and Forestry.....	7
Industry Development – Agricultural Industries.....	9
Management Services and Corporate Governance.....	11
Australian Quarantine and Inspection Service.....	12
Market Access and Biosecurity.....	14
Food.....	15
Product Integrity, Animal and Plant Health.....	15
Natural Resource Management.....	16
Innovation and Operating Environment.....	17
Australian Bureau of Agriculture and Resource Economics.....	17
Bureau of Rural Sciences.....	17

CHAPTER 3.....	19
TRANSPORT AND REGIONAL SERVICES PORTFOLIO.....	19
Department of Transport and Regional Services.....	19
Reasons for additional estimates hearing.....	20
General Issues.....	20
Executive and Corporate Management.....	20
Aviation Division.....	21
Airports Division.....	22
Civil Aviation Safety Authority.....	23
Airservices Australia.....	24
Australian Transport Safety Bureau.....	25
Integrated and Cross-Modal Transport and Infrastructure.....	26
Australian Maritime Safety Authority.....	26
Road and Rail Transport.....	28
Regional Services, Development and Local Government.....	29
Territories and Regional Support.....	32
HANSARD TABLE OF CONTENTS.....	35

LIST OF ABBREVIATIONS

ABARE	Australian Bureau of Agriculture and Resource Economics
AFFA	Department of Agriculture, Fisheries and Forestry
AFMA	Australian Fisheries Management Authority
AMSA	Australian Maritime Safety Authority
ANAO	Australian National Audit Office
AOC	Air Operating Certificate
AQIS	Australian Quarantine Inspection Service
ATSB	Australian Transport Safety bureau
BRS	Bureau of Resource Sciences
CASA	Civil Aviation Safety Authority
DAA	Dairy Adjustment Authority
DPP	Director of Public Prosecutions
EU	European Union
FISAP	Forest and Wood Products Industry Action Agenda
IOT	Indian Ocean Territories
IRA	Import Risk Analysis
KSA	Kingsford Smith Airport
MAC	Management Advisory Committee
PBS	Portfolio Budget Statements
RSDLG	Regional Services, Development and Local Government
RTC	Rural Transaction Centre
QEAC	Quarantine Export Advisory Council
T&RS	Transport and Regional Services
WEA	Wheat Export Authority
WTO	World Trade Organisation

SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

BUDGET ESTIMATES 2001-2002

REPORT TO THE SENATE

CHAPTER 1

INTRODUCTION

1.1 On 22 May 2001, the Senate referred to the Committee the following documents for examination and report in relation to the Transport and Regional Services and Agriculture, Fisheries and Forestry portfolios:

- Particulars of proposed expenditure for the service of the year ending 30 June 2002;
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2002 and
- Particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2002.

1.2 The Committee considered the Portfolio Budget Estimates Statements 2001-2002 for each portfolio at hearings on 28, 29, 30, 31 May and 1 June 2001. The hearings were conducted in accordance with the agreed agenda as follows:

- Monday, 28 May – Agriculture, Fisheries and Forestry portfolio;
- Tuesday, 29 May – Agriculture, Fisheries and Forestry portfolio and Transport and Regional Services portfolio;
- Wednesday, 30 May – Transport and Regional Services portfolio;
- Thursday, 31 May – Transport and Regional Services portfolio and
- Friday, 1 June – Transport and Regional Services portfolio.

1.3 The Committee did not complete its examination of the estimates in the time allocated by the Senate. Two output areas from the Transport and Regional Services portfolio; Regional Services, Development and Local Government and Territories and Regional Support were not completed when the Committee adjourned on Friday, 1 June 2001. Pursuant to a resolution in the Senate passed on 19 June 2001, additional hearings on 19 June 2001 were held which, allowed the Committee to complete its consideration of the 2001-2002 Budget Estimates.

1.4 The Committee heard evidence from Senator The Hon Richard Alston, Minister for Communications, Information Technology and the Arts, representing the Minister for Agriculture, Fisheries and Forestry and Senator The Hon Ian Macdonald, Minister for Regional Services, Territories and Local Government representing the Minister for Transport and Regional Services. It also heard evidence from Mr Michael Taylor, Secretary of the Department of Agriculture, Fisheries and Forestry, Mr Ken Matthews, Secretary of the Department of Transport and Regional Services and officers representing the departments and agencies covered by the estimates before the Committee.

1.5 The Committee thanks both Ministers and the officers for their assistance and cooperation during the hearings.

1.6 As the Committee Chairman, Senator Winston Crane was unable to attend the hearings, Senator Ferris was elected temporary Chair for the period 28 May to 1 June 2001. Senators in attendance at the hearings were: Senator Ferris (Chair), Senator Forshaw (Deputy Chairman), Senator McGauran, Senator O'Brien, Senator Calvert, Senator Woodley, Senator Mackay, Senator Murphy, Senator McLucas and Senator Greig.

Questions on Notice

1.7 In accordance with Standing Order 26, the Committee is required to set a date for the lodgement of any written answers or additional information. The Committee agreed that written answers and additional information should be submitted by Friday, 13 July 2001. For the additional hearing on 19 June 2001, the Committee determined that written answers and additional information should be submitted by Friday, 20 July 2001.

1.8 The Senate has determined that consideration of supplementary hearings on budget estimates will be on Wednesday, 14 November 2001 and if required, Friday, 16 November 2001.

Administration of written answers or additional information

1.9 Attached as an appendix to this report is the *Hansard* record of evidence taken during each of the hearings.

1.10 Answers to questions taken on notice at the Budget Estimates hearings will be tabled in the Senate in separate volumes entitled *Additional Information provided during the Rural and Regional Affairs and Transport Legislation Committee's examination of budget estimates 2001-2002*. Documents not suitable for inclusion in the additional information volumes will be available on request from the Committee secretariat.

1.11 Additionally, answers to questions on notice received from the departments will be posted onto the Committee's website at a later date.

Senator Jeannie Ferris
Chair (28 May to 1 June 2001)
Senate Rural and Regional Affairs
and Transport Legislation Committee

Senator Winston Crane
Chair (19 June 2001)
Senate Rural and Regional Affairs
and Transport Legislation Committee

28 June 2001

CHAPTER 2

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO

Department of Agriculture, Fisheries and Forestry

3.1 The Committee heard evidence from the department on Monday, 28 May and Tuesday, 29 May 2001. There was a late change to the program, which moved the Industry Development program to item one on the agenda. The hearing was conducted in the following order:

- Industry Development
 - Rural Support and Adjustment; Horticulture and Wine
 - Fisheries and Forestry
 - Rural Support and Adjustment; Horticulture and Wine
 - Agricultural Industries
- Management Services and Corporate Governance
- Australian Quarantine Inspection Service
- Market Access and Biosecurity
 - Trade Policy
 - Biosecurity Australia
- Food
- Product Integrity, Animal and Plant Health
- Natural Resource Management
- Innovation and Operating Environment
- Australian Bureau of Agriculture and Resource Economics (ABARE)
- Bureau of Rural Sciences (BRS).

3.2 Before commencing the Committee's examination, the Secretary of the Department of Agriculture, Fisheries and Forestry, Mr Michael Taylor provided the Committee with an overview of the 2001-2002 Portfolio Budget Statements. Specifically, Mr Taylor outlined changes to the department's outcome and outputs for 2001-2002; new measures in the budget and reflected on the department's performance over the last quarter.

3.3 Mr Taylor informed the Committee that the department had adopted an old outcome statement as the mission statement to better reflect the organisations aspirations as follows:

Increasing the profitability, competitiveness and sustainability of Australian agricultural, food, fisheries and forestry industries and enhancing the natural resource base to achieve greater national wealth and stronger rural and regional communities.¹

1 *RRAT Evidence*, 28 May 2001, p. 3.

3.4 In doing so, the department has developed a new outcome statement that is intended to more accurately reflect the departments overall impact in seeking closer links with outputs. The new outcome statement reads:

Australian agricultural, fisheries, food and forestry industries that are based on the sustainable management of and access to natural resources, are more competitive, self-reliant and innovative, have increased access to markets, are protected from diseases and are underpinned by scientific advice and economic research.²

3.5 Changes have also been made to the names and merging of some outputs. These changes were first flagged during the Additional Estimates hearings in February 2001. Market Access and Trade has been renamed Market Access and Biosecurity and Quarantine has been renamed to Quarantine and Export Services to reflect more accurate descriptions of their activities. The Department has also merged the former Research and Development Facilitation Innovation and Rural Inputs Services and Operating Environment into Innovation and Operating Environment.³

General Issues

Industry Development – Rural Support and Adjustment

3.6 The Committee discussed a number of significant issues pertaining to Rural Support and Adjustment. Firstly, the Committee sought clarification as to the expenditure and administrative costs of the Rural Financial Counselling Service. Other issues relating to the Rural Financial Counselling Service that were discussed, included concerns regarding the lack of guaranteed ongoing funding (p 5); the number and location of rural counsellors (pp 7, 8); flexibility of working relationships for current rural counsellors including contractual arrangements and number of clients serviced (pp 6-7) and the review of the counselling program by the Bureau of Rural Sciences (BRS) (pp 5,6,8).

3.7 Specifically, the Committee sought information about the main findings of the Rural Financial Counselling Service review. The Committee was informed that the review related to the Rural Communities Program as a whole and did not focus solely on the counselling service, but that a number of findings were specific to the counselling service:

There was an in principle view that the Rural Financial Counselling Service should be de-linked from the wider elements of what was at the time the Rural Communities Program, so that it should concentrate on financial and social adjustment, and that its objectives should be clarified to make it absolutely explicit. There were also a number of recommendations in relation to improving the monitoring and evaluation of the service and improving its delivery to those in most need.⁴

3.8 Another issue raised by the Committee related to the Advancing Australian Agriculture (AAA) package and included details on the annual promotion budget (p 37) and market research and survey consultancies (p 37). The Department advised the Committee

2 *RRAT Evidence*, 28 May 2001, p. 3.

3 *RRAT Evidence*, 28 May 2001, p. 3.

4 *RRAT Evidence*, 28 May 2001, p. 5.

that Woolcott Research Company were commissioned to provide market research that the television promotion campaign is based on. Primarily, the Woolcott research was designed to assist the department in ascertaining how the package could be effectively communicated. The Committee was informed that the latest promotion campaign aims to outline the types of assistance measures available under the AAA package. Clarification was sought as to what the catalyst for the campaign was. The Department advised that market research had identified that awareness levels of assistance measures contained in the package was low.⁵ In relation to the campaign, the Committee sought information on the campaign, production and placement costs.⁶

3.9 Other matters discussed were:

- Update on the AAA Farm Help Program including take up rate (p 44)
- Department view on survey of farm debt (pp 45-46)
- Funding for the Agricultural Development Partnership Program (pp 48-50)
- Process of review of the FarmBis Program (pp 51-55)
- Update on the Exceptional Circumstances Program including number in receipt of assistance and department response times to assistance applications (pp 55-56)
- Details on the research study into water management practices by grape growers in the Murray Darling Basin including project timeline and funding (pp 57-58)
- Update on status of the report on stage two of Multi-Peril Crop Insurance (p 58)

Industry Development – Fisheries and Forestry

3.10 A number of issues were raised with officers from Fisheries and Forestry. Firstly, the Committee asked questions on the ACIL Consulting review of the Management Advisory Committees (MACs) with specific concerns about some of the recommendations contained in the review (pp 10-12; 21-21). The Department informed the Committee that the AFMA board was scheduled to consider the review that week and make a decision on how to proceed with the 31 recommendations contained in the report.⁷

3.11 Another issue concerned the review of the Commonwealth fisheries policy. Specifically, the Committee was interested in the extension of reporting deadline until August and the progress of the review including the aims of the steering committee (p 14).

3.12 The Committee initiated discussion on the Committee's report on the Northern Prawn Fishery Management Plan. In particular, the Committee raised issues relating to the funding and progress of implementation of recommendation two, which related to funding for research on shore and off shore impacts. Recommendation three and AFMA's undertaking to examine alternative methods of increasing funding for at-sea research was also discussed.

5 *RRAT Evidence*, 28 May 2001, pp 36-37.

6 *RRAT Evidence*, 28 May 2001, pp 39, 41.

7 *RRAT Evidence*, 28 May 2001, p 10.

Finally, the Committee sought details on the progress of developing targets, standards and indicators in measuring and delivering long term sustainability of the fishery, as contained in recommendation nine.⁸

3.13 There was significant discussion on AFMA's performance against the performance measures outlined in the 1999-2000 PBS. Specifically, the complexity of providing performance information against outcomes was discussed, particularly as each fishery has varying quantitative data. Other issues concerned status of the fisheries, foreign fisheries compliance and the disposal of illegal vessels.⁹

3.14 Other fisheries issues discussed were:

- Ministerial changes to responsibilities with Minister Tuckey assuming responsibility for fisheries (pp 12-13)
- Update on the Fisheries Resources Research Fund (pp 14-15)
- Level of funding and administration for the Eden Regional Adjustment Package including grant payment recipients (pp 15-16)
- New arrangements for the management of ballast water (p 16)
- Update on blue mackerel fishery operations including licensing arrangements (p 21).

3.15 The Committee also raised a number of issues with departmental officers relating to forestry. Firstly, the Committee sought information on funding for the Forest and Wood Products Industry Action Agenda (pp 21-23).

3.16 There was extensive discussion on a number of issues relating to the Forest Industry Structural Adjustment Package (FISAP). These included the proportion of funding allocated for the timber industry in Queensland; availability of Commonwealth funds for New South Wales, Victoria and Western Australia and the Commonwealth position on the proposed industry development assistance to the Neville Smith Timber Group (pp 23-25). Other matters related to FISAP discussions included the proposed additional funding for Regional Forestry Agreements (RFAs) in Victoria and estimated level of expenditure for RFAs in Western Australia (pp 25-29).

3.17 In relation to the Western Australia RFA, there was discussion on the State Government's commitment to RFA outcomes. The Department told the Committee:

.....money for the FISAP in Western Australia is available; there is no change from the Commonwealth's position. What has changed is the state government's commitment to the RFA outcomes. That has changes fundamentally and it has therefore altered the situation with regard to what we could possibly make available under FISAP.¹⁰

8 *RRAT Evidence*, 28 May 2001, pp 16-17.

9 *RRAT Evidence*, 28 May 2001, pp 18-19.

10 *RRAT Evidence*, 28 May 2001, p. 29.

3.18 Other forestry matters raised included farm forestry under the Natural Heritage Trust Funding. Specifically, the Committee sought information on the Minister's response to Queensland's recommendations for the Natural Heritage Trust's farm forestry projects and funding and expenditure for the Wood and Paper Industry Strategy Program (pp 30-32). The Committee requested information on the review process in regard to RFA's and their implementation including the public consultation process and the role of the RFA monitoring unit (pp 32-34).

3.19 The final issue raised was the 2020 Vision Strategy and Action Agenda. In particular, the Committee sought information on the principal intentions of the plantation development strategy and the types of hardwood trees being planted under the strategy. Also discussed was the Commonwealth's responsibility, particularly in relation to taxation (pp 34-35).

Industry Development – Agricultural Industries

3.20 The Committee raised a number of significant issues with officers representing Agricultural Industries, particularly in relation to dairy assistance. Firstly, there was extensive discussion on the Commonwealth Flood Assistance Package for Central and Northern New South Wales and Southern Queensland. The Committee sought information on the funding for this package which is administered by both AFFA and DOTRS. Other information sought in relation to this was the number of assistance applications approved and rejected, expenditure and the appeal mechanism available to farmers of rejected applications (pp 59-60; 63-).

3.21 One aspect of the flood assistance package was that dairy farmers in northern New South Wales received special assistance to purchase fodder or replace pastures affected by floods. The Committee requested an explanation as to why dairy farmers received this assistance when other producers in the region, particularly beef producers, were rejected for similar assistance. The Department informed the Committee that the difference between dairy and beef farmer eligibility is that, in a flood situation, dairy farmers lose income whereas, for beef producers that is not necessarily the case:

The government believed that, as a result of the floods, dairy farmers in particular had suffered an immediate and significant income effect due to the loss of or damage to their improved pastures. There was concern that, without that immediate assistance, a number of dairy farmers may not have been able to stay in milk production and, as you pointed out, there was a belief that the specific impact on dairy farmers had been amplified because of the detrimental income effect due to state deregulation.

The dairy farmers were losing milk production, which was income at the time, whereas that would not have necessarily been the case for beef producers.....With the beef industry, they can sell their animals at a later stage and not lose income.¹¹

3.22 Under the flood assistance package, the Committee initiated discussion on the Field Crop Flood Assistance for eligible crop farmers. Specifically, the Committee sought information on the number of successful applications and funding and expenditure (p 64). Other issues raised included the funding and expenditure of the fodder pasture grant for dairy

11 *RRAT Evidence*, 28 May 2001, p. 62.

farmers and the number of claims, approved, rejected and under consideration (pp 64-65). The Committee had concerns with the \$18 million estimate for the fodder pasture grant and requested additional information as to how that figure was estimated, given the number of dairy farmers eligible for assistance in northern New South Wales.¹²

3.23 Another matter raised was how the \$140 million additional funding through the Dairy Structural Assistance Package (DSAP) is to be spent. As part of this, there was discussion on the potential for compensation to dairy farmers for quota losses by state governments through litigation by farmers (pp 66-67). There was also discussion on the Supplementary Payment Scheme including eligibility for payment and allocation and the Department's rationale for the market milk percentage set (pp 69-70).

3.24 In an issue raised at a previous estimates hearing, the Committee raised concerns regarding actions of banks in relation to dairy payments. Examples included, banks accessing DSAP payments to repay debt, charging dairy farmers risk percentages for bank loans and directly accessing milk payments for debt repayment.¹³

3.25 The Committee also discussed the task force considering issues related to dairy deregulation and the movement of milk prices measured by the ACCC (p 72-73). The Committee requested an update on the Dairy Adjustment Authority (DAA) in managing DSAP. Information was sought on the number of appeals and the administrative costs of the DAA (pp 74-75). The Committee requested an update on the funding and administration costs for the Dairy Regional Assistance Program (DRAP). The Department advised that DRAP is administered by the Department of Employment, Workplace Relations and Small Business (DEWRSB).¹⁴

3.26 There was discussion with the Wheat Export Authority (WEA) and Department on an update of the progress of the review resulting from the findings of the National Competition Council. The WEA informed the Committee that a draft review had not yet been completed but that the WEA was consulting with AWB International, the Grains Council of Australia and various industry bodies to establish options for export licensing arrangements and develop performance indicators.¹⁵ Other matters raised with the WEA included; administrative changes to the single desk arrangements, timeframe for an improved export consent system including industry consultation and performance measures and consultancy arrangements with Allen Consulting Group in monitoring the performance of AWB International (pp 80-84).

3.27 A significant issue raised in the output area, related to EU Beef including quota allocation arrangements, the Government response to the Committee's report on EU Beef exports and consultation with industry groups and internal government consultations (pp 85-89). The committee queried whether industry groups, who had complained to the Committee during the inquiry process that their views were not considered. The Department advised the Committee that industry views were taken into account but had not been accepted by the

12 *RRAT Evidence*, 28 May 2001, pp 65-66.

13 *RRAT Evidence*, 28 May 2001, pp 70-71.

14 *RRAT Evidence*, 28 May 2001, p 75.

15 *RRAT Evidence*, 28 May 2001, p. 79.

Government.¹⁶ The Committee also requested information on quota shipments to the EU in the current year and the potential for quota growth (pp 89-90). Also discussed was a report prepared by S.G. Heilbron Economic and Policy Consulting, entitled, 'Study on the impact of government on industry competitiveness'. Specifically, the Committee initiated discussion on the key findings of the report including government influenced costs and charges (pp 90-93).

3.28 Other issues discussed included:

- Update on wool levy exemption review (p 77)
- Impact of US barriers on the Australian cotton trade (p 78)
- Australian grain exports to Mexico (p 84)
- Update on the establishment of the Australian Seeds Authority (p 85)
- Review and funding for the Tasmanian Wheat Freight Subsidy Scheme (p 85)
- Changes to abattoir pay-as-you-go withholding tax deadlines to align with GST payment times (p 93)
- Update on the National Competition Policy review on rice marketing arrangements (pp 94-95)
- Update on outstanding projects for the Sugar Industry Assistance Package (p 96).

3.29 The Committee pursued a number questions relating to the South Johnstone Sugar Mill. Specifically, the Committee requested an update on the mill's receivership. The Department advised that since receivership, the agreement for five percent of cane receipts paid to the Commonwealth to offset debt remained in place. Additionally, the purchase of the mill by Bundaberg Sugar Ltd was finalised on 15 March. The Department also advised that subject to the sale of land owned by the mill by the receiver, it is expected that the mill's outstanding debts to the Commonwealth could be discharged.¹⁷

Management Services and Corporate Governance

3.30 The Committee sought clarification on how the department organises distribution of material such as, brochures. Specifically, the Committee was interested in why a courier service was used to deliver departmental brochures. As this item is covered by Innovation and Operating Environment, the Committee decided to pursue the issue there (p 101).

3.31 The Committee also requested an update on the market testing of transactional banking services. The Department informed the Committee that the request for tender would

¹⁶ *RRAT Evidence*, 28 May 2001, pp 86-87.

¹⁷ *RRAT Evidence*, 28 May 2001, p. 96.

be released at the end of June 2001 and it was expected that new arrangements would be in place by December 2001.¹⁸

3.32 There was discussion on the process of adjustment and salary irregularities following the departments audit of staff salaries. At the Additional Estimates hearing in February 2001, it was established that a number of departmental staff had been overpaid. The Department informed the Committee that audits had been finalised with 295 outstanding checks to be completed. The Department considers the large number of overpayments and underpayments is unsatisfactory and has initiated a further review. However, the Committee was also told that a number of issues impact on this, including the outsourcing of salary provisions and the rationalisation of certified agreements discussed at the last estimates hearings. The Committee also discussed repayment arrangements including the average overpayment amount.¹⁹

3.33 Finally, the Committee initiated discussion on the defective administration claim by the Hewett family. In particular, the historical involvement of the Department's Secretary, Mr Taylor, was discussed. The Department advised Mr Taylor would continue to have some occasional involvement in the resolution of the claim, but would not be the decision maker. Further, the Committee sought clarification on what legal costs had been incurred by the department in relation to the Hewett claim.²⁰

Australian Quarantine and Inspection Service (AQIS)

3.34 A large number of issues were raised with AQIS officers. Firstly, the Committee requested a breakdown of additional funding expenditure for quarantine enforcement by AQIS and alterations to infrastructure at international airports (p 109-110). The Committee also sought information on the number of extra staff required for the additional surveillance (p 110). Also raised was the revenue projections as part of the additional funding by an increase in passenger departure tax. The Department informed the Committee that the passenger movement charge would largely pay for the infrastructure costs and the costs at airports.²¹

3.35 The Committee also sought clarification on movement of horses in relation to Foot and Mouth Disease and new quarantine arrangements. Discussion focussed on the role of AQIS veterinarians, costs to importers and Australia's position in relation to quarantine arrangements in overseas countries (pp 114-118).

3.36 Another issue raised was the cost of testing and incursion of White Spot Virus on prawns. The committee requested information on the areas where testing was conducted for possible incursion. The Department also provided information relating to measures undertaken to prevent the repackaging of imported prawns for human consumption and resale of prawns as bait. These quarantine measures include minimum acceptable sizes for importation (pp 118-120).

18 *RRAT Evidence*, 28 May 2001, p. 101.

19 *RRAT Evidence*, 28 May 2001, pp 102-104.

20 *RRAT Evidence*, 28 May 2001, pp104-106.

21 *RRAT Evidence*, 29 May 2001, p. 113.

3.37 The Committee requested an update on the review of protocols for the transport of imported pig meat including concerns from the Pork Council of Australia about the management of quarantine risks and finalisation of the Import Risk Analysis (IRA). Another issue raised in regard to this was tightening of arrangements for transport companies transporting imported pig meat. The Department told the Committee that new arrangements were a result of the protocol review and included added responsibility and obligations for importers to nominate a transport company with contact details and more emphasis on reporting requirements for non-delivery or accidents to AQIS.²²

3.38 In relation to animal transportation, the Committee also asked about AQIS's role in the preparation of goats for shipment, some of which had perished. AQIS advised that an AQIS senior veterinary officer had cleared the goats for export and that no goats were dead at that time, but that a number of facts remain unclear. The Department also advised that, as there is different legislation and obligations on different parties, a review is needed to ensure the clarity of obligations consistent with the health and welfare of the animals.²³ The Committee also expressed concern regarding the death of 68 of 115 consigned deer on a flight between Brisbane and Sydney and questioned the role of the AQIS veterinarian regarding animal health and safety. The Department informed the Committee that a review of the standards and conditions that apply to the export of live animals is currently taking place with a report scheduled for the end of the year.²⁴

3.39 Other matters raised by the Committee included:

- The departments reaction to a news article concerning New Zealand's failure rate in exporting risk foods to Australia (pp 120-121)
- Update on quarantine and export services and the Meat Safety Quality Assurance Program (p 121)
- Update on the Philippine assessment of an application to export Caribbean pine seed from Queensland (p 126)
- Performance improvement cycle competitive tendering and contracting methodology including 26 areas of evaluation contained in the PBS (pp 126-129)
- Estimated cost of the Meat Inspection Program (p 129)
- Update on the Meat Safety Enhancement Program (pp 129-131)
- Dairy Residue Program in relation to EU requirements (pp 131-132)
- Operation of new ballast water arrangements (pp 133-134)
- AQIS role in outbreak of Sigatoka disease in the Queensland banana industry (p 134).

22 *RRAT Evidence*, 29 May 2001, pp121-123.

23 *RRAT Evidence*, 29 May 2001, pp123-124.

24 *RRAT Evidence*, 29 May 2001, pp 125-126.

Market Access and Biosecurity

3.40 The Committee discussed several issues with officers from Market Access and Biosecurity. In relation to the restrictions imposed on the importation of horses during the foot and mouth outbreak in Britain, the Committee requested comment on the criticisms of Horse Industry Council and Australian Veterinary Association regarding the export quarantine arrangements. The Department commented:

...The Australian Veterinary Association are of course fully entitled, as a professional body, to express their opinions and they have done so. It comes back to the fact that at times there is always going to be some disagreement between scientific authorities, be they in the public or the private sector, on certain matters of detail.....The decision taken and announced by Biosecurity Australia was that, given the magnitude of the problems we are all aware of in the United Kingdom, certain measures were taken and they are subject to review as events move forward. They have already been reviewed once, from the ban through to the limited and conditional access for horses.²⁵

3.41 There was discussion on the US response to the decision to uphold the Australian objection to the restrictions imposed on the importation of Australian lamb into the US. The Department indicated that the US response was due at the next meeting of the Dispute Settlement Board on 20 June in Geneva. Following that response, the Department is hopeful that agreement will be reached regarding the time period of implementation of the findings of the World Trade Organisation (WTO).²⁶

3.42 Also discussed was the role AFFA and Biosecurity will take in negotiations with the USA about a free trade agreement (pp 138-139). The Committee requested an update on Black Sigatoka disease on bananas in Queensland. The Department stated that Biosecurity Australia's interest in the disease was its affect on 'any market access bid either for Australia to export or for another country to come into Australia'.²⁷ The Department also advised that an Import Risk Analysis panel was preparing a draft IRA and that an issues paper is currently publicly available (p 140).

3.43 Other issues raised were international trade barriers and subsidies on cotton, particularing in OECD countries (pp 140-141); an update on the review into the IRA process (p 142); status on the application from US producers to export Californian table grapes to Australia, particularly in relation to the potential of introducing the Pierce's disease through the glassy winged sharpshooter (p 142) and an update on the committee process in examining the pig meat import risk analysis review (pp 142-143).

Food

3.44 The Committee requested details on the National Food Industry strategy which, will operate through a whole-of-government and industry partnership. The Department provided information on the strategies' commencement date, its funding and the membership of the food industry advisory committee being established for the strategy (pp144-146).

25 *RRAT Evidence*, 29 May 2001, p. 136.

26 *RRAT Evidence*, 29 May 2001, p. 138.

27 *RRAT Evidence*, 29 May 2001, p 139

3.45 There was also discussion on the Supermarket to Asia Program. Specifically, the Committee sought an update and details on a number of aspects including funding and expenditure, an update on the implementation of the 1999 Action Plan and each of the action plan strategies (pp146-149).

3.46 Other issues discussed were an update on the Innovations for Food Exports project as part of the FoodConnect Program and other projects administered under the Supermarket to Asia Program including the Subsistence to Supermarket II research project, Quality Food Australia project, Building Demand in Asia project, Food and Fibre Chains program and the New Industries Development program (pp 150-152).

Product Integrity, Animal and Plant Health

3.47 A number of issues were raised with officers from Product Integrity, Animal and Plant Health. Firstly, the Committee sought an update on Bovine Spongiform Encephalopathy (BSE) including arrangements to trace live animals imported from the UK and Europe since the 1980's. The Department told the Committee that there had been two main phases of tracing. The first phase traced UK cattle from 1982 to 1988 and the second phase included 'animals from countries that developed BSE after the first cases were recorded in the mid-1980's in the UK'. Those tracings led to a number of European countries. The Department also outlined two phases of buyback schemes for these imported cattle, with the first scheme a voluntary one operated by Animal Health Australia. The second phase is currently being developed.²⁸

3.48 The Committee sought information on the procedures to be followed should exotic diseases and, in particular, Foot and Mouth (FMD) enter Australia. The Department responded by stating:

.....there are established cost sharing agreements for nominated major foreign animal diseases which would apply to their eradication in the event of incursion into Australia. Those arrangements are in the process of being modified involving Animal Health Australia and industry cost sharing. Deeds of agreement are being entered into. Those matters are nearing finalisation but they have yet to replace the current arrangements.²⁹

The Department also advised that a disease alert simulation exercise is planned for early in 2002. Other aspects of FMD discussed included funding arrangements and veterinary expertise in dealing with FMD (pp 156-157).

3.49 The Committee also asked questions relating to the White Spot Virus outbreak in imported prawns. In particular, the Committee was interested in how the virus initially entered Australia in the Darwin incident and what testing procedures are now in place to prevent further incursion (p 157).

3.50 Also discussed were the reasons for the ruminant food ban of mammal derived protein (p 158); an update on the consultancy reviewing issues concerning funding and

28 *RRAT Evidence*, 29 May 2001, p 153.

29 *RRAT Evidence*, 29 May 2001, p. 156.

compensation for emergency eradication of exotic pests and diseases (p 158) and funding for the Screw-worm fly project in Malaysia (p 159).

3.51 In relation to Bovine Johne's Disease (BJD), the Committee requested information on the funding and expenditure for the BTEC program and an update on the BJD program (pp 159-160). The Committee also asked about exemptions to the ban on pig swill feeding (pp 160-161) and an update on research funding levied for a horseshoe levy (p 161).

3.52 There was discussion on the National Registration Authority (NRA) which focussed on liaison between the NRA and states in issuing permits for the off-label use of chemicals (pp 161-163). Another matter raised concerned the performance indicators in managing agricultural and veterinary chemicals, particularly in relation to reporting outcomes (pp 163-166).

3.53 The final issue related to the Ovine Johne's Disease (OJD) Gudair Vaccine trials. Specifically, the Committee requested details on the timeline for the vaccine assessment and the potential approval of the vaccine being used in some OJD affected areas. The Department informed the Committee that to date; they had not yet received an application for registration of the vaccine, but this was expected shortly. Two permits allowing the use of the vaccine in its unregistered form had been approved. One permit was a trial permit to provide data in order to register the vaccine. The second has been granted to the NSW Department of Agriculture for limited use on NSW properties, primarily in the Central Tablelands and Goulbourn land protection board areas, where high mortality has occurred. Another issue raised in regard to this was the consideration of imported animal product vaccine in relation to current concerns with BSE and FMD.³⁰

Natural Resource Management

3.54 The Committee sought clarification of a media report which, claimed that appropriation for the Murray-Darling Basin had decreased in the Budget. The Department advised that this report was incorrect and detailed the funding for this financial year (pp 167-168).

3.55 There was discussion on the National Action Plan for Salinity and Water Quality. The Committee requested an update on the intergovernmental agreement. The Department advised that Queensland, South Australia and the Northern Territory had signed with the other states and territory with the exception of Western Australia, are due to sign shortly. In relation to Western Australia, the Department advised that they were in discussions with WA but that the incoming government was reviewing their approach to salinity and cannot sign until a decision on salinity mitigation was made.³¹ The Committee also requested information on the funding and expenditure for the action plan (pp170-172).

3.56 Other matters raised included the funding allocation for the National Landcare Program (pp 172-173) and the Natural Heritage Trust funding in the Farm Forestry Program. Specifically, the Committee sought expenditure details on \$13 million for forestry (p 174).

30 *RRAT Evidence*, 29 May 2001, pp 166-167.

31 *RRAT Evidence*, 29 May 2001, pp 169-170

Innovation and Operating Environment

3.57 The Committee asked questions on the Advancing Agriculture program, particularly in relation to the farmers retirement scheme (p 175). Other issues addressed included an update on the Action Plan for Australian Agriculture, specifically, the solutions survey and progress measurement processes (pp 176-177). The Committee also requested details on the objectives and reporting requirements of the Women in Agriculture and Resource Management Plan (pp 177-178) and details on R&D surveys conducted by the department (pp 177-179).

Australian Bureau of Agriculture and Resource Economics (ABARE)

3.58 A number of matters were raised by the Committee with ABARE officers. This included estimated funding for ABARE in 2001-2002. In response, the Department reported that funding for 2001-2002 was less than for 2000-2001. The Department also confirmed that part of their office space had been sub-let to the Attorney-General's department as a result of the estimated appropriation and external revenue. The Committee also sought information on the sources for external funding (pp 179-181).

3.59 Other issues included staffing for ABARE including the identification of areas where staffing can be reduced (p 181); and update on the level of lamb exports to the US (pp 181-182) and price trending in relation to pig meat and chicken (p 182). The Committee also requested ABARE's comment on what is expected to happen with farm costs and what the key pressures are (p 183). The Committee was interested in ABARE's views on the US wheat crop and the influence of US wheat exports on Australian wheat prices (p 183).

3.60 Finally, the Committee raised the issue of prices for dairy farmers. Specifically, the Committee was interested in progress of the Australian Dairy Industry survey and the number of farmers who have left the industry (pp 184-185).

Bureau of Rural Sciences (BRS)

3.61 The principal issue discussed with BRS was the funding allocation for the current and next year. Other issues focussed on staffing and the regional analysis on sustainable natural resource management and rural community tracking measures. The Department advised that BRS planned several projects relevant to monitoring of regional tracking measures, including the publication of *Country Matters: social atlas of rural and regional Australia*, a report titled, *Servicing Regional Australia* and other projects which, develop and map natural resource management and social and economic sustainability indicators (pp 186-187).

CHAPTER 3

TRANSPORT AND REGIONAL SERVICES PORTFOLIO

Department of Transport and Regional Services

3.1 The Committee heard evidence from the department from 9.00 pm on Tuesday, 29 May to the Committee's adjournment on Friday 1 June 2001. As reported in Chapter 1, not all elements of this portfolio were completed in the time scheduled by the Senate. An additional hearing on Tuesday, 19 June 2001 completed the Committee's consideration of Budget Estimates. The hearing agenda was completed as follows:

Tuesday 29 May 2001

- Executive and Corporate Management
- Air Transport including:
 - Aviation Division
 - Airports Division

Wednesday 30 May 2001

- Air Transport including:
 - Airports Division
 - Civil Aviation Safety Authority
 - Airservices Australia

Thursday 31 May 2001

- Australian Transport Safety Bureau
- Integrated and Cross-Modal Transport and Infrastructure
- Maritime Transport including:
 - Australian Maritime Safety Authority
- Road and Rail Transport
- Regional Services, Development and Local Government

Friday 1 June 2001

- Regional Services, Development and Local Government

Tuesday 19 June 2001

- Regional Services, Development and Local Government
- Territories and Regional Support.

Reasons for additional estimates hearing

3.2 The Committee draws the Senate's attention to the advice to the Committee on Thursday 31 May, from the Minister for Regional Services, Territories and Local Government, Senator Ian Macdonald of his unavailability (and unavailability of departmental officers) from 3.00 pm on Friday, 1 June 2001.¹ Subsequently, and as a result of the Minister's specific advice, members of the Committee made travel arrangements to depart Canberra at that time.

3.3 At approximately 2.30 pm on Friday, 1 June, Senator Macdonald indicated a revised availability of he and departmental officers for an additional one hour beyond 3.00 pm to allow the completion of the estimates consideration.² Senators were unable to reorganise their travel arrangements. Accordingly, Senator Mackay's departure at 3.00 pm meant that a quorum lapsed. The Committee Chair adjourned the meeting at 3.06 pm.

General Issues

Executive and Corporate Management

3.4 The Committee discussed with the department the progress in finalising two senior position selections for the Deputy Secretary and Director of Safety Investigations within the Australian Transport Safety Bureau (ATSB). The Department informed the Committee that selections had been made with the successful applicants due to commence in June 2001.³

3.5 There was also discussion on the recent review into all departmental administered roads programs. The Secretary of the Department indicated to the Committee that the report had been forwarded to the Minister and that subject to discussions with the Minister, it was expected that review recommendations would be implemented in full.⁴

3.6 The Committee requested information on the allocation of additional revenue collected under the aviation fuel excise. The Department provided the following details:

There has been an overcollection of the levy or excise imposed for the funding of the location specific pricing program. The amounts were \$2.2 million in 1999-2000 and an estimated \$5.4 million in the current financial year. The recent budget announcement was that the total of that collection, which was \$7.6 million, would be directed to CASA, so that the sum of money that was collected over and above what was needed for the location specific pricing program would be retained within the aviation industry and used for aviation purposes.⁵

3.7 In terms of this financial year, the Department expects approximately \$12.4 million with \$5.4 million of this being an overcollection and \$7 million going to the location specific

1 *RRAT Evidence*, 31 May 2001, p. 313.

2 *RRAT Evidence*, 1 June 2001, p. 465.

3 *RRAT Evidence*, 29 May 2001, p. 191

4 *RRAT Evidence*, 29 May 2001, pp 191-192

5 *RRAT Evidence*, 29 May 2001, p. 192

pricing program. Along with the \$2.2 million overcollected previously, the total amount allocated to CASA would be \$7.6 million.⁶

3.8 The fuel excise allocation to Airservices for 1999-2000 was \$11 million and it is expected that \$7 million will be allocated for 2000-01.⁷

3.9 Another issue related to the funding for the ATSB. Specifically, the Committee was concerned with the six percent funding reduction for safety services outlined in the Budget. The funding reduction equates to about \$1 million. However, the Department is optimistic that funding will be increased in line with proposals for new expenditures and activities.⁸

3.10 Other matters raised were a fifty percent increase for policy advice and legislation, ministerial services in the PBS. The Committee requested details on where the increased allocation will be directed (pp 193-194). The Committee also requested a complete list of charges, levies, duties and other types of revenue raising devices for the portfolio (p 195) and funding allocations for research and data (pp 196-197).

3.11 The Department also provided information relating to the ANAO report on International Overseas Territories (IOT's) discussed at the Additional Estimates 2000-2001 hearings. Specifically, the department outlined changes to the department's accounting arrangements in line with criticisms from the report. The Department has initiated further improvements in line with additional ANAO suggestions. These improvements relate to IOT reconciliation reporting procedures, improvements to access and control points including random control arrangements.⁹

Aviation Division

3.12 Significant issues raised by the Committee focussed primarily on Qantas' commercial activities. Specifically, the Committee sought response on the Qantas buy-out of Impulse Airlines in relation to government discussions with both airlines. The Committee also sought information on discussions relating to the preservation of jobs in regional centres as a result of the buy-out. The Minister confirmed his staff had limited discussions with Impulse regarding the Newcastle region. The department replied:

We have a written assurance from Mr McGowan about the maintenance, the honouring of the obligations that apply to Newcastle, and another area of the department, which is responsible for territories, has been in touch with the ACT government about the commitments that Impulse has made in Canberra.¹⁰

3.13 Also discussed in relation to this issue was the allocation of slots at Sydney's Kingsford Smith Airport (KSA). The Committee expressed concerns about the slot arrangements at KSA as a result of the Qantas/Impulse position, particularly the potential

6 *RRAT Evidence*, 29 May 2001, p. 192

7 *RRAT Evidence*, 29 May 2001, p. 193

8 *RRAT Evidence*, 29 May 2001, p. 194

9 *RRAT Evidence*, 29 May 2001, p. 197

10 *RRAT Evidence*, 29 May 2001, p. 199

impact on the slot system. The Department confirmed no airline operators had been in contact regarding this issue:

There may be some concern, but I cannot say that concern about that particular issue – that is, the Qantas Impulse merger – has been expressed to us very much in the context of the consultation we undertook on the changes to the slot scheme.¹¹

3.14 The Committee also sought information on Qantas' intentions regarding their announcement about Air New Zealand (pp 201-202) and media reports on the government's view on Qantas foreign ownership rules (p 202). Also discussed was whether or not new ports had been included in the Remote Air Subsidy Scheme following increased funding (p 203).

Airports Division

3.15 The Committee asked questions regarding the upgraded quarantine arrangements at airports, particularly, in relation to infrastructure requirements and funding. The Department informed the Committee that discussions were underway with AQIS and the airports to determine infrastructure requirements. It is expected that these requirements will be known by the end of June 2001.¹²

3.16 The Committee also request information on the compensation payment to Sydney Airports Corporation for the sale of Sydney airport land in the PBS. The Department advised that the money was compensation for the land acquisition by the NSW Roads and Traffic Authority for the extension to the M5 Motorway, which will pass through airport land.¹³

3.17 Another issue raised was the funding allocation to upgrade Canberra airport to accommodate international wide-bodied jets. The Committee was interested in the process of approval for the expenditure and the effect on the ANEF pattern. The Department responded by stating that the funding was to allow occasional landing only, with the runway being widened, not strengthened. The Department said: 'A major proposal would be required to upgrade the runway to take any consistent level of wide-bodied traffic. So there is no possibility, at this stage, of anything other than occasional landing and take off.'¹⁴

3.18 Other matters discussed included:

- Update of the Essendon Airport sale process (pp 210-211)
- Update on the Sydney and Adelaide noise amelioration programs including estimated costs (p 211-212)
- Sale of Sydney basin airports including KSA, Bankstown, Camden and Hoxton Park (pp 212-216)
- Forecast aircraft traffic capacity at KSA (pp 216-218)

11 *RRAT Evidence*, 29 May 2001, p. 200

12 *RRAT Evidence*, 29 May 2001, p. 204

13 *RRAT Evidence*, 29 May 2001, p. 205

14 *RRAT Evidence*, 29 May 2001, p. 206

- Update on the Salomon Smith Barney and Freehill scoping study on KSA sale (pp 218-219)
- Security requirements at Sydney airport for smaller regional operators (pp 219-220).

Civil Aviation Safety Authority

3.19 The Committee raised a large number of issues with CASA. There was significant discussion regarding technical breaches by the Director of Aviation Safety, of Civil Aviation Regulations (CARs) on two occasions. Discussion focussed on the investigations and legal advice received by CASA regarding these incidents. The Committee was concerned that in relation to one breach, (where the Director took the controls of an aircraft while a passenger), two CASA officers had differing views as to whether the matter should have been referred to the DPP. This prompted CASA to seek an opinion from two independent lawyers. Based on this advice, the CASA Board decided not to refer either incident to the DPP.¹⁵

3.20 Management issues discussed included an update on staffing levels and the number of positions remaining vacant (pp 237-238); formation of the Regulatory Services Division in Brisbane (p 238) and an update on the planning stage of the functional and resource analysis including funding (pp 238-239). Also discussed was the current level of internal cash reserves (pp 239-241) and a breakdown on additional staffing funding (p 242).

3.21 The Committee sought clarification as to Ansett's agreed schedule in completing changes to their aircraft maintenance system. CASA informed the Committee that there are a series of dates to complete certain milestones with the final milestone to be completed by June 2002.¹⁶ Further discussion in relation to Ansett focussed on the process followed when a service bulletin is received from a manufacturer (p 244); CASA action following Ansett's breakdown in maintenance procedures in March (pp 244-246) and CASA's safety system approach to airline audits (pp 256-258).

3.22 Other issues discussed were:

- CASA action following allegations of improper maintenance procedures by Qantas regarding engine mountings (pp 248-249)
- Processes in producing the internal audit report including risk management policy (pp 249-252)
- CASA's risk management policy regarding development of new structures and IT arrangements (pp 252-253)
- Update on the Aviation Safety Reform Implementation Program (ASRIP) including costings, funding and risk management (pp 252-256)
- Update on fitting of audible alarm systems in small pressurised cabin aircraft (pp 258-259)

¹⁵ *RRAT Evidence*, 30 May 2001, pp 220-237

¹⁶ *RRAT Evidence*, 30 May 2001, p 243

- Discussion on exemptions to CAO48 for regulation of flight and duty times and control for aircrew regarding particular Qantas flights (pp 259-260)
- Discussion on the regulations covering maintenance of ultralight aircraft (pp 262-264)
- Update on the AOC suspension of Aeropelican Airlines (pp 265-266)
- Update on the audit on Yanda Airlines following suspension of AOC (pp 266-268)
- CASA role in monitoring safety regarding the aging of the Piper Chieftain fleet (p272)
- Update on process relating to draft regulations for firefighting standards (p 274-275)
- Budget and expenditure on flying training for FOI's (pp 276-277)
- Requirement for small regional operators to install GPWS navigation equipment (pp 279-280)
- Update on drafting of CASR part 47 and part 43 (pp 280-281)
- Update on implementation of recommendations contained in the ANAO audit report (pp 281-282)

Airservices Australia

3.23 The Committee requested clarification as to whether the extension of funding for the location specific pricing subsidy meant that landing charges would be unbearable. The Department stated that: 'The cost of providing services at most of our general aviation airports, that is those outside the major capital cities, is above the revenue received'.¹⁷ Discussion then focussed on the cost per landed tonne at particular airports. Also discussed was the impact on air traffic control services, particularly in relation to airports that would lose air traffic control towers without the subsidy (p 291).

3.24 There was also discussion relating to the number of executive managers employed by Airservices, the salary structure and average salary package. Other staffing issues addressed were the number of middle management staff on contract and how performance pay is determined (pp 292-295).

3.25 Other matters raised included:

- Savings in en-routed air traffic control costs (p 295)
- Number of staff reductions (p 297)
- Discussion on the Airservices performance report including an air traffic services environment standard, new customers and markets, leadership development and performance enhancement program for contract managers (pp 297-299)

17 *RRAT Evidence*, 30 May 2001, p 290

- Airservices response to CASA regarding new pilot briefing procedures (pp 299-300)
- Number of movement cap breaches in first quarter of this year (p 301)
- Airservices tender bid for air traffic services to East Timor including funding (pp 301-302)
- Types of training programs in place for ATC refresher training (pp 302-304)
- Discussion on the feasibility study on the Terminal Control Unit consolidation (pp 305-308)
- Purpose of the current Airservices advertising campaign including costs (p 308).

Australian Transport Safety Bureau (ATSB)

3.26 Several issues were raised with the ATSB. The Committee was concerned with the reduction in funding for the 2001-2002 financial year. Specifically, the Committee sought information on the impact of reduced funding on ATSB activities and what changes would need to be made and how this will impact on investigations. As discussed earlier with departmental officers, the ATSB is anticipating the allocation of additional funds by the end of this financial year (p 313).

3.27 There was also discussion on the unauthorised release of the draft 'interested parties' investigation report into the Whyalla Airlines accident. In particular, the Committee was concerned this incident had created additional strain for the families of the accident victims and sought information on the current status of the report. The Department informed the Committee that:

We were concerned about the unauthorised release to the *Sunday Mail* in Adelaide of ATSB's Whyalla Airlines interested party draft report. In our view, that was irresponsible and counterproductive to aviation safety. We use the interested party process, which is based on a confidential honour system to ensure natural justice and to minimise the risk of final reports containing incorrect information. ATSB considers any additional factual evidence that is provided by interested parties before we finalise a report and make it public. The release of an interested party draft, which is really work in progress, is inappropriate and in breach of the covering letter that we give to interested parties when such a draft is provided. It is inappropriate for us to comment on what was in that interested party draft until all the comments of interest parties have been fully evaluated. There have been extensive interested party comments on the draft, so we expect that will take some time to work through¹⁸.

The ATSB also informed the Committee that it is expected that the final report would be released in the next two months. Further discussion on this issue focussed on how the ATSB prioritise investigation reports and the reasons for the interested parties draft process.

3.28 Other matters raised during the hearing include:

18 RRAT Evidence, 31 May 2001, pp 316-317.

- Update on the investigation into Qantas flight 7, which lost engine panels on route to Los Angeles (pp 314 –315).
- Cause of fatal Air Frontier airline accident (p 315)
- Update on the Capricorn helicopter accident investigation (p 316)
- Update on the Yanda Airlines incident at Gunnedah investigation (p 320)
- Inquiry into CASA’s role in the Ansett maintenance incident (pp 320-321)
- ATSB position regarding the Bae146 cabin fume safety issue including occurrence data (pp 321-323).

Integrated and Cross-Modal Transport and Infrastructure

3.29 The Committee asked questions about the information paper on cabotage. The Department advised that the paper was publicly available on their website and distributed widely amongst industry and stakeholders. Other details discussed included the contents of the paper.¹⁹

3.30 The other issue raised on about single and multiple voyage permits. Specifically, the Committee sought information on outstanding applications, the number of permits issued and the time period for permits. The Committee was also interested in the number of permits rejected for bulk liquid tankers in the current financial year.²⁰

Australian Maritime Safety Authority (AMSA)

3.31 A significant matters raised during the hearing with AMSA was the role and activities of AusSAR in a number of search and rescue operations. Specifically, the Committee sought detailed answers on the grounding of the *Sunseeker II* yacht on Swain Reefs, the Whyalla Airlines accident, the *Margaret J* fishing vessel, which went missing off the coast of Tasmania in April and the search for a missing Cessna 150 off north west Tasmania.

3.32 In regard to the *Sunseeker II* search, the Committee requested information on the number of aircraft/helicopters involved in the search, the timeline in tasking the second search helicopter and the communication arrangements AusSAR had with the search aircraft. The Committee had concerns that one of the search helicopters (Bell 407) was not properly equipped to fly over water, resulting in its own accident and leaving only one search aircraft. The Committee sought to confirm that the Bell 407 helicopter was in compliance with Civil Aviation Regulation 258. The Department informed the Committee that it was the contractors’ responsibility to ensure compliance with regulations and are able to undertake a task:

19 *RRAT Evidence*, 31 May 2001, p. 323

20 *RRAT Evidence*, 31 May 2001, pp 323-324

We ask them if they can undertake the task, we describe the nature of the task, and the onus for accepting or rejecting that rests with the individuals operating.²¹

The Committee remained concerned that AMSA and AusSAR do not maintain a database of search and rescue aircraft operators detailing suitability for particular search and rescue tasks to assist staff.

3.33 The Committee asked for the results of an internal analysis on the role and response of AusSAR in the July 2000 Whyalla Airlines search. The AusSAR representative informed the Committee that a number of corrective actions had been identified pertaining to administrative actions within the rescue coordination centre. These included the recording of incoming and outgoing phone calls, the relationship with the South Australian police on search and rescue matters such as, shift handovers and number of hours worked by some staff.²²

3.34 There was detailed questioning of AusSAR officers on the conduct of the search for the *Margaret J* fishing vessel. Questioning focussed on AusSAR's role in the search. In particular, the Committee sought information on communications between the Tasmanian police and AusSAR pertaining to any requests for assistance. The AusSAR representative told the Committee that assistance was provided in 'preparing drift plans and a map of a possible search area'.²³

3.35 Further discussion on this issue focussed on when AusSAR took control of the search operations and whether or not communications with the Tasmanian police were recorded. AusSAR advised that these communications had not yet been transcribed and when completed would be provided to the coronial inquiry.²⁴

3.36 During the Committee's questioning of agency officer on this issue, Senator O'Brien sought production of a number of relevant papers. This request was not acceded to by the agency. The Minister informed the Committee that the Government did not accept the advice from the Clerk of the Senate put to the agency by Senator O'Brien. The Minister stated that the Government would get their own advice in relation to this matter (pp 336-337; 343).

3.37 Finally, the Committee sought information on AusSAR's role in the search for a missing Cessna 150 in April. Specifically, the Committee requested details on AusSAR's search operations, the resources utilised and the costs associated with this.²⁵

3.38 Other matters raised with AMSA were:

- Current regulations in relation to EPIRBs on marine life rafts (pp 324-325)

21 *RRAT Evidence*, 31 May 2001, p. 330

22 *RRAT Evidence*, 31 May 2001, p. 331

23 *RRAT Evidence*, 31 May 2001, p. 335

24 *RRAT Evidence*, 31 May 2001, p. 339.

25 *RRAT Evidence*, 31 May 2001, pp 341-342

- Final outcome of the inspection of the Indian registered bulk carrier, *Devprayag*, which was stranded on a sandbar near Portland in April (p 325)
- Update on AMSA survey of ships operating into Australian ports including the rate of inspections, nature and extent of problems compared with previous years (pp 326-327)
- Additional funding of \$3.7 million to improve search and rescue capability (p 327)
- Update on the outsourcing of maintenance functions (pp 332-333).

Road and Rail Transport

3.39 A number of issues were raised with officers from Road and Rail Transport. There were questions in relation to the Scoresby Freeway in Victoria regarding the basis for funding \$220 million towards the freeway (pp 345-348). The Committee also asked a number of questions on the route of the proposed Murrumbateman bypass (NSW). Discussion focussed on expenditure and funding for the project, the number of studies investigating bypass route options and the resulting recommendations. There were also questions regarding the current consultancy study by Connell Wagner into the route selection including the commencement of the study and costings (pp361-368).

3.40 Other issues dealt with included:

- Audit of the interstate rail network – level of expenditure (pp 348-349)
- State governments' positions on the single national rail freight system (pp 350-352)
- Update on the scoping study for east coast high speed train (pp 353-354)
- Discussion on media article arguing that funding for the Alice to Darwin railway could have been used elsewhere (pp 354-356)
- Update on Commonwealth considerations on options for additional provisions for the Alice to Darwin railway to address a \$70 million gap (pp 356-357)
- Update on the assessment proposal by ATEC for the Melbourne to Darwin rail link (pp 357-360)
- Expenditure on road signs identifying federally funded road projects (pp 369-370)
- Roads to Recovery Package – funding for the Roads in Outer Metropolitan Areas Program, National Highway and Roads of National Importance projects (pp 370-372)
- Commonwealth decision on the external freeway as part of the upgrade of the Albury-Wodonga Hume Highway project (pp 373-374)
- Funding for construction of a four lane external national highway route including estimated costs (pp 374-375)
- Extension of funding for the Road Safety Black Spot Program pending a review of the program (pp 378-379)

Regional Services, Development and Local Government (RSDLG)

3.41 Prior to the arrival of officers from RSDLG, a number of questions were raised in relation to Regional Solutions and Rural Transaction Centres. These questions related to expenditure and grant funding and were directed to the Minister, Senator The Hon Ian Macdonald.

3.42 Following this discussion, Senators sought to ask questions relating to the Commonwealth Flood Assistance Package. As elements of the package are administered across two portfolio areas by the Department of Transport and Regional Services and Department of Agriculture, Fisheries and Forestry, the Committee considered it would be useful if an AFFA officer and officers representing RSDLG appeared together during this section of the hearings. However, following objections by the Minister, the AFFA representative (who was present) was not questioned. Subsequently, all questions were directed to Territories and Regional Support officers.

3.43 The Committee requested information on the elements of the flood assistance package administered by DTRS, pertaining to central and northern NSW and southern Queensland. Also discussed were the National Disaster Relief Arrangements (NDRA). The Department informed the Committee that the NDRA was a 'funding agreement which is not administered by Transport and Regional Services; it is administered by the Department of Finance and Administration and other agencies, but it is a standing Commonwealth-state arrangement by which, in the event of natural disasters, there is Commonwealth funding assistance made available.'²⁶

3.44 Other questions in relation to flood assistance focussed on eligibility and funding for small business grants. Also discussed was expenditure on the Flood Recovery Fund, the guidelines addressing eligibility and advertising outlining the availability of the fund. In relation to this, there was further discussion on the Gunnedah Shire Council grant used as an advertising campaign to rebuild tourist and business confidence under the guidelines of the Flood Recovery Fund (pp 386-391).

3.45 The Committee also requested an update on the Regional Flood Mitigation Program. Discussion focussed on the government's extension of eligibility for the program to outer metropolitan areas and funding (pp 392-394).

3.46 A participating committee member asked a number of questions on Regional Solutions including the criteria for funding. Other questions related to the Cape York Peninsula Land Use Study (CYPLUS), specifically, the government's interim response to CYPLUS stage two (pp 397-400).

3.47 The Committee asked questions on the funding for the Rural Communities Program including the number of projects, applications and actual expenditure in the previous financial year (pp 400-401). There were also questions on the number of projects funded under Rural Plan including number of applications and actual expenditure (pp 401-402).

3.48 There was significant discussion on the Regional Solutions Program. Issues raised included the number of funded projects, an update regarding administered funds allocations

26 *RRAT Evidence*, 31 May 2001, p. 385

and particular projects. It was established that an outstanding \$4 million of administered funds had been allocated to a new program, the Wide Bay Burnett Project as part of a new structural adjustment program. The Department advised that the establishment of this program was a government decision based on serious unemployment and socio-economic issues experienced by the region.²⁷

3.49 Other issues raised concerning the Regional Solutions Program pertained to application response times, the number of staff allocated to processing applications and staff costs (pp 405-406). Appropriation for out years including projected expenditure was also discussed (pp 407-408). The Committee also asked whether regional solution grants were available to outer metropolitan areas. The Department stated that the regional solutions program was aimed to benefit regional Australia, but it may be 'possible to fund something in a suburban metropolitan area', although this was not the primary purpose of the grant.²⁸ The Committee sought further information on whether any successful applications had been from outer metropolitan areas.

3.50 The Committee also sought information on other specific regional solutions projects including the Portland Tourist Tramway Project and the Tara Shire SPESIAL project in Queensland (pp 412-414).

3.51 An update on the implementation of recommendations from the Regional Summit was also requested (p 415). This included discussion on the work of the Inter Departmental Committee (IDC) including the development of an interactive grants application, GrantsLINK (pp 415-416).

3.52 The continuation of Budget Estimates on Friday, 1 June discussed a number of RSDLG issues. Firstly, the Committee initiated discussion on the COAG Task force on regional development in relation to the Regional Summit recommendations and sought information on what international aspects the department is currently considering. (pp 442-424).

3.53 There was discussion on the intention to incorporate state government grants onto the GrantsLINK website. The Committee also sought internal funding details for GrantsLINK including costs to date. The Department advised that the response to GrantsLINK had been favourable with a considerable number of hits on the website and endorsement from stakeholders.²⁹

3.54 Another significant issue was Rural Transaction Centres (RTCs). The Committee requested an update on number of approved and operating centres, staffing numbers and complaints about grant allocations (pp 453-454). Further discussion focussed on expenditure estimates disparity between February and the Budget PBS and the number of RTCs expected to open next financial year (pp 455-456). The Committee also discussed issues in relation to the business plans of specific RTCs and requested an update on the field officer program (pp 459-462).

27 *RRAT Evidence*, 31 May 2001, pp. 402-403

28 *RRAT Evidence*, 31 May 2001, p. 409

29 *RRAT Evidence*, 31 May 2001, pp 426-427

3.55 Other matters discussed during this hearing included:

- Update on the Research and Development programs for regional Australia including application timeframe and number of research projects being supported (p 428)
- Funding allocation for Understanding Rural Australia including estimated expenditure and project proposals (p 429)
- Estimated expenditure on the Rural and Regional Development Grant and Research Information and Data Fund (pp 429-430)
- Details of market research expenditure including testing taglines and logos for the Regional Australia Strategy (pp 431-432)
- Details of quantum market research including sample statistics and locations of focus group survey (pp 434-437)
- Update on the Foundation for Rural and Regional Renewal including donations made, Commonwealth funding contribution and number of community foundations supported by the foundation (pp 437-439)
- An update on the Year of the Outback, specifically, seed funding for regional activities and Commonwealth funding (pp 439-442)
- Discussion on the Servicing Regional Australia report (pp 442-445)
- Discussion on the government's response to the House of Representatives *Time Running Out* report (pp 445-446)
- Performance targets and appropriation for Countrylink (pp 451-452)
- Department contribution to Regional Impact Statements for cabinet submissions (p 468)
- Department liaison with Department of Communications regarding the proposed deregulation of Australia Post (pp 469).

3.56 The final hearing on the consideration of Budget Estimates was conducted on Tuesday, 19 June 2001. Prior to adjournment of the hearing on 1 June, the Committee had agreed that additional issues relating to the Roads to Recovery (RTR) Program would be dealt with at this hearing. An apparent misunderstanding in the communication of this proposal to the Minister resulted in RTR issues being dealt with by the Minister, although to a limited and unsatisfactory extent. The Committee advises the Senate that at future estimates hearings, if appropriate, it is proposed that issues relating to Roads to Recovery will be dealt with during the Regional Services, Development and Local Government component of the agenda.

3.57 A number of issues were raised with officers from Regional Services, Development and Local Government and Territories and Regional Support. Firstly, the committee sought information on the number of Regional Solutions applications from the Wide Bay-Burnett region and discussed the Wide Bay Burnett Structural Adjustment package including the availability of guidelines and the structure of the package (pp 471-472). The Department

informed the Committee that the underlying principle of structural adjustment packages is that approved projects must produce sustainable employment.³⁰

3.58 There was also discussion on Rural Transaction Centres including the difference in grant amounts for RTCs at Mathoura and Mount Magnet (p 474); appropriation for fifty RTCs yet to be opened (p 475) and funding for RTCs (pp 475-476).

3.59 Discussion on local government issues focussed on expenditure and grants for the Local Government Incentive Program (LGIP) and how projects were assessed against the guidelines (pp 486-489). The Committee also requested information on the resolutions that were carried out at the Australian Local Government Association (ALGA) general assembly. Specifically, the Committee sought information on whether the Government was considering the following resolutions: issues related to Councillors tax status, local government constitutional representation and the reinstatement of Aboriginal policy officers (pp 504-506).

3.60 Other issues included:

- Ministers liaison with banks on transaction fee increases on giroPost (p 473)
- Update on final expenditure for the Rural Domestic Violence Program (p 481)
- Funding and update on a research project on women's experiences in regional communities by the Regional Women's Advisory Council (pp 481-482)
- Funding for production of a regular regional development journal under the Understanding Rural Australia Program (pp 482-483)
- Discussion on the government response to the Commonwealth Grants Commission's review of FAGs (pp 494-495)

Territories and Regional Support

3.61 The Committee raised with the Minister questions arising regarding a person, who was neither a member of Parliament, parliamentary staff or an appropriate official, travelling with him and other parliamentary members and staff to Christmas and Cocos Islands on approved VIP flights on 30 April and 3 May 2001 (pp 489-493). Departmental officials confirmed that the person (Mr Ron Kelly) was on the subject flight, but that he was 'only present at the public forums in relation to the northern forum response and did not attend any meetings'.³¹

3.62 Other issues raised included:

- Formation of an Economic Development Committee for the Christmas and Cocos Keeling Islands (pp 497-498)
- Update on the satellite launch facility on Christmas Island (p 498)

30 *RRAT Evidence*, 19 June 2001, p. 472

31 *RRAT Evidence*, 19 June 2001, pp 496-497

- Funding details of the Indian Ocean Territories (IOTs) (pp 498-499)
- Changes to the conditions pertaining to the new air service contract to IOTs (pp 499-501)
- Disaggregation of Roads to Recovery funding for the IOTs (p 501)
- Funding for the new freight and passenger facilities on the Cocos Islands (p 502)
- Expenditure on the Buck House heritage property upgrade (p 502).

**RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE**

HANSARD

TABLE OF CONTENTS

FOR

CONSIDERATION OF BUDGET ESTIMATES 2001-2002

Monday, 28 May 2001 to Friday, 1 June 2001

Tuesday, 19 June 2001

INDEX

MONDAY, 28 MAY 2001

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY

General	Hansard Page
In attendance	1
Secretary statement	3
Industry Development (including)	4
Rural Support and Adjustment	4/36
Fisheries and Forestry	10
Agricultural Industries	59
Management Services and Corporate Governance	101

TUESDAY, 29 MAY 2001

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY

General	Hansard Page
In attendance	107
Australian Quarantine and Inspection Service	109
Market Access and Biosecurity	135
Food	144
Product Integrity, Animal and Plant Health	153
Natural Resource Management	167
Innovation and Operating Environment	175
Australian Bureau of Agriculture and Resource Economics	179
Bureau of Resource Sciences	186

TUESDAY, 29 MAY 2001

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES

General	Hansard Page
In attendance	189
Executive and Corporate Management	191
Air Transport (including)	
Aviation Division	198
Airports Division	204

WEDNESDAY, 30 MAY 2001

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES

General	Hansard Page
In attendance	209
Air Transport (including)	
Airports Division	210
Civil Aviation Safety Authority	220
Airservices Australia	290

THURSDAY, 31 MAY 2001

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES

General	Hansard Page
In attendance	311
Australian Transport Safety Bureau	313
Integrated and Cross-Modal Transport and Infrastructure	323
Australian Maritime Safety Authority	324
Road and Rail Transport	345
Regional Services, Development and Local Government	379

FRIDAY, 1 JUNE 2001

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES

General	Hansard Page
In attendance	421
Regional Services, Development and Local Government	421

TUESDAY, 19 JUNE 2001

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES

General	Hansard Page
In attendance	471
Regional Services, Development and Local Government	471
Territories and Regional Support	496

