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SENATE
RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Monday, 8 April 2019

Members in attendance: Senators Brockman, Carol Brown, McCarthy, McGrath, Moore, O'Sullivan, Patrick, Rice, Sterle, Storer, Williams.
INFRASTRUCTURE, REGIONAL DEVELOPMENT AND CITIES PORTFOLIO

In Attendance

Senator Scullion, Minister for Indigenous Affairs

Department of Infrastructure, Regional Development and Cities

Executive

Dr Steven Kennedy PSM, Secretary
Dr Rachel Bacon, Deputy Secretary
Ms Pip Spence PSM, Deputy Secretary
Mr Luke Yeaman, Deputy Secretary

Airservices Australia

Mr Jason Harfield, Chief Executive Officer
Mr Paul Logan, Chief Financial Officer
Mr Robert Porter, Executive General Manager, Aviation Rescue Fire Fighting Services

Australian Maritime Safety Authority

Mr Mick Kinley, Chief Executive Officer
Mr Gary Prosser, Deputy Chief Executive Officer
Mr Allan Schwartz, General Manager, Operations
Ms Cherie Enders, Chief Operating Officer

Australian Rail Track Corporation

Mr John Fullerton, Chief Executive Officer
Mr Richard Wankmuller, Chief Executive Officer, Inland Rail Program

Australian Transport Safety Bureau

Mr Greg Hood, Chief Commissioner
Mr Nat Nagy, Executive Director, Transport Safety
Mr Colin McNamara, Chief Operating Officer
Mr Patrick Hornby, Manager, Legal and Governance

Aviation and Airports Division

Mr Brendan McRandle, Executive Director
Mr Stephen Borthwick, General Manager, Aviation Industry Policy
Ms Leonie Horrocks, General Manager, Airports
Mr Simon Moore, General Manager, Air Traffic Policy
Mr Jim Wolfe, General Manager, Aviation Environment
Mr Michael Rush, Director, Remote Aviation Programs

Cities Division

Mr Richard Wood, Executive Director

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
Ms Janet Quigley, General Manager, City Deals (Victoria, South Australia and Western Australia) and Programs
Mr Adam Stankevicius, General Manager, City Deals (Northern Territory, Tasmania and Regional) and Engagement
Ms Ann Redmond, General Manager, City Deals (Queensland) and Strategic Policy

**Civil Aviation Safety Authority**
Mr Shane Carmody, Chief Executive Officer
Mr Graeme Crawford, Group Executive Manager, Aviation
Mr Rob Walker, Executive Manager, Stakeholder Engagement
Ms Philippa Cromie, Executive Manager, Corporate Services
Mr Simon Frawley, Chief Financial Officer
Dr Jonathan Aleck, Executive Manager, Legal and Regulatory Affairs
Mr Chris Monahan, Executive Manager, National Operations and Standards
Mr Peter White, Executive Manager, Regulatory Services and Surveillance
Mr Luke Gumley, Branch Manager, Remotely Piloted Aircraft

**Corporate Services Division**
Ms Justine Potter, Chief Operating Officer
Ms Cheryl-Anne Navarro, Acting Chief Financial Officer
Ms Michelle Wicks, Chief People Officer, People and Performance
Mr Scott Mashford, General Manager, Governance, Parliamentary and Communications

**Infrastructure and Project Financing Agency**
Ms Leilani Frew, Chief Executive Officer
Mr Bill Brummitt, Chief Operating Officer

**Infrastructure Australia**
Ms Anna Chau, Acting Chief Executive Officer
Mr Peter Colacino, Executive Director, Policy and Research
Mr David Tucker, Acting Executive Director, Project Advisory

**Infrastructure Investment Division**
Ms Jessica Hall, Executive Director
Mr Phil McClure, General Manager, Major Infrastructure Projects Office
Mr Daniel Caruso, General Manager, Infrastructure Investment Policy
Ms Christina Garbin, General Manager, North West Infrastructure Investment
Mr Oliver Holm, General Manager, South East Infrastructure Investment
Ms Cathryn Geiger, General Manager, Land Transport Market Reform
Mr Mitch Pirie, Acting General Manager, Information Systems

**Inland Rail and Rail Policy Division**
Mr Philip Smith, Executive Director
Mr Simon Quarrell, Acting General Manager, Operations
Mr Garth Taylor, General Manager, Communications, Social Value and Regional Delivery
Mr Andrew Hyles, General Manager, Rail Policy and Planning

**Australian Maritime Safety Authority**
Ms Mary Dean, National Manager, Compliance Strategy
Mr Dave Marsh, Enforcement and Inspector Support
Mr Clinton McKenzie, General Counsel
Mr Mark Morrow, General Manager, Response Maritime Emergency Response Commander

**National Capital Authority**
Ms Sally Barnes, Chief Executive
Mr Andrew Smith, Chief Planner
Mr Lachlan Wood, Chief Operating Officer

**National Transport Commission**
Mr Geoff Allan, Acting Chief Executive Officer
Dr Steven Kennedy PSM, Secretary
Ms Pip Spence, Deputy Secretary

**Portfolio Coordination and Research Division**
Ms Gayle Milnes, Executive Director
Dr Gary Dolman PSM, Head of Bureau, Bureau of Infrastructure, Transport and Regional Economics
Ms Naa Opoku, General Manager, Freight and Supply Chain Inquiry
Mr Oliver Richards, General Manager, Strategic Policy
Mr Roland Pittar, General Manager, Office of Future Transport Technology
Ms Shona Rosengren, General Manager, Portfolio Coordination

**Regional Development and Local Government Division**
Mr Chris Faris, Acting Executive Director
Ms Donna Wieland, General Manager, Regional Programs
Ms Maxine Loynd, General Manager, Regional Policy
Mr Anthony McGregor, Acting General Manager, Local Government and RDA
Ms Giovanna Castellani, Acting Director, Barkly Regional Deal Taskforce
Ms Diana Hallam, Executive Director, Drought Taskforce

**Surface Transport Policy Division**
Mr Alex Foulds, Executive Director
Ms Sharon Nyakuengama, General Manager, Vehicle Safety Standards
Mr Andrew Johnson, General Manager, Maritime and Shipping
Ms Sue Tucker, Acting General Manager, Road Safety Taskforce
Dr Gary Dolman PSM, Head, Bureau of Infrastructure, Transport and Regional Economics, Policy Coordination and Research Division

Territories Division
Ms Claire Howlett, General Manager, Indian Ocean Territories Branch
Ms Ruth Wall, General Manager, State Service Transition Team
Ms Nicole Pearson, General Manager, Norfolk Island and Jervis Bay Territory Branch

Western Sydney Unit
Ms Kerryn Vine-Camp, Executive Director, Western Sydney Unit
Ms Sarah Leeming, General Manager, Communications, Environment, Legal Branch
Mr Greg Whalen, General Manager, Program and Shareholder Management Branch
Mr Malcolm Southwell, General Manager, Rail and City Deal Implementation Branch

WSA Co.
Mr Graham Millett, Chief Executive Officer
Ms Shelley Cole, Chief Financial Officer

Committee met at 09:08

CHAIR (Senator O'Sullivan): I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. Before we get into the typical formal hearing, Dr Kennedy, can you mobilise agencies 1 to 6? Can you ask them to make their way here to be with us as soon as they can?

Dr Kennedy: Yes.

CHAIR: Some were planning not to come until three o'clock or after the lunch break. I know it can be inconvenient for some, but that's part of it. We intend to recall the Regional Development and Local Government Division. They will come immediately after the Territories Division. We're all very optimistic today about the program. They will definitely be before the committee. Any other adjustments to the agenda won't include excusing the Regional Development and Local Government Division, so they should mobilise to be here as soon as they can. Is that in accordance with colleagues' considerations? Thank you very much.

Dr Kennedy: Just very quickly, the key officials from the Infrastructure and Project Financing Agency and Infrastructure Australia will both be travelling down from Sydney—I'm not sure of their timing—whereas all the other divisions that come after them are Canberra based, so—

CHAIR: Today's going to be very fluid—and for those other senators in the building interested in this, they need to watch the processes here very closely. If the Infrastructure and Project Financing Agency and Infrastructure Australia are not here when the time comes, we will move people that are here up the schedule to fill the gap. We're not going to sit around and wait, and I know that we've caused this.

Dr Kennedy: No, we're very happy to do that. I just wanted to let you know that the schedule might need to go past them until they turn up.

CHAIR: Sure. Also, we may have to deal today with questions on notice for some of these agencies that were lodged last week.
Dr Kennedy: Are you referring to Senator Sterle's letter?

CHAIR: Well, his or anyone else's.

Dr Kennedy: Okay.

CHAIR: We'll have that debate when we get to it, because I'm inclined to say that, if a question's been put on notice, it's a question on notice, and that's where it will remain. It will be answered in accordance with the decisions of the committee about questions on notice, rather than having it be regurgitated again and sit on notice for us to try and sift through it, but I'll have that fight with my fine-feathered friend here if we need to at some stage during the proceedings. But if questions are asked and they are on notice, I'd ask that the officials bring that to the attention of the committee so we can decide what to do about it.

Dr Kennedy: Okay.

CHAIR: Thank you for that. The Senate has referred to the committee the particulars of proposed expenditure for 2019-20 and related documents for the Infrastructure, Regional Development and Cities portfolio. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has before it a program listing agencies relating to matters for which senators have given notice, and the proceedings today will begin with an examination of Airservices Australia, in line with the indications that the committee has provided here at the opening. The committee has fixed Friday, 24 May 2019 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business on Tuesday, 23 April 2019. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice.

I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate, by resolution in 1999, endorsed the following test of relevance for questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has also resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which will be incorporated in the Hansard:

The extract read as follows—

Public interest immunity claims
That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer’s statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
CHAIR: Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

Airservices Australia

CHAIR: I now welcome Senator the Hon. Nigel Scullion, Minister—a great minister—for Indigenous Affairs, representing the Minister for Infrastructure, Transport and Regional Development. I acknowledge, as we will at the end, Senator Scullion, that this may be your last appearance before an estimates committee. I also welcome Dr Steven Kennedy, Secretary of the Department of Infrastructure, Regional Development and Cities, and Mr Jason Harfield, Chief Executive Officer of Airservices Australia, and your departmental officers. Minister Scullion, do you wish to make an opening statement?

Senator Scullion: Not specifically. I just have one short congratulations. I understand that the South Australian government wrote to the Deputy Prime Minister last week, indicating that they are now including Indigenous procurement as part of their national partnership agreement on infrastructure, which shows tremendous leadership. I'm sure that that leadership will encourage all other jurisdictions to sign up to something that the Commonwealth has shown a great deal of leadership on through this portfolio.

CHAIR: Hear, hear.

Senator Scullion: I thank Dr Kennedy and all of the committee for their efforts to ensure that our First Australians get a crack at the big time in infrastructure. Thank you.

CHAIR: It will be one of the things you'll be remembered for, Minister, I am certain, over time—giving them the opportunity to compete, as you have. That's good news. Dr Kennedy, would you like to make an opening statement?

Dr Kennedy: No.

CHAIR: Mr Harfield, would you like to make an opening statement?

Mr Harfield: No.

CHAIR: Thank you. Senator Sterle.

Senator STERLE: Because of the way things have worked out today, I'll pose questions to the agency to Mr Harfield, but, Dr Kennedy, if you and your crew could have a listen too, because I would like to put them to you. I'd like to put them to you first, but I don't know if you've got the support staff behind you. Is it all right if I do that, Chair?

CHAIR: Of course.

Senator STERLE: There's been a development that I want to follow up. Yesterday the Treasurer was interviewed by Mr Cassidy about advertising spending. I think the words coming from the Treasurer at the time, when he was asked how much, were that the information would be provided. I'll try and see how we go today. Dr Kennedy, given the Treasurer's commitment to transparency, can the department advise the committee how much money you'll be spending on government advertising this week?
Dr Kennedy: Ms Bacon is the relevant deputy who looks after this issue. She will be coming up here to appear with Territories and others, and she will be able to answer these questions in detail. I'll also note that, when Senator Sterle wrote to the department, there were a series of questions there around advertising. It's again a matter for the committee whether you want me to treat those questions as questions on notice.

CHAIR: My position on that is that there'll be a degree of sensible latitude. If there's a matter that's exercising the mind of any senator around these matters, we'll allow them to explore them in the open. It's just if we get, as we did last week, into a systemic situation where senators are asking, one after the other, the same questions that went on notice that the committee will become exercised as to whether that's okay. But, in this circumstance, that line of questioning will proceed.

Dr Kennedy: To help the committee: this is a matter dealt with by our corporate division. They're not actually scheduled to appear today. But of course we'll bring officials forward to suit the committee's request to answer questions on advertising. We're not surprised to get those questions. Ms Bacon is the relevant deputy secretary. We can answer them perhaps when we do the Portfolio Coordination and Research Division, or I can simply put a request for them to come straight up and do it now. I'm in your hands.

Senator STERLE: Chair, things will be fluid today. If they can come up earlier, especially if we've got interstate visitors, that would be appreciated.

Dr Kennedy: Okay.

Senator STERLE: Therefore, I won't go down this path with Dr Kennedy's crew. I'll just go straight to Mr Harfield.

CHAIR: Are you asking the committee to consider interposing them when they do arrive? We've got a schedule.

Dr Kennedy: As a suggestion, Chair, you could take Airservices. If you've got questions for Airservices, I'm pretty sure they'd be here by the end of Airservices, and then we could move to questions. For the corporate division, just so I'm clear, Senator Sterle, so I can get the relevant staff, these will be just questions on advertising today?

Senator STERLE: Yes.

Senator MOORE: The one or two questions I have for the whole department could come under corporate. Their questions you could handle, Secretary, but I think that possibly they would be better with the corporate support.

Dr Kennedy: We'll bring a larger group up then.

Senator STERLE: Just to confirm, Dr Kennedy, through you, Chair, yes, advertising, media monitoring and promotional merchandise. It's all in the same basket. With your blessing, Chair, I'll go back to Mr Harfield.

CHAIR: Senator Moore, your questions will be directed at portfolio coordination.

Senator MOORE: The questions go to individual agencies as well, into gender focused analysis through the Office for Women and the role that the department has with that, and also to an update on the SDGs.

Dr Kennedy: They're probably best done through portfolio coordination or research and development.
Senator MOORE: Happy for them to be there.

Dr Kennedy: That's when sustainable development goals are discussed.

Senator MOORE: I'll be asking similar questions of the agency directly.

Dr Kennedy: We'll do that.

CHAIR: Each agency can cope with the question their own way. They ought to have the answers for Senator Moore. If that works for you, Senator Moore, that's how we'll approach this.

Senator STERLE: Mr Harfield, I'll repeat the question for you: given the Treasurer's commitment to transparency, can the agency advise the committee how much money you will be spending on government advertising this week?

Mr Harfield: Zero dollars.

Senator STERLE: Right, that's very easy. Thank you very much. I'll go to a couple more. Can you tell us what, if any, the agency's expenditure on media monitoring in the financial year commencing 1 July 2018 has been?

Mr Harfield: I'm not sure that we have that with us, but we can take that on notice.

Senator STERLE: Do you want to check? Only because it's so much easier for you, for a simple figure, if you've got it now rather than going back.

Mr Harfield: Do you want to go on to the next question and we'll see if we can get it chased up.

Senator STERLE: Sure. I'll also ask for an itemised list of all AusTender contract notice numbers for media monitoring. Have you had any AusTender for media monitoring contracts in the period? That might be for the department.

Mr Logan: Yes.

Mr Harfield: Maybe. We'd have to check on that, Senator, but off the top of my head—

Senator STERLE: I'll leave them for the department. That's all right, I won't bug you any more on that. If you can just come back with that figure, that will do fine. I'll channel them to you, Dr Kennedy, and your team. I don't have any further questions for Airservices Australia.

Senator MOORE: Mr Harfield, I have two questions, and I'm asking every agency I can get to. One is around the information from the Office for Women that they've been doing some work encouraging every agency and department to look specifically at the gender impact of decisions and policies. That's particularly around budget, as well. They've said that each department has had correspondence from them and many departments have had some training in this space. I want to find out whether Airservices Australia has had discussions with the Office for Women about, specifically, gender based impact studies on budget decisions and policy?

Mr Harfield: I'm unaware of any, but it would be unlikely because we're not under any budget appropriations, but we do have a range of activities in the diversity space.

Senator MOORE: And policies and process.

Mr Harfield: Yes.
Senator MOORE: Would you check with your corporate area? This is just a general issue. It's looking at how this communication process operates across the whole of government, so it would be useful.

Mr Harfield: We can do that.

Senator MOORE: The other area is the sustainable development goals. I'm of the opinion that Airservices Australia does have a role in that space. I just want to know, from your perspective, have you been involved in discussions around where, in the goals, Airservices would operate, and particularly around infrastructure, development of skills and partnerships—the various goals that look at that.

Mr Harfield: I'd have to take that on notice, because I'm unaware of any conversations. But we'll check and provide that advice.

Senator MOORE: Supplementary to that, when you do, check—I'll check with the secretary, because I do believe that the department is part of the departmental secretaries group—whether you have any discussions through the department back into the SDG agenda for the government?

Mr Harfield: Will do.

Senator PATRICK: Mr Harfield, thank you very much for allowing me to visit the control operations—

Mr Harfield: The Brisbane Centre.

Senator PATRICK: and the tower. That was greatly appreciated. It helps me put things into context. I want to ask some questions about CMAT. I don't know who the best person to ask about that is.

Mr Harfield: Just start, and we'll see.

Senator PATRICK: The schedule you've provided—I think it was to the committee, but it may have been to me—has a list of project and operational milestones. The latest milestone that is supposed to have been completed is the voice communication system, phase 1, being successfully commissioned into Brisbane. I wonder if you can give me an update on that.

Mr Harfield: That was successfully implemented in late February—I think that was the date—and we've now got it commissioned in Perth, Melbourne, Sydney and Brisbane.

Senator PATRICK: You've got to roll it out to the other major airports?

Mr Harfield: No, not for phase 1. That's it. Phase 1 is complete.

Senator PATRICK: And I've got, for Q4 of this year, voice communication system productivity and efficiency benefits realised. What are you doing in the context of that next milestone? I guess that involves some analysis as to how the system is performing?

Mr Harfield: The productivity benefits associated with the new voice communication system allow us to put in more networks than we had previously with the old system and to combine and split different airspace structures; therefore, we will find some efficiencies in the air traffic control rosters. At the moment it's classed as 21 full-time equivalents across the entire operation, which gives us the capacity, when we do the transition, to free up people to do the transition to the broader CMATS. Off the top of my head, in the last report that I saw we were about a quarter of the way through achieving those benefits.
Senator PATRICK: And the preliminary design review is due for Q4 this year. Is there any reason you believe that won't be there?

Mr Harfield: No reason at all; that's all on track.

Senator PATRICK: What's the total budget for CMATS? I know there's a Defence component and an Airservices component?

Mr Logan: The budget for the contract for the Airservices component is about $665 million.

Senator PATRICK: Sorry, did you say that's combined?

Mr Logan: That's the Airservices component.

Senator PATRICK: But there's some agreement between Air Force and—

Mr Logan: There is. The total contract is about $1.2 billion.

Senator PATRICK: How much have you committed to that project by way of contract at this point in time?

Mr Logan: The complete amount.

Senator PATRICK: So the entire contract—it's just one contract?

Mr Logan: Yes, that's one contract.

Senator PATRICK: That implies that it's only internal costs that you've put in the $665 million. There must be other costs—consultants, internal operating costs?

Mr Logan: There's about $150 million worth of internal program costs on top of that.

Senator PATRICK: How much to date has been spent on consultants in that project?

Mr Logan: I don't have a specific figure for you today, but I can certainly get you one.

Senator PATRICK: Okay, so you'll take that on notice?

Mr Logan: I'm happy to.

Senator PATRICK: The other thing I'm interested in, noting the history of this particular project, is rates for consultants. I'm wondering if there is anyone above $2½ thousand per day in terms of consultants? I'm wondering if there is anyone above $2½ thousand per day. That's the benchmark, in my view. If the Attorney has to sign off on something higher than that, I imagine we'd want to apply the same standard in your particular projects. So I'm just wondering if you could perhaps break down what is the top rate—I don't mind if you band it—for consultants and how much is being paid at that top rate—perhaps something above $2,500 and between $1,500 and $2,500. Could you just tell me how many contractors are being paid in each of those brackets and what the total value is within those brackets?

CHAIR: Mr Logan, one of the things that the senator's question is based on is an assumption of the policy setting. Do you have anything of that in your mind, about the policy settings that guide the delegated approvals?
Mr Logan: The delegated approvals for consultancies are that they're approved by the chief executive officer.

CHAIR: I appreciate that, but I'm certain there'll be discretionary limits. The point is that he's asked you to go away and do a whole host of work and bring back a whole host of information. That might be a moot point if a policy setting provided a discretion to the chief executive officer to approve that in the first instance. It may change the particularisation that the senator's after. He's assuming anything over $2,500 a day requires you to send it up to the moon, and they'll sit on it for a week. Is that the case, or does the chief executive officer have a threshold of approval above $2,500 for consultants in the program?

Mr Logan: Yes, the chief executive officer does have an approval greater than $2,500.

CHAIR: Right. So then Senator Patrick may well change what he's after.

Senator PATRICK: Thank you, Chair. That's very helpful of you. I was just looking at the Legal Services Directions, and in some sense this is the standard I put on all departments: Senior counsel are not to be paid a daily rate above $3,500 … without the approval of the Attorney General. Junior counsel are not to be paid a daily rate above $2,300 …

So I'm interested in those bands, but what is the exact delegation within your organisation? When does the chief executive officer need to be involved, and when does a minister to be involved?

Mr Logan: In our case, the chief executive officer is able to sign, so all consultancies go through the chief executive officer for approval to engage consultants. There is no further approval sought from ministers, because we have a different governance arrangement.

Senator PATRICK: Mr Harfield, what's the maximum you would be inclined to pay? In your memory, over the last year or so, what are the maximum numbers you've been asked to pay on a daily rate?

Mr Harfield: A daily rate for a particular consultant would probably be, off the top of my head, in the ballpark that you were talking about. There's nothing extreme. But it depends on the nature of the work—whether it is, for example—

Senator PATRICK: Long term?

Mr Logan: Long term and then depending on the range and all that. There are a whole lot of considerations that need to be taken into account in how that's packaged up, for example.

Senator PATRICK: Yes, but you see what I'm getting at: there's a standard at least set somewhere in the government as to when a minister needs to be involved, and in this case I understand your governance arrangements are different, but in some sense there's an expectation, if you're going above those sorts of levels, that for senior counsel $3,500 is about where you top off. I suspect that also drives costs down, because SCs will be more inclined to put their fees below that number so that it doesn't have to go to a minister, and that's not a bad thing.

Mr Logan: Yes. I would need to also check. We also have at times been under the Legal Services Multi-Use List agreement as well. In the case of legal fees, that would be in line with those.

Senator PATRICK: For legal fees, that condition is binding across all departments.

Mr Logan: Yes.
Senator PATRICK: So I'm presuming you wouldn't have gone above those rates without the minister's or the Attorney's approval—or do you have some ability to go above those rates?

Mr Logan: I'd need to check the specifics of the legal services framework.

Senator PATRICK: If you could come back with—

Mr Logan: Sure.

Senator PATRICK: That's the sort of range in which I'm quite interested.

CHAIR: Just for my benefit, could you particularise what you want them to take on notice a little bit further?

Senator PATRICK: Yes. I would like you to provide me with the total amount you've spent to date on consultants. I'd like to know what the top rate is that you have paid. Then I would like to know, from a consultant's perspective, how many consultants—and I'll just change it to how many are being paid above $3½ thousand per day. How many consultants have been paid between $2,300 and $3½ thousand? And I'd also like to know—I guess, separately—if you can confirm that you have complied with the legal services direction in respect of legal counsel. I'm presuming the answer's going to be a very simple yes to that. But if for some reason you have a variation, because of the nature of your governance arrangements, then please provide that. And that's it.

Mr Harfield: In the confines of CMATS, or are you looking more broadly?

Senator PATRICK: No. Actually, that's the largest project you're working on, isn't it?

Mr Harfield: Correct.

Senator PATRICK: So I'm happy to just work in that space. The other question I have goes to risk. You provided me with quite a high-level risk register back as of January this year. Indeed, reflecting on that, the one risk that you had that was open was: civil military air traffic management system may not achieve required user and quality requirements. I don't know if you've got anything updated on that particular risk at this point in time.

Mr Harfield: The update is that that's reducing as we go through the program. We've got through the SDR. We'll be going into the preliminary design review, and as we work through those engineering requirements and also settle the human-machine interface, which is the thing with the control of that, that will reduce over time. It's just something we're cognisant of. At the end of the day, this has to be utilised by controllers to work. So going off one tangent and then turning up and going, 'This is unworkable,' is probably the major risk of the program. But it is reducing over time and with the work that we're doing, so when we provide the next update you'll see that it's reducing.

Senator PATRICK: It just seems to me also, and I do have a project management background in complex projects, that you've got 10 or 15 risks here that have all been closed off and you're very early in the program. I've no basis other than my own experience to look at this and say, 'This is not a complete list.' You are very early on in the piece and the risks are very few.

Mr Harfield: There probably needs to be an update to where we're currently at as we've gone through the different phases of the program. Obviously, there are new risks. There are some higher-level ones, and then, as we go through the phase, some will get retired and others
will come on to the program as we move through. That's probably from the start of last year, if I remember correctly.

**Senator PATRICK:** As of January 2019.

**Mr Harfield:** So it's earlier this year. Probably because of the nature of providing the information, we actually keep quite a fairly high level, so, at some stage, we can go through the detail of our whole risk register, if you like, to give you the comfort that there is actually a lot more to it than the high level——

**Senator PATRICK:** That was my concern, if this were a risk. If I were to see how this was presented to me, I'd say the project was not well informed.

**Mr Harfield:** That's very well understood.

**Senator PATRICK:** Is it possible to go down and, in effect, provide the committee with the risk register? Are there any commercial risks associated with doing that?

**Mr Harfield:** I would have to take that on notice to go through it, but we can provide you with the next level down.

**Senator PATRICK:** I will move now to matters of charges. And please excuse my ignorance; I'm just trying to get some information in terms of the way in which you charge airlines for air services. I'll tell you the endpoint I'm trying to get to. Right now we know that flights to regional airports are more expensive than a Melbourne-Sydney flight. I wonder whether your costs to the airlines are consistent on any route. Is it on a per-mile basis? Do you charge separately for ground related services, air services and air traffic control services? How do you charge that for, say, a Qantas flight flying Sydney-Melbourne versus a Qantas flight flying Adelaide-Whyalla?

**Mr Harfield:** Ostensibly we have three charges. We have a terminal charge, an en route charge and the aviation rescue and firefighting charge. The terminal charge is based on the tonnage of the aircraft based on what I'll call a basin price. I'll ask Mr Logan to speak to that in more detail. That depends on how much tonnage is going through the particular airports. Then we have the en route charge, which is about the weight and distance flown by the aircraft. The aviation rescue and firefighting charge is based on weight and the type of category of the aircraft. I will hand over to Mr Logan.

**Senator PATRICK:** If a flight flies Adelaide-Whyalla and there is no air firefighting service in Whyalla, I presume——

**Mr Logan:** If you're flying from Adelaide to Whyalla, assuming the aircraft was flying instrument flight rules, there's an en route charge, which is based on the distance and the weight of the aircraft. There's no terminal navigation charge and there is no rescue and firefighting charge.

**Senator PATRICK:** I'm wondering if maybe you could provide the committee with a breakdown of what those charges are. I presume they're not commercially sensitive in that you charge the same rate whether it's Qantas, Rex et cetera.
Mr Logan: Yes.

Senator PATRICK: And it's reviewed by the ACCC, isn't it?

Mr Harfield: Correct.

CHAIR: The further away you are, the bigger the charge if there's a mileage component to it?

Mr Logan: Yes.

CHAIR: So clearly these remote communities—what we call regional communities—are at a disadvantage from the get-go.

Mr Logan: For the en route component, yes.

CHAIR: Our experience with all this stuff has been that every bit of pain that can exist lands in the lap of the people, communities, local governments or economies that are least equipped to meet these charges. Has there been any consideration that, the further you go, the rate could reduce?

Mr Logan: I could compare that to an international flight. If you're flying to, say, Dubai, the international long-haul carriers are certainly flying 6,000 or 7,000 kilometres, so they're certainly paying a significant amount for that distance charge. The charge works out depending on the weight of the aircraft, so for a smaller aircraft the charge is—for up to 20 tonnes as an aircraft, they're paying about 90c per 100 kilometres per tonne.

Senator PATRICK: What's a Q400. Is it 20 tonnes?

Mr Logan: A Q400, I think, is 15 tonnes, but, again, I'd need to double-check. That's off the top of my head.

Senator PATRICK: I think we were mucking around with security, and they were talking about 40 seats or 20 tonnes.

Mr Logan: They could be just under 20. I feel like they're on the cusp of that.

CHAIR: One of the points I'd make is that, for some of these communities, air freight is the only freight. It's not as if they're on the eastern seaboard, where they can choose rail, road or air. Air freight is it for them. They don't have rail into their communities. Road transport, because of the volume, is not an option. In any event, the cost on the freight is much higher. God forbid I would use the word 'socialism', but, in terms of socialising these extraordinary costs that don't meet the test of fairness and parity in relation to our smaller and more remote communities, has it ever been considered? Maybe I'll direct it to you, Mr Harfield. When you review charges, is it a possibility that someone can factor in a consideration?

Mr Harfield: Absolutely. When we come up for our review of charging it goes out for consultation, and this is the area we look at every time within the confines of how we have to charge on how to get the balance right for communities and operations that you have mentioned versus where you get quite heavy utilisation up and down the east coast, for example. It's one of the reasons we have gone through the reforms in the organisation. Instead of putting our prices up back in 2015, we've been able to hold our prices at 2015 levels, and have guaranteed they will continue to 2022-23. Because we continue to review how do we actually make a better—

CHAIR: All right. Senator Patrick, I'm sorry for hijacking this.
Senator PATRICK: No, I want to go here as well.

CHAIR: So that then, suggests, that you do have some sort of a sliding scale. It suggests that you've considered matters such as these before, and that has resulted in a different, if you like, charging regime, cents per kilometre for longer haul to regional community than perhaps Brisbane to Melbourne or something to that effect. Is that right? So there's a schedule? I could run my finger down it?

Senator PATRICK: I've asked them to table that schedule.

CHAIR: Yes. I'll go silent on this if the answer is, 'Yes, there's a table and we've considered it and we take into account the burdens of rural communities and so on and so forth and that's reflected in the charges'.

Mr Logan: So the sliding scale is based on the weight.

CHAIR: So everyone pays the same. It's pure communism. Everyone gets the same loaf of bread at the same time every day.

Mr Logan: In the case of en route that's true. In the case of rescue and firefighting, when we were putting in new regional locations, the process that we went through there was looking at how do we deal with the potential dislocating effect—sorry, that's an economic term—of putting a very large charge when we put a new service into a regional location for rescue and firefighting? In that case we have a network charge for rescue and firefighting, so that the same price is paid in a regional location as it is in the city for rescue and firefighting services, for example. So, in those kinds of charges, we do. And in the case of—

CHAIR: But are they getting apple for apple there? If I—

Mr Logan: Yes.

CHAIR: If you've got a firefighting charge on, I don't know, Longreach Airport, I've got—if a plane lands and it crashes in Brisbane and there are 50 men and women ready to go with five vehicles and 10 sirens. If the same crash with the same airline happens in Longreach, have I got 50 men and women with the same number of sirens and trucks to come out? It seems to me that that wouldn't be the case.

Mr Harfield: If it was the same aircraft type, you would have the same equivalent response. So what we're getting at is, for example, Brisbane, Sydney and Melbourne are all staffed up to take, at some stage, an A380. Unless an A380 is landing at Longreach, you're not necessarily going to have that exact same response, but we would have the response available to—

CHAIR: So you're telling me that at Longreach today, when the—what's the twin prop that goes in the cigars?

Senator PATRICK: Dash 8?

CHAIR: When the Dash 8 arrives, there is a live contingent of firefighters who are sitting in a shed somewhere?

Mr Harfield: No. Not in Longreach because we don't have the service established for using that. If, hypothetically, there was the service there—let's take Coffs Harbour, as an example—
CHAIR: So they don't get charged. Longreach doesn't get charged?

Mr Harfield: No, they don't get an ARFF charge.

Senator PATRICK: But is the charge constant? So, in Melbourne, you have a team on the ground that can deal with an A380. That involves a particular cost. In Coffs Harbour, you have a team on the ground that can deal with a 737, presumably? The charge would be different?

Mr Harfield: Mr Logan will correct me if I'm wrong here, but, with the ARFF charge, we have a network charge at the base there, which is category 6, which is where we normally establish a firefighting service. That level is paid the same anywhere in Australia where there's an ARFF service being provided. It's a networked charge because we have to continue to balance the principles of location specific versus networking, and that's the best way of doing it. If you're an A380 aircraft, you're a cat 10, and you pay a cat-10 charge when you land at Melbourne, which is far above the cat 6, so you pay whatever category. Up to cat 6, it's exactly the same but if you provide a higher category aircraft, because it's a bigger aircraft, you pay more because of the type of aircraft.

Senator PATRICK: Okay. I just had a quick look at aircraft weights. It looks like a Q400 is somewhere around about 30,000—

Mr Logan: I must have been thinking about the old Dash 8s. I apologise.

Senator PATRICK: Yes. There's a 200 series as well; it has fewer passengers. Mind you, my googling could be wrong. I've just looked at it. That's maximum take-off weight, which I presume is how you're going to work it off?

Mr Logan: Correct.

Senator PATRICK: And then we have 737. That's got a maximum take-off weight of about 80 kilograms. What's the charge for that? You said 90c below 20 tonnes. What's the next bracket up?

Mr Logan: The next bracket starts to work on a square root, and this is an international convention, so bear with me; it's slightly complicated.

Senator PATRICK: I can do square roots.

Mr Logan: It's the square root of the tonnage once it's above 20 tonnes, but it's at a rate of $4.

CHAIR: So does that make it cheaper per cubit of weight? I imagine it would.

Mr Logan: It does as you get higher, yes.

CHAIR: So—

Mr Logan: Which is the international—

CHAIR: What service do you provide that you need to recover this particular charge?

Mr Harfield: This is providing the air traffic services across the country.

CHAIR: And the freight has what to do with that? It's just a mechanism?

Mr Harfield: It's not an airport charge. It's flying through the airspace and getting the service from—

CHAIR: I appreciate that, but what's the freight got to do with it?
Mr Logan: The aircraft convention is using the maximum take-off weight of the complete aircraft, regardless of how much freight is on board.

CHAIR: No. Guys, at some stage, an airline has to do a return to you that said, 'Look, I've got 20 tonnes in the cargo on that trip'. Or, if they put the return in that they only had 18 tonnes and they will pay you less; 16 tonnes they'll pay you less again, and so on. I'm asking you: what charge—and I know your answer; you're going to tell me that that money that's paid to you is meant to offset the cost of providing OneSKY or whatever you're providing them to guide them from A to B. Is that correct?

Mr Logan: That's correct. But we don't change the charge based on the actual weight of the aircraft. It's based on the maximum take-off weight, which would include what the maximum freight load—

CHAIR: But what does it have to do with you guiding them through the air? Is it just that you had to find a formula?

Mr Logan: Yes. It's an international convention and typically uses that formula for enroute services.

CHAIR: Yes. I appreciate that.

Senator PATRICK: You said, for up to 20 tonnes, it was 90c per kilometre?

Mr Logan: Per 100 kilometres.

Senator PATRICK: So this is not a huge charge, then?

Mr Logan: It's not a huge charge, no.

Senator PATRICK: So it's probably not significant in a—

CHAIR: It would cost you more to recover it, wouldn't it?

Mr Logan: Senator—

CHAIR: I mean, if they're short-haul stuff. If it's 200 kay, you're going to get, what, $1.80.

Senator PATRICK: Yes. It's nothing. It's $1.80. So it's not significant. Can you provide the schedule of those?

Mr Logan: Yes.

Senator PATRICK: Yes. It's nothing. It's $1.80. So it's not significant. Can you provide the schedule of those?

Mr Logan: Yes.

Senator PATRICK: Just for the committee's benefit. Really, in some sense, this is related to the other inquiry that we're doing. The terminal charge, how does that work?

Mr Logan: That's based on the weight of the aircraft—again, using the maximum take-off weight as the standard. There's a charge that's related to the particular location. So, depending on where you're landing, if we have a tower service that's open, then there's a terminal navigation charge that's based on the weight of the aircraft.

Senator PATRICK: What are those charges?

Mr Logan: There's a schedule across the 20-odd locations that we're at.

Senator PATRICK: For each aircraft, does it get cheaper per tonne as the weight goes up?

Mr Logan: No.
Senator PATRICK: I am just after an order of magnitude. Once again, flying to Whyalla, Whyalla doesn't have a tower, so do they have a charge at all?

Mr Logan: No.

Mr Harfield: It is only where we're providing an air traffic control service at that airport.

Senator PATRICK: So it is just the Adelaide sector they get charged?

Mr Harfield: On the way to Adelaide.

CHAIR: Does Roma, for example, have a tower?

Mr Logan: No.

Mr Harfield: No, it does not.

CHAIR: Tell me what would be your smallest community with a tower? Or give me one.

Mr Harfield: Karratha.

Mr Logan: Albury.

Senator PATRICK: Is it possible to table that?

Mr Logan: Sure.

Mr Harfield: It's on our website, that schedule with all the charges.

CHAIR: So just pick one, Mr Harfield, any one you like.

Mr Harfield: Alice Springs.

CHAIR: Alice Springs, probably not a good one.

Mr Harfield: Karratha.

CHAIR: Let's do Karratha. Your recovery out of Karratha would be significantly less than it would be out of a larger centre with more flights, correct?

Mr Harfield: That is correct.

CHAIR: So is it fair to say that the income is consolidated to cover the costs? For example, Karratha might not cover itself?

Mr Harfield: If you left it and we did a full cost recovery, the price would be higher into Karratha than is currently charged.

CHAIR: But perhaps less in other centres, according to the same principle?

Mr Harfield: That is correct.

CHAIR: So, overall, when you stand back and have a helicopter look at the costs for this particular service versus the income, are we at line ball or do you pick up a little bit for the Christmas ball or something?

Mr Harfield: Our regional centres are usually cross subsidised by our capital cities.

CHAIR: I appreciate that, but that's not the question.

Mr Harfield: The revenue that we attract there with that cross subsidy would be less than what it would be to run that facility.

Dr Kennedy: I think that the chair's question is about do you fully cost recover overall for the—
CHAIR: We put a passenger movement cost on, on the pretence that we're going to spend it on biosecurity some years ago. I don't want to mention any particular nationality or any food type or any piece of clothing, but I did examine this once before. The income is $1.2 billion and $787 million is what's spent on biosecurity. So my question to you is: if you had no other business in life but to supply towers to these places and charge the airlines, at the end of the year, what does the P and L look like? Have you got a bit left over? Have you got a bit of fat in there? Is it over and unders?

Mr Logan: In the totality, it's at an organisational level. If I just work down to it, in the aggregate level, airways charges, which are the three Mr Harfield spoke to, equate to about 97 per cent of our revenues and about 97 per cent of our costs, including a cost of capital, which is generating a return on the assets, as we're expecting.

CHAIR: That's great work. So there are three categories. So then, Mr Logan, if we're about to privatise it, and I was going to give you one of them to operate free as a business for you, which one would you pick? It would be the one that recovers more than it costs, and I'm trying to get a sense of that.

Mr Logan: It's been changing over the last year, so I don't have the exact numbers we're at but en route was typically over recovering. Terminal navigation was probably break even, and rescue and firefighting was probably slightly below breakeven.

CHAIR: So when you talk about over recovery, have you got a sense? Don't go down to specific numbers, but were you getting back $12 and it was costing $10?

Mr Logan: Our revenue is generating $1.2 billion and our net profit after tax last year was about $75 million.

CHAIR: But again, Mr Logan, let's just go steady. On the best one? Don't make me go door-to-door here. How much of the $1.2 billion was on the most profitable recovery?

Mr Logan: About $500 million.

CHAIR: And a cost outlay of?

Mr Logan: It would be somewhere in the 400s.

CHAIR: So there's possibly 100. And I understand this; I'm not coming after you to try to turn you into a Communist nation. There's about $100 million you pick up there but then that's subsidising other services, if you like, cost for services for the travelling public?

Mr Logan: It is probably closer to 50, off the top of my head.

Senator STERLE: Senator Patrick just told me that you broke it up into three areas of cost.

Mr Harfield: Three charges.

Senator STERLE: What did you say about firefighting?

Mr Harfield: That we now have a charge for firefighting for the locations—

Senator PATRICK: That is the area where you are not breaking even at this point in time?

CHAIR: They are using profits or surpluses from one or the other two charges in other areas to subsidise firefighting.

Senator STERLE: Is that a problem?
CHAIR: It is to me if I happen to be a really remote airline where I am paying for charges over here and I am subsidising firefighting services over there, and I don't get firefighting services.

Senator STERLE: I understand that.

CHAIR: Anyway we can, I am looking for relief for air services into regional and remote parts of Australia, and it would seem there is a possibility there.

Mr Logan: That is what is already holding the charges at the current level. When we are looking at the totality, I guess that is why the prices at the regional locations aren't necessarily fully covering their costs.

Senator STERLE: I am just saying that you wouldn't hold a hammer over the head of firefighting services in the bigger ports to try and say to the remote ports that we need to get rid of firefighters so you don't in the regional areas you don't cop a burden. You wouldn't dare think that?

Mr Logan: No.

Mr Harfield: That is why we go to a network charge at that base price across all of our firefighting network facilities. So when Proserpine or the Whitsunday Coast airport comes online next year, there will be a charge associated with that facility coming online—the cat 6 price, which is the same as the cat 6 price everywhere. And then the capital cities, where they have the larger aircraft that pay the higher category price, that helps maintain that across the entire service.

CHAIR: Yes, but on the test of fairness and equity, if I'm paying a charge for freight into Longreach, for example, and that is going into the more profitable tin, I am not paying for firefighting services because I don't have any. But a bit of my freight money—I am paying 90c for whatever I'm doing—if it were full cost recovery, on the basis of what we have just talked about, I would be paying 70c—I'm making this up as I go—but I'm paying 90c and 20c of money paid by a passenger going into Cloncurry or Longreach or Mount Isa then goes to subsidise the fire services at Proserpine and other places—we get that; we understand it—as opposed to the cost recovery model, where the passengers who fly to where there are fire services should be paying a tad more through whatever formula you have, and for the passengers who fly into Longreach or wherever, the charges should be a tad less. I understand why you wouldn't do that; that is a proverbial nightmare. You would have a million charges for different things. But I think it is important that it is out there. I loathe to use the term 'cross subsidisation', but, in effect, where fire services are concerned, there is a slight cross subsidisation occurring from our regional and remote air services on the Proserpine type places and above. Is that correct? It is not unreasonable statement to make.

Mr Harfield: There is an element of cross subsidisation from our en route charge covering the firefighting.

CHAIR: That is correct.

Senator PATRICK: The burden of Senator Sterle's question is that an area of loss you have is firefighting across the total portfolio, whether or not that is one of the motives for some of these cuts to firefighting teams.
Mr Harfield: Can you explain what cuts? Because there are no cuts. In actual fact, we have continued to maintain services at many locations, where, under the current regulations, we could actually disestablish, but we haven't because we have decided to continue to maintain.

Senator PATRICK: There is a plan to cut services in Adelaide. Is that correct, Senator Sterle?

Senator STERLE: Yes.

Mr Harfield: That's not correct. We're doing a staffing review during the curfew as to whether there would need to be seven staff or five staff during the curfew period. That's on a national basis that we're reviewing the staffing levels as part of a task resource analysis. But there's no cutting services.

Senator PATRICK: Just on that, we heard evidence in Adelaide—it didn't seem to me that the changes you're proposing in that space were subject to a task analysis review, or it's only been very late in the piece that that review has commenced.

Mr Harfield: I'll hand to Mr Porter, but we mentioned at briefing of this committee in December that we were undertaking it and Adelaide was caught up in that task resource analysis. So that information saying that it wasn't is not correct.

Senator PATRICK: Okay.

CHAIR: But CASA sets the criteria, if that's the term, that you need to meet with respect to this? You don't set it for yourselves.

Mr Porter: Airservices, through safety analysis, sets the staffing number. The category number, or the category provision, is provided by CASA in terms of the—

CHAIR: Yes, but you're guided by the category provision as to what the number is. You don't arbitrarily—so, CASA says, 'Here's a category, and if your airport is determined to be that category, you'll provide a service equal to this.' And maybe you can do it a number of ways. Correct?

Mr Porter: Correct.

CHAIR: What I'm trying to do is: if our committee thinks that Adelaide's going to have less personnel than they should have, than is prudent, and we're satisfied that you've interpreted the guidelines from CASA correctly, we need to be going after CASA with our argument, not you. Is that a fair comment?

Mr Porter: We provide the fire service in accordance with the CASA regulations.

CHAIR: Is that the equivalent of a 'yes'?

Mr Porter: Yes.

Senator PATRICK: On Proserpine, basically in 2016-17 a trigger was met in that the number of passenger arrivals, people arriving at the airport, hit 350,000.

Mr Harfield: I forget the exact date that we got the information.

Senator PATRICK: So, that's the trigger for the need to stand up a service. It's now up to 460,000 passengers there. And you mentioned earlier a second quarter, or 2020, before we get a service stood up. I just wonder—and no-one really could answer this question in Adelaide: why does it take so long, when you've hit a legal requirement, presumably on the last day of
2016-17, the financial year? You've now got that there's above 350,000, yet it becomes four years later before we get the fire service stood up? I'm just wondering what the delay is there.

Mr Harfield: It depends on when they were received. We have to take the figures from the BITRE—transport unit when the figures come out. In the couple of years—we've been watching Proserpine for a while, and it would actually hover just below 300,000 for a number of years. It would spike and then seasonally go down. So, we were preparing to at some stage have to put in a service. Once we actually got to the 350,000 mark, we put a safety case to CASA saying, 'This is how we're going to establish the service'—and in bringing it up to the full regulated service level—and this is how we are going to manage the risk between now and then,' and that was approved. And we go through the cycle of now building a fire station.

Senator PATRICK: But even if you received that in late 2017, that's still sort of three years before you stand up a service.

Mr Harfield: We'd be happy to take it on notice and go through the steps that we took right from the word go to understand the actual process that was—

Senator PATRICK: Well, I'm happy if you want to lay that out to the committee—what you've done prior to that point of hitting the mark, and then what's happened in terms of milestones, things that you've done getting you to the point where you can provide a fire service. So someone's made a determination that 350,000 is the right number. One would expect that when it hits that number that Airservices would react relatively quickly to stand up a service now that you've reached the legal threshold. The time frame seems to have been quite long.

CHAIR: How long do you think it was yourselves? The alarm went off out in the tea room. We've hit the number. We're now obliged, or prescriptively obliged, to go ahead and stand up the service. From that day until you turn the lights on, how long do you think it is?

Mr Harfield: Off the top of my head I think the period that we've got is about three years.

CHAIR: Does that not seem to you to be a long time to do that?

Senator PATRICK: Particularly when safety's the name of the game. We always hear people talking about safety. We've now got an airport with a fairly significant number of passenger movements but no fire services.

Mr Harfield: I need to outlay the alternative work on not just building the fire station but the work that we've done with the local fire brigade and the work that we've done ensuring that we try to manage—

CHAIR: I think we can all imagine what needs to happen. I mean it's not an easy thing. You've got to design a building and find a space at the airport. It's got to meet all the criteria. You've got to find expert people to go and occupy it—we get all of that, and no-one's suggesting that you can blow it out on Tuesday over the weekend.

Senator PATRICK: But it's reasonable to assume, Chair, that they would have done it before. It's not new to them.

CHAIR: That's right. You haven't been caught short, but three years? That seems to me to be an inordinately long period of time, particularly for Proserpine. It's not as if you're building the Taj Mahal to house 100 trucks or something. And I come from this world: I know how long it takes from an idea until you go and get some approvals, build a building and buy a
truck and park it in there with a competent driver. I'll leave it up to Senator Patrick to pursue it, and I don't know whether I speak for the committee but you need to go and have a real reflection on this. This is too long in my view.

Senator PATRICK: Can you also look back at the previous, say, two or three fire stations that you set up. I just want to get a comparison of what you've done previously. Because I'll tell you: it was put to us that there was a review underway about what that number should be—whether or not it should go to 500,000—before the trigger commenced; I'm pretty sure that was right, wasn't it?

Mr Harfield: There was talk about going to 500,000 as risk based.

Senator PATRICK: That's right, and so I just wonder how much people held off for the fact that we might just wait for this review to kick in and that maybe we don't have to do it.

Mr Harfield: I can say that that's not the case because the regulations were 350,000.

Senator PATRICK: No, and I made the point at the hearing: you don't have a choice—you don't get to sit and say, 'I've heard the speed limit might be going down to whatever, therefore I'll drive at this speed.'

Mr Harfield: Correct. We have to deal with the rules and regulations that are in front of us.

Senator PATRICK: But there are times when government can act really quickly and times when government can act quite slowly. Can you provide a comparison of the previous three fire stations that you stood up; when it hit the trigger; and how long it took to stand up the service.

CHAIR: Do you agree with the observations, Mr Harfield, because right now I don't get a sense from the three of you as to whether you think that we're being unreasonable with this reflection on three years. And if you go away from here thinking, 'Oh, they just don't understand. It's tough, and it'll always be three years,' that doesn't help. We're asking you to defend the three years if you want to. You must know what's involved. You must know what takes that long. You've done it frequently enough. Or give us some positive indication that: 'We might go and look at this. We may have to change our task register so we start to get some things done at the one time.' Do you find three years an inordinate amount of time?

Mr Harfield: Senator, yes I do. The point you just made is that we'll go back and look at the safety case that we submitted and was approved by CASA which outlined the time frames of putting in this particular service. We'll have a look to see whether we can make it—

Senator PATRICK: And if you have a safety case, can you table that as well?

Mr Harfield: Yes, we can do that.

Senator PATRICK: Thank you.

Mr Harfield: Because that's what we've been working on: the case that's been approved.

Senator PATRICK: Just to be clear, perhaps go back to the previous three fire stations that were stood up and the time frame and sequences associated with those three: when it hit the trigger, what happened and when do they get the first fire truck ready to operate in the event of an accident.

Mr Harfield: Yes.
CHAIR: Mr Porter, how long have you been in the gig?

Mr Porter: Three months.

CHAIR: Right, you won't be able to help us. Does anyone at the table have a memory of the last one from the get go?

Mr Harfield: Not as to the full time frame. Off the top of my head, I think it would have been Gladstone and it would have been four years.

CHAIR: Cripes. It's lucky you're not trying to defend that one. That's a long time. An entire government comes and goes in that time.

Senator STERLE: Is there any outside of Queensland that you can give us as an example of?

Mr Harfield: Newman would be one.

Senator STERLE: And how long would it be?

Mr Harfield: I really would be—

Senator STERLE: I'm not going to nail you, but is it around the same time?

Mr Harfield: It would be around the same time, because—over the last, I'll call it, eight years—we've particularly been driven by the resource boom into Western Australia. We had an influx. We've put in, I think, five fire stations during that time. Maybe this one is our sixth one. As a result of not putting in a fire station for a long time, the build-up in actually getting that—Each fire station we've put in has actually been faster than the previous one. We've improved over time. It's whether the current time frame is appropriate.

CHAIR: How many people are there? Do you have a section on that? Is there a we're-going-to-build-a-new-fire-station section?

Mr Harfield: Yes, we do.

CHAIR: How many personnel are in that?

Mr Porter: We have a procurement team. I'll take the exact number on notice, but there are about six people currently physically located in Canberra who support the procurement of trucks and fire stations.

CHAIR: I wouldn't have thought that's what the delay would be. The delay is not putting a tender out to get a building built or to buy a truck. You could order a truck today. Even though they're specialist trucks, in six, seven or eight months they'd be ready to turn out, wouldn't they? Is that your experience, Mr Porter?

Mr Porter: My experience is that it takes much longer than that to procure these specialist types of vehicles. The regulations are very prescriptive in the type of vehicle and that has been our challenge with procuring fire vehicles in the past.

CHAIR: Well, make it a year. What would you like so that we can toss it out the window—a year?

Mr Porter: The procurement process for full fire vehicles is longer than a year.

CHAIR: Give me a number so that we don't keep dancing.

Mr Porter: Sure, it's within three years.

Senator STERLE: To build that truck?
Mr Porter: To procure fire trucks, because they're not readily made here in this country.

CHAIR: You're saying that from the get-go that it's three years before someone can turn a key in a truck and drive it out of a workshop somewhere, have it welded on and put this and that on it. It takes three years?

Mr Porter: That's the advice I have from my procurement team.

CHAIR: You better check on that advice, because we have the Heart of Australia truck in Queensland. We have the latest diagnostic equipment, which is cutting edge around the world for checking whether you're going to have a heart attack or not. That's nine months from when they get the funding to when they drive it out of the factory, ready to go down the road. It would be 10 times the sophistication of your fire trucks. You need to have a hard look inside, Mr Harfield. That's ridiculous. Three years—there wouldn't be another vehicle in the country that would take that long. How long are the submarines taking to do?

Senator PATRICK: Don't go there!

CHAIR: Well, they might be able to—but it is ridiculous.

Mr Harfield: That's understood, Chair.

Senator STERLE: If I can ask the officers at the table, is there only one manufacturer of these fire trucks in Australia that you purchase from or does it go to tender?

Mr Porter: We're currently in the market with an expression of who's available to provide those vehicles. We're currently in the market. We don't have the answer at this point in time.

Senator STERLE: Okay, previously?

Senator PATRICK: When did you go to tender for that one?

Mr Porter: Just recently, in the last few weeks.

Senator PATRICK: For Proserpine?

Mr Porter: No, for future planning for fire vehicles. We're in the market to determine where the fire vehicles may come from. Historically, the fire vehicles have come from overseas.

Senator STERLE: They've all come from overseas? They haven't been built here in Australia?

Mr Porter: There has been a generation of fire vehicles that were built here. They have since left the service.

Senator STERLE: And we offshored it, did we?

Mr Porter: Since the local product had ceased, we have had to source our fire vehicles from international markets.

CHAIR: You are kidding me. You're saying we don't have the capacity in this great nation to be able to build a fire truck?

Senator STERLE: We don't want to pay for it.

Mr Harfield: Senator, the current fleet of fire trucks was procured in 2003. That's the one that we've had with the 100 vehicles, the Mk8 vehicles. We're actually going out again for the next generation of vehicles. We're going out to market to see what's available here in the
country. At that stage, Rosenbauer was selected in 2003, or whenever it was, for the current fleet of fire trucks.

CHAIR: We're now starting to answer the question as to why this has taken so long, Mr Harfield. It's not an engineering capacity, is it? It's about finding someone who can and will do it.

Mr Porter: That's correct. The current fleet of vehicles, the Mk8 and the Mk9, have had their production line ceased. We need to source the new organisation who can produce the fire vehicles.

Senator STERLE: What about the metropolitan fire brigades? Do you talk to them? Who makes their trucks, to the best of your knowledge? You'd have to talk to them. Are their trucks built in China or are they built here?

Mr Porter: We absolutely do talk to the local brigades. These are very specialised vehicles.

Senator STERLE: Yours are different to theirs?

Mr Porter: Absolutely, yes.

Senator STERLE: How much different?

CHAIR: But they're specialised not because they've got some miracle science in it but because they have to pump some foam, they have to pump some water and they have to have everything in the right order. They're a different challenge to going and putting a house out or a building out; I get that. There's all sorts of secondary things with air crashes, such as secondary explosions, the distance that you have to work from for it to be safe and all of that. I get all of that. But these are mechanical solutions. There's no special, bloody thing in there that takes 100 people 100 days to make. This is all hardware pumped together. It is a process engineer who has designed the specs on this, is it not?

Mr Porter: It's an international standard—

CHAIR: No, no, but listen—please, Mr Porter, listen to my question. There's two parts to these things operating. One is made of tin and rubber. People join things together and do up a bolt. They put a stopcock in, and they make a tank that meets a certain pressure. We'll call them the engineering components. They are the engineering components. Imagine the truck itself: the cab and chassis is going to come off the shelf somewhere. I imagine that we're capable of sourcing that in Australia. We put all of the engineering components on it. Spanners are now hands down; spanners are finished. What is so sophisticated about them that is not involved with the engineering of putting these elements and components together to make a bright red fire truck?

Mr Porter: There are two pieces. It is a highly prescriptive regulation. It is a highly engineered piece of kit. The second part of that is that the demand for these vehicles worldwide is very small. It is a very highly engineered piece of kit that's required that does not have a great supply. You end up with a very small number of suppliers who can supply a very small number of vehicles. They become highly engineered, and supply is low.

CHAIR: Now we're getting to one of the sources of the time problem. That's to do with the truck, not to do with approvals, not to do with building a building and not to do with getting a truck driver or a firefighter. It's to do with the truck. What you're saying is that we
don’t have an oversupply, if you like, of engineering capacity within this country to be able to build these trucks. It’s not as if you’re going to go out tomorrow and be inundated with seven tenders from seven qualifying companies. How many qualifying companies are there?

Can I just make this point—I’m sorry, Senator Patrick, to take your time. We want to hope that no-one flies over the top of Darwin and drops a bomb on us again, and we have to wake up and be able to manufacture this capacity in our own nation in difficult circumstances. Shouldn’t we be considering—as a whole-of-government issue, and maybe Dr Kennedy needs to turn one ear to this—whether we don’t, somehow, promote this capacity within our own nation? You’re not the only one who wants these red trucks.

**Mr Porter:** We are the only ones who want this specific type of truck.

**CHAIR:** But 80 per cent of your mule looks like a horse. We've got red trucks that run around the city and put things out. They've got other specs that they require. There would be a lot in common, would there not?

**Mr Porter:** No.

**CHAIR:** There's not?

**Mr Porter:** No.

**Senator PATRICK:** Can I ask how many companies around the world supply these sorts of trucks?

**Mr Porter:** We're currently in the market asking that exact question. It is our belief, our experience, that there's probably three.

**Senator PATRICK:** Three, okay.

**Mr Porter:** Potentially.

**Senator PATRICK:** You got three tender responses?

**Mr Porter:** We don't have any as yet. We're asking the market who could provide these fire vehicles.

**Senator PATRICK:** So you're doing an RFI rather than an RFT?

**Mr Porter:** That's correct.

**Senator PATRICK:** Because this happens all the time. Is there any special Australian requirement that then burdens these potential suppliers from responding?

**Mr Porter:** The vehicles have to comply with the Australian Design Rules, because they will be required to go onto our roads. So, yes, you have to take an international vehicle that must comply with the Australian Design Rules. Back in 2003, when the Mark 8s were purchased, we kept them going for such a long time because it is very difficult to get a vehicle that meets one standard and also meets the Australian Design Rules. So, there are some complex issues that sit below this very simple truck. That's what takes the time. There is no truck that we know of at this point in time that may comply with the design rules. We will assess that as we identify those vehicle providers.

**Senator PATRICK:** Is it the case that we end up spending twice as much money just so that the truck can get a tick to drive on a road? How often would these trucks drive on a road?

**Mr Porter:** They are called to respond very frequently.
CHAIR: What does 'very frequently' mean? They go from the airport and put out a house fire?

Mr Porter: They will be called to provide mutual aid support in the event of a bushfire, a large factory fire, as we had at Footscray recently. The fire vehicles, being specialist—large amounts of water, large amounts of foam—do get called for assistance to provide support to our urban and local fire brigades.

Senator PATRICK: But when the trucks go out, they've got these lights on top that allow them to break a whole bunch of rules—road rules and so forth. I'll give you an example. Sometimes you have people in the Navy say that they want a ship to do 30 knots, and there's a supplier out there that can make a ship that does 29 knots. To get that one knot difference in speed costs you four times the amount of money. That might be an exaggeration, but it is a considerable amount of extra money just to get the one knot, whereas if you went back to the naval officer and asked what difference the one knot makes they may say that they like to round numbers off. That's not important. This is a value-for-money question. What drives the cost of these things can be putting requirements on them that maybe, in the circumstances, where you've got an airport fire-fighting truck, you could simply waive yourself from those design rules, because most of the time they're going to spend their time on an airport and for the other remainder of the time they are going to an emergency. Has anyone talked about maybe having those design rules waived?

Senator STERLE: Can we ask what they are. It's very easy to say: 'Nothing to see here. Move along.' What are those ADRs? What are the differences? I know our ADRs can be quite archaic in this nation. Fill me in?

Mr Porter: Until such time as we choose the next vehicle or until we understand what vehicles are available, we won't know where the gap is between the ADR—

CHAIR: Tell us about the historical ones—ones that have prevented you, historically—upon which you relied to make the statement you did?

Mr Porter: I'm not familiar with the exact design rule—

Senator STERLE: Well, you mentioned them.

Mr Porter: I'm happy to take that on notice.

Senator STERLE: No, you used that as a defence for why it takes so long. Currently, they're built in China. Correct? And they've been built in China since—

Mr Porter: Austria.

Senator STERLE: Since 2003. So, their design rules meet Australian standards. Correct?

Mr Porter: Rosenbauer had a vehicle—it didn't comply. Therefore, Airservices had to take a position that effectively would influence the supply chain—the construction line of this vehicle—to ensure the vehicle produced off the construction line was compliant.

Senator STERLE: What is that compliance? An extra mirror, or what?

Mr Porter: I'm not exactly familiar with the—

Senator STERLE: You make it sound like it's millions and millions of dollars of research and development and changes. I'm not convinced. What is it?

Mr Porter: I can't—
CHAIR: I've got a low tolerance for this—almost zero tolerance. We've got someone here who is in charge of a division but cannot rely upon their answers to offset questions from this. Mr Harfield, where are you guys based?

Mr Harfield: Here.

CHAIR: I'll tell you what where going to do. We're going to stand you down while you go out the back and make some phone calls and bring someone here who can answer these questions. I don't care if you have to wait here until 11 o'clock tonight. Bring someone back who can answer these questions. And we'll move through our witness list and come back to you. How's that?

Mr Harfield: No worries.

CHAIR: Thank you for your time so far. We look forward to all the success you'll no doubt get by bringing someone in here who can answer our questions. Colleagues, there has been a document tendered by Airservices—the contract for the provision of aviation facilities and services. Are there any objections to that document being tabled? There being no objection, it is so ordered.

Senator PATRICK: I might come back to questions on this as well. It will also give me time to have a look at this.

CHAIR: These are fundamental questions.

Department of Infrastructure, Regional Development and Cities

[10:31]

Dr Kennedy: Chair, would you like to do the advertising questions now, or after ARTC?

CHAIR: Given that we are about to go into an election, I would be pleased to never do the advertising questions. But, if you have got answers, then let's do that.

Dr Kennedy: I've brought the relevant officials up, that's all. I understood that that is what you wanted to do.

CHAIR: Let's do it. Let's get it out of the way. Poor Ms Spence! You roll her out every time there is something difficult.

Dr Kennedy: It is not Ms Spence for this one, it is Dr Bacon.

CHAIR: Senator Williams showed some interest in ARTC. If his office is watching, they might dispatch him up here—if he hasn't gone into early retirement!

Dr Kennedy: Chair, I am mindful of the committee's interest in moving through these items quickly. If it suits Senator Sterle, I could outline a couple of features of the campaign to see if that knocks a few of his questions off, or I'm happy to take his line of questioning as he pleases.

Senator STERLE: Why don't I throw them up and then you can duck and correct me as we go. Is that easier?

CHAIR: Except that it might satisfy the interests of some senators other than you, Senator Sterle.

Dr Kennedy: The only reason I thought of it was that Senator Sterle asked earlier what the weekly spend is. We have a total expected spend. We have a number of contracts that we
can outline. The milestones for paying a contract fall in different weeks, so a weekly spend could be constructed by taking a total and dividing it by the number of weeks. But that's—

CHAIR: Mr Kennedy, he's going to keep you here for as long as it takes to find out whether the spend over the next four weeks is anticipated to be greater than the average weekly spend for the last 40 weeks. I don't need to ask Senator Sterle what's on his mind. So let's try and neutralise that, because he's going to keep you here until he gets enough data in front of him.

Dr Kennedy: I thought it might be helpful for him for me to outline what we know.

CHAIR: Let's do that, but keep that in the back of your mind, if you can. I suspect that's why he has got you here.

Senator STERLE: You suspect right. What am I thinking now, Chair? Sorry, Dr Kennedy, fire away. Let's see how good my shorthand is.

Dr Kennedy: The department has one advertising campaign being run at the moment and for the last year, and that is the Building Our Future campaign. It runs from 13 January until 13 April. The expected total spend on the campaign is $18.4 million. The total planned expenditure on ad buys and placements is $13.4 million out of that $18.4 million.

Senator STERLE: Sorry, ad buys and what else?

Dr Kennedy: Placements. The expenditure to date of the expected $18.4 million total expenditure—I'll ask Dr Bacon to read it out.

Dr Bacon: I apologise for this, because we have different dates on which we've collected data. What Dr Kennedy was reading out was the $13.4 million expected media buy as well as services such as creative content and research and evaluation. That figure is as at 4 April. In terms of the breakdown, I've got a bit more detail about the different channels for the media buy, and I can give you that. I've got that data as at 19 March. I do apologise for the differences in the 'as at' dates for the data that we've pulled. I can give you, if it's helpful—

CHAIR: Does that include TARPs that you've bought that haven't been broadcast?

Dr Bacon: Sorry, I missed that question.

CHAIR: The figures that you've given there, which you've called milestone dates—4 April, for example. Are they completely historical, or might that expenditure include TARPs you've purchased for use in a month's time and that you've paid for, whatever the commercial arrangement may be between you and the supplier?

Dr Bacon: The way that it works is that there's a media plan. Each campaign will have a media plan. That media plan will be settled at the beginning when you're getting all of your approvals, because we go through that rigorous approval process for each campaign. That media plan will essentially say, 'We have approval for content to go on these channels over this period of time.' So it's the media plan that really determines what we're placing.

CHAIR: But, being ridiculous, you could enter into a media plan in January of a calendar year, pay in advance for the media campaign, which is spread over 12 months, and all the advertising could be in December, correct?

Dr Bacon: We don't actually pay in advance. We pay when we're invoiced. My colleagues will correct me if that's not right, but I'm quite confident that we pay as we're invoiced.
CHAIR: That kills my line of questioning. My question to you is: the data that you're relying on for these different intervals—for example, 4 April—will only provide the historical expenditure of a campaign purchased, done and completed, correct?

Dr Bacon: That is correct. It is what we've already spent and it is what we estimate we'll spend. It's our best estimation, based on the media plan, of the actuals of what we have spent and our estimation of what we will spend as we're tracking through that media plan and placing content in accordance with that media plan. The tricky thing about the estimates, though—which I think, Senator, is where your question is going—is that the estimates may change slightly depending on what the actuals are that we get invoiced for. So we can have our best estimate of expenditure—

CHAIR: That would be around the fringes, Dr Bacon. That's not what—

Dr Kennedy: Yes, it is around—

CHAIR: It's around the fringes. No-one's going to hold you to the 10c test here.

Dr Kennedy: You're on the money there, Chair. We would be highly surprised if the overall estimate of the $18.4 million that we expect to spend on the whole thing shifted very much—but, sure, around the edges. We might leave it there, Dr Bacon, and see what extra information there is. I wanted, Senator Sterle, to be helpful and say, 'This is how much we expect to spend'. Then, if you want to go into it, this is how much the ad-buy is, which is placements, and it's an element you're interested in. Then we'll do our best to help you on how much we've spent today or how much is ready to go—all those types of things.

Senator STERLE: Thank you, Dr Kennedy and Dr Bacon, because all I want is just the transparency. That's all it is. There's no need to be a blue. The Treasurer has said that it'll be available, so let's have a go. I'll go back to the first question I asked and if we repeat something you can put me back on the straight. How much money will be spent on government advertising this week?

Dr Bacon: Yes, and I don't mean to be difficult, but we don't actually have with us a weekly breakdown. I can give you a breakdown by the different channels that we use. For example, the breakdown by television, press, radio, cinema and digital, I can give you, which is the estimated spend.

Senator STERLE: For this week?

Dr Bacon: I don't have the data with me on a week-by-week breakdown. I think the best we can do is a month-by-month breakdown for you.

Senator MOORE: For the last week?

Senator STERLE: Yes.

Dr Bacon: Sorry, Senator?

Senator MOORE: This plan was from 13/1 to 13/4.

Senator STERLE: Yes.

Senator MOORE: So this will be the last week of that plan?

Dr Bacon: Yes. The media plan runs until 13 April; that's right.
Senator STERLE: So you can tell us how much you have spent, and we can work out how much is left, and we can probably guess that whatever's left will go this week. If you could provide that. I'm happy if you want to table whatever you've got for us, then I don't have to—

CHAIR: I'm not sure that you're entitled to say that. There comes a time when you can only spend so much money. Could you just respond, Dr Bacon, to the statement by Senator Sterle so that we're clear that we're all going to get the same answer. As I understand it, what he said to you was: we know exactly what you've got set aside to spend, we know how much you have spent, and that leaves a residual figure of money. He's assuming you're going to spend that this week. That's what you've got to respond to.

Dr Kennedy: Chair if I can just clarify, and I'll get my colleague to confirm. Moneys that we may get invoiced for this week and subsequent weeks, may relate to activities that didn't happen in the week.

Senator STERLE: I'm not worried about that, Dr Kennedy.

Dr Kennedy: So the money we've spent to date won't necessarily be for all the activities—

CHAIR: So you're saying if the figure were to be broken into two parts—there are actually three parts: there is money spent that has been invoiced and paid; there is a figure to be anticipated you will be invoice for, for services provided or currently being provided; and then there'll be a kitty, which is the balance of the budget allocation for advertising for the financial year ending 30 June this year.

Dr Bacon: That is a very good summary.

CHAIR: So now, so that he can guide himself and his people, he is suggesting that whatever is in the kitty, you are going to spend this week. So you should guide him whether that's true or false, or whether there is money left that will be spent in the balance of April, in May and in June, in the normal order of the government's conducting business—

Dr Bacon: It's not correct to say that, of the total amount allocated to the campaign, that is what we're working towards in terms of the total expenditure for the campaign. The thing that will guide us in what we're spending for the campaign is the media plan. The media plan is the activities, the content that we will place and the channels on which we will place them for the duration of the campaign. It's the media plan that will determine our estimated expenditure. At this point, the media plan—I think, as Doctor Kennedy said—goes till 13 April. It covers a number of channels, where we have content across a number of channels. It may well be that the amount allocated is not the amount we end up spending. It may well be less.

Senator STERLE: Okay. Let me rephrase it. Thanks, Dr Bacon. I get that you get invoiced and it might be for a work done a month ago or two weeks ago or whatever it might be. I get that. But you would have an absolute clear idea of the value of the spend that will be put into advertising this week, whether it's paid in a month's time or two weeks or six months or whatever. Can you tell me that?

Dr Bacon: To get you a most reliable estimate of that—I'm sorry, I don't have that by week here today. I do have some figures that break it down to a monthly level.
Senator STERLE: Okay.
Dr Bacon: But I'm sorry, I don't have that—
Senator STERLE: But you should be able to tell me what the expectation was for that month. Rather than what you paid or what you're going to spend, what is the expectation of the value of the advertising for this week, once you take off the other three weeks that were already planned?
Dr Kennedy: Let's do that by month and see if that helps you.
Senator MOORE: Can we see the placement plan for this week?
CHAIR: Dr Bacon, I'm sorry, you were distracted.
Dr Kennedy: We don't have the—
CHAIR: No, let Dr Bacon respond to Senator Moore.
Dr Bacon: I'm sorry, Senator, I missed that.
Senator MOORE: You would have the proposed plan for what your placements will be in TV, press and so on for this week. That would be in your advertising plan. Can we see that?
Dr Bacon: I'd need to consult with my colleague about how our media plan is constructed.
CHAIR: Dr Kennedy, while they're consulting, can I just say this: if they don't know the answer to that question, they're going to get dispatched with the last crowd to find someone who does—all right? It is clear, as clear as the nose on my face, that the agency will know what advertising they've placed this week and what they've been quoted as the cost of that advertising, and I imagine, in a modern world, it's a push-button somewhere. So let's get there pretty quickly, and we can move on.
Senator STERLE: The sooner we get there, the sooner we can move on.
Dr Bacon: What we do have is, by month, the breakdown by channel and we can read out the figures that we have for April, if that would help you. That's what we've got. I'll ask my colleague Mr Mashford to take you through those figures for April.
Senator BROCKMAN: Before you read those out, is this looking at like for like across the months, though? We're not looking at a balloon payment in one particular month or a payment for the corporate part of developing the campaign in one particular month? We're actually comparing like for like?
Dr Bacon: There will be some expenses that would have fallen in certain months more than others. For example, I think, in the development of creative content, we would do that earlier in the course of developing the campaign, and then our expenditure on things like placement would happen as per the media plan, and we'd be following that plan.
CHAIR: We could have a little problem here. When you say 'campaign', you're talking about the advertising campaign of the government over 12 months. You not talking about a campaign—
Senator STERLE: The election campaign? No, I know what they're talking about.
Dr Kennedy: We're talking about the Building Our Future campaign, which, as we said earlier, is planned to run from 13 January to 13 April. There is a set of costs involved in setting the campaign up, we would have been charged well before 13 January and there are costs that we pay for as the campaign runs through to 13 April. And, Chair, I appreciate—
CHAIR: Dr Kennedy, I'm assuming my government will stand tall in this space and there'll be no massive anomaly that's going to create World War III. So I'd like to get there. Giving us the figures for April will be of no assistance, and it would seem that giving us the figures for April and comparing them to January will be of no assistance if the creative costs for this campaign were backloaded into January. We all know what Senator Sterle is looking for. Could we just take the time to give sufficient data to the committee so that he can make a fair and reasonable assessment on what this proposed expenditure is vis-a-vis what it was last week, the week before, last month and a year ago? This offering up of bits and pieces and blocks of data is not going to help him do that. I sit, as my colleagues do, very confident, that there's no—there are so many ways to describe what I want to say that you're not allowed to express anymore like that.

Dr Kennedy: Yes, Chair. There are many ways to cut this data. We are here to try and give you all the full transparency on this data. As I said, the total expected spend is $18.4 million. Now you want to go to timing, which we'll do. Thirteen point four million dollars is the amount that we expect to spend on ad buys and placements. We can then give you a break-up of the different contracts that we've signed within that $13.4 million. We're happy to do that now, while my colleague gets ready to send you out a month-by-month so we can tell you how that amount adds up behind the $13.4 million. You can break it down in the blocks, the different contracts, within the $13 million, or we can try and do it by time. We tend to focus on what we're purchasing and how much we will pay when we get invoiced for that. So we don't tend to set our systems up to operate that way. The invoice will come in this month, we'll budget on a month and we'll pay it in that month. If it's $3.4 million of the $13.4 million, we'd have to go back and effectively average or re-derive things to give you a week-by-week type of breakdown.

CHAIR: But even if we got a week-by-week type of breakdown, to just guide this line of questioning, it wouldn't necessarily tell Senator Sterle what he thinks he wants to know, because it could prove to be the cheapest week in recent history because the ad that goes out this week might have cost $1 million to develop and you've spent $100,000 on advertising it. Is that a fair assessment?

Dr Kennedy: The point I was trying to make earlier was exactly that. If an invoice falls in a particular week but it relates to a previous month of activity, that week will—

CHAIR: Yes.

Dr Kennedy: So would it help the committee if we outlined the break-up of the contracts that sat behind that or is that not of use to you?

CHAIR: That is a matter for Senator Sterle.

Senator STERLE: I think that it gets back to this, Chair. Dr Kennedy, my question was pretty clear: what do you intend to spend? Let's take away any confusion about actually handing over the money and receiving invoices. What is your department's projected costs for advertising for this week? I don't think that is that hard a question.

CHAIR: Glenn, I don't want to frustrate what you're doing—

Senator STERLE: It would be a good start.

CHAIR: We'll remain engaged on this because this is a pretty critical question and I'm not going to leave it hanging with ambiguity. The figures, as Dr Bacon has indicated, would never
allow you to make an assessment on the answer to that question as to whether it was a big spend, a little spend or an unusual spend because it might be the final bit of a spend where millions of dollars have already been spent in the preparation of a campaign. It may have been running for 12 months. The heavy end cost—that is, what it actually cost to make that two minutes with bloody Nigel Scullion in a pair of shorts chasing a crocodile—could have been $2 million spent 12 months ago. Unless you're able to advertise it on the screen, this figure will be no good to you.

**Senator STERLE:** We haven't got a figure.

**CHAIR:** I know, but I sit confident that there's no smoking gun here. But I want to try to get to the not-smoking gun. I want to arrive with you at that point and go, 'There's nothing to see here.' I don't want to be left with ambiguity about $1 million spent this month.

**Senator Scullion:** I think we understand what the requirement of the committee is. If we can just move to some other questions, I understand the department are looking now to see what information and data they have at hand to provide you for a more forensic breakdown, particularly for this week. It may be challenging, but we understand what is required. If we can just have a little more time, I think we'll be able to get that. Would that be a reasonable position to take?

**Dr Bacon:** Thank you, Minister. I've just clarified that we get invoiced on a monthly basis. So, in our budgeting, anything that we have will be calculated on a monthly basis. We'd probably need to take it away and actually work with Universal McCann, who are the whole-of-government media management agency, to be able to give you more granular information about how that might break down into the weekly activities. I'm just not 100 per cent sure how long it would take us to work with the media agency to do that, but we'd happy to take it on notice.

**Dr Kennedy:** We're more than happy to give you the monthly information now, though, if that helps.

**Senator Scullion:** I think, reasonably, the world works on a four-weekly invoicing process. I'm not saying a weekly invoicing process is unreasonable, but certainly in my time here there wouldn't have been an expectation of any department to talk about this week and next week. It's a monthly process. So perhaps it might be useful for the department to provide, initially, what information they have on that four-week standard invoicing basis and then, perhaps, we can go to some further questions if that doesn't satisfy the committee.

**CHAIR:** The difficulty to me is that I would assume that production costs to prepare an advertising campaign as a percentage of the whole expenditure on that element of the campaign would be much higher.

**Senator PATRICK:** They've already broken that out.

**CHAIR:** I'm just saying.

**Senator PATRICK:** They've already broken that out. They've said it was $18.4 million in total, but the $13.4 million is only for the advertising, for the placement of ads.

**Dr Kennedy:** The graphic design was about $3.5 million. This is information I can provide to you if you wish.
Senator STERLE: Why don't I do this? Chair, you know what's going on in my mind here. Let me just put some background to it because I know you're going to pull stumps so the hardworking—

CHAIR: I wouldn't call it pulling stunts. I would call it managing the circumstances.

Senator STERLE: No—stumps, Senator O'Sullivan—for 11 o'clock so Hansard and Broadcasting can stretch their legs. I'm not starting a fight. I'll go back to make it very clear. I have a list of questions, even if I could put them to the department.

CHAIR: All right.

Senator STERLE: I'll just give you what the heading is and, if you can say to me, ’We can come back in two hours with that,’ that would be a good start. It all stems from yesterday. If the department can just allay any fears that I may have, that's all I want. So, we go back to what we know are advertising contracts. This is the whole of government, and I only want to know about this department, for AusTender, which we know was $252,276,527.80—not even rounded off; there you go—over the period from 1 January last year to the end of February this year. We also know that comes to about $600,000 per day. So I'm told, and I have no reason to doubt that. I go back to the question that was raised by Barrie Cassidy yesterday on Insiders to the Treasurer when he asked him:

And how much money will you be spending on Government advertising this week?

Treasurer Frydenberg came back and said, ’All of that information will be available.’ Great. I will put where I want to go and you may be able to answer. I just want to know, once again: what is the projected spend for this week? That's not what you're going to pay. And I want to ask him: can the department confirm when these advertising campaigns were approved? I'll go then with: what was the approval process? Then I'll move to: when was approval first sought? And I'll ask: did the advertising go through the independent campaign committee?

Dr Kennedy: It's 'yes' to the communications—

Senator STERLE: That's a yes. Thank you. And what are the time lines for the current campaign? You've told us it's to 13 April. You've answered that.

Dr Kennedy: Yes.

Senator STERLE: How many timelines for your campaign have changed since originally approved? Or was that the original?

Dr Bacon: No.

Senator STERLE: Right—that's a no; that's easy. Do any of the advertising campaigns utilise mobile billboards of some sort? I don't think there are any left after Clive Palmer got them all! Anyway, we'll ask them.

Dr Bacon: We don't have out-of-home advertising as part of the media buy. It's not one of our channels.

Senator STERLE: That's fine. Could you provide the total expenditure for government advertising for the current financial year? You said you would do that, so that's a yes. You've already said that. I'd also ask for the total expenditure for government advertising by financial year for the last four years. Could you take that on notice for me, please, and see if you can come back and give me the answers soon? And please provide an itemised list of all campaigns for the past four financial years and the funds attributed to them. In saying that,
Chair, I'm not asking for those to be taken on notice. Could they answer them later today, in a couple of hours or something like that?

**CHAIR:** They'll respond to you, I'm sure, if they're able to do that. Do you want some time to digest that?

**Dr Bacon:** We can respond to some of those questions right now, particularly around process.

**Senator STERLE:** That's even better.

**CHAIR:** Let's do this. It's 11 o'clock, so we're going to take a break for our Hansard friends. Let's come back at 11.15. I understand Senator Patrick has some questions in the same space. Let's get as prepared as we can be to see if we can knock this bit over before we move on. I apologise about Rail Track, Senator. It was a false alarm. I just wanted to see how quickly you'd get up here from your office!

**Proceedings suspended from 10:59 to 11:15**

**CHAIR:** We will resume the Senate Rural and Regional Affairs and Transport Legislation Committee budget estimates for 2019-20.

**Senator STERLE:** Dr Kennedy?

**Dr Kennedy:** I'll ask Dr Bacon to run through—I think we have the answers to most of the questions. There are two which we're doing a little bit more work on; I'll give you some guidance on those in a moment. I think you're interested in this weekly break-up of what we might call the media buy, or the ad buys and placements. Just to note: this is a 13-week campaign and, I noted earlier to you, it's a $13.4 million media buy, so that roughly equates to $1 million a week. We're working with the ad agency—they invoice us monthly—to try and break up the invoices so that you can break up the activity week by week.

**Senator STERLE:** That'd be good.

**Dr Kennedy:** I'll just note one other question which we're getting some further information on, and then Dr Bacon will answer the rest. You asked about the last four years of activities. We can do 2017-18, and we'll go and find the previous years for you. In 2017-18 there were no campaigns. There was a small amount of expenditure associated with this campaign in that year, which was $272,000.

**Senator STERLE:** That's for 2017-18?

**Dr Kennedy:** Yes. That was associated with this campaign.

**Senator STERLE:** This is the Building Our Future campaign?

**Dr Kennedy:** Yes. There were no other campaigns in that year, and we're going to find out about the other two years for you. I'll ask my colleague to answer all of the other questions.

**Senator STERLE:** Thank you, Dr Kennedy. That is tremendous.

**Dr Bacon:** Senator Sterle, I took your questions down. You asked: when was the campaign approved?

**Senator STERLE:** Yes.
Dr Bacon: The secretary provided his certification for the campaign on 13 December 2018. The Deputy Prime Minister endorsed a launch of the campaign; he provided that on 14 December 2018. You then asked about the approval—

Senator PATRICK: Can I stop you. Before someone makes a decision, there's a bunch of discussion about what needs to be done or why it needs to be done. When did that start for this Building Our Future campaign?

Dr Bacon: I was just about to run through what that process is that we follow, which was also Senator Sterle's question. Maybe I could outline the process and then go to particular dates which you have questions about.

Senator PATRICK: Okay.

Dr Bacon: So the approval process is: the government makes a decision to do a campaign; there is consideration then of the media plan that's developed for that campaign and that's considered by government; there's then a step where it needs to go before the Independent Communications Committee, and they provide advice on whether the campaign is capable of applying with the principles that are set out in the guidelines that dictate how we do campaigns across government; and then the final step is that the secretary provides certification that the campaign does in fact comply with those principles, informed by the advice of the Independent Communications Committee. So that is the process that we have gone through for this campaign. Senator Patrick, is there anything that you would like in terms of particular dates?

Senator PATRICK: Yes, there is. You said government makes a decision—that's a funny word, 'government'. I'd like to know whether or not the idea to run this campaign stemmed from the department or from the minister.

Dr Kennedy: These are all decisions of government.

Senator PATRICK: No, no, 'government' means many things to many different people. It could be a cabinet decision; it could be a decision of a minister; it could be a decision of a secretary. I'm trying to get down below what the word 'government' means. It really is the people inside government who make decisions. I'd like to know where the original idea to pursue this particular campaign originated from. Did someone in the department say, 'You know what, we need to run a campaign on Building Our Future based on the infrastructure spend; we'll take that to the minister with a submission'? Or was it the other way around? Did the minister suggest that a campaign ought to be run on this? Where did the idea originate?

Senator Scullion: The genesis of ideas in this case—just reflecting on my time as a minister in this place—is very hard to pinpoint. We have the department, we have the government, we have the minister, and we're having conversations about matters, and, within those meetings and conversations, we come to a point where we think we need to really make clear what's happening in this area, so we'll need some sort of an advertising or connection campaign, or an education campaign. They very rarely come from one light globe over one person and trickle down; it's very hard to identify. I'm not trying to obviate from this. I'm just saying that that's when we say 'government'. When we say 'government', it's not just the department. That's what it means. You could say, I think, as the answer, 'It came from government.' It certainly wasn't something that came just from the department. It involved other matters. So that's probably as clear as we can be.
Senator PATRICK: Dr Kennedy, when did you first hear about the idea of this particular campaign?

Dr Kennedy: The moneys for this campaign were appropriated in last year's budget. I can't give you a precise date, but the department would have been engaged in advice around that in preparation for last year's budget.

Senator PATRICK: Okay. So what would have differentiated this year's spend on infrastructure from spends in previous years? Last year, in the previous budget, there was a significant amount of money allocated to infrastructure, but, from your own evidence, there was no need or desire to run another advertising campaign. What made it different?

Dr Kennedy: The decision on this campaign of government did come with last year's $75 billion, 10-year program. The time to make the subsequent steps, or deliberations and decisions et cetera, came later—or those processes unfolded in a way that Dr Bacon outlined. But the government decision to run a campaign came with last year's budget announcement of a $75 billion, 10-year program. The minister can speak to other aspects, but that's when this first came forward. Then it was developed, and the final certification and sign-offs took place in December, and the campaign ran—

Senator PATRICK: I've had people contact me and talk to me about this, saying it just looks like this is landing in and around the time of an election. So let's get the elephant walking around the room; everyone can see it. I'm trying to understand whether or not there's a rebuttal of that thought that people are having, where you can say, 'No, we embarked on this campaign, and the timing of this campaign was completely normal.' That's why I want to try to differentiate it. Why wasn't it run from November through to December, or November through January, for example?

Dr Kennedy: These are rightly questions for the government, because the government makes the final decision.

Senator PATRICK: Yes and no, but you will have been involved in some of these decision-making processes, and I'm simply asking you for your knowledge of what has taken place along the way.

Dr Kennedy: My knowledge is that the government took a decision to run a campaign when it took its decisions around the $75 billion, 10-year program at last year's budget. That's when it first appropriated $20 million for the campaign. That's the money that sits behind the $18.4 million estimated spend I spoke about earlier with Senator Sterle. The subsequent development of the campaign, subsequent decisions, timing and all those other matters are matters you should address to the minister. They're matters that the government will take its own decision on.

Senator PATRICK: When you got $20 million allocated to you in the budget, obviously your department knew there was going to be a campaign: it's been funded. What steps do you go through? Is the first step to wait for an instruction from the minister?

Dr Kennedy: Knowing there will be a campaign, the first step is to develop the materials in line with the guidelines.

Senator PATRICK: Can we understand what the time line was for developing the material? When did that start?
Senator STERLE: These are questions that I had, and I'm happy for you to continue, because Dr Bacon's got the answers, haven't you?

Dr Bacon: I was just going to say, Senator, that for this campaign there is a degree of information we're providing about local projects so communities around Australia can understand the investment in infrastructure that's happening in their local regions. That's meant that it has taken us a bit more time to be able to develop that more local content to provide better information that's better targeted to the communities.

Senator PATRICK: So I go back to: when did you start preparing this material?

Dr Bacon: As Dr Kennedy said, we received a budget decision, a decision of government, that there would be a campaign. We would have started then preparing, looking at the media plan, looking at creative content.

Senator PATRICK: When did you start doing that?

Dr Bacon: That would have been in May, after the budget decision.

Senator PATRICK: How long does it typically take to draw up a media plan to the point where you can get content or go to instructing to develop content?

Dr Bacon: I'd probably have to just check with my colleagues about how long it typically takes. This was a campaign where we have done more of that local information to make that available, so it's probably not typical in that sense. In terms of developing material for the campaign, I might need to look to my colleague Mr Mashford about the steps that we took in terms of creative content and the work on the media plan and when we were doing that work.

Mr Mashford: Good morning. One of the first things that we did in this campaign was of course to obtain research to establish whether or not there was actually a need for the campaign, and the research came through—

Senator PATRICK: I presume that took place before the budget?

Mr Mashford: No, we started doing that around May. The department started that work.

Senator PATRICK: So you decided to spend the money, and then you did some research as to whether it was needed? Is that how it works?

Dr Bacon: I think that, when there's a government decision about the need for a campaign, there are a lot of rules around making sure that that is an evidence based campaign. When we actually come to the task of either developing creative content or developing the media plan, we're making sure that we base our advice on evidence about what's going to generate the best value for money, so we would commission research. I think that's quite a standard practice across government.

Senator PATRICK: For this program, when was that research commissioned?

Mr Mashford: Around May.

Senator PATRICK: And when was that contract concluded and the research delivered to the department?

Mr Mashford: Around June, Senator.

Senator PATRICK: One presumes that the advice that was received was that it was a good idea to do this—that it would help in some way?

Mr Mashford: Correct, Senator.
Senator PATRICK: Can you table that research, please.

Mr Mashford: We might take that on notice.

Dr Bacon: Yes, we might take that on notice, Senator.

Senator PATRICK: You don't have it here, I presume. Is that the reason?

Dr Bacon: I'm sorry; we don't have it with us.

Dr Kennedy: This research goes to the ICC, that independent committee.

Senator PATRICK: I understand that, but we have oversight of both you and the ICC and everyone along the way in making sure that this process is in accordance with policies, so it's not unreasonable to ask to see that sort of research.

Dr Kennedy: No, not at all, Senator. I just wanted to link it back to your earlier questions of process and how it works.

Senator PATRICK: That's to June. What's the next step?

Mr Mashford: It's based on the research, working out what the message is that you want to get across in your creative. Research showed that there was a lack of awareness by people. People knew about the problems. They knew about congestion in their community, for example, but there wasn't a clear understanding of what was being done to address it. So that became one of the key messages that we wanted to incorporate in our campaign.

Senator PATRICK: What is the next step? You've decided you need to raise awareness of these particular solutions that are now being funded. Is that when you initiated content?

Mr Mashford: That's right. We began the process of the creative development.

Senator PATRICK: So you then embarked on that process. When did that start? On what date did you contract someone to develop the content, and on what date did that work finish?

Mr Mashford: I'd need to check the exact date, but it was around the June period where we engaged the creative agency to design—

Senator PATRICK: And when did they conclude their work?

Mr Mashford: They've stayed with us throughout the campaign.

Senator PATRICK: I've watched—what's that show on the ABC about ads? I can't think of it for the moment.

CHAIR: You know you are in trouble when you start to cite the ABC here!

Senator STERLE: Media Watch.

Senator PATRICK: No, not Media Watch.

Senator McGrath: The Gruen transfer!

CHAIR: Married at First Sight? One of them?

Senator PATRICK: Gruen, that's it. So I know how all this works.

CHAIR: Oh dear oh dear.

Senator PATRICK: The content was developed, presumably up-front, and that was the $3.4 million that Dr Bacon mentioned; is that right?

Dr Kennedy: I mentioned 3.5—

Senator PATRICK: 3.5. Sorry, my apologies.
Dr Kennedy: for graphic design.

Dr Bacon: Yes.

Senator PATRICK: That would have been invoiced sometime in July or August or something; was it?

Mr Mashford: Not the total amount but, yes, it was invoiced monthly as the development of the campaign—

Senator PATRICK: Did the research suggest the best time to put this information to the public?

Dr Bacon: We don't have that research with us right now, but in general terms there might be dates where our advice from the media agency would be that they're not optimal times to advertise. In the week of Christmas, for instance, you might not get value for money.

Senator PATRICK: I understand that.

Dr Bacon: So we would take advice in constructing the media plan, and we would go back and forwards with the media agency and others who are providing us that advice about how to construct something that does give best value for money.

Senator PATRICK: In some sense, that's the crux of my line of inquiry: how we got to the point where we decided that from 13 January through to 13 April were the best dates.

Dr Bacon: I think—to summarise what Mr Mashford was running through—there was a period of a number of weeks where we were working with the relevant agencies both on creative content and on the best value for money in terms of the media plan. In this campaign, that did take several weeks up until we had those approvals that I talked about before in December, the reason being that, because of the local content in the campaign, there was really quite a lot to consider about timing and placement, content and creative content and so on. So it did take a number of weeks in this case.

Senator PATRICK: Why does it take longer to consider that? Sure, there's another dimension to it which says, 'There's a location here that this particular content needs to be targeted to; there's a location over here where we need slightly different targeting.'

Senator Scullion: I think Dr Bacon was referring in relativities to an advertising campaign that does not have local content—to other national campaigns. This was a national campaign that had a lot of localised content. Her answer was contextualised around saying, 'In comparison, this takes a much larger slice.' We indicated in some of our earlier answers that this was away from the norm, that people were not interested, if they lived in Darwin, about what was happening in Adelaide, in the same way as Adelaide probably wasn't really interested in that area, so we should take it in that sort of context.

Senator PATRICK: No, I understand that, but I put it to you that that consideration, instead of taking one day, might take two days now.

Senator Scullion: Indeed—

Senator PATRICK: I'm trying to understand the orders of magnitude.

Senator Scullion: I'm not sure whether relativities are that simple. I do know that it's comprehensively more. Look, Senator, can I say that I think most people who've worked in government and in fact around parliament, as you have, share the frustration of how long it
took to get together an advertising campaign. We share your frustration about how long it took to buy a bloody fire engine.

**Senator PATRICK:** Are you coming back to that, Minister?

**Senator Scullion:** We sit in these seats and we wonder about those things, but necessarily we have a very high level of risk aversion in government. On this side we try—and I think everybody who sits on the government benches tries—to deal with that, but, as we can see here through Senate estimates, we are having to provide a high level of accountability, and sometimes the cost of that accountability is time.

**Senator PATRICK:** I understand that, so I'll go back to understand the magnitude of the change. Has it gone from a day to two days consideration because it's localised, or has it gone from a day to a week? I'm still missing somewhere between September, which is about when you were contracting and you had content developed, and now a decision in December. That's four months where almost nothing was happening.

**Dr Bacon:** We would have been working with our agencies and providers, as I mentioned, on the creative content, on the best approach to placement and on which publications or which channels in which areas. That's what we would have been working on during those weeks.

**Senator PATRICK:** Okay, so—

**CHAIR:** Senator, your time for the moment is up. You actually had your time and Senator Sterle's time.

**Senator PATRICK:** I'm not arguing.

**Senator STERLE:** Excellent!

**CHAIR:** We'll go to Senator Sterle now.

**Senator STERLE:** Dr Bacon was going through answers to my questions.

**Dr Bacon:** Okay, I can continue answering your questions.

**Senator STERLE:** Before you do that, I must congratulate Senator Patrick on the way he got underneath me. That was well done!

**Senator PATRICK:** I don't know how that happened!

**CHAIR:** The chair dozed off, but it won't happen again!

**Senator STERLE:** We all work together collegially.

**Senator PATRICK:** It wasn't my time, Chair; I get some more time!

**CHAIR:** No.

**Dr Bacon:** Senator, I think your fourth question was: when was approval first sought for the campaign?

**Senator STERLE:** Yes.

**Dr Bacon:** Just to repeat: the secretary certified the campaign on 13 December, and we sought and received the Deputy Prime Minister's approval on the 14 December. You asked if the Independent Communications Committee had approved the campaign.

**Senator STERLE:** You answered that: yes.

**Dr Bacon:** Yes, we answered that. They provided advice that it was capable of complying with the principles. You asked about the time lines for the campaign, and we answered that:
13 January to 13 April. You asked whether the time lines had changed, and our media plan remains as it was. It's 13 January until 13 April in our media plan. You asked about mobile billboards. No billboards are being used as a channel as part of our media plan. You asked about the total spend on the campaign for this year, and our estimate for that total spend is $18.4 million, as at 4 April. And I think Dr Kennedy mentioned earlier—you had asked about the last four years and the financial year breakdown over the last four years. Dr Kennedy has already given you some information—

Senator STERLE: Yes, that's right.

Dr Bacon: and we're working to gather, as quickly as we can, information about the previous years for you, the last four. Your final question, I think, was for an itemised list of all campaigns over the last four years, and we're just getting that information for you as we speak.

Senator STERLE: That's fine, and I've got a few more that I'm going to go on to.

Dr Bacon: Okay.

Senator STERLE: We've agreed that you're going to try to see what the actual projected spend is this week.

Dr Bacon: That's right, so we're working with the media agency on that.

Senator STERLE: That's good, thanks. I've just got a couple, Chair; they won't take long.

Can you tell us what the department's total expenditure on media monitoring in the financial year commencing 1 July 2018 was?

Dr Bacon: Yes, Senator, we have that information here for you.

Senator STERLE: Or is—we're still in the same financial year, aren't we? Yes, we are.

Dr Bacon: Senator, I'm sorry; could you repeat the date range for the total spent on media monitoring?

Senator STERLE: Yes. For the financial year commencing 1 July 2018, so the one we're still in.

Dr Bacon: The current financial year?

Senator STERLE: Yes, the expenditure.

Dr Bacon: The total year-to-date expenditure so far is $396,861.

Senator STERLE: Thank you. Can an itemised list of all AusTender contract notice numbers for all media-monitoring contracts in that period be provided to the committee?

Dr Bacon: I'm sure we can do that, yes.

Senator STERLE: Thank you. Can you let us know: what was the department's total expenditure on advertising and information campaigns in the financial year? You've told us that—no, just in case there's extra. You've got the Building Our Future campaign, sorry, yes. You've got other things?

Dr Bacon: Yes. In the period from 1 July 2018 to 28 February 2019, the total expenditure on advertising and information campaigns in the department was $8,797,000.

Senator STERLE: What about after 28 February?
Dr Bacon: We have our estimated expenditure—essentially, the only campaign that we're running at the moment is the Building Our Future campaign, so the figures that we've talked about already this morning would be the answers because this is the only campaign.

Senator STERLE: And you were going to provide that?

Dr Bacon: Yes. We provided the estimated total of $18.4 million for the campaign.

Senator STERLE: That's right—of which 13.4 has been spent?

Dr Bacon: 13.4 is the media buy.

Senator STERLE: That's right. So, in terms of the advertising and the information, could you give us that figure?

Dr Bacon: The amount that's been spent?

Senator STERLE: After the 28th. You've told us that, from 1 July to 28 February, it is $8,796,000.

Dr Bacon: Yes.

Senator STERLE: But can you tell us the figure from 28 February to Friday?

Dr Bacon: I might need to take that on notice, and we'll work to get that back to you as soon as possible.

Senator STERLE: Hopefully, that can come back in that next tranche, in an hour or two.

Dr Bacon: Yes, we'll work on that.

Senator STERLE: Could you tell us what advertising and information campaigns the department ran in that period, please.

Dr Bacon: This, the Building Our Future campaign, is the only campaign the department has run.

Senator STERLE: Okay—BOF. Can an itemised list of all AusTender contract notice numbers for all advertising and information campaign contracts in that period also be supplied?

Dr Bacon: Yes, I can provide that to you right now if that's helpful.

Senator STERLE: Great.

Dr Bacon: I've got a list where we have a contract with BCM for graphic design, and the value of that contract, including GST, is $3,567,311.87. We have a contract with JWS for market research, and that is valued at $198,000. We have another contract with JWS for market research, valued at $199,760. We have a contract with Hall & Partners. That's for market research, and the value of that contract is $138,505.40. We have a contract with Medibrands Australia for advertising, and the value of that contract is $13.4 million. We have a contract with opr Agency for public relations services, and the value of that contract is $878,861.50.

Dr Kennedy: That's the list. I haven't added that up, but I think that makes up the $18.4 million.

Senator STERLE: That's what I was going to ask next.
Dr Kennedy: It was amazingly thoughtful by accident!

Senator STERLE: Well done! I have just a couple of last ones. Could you tell us what the department's total expenditure on promotional merchandise is in the financial year commencing 1 July 2018? Do you have that there, Dr Bacon?

Dr Bacon: Yes, and this was a question we had answered on notice.

CHAIR: Well, we'll keep it going, but if there are too many of them there'll be intervention.

Senator STERLE: No, I've only got three. But you've provided that?

Dr Bacon: A total of $2,805 was spent on merchandise to promote the department during the 2018 calendar year.

Senator STERLE: Great. Thank you. Can an itemised list of all AusTender contract notice numbers for all promotional merchandise contracts in that period be provided to the committee?

Dr Bacon: There were no promotional merchandise projects listed on AusTender during the 2018 calendar year.

Senator STERLE: Well, that's pretty easy! Was it on anything else, or do you only do it on AusTender?

Dr Kennedy: No, it's all on AusTender.

Dr Bacon: It was too low for the threshold for AusTender.

Senator STERLE: Tremendous. This is my last one.

CHAIR: Amazing!

Senator STERLE: If you have got relevant promotional merchandise, could you just give us examples of what they are, or samples or photographs.

Dr Bacon: Yes. We've provided you with some images in the answer to the question on notice, but I will just explain what it was for. It's for our graduate program, to promote our graduate program. We've got miniature aeroplanes, trucks and trains that we hand out at, for example, career fairs at universities.

Senator STERLE: Cool. If you can give us a copy of that, that would be great.

Dr Bacon: Sure.

Senator STERLE: Thank you very much.

CHAIR: The government's going to buy into this. I wonder whether we shouldn't let you finish first and then we'll mop up.

Senator PATRICK: Sure.

CHAIR: All right. Let's do that.

Senator PATRICK: I'm still trying to work this out. I'm just having a look at the 2016-17 budget, and in every budget there's a fantastic picture of Australia with things pointing at what's going to be spent everywhere. For 2016-17, I can see there's $5 billion for the Northern Australia Infrastructure Facility; there's $261 million for the Perth Freight Link; I've got an infrastructure package of $1.5 billion for Victoria; Western Sydney Airport is worth $115 million. There was lots and lots of investment back in that year, but no decision to inform. I'm
sure if you did the same research then quite possibly there would've been a similar lack of knowledge. I'm just trying to differentiate. I'm not trying to ambush you. I've got people saying to me that this money has been deliberately spent this year because there's an election looming, so I'm trying to decouple that. I'm trying to work out whether you can differentiate what's different about this year versus previous years that made this necessary, so we can just put it to bed and say that this is not about an election campaign.

**Senator Scullion:** Perhaps I can help. I've been listening to this carefully. I can see that the evidence is that this process actually started a year ago in another budget.

**Senator PATRICK:**

**Senator Scullion:** As to the context around a year ago, as to knowing when an election will be—I still don't know when it will be today, let alone a year ago. So then they've laid out what the processes are, and some of the perhaps more difficult issues around localisation of the information. When I say 'difficult': it makes it a larger process. I'd say to anyone who says, 'Listen, this was all keenly done around that,' I think what the evidence we've heard today really shows is that it's simply a process that takes over a year, and these are processes very difficult to land at any particular time. We've done a lot of research in that time, implemented the research—

**Senator PATRICK:** I'm merely asking, Minister, why—

**Senator Scullion:** All I'm saying is that, for those who are saying, 'This was all a plan'—that we suddenly do this now—what we've been indicating is that people have been working for almost 12 months to be able to land this, and the fact that it's landing in proximity to an election, or not, is nothing to do with the election. It's about when it landed. That's certainly the evidence that I'm hearing.

**Senator PATRICK:** I'm not disputing that it has taken 12 months, and that has been laid out, and I thank the witnesses for providing that. I'm just trying to understand why, in the previous years, there was no desire to also advertise and inform people as to the infrastructure spend, because clearly there was an infrastructure spend.

**CHAIR:** Senator Patrick, I don't know that it's possible for this agency or this minister to be able to even roughly go near an answer that you'd be satisfied with.

**Senator PATRICK:** No, no—

**CHAIR:** Can I tell you: it's nearly lunchtime, and we haven't even finished our first witness, right? So we are really all—

**Senator Scullion:** Perhaps I can—

**CHAIR:** Please, Minister.

**Senator Scullion:** Perhaps I can assist, without verballing you, Senator. Perhaps it's a question that we can take on notice. For two budgets ago, could we look around notice. For two budgets ago, could we look around the second time, post the budget in 2016, just to confirm if there was any activity or were any requests across this portfolio around the same matters that were a year ago. So not only 2018—2017, I'm sorry.

**Senator PATRICK:** Just to narrow it down—and I know you are trying to be helpful—it's clear that going into last year's budget was when the decision was made to allocate $20 million to this portfolio. That is, in essence, the crux of the matter.
Senator Scullion: So we should look at the same time—

Senator PATRICK: I want to go a year back from that—

Senator Scullion: Before the budget? Okay.

Senator PATRICK: to the previous budget, and the question is: I'm trying to differentiate why it wasn't necessary in that year to inform the public of the infrastructure program. And I'm wondering if the witnesses have been around that long.

Senator Scullion: We'll take that on notice. That will help, I think.

Senator PATRICK: They might have to take it on notice, but they may have been in the department for long enough to understand that.

Dr Kennedy: Perhaps I could—

CHAIR: Dr Kennedy, please don't attempt to even make a contribution to it. Take it on notice. Let's leave it there.

Senator PATRICK: The witnesses haven't asked to take it on notice yet. If he wants to take it on notice—

CHAIR: I just heard it clearly. The minister said, 'We'll take it on notice.'

Senator Scullion: My suggestion was: we take that on notice—

Senator PATRICK: But if they do know—if they don't know, that's fine; take it on notice.

Senator Scullion: Certainly. I'm more than happy—if you can have an appreciation of what happened before the budget in 2017, I think we should share it with the committee. If not, I think you should take it on notice.

Senator PATRICK: So maybe the first question is: how long have all three of you been with the department? Does it go back to that budget?

Dr Kennedy: In my case, it goes back to that budget. I simply wanted to refer to something I noted earlier, and that was that in the last budget the government took a decision around a 10-year, $75 billion program. That's when the decision was made around the campaign. It's those two decisions that come together. I agree with the minister. Any other elements I'd have to take on notice. I just made that remark earlier that the shift to not simply funding individual projects but moving to a 10-year program—and the $75 billion program has subsequently become a $100 billion program—was when the consideration was also made around a campaign, because the government felt it represented a significant shift in its approach to infrastructure investment.

Senator PATRICK: Has the same commitment been made this year for next year?

Dr Kennedy: Sorry, has another advertising campaign—

Senator PATRICK: Last year, because of a $75 billion program, you decided to inform people. We've now gone to $100 billion in this year's budget. Is there another $20 million set aside to advertise, about this time next year, because that's how long it takes, for this year's plan?

Dr Kennedy: There's no money appropriated.
Senator Scullion: Whilst there's no funding appropriated, we hope that the generation of a process for a 10-year infrastructure spend, with a few bits and tweaks—we didn't have it at all, and we now have it. In terms of the tweaks and the localisation, all of that has been done. So the decision to be able to make an investment, hopefully, will be able to be made sooner to the time that you want to actually provide the education because of the investment we've made now. I hope you'd understand that with a one-off, 10-year investment, we've got this opportunity to do this now. That's probably why it's taken a year. I'm hoping that that investment will mean that we've a much shorter run-in time, and it's just a matter of putting some of the content into that process in the future. So there hasn't been an allocation, but that shouldn't mean that there won't be investments in this from time to time, because it certainly won't need the time, in my view, or the investment in the run-up to that.

Senator PATRICK: Thank you, Minister.

CHAIR: Dr Bacon, how long have you held responsibility for things such as the advertising campaign?

Dr Bacon: I commenced in the department around 19 November last year.

CHAIR: So you inherited this circumstance, so you can't give us any indication year on year?

Dr Bacon: I personally don't have that knowledge to hand, but we are looking for that information.

CHAIR: And your colleague—have you been in this space for longer?

Mr Mashford: Only since 12 March last year.

CHAIR: A bit longer. Dr Kennedy, you've been here for a couple of years in this space. As you signed off—as you do; you've got the delegated authority to sign off on this—did your eyebrows ever go up? Did you think, 'Whoops, what's going on here?' in terms of some massive spike in the value of expenditure on a month-by-month basis?

Senator PATRICK: Or the timing of it, Chair.

CHAIR: On a month-by-month basis he signs off. I'm asking him: did he see any spike?

Dr Kennedy: My obligation is to certify the program after receiving advice from the ICC that is capable of satisfying the first four principles. I sign off that all contracting and other arrangements are appropriate, legal, et cetera. I had no difficulties signing off that.

CHAIR: But was there any feature that stuck out and you thought, 'Never before have I approved something that's 20-fold greater than any other month that I've been exposed to since I've been here in the job'? The spirit of my colleague's examination is that, somehow, the government has loaded the lolly into this week or this month because some advantage will come from that in the event that an election is called. That's the tenure of it. I'm asking you, as the secretary of the department: has there been one single thing before you—or you, Dr Bacon, or you, sir, or anyone else the back of the room or the or the next room; feel free to come forward. Has anyone felt that there was an unusual level of spike of expenditure occurring in this week that we should examine more thoroughly?

Dr Kennedy: This is a typical campaign being run over 13 weeks. We went through the usual processes and signed off in the usual way.

CHAIR: For those who develop these campaigns, is this time line extraordinary?
I mean, first of all there's a campaign for government to determine what the need is, and then I imagine there's all sorts of things happening—polling and focus groups—about how this should be designed. Then you go into a production phase, and, when you've come out of that and it's all in the can, you start to buy TARPs. I don't imagine you run ads on Christmas Day—they wouldn't have much value for money. We all know that advertising has periods of, 'Get it in on the football; don't put it in on this.' Is this unusual for an $18 million campaign to get to where we're at? We're only at six or seven months in.

_Dr Kennedy:_ I wouldn't regard this campaign's time line as extraordinary.

_CHAIR:_ Extraordinary in the sense that it's—

_Dr Kennedy:_ I would not regard it as—

_CHAIR:_ You would not regard it as extraordinary. I'm at a loss now as to what the next question to ask is, because this all seems to me to be tickety-tock, at least within the memory scope of those at the table in terms of how government expenditure is administered around advertising.

_Senator STERLE:_ Chair, can I just make a comment?

_CHAIR:_ Sure.

_Senator STERLE:_ The department have an opportunity—they're going to come back, allay my fears and say: 'Senator, it couldn't be further from the truth. Here are all the figures. We haven't just done this because there's an election.' And I'll go, 'Jolly good—thank you.'

_CHAIR:_ I get that. I'm looking forward to it, but I was more—

_Senator STERLE:_ So we don't need to go on any further.

_CHAIR:_ Well, I was more directing myself at Senator Patrick. There was none this year and there was one last year, so, hello, we'll leave that hanging in the atmosphere. I'm entitled to at least address it, Senator Patrick, and I think I have. Do any senators have any further questions in relation to this?

_Senator STERLE:_ I'm just waiting for the answers to come back.

_CHAIR:_ You're waiting for the answers to come back, and they will come back in due course.

_Senator PATRICK:_ Chair, constituents raised a concern with me, and I'm obliged to take up that concern. The concern is that this has landed during an election year and it hasn't been done in other years.

_CHAIR:_ Senator Patrick, I'm not—

_Senator PATRICK:_ I thank the witnesses for their answers.

_CHAIR:_ I'd like to know who your constituent was and what their level of expertise is to make an observation. We're not going to go there. I just wanted to neutralise what you'd done. There's nothing unusual with this. The world is watching. Now we know this is a normal tickety-tock year.

_Senator STERLE:_ It was more expensive this year than last year.

_Senator PATRICK:_ And next year.
Dear oh dear. No more—it's over. Dr Bacon, we thank you and your people for your efforts and preparation. We wish you safe travel back to where it is you're going.

Chair: Australian Rail Track Corporation

Chair: Welcome. Would anyone like to make an opening statement?

Mr Fullerton: Chair, I would like to make an opening statement.

Chair: Please proceed.

Mr Fullerton: I have with me today, sitting next to me, Richard Wankmuller, who is the CEO of Inland Rail.

Chair: And, can I say, much respected up in my neck of the woods.

Mr Wankmuller: Thanks, Chair.

Mr Fullerton: Richard reports to me and he is responsible for the delivery of Inland Rail on behalf of ARTC. Richard joined the company in April 2018 and has over 35 years of senior management experience in the private and public sectors, including fulfilling CEO and managing director positions with some of the world's largest engineering and construction companies. Richard's mandate is getting Inland Rail on a clear path to success through close engagement with all stakeholders, particularly the communities and landowners impacted along the corridor, and to establish the capability to deliver this vital piece of infrastructure. Community and landowner engagement is a central consideration to the success of this project, in particular as you work to settle the final alignment. ARTC does recognise that there is still much work to do to address the concerns of those who will be impacted. This is a priority for us as we refine the alignment, develop the final engineering designs and meet the environmental approval conditions required at state and federal level. If I may, I might just ask Richard to add to my opening statement.

Chair: Thank you. Mr Wankmuller, you have the floor.

Mr Wankmuller: I'll take less than three minutes. I wanted to point out to everyone that, while I've only been here a little less than a year, I have taken the time to get out in the community and to look at what the issues are out there and meet with the most impacted people—and I do have to say that the issues are real. There are some very scared people out there in the floodplains in particular. We understand that, and we are trying to work with them. There are places where we come right through the homes and operations of people that are also very concerned. So I do get out there. I do sit at the kitchen table and I do have the cup of tea or a cup of coffee and a piece of cake and we do talk through what those impacts are and how we can mitigate them. Those have been very worthwhile discussions.

I also have quite a bit of empathy in doing that, and where we can change things we do—and I'm happy to give you some examples of that if you ask for it later; I won't go into it now—but I also understand that this country committed a number of years ago to a process that I think is very good on a global stage, which is the need for a business case to do public infrastructure projects. In doing so, that is the justification, and in my opinion it needs to be upheld; otherwise the process is disingenuous. In this case, there was a very robust business case. It was put forward, as many of you are well aware, Infrastructure Australia, who
reviewed it and said, 'This isn't just a good project; it's a great project and it is one of national priority'—unlike some others that are being delivered elsewhere in the country.

Senator STEERLE: Sorry, I missed that.

Mr Wankmuller: A national priority listed by Infrastructure Australia.

Senator STEERLE: You said 'unlike others'. I just didn't hear you; sorry.

Mr Wankmuller: Some other infrastructure projects haven't reached that status. When delivering something this complex, there is a balance that has to use judgement across a lot of issues—judgement across social, economic, technical, environmental, landowner impacts and many, many things. I have to say that a lot of work has been done over a lot of years, and I take some comfort in seeing that that judgement hasn't been provided just by ARTC; it's been provided by a lot of great minds in this country across both sides of the aisle and parliament and a number of very good engineering and management firms that this country has to offer.

However, in the end, no matter how good the judgement is, it will affect someone. I do have empathy for that, because I wouldn't want to be that someone in a number of these cases, and we try to work with them to mitigate it. But I also realise that we either do this or we don't. The impact to the country, the impact to the economy, the impact to everyday life in terms of the cost and availability of essential goods and products, is too great to ignore. We all realise the cost structure here in Australia—a great country to live in—a slightly high cost structure. It is too high, and this is one of the things that will help get it under control right across the patch. So I would say: let's do this. Let's not slow down unless we absolutely have to. And I would be happy to answer any direct questions that you have in that regard.

CHAIR: Thank you for that. Senator Wacka.

Senator WILLIAMS: Thank you, Chair Sully. Mr Wankmuller, have you spent much time in Goondiwindi? The reason I ask the question is that the Goondiwindi Regional Council has issued a release expressing concerns that the criteria used to determine the inland rail route through the northern New South Wales and south Queensland regions is flawed and the result may be unprecedented floods. We are talking North Star, Goondiwindi region. Tell the committee the story. What's happening? You know of the concerns of people.

Mr Wankmuller: I'd love to. I've spent a bit of time in Goondiwindi. I spent what I call 'corporate Christmas Eve' there, this year. Corporate Christmas Eve is the last Friday before everyone goes on vacation. It was 42-44 degrees in Goondiwindi. I spent the day with a number of the impacted landowners and I spent the day with the mayor of Goondiwindi on that day, before heading home to my family. We made a very good tour of the alignment and looked at some of the concerns—and they're real. The flooding in that area is more significant than we thought it would be, so we've backed up. We've actually slowed down in that area and said that we're going to take a harder look at this. We're looking again at the two options that we were looking at before to make sure the process is valid and the costs are still current, because with more flooding you have to put in more robust structures, and that increases your cost. We are looking at that to make sure that the decision is still correct, given that new information. We are trying to make sure that we understand whether there is what I call a 'fatal flaw', because when you backup in a process like this there should be a fatal flaw that causes you to do that. This is one of the areas where there might be, and we're taking our time to evaluate it.
**Senator WILLIAMS:** Is it true that initial route was chosen, using 1976 flood maps—old, outdated flood maps?

**Mr Wankmuller:** There was a lot of previous data used. All of that has been updated recently. You're right. Some of the early data in the early decisions needed to be validated, including the rainfall data and making sure that we get all the maps corrected, and we're going through that right now.

**Senator WILLIAMS:** So, you will continue to consult with the Goondiwindi region and the council and the landowners concerned, et cetera?

**Mr Wankmuller:** We will, sir.

**Senator WILLIAMS:** I went through this when they built the Indian Pacific train line. It went straight through the middle of our farm in South Australia, where my great-great-grandparents settled. It was inconvenient at first, but when it was finished they were the best fences on the place, the best watering system on the place, and all went well from then on—but we were concerned at first. I hope those people who concerns have their concerns looked at and solved and that the project goes ahead, without causing too much disruption. Thanks, Chair.

**CHAIR:** Talk about paid advertising! How much did you give him for that final say, Mr Fullerton—'better fences and better circumstances'.

**Senator WILLIAMS:** It is just a fact!

**CHAIR:** Let me continue on with the government theme. To you, Mr Wankmuller—and Mr Fullerton knows—I raised issues about the Condamine floodplain. I understand there has been a hydrologist engaged with you, Mr Wankmuller and your people. You're exchanging information. I understand he lodged a submission with you 10 days ago—and I want to come back to that. In my very much layman's terms—I don't have any engineering experience or anything in that range—what they explained to me—'they' being this collection of people that Mr Fullerton and I've agreed on, and we've got some answers on notice that sort of identifies them; it was a data question—was that your people said—and you will have been to this house, you will have gone up the steps—that your data comes to this bottom step. And they said, 'No, no, no in some year past'—1994 or whatever it was—'Here is a photograph showing you that it got to the top step.' They talked to me about a 20 centimetre difference in the base reference point.

Mr Fullerton quite properly explained that floodwaters can be temperamental. The thought that water finds its own level probably does work when water stops running and settles and it's not inhibited by coming around a corner or going over a levy bank or something of that nature. But I want to go with the step question, because they tell me that they had a number of examples of this. With some of them they'd marked up a pole, where your people thought it was here, and they said, 'No, it was here.' They've got videos, photographs, chainsaw marks on a pole, or however they've marked the pole. I'm concerned about this 20-centimetre difference. Are you, from a professional engineering point of view, purely satisfied that this difference doesn't exist? That's at the heart of many of their concerns.

**Mr Wankmuller:** The only thing I'm purely satisfied of is that we need to listen to local residents and that their data is real. So, when they point out something that's different than what our engineers point out, we ask them to recalibrate it based on that data, because when
you're there and living it and you're taking photos, that's a lot better than sitting behind a computer screen.

CHAIR: Sure.

Mr Wankmuller: In that particular case, I know that couple reasonably well at this point. I've met with them a couple of times. The engineer was with me and I asked him to rerun the models with this new information to see what locally might be causing that condition that they saw and the computer model didn't.

CHAIR: I don't want to use the word 'anomaly' loosely, and I don't want to put words in your mouth, but if there was no anomaly around the performance of the water for a particular period of time that we spoke about—there's a big gumtree and it's going around it and it's going fast or something—the possibility is: if the raw data was 20 centimetres out, then that could have an impact right across the flood plain, possibly.

Mr Wankmuller: Yes, possibly.

CHAIR: Have you ruled that out, or are you still in the act of due diligence of this information? You've now got their hydrologist report. Is the question still alive in your mind as to whether—

Mr Wankmuller: Yes, it's still very much alive. There's more than one independent hydrologist. We have our own team of worldwide experts who have done the model. A number of property owners, one in particular, have hired their own expert, and we work very closely with them. I think his name came up in these proceedings last time. But there's also another independent expert, hired directly through our CCCs. We actually have two independent experts looking at the modelling in that area.

CHAIR: When I say that I don't anything about engineering, I've hired a lot of civil engineers over my time. And I don't want to reflect on them as a general body of people, but they're painful bastards, really, when it comes to getting precision into decisions. And I'm trying to send signals out to these good people at the same time as trying to get to the bottom of this. It just doesn't fathom to think that engineers in a back room would know that they had a flawed level, in their mind. They may have a flawed level, but they're satisfied that the reference point is the appropriate point. They will use that, won't they, to build a design in relation to the project?

Mr Wankmuller: Correct. It's the only way you can do it. You need local information to build the model, and then you calibrate it to make sure it's right. And you don't do your design until you get the model right, because first you have to know where the water is and how fast it flows, because that creates the forces. That determines what structures you design. So, you've got to get the model right first, and then you design the structures.

CHAIR: Yes, and engineering is an exacting science, whereas hydrology is probably not as exacting. Is that a fair comment?

Mr Wankmuller: That is a fair comment, and that's why you have to do so much calibration to get it right.

CHAIR: Do you think that the hydrologist representing the members on the flood plain and your people are getting closer to sort of agreeing on a satisfactory position?
Mr Wankmuller: Yes, I do. I sat with Dr Sharma and made sure he got the information he needed. He brought up some good points, and the teams are working together to resolve the issues.

CHAIR: All right. So, let's pretend that that's capable of being resolved—what I call the 20-centimetre problem, which is in the minds of many who think that the water's going to be higher and have some other effect on their property other than the one that they think you're exposed to. And some people just wouldn't want this to cut their property in two. We were always going to deal with that. But apart from that, is there any other significant submission from them that is a challenge for you around the social impacts, the environmental impacts or the engineering impacts, other than the 20-centimetre problem? Are there some other things that you—

Mr Wankmuller: Well, there are some very big issues that are not within my expertise, except for family experience, around mental health on a floodplain, and some of the posttraumatic stress disorder that takes place. I'm very familiar with that within my own family, and I do see evidence of that as I go and talk to people.

CHAIR: That can happen whether it's on a legitimate basis or not. A person can be affected by that.

Mr Wankmuller: Right, and we have an obligation to help them through that side of it too, so we have hotlines and we have information that they can reach out to, but it's a very real piece of the overall puzzle. Working through that, having an understanding in a very complex environment and having a very technical discussion in a very emotional environment is pretty difficult to do, so you have to spend a lot of time there and you have to go back and back and repeat. We have to get better visualisation. We have to get better models and pictures—that's what we're going through today.

CHAIR: My main interest—and I'll remain interested until they kick me out of here in a month or two—is in relation to this 20cm differential, because I do understand water will find its own level, and that's important. I do want to say this: often at times we stick it into you fellows here at estimate, but you have developed a very, very good reputation on the Downs. These people trust you. They think you are—a decent fellow who is working hard to close the gap on their problems, so it's important that we publicly recognise the confidence in your work there.

Mr Wankmuller: Thank you very much.

Senator McCarthy: Mr Fullerton, I'm just going to go to your responses to us in our questions on notice last week. I, unsurprisingly, want to go to the issues surrounding the Narromine to Narrabri section of the rail, especially the area between Narromine to Curban. It's question on notice No. 2, related to consultation in the community regarding the Burroway to Curban section. You claimed that 58 of 64 land owners were contacted between February to March 2017.

Mr Fullerton: Yes.

Senator McCarthy: And that the project team met face to face with 56 of the land owners. I'd just like to go to a few questions around that. Were these one-on-one meetings?

Mr Fullerton: My understanding is that they were, but Richard is probably more involved in the details. I understood they were one-on-one meetings.
Mr Wankmuller: When we use the term face to face, that's normally one on one, but I'd like to get back to you to make sure that that's 100 per cent correct.

Senator McCarthy: Thank you. How are the views of the land owners collected and aggregated?

Mr Wankmuller: We have a process where we'd sit down with everyone and we'd load it into our database. We have a database called consultation manager that records the interactions with each of the land owners so that everybody can see what their input was and they can pull it up and look at it.

Senator McCarthy: Given the final decision on option B was not made until May 2017 when the MCA report was completed, what exactly were your staff asking land owners to consider?

Mr Wankmuller: They would have asked them their preferences, what works well for them—given they know their land and the way that they work it and live on it—and whether it's better to be along the boundaries of their property. Assuming it was going to be on their property, was there a preferred location. Are there things about the way they operate their property that we should know to help make a decision with them about where the line should go? Once again, I can give you some examples of that later, if you'd like.

Senator McCarthy: Thank you. Noting that you admit the land owners did not support option B, how did the department come to the view, as we discussed last time, with the then, brief Minister Chester in November 2017, that this section of rail was relatively uncontroversial?

Mr Wankmuller: Are you asking ARTC or the department? I heard you say the word 'department'. I just didn't want—

Senator McCarthy: I'm asking you.

Mr Wankmuller: You have to remember that what we're talking about here is this alignment along what's referred to as Gilmours Road, where the base concept is the Gilmours Road option. That's the concept alignment. There was some discussion previously about another area that was looked at, which was called the Gilmours Road alternative. The reality of what happened there is there's a study corridor set around the base concept alignment. That study corridor was set wide enough to go ahead and include that Gilmours Road alternative so that it could have additional investigation and direct face-to-face meetings with the community.

Senator McCarthy: Mr Fullerton, in October last year you told the committee that the multicriteria analysis, the MCA process, was a well-accepted standard for assessing corridor alignments. Do you still stand by this view?

Mr Fullerton: Yes, I do.

Senator McCarthy: In response to question on notice No. 129 in last October's estimates, the department wrote:

In addition to the studies and in consultation with the community, a number of sections underwent multi-criteria analysis to compare route options, examining environmental impacts, community and property impacts, technical viability, safety assessment, operational approach, constructability and schedule, approvals and stakeholder engagement. The results of these multi-criteria analyses, along with
an assessment of each route's ability to meet or advance the Inland Rail Service Offering and associated financial information, informed decisions that culminated in the selected study area.

That's what the department wrote. Do you endorse the department's view about MCA being used to compare route options?

**Mr Fullerton**: Well, what you described is the standard process, so we would endorse that approach.

**Senator McCarthy**: Back in February you described the MCA process as 'a process that we've used to compare one option against another'. Do you continue to stand by this position?

**Senator Scullion**: Mr Chair, I know there's no mischief in this, but we're asking the ARTC to have an opinion about the department's submission. I think the convention about asking officers at the table for opinions is something that should be adhered to. I'm not suggesting there's any mischief in it. They're quite long questions, but they're asking for an opinion of what the ARTC thinks about the department. I just don't think that's something we should ask of the officers at the table.

**Senator McCarthy**: No, we're asking the officers about their own positions.

**Senator STERLE**: That's right.

**Senator Scullion**: But the question—perhaps not this last one but certainly the question before—was asking for an opinion about a submission by the department on this matter. As I said, I know there's no mischief in this, but we have to be cautious about what we're asking.

**CHAIR**: I haven't been listening as much as I should, but my understanding is that the basis of the questions is that at some stage Mr Fullerton or his agency have said or done something and the senator is seeking whether what they said or did still holds for them. Is that right?

**Senator McCarthy**: That's correct.

**Senator Scullion**: In so much as that relates to the ARTC, I have no problems with it. But one question ago it was a matter of: what do you think about what the department has done?

**CHAIR**: Yes, I'll pay particular attention, Minister.

**Senator Scullion**: It's all right. I wasn't suggesting any mischief; I just wasn't sure if you were entering a particular line of questioning there.

**CHAIR**: One would never anticipate any mischief in this building.

**Senator Scullion**: Indeed!

**Senator McCarthy**: How many different people were involved in preparing the three MCA reports for the Narromine to Narrabri section of the corridor?

**Mr Fullerton**: In terms of ARTC Inland Rail staff?

**Senator McCarthy**: Yes.

**Mr Fullerton**: That's something I'd need to take on notice. Obviously quite a number of people would have been involved in that exercise, given the nature of it. But I'd need to take it on notice in terms of the numbers that were involved.
Senator McCARTHY: All right. I've got a couple of questions that follow on from that, so let us know how we go. How many people were the same across all three reports? And how many of the people involved were either selected or employed by the ARTC?

Mr Fullerton: In terms of the MCA, we were assisted by GHD, who were the consultants involved in that process. But, in terms of who was involved in that process from ARTC, I'd need to take it on notice.

CHAIR: Do you want the numbers or do you want the—

Senator McCARTHY: How many—yes, absolutely.

CHAIR: You don't want the identity of these people at this point?

Senator McCARTHY: No.

Mr Wankmuller: I know, on the surface, it seems like it makes sense to have the same people involved in all MCAs, but normal practice is that it wouldn't necessarily be the same people, because each MCA is a process unto itself, comparing an option against a base case. Each one is separate, and you're looking for good engineering and scientific judgement by the people that are available at that point in time.

Senator McCARTHY: Thank you. That's really what we're looking for, in trying to understand that. Can I take you to question on notice No. 12, which deals with how option 109 was disregarded and replaced by option B, despite there being no community consultation? Have you got that with you, Mr Fullerton? It's just where I'm going to go with some of my questions, that's all.

Mr Fullerton: Yes, I've got question—what number was that, again?

Senator McCARTHY: Twelve.

CHAIR: Do you understand the premise of that question, that a decision was taken without consultation? You don't object to that? That's what happened?

Mr Fullerton: Yes. I might ask Richard to give a response to that, because there was quite a clear process that went through in finalising that alignment.

Mr Wankmuller: I would object to the exact words, that no consultation was undertaken. There is a different level of consultation that's done, at different levels, in making these decisions.

Senator STERLE: Why don't you walk us through the consultation process that you did?

Mr Wankmuller: I'll do that. At a high level, when you're trying to make a decision between relatively distinctly different options, the level of consultation with the community is one piece of the overall puzzle. There's a whole bunch of factors that are looked at, which include technical viability, safety, operational, constructability, environmental, stakeholder engagement, in terms of environmental approvals—so there are a number of things that are looked at. Community consultation is one piece. It's called the balance scorecard way of looking at things. You look at all the factors at once.

When you're doing broad options against each other, that's at a pretty high level. It's often done on desktop studies. It's often done on data where you can't really get on the ground. You're either not allowed to be there or it's just too expensive. You can imagine, across 1,700 kilometres, if you look at 100 different options, the cost of getting detailed information. The
first time it's done, it's cut through at a reasonably high level. Option 109 was looked at against the concept alignment with some of that consultation, some of the broad consultation. The kind of input you would get is, 'Please stick to boundaries,' or 'If you can use paper roads, use paper roads.' You get some relatively broad statements.

After that consultation was done, and there was an attempt to get to a final study corridor, it was realised that option 109 was really going to be longer and more expensive than the concept alignment, which is called Gilmore's Road. It was discounted as it didn't stand up to the concept alignment. So the study corridor was set up around the concept alignment. Where it got confused was that in that study corridor there was this other option, called 'Gilmore's Road alternative option B', and people started to think that was a comparison between that option and the concept alignment, when, in reality, it was just part of the study corridor for the base.

Senator STERLE: I just want to clarify this, for my own head. What community consultation was there?

Mr Wankmuller: On the broader one, the community consultation was public meetings. There were public forums where people were asked for their input. When we get down into the study corridor, which we're in now, that's when you do the face to face, one on one, to really understand, because now you know who might be impacted. They are different levels.

Senator McCARTHY: I might flesh this out a bit. You say in your response, 'It should be noted that option 109 and the Gilmore's Road alternative were assessed in different MCA workshops,' in December 2016 and May 2017, respectively. 'Scoring relativities in each MCA workshop are particular to that workshop.'

Mr Wankmuller: Correct.

Senator McCARTHY: 'As such, it's not possible to compare MCA results for option 109 and the Gilmore's Road alternative, as these were assessed in different workshops.'

Mr Wankmuller: Correct.

Senator McCARTHY: What are you saying there?

Mr Wankmuller: I agree that that is a little complicated. What it is, is an MCA compares one alternative back to a baseline. That's what each one does. Each alternative is very different. It compares back to that baseline in a different way, because you're comparing the alternative to the baseline, and you go to another alternative and compare it back to the baseline. So they're very different, the conclusions that you come up with, because it's a relative judgement by the experts in the room.

Senator McCARTHY: But does it mean that each MCA workshop is not required to reference what has gone on before it?

Mr Wankmuller: Not required to? No, but often there is some like-input, in terms of preferences. People would start to understand that in 'Let's move to boundaries; let's move to paper roads;' there would be some commonalities of thought.

Senator McCARTHY: Does it mean that they're not iterative?

Mr Wankmuller: No, they're not iterative amongst each other.

Senator McCARTHY: But standalone processes?
Mr Wankmuller: They're standalone.

Senator McCarthy: We heard in your earlier statements about the robustness and necessity of MCA reports. What's now changed that means that scoring relativities in each MCA workshop are particular to that workshop, and, as such, it is not possible to compare MCA results?

Mr Wankmuller: To each other? Once you get through the MCA, you then get to what we call the 'study corridor'. You've picked an option, you go through the MCA process and that comes up with the selected option, which we call in that period of time the 'concept alignment'. Then you say: 'We're on the concept alignment. It's time to get detailed. Where exactly we are going to put this?' So we put a study corridor along that option and we say: 'Now let's get on the property, look at the geotech, look at what's there. What does flooding really look like and how do these people operate their properties?' Within that study corridor, you then come up with what we call the 'narrowed corridor', which then starts to say, 'Where are you going to actually put this selected option?' But it's a matter of placing that selected option and not about comparing it to other options within the study corridor.

Senator McCarthy: This committee is just trying to understand. We've received different responses over time. Certainly Mr Fullerton has given evidence to us. In terms of making your case to government to select a preferred corridor—I'm just trying to get some clarity around consistency—you've told communities that the multicriteria analysis reports are the basis upon which you've provided advice to government about the preferred route corridor and made decisions about the time it would take to undertake the journey on one alignment compared to another, yet in your response to this committee of just last week, you tell us that the results can't be compared against other reports.

Chair: Once again, do you agree with the initial characterisation of those statements—that you told public hearings, 'This is the basis upon which we give advice to government'? Do you accept the parameters or the rules that the senator laid down there?

Mr Fullerton: If I can just reflect back on what the senator raised initially, the decision on determining one alignment over another is built around the MCA process that considers eight factors. I think we've talked about the four non-technical and the four technical factors that are looked at, in addition to the compliance of that particular alignment against the service offering and also the construction cost. They were the criteria that were supplied throughout in determining the preferred study area.

Senator McCarthy: Minister, can I just put a couple of questions to you in relation to some of the responses we have received, not just today but previously. We have a situation where the ARTC seems to have ignored the advice of independent consultants regarding building a stronger case in support of option 109, to save just two minutes on a roughly 1,400-minute-long journey, and instead misled the minister of the day that the option you preferred was widely supported in the community when you had no evidence in support of that claim.

Chair: Hold on, before you answer. That's a particularly serious allegation to put to these officials, and could I—

Senator McCarthy: It is to the minister.

Chair: No, no. Ah well, to the minister. The question had about three elements in it. Could I ask you to break them down into one element at a time so we don't assume—
Senator McCarthy: Okay. Maybe if we go to the supporting of option 109 to save just two minutes on a roughly 1,400-minute-long journey.

Chair: I suppose the best way to deal with that is: is that correct? Would option 109 have saved two minutes on a 1,400-minute journey? Mr Fullerton, or—

Mr Fullerton: I think in that response there—as is mentioned in that fourth dot point—effectively option 109 became Gilmours Road option B based on GHD.

Senator Sterle: No. Would it save two minutes?

Mr Fullerton: I was about to say there, we did talk about it being shorter and faster, but I'd need to come back with the specifics.

Chair: All right, and that's the way to deal with it.

Senator Scullion: Just in that context, what I've heard is that there are a number of criteria of which that's one. It may have saved only two minutes, but it might also have driven around the tufted tree frog or something similar. It might also have been engineered to ensure that the people in adjacent properties were able to manage their property in a particular way. There are a number of parameters I understand that would have been taken into consideration as well as time.

Senator Sterle: Minister, there have been a lot of emails in the last three or four Senate estimates around this from people in that area. What has come out quite clearly is that the preferred option, after consultation with the mob, was disregarded.

Chair: The most serious allegation you could make here to these officials is that they have misled the minister or the government. That allegation has been made, so what we need to do in fairness to them is unpack it one point at a time upon which you rely to make the assertion that they have misled. That gives them a fair and reasonable chance to respond.

Senator Sterle: Sure. Can we get back to how many minutes would be saved?

Chair: Mr Fullerton has taken that on notice. He said he didn't have it if you wanted a specific—

Senator Sterle: Mr Wankmuller, you're out there. How many minutes is it going to save? Surely you would know.

Mr Wankmuller: How many minutes would what save, sorry?

Senator Sterle: The preferred option of the locals.

Mr Wankmuller: Compared to what though? I didn't hear what you were comparing it to.

Senator McCarthy: We just want to know if option 109 is saving two minutes.

Mr Fullerton: We've taken on notice option 109 compared to the Gilmore's option B. We'll come back with that response.

Mr Wankmuller: We'll come back, but I'm reasonably confident that it doesn't save time. We'll come back with the exact detail.

Senator McCarthy: It doesn't save time?

Mr Wankmuller: It does not save time, depending on what you're comparing it to. If you compare it to another option that wasn't selected that took a lot longer then, yes, it saves time to that—but that wasn't selected anyhow.
Senator Scullion: If I can get clarification off Senator McCarthy. Is the question in the context with option 109 next to Gilmores option B? I need clarification because it is going to be very hard to do a comparison of time. It has to be with a specific option. I made that assumption.

Senator McCarthy: Sure. That's where the questions have gone, Minister, so, yes.

Senator Scullion: Thank you.

CHAIR: Are you guys satisfied that you understand what the senator—

Mr Fullerton: Yes, we are clear about the question.

Senator McCarthy: The second part of that is that you have said that you preferred it because it was widely supported in the community. We would like to see the evidence that shows it was widely supported in the community in terms of the consultation that you say took place.

Mr Fullerton: Okay. We'll take that on notice.

Senator Sterle: Why can't you answer it now? You said it was widely supported. The evidence has come back that it is not supported. The other option—option 109—was preferable. We were of the belief from evidence from you, Mr Fullerton, that there was much consultation and everyone supported it, but what is coming back to us is that there was not that consultation. Emails have come through to us. People were listening out there. I didn't know about this thing until it popped up three estimates sessions ago. People are livid that they weren't listened to. I don't think you need to take it on notice.

Senator Scullion: If the question was intended to be, 'Can you please walk us through the consultation process that allowed you to come up with that?' I think it's something that the officers could deal with now. But the question was a fair bit broader than that. I suspect that's why they took it on notice.

Senator Sterle: It is our third go too, Minister, but fair enough.

CHAIR: Guys, would you like the officers to walk you through the consultation process within their scope of knowledge?

Senator Sterle: Yes.

CHAIR: Who wants to have a crack?

Senator McCarthy: With the dates.

Senator Sterle: Yes, dates and who turned up. You can always redact names and all that.

CHAIR: They may not have all of that with them, Glenn.

Senator Sterle: I'm sure they haven't got it.

Mr Wankmuller: No, we wouldn't have all the names in front of us here.

CHAIR: No, but do you want to talk about the public meetings, the ads that were put in the paper, going on radio and giving free lollies to anyone over 15 to tell you what they thought? Just tell us what generally happens with this due process.

Mr Wankmuller: Generally we have public meetings. We advertise them, we send out emails to the extent that we have emails, we drop flyers in mailboxes and we talk about the
meetings. We try to get as many people to public meetings as possible. Obviously, we're only subject to those who decide to come to the public meetings. Because of that we know that we don't necessarily get all of the landowners, so we try knocking on doors and we try to meet with them face to face.

I think a piece of this process that's been lost is the focus on the MCA. The MCA is only one piece of the overall decision process. The MCA just looks at options and says if you should look at something in more detail. Ultimately, you compare that against the service offering for the business case as to whether it helps or does not help meeting the business case. When you have a couple of options and the MCA says, yes, you should look at it, then you say: how does this meet the service offering—does it add time or subtract time; does it increase reliability? Those are the driving factors for the service offering for the customers. And, then once you've done that, if two options are still similar you look at the cost of that and you do a cost-benefit analysis. So there are really three pieces to the overall comparison. A lot of people have summarised that into the term MCA, but the actual decision process has all three components to it.

**Senator STERLE:** Sure, but coming back to—and we're talking about between Narromine and Curban, aren't we? What I'm trying to establish here is: how many landowners are there in that section, and how many did you speak to?

**Mr Wankmuller:** We have answered it in terms of what we think the effective landowners would be but again, the broad population, we don't know. We ask them to when they come to these—

**Senator STERLE:** If you don't know, Mr Wankmuller—

**Mr Wankmuller:** There's a reason, and that is that we have logs when people sign in. If they don't sign in, we don't know—we don't know who was there. We can't force them to sign these—

**Senator STERLE:** You don't know, so you can't come in and say that you—
CHAIR: Oh!

Senator STERLE: Chair, don't turn into a Jane Hume!

CHAIR: No, I don't want to have a match with you.

Senator STERLE: These are your people that vote for you mate, not me.

CHAIR: I understand that, and you'd have to know, Glenn, that I will never abandon them but I think it was unfair for you to draw that broad inference from that official's answer. They can do no more than make it available for them to register if they attend a public meeting and, if they don't, indeed they don't know that Fred was there because Fred didn't fill the register in.

Senator STERLE: Chair, with the greatest respect, your people in Queensland have had Mr Wankmuller's opening statement where he sat down and he's had a cup of tea, a scone and a piece of cake and met with them. I don't know why there's an imaginary line on a piece of paper that says: 'Goodbye, Queensland. You're now entering New South Wales.' There should be a different process. That's all I'm asking, and I think that's fair of me to ask that.

CHAIR: Have we established that there is because the people in Queensland are not complaining about the consultation process? They've had—

Senator STERLE: I didn't mention the Queensland people because they've had a cup of tea, cake and a scone and Mr Wankmuller's sat down with them. You know that those people—and you know this—in New South Wales in that area we're talking about have said the opposite: that they haven't been consulted. I don't know why there's an imaginary line on a piece of paper that says: 'We're Fred and Mary Jones, and this is my property, Come-along'—or whatever it's called; I don't know—you don't know, but you haven't followed up and gone—

Mr Wankmuller: If you could help me because here's where I'm confused. We do have an answer: it was provided from the last senate estimates for a specific question which specifically says 58 out of the 64 landowners were contacted. It specifically says that we met face to face with 56 of them, so I'm assuming your question's broader than that. That's why I'm confused, okay? But if your question is that specific, I think we've given you a pretty detailed answer.

Senator STERLE: And what I said to you: have you consulted every single person? That was my question. That's how it all started, and you haven't. Just say, 'No, you haven't.'

CHAIR: Whoa! Minister, let me, otherwise there'll be—

Senator STERLE: You don't have to get your jocks in a knot. You haven't consulted everyone.

CHAIR: My jocks take two men to get into a knot, mate, they're that big. Mr Wankmuller, as I understand it, and Senator McCarthy will correct me as I go forward, the burden of their question relates to those landowners who are affected by the alignment—that are touched. Is that a fair appraisal, Glenn?

Senator STERLE: Yes.

CHAIR: Okay. How many landowners there are touched?

Mr Wankmuller: Sixty-four.

CHAIR: Of those 64, how many have you had the opportunity to consult with?
Mr Wankmuller: Fifty-eight.

Mr Fullerton: Fifty-six face-to-face.

CHAIR: Is it possible that there were multiple engagements with them—face-to-face exchanges, correspondence, telephone calls and the like?

Mr Wankmuller: Yes.

CHAIR: Is that logged somewhere?

Mr Wankmuller: It would be, yes.

CHAIR: Senator Sterle, it might assist here if they take on notice the logs, the frequency and the nature of the engagement. At the end of that, this committee will be able to form a view on whether the consultation process has been adequately extensive enough or inadequate?

Senator STERLE: On that, all I was asking was: there were 58 out of 64, so what happened to the six? All you've got to say is, 'They didn't want to talk' or 'They weren't at home'.

CHAIR: I'm with you there. What happened to the other six?

Senator STERLE: I don't know what's so hard.

Mr Fullerton: The answer to that question is: of the remaining six, Inland Rail was unable to locate contact details or the landowners chose not to engage with Inland Rail for whatever purpose.

CHAIR: There you go.

Senator STERLE: But you can break that up.

CHAIR: They did. That's an answer they've given you. You've already got that.

Senator STERLE: Yes, but what I don't know is: of the ones who said they didn't want to talk to you—I need to know. It's not a hard question. It's not a hangable offence.

CHAIR: Glenn, you want to break the six down to find out who couldn't be—

Senator STERLE: I think it's—

CHAIR: No, I'm trying to get clarity here, otherwise we just come back and back. You want to know, of the six, how many couldn't be contacted and how many refused to have contact—is that correct?

Senator STERLE: That's right.

CHAIR: That shouldn't be too hard.

Mr Fullerton: We can break that down, Senator.

Senator STERLE: And then it goes to how many were in favour and how many weren't in favour.

CHAIR: Well, that hasn't been your line of questioning.

Senator STERLE: Not yet. I'm getting there.

CHAIR: Your line of questioning has been about consultation. Now you want them also, to the extent that they can, indicate, of the 58, how many of them were thumbs up and how many were thumbs down.
Senator STERLE: Yes, that's what I'm trying to lead to.

Senator Scullion: It depends on the point in time. It changed.

Mr Fullerton: I think that's an important point. The preferred study corridor is two kilometres wide—

Senator STERLE: Which you then narrowed down.

Mr Fullerton: and in some areas it's even wider than that.

Senator Scullion: It slowly comes down.

Senator STERLE: That's right.

Mr Fullerton: The consultation process is still at the early stages, as we refine that alignment down to those 40 to 60 metres.

CHAIR: What impact will that have on the 64 landowners? It will reduce it to—

Mr Fullerton: It certainly won't go up; it will reduce it, but to what extent it will be reduced—whether down to 40 or 60 metres—we'd have to work out who owns the land and what the—

CHAIR: Okay. You've agreed to take it on notice. I know what Glenn's looking for, and I think it's hard to determine whether they're happy or not when you've got a process that's a moving, living, breathing process.

Senator STERLE: But, if there is consultation with 58 out of 64 and only two or three said, 'This is a good idea,' and the others went, 'Boo—

CHAIR: I appreciate that.

Senator STERLE: That's where we need to get to. While we're at it, Mr Fullerton, I'm going to commend you here. You corrected the record and you wrote to the chair. This is good. You gave us some information which wasn't correct but you did the right thing—you wrote straight back to us. Congratulations. It's a shame other agencies—

CHAIR: I think it's a fundamentally honest—

Senator STERLE: They're decent. I could talk about others—but that's maritime—when we get to that.

CHAIR: There are more questions, but for now we will suspend.

Proceedings suspended from 12:49 to 13:46

CHAIR: We will now resume the Senate Rural and Regional Affairs and Transport Legislation Committee.

Senator McCARTHY: Mr Fullerton, flyers that were handed out in 2015 projected that two million tonnes of agricultural freight would be attracted from road. In later versions of the flyer, that figure went up to nine million tonnes. I'm just wondering where the extra seven million tonnes came from.

Mr Fullerton: Nine million tonnes of agricultural product is in the 2015 business case. That's the number that we have used in our publications more recently.

Senator McCARTHY: The 2015 business case. That's available where?

Mr Fullerton: It's published on our website.

Senator McCARTHY: Thank you.
Mr Fullerton: I think the number is around 8.9 million tonnes of agricultural product.

Senator McCarthy: I'll have a look at that; thank you. Have you ever visited the subject site of NS2B?

Mr Fullerton: Yes, I have.

Senator McCarthy: Have you been invited by any of the concerned stakeholders to attend?

Mr Fullerton: We've visited those sites to meet a number of those stakeholders. I think I've been invited by some councils but not specifically by landowners, no.

Senator McCarthy: Are you aware that there was dissatisfaction around the New South Wales-Queensland border area with the ARTC preferred alignment?

Mr Fullerton: Yes, I am.

Senator McCarthy: Are you aware of the five options and how the current alignment was decided?

Mr Fullerton: Yes, I'm familiar with those options.

Senator McCarthy: How many landholders are affected by alignment option D1?

Mr Wankmuller: There are two options we're talking about presently: D1 and A.

Senator McCarthy: Option D1.

Mr Wankmuller: On option D1, I've met with about 10 of the residents in that area. Through that area, there are less than 20 residents in total who are impacted. Just as a sidenote: that was the trip on 'corporate Christmas Day' that I mentioned. We went and actually had lunch with them.

Senator McCarthy: You said that at the beginning to Senator O'Sullivan. How many landholders are affected by alignment option A?

Mr Wankmuller: I think, between the two, it's roughly the same number. I'll have to take it on notice to get you the exact number, but it's that order of magnitude.

Senator McCarthy: Was ARTC made aware of the concerns of council and landholders in relation to the 2½ per cent weighting for flooding in the MCA?

Mr Wankmuller: Yes. We had quite a bit of discussion with both the council and the landowners about the initial flood modelling, and we have revised it based on some of their estimations. That discussion is still ongoing. They've nominated some experts in their area, who we're working with directly.

Senator McCarthy: Were any of those concerns relayed to the minister prior to his signing off?

Mr Wankmuller: I wouldn't be able to answer that question directly in terms of what was relayed to the minister. Which minister? If you're talking about—I know that he visited the area first, but I don't know what was conveyed.

Senator Sterle: How many ministers do you think we might be talking of in this area?

Mr Wankmuller: I assumed you were talking about the infrastructure.

Senator Sterle: What a silly response! Is there someone who can answer that?

Mr Wankmuller: Sorry, that was a truthful response. My job is not to advise the minister.
Senator STERLE: If you can't who can? 'How many ministers'—what a stupid response!

CHAIR: Steady, Senator Sterle.

Senator STERLE: We are in infrastructure, for crying out loud! I know we have been through many ministers—I think we have been through about seven since 2013.

Mr Wankmuller: If I could clarify why I answered the way I did: I don't advise the minister, the department does. I advise the department; that's all I was saying.

Senator STERLE: And you said you don't know and then I said is there someone who could—and then you threw up that other one.

Senator Scullion: I have indicated to the department that they would have known, it would have gone through. I wonder if they have something to add.

Senator STERLE: Thank you, Minister.

Mr Yeaman: Certainly when we provided our advice to the minister to approve the study corridor we raised the stakeholder concerns at that time and noted that there were stakeholder concerns in that particular part of the region. So yes, we would have done that as a matter of course in advising the minister based on advice from ARTC and our own discussions.

Senator McCARTHY: Mr Fullerton, have you been made aware of the use of 1976 pre-development flood mapping for the development of the MCA?

Mr Fullerton: No, I am not aware of that. Richard can comment.

Mr Wankmuller: I would have to take that on notice.

Senator McCARTHY: Was ARTC advised many times about local knowledge that would be invaluable in assessing the flood management problem?

Mr Wankmuller: Yes, we were. And I was advised personally, which is why I am jumping in.

Senator McCARTHY: I'm aware that ARTC did not make contact with some of these people until April 2019. Is that correct?

Mr Wankmuller: I know that I personally met with them in December 2018.

Senator McCARTHY: So you have made contact with all of the local people now?

Mr Wankmuller: Yes, we have.

Senator McCARTHY: Were you made aware of the possible redirection of irrigation water out of the Macintyre River system?

Mr Wankmuller: We were made aware of their concerns at that, yes.

Senator McCARTHY: Has that concern been relayed to the minister's office?

Mr Yeaman: I could take those specific details on notice. Certainly in our briefing to the minister we raised concerns about the floodplains and the hydrology issues. On that very specific issue, I could take that on notice and get back to you.

Senator McCARTHY: When will ARTC be in a position to present a true-cost analysis on both options?

Mr Wankmuller: We are doing that presently and will certainly have it done within the next six weeks. What is involved in that is looking at all the engineering and coming up with

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
all the quantity analysis, so there is quite a bit of work. But we have committed to the individuals that we are talking about that we will get back to them within six weeks.

**Senator McCARTHY:** So by the end of May?

**Mr Wankmuller:** Yes.

**Senator McCARTHY:** At the latest?

**Mr Wankmuller:** Roughly.

**Senator McCARTHY:** Can ARTC assure stakeholders that there is an adequate changeover process to cover the revolving door of staff who have been engaged in this sector? I understand that that is the case.

**Mr Wankmuller:** We have had a change of a number of staff. One of the things we are looking at is trying to get more local staff so that people stay. The entire infrastructure market is pretty heated and everybody is getting competing offers. So we're trying to get local people, who are more likely to stay. We are also looking at the way we compensate our employees. We are trying to come up with programs that encourage them to stay, because people leaving is very impactful; it is one of my concerns.

**Senator McCARTHY:** Out of curiosity, how many people have left?

**Mr Wankmuller:** Out of the ARTC staff, about 25 people in the last year.

**Senator McCARTHY:** Is that due to end of contracts or is that due to unhappiness in the job?

**Mr Wankmuller:** No, a lot of those got competing offers from other places for increased pay and a different compensation package. A number of them were family situations, either through a parent's state of illness or more direct family situations.

**Senator McCARTHY:** Were they full-time positions?

**Mr Wankmuller:** Yes.

**Senator McCARTHY:** Are any of those 25 positions empty? Have they all been filled?

**Mr Wankmuller:** I believe we've filled most of them. There are a couple vacant, but we've refilled most of them.

**Senator McCARTHY:** Can you advise how many community engagement officers have been involved in the assessment on the NS2B sector?

**Mr Wankmuller:** On NS2B itself, just that one section?

**Senator McCARTHY:** That's correct.

**Mr Wankmuller:** There would be about four community engagement officers. It's a little misleading. I'd like to expand on the answer. In interacting with the community, it's more than just engagement officers. In fact, the engineering staff are quite important to be able to answer questions. Total staff involved in dealing with the public there would be at least double that.

**Senator McCARTHY:** Eight?

**Mr Wankmuller:** Eight to 10.

**Senator McCARTHY:** Are you aware of the request to construct a feeder line to the three existing establishments with rail capabilities and other possible sites on the eastern side of Goondiwindi?
Mr Wankmuller: I didn't hear the first part of the question.

Senator McCarthy: Are you aware of the request?

Mr Wankmuller: The request, yes, has been looked at. We, being ARTC, have a business development officer in that area that's engaged in discussions along those lines.

Senator McCarthy: Is it the intention of ARTC that this should be funded by private enterprise?

Mr Wankmuller: I'd have to pass that question over to Mr Fullerton.

Mr Fullerton: I think any opportunity would have to be a separate business case to do that work. We're very clear about what the scope of Inland Rail is in relation to the construction of that track between Melbourne and Brisbane.

Senator McCarthy: Do you believe that seasonal freight, like grains from Goondiwindi, would have the ability to inject $100 million into a feeder line to option D1, when the preferred route of option A would provide the major part of that feeder line?

Mr Fullerton: I certainly haven't assessed the business case on those merits, no.

Senator McCarthy: Do you think the consultation process in this sector has been adequately followed?

Mr Wankmuller: Yes, from our perspective. We've certainly reacted to the public that you're talking about. We certainly have worked with them, sat with them and listened to their concerns, and adjusted some of the things that we're doing as a result. We're being, I believe, very responsive in getting back to them on their concerns.

Senator McCarthy: Is it the intention of ARTC and the government to commence construction before satisfactory answers are provided to those concerned residents?

Mr Wankmuller: No, and I've tried to make that clear. I know there is some suspicion of that because of what they perceive as past behaviours, but we're not going to proceed without doing this analysis.

Senator McCarthy: Okay. Do you acknowledge that a fatal flaw exists with the NS2B sector of the MCA assessment?

Mr Wankmuller: No, I don't acknowledge that. I'm concerned that there could be one, and that's what this analysis is about—to determine whether there is a fatal flaw. What we've made very clear is that if there is a fatal flaw we may have to look at another alternative.

Senator McCarthy: Just on the staffing situation, you said that, in the last 12 months, 25 people have left—or positions. How would you define the rate of staff turnover at ARTC?

Mr Wankmuller: It's certainly within industry norms. We have 386 presently and 25 leaving. That's actually well under the industry norms. I was CEO of some of the world's largest engineering construction companies, with similar staff, and our turnover rates would have been higher, as would have been our competitors'.

Mr Fullerton: Senator, in terms of ARTC more broadly, our turnover rates are always between about 10 per cent to 13 per cent.

Senator McCarthy: Sorry, Mr Fullerton, I missed that. What was the percentage rate?

Mr Fullerton: Our turnover rate has slightly increased. It's probably around 13 per cent. But the two areas that have had the greatest impact on that are project-related staff, which
Richard referred to. Because of the high demand for projects around Australia, people are moving to metro projects in the capital cities. We compete on that basis with remuneration. The other high-turnover area we've got is in our signal electricians. Similarly, they've been attracted to some of these major projects. We're putting into place ways to deal with that, but those are two particular areas where we do experience high turnover because of the nature of the infrastructure projects.

Senator McCARTHY: Thank you both very much.

Senator PATRICK: Some very quick questions, gentlemen. I presume you have a significant amount of involvement in the Inland Rail project, which is a priority project. What involvement do you have on another priority project, Iron Road, which also involves rail?

Mr Wankmuller: Iron Road?

Senator PATRICK: The Eyre Peninsula infrastructure project that would run from Wudinna down to Cape Hardy on the eastern—

Mr Fullerton: No. I'm aware of that project in South Australia, given that I live there. It doesn't connect with our network and we've had no involvement at all with the proponents.

Senator PATRICK: So there hasn't been any interaction at all between you as the experts in this field and that particular project, noting it is a priority project?

Mr Fullerton: No, we've had no involvement at all.

Senator PATRICK: Has there been any contact at all between the proponents of that project and ARTC?

Mr Fullerton: Certainly not with me. There could have been at the officer level, where there may have been the odd phone call. But it is certainly not something that I've been involved in, nor has the company made any consideration of it.

Senator PATRICK: Would you take that on notice to find out whether that has occurred?

Mr Fullerton: I can certainly find out whether they've contacted officer level to discuss certain aspects of it. I'll take it on notice.

Senator PATRICK: Thank you. Are you aware that there has been a narrow-gauge rail line running from northern Eyre Peninsula down to Port Lincoln?

Mr Fullerton: Yes, I am.

Senator PATRICK: I presume you're aware that that's closing down?

Mr Fullerton: Yes, I am.

Senator PATRICK: I presume that that, also, has not much to do with ARTC?

Mr Fullerton: No, that's a railroad that forms part of the network operated by Genesee & Wyoming Australia.

Senator PATRICK: I've looked at your website, and in some sense I'm looking at the scope of what it is that you do. You talk about investing billions of dollars to build, extend and upgrade our network to get freight off the road and onto rail. We've a circumstance now in the Eyre Peninsula where the reverse is occurring: we're having rail decommissioned, and that will bring a large number of trucks back onto the roads. Is it within your purview? Is it normal for your organisation to look at an event like that and say, 'You know what, we may have to start considering doing something ourselves in that space'? How does that work?
Mr Fullerton: ARTC, as you are aware, are a GBE. We operate on a commercial basis and pay dividends to the government. From time to time we do look at opportunities off our network. Probably the best example is from Benalla to Oaklands, a line that got cut off with the standardisation of the western track in Victoria, when we took that over in 2008. We maintain that network under a management arrangement with the Victorian government. That's an example where it's not a commercial operation, but it was something that Victoria wanted to keep operational. We do that under a management arrangement. We do look at opportunities, but all of the opportunities have to be able to—we run the test of a business case across those and look at opportunities of expanding our network or, certainly, building capacity on our network to support growth on rail. Whether it be a new mine starting up, as we've seen with a few in South Australia—we will always look at opportunities, but on a commercial basis.

Senator PATRICK: Okay. In the context of your involvement in inland road, which is clearly a capital investment, it's not you as the GBE providing that investment, is it? That's funded in some other way and you're contracted to provide services—

Mr Fullerton: Are you talking about Inland Rail?

Senator PATRICK: Yes, Inland Rail.

Mr Fullerton: Inland Rail is being funded through ARTC, with a $9 billion equity investment by the federal government, as the 100 per cent shareholder of ARTC.

Senator PATRICK: So you take that equity funding, you wrap that into the capital on your balance sheet and then you proceed with the development of it?

Mr Fullerton: Yes, as has happened. We have invested in the order of $6.5 billion already in our interstate and Hunter Valley network. Some of that funding was debt raised by ARTC, or through cash flows from operations. Some of it was raised through grant funding from shareholders, or equity funding.

Senator PATRICK: What is your prescribed return to the taxpayer, or return to your shareholder? What is your obligation this year to return back to Finance?

Mr Fullerton: We pay a dividend each year. Last year we paid a $65 million dividend. The year before—

Senator PATRICK: My understanding is that GBEs are typically given, once a year, an objective from the shareholder. It's tabled in the parliament. Does that include a particular dividend?

Mr Fullerton: No, that dividend is determined by the shareholder on advice from ARTC. Those financial forecasts form part of our corporate plan, both in terms of our strategy, the growth of freight on rail and also our future forecasts for revenues. The underpinning performance of the business that drives the ability to pay a dividend relates to the return that we get from the Hunter Valley, which is a regulated asset. We earn 5.38 per cent real before tax return as part of a five-year access undertaking. For our interstate network, which is our inter-capital network, we are price conscious of the competitive position with road. But again that makes a positive contribution to our cash flows. In terms of determining net profit, we take into account the dividends that are then paid to government. As I said, last year we paid around about $64 million to our shareholder and the year before I think it was $82 million,
and the year before that was $91 million. That is determined each year when we look at our financial performance.

**Senator PATRICK:** I'll just go back now to South Australia. Has there at any stage been a conversation with ARTC or within ARTC about extending the rail line that goes down to Whyalla—which I presume you own—beyond Whyalla and down to Cape Hardy to hook up with the port that is proposed under the Iron Road project?

**Mr Fullerton:** No, there has no consideration of that whatsoever with ARTC.

**Senator PATRICK:** No consideration in respect of the—basically grain transport around the Eyre Peninsula? There will be a huge vacuum very shortly because of the closure of the rail line. It almost seems like we are building a railway line to go through South Australia but not supporting South Australia. If Cape Hardy were to get up, for example, and we had a connection between Whyalla and Cape Hardy, we could get iron ore from the Braemar Province, Olympic Dam output, CU-River mining output and Sanjeev Gupta's GFG output down to a deepwater port. I'm a bit surprised that no-one has looked at it.

**Mr Fullerton:** No, we certainly haven't looked at that project, but we do look at a lot of projects with some of our potential mineral customers in South Australia—and you've mentioned a few—using existing ports, whether it be the Port of Whyalla, Port Augusta or Port Pirie. And, of course, quite a lot of mineral traffic flows through the Port of Adelaide. We do work with our customers, whether they be the rail operator or existing mines or potential mines, around how to move their product to export. They are the ones that understand the mine-to-port costs and where the best port is. We work very closely with them on those selections of ports that I have mentioned.

**Senator PATRICK:** Who is that you are working with?

**Mr Fullerton:** We move minerals on our track—we don't operate trains—for Prominent Hill, which is for OZ Minerals.

**Senator PATRICK:** That is with the companies themselves? They would contact you and talk to you about these options? Has the South Australian government contacted you over the last few years to look at rail infrastructure in the Eyre Peninsula?

**Mr Fullerton:** No, they haven't.

**Senator PATRICK:** They've basically remained silent on it. Would you expect that? If, for example, a line were put in between Whyalla and Cape Hardy to tie into that project, one would expect that you would be involved in that, that you would be the GBE, that any grant of equity funding would pass through your organisation. Typically you would be people to do that. That would be the normal process.

**Mr Fullerton:** Not necessarily. Our two businesses are intercapital freight and the Hunter Valley coal network. In South Australia the regional network, as it is in New South Wales and Victoria, is a different logistics supply chain. In South Australia that regional network is owned and operated by Genesee & Wyoming both above and below rail. They are vertically integrated: they maintain the track and they operate the trains.

**Senator PATRICK:** I understand that will close, but I'm talking about a new opportunities like the Tarcoola railway. I presume you're involved in that.
Mr Fullerton: No. We own the track from Tarcoola to Alice Springs, but that is offered as a 50-year lease that formed part of the construction of Alice Springs to Darwin back in 2004. That forms part of a long-term agreement with Genese & Wyoming.

Senator PATRICK: How does one invoke a project or a thought—for example, Whyalla to Cape Hardy—were that project to get up? Is something taken up with you or some other government department that eventually flows back to you? How would you become enlivened to an idea like that and be considered for involvement?

Mr Fullerton: Normally the proponents of that mine in that example would look at—

Senator PATRICK: No, I am talking about Whyalla to Cape Hardy.

Mr Fullerton: That hasn't come to us. I'm not too sure what we'd move from Whyalla to Cape Hardy, to be honest with you.

Senator PATRICK: That is where your rail network runs to.

Mr Fullerton: It does.

Senator PATRICK: So it is an extension.

Mr Fullerton: Whyalla to Port Augusta is a spur line that connects with our main Adelaide-to-Perth line at Port Augusta. The only traffic that moves on that line today is finished steel product out of the Liberty steelworks. Billet traffic runs to Newcastle and structural steel runs from WA to the rest of Australia. They also manufacture rail steel, which we have been using on the Inland Rail.

Senator PATRICK: The chair has told me that my time is up. I might come and visit you in Adelaide—

Mr Fullerton: Please do so.

Senator PATRICK: if that is allowable. I don't know whether you need ministerial permission.

Mr Fullerton: Not at all.

Senator BROCKMAN: Chair, I admit that I haven't been in the room for the full discussion of ARTC.

CHAIR: I'll advise you.

Senator BROCKMAN: Pull me up if I am repeating. What is the current status of the intergovernmental agreements? I guess this is Dr Kennedy.

Dr Kennedy: Yes.

Senator BROCKMAN: Are all the agreements in place that need to be in place for the project to proceed?

Dr Kennedy: No. There is an intergovernmental agreement signed with New South Wales and one signed with the Victorian government, but the Commonwealth government has not concluded an intergovernmental agreement with the Queensland government.

Senator BROCKMAN: The New South Wales and Victorian ones are in place?

Dr Kennedy: Yes.
Senator BROCKMAN: Talk us through Queensland. What has happened? What has not happened? Why do we have them with New South Wales and Victoria but not with Queensland?

Dr Kennedy: I might pass to Mr Yeaman to take you through that.

Mr Yeaman: I can confirm the Victorian intergovernmental agreement was signed on 16 March 2018 and the New South Wales agreement on 4 May 2018. We have been trying to engage Queensland government officials for some time since those other agreements were signed in order to get them to provide certainty for the project so it can proceed. As ARTC would attest, a lot of preparatory work has been continuing in Queensland to ensure the project stays on track and on schedule, but it is reaching the point where the lack of a clear agreement from the Queensland government to proceed will start to affect some of the key elements of the project. The Deputy Prime Minister has engaged his Queensland counterparts, including the Premier, the Deputy Premier and the responsible minister, Mr Bailey, seeking to secure an agreement, but at this point in time it hasn’t been forthcoming.

Senator BROCKMAN: Obviously, intergovernmental agreements need the agreement of senior parts of the government on both sides, but has your department been talking to your respective agencies in Queensland? Is the agreement basically in place and all it needs is political will from the top level of the state government?

Mr Yeaman: We went through quite a detailed process with the Queensland government officials around the time of the other agreements. Other agreements were signed to try and settle any outstanding technical issues in the intergovernmental agreement. We believe that we have an intergovernmental agreement in place and on the table that meets their needs. I don’t want to speak for the Queensland officials, but we believe we have, from a technical aspect, an intergovernmental agreement on the table that is sufficient, and it’s very closely aligned with the ones that were signed by the Victorian and the New South Wales governments, but, at this point, agreement from the Queensland government has not been forthcoming.

Senator BROCKMAN: It seems like it might be a lack of political will on the part of the Queensland government, but I won't go there. I know you can't answer that.

CHAIR: You could ask, but it would be ruled out of order.

Senator BROCKMAN: Really? What do the existing New South Wales and Victorian intergovernmental agreements cover? What do they actually nail down?

Mr Yeaman: We went through quite a detailed process with the Queensland government officials around the time of the other agreements. Other agreements were signed to try and settle any outstanding technical issues in the intergovernmental agreement. We believe that we have an intergovernmental agreement in place and on the table that meets their needs. I don't want to speak for the Queensland officials, but we believe we have, from a technical aspect, an intergovernmental agreement on the table that is sufficient, and it's very closely aligned with the ones that were signed by the Victorian and the New South Wales governments, but, at this point, agreement from the Queensland government has not been forthcoming.

Senator BROCKMAN: It seems like it might be a lack of political will on the part of the Queensland government, but I won't go there. I know you can't answer that.
environmental assessment processes in the Queensland system. That's all still catered for. The most critical aspect is to get that overall constitutional consent to build a railway line in Queensland.

Senator BROCKMAN: And, on the cost side, the Commonwealth is putting $9.3 billion in equity financing and grant funding into this. No—that's just the ARTC, isn't it? So what's the total Commonwealth contribution? Is that the $9.3 billion?

Mr P Smith: That is the $9.3 billion in equity and grant funding.

Senator BROCKMAN: So, under the two intergovernmental agreements that are in place now, you said money was a part of it. What sort of quantum are New South Wales and Victoria—

Mr Yeaman: Only to a very small extent. The main issue has been where there are any additional costs that the Queensland government, for example, at the bureaucratic level, would be forced to meet to engage in the project that go above and beyond day-to-day business as usual. In some cases, those states have sought for the Commonwealth to fund some of their, if you like, running costs to help engage with land acquisition or other aspects of the project. We've reached a negotiated agreement with both of those other two states on those issues.

Senator BROCKMAN: So it's not those states chipping money into the project—

Mr Yeaman: Not the cost of the project. It's a reimbursements issue.

Senator BROCKMAN: It's Queensland trying to claw some costs back from the Commonwealth government.

Mr Yeaman: Correct—in that case, yes.

Senator BROCKMAN: Has construction started?

Mr Fullerton: Yes, it has.

Senator BROCKMAN: When was kick-off?

Mr Fullerton: On 13 December last year, it was the turning of the sod, and construction commenced in early 2019.

Senator BROCKMAN: There are a number of phases in this. Do you have construction milestones for all stages? Do you know when all stages will commence, for example? I don't need you to read them all out, but is that planned at this point?

Mr Fullerton: There are 13 projects. There's a project schedule that has been developed. We're currently very focused. We've started construction from Parkes to Narromine. We've spent a bit over $100 million already on the construction aspect of that. Other projects are in different stages of maturity, but, in all areas, we're doing what we call reference design along all the remaining corridors, and that's all about finalising the last 60 metres of corridor. It's understanding all the environmental conditions that will apply. And, of course, beyond that, you then go out to tender for construction works.

Senator BROCKMAN: In terms of the construction works, what's the biggest component of your tendering process? Do you tender to construct this 20 kilometres of line or do you tender to buy steel?
Senator STERLE: Chair, with the greatest respect—undying respect—that I have for Senator Brockman, this is filibustering. I suggest we should be allowed to go through our questions, and then we could all knock off and we're done.

CHAIR: I couldn't agree with you more, but if you think is filibustering, just sit back and relax. There's plenty more where that came from.

Senator STERLE: I think it is.

CHAIR: No; the questions are in order.

Senator STERLE: We can get through the program. Senator Brockman is one of the better ones—

CHAIR: Senator Sterle, please. Senator Brockman, you have the floor.

Senator STERLE: You were one of the better ones until 10 seconds ago, Chair. Now you've gone down to Senator Hume's style.

CHAIR: Senator Brockman, you have the floor.

Senator BROCKMAN: Where's your tender process up to? What are the biggest components of your tender process?

Mr Fullerton: There are various elements, of course. There are 13 projects. As has already been announced, the project from Gowrie to Kagaru will be conducted under a PPP, and we've just gone out for an expression of interest. Other parts of the project, depending on whether they're brownfields or greenfields, the plan is to go to design and construct. But, of course, within that, you've got to buy concrete sleepers. You've got to buy quarry materials, culverts, rail—

Senator BROCKMAN: Are concrete and steel the biggest components?

Mr Fullerton: I think earthworks and bridges would be the biggest components.

Mr Yeaman: From a cost standpoint.

Senator BROCKMAN: In the tenders you've put out so far for steel, you've gone with Australian steel, I understand?

Mr Fullerton: Yes, we've had two procurements from Liberty. The first was for the section from Parkes to Narromine. I think there was about 15,000 tonnes of steel that has been delivered and we've placed an order for Narrabri to North Star.

Senator BROCKMAN: And that was a competitive tender process, I assume?

Mr Fullerton: No, because it was on the back of a contract that we had with OneSteel for Adelaide to Tarcoola, but we did certainly test that on a commercial basis to ensure we're having value for money.

Senator BROCKMAN: Thank you, Chair.

Senator RICE: Good afternoon. I want to go to the business case for Inland Rail. At the last estimates, we canvassed quite a bit about the projected proportion of freight that was going to be coal freight out of the Darling Downs into the Port of Brisbane. And you said then that there's already the Ipswich route into the Port of Brisbane. But I wanted to confirm that, according to the business case for Inland Rail, the 2014-15 demand for coal freight movements from the Clarence-Moreton and Surat basins to the Port of Brisbane is approximately 7.6 million tonnes?
Mr Fullerton: Yes.

Senator RICE: As part of your business case development, did you look at the total capacity of the narrow gauge from Darling Downs to Port of Brisbane via Ipswich for coal freight to determine what the current capacity is?

Mr Fullerton: No, we didn't. In the business case, we looked at the new standard gauge line, and I think the business case quoted quantities going from 12 million tonnes to 19.5 million tonnes per annum as a maximum. And then we did sensitivities. There are many sensitivities. There was a coal sensitivity looking at reductions in coal volumes from what is currently carried. I think we used two. One was four million tonnes per annum and one was six million tonnes per annum. The business case certainly did describe the growth in coal based on some further expansions in the West Moreton area, but we also did sensitivities to test reductions in coal volumes and the impact that had on the economic business case.

Senator RICE: What I read in the business case was that, at the moment, we've got around 8.7 million tonnes and, if there was an upgrade at the Port of Brisbane without Inland Rail, it would be able to get to 10.8 million tonnes. So what is the capacity of the existing narrow gauge route? You didn't look at that?

Mr Fullerton: Through Ipswich?

Senator RICE: Yes.

Mr Fullerton: I'd have to take that on notice. I wouldn't know. That's operated by Queensland Rail.

Senator RICE: In 2014-15, we had 7.6 million tonnes. I'm trying to get a sense of how constrained the existing rail route is. How much more than the 2014-15 7.6 million tonnes would they be able to get through without Inland Rail?

Mr Fullerton: I need to take that on notice.

Senator RICE: Okay. But basically with the construction of the Inland Rail route to the Port of Brisbane you're projecting around 19.6 or around 19.9?

Mr Fullerton: I think it's 19.5.

Senator RICE: So 20 million tonnes, considerably more than what the existing is. Even with the upgrades, without Inland Rail, your business case says that you'd get to just over 10. So it's safe to say that without the construction of Inland Rail that sort of capacity of coal movement wouldn't be possible out of the Surat and Clarence-Moreton basins?

Mr Fullerton: No, that's why we did sensitivity to check whether the volumes—at low volume I think at four million tonnes of coal per annum, a scenario where the coal price fell and the access pricing was higher. I think we did a sensitivity at four million tonnes per annum, and that changed the BCR, I think, only from 2.62 to about 2.5. So even with a much lower coal volume from what is currently carried today, and it's about 7 million tonnes per annum carried today, in those coal volumes falling the impact it had on the BCR went from 2.62 to 2.5.

Senator RICE: So that's if it came down to four. What if it dried up completely? Did you do that level of sensitivity analysis?

Mr Fullerton: No. But you could certainly extrapolate from—
CHAIR: How long would that take to calculate? How much coal would you take on the line if it dried up completely, that would be zero—

Mr Fullerton: The BCR—

Senator RICE: This is my point, Chair.

Mr Fullerton: The BCR I expect would still be over two at a discount rate of four per cent.

Senator RICE: Looking at it the other way, if you didn't have Inland Rail—I mean beyond the 10.8, which was upgrades of the existing route—you wouldn't be able to get to that level of capacity, up to the 19.9, or 20 million tonnes?

Mr Fullerton: No. In the design of Inland Rail we've looked at those volumes going to that level and have allowed for that in the capacity of the network. I'd need to go back and check, but I thought that with the coal trains something like 20 a week or something could handle those high volumes. But I'd need to check that specifically.

Senator RICE: Sorry, that 20 trains a week could handle what volumes?

Mr Fullerton: I'd need to check that 20 coal trains a week. I think we have the answer here for you.

Mr Wankmuller: I think if we could clarify the question. I think what you're asking is: what is the capacity of the Queensland rail line now? And you want to compare that to what it would be under the new line?

Senator RICE: Yes.

Mr Wankmuller: We'd have to take that on notice.

Senator RICE: The question is: what's the limitation of the existing rail?

Mr Fullerton: We need to consult with QR on that.

Senator RICE: But it's reasonably safe to say that there's a capacity constraint at around—I think your business case said—10 million tonnes and you're essentially doubling that. If it didn't occur that would be a constraint on the ability to shift that coal from those two basins into the Port of Brisbane?

Mr Fullerton: I think it's important to remember that not only is it the number of trains, but of course Inland Rail is built to a standard to allow higher axel loads on longer trains, so you would need fewer trains to handle the equivalent number of tonnes. We'd have to go back and confirm that capacity on the existing network.

Senator RICE: Looking at it the other way, that if you didn't have Inland Rail, new mines that are expanding the coal capacity would struggle to have positive business cases because they would struggle to get their coal to port?

CHAIR: Can I just say—just hold on Mr Fullerton. I've been very patient. That's about the fifth time you've put a proposition that Mr Fullerton can't answer, because he's told you that he doesn't have the data, he doesn't know the answer and he has to check with the Queensland government. You can't keep asking the same thing 100 different ways when the witness has clearly indicated that they have no capacity to answer the question.

Senator RICE: With all due respect, Chair, I'm not sure whether you were properly paying attention, but it was quite a different question—
CHAIR: No, I'm listening—

Senator RICE: It was about the business case of the coalmine—

CHAIR: Based on the fact that they couldn't get their coal on to the line to Brisbane, because of the constraints that exist.

Senator RICE: Yes.

CHAIR: No—one knows the constraints. The witnesses told you that.

Senator RICE: The witness told me that they don't know exactly what the constraints are, but the business case is saying that even if you upgraded it you've still only got a capacity of 10.8 million tonnes, so basically there's a gap in capacity without Inland Rail. So what I'm asking for is your view of the business cases for those coalmines. How much does the expansion of those coalmines depend upon Inland Rail in order to get their coal to port?

Mr Fullerton: I'm not in a position to respond to that, given that it's a network that we don't operate today. We've simply looked at Inland Rail from the point of view of it being a new high-capacity corridor to handle the volumes that have been put into that business case. I'm in no position to comment on the existing operations of that network.

Senator RICE: Given that you aren't able to comment on that today, what I'll ask you to take on notice is: given that it appears that Inland Rail is going to provide that extra capacity, is the ARTC going to recoup the proportionate capital costs for Inland Rail construction from both the existing and proposed coalmine operators? If you're not, you're basically giving them a de facto subsidy.

CHAIR: I don't know how you're drawing that inference.

Senator RICE: They're providing them with a capacity that's not there at the moment. If Inland Rail doesn't go ahead, they cannot get all of their projected coal production to port. Essentially, Inland Rail is providing them with that extra capacity. So I'm wondering what arrangements the ARTC have to recoup that from them.

Mr Fullerton: As we do in the Hunter Valley today. They pay us an access fee that will reflect their consumption of the capacity that's being built into Inland Rail on that corridor.

Senator RICE: But will it reflect the construction costs as well, or will it only reflect the operating costs?

Mr Fullerton: We'll be seeking to get a commercial return on that investment, as we set access pricing. As of yet, we haven't had those discussions with train operators or the coal industry.

Senator RICE: Okay. I will leave it there. I want to now move on to the North East Rail Line. Thank you for your answers to my questions on notice. In particular, thank you for providing the Monash review of the North East Rail Line. I want to ask a few questions that were raised in that review. Do you have that review?

Mr Fullerton: I don't have it with me, but I'm familiar with it.

Senator RICE: I'll read out page 10, paragraph 2.1.8: Overall, it would appear that the planned works in the ARTC upgrade plan address the main objectives of the project to a sufficient level within the funding commitment of $235M … However, this may only be possible if the uncertainties and constraints discussed above are overcome by careful fine tuning of the plan after the completion of the detailed site inspections an successful negotiations with V/Line.
personnel to achieve common agreement on a realistic acceptance level for V/Line Passenger Class 2 tracks.

What are the plans for overcoming and dealing with the uncertainties and constraints that are discussed in this review?

**Mr Fullerton:** We were pleased with the confirmation from Monash that the $235 million that we had for the work to upgrade it to class 2 track would pass their test, in terms of their independent review. That scope of works includes a whole range of activities, as you are aware, in terms of ballast renewal, timbered deck bridge replacement, upgrading level crossings—all aimed at improving ride quality, and the reliability and resilience of the tracks. The allocation of that $235 million as grant funding from the Commonwealth was aimed at achieving that Victorian class 2 standard. We're still negotiating with Victoria in terms of the long-term lease of the network and the maintenance of that track to that standard, as well as the KPIs that may be applied to it.

**Senator RICE:** But what I want to get at is: is the $235 million going to cover the extra works that this report says need to be overcome?

**Mr Fullerton:** Yes. As Monash have said, the $235 million of scope of works, which was agreed between ourselves, Victoria and the Commonwealth, will achieve the Victorian class 2 track standard, which was the objective of the work and the reason for the funding.

**Senator RICE:** Throughout this report, would you agree that, basically, in summary, it says the $235 million is enough to get it to class 2 standard, but there are potential issues with the ongoing works that are going to be required. It says at the bottom of page 11:

… it is felt that this heavy investment in ballast alone will provide a medium-term solution, as there is a risk that the additional new ballast will become fouled and lose its stabilising capacity, particularly in areas containing highly fouled ballast and/or developing mud holes … Any regions which suffer such deterioration will need to be managed into the future with localised works. Again, this highlights the fact that there is insufficient budget to undertake a complete upgrade of the NERL and that compromises need to be made.

So, my question is: do you agree that the $235 million is giving you, as they say, a medium-term solution but it's not the full solution to the upgrade of the line?

**Mr Fullerton:** The $235 million was scope of works that was agreed. Remember, the purpose of this investment was to raise the track to Victorian class 2 standard. That was the objective: to achieve improved ride quality and ride comfort, improved reliability and improved resilience of the track. That was the objective. The $235 million scope of works was signed off by the Victorian agencies and the Commonwealth, and that's what we'll deliver with the works. It's very targeted, it's very comprehensive and it's exactly what Monash supported. In terms of those other observations that were made, a lot of our track is a hundred-year-old formation that requires more ongoing additional maintenance than you would expect from a brand new track. That's part of the discussions that we'll have with Victoria about the ongoing maintenance of the track, given that it is a hundred-year-old formation. But the purpose of the $235 million will clearly achieve the Victorian class 2 track standard—which was the objective. That will give that ride comfort, resilience and reliability that the commuters have been seeking.

**Senator RICE:** Have you got an estimate of what the ongoing maintenance and those ongoing works are going to cost?
Mr Fullerton: That's something we're working through with the Victorians at the moment—the ongoing costs.

Senator RICE: What time line of—

Mr Fullerton: We can certainly share that with you. We spend about $6 million or $7 million on the maintenance of that corridor today, and we would expect that the cost of that maintenance will go up to be able to achieve the ongoing class 2 standard.

Senator RICE: What order of magnitude are you expecting it to be?

Mr Fullerton: I wouldn't be in a position until we've really finished the upgrade of the $235 million and then assessed the track in that improved state, and then we'll work with the Victorians about the KPIs and the ongoing maintenance of that track to that standard.

Senator RICE: I'm really disturbed—given we were essentially promised that the $235 million was going to fix the track—that what we're hearing now is that it's not. If you read from the report, at the bottom of page 12 they say, basically, that while the works are:

… expected to produce some short to medium-term improvement in track maintainability, given the underlying track structures are likely to be heavily fouled, the long-term efficacy of this activity is uncertain, particularly in areas where mud holes are likely to develop over the next few years. Targeted ballast cleaning, together with formation and drainage remediation works would be preferred option, but constraints in the funding commitment preclude such activities being undertaken on a large scale.

They seem to be indicating there is going to be ongoing need for substantial funding above and beyond the $235 million—ongoing into the future.

Mr Fullerton: I go back to my point that the objective here was to—you may recall that originally there was $100 million allocated, and then there was a decision taken to have a higher objective, which was to raise that to a Victorian class 2 standard. We did the assessment and the amount of work that was involved to achieve that. That scope of works was signed off by the Victorians, ourselves and the Commonwealth, and it will deliver that outcome. The other issues that Monash have raised are conditions that would exist on 80 per cent of our network today. It is an old network, and we'll maintain it to a level reflective of that. But the objective of that $235 million was to raise it to a class 2 standard, which we will do. And with the ongoing maintenance of that, given the operation of the network, the ongoing maintenance will be subject to discussions with the Victorians.

Senator RICE: But it seems there's more than just ongoing maintenance. That's what they're talking about. In order to have it maintained at that standard in the long-term, there's going to be substantially more money needed than the $235 million. That's how I read the Monash report.

Mr Fullerton: I don't agree with that. I think there's further work to be done once we finish that work about the ongoing maintenance. Certainly to maintain at a class D standard, it's got different geometry parameters that you apply. We'll be working with the Victorians, as I said, as part of the negotiations of the long-term lease that comes out of the intergovernmental agreement the Commonwealth has signed with—

Senator RICE: Finally, there's mention in this report of a detailed study that's already been completed looking at the effectiveness of the historical upgrades on the north-east rail link corridor. Would we be able to have a copy of that report, please?

Mr Fullerton: I'm not familiar with that report. I need to take it on notice.
Senator RICE: It's mentioned on page 13. It says:
Prior to finalising the upgrade plan, the following aspects should be considered:
• ARTC have indicated that a detailed study has already been completed looking at the effectiveness of historical upgrades ...
Basically, they're saying that should be incorporated, utilised in the upgrade plan development, but you're not even knowledgeable about this report.

Mr Fullerton: I need to check. There have been a number of reports done. I need to check which one they're referring to.

Senator RICE: They say:
The relevant data and outcome (regarding maintenance effectiveness and track deterioration rate) of these studies should be used to derive an understanding of the likely effectiveness of the proposed upgrade strategy. The results of these assessments were not made available to IRT—that is, the Monash group—as part of the current review.

Mr Fullerton: Yes. Whatever information we do have relating to past maintenance activities—we've already published a huge amount of information on our website in relation to that, but I will—

Senator RICE: Specifically that review. Certainly I know the concern of the community is that a huge amount of money and a huge amount of work has been done on this rail line over many years, and yet we are still in a situation where it is of inadequate quality for high-quality rail services.

Mr Fullerton: I remind the senator that ARTC took over that track in 2008, the western track in Victoria, and we ended the long-term lease. Other than a few years prior to the commencement of the ballast rehabilitation program, we complied with all the lease obligations, as at today. So we are meeting our contractual obligations with the Victorian government today and we're meeting our contractual obligations with all the freight operators as part of our access agreements.

Senator RICE: Could I just clarify. I hope that we can get a copy of that report, but I just want to clarify that maintaining the north-east rail link to V-line passenger class 2 is in the lease arrangement that you are negotiating with the Victorian government—the ongoing maintenance.

Mr Fullerton: Yes, that's part of our discussions. With the Victorians, we have a separate agreement to improve that to class 2 standard. That's the $235 million. But, in terms of the ongoing maintenance of that, that's part of negotiations we're currently having with Victoria.

Senator RICE: So you don't know yet as to who will be responsible for doing that ongoing maintenance, whether it will be you or—

Mr Fullerton: It will be ARTC.

Senator RICE: It will be the ARTC. Thank you.

CHAIR: Thank you, Mr Fullerton and Mr Wankmuller. We thank you for your preparation for estimates and wish you safe travel back to your port or destination. Thank you and we'll see you next time.
Mr Fullerton: Thank you very much.

Senator BROCKMAN: Chair, would you like Airservices to come back?

CHAIR: I think that's the best way for us to proceed.

Airservices Australia

[14:44]

CHAIR: Thank you, Mr Harfield. Senator Patrick.

Senator PATRICK: We were talking about fire appliances at the airport. I was just trying to understand how this fits in. This kind of started off with us talking about Proserpine and the fact that we're going to get a fire station stood up in Q4 of next year or Q2 of next year, I think.

Mr Harfield: Q4, so by 30 June 2020.

Senator PATRICK: So the end of Q2 next year. That led us to a discussion about fire trucks, but it sounds to me like you're actually in the process of procuring those trucks for that airport. Is that correct?

Mr Harfield: No, we'll be using a reallocation of our existing fleet for that airport.

Senator PATRICK: Okay, so that's not the cause of the four years, which I might come back to. Just in relation to the fire trucks, we're having a discussion. I don't know who the expert is or whether—

Mr Harfield: Our resident expert is interstate at the moment, so we got them to prepare a brief on the design rules, which we can table. Unfortunately, they're interstate today, so we got them on the phone to prepare a brief for the committee with the detail.

Senator PATRICK: Fantastic. Do you want to table that brief?

Mr Harfield: Yes, I'll table that.

CHAIR: We'll want to interrogate that. I'm not just going to have it out in the open. So, when you're finished, I'll—

Senator PATRICK: Sure. I was asking questions in the last session to try and understand what it is that might make a fire truck for Australia different to a fire truck for, perhaps, New Zealand. I was just looking. They got some new fire trucks in 2014. What would be the difference? I understand you might have a starting desire to comply with the Australian Design Rules, but I wonder—if they're only minor, and these trucks are not on the Australian roads very often because you basically place them at an airport—whether or not them not requiring it is fatal to the procurement or the safe operation of the vehicles in some way.

Mr Harfield: Take the point of reference there, the Australian Design Rules. The brief that we're providing shows, with the current fleet of trucks, the major design changes that were made by Rosenbauer. For example—as we've got in the brief, when you get there—for the weight of the axle mass limits, the Australian design requirement is 12 tonnes and in Europe it's greater than 12 tonnes, so we've had to have the modification of the design to make sure it's only 12 tonnes across the axles. There's another there: left-hand versus right-hand drive. There are also a number of exemptions to the Australian Design Rules that are there, which we've tried to explain. Part of it is around the requirements that the trucks that we utilise must comply with the Australian Design Rules.
CHAIR: So you've said two of them. Left-hand and right-drive is a given. The axle tonnage is one of them. I'm going to try and study this. From the evidence, my take-out this morning was that there were significant difficulties in meeting Australian Design Rules with an off-the-shelf product from somewhere else in the world.

Mr Harfield: That may not necessarily be the case now, but it was the case when we purchased this fleet of trucks back in 2003.

CHAIR: Okay, we were talking about the acquisition of trucks. Do you know what the axle weight capacity of the trucks overseas is, if it's 12 tonnes here? This is the weight of the vehicle itself, loaded, on an axle—is that correct?

Mr Harfield: Yes.

CHAIR: So what is the vehicle loaded if it's not 12 tonnes? How much does it offend?

Mr Harfield: I don't know what the original design tonnage was.

Senator PATRICK: And—

CHAIR: No, just hold on. This is my frustration. This is why we went away. You know it's a problem, but you can't detail the problem for us. If it were 12 tonnes and one gram—which I know it's not, but it helps me make the point—this committee may get very exercised to help you get an exemption from that. So we need to know what we're dealing with, not just that it's over 12 tonnes. Is it 40 tonnes, is it 50 tonnes—in which case, we'll abandon the ideal? So, if you've got these people—I'm sure you've told them to keep the phone handy—we'll ask that question. The left-hand right-hand drive is a given. Is it a big deal for these manufacturers to switch from left to right?

Mr Harfield: We may be talking at cross-purposes. This is a result of the current fleet of trucks that we procured in 2003-04. With the current fleet, the tender that went out required adherence to the Australian Design Rules.

CHAIR: Understood.

Mr Harfield: Rosenbauer decided to redesign their existing fleet to have a truck that met—

CHAIR: To apply.

Mr Harfield: As a result of that, we ended up procuring, at that stage, literally, the production line, because we're the only ones that use that modified vehicle. What we are now doing with the replacement of this fleet is that we'll be going out to tender again and we're in an RFI to find out what is in the market today, which may mean that current off-the-shelf will be able to comply with the Australian Design Rules today. Back in 2003 it didn't, and this is the position that we're in.

CHAIR: Yes. But when we parted company here before lunch, we had established, I thought—colleagues can correct me—that one of the reasons it took three years to get Proserpine stood up is a delay in getting these trucks, for all of these issues.

Senator STERLE: Because of the ADRs.

CHAIR: No, hold on. No, let me finish. It'll save me coming back, and back again. Now we understand that the trucks—the fleet that's going to Proserpine—already existed. So that no longer contributed to the three-year delay.
Senator STERLE: That's right.

CHAIR: What may have contributed to it is: for you to replace the trucks that you're going to send to Proserpine, there's a delay in wherever you took them from. In my mind, we were talking about the future. What we as a committee wanted to know was what the impediments were that have stopped you getting an off-the-shelf product, if you like, so that we could make a judgement—I know this is what motivated me—to determine whether we set out to help you bust through these false ceilings that shouldn't exist if it's one gram over 12 tonnes or something so that we could get the three years down to two years or one year or, God forbid, something shorter. That's what was on my mind. You may have something else on your mind. I'm sorry to interrupt Senator Patrick—when he's finished, I'll take over—but that's what I'm interrogating. We think that we've still got three-year lead times. We were given to believe it's because of the specs around the trucks that aren't readily available. Now that question hangs in the air. I'll clarify it with my examination. So I want to know what the future looks like, not what the past looks like, and I'll be coming to you to ask about the Proserpine trucks. If they existed then that's not the reason why it took three years to get Proserpine up.

Senator STERLE: When we left here, there was the belief, Mr Porter, as you were saying, that the trucks didn't match the Australian Design Rules. It's been told to me since you left the room here that the ADRs were changed to meet the truck. You had us believe it was the other way around. That's not the case.

Mr Porter: We do have some exemptions—it's in the submission—to the Design Rules. That's what we were talking about, and we were also talking about the future fleet and also the fleet that was going to be provided for Proserpine.

Senator STERLE: I'll tell you why. I've got this document here. It's called 'Austria Newz: Advantage Austria Sydney'. There's a little paragraph dedicated to ASA, to Airservices. It says:

All the ARFF (Aircraft Rescue Fire Fighting) vehicles delivered to the ASA comply with the Australian Design Rules such as the signage and illumination. Most of the PANTHERs—I believe there are about 90 of them that have come across that have been made there in Austria; you can tell me if I'm wrong—delivered are not only identical in their basic construction, but identical right down to every screw.

Anyway, colleagues you work out what you want from that.

CHAIR: Let's get a response to that. They can tell you that that's wrong.

Mr Harfield: No, that is correct. The current fleet of trucks that we have are all Australian Design Rules compliant. This is the procurement that we went through back in 2003.

Senator STERLE: But you didn't change the trucks to meet the ADRs. The ADRs were changed to meet the trucks. All this construction stuff, one-off design—that's a bit of hard work. By the time you get to the 90th, it's negligible. That's true.

Mr Porter: The tender that went out specified that the vehicles were ADR compliant.

Senator STERLE: Yes.

CHAIR: Specified that the vehicles had to be ADR compliant?

Senator STERLE: Yes.
CHAIR: And?

Mr Porter: And so they are. And with the exception of the exemptions that we've outlined.

CHAIR: Yes, but Mr Porter this was in the context of the delays.

Senator STERLE: That's right.

CHAIR: So you put a tender out to say they need to be compliant with Australian—whatever they are—regulations, and they were. But are you suggesting that the delay of three years, which is the impression you left me with, was the result of the effort by the supplier to get them compliant with the Australian rules?

Mr Harfield: I think that there was confusion on what we were talking before where we were talking about how long it took us to get trucks. But the delay into getting Proserpine up and running is more to do with construction and issues like that which we've said that we'd go back and have a look at the safety case and the time frame of getting things established.

CHAIR: What do you mean construction? Do you mean pour a slab, put a wall up, put a roof on—is that what you're talking about?

Mr Harfield: Going through the design and construct of the fire station, making sure that we go through our procurement processes et cetera plus establishing the service. The vehicles that we will use for Proserpine will be sourced from our existing fleet.

CHAIR: Yes, I heard you.

Mr Harfield: So before, when we were talking, we got confused about what would be our normal time line to bring a fleet on, and what our current fleet is—

CHAIR: No, no. Can I say, Mr Harfield, that may have been what was left in your mind. I was absolutely buried in the context of Proserpine in that conversation.

Senator STERLE: So was I.

CHAIR: And my final statement before lunch—and I remember it, fresh in my mind—was: well, there's the explanation for why it took three years to get Proserpine up because it took three years to get a truck. Now, we know that that's not the case any longer. I'm not going to make a big issue of it because we all take away what we do from conversations, but I'm a long way off being finished on this subject about these trucks. I want to ask one final question—and we won't interrupt you again; well, we can't make that promise!

Senator PATRICK: Or plan not to!

CHAIR: These truck designs don't offend Australian design rules, right? So get your welder out and do this and so on Why aren't there proponents in Australia who do complex vehicles—all sorts of them? Why aren't they out there busting for the work? What is restricting Australian service providers from being able to deliver and compete for the tenders in relation to these trucks?

Mr Harfield: Nothing that I'm aware of.

CHAIR: But something is, obviously, from the tenor of our conversation before lunch. It was clear that you were having to travel around the world to find someone to do it. There are only two people who do it, and they're both busy sort of thing.
Mr Harfield: Our existing fleet of trucks is ones that we purchased in 2003-04. The reason is now that we're out to an RFI, out into the market for the next set of fleet of vehicles, and we may find out that there'll be an Australian provider able to meet the specifications. Back in 2002-03, at that stage, there wasn't.

CHAIR: Do you actively work with a potential that may well give an advantage to Australian companies? I don't mean a particular Australian company. I wouldn't be against any effort you put in to give Australian companies an edge by encouraging them, working with them, talking through the issues. Has that happened? Or do you just put an ad in the paper and say, 'Come hither, come all, who want to put a tender on this truck'?

Mr Harfield: Normally it would be putting out a tender to industry. Sometimes depending on what the tender is, we try to stimulate the market through an RFI so that people are aware that we maybe looking for, but it's something that we can definitely look into as we go through this procurement for this new fleet.

Senator STERLE: Can I clarify if I may: did you actually write to the Australian truck manufacturers and body builders?

Mr Harfield: No, Senator.

Senator STERLE: No. There's the difference, see, Senator O'Sullivan, because I've had them in my office only a month or so ago, and they're dying to pick up work. They weren't talking about fire engines, of course.

CHAIR: Well, will you? Will you write to them and ask them to engage with your people to look at the specs and understand the product that you want, and let them get out in front so that they can encourage their membership to compete for this?

Mr Harfield: We can definitely look at it. Yes, I'll commit to that.

CHAIR: All right. Thank you.

Senator PATRICK: You've actually released an RFI. Has the RFI gone to Australian companies?

Mr Harfield: I have to take that on notice. I have to check the list.

Senator PATRICK: An RFI is a request for information.

CHAIR: Who's responsible for the release of the RFI?

Mr Harfield: That'll come out through aviation rescue firefighters.

CHAIR: So that's through you, Mr Porter?

Mr Porter: That's correct.

CHAIR: So can you answer the senator's question?

Mr Porter: In terms of the detail of who went out, I can't.

Senator PATRICK: That's been done through AusTender, I presume?

Mr Porter: Yes.

Senator PATRICK: AusTender would be tracking exactly who has responded to that.

Mr Porter: I can take that on notice. I can provide you with the list of who's been—

CHAIR: Oh, Mr Porter, let's have a crack at it here, hey? You're in charge of this. You can't tell me when you put it out?
Mr Porter: So is it—

CHAIR: No. Please, just stick with me here. We'll do the simple dance before we get into the waltz. When did it go out?

Mr Porter: In the last few weeks is—

CHAIR: In the last few weeks. Have there been any responses?

Mr Porter: Not to my knowledge.

CHAIR: Not to your knowledge. Well, there you go. That might have been the answer. Because you'd monitor it, wouldn't you? You'd be notified when there were responses—

Mr Porter: When—

CHAIR: and you would, without even keeping a notebook in your back pocket, know whether they were all from overseas, all from Australia, or a mix of both, wouldn't you?

Mr Porter: Not at this stage, no.

CHAIR: Oh.

Senator STERLE: But, just for us, we haven't built these specialist firefighting vehicles for aviation for 24 years, correct? So, if you just put out a tender saying, 'Hey, this is next model we want to go to,' you can understand Aussies would probably think, 'They're not even worried about us, because they haven't said, "Can you be part of the design? This is what we require."' If I was an Aussie manufacturer and I saw that pop up in the paper, I'd probably think, 'Bloody hell, they wiped us out 25 years ago, so what chance is there for us now?'

CHAIR: Can I ask one other question. Have you or any of your staff, or anyone in the organisation, taken a trip to—where is it?

Senator PATRICK: Austria.

CHAIR: Austria in the last five years, to meet and have a look and go to lunch?

Mr Harfield: We've just procured the air stairs, a set of rescue stairs which are Rosenbauer, so we would have had people over at Rosenbauer—also with the existing contract.

CHAIR: Sure. How many Australian companies has the same contingent of your people been to and had a bit of lunch and a look around their facilities to see what they can do?

Mr Harfield: None. But, as I said, we'll take your—

CHAIR: Do you get the picture?

Mr Harfield: Absolutely, and our engagement with the industry now, even though there is an RFI out—

CHAIR: I won't be here, but I guarantee you this committee will be taking a very special interest in your procurement policies around these vehicles to be satisfied that Australian companies have been encouraged and have at least had a fair crack at the title.

Mr Harfield: Sounds good.

Senator STERLE: Are you replacing the fleet of 90, or is it more?

Mr Harfield: It will probably be more than 90 because of growth, going into the future.

CHAIR: I'll be watching this from the outside.
Senator PATRICK: And the order of magnitude of the cost of these things? I think New Zealand paid $1.6 million or something for one.

Mr Harfield: If I remember from the current Mk8 vehicles that we got, it's around a million dollars a pop. That's just in round terms.

Senator PATRICK: So it's a good $100 million procurement—

Mr Harfield: Absolutely, yes.

Senator STERLE: That was $100 million back then?

Mr Harfield: That was back then, and there'll be more vehicles—

Senator STERLE: One million per vehicle 20-odd years ago—or 14 years ago, sorry.

Senator PATRICK: Yes. I think New Zealand paid $1.6 million.

CHAIR: I just want to be clear. With the ladder thing or any other acquisition you've had from that company, have they ever made any contribution whatsoever to the cost of visitors from your department?

Mr Harfield: Not to my knowledge, no.

CHAIR: They haven't said, 'Send over three people. We'll pay you to come over to a seminar we've got, to have a look at our’—

Mr Harfield: No, we would be paying our own costs.

Senator BROCKMAN: When an RFI goes out on this topic—and I know you've committed to making sure Australian companies who operate in this space become aware of it—does it go out to individual companies or is it just made available?

Mr Harfield: My understanding—and there are others more familiar with the procurement process—is that it's made available on AusTender. There might be some people that are approached to say, 'There's an RFI out,' or there might be an advertisement that there's an RFI out, but it wouldn't necessarily be going to individuals concerned, unless it's a restricted RFI.

Senator BROCKMAN: My concern there is that then, as a matter of getting the most competitive tender for the Australian taxpayer, you would want the widest possible audience to that RFI. So unless you go out and make sure that you contact as many suppliers as possible, including the Australian suppliers, you don't know whether you're actually going to get the broadest range of applicants possible to the process?

Mr Harfield: Depending on our understanding of the market.

Senator BROCKMAN: You may only get the one supplier you already use because they're going to be in contact with you already?

Mr Harfield: Whether it's an RFI process or not, some of the preliminary work is trying to explore what the market is that is available. As I said, in this case we need to do some more, but most of the time whether you'd capture everybody or not is to do with how familiar you are with the market.

Senator BROCKMAN: But, by definition, you should be familiar with the market?

Mr Logan: If I can add to that, the request-for-information process is about discovering the market and getting a good understanding of it—it's not actually moving to the tender
process itself where it's issuing out to say, 'We now want providers to supply against it.' There's still the opportunity that we talked about to expand the market through that discovery to understand, through this part of the process, what the market actually looks like. Based on that information and that market assessment, which we've committed to making sure that we understand the Australian content, we would form up a tender and then issue that tender to go into the competitive market at that point in time.

Senator BROCKMAN: Apart from merely going up on a website, which I accept is advertising it, would both these stages be well-ventilated through the industry? Are there trade magazines or forums in which you would actively promote the fact that there is an RFI and, in the future, a tender process available?

CHAIR: We just talked about that, and the answer was: no, they haven't.

Mr Logan: For the tender process, absolutely. We need to stimulate the market to make sure that we actually get the best outcome, and I think—

CHAIR: Yes, but you haven't done that with the RFI?

Mr Logan: Not sufficiently for the RFI, no.

Senator PATRICK: I'll just go once to the design rules. It relates to the 12 tonnes. On notice, can you give us the difference in tonnage above the 12 tonnes or what the difference is? Once again, I use the example of a ship that must do 30 knots and whether or not you'd be in a position, if it was 12.5 tonnes, to go back and find out the reason why it's in the standard, which may ultimately never affect an operation of the firefighting service. Rather than just go, 'There's a requirement we must meet,' go back to the people setting the requirements and ask, 'Why did you pick 12.5 or 12 tonnes?' It might be because there's some road in the Northern Territory that will never be used by one of your fire trucks that has a limit on it or something. I'm just wondering if you could go through that process.

We'll go back to the Proserpine delays. It's not the trucks that are the delay. Once again, I'm trying to understand: is there any other explanation for how long it's taken them? You might recall my former colleague Senator Xenophon was somewhat annoyed at the speed at which you required people to upgrade to ADS-B. You placed the requirement on aircraft operators to do certain things, but here we've got an instance where a regulation requires you to act. You've gone above 350,000 passenger numbers, but there's no requirement in terms of time under the act for you to respond to have a fire station. Maybe there's a lack in the regulation that just has this open-ended requirement that at some stage after you've hit 350,000 passengers—maybe 10 years later—you can have a fire station there.

Mr Harfield: No, it doesn't—

Senator PATRICK: How does it work, then?

Mr Harfield: I'll explain the process that we went through with Proserpine. We have already taken on notice to give the detail in there with the safety cases associated with it. With regard to your reference to the ADS-B, that requirement came out in 2005 for a 2017 implementation, just to put that into context. In September 2017 we received the 350,000. We've got a requirement to, within about three months, provide a safety case to CASA on how we will establish the service once it reaches 350,000. That safety case was submitted to CASA at the start of 2018 and we received it back in, I think, February 2018. It outlined the process we would take to establish the service by the middle of 2020. Once we received that,
we started going through a procurement exercise for establishing and building the fire station. We have to locate and work out where we can build the fire station to meet the response times, come to agreement with Whitsunday Coast Airport. We're now starting to build the fire station—or we've gone out to procurement and we've got that. We're about to have the contract finally negotiated and signed and, at the same time, ramp up the staffing levels to be able to staff that. This is all outlined in our safety case and the process that's there, and we can explain that. As we said earlier, we've taken it on notice to go back and have a look at that to see what we can accelerate.

**CHAIR:** Firstly, for the *Hansard*, we've had a document tendered under the heading of Airservices. It's a single page and opens with, '1. Australian design rules—ADR.' Are there any objections to that being tendered? There being no objection, it is so tendered. Mr Logan, earlier you talked about the ICAO conventions impacting on the formula for how the freight rates are. But ICAO only applies to international routes, doesn't it?

**Mr Logan:** What I thought I said, for the *Hansard*, was that the international convention is that those are typically used. So not International Civil Aviation Organization conventions as such—

**CHAIR:** So it's not prescriptive.

**Mr Logan:** It's not prescriptive, no.

**CHAIR:** It's just that people have chosen for consistency to run them down through the domestic stuff as well.

**Mr Logan:** Yes.

**Senator PATRICK:** You've sparked my memory, Chair. Regarding the flight from Whyalla to Adelaide, you said before that, if you land at an airport in Melbourne in an A380 you get charged according to the category of fire services that would normally be required.

**Mr Harfield:** Your rate of charge is dependent on the category of the aircraft for the ARFF charge.

**Senator PATRICK:** If I only had a Q400, assuming the airport has no or low passenger numbers, there's no requirement to have a fire service for a Q400 to land. I'm just trying to work out—

**Mr Harfield:** Unless there are 350,000 passengers going through the airport, when we'd have to establish a fire service. Up to that stage, if there aren't 350,000 passengers passing through, there's no requirement to have an ARFF. Or the other requirement is that there's an international service.

**Senator PATRICK:** So the charge kicks in because of the 350,000?

**Mr Harfield:** The charge kicks in when we establish the service at the airport based on the 350,000.

**Senator PATRICK:** I was just trying to work out a way we could maybe not have these regional flights paying for these services, to somehow reduce the cost.

**Mr Harfield:** It's a user-pays service—it's only if there is a fire service there that they pay for it.

**Senator PATRICK:** And they pay according to the category of aircraft that they are?
Mr Harfield: Of what they are, yes. And in category 6, which is most regional aircraft, they pay that network charge that is networked across the entire operation. So it's subsidised by the capital city aerodromes.

CHAIR: Mr Harfield and, through you, your officers, thank you for your preparation and for meeting the additional demands we made on you today. We wish you safe travel back to your intended port.

Mr Harfield: Thank you.

Senator STERLE: Dr Kennedy, have we had any response yet to my questions?

Dr Kennedy: We're off calculating those 13 weekly numbers. What we're providing for you, because we have to calculate it, is the amount spent per week over the 13 weeks of the campaign.

Senator STERLE: Okay. Thanks.

Infrastructure Australia

Senator PATRICK: I'm just really following up from my conversation last time in relation to the Iron Road project. You supplied some answers to questions on notice. I wonder whether or not you've gone back at all and talked to anyone about it. Whilst I recognise that this Iron Road priority project is not funded by the Commonwealth, that doesn't prohibit Infrastructure Australia from, in some way, assisting, guiding and connecting this project up to other government agencies. We talked about Efic last time. We talked about ARTC. Have you gone back and maybe considered whether or not there's something you can do that doesn't involve funding that could assist the proponents of that particular project?

Ms Chau: Thank you for that question. Our remit really is to advise on the national significance of the project and the merit of the project, which includes social, environmental and economic merit. Beyond that, we would normally be approached for assistance as opposed to us seeking a further role in a project. To date, we haven't been approached by either the proponent for further assistance or other agencies who might be able to assist. But it's been on our priority list for some time. One of the things we would be looking at with the audit we're currently undertaking is whether that would be refreshed in the next priority list, whether that would still be a priority. That's where the opportunity would come for us to go back to the proponent and say: 'This has been on the list for a few years now. Have there been some changes? And how would see this listing being updated?'

Senator PATRICK: So if you get to a point where something on the priority list is funded—and some of these other projects are funded, such as Gawler and Inland Rail, for example—you have no role in that particular project anymore?

Ms Chau: Our work, really, is identifying what is beneficial for the country to invest in, in the infrastructure sector. The funding, financing and delivery of that is—the advice is provided elsewhere in the organisation, in the government. A lot of that is also undertaken by other agencies, like IPFA. Our role, very much, is a natural kind of clean break at where we publish our evaluation summary, where the board has considered the submission and makes a decision whether or not to list that as a priority project.

Dr Kennedy: If I could assist, Senator?
Senator PATRICK: Sure.

Dr Kennedy: It's a government policy but if the government's contributing $100 million or more to a project then the business case must go to IA for assessment. I don't know if that's helpful to you. If the Commonwealth commitment is $100 million or more, then an obligation as part of that Commonwealth commitment is IA must assess the business case.

Senator PATRICK: Okay. I'll maybe direct these to you, Dr Kennedy. Where I'm struggling is, Infrastructure Australia has done some work to identify that this project would have benefit to Australia, so much so that it's made it onto this list. But then it stops. I understand that an element of this relates back to the proponent. They said they would get finances. They said that they would, in effect, organise this thing. But there are many things governments can do to assist in these areas. That doesn't necessarily involve funding. It can be a connection into Efic. It can be a connection into other organisations, as I mentioned. ARTC, for example, might be one of them.

I just wonder, if you've got to the point where everyone agrees it's a priority project and then you sit and do nothing at all—I don't think that's a good thing. I accept that the proponent's undertaken to do the arrangements themselves. But, for example, after a year of nothing happening, surely there might be a dialogue somewhere, even if it's not Infrastructure Australia, to say, 'Right, what's the hold-up? What can we do to help? How do we kick this along a bit?' because everyone recognises this would be a good thing?

Mr Yeaman: Yes, I take your point, Senator. Just as a first point, I wouldn't underestimate that. By having the project on the Infrastructure Australia list it does certainly elevate the awareness across the system, under that project, and we do regularly provide advice to government. Government's always interested in what's on the IA list and what we're currently funding and not currently funding. Those conversations do happen, in the broad, across the system. It does provide a role in elevating the status of projects. But I take your point about the coordination across the system.

Senator PATRICK: Even talking to FIRB—my understanding is they've reduced the scope of the project now to make sure they can attract, perhaps, a different range of investor. I just think there's got to be something you do once you've recognised that this is going to be really helpful for Australia, notwithstanding—you don't have to say, 'Well, we will fund it now,' or if they run into a bit of, from my conversations with them, seed funding, which might not be an Infrastructure Australia problem; it might be a development grant. Right now I see, and I will ask questions later of the regional growth people, you've got a $10-million project funded to look at Port Spencer, which is 12 kilometres down the road. Maybe that $10 million could have been used to fund the kick-off of Cape Hardy, because all the due diligence and all the good work has been done on that already. That's my frustration.

CHAIR: This is all wonderful—we should have an inquiry into this—but I don't know that it's particularly relevant.

Senator PATRICK: Sure. Mr Yeaman has indicated—maybe you'd better come back and help.

CHAIR: I think we all agree with you.

Mr Yeaman: I'm happy to commit to going away and having a look at what else we can do across the system to raise awareness—obviously, without making any commitments.
around the project. That's a matter for government and the agencies involved. But having raised it, I'm happy to commit to seeing what we can do to join the dots.

**Senator PATRICK:** And to link it back, so I don't get ruled out of order, could you write down what it is you might be able to help them or any other project that might not be funded—the sort of help that you can see from your perspective, inside government, knowing what you do, that would help Iron Road and, indeed, any other proponent to a major project like this?

**Dr Kennedy:** If it helps, we'll write back to you—copied to the committee of course—and outline the avenues. You've mentioned a couple of course—financing arrangements. Because you're part of conversations, we'll attach relevant contact points to that, and possibly have a follow-up conversation if you find that information useful.

**Senator PATRICK:** That's very helpful.

**CHAIR:** As there are no further questions, we thank you. I know it is a long way, a long day and a big preparation for just a few minutes, but, trust me, it's a blessing. Thank you for your preparation and attendance. We wish you all the best and safe travel back to your intended destination.

[15:25] **CH**

**CHAIR:** We now call inland rail and rail policy division.

**Senator PATRICK:** It really is the same line of questioning that I had with ARTC, noting that they are a GDE versus, I presume, the government that looks at this from a purely governmental perspective. I just want to know whether or not the federal government has looked at, at any stage over the last five years, extending the rail line from Whyalla down to Cape Hardy, noting it is a priority project. Maybe we can just look at it from the fact that that project was approved only a couple of years ago. Has the government looked at that in any way, shape or form?

**Mr Yeaman:** Not to our knowledge. I'm just consulting with my colleague here as well. Not to our knowledge at this time but we do provide a lot of advice to projects and there are some other areas of the department that were here on Thursday that cross over into the infrastructure space. So we'd just like to consult with them to provide you with a definitive answer, but, at this stage, to our knowledge, no.

**Senator PATRICK:** I'll go to the rail line that's closed down up through the centre of the Eyre Peninsula that we were referring to before. It is colloquially known as the Eyre Peninsula railway. I'm presuming you are aware that it is going to shutdown?

**Mr Yeaman:** Yes.

**Senator PATRICK:** Is government looking at the Eyre Peninsula from a rail perspective, noting that that commercial entity is going to shutdown its operation?

**Mr Yeaman:** We haven't provided advice on that issue. Traditionally, what we would do is wait for the state government—in that case—or a private proponent to come to the Commonwealth and seek a funding contribution if it was considered a state priority. We haven't to my knowledge received any representations yet from either the state government or from a private party to pursue that. So, at this stage, no, we haven't provide advice.
Senator PATRICK: There was a report commissioned by the transport minister, I think, in South Australia that looked at that project. I know the report has been completed. It hasn't been made public. It might be in the next day or so because my FOI is due in the next day or so. But you're stating that, even in the context of that particular report, the federal government hasn't been contacted?

Dr Kennedy: We've had a lot of engagement with the South Australian government and all states and territories in the lead-up to the $100 million infrastructure announcement that we spoke about earlier. We spoke to all out state counterparts as we developed that advice.

Mr Yeaman: And also in the context of the national freight and supply chain strategy, which has recently been agreed again. Different areas of the department have worked on a number of aspect of this. So, to give it a 100 per cent definitive answer—I would like to take it on notice and check with the different areas of the department that have been talking with the South Australians on this.

Dr Kennedy: But we don't recall it being on the list that South Australia has talked to us about in the past—of their priorities.

Senator PATRICK: I'm not only referring to Whyalla to Cape Hardy. It's about how do you deal with the grain transport problem around the Eyre Peninsula. That is now switching back to roads. I know there is more road funding, but it seems to me to be a little bit strange to try to encourage road transport where rail is probably much safer and much more efficient.

Mr Yeaman: As with Inland Rail and other rail investments that are being made, we've certainly had a keen eye on trying to ensure we get the right shift between modes—between road and rail—partly for the safety benefits and also to take traffic off the roads. That has been a focus. Following on from Dr Kennedy, we just need to do a final check—

Senator PATRICK: To finish it off, if you would take on notice, which I think you're doing, any conversations you've had internally or with the state government in respect of rail within the Eyre Peninsula?

Mr Yeaman: I understand. I'm happy to do so.

CHAIR: As there are no other questions, we want to thank you again for your preparation and for your attendance. We wish you safe travel back to your ports and families. We'll now break for a short private meeting.

Proceedings suspended from 15:30 to 15:47

CHAIR: We will now resume this Senate Rural and Regional Affairs and Transport Legislation Committee budget estimates 2019-20 with the Portfolio Coordination and Research Division.

Dr Kennedy: Chair, can I provide an update on the additional information sought this morning?

CHAIR: Yes.

Dr Kennedy: Just to provide an update on the additional information sought by Senator Sterle this morning around the media campaign: we're working with the advertising company that delivers the media aspects of the campaign over 13 weeks. I noted earlier that our estimated full value of that part of the contract is $13.4 million over 13 weeks—

Senator Sterle interjecting—
Dr Kennedy: That's it; an average of a million a week. Because we don't invoice on that basis we are working with the company to break down what gets delivered in each week, and give the committee an estimated value and get everything to add back up to $13.4 million, but we have to go back in with the company. That is taking a little longer than anticipated, so I suggest that what I do is provide a written answer on that question to the committee tomorrow that outlines that estimate and the estimate for each of the 13 weeks. We're struggling to get it done this evening, so, if the committee is comfortable, I'd be happy to undertake to provide a written answer tomorrow.

Senator STERLE: I'm more than relaxed with that. Dr Kennedy has proven in the last few years that his bond is his word—is that it?

CHAIR: His word is his bond.

Senator STERLE: I have no problem with that. Thank you.

Dr Kennedy: I appreciate your patience.

CHAIR: Senator Moore, this is the first time we have ever waited for anybody in the history of the committee.

Senator MOORE: I really appreciate it.

CHAIR: It's in recognition of your sterling service to the Senate over the last 30 or 40 years, or however long you've been here!

Senator MOORE: The last century!

CHAIR: You have the call, Senator Moore.

Senator MOORE: Dr Kennedy, there are two areas I want to follow up on; I raised them with you this morning. One is the Office for Women. Last week in estimates the Office for Women told us in evidence that, whilst they could not provide any particular input into the gender impact of budget decisions or policies, they were doing encouragement, support and training for departments in this space. I just wanted to follow up with your department to see what interaction you'd had with the office and whether in fact there'd be any people within your department, which is such very wide and diverse department, on the issues of gender analysis and gender budgeting.

Ms Spence: Sorry, we haven't had any engagement with the Office for Women to date. But, having heard what they've told you, we'll follow up with them to see what training might be available and what we should be doing in this space.

Senator MOORE: That would be great. The other thing is the Sustainable Development Goals agenda. About 18 months ago at estimates, I came in and asked some general questions. Since that time we've had the first voluntary response and what I've been told by departments is a heightened awareness and understanding of the SDG agenda, particularly domestically. In your, again, extraordinarily diverse department, I would think that you would touch on a number of the key SDGs. From your perspective, what's the interaction for the department in terms of the SDG agenda?

Ms Milnes: The department's got a role particularly with respect to: SDG 3, which is around good health and wellbeing; SDG 9, which is around resilient infrastructure—

Senator MOORE: There would be a very large one in that one, I'd imagine.
Ms Milnes: Yes—SDG 11, on cities and human settlements being safe, resilient and sustainable; SDG 13, which goes to taking action on climate change; and SDG 14, on conserving and sustainably using ocean, seas and marine resources for sustainable development.

Senator MOORE: On the last one, in terms of partnerships: I would have thought your department would have had a role there. In those other goals, have you got primary responsibility for any of them or just supportive responsibility?

Ms Milnes: I have identified the ones where we're playing more of a role, if you like. Those where we've been a lead are SDG 9 and SDG 11, around resilient infrastructure and cities. We have a number of deliverables around those.

Senator MOORE: From your perspective, in that area, have you looked at integrating the SDG agenda into your corporate plan and your annual reports?

Ms Milnes: Yes. Some of that goes on as we go about our normal business or our usual programs; they're taken into account. Some of those are built into our performance indicators, if you like.

Senator MOORE: Who attends the various interdepartmental meetings? There's a series of those meetings that take place. My understanding is that there's a secretaries meeting, there's a deputy secretaries meeting and then there are project-specific meetings. Do you have people who regularly attend those meetings?

Ms Milnes: Yes. I was just checking in with my colleague there. Shona Rosengren is the branch head within my division, and she participates regularly in those meetings.

Senator MOORE: And the dep sec?

Ms Spence: I attend the band 3 SDG meeting.

Senator MOORE: I have one last question, and thank you for the update. In terms of interaction with your state counterparts, one of our committees did an inquiry into the SDGs, and one of the areas we thought needed some more work was the interaction with state governments. Certainly the federal government has had more awareness and training in this space, but the state governments and local governments have a large role to play. And in your department I would have thought that you have quite a lot of interaction with other levels of government. At this stage—and it's relatively early—has the SDG agenda been part of the discussions with other states and local governments? I know you have a lot of working parties—and not just the overall department but all the agencies within the department have a lot of interaction with other levels of government. Do you know—and you may not know—whether the SDG agenda is something that comes up in any of those meetings?

Ms Spence: I know that early on we have shared information with our state and territory counterparts on the areas that we're focused on in the SDGs, but it hasn't been in any level of detail.

Dr Kennedy: I know it comes up in the cities agenda.

Senator MOORE: Yes, very much.

Dr Kennedy: In the various city deals—I can't give you a precise, formal answer, but I do recall SDGs being discussed in the Western Sydney City Deal and those types of arrangements. But I don't have in front of me where it fits in.
Senator MOORE: Sure. That's understandable. And also in the planning area, I've been involved with a group of the South-East Asian planners, which is a very well-established organisation and very highly developed, particularly in Malaysia, and they're all over this agenda. It dominates their discussions. They're actually asked what we're doing. So, I'm just following up on that process. Thank you very much.

CHAIR: There being no other questions in this section, we thank the officials for your preparation and attendance, and you're very patient for us. We wish we had more to ask you, but we have a program to get through. Thank you, and we wish you safe travels back to your intended port.

We have no questions for Territories Division. We thank Territories and apologise for making you wait as we did, and I know we mobilised you all this morning, but they were different circumstances then. You can mutter terrible words about us under your breath as you go, but safe travels back to your intended destination.

Dr Kennedy: I'd note for the committee that we have some officials on Cocos Island at the moment. It's the 35th anniversary of the Act of Self Determination of Cocos Island this week, and there are various events on, on the Cocos Islands.

CHAIR: We should be over there doing this!

Dr Kennedy: We've sent the first assistant secretary of our Territories Division to go over there. The administrator will be on island, and then there's a series of events across the course of the week. I recommend it to all senators. It's a fabulous place.

[15:59]

CHAIR: I welcome the Regional Development and Local Government Division officers to the table.

Senator CAROL BROWN: I have some questions around the community development grants. In the portfolio budget paper you have an allocation for 2019-20 for $643,070. Has that money been allocated to projects?

Dr Bacon: We provided some information last Thursday, but we're also in the process of providing a list of projects where we have had projects contracted, so I might just ask Mr Faris—

Dr Kennedy: Just before we do, to clear that up, did you say $643,000?

Senator CAROL BROWN: Yes, the 2019-20 year.

Dr Kennedy: That's $643 million.

Senator CAROL BROWN: My apologies.

Dr Kennedy: Sorry, just to be clear. That is the existing allocation or appropriation for community development grants.

Senator CAROL BROWN: So my question was: has it been allocated for the 2019-20 financial year?

Mr Faris: What we can provide information is on projects that have been announced. By 'announced' we say we've written to the project proponent. I'm actually in the process of getting that number clarified—it's going to be probably in the hundreds—and that will allow
you to see the number of projects that have been announced and therefore have had money attached to them. It won't be the full $643 million at this stage.

Senator CAROL BROWN: But you must know how much of that $643 million has been already allocated.

Mr Faris: It's a slightly tricky question. What we do know is the projects that have been announced and that information provided to the project proponent. What is still subject to government decision is the announcements of the gap, so the difference between the projects where we've written out to people and the projects which haven't been announced, and I think you're interested in that gap. Those are difficult for us to talk about because they're decisions for government about when they'll be announced.

Dr Kennedy: In many cases we will not have them, because the government has not yet announced them. This grant runs—we talked about this last time.

Senator CAROL BROWN: Sorry to interrupt you, Dr Kennedy. I'm trying to get an understanding of the amount of money that has already been allocated against what is still left that's been allocated to the 2019-20 budget year.

Dr Kennedy: What we will tell you, Senator, is projects the government has informed us they have announced, and we have written to the proponents, and we will add that up and that will be some value of money, which we haven't quite got yet, which is less than $643 million, and the balance is what you seek, I think—the amount of money that we have not written out to allocators at this point.

CHAIR: But do you know that it's allocated?

Dr Kennedy: No.

CHAIR: The government hasn't said, 'Listen, we're going to give Fred and Betty $20, but don't say anything, because we haven't announced it yet'?

Dr Bacon: What we do know, and the way that the CDG Program works is that government makes an announcement around a decision that it's made around funding a particular project. Our process is then commenced and we write to the applicant—

CHAIR: I understand that, but—

Dr Kennedy: The short answer is yes, Senator.

CHAIR: It's like in the insurance industry—you get a reserve that says, 'Don't give that away again, because we may have a plan for it.' Senator Brown, there are three cohorts, three classes, of money. One is it's done and dusted and the world knows.

Senator CAROL BROWN: It's been announced.

CHAIR: Then there's a balance of money left, some of which the department has been given advance knowledge that it's probably going to be announced; it just hasn't been announced. Then there's a bit left over. Is that how it works?

Dr Bacon: That's correct, Senator. Well summarised.

Senator CAROL BROWN: What is your advance knowledge of the amount? We have got the amount that has been announced, and now you have an understanding of how much has been allocated but not announced—how much is that?

Dr Bacon: Those decision-making processes are really matters for government.
Senator CAROL BROWN: I'm not asking you for the projects. I'm just asking you what the amount of money is.

CHAIR: Headline figures. She'd like the total amount broken into three baskets, if that's possible.

Senator CAROL BROWN: Yes.

Dr Bacon: I don't have those on me right now, so we'd need to take that on notice.

Senator CAROL BROWN: When can I get the answers to that?

Dr Bacon: We are working right now to provide you with further details, and we should be—

Dr Kennedy: We'll do it in the normal way that we answer questions on notice. We'll go and do the calculation and then provide it as an answer to questions on notice.

Senator CAROL BROWN: You really must have these figures here. You must know—

CHAIR: Senator Brown, that's probably true of nearly every question we ask of every officer in every department, but they just don't—

Dr Kennedy: This is a program with a very large number of small projects. So it takes a little bit of work to be able to calculate it precisely, particularly as of today. So we will do that and then provide the answer on notice.

Senator CAROL BROWN: On the question that we asked, I think on Thursday, around updating the lists that you did put together for the community development grants on any projects for which, since 31 March, a funding agreement has been undertaken, are you going to update that?

Dr Bacon: Yes, and I can actually update you on that today. I didn't have the correct information about that on Thursday to clarify the record. There are an additional 32 projects.

Senator CAROL BROWN: Can you table those for us?

Dr Bacon: We'd be happy to table those, yes. We've got a list of those projects.

Senator CAROL BROWN: That might stop some of the questions that I was going to ask.

Dr Bacon: That's as at last Friday's date. So we've done that additional calculation.

Senator CAROL BROWN: Okay. Has any of the allocation for the forward years been applied to projects so far?

Dr Bacon: Sorry, Senator, when you say 'applied to projects', do you mean projects for which there is a contract in place?

Senator CAROL BROWN: Or an announcement. Under the community development grants and the amount of funding that has been allocated in the forward estimates, has any project been allocated from the forward estimates—not from the $643 million but the forward estimates?

Dr Kennedy: Yes, there will be projects that will have moneys and, because of their nature, the milestones will see them paid out over time. That will go across the forwards.
Senator CAROL BROWN: For the committee's information, the budget measure extends the MYEFO measure, as I understand it. How much was provided to this program in MYEFO and how much is the additional funding in the budget?

Dr Bacon: There's information in the portfolio additional estimates statement about the Community Development Grants Program. If you add up the amounts listed in that statement on page 38, it comes to a total of around $800 million.

CHAIR: There's a document being tabled listing project name and location. Is there any objection to that being tendered? There being no objection, it is so tendered.

Senator CAROL BROWN: If the government makes funding promises from this program now, are those promises already funded in the budget?

Dr Kennedy: The government has an appropriational provision for this program in the budget, and I can tell you it has not been fully allocated. So if it makes a project announcement, commitment, then it would be funded from that program, from those moneys. Government can take decisions to fund. They can provide further moneys—

Senator CAROL BROWN: Over and above.

Dr Kennedy: It's up to government.

Senator CAROL BROWN: So you're going to give me the unallocated amount, hopefully, soon.

Dr Kennedy: For the 2019-20, I think—is that right?


Dr Kennedy: We've taken that on notice.

Senator CAROL BROWN: Thank you for the update. I just want to talk about the Tasmanian projects. There were 16 projects listed from the Thursday document as announced but with no funding allocated in the 2018-19 year. I'm just trying to get an outline of the budgeted year for which these projects are allocated funding. I notice there are three Tasmanian ones in this updated document. So you've got the Phoenix community complex?

Dr Kennedy: Yes, Senator.

Senator CAROL BROWN: What year have you allocated funding for that project?

Dr Kennedy: Senator, we're going to have to take these on notice. Can I just make a quick comment. We have provided—and I hope the committee feels this way—an extraordinary amount of detail across all these projects, perhaps more than I've ever seen provided. We're more than happy to go away and find the funding profiles for existing projects, but these are projects announced which we've written to a proponent proposing to settle exactly what the profile would look like for each of those projects. There is money provisioned, as I've explained, but it might even, to be honest, be presumptuous to give you a profile for a project which they have not yet written back and agreed to. In fact I think I'd have to call that—

Senator CAROL BROWN: I was only asking whether the money's been allocated and in what year.

CHAIR: Well, the money won't be allocated until an agreement's reached, will it?

Senator CAROL BROWN: It's been announced, hasn't it?
CHAIR: Can I ask this question as devil's advocate: if the proponent fails to meet part of the requirements, they'll get no Commonwealth money and that money will remain as consolidated revenue at that point in time—correct?

Dr Kennedy: Correct.

Senator CAROL BROWN: I understand that, but if you're running around the country and announcing projects and you've already said that you make an allocation against the budgeted amounts—

CHAIR: You should change your question, I think, to ask the officers: what reserves, using the appropriate commercial terms, have been made in the anticipation that a contractor arrangement can be reached with a proponent?

Dr Kennedy: We could answer that question in what moneys are provisioned for these announcements across the forward estimates.

CHAIR: Correct.

Dr Kennedy: But I just don't want to mislead senators that that's actually what the profile will look like because we haven't got anything back.

CHAIR: No, I understand that.

Dr Kennedy: I think the easiest thing to do would be—because we're not going to have any of them. If you give us a list that you want, we'll go away and do the work.

Senator CAROL BROWN: You can take that on notice. I just want to know: is it at all possible for you to tell me whether the department has started assessing the projects I'm asking you about—and I'm starting with the Phoenix community complex?

Dr Bacon: Senator, because of the sheer number of projects that we manage in the Community Development Grants Program, it's very hard for us to come to estimates prepared with detailed information project by project because we're not sure what information you'll be seeking. We're very happy to take that on notice and look at what we can provide on individual projects.

Dr Kennedy: But I'm quite confident, Senator, that any project that we've just written out for we will not have begun the assessment because we'll be awaiting the response from the proponent.

Mr Faris: Further to that, if you take the Phoenix community complex project that you're interested in, it was announced on 23 August last year. By that we mean that's when we would have written out to the project proponent. Without knowing the specifics of the project, just to take Dr Kennedy's point further, you could make a fairly safe assumption that there will have been correspondence back and forth and the assessment process will have commenced.

Senator CAROL BROWN: All right. I'm satisfied with your explanation. Has a funding agreement been signed for the $6 million for the Brighton Council for the regional sports centre? I haven't got the list.

Dr Kennedy: Which list are you on now, Senator?

Senator CAROL BROWN: It might have been your original list for Thursday. Unless it's on this new list which is up-to-date as of Friday COB? Are you expecting to execute any funding agreements for the Community Development Grants this week?
Mr Faris: Work is continuing on that front. As you see, in the space of last week there were 32 funding agreements progressed. You can probably draw a conclusion from that about what we will hope to be achieving this week. I know the team is working very hard on this.

Senator CAROL BROWN: How do you actually track election announcements?

Dr Kennedy: We talked about this the other night. We don't have a system set up to track. The government informs us they have announced and committed to a project. It is at that point that we kick into gear. We're mindful, of course—we see announcements made et cetera—but if governments are making, for example, election commitments under the CDG program, the first step is a matter for them. They then inform us and then our side of it kicks into gear. That's why whenever we provide you with information the best and most accurate information we can give you is when we have been given notice of a project's announcement and we are now writing to the proponent to seek information.

Senator PATRICK: I have a question concerning a Regional Growth Fund grant in relation to Port Spencer. My understanding is that $10 million was committed to that particular project. Can I ask what the status of that is and how much money has been paid?

Mr Faris: We did pick up your interest in this topic in the earlier session, so I've just triple-checked the status with my team. If you don't mind my reading from my phone I can give you a real-time update. This is the FREE Eyre Limited proposal for construction of a deepwater wharf in Port Spencer?

Senator PATRICK: Yes.

Mr Faris: The status of the proposal, as I understand it, is that it was one of 16 projects that were to proceed to the full business case, which was announced on 21 October 2018. They had until 25 January to submit their full business case, which they did. However, one of the requirements of the full business case submission was to have all co-funding confirmed and evidence of local, state or territory government support for the project. The proponents, FREE Eyre, were unable to demonstrate this in their business case. I understand that was communicated back to them by letter on 6 March 2019. I further understand that they wrote back to government on 19 March requesting reconsideration of that decision. To that extent, I think it is still a live issue between the proponent of the project and the government as to whether or not they—

Senator PATRICK: To be clear, from the point at which you said they haven't met the threshold—the requirements—to when in March they've come back to you, they have now met those requirements?

Dr Kennedy: No, they have written back asking—

Senator PATRICK: Sorry, I didn't hear that.

Mr Faris: There have been letters in both directions. The first letter was from government to FREE Eyre on 6 March, saying, 'In our view you haven't meet the requirements of the full business case, for the reasons stated, around the evidence of co-funding.' They wrote back on 19 March. My understanding is that they were requesting that that be reconsidered. I'd have to triple-check. It doesn't sound from this email that they've provided evidence. They just asked if their submission could be reconsider, based on taking a different view around the business case requirements.
Senator PATRICK: It seems a bit odd that they haven't changed anything, which is partly why I thought I didn't hear it properly.

Mr Faris: As I said, I would like to take that on notice, because I don't have that level of detail and I don't have a copy of that correspondence with me. It maybe that they have but I can't be definitive on that based on the information I have with me.

Senator PATRICK: Maybe on notice, can you provide me with the status of that project, which would include more details as to what evidence they may have come back with and what the department is doing in respect of reconsidering that, if that's possible?

Mr Faris: Yes.

Senator PATRICK: Can you tell me how much money has been spent by the Commonwealth to date? Nothing I presume.

Dr Kennedy: No money on that. These projects need to go through two phases. They are first announced and then they must pass through the business case phase. The government has always made it clear that, if they did not pass through the business case phase, the money would be put back into the program and consideration would be given to subsequent projects. So they have to pass through the second phase, and it has to be agreed by government that they have passed through the second phase.

Senator PATRICK: Presuming there is an election called in the next week or so, we'll go into a caretaker provision. Is that the sort of thing that can't be decided upon if we go into an election?

Dr Kennedy: I don't want to get too much into caretaker provisions, because we don't own that as a policy; it is really PM&C. But, from our perspective, certainly the broad guidance is that major contractual arrangements stop in caretaker. So that's a fair assessment.

Senator PATRICK: We don't know where major and minor cross over.

Dr Kennedy: As a rule, we sign very few contracts unless the government of the day would choose to consult et cetera. They have to be of a nature that it's urgent or that type of thing.

Senator PATRICK: Sure.

Dr Kennedy: If you want to get something more precise, you might talk to Finance on the caretaker aspects of contractual arrangements.

Senator PATRICK: Okay; thank you. I'll move to a slightly different topic. This references committee has been examining the cost of rural airfares. As part of that examination, we've been looking at security costs. I know this is not your area, but I had a detailed conversation with Mr Pezzullo on Thursday last week where he said that a particular analysis has not been carried out. I'll just give you the background to that so you can tell me what you've done on your side.

Dr Kennedy: Okay.

Senator PATRICK: So $51 million has been allocated to a number of regional airports to upgrade their security equipment, their screening equipment, as a result of a security analysis that has been conducted by Home Affairs. In questioning last Monday, at one of the hearings, the department made it very clear that they had done no analysis on the effect that that decision would have on regional growth. For example, Qantas has given evidence publicly
that if a security charge were imposed at Whyalla, Port Lincoln and Kangaroo Island that would potentially go to the tipping point and those services would no longer be viable. They indicated that that is a concern for them. There are a number of other airports around the country that probably fall within those categories but, in their public evidence to the committee, they named those three. It probably stemmed from a question from me, as a South Australian senator.

We've also heard evidence from Rex Airlines on the security charges, which are basically, by Home Affairs' submission, somewhere between $530,000 and $760,000 per annum. So, while the equipment comes along and there is a grant for that, this is for the operating costs, which of course are ongoing. Of course, for a small airport, you have to spread that across a small number of flights and it makes it unviable. Then the effect is that there will be fewer flights, there might be fewer locums and there might be more difficulty getting to education services and medical services—and that has another effect on regional communities.

Pressed quite firmly by Senator O'Sullivan at the hearing last Monday, it was evident that the people who are doing the groundwork for Home Affairs had done no analysis as to the economic cost and the viability of certain routes in respect of that security charge. Mr Pezzullo confirmed to me and said it's not within his purview. He suggested that I come and talk to you guys. So has your department, has regional growth, looked at the effect of this security change—this proposed security change, it's not regulated yet. They've managed to get the funds through the parliament but not the regulation that would permit the security requirement to come into play. Has your department been involved in any analysis as to the effect that that security change will have on (a) the viability after airlines flying to regional areas and (b) the economic activity within those regional areas?

Dr Kennedy: I'm going to get Ms Spence to answer. I'll note for the chair that these are actually issues—but we'll do it here—that are done under airports and aviation, that's where the regional airports programs are run, not in regional but in airports. But that's fine, we can do our best here now with the senator.

CHAIR: Don't punish us for our generosity in allowing officials to go home early!

Dr Kennedy: I'll ask Ms Spence to provide some background for you, Senator.

Ms Spence: We haven't done any economic analysis of the impact of those security charges, but we are working very closely with both the airports and the airlines to see how the new cost will actually be implemented. We're conscious of the fact there is the $51 million program to subsidise the actual capital equipment. At this stage, while we're hearing airlines talk about what the implications might be, we haven't got is any practical evidence of what they're suggesting might play out. I guess what I'm saying is that we're watching it very closely. We clearly see the importance of regional aviation in terms of the way in which regional communities can engage and connect with the rest of Australia, but at this stage we don't have any reason to intervene. But we are watching it very closely.

Senator Patrick: I don't understand how we get to a point where we've made a decision to spend this $51 million and there's been no analysis as to its effect?

Ms Spence: I think the step towards it was the security analysis, which is you don't—at the end of the day security decisions are taken because of the impact, making sure that our
airports are safe. There is an awareness of what the capital costs will be to install the new arrangements, but you—

**CHAIR:** Well, not all of them.

**Ms Spence:** No, that's true. I understand—

**CHAIR:** You need to recognise not all of them.

**Ms Spence:** But the operating costs are still being worked through and there is a tried formula that has worked to date in terms of how operating costs are recovered. I recognise it's different when it gets to regional aviation. But at the end of the day security decisions are taken to protect people in regional Australia who are getting on planes as well, and we're just making sure—

**Senator PATRICK:** The ultimate security option here is to have no flights. Then there'll be no security problems.

**Ms Spence:** I'm explaining how we've got to the situation we have where a decision was taken on the basis of a security analysis. We're now working through to make sure that we maintain those services—

**Senator PATRICK:** Let me try and summarise—

**CHAIR:** Just before we leave that point, do you think that the three policemen at Yaraka make a profit in law enforcement or do you think it might cost the state, in that case, a lot of money to put them there to provide a service to secure them? We have situations here where you have one flight a day into some of these small communities and you're going to have seven or eight personnel there for an hour and a quarter. Unless you're going retrain our mate off the ride-on mower down the main street or the bloke who does the rubbish dump—'Come in early and have a tub up and put on a uniform to double duty as a security officer,' then these will leave massive imposts on our small communities out there—

**Ms Spence:** Yes—

**CHAIR:** No. Let me finish, Ms Spence, because it is one of my bloody—what's that horse you ride?

**Senator PATRICK:** Hobby horses.

**CHAIR:** hobby horses. They're going to have to recover off the travelling public, because we know how the cost recovery occurs. It will lead to an absolutely inevitable outcome, as Senator Patrick has indicated and the airlines have indicated, which is that some services will just stop. These are not luxuries for our people out there. It's not as if they can go and get on a bus, because there ain't no bus. It's not as if they can get on the train, because there ain't no train. It has really got me riled up about the fact that our government is going out and understanding about the security and all the stuff that goes with it but we have not paid attention to the knock-on effect, which is measurable. You don't have to wait to see what it is; you can go and measure it now. There are ways it can be measured. All of us in this committee are interested as to why there hasn't been a serious—there's been a lot of effort put into the other part of it except this part.

**Ms Spence:** I can't say more than that we are watching it very closely.

**CHAIR:** But what does that mean, Ms Spence?
Ms Spence: It means we're working closely through the Airports Association. We talk regularly with the airlines. We deal closely with Home Affairs.

CHAIR: Home Affairs aren't doing anything. I promise you, they were laid bare at a hearing about it. They're not doing anything, so it's no good that you're monitoring with them. They're asleep at the wheel when it comes to this particular issue. I don't know what resources the Airports Association would have to do this. This is a very serious matter. We've got airports—one of them in Senator Patrick's state—that say they're going to be out of pocket by $1.2 million or something with the operating costs, which they've got to try and amortise over one flight a day over a 12-month period. Do the math. When a government goes about to make decisions that affect the people, their communities and their economies, we have a responsibility to understand, first of all, what the unusual impacts are going to be—this doesn't happen at the bigger airports, because they've got a lot of travelling public to amortise this over—and, in the event that the impacts are unfair, to socialise the resolution of them, like we do with policemen, school teachers and doctors who go to those communities. Someone has to have a look-see. If not you, just bat it away now—get the bat close to your pads—and tell us which agency or department should be the ones who ask and then answer the question in some detail about the economic and social impacts.

Dr Kennedy: We are a department with responsibilities for viability of regional aviation costs and economic impacts in the same way Senator Patrick outlined earlier, so you are right to hold us responsible for how these impacts unfold. Of course, the security impacts of it are held, as you know, by Home Affairs. So you're in the right place in terms of—

CHAIR: We're not submitting on the security. We know that's a fight we can't win. If they want to set security perimeters around these airports, that's a fight we can't win. Who in their right mind is going to fight that and stop security at some airport and then have an event? We're not going to do that. We're just talking about the head-on effect of these communities and these shires that own these airports and so on. Someone needs to have look at them.

Senator PATRICK: Chair, I'll try and paraphrase what Mr Pezzullo said to me. He said his responsibility is very clear. He looks at the security aspects. When I talked about the government—how did the government get to a decision-making process where they hadn't considered the effect this would have on the communities?—we went down to what government meant and he described the situation to me. He said, "You'll be sitting round the cabinet table and Home Affairs will put forward their proposition that there needs to be security and the chair of cabinet will then say, 'Is there anyone who has a dissenting view?'" That's the point at which there should have been a hand stuck up and someone should have said, 'There is a problem.' That clearly hasn't happened in this circumstance, because we now know that your department, who is responsible for it, hasn't done the analysis. And yet, they are about to start funding airports with taxpayer money to pay for this security equipment. They haven't even bothered to put the regulation before the parliament. I have foreshadowed that I will move a disallowance on it, because, as we're quite rightly seeing, the other side of the story is not being told. Ms Spence, in terms of evidence—

CHAIR: Let's not let things linger, because I left something in the air that Dr Kennedy was touching on. There was a lot in that. You're interested in how we got here. I'm interested in where we're going. I'm interested in what activities may occur over the next three to six months so that we can go back and report to whoever what the impacts of this are likely to be.
Is there some plan? If there's not, now that we've really brought it strongly to your attention, are you contemplating at the next executive meeting to raise it and put someone on it?

**Dr Kennedy:** This has actually been strongly on our radar. We haven't got formal economic modelling, so we might be getting caught in a bit of language here, which is what Ms Spence was referring to earlier. We are aware of the reports of these costs that you're talking about, Senator Patrick. Why I can't go into it, of course, is because of cabinet processes and all of that. Sorry, I can; but I'd have to take it on notice.

**Senator Patrick:** I'm not after what went on in cabinet.

**Dr Kennedy:** What I can say is that we provide our advice along the way, which includes the potential impact of the types of things that you're talking about. The government does then come to a view on the policy. All I would say to you, Chair and Senator Patrick, is that we are very aware of this potential impact. We're watching it very closely.

**CHAIR:** Dr Kennedy, I'm saying to you that we are at a stage where this can be physically measured. It can be physically measured economically. Forget about the social impacts; they're an extension of the economic measurement. It wouldn't take a Rhodes scholar to go, 'If that's what happens at Charleville or two or three of the ones that the good senator has, this will have to be passed on to the travelling public. They're already struggling. It will mean that less people will travel by air, and the route will stop.' That's all doable now.

That's a very powerful message to take back to whoever you have to take it back to, to say, 'Listen, here's a problem. We've measured it. This is what it looks like. These are the whites of its eyes. You need to put your hand a bit deeper into your pocket and—I don't know—subsidise a class of airports that have no prospect whatsoever of amortising, recovering these costs and retaining their services.' That's what I want to hear. I'm not asking you to tie your leg to that today, because you're not going to. But I'd just like to hear you say that you'll go away and contemplate that sort of lift in activity from the department. You only have to look at two or three. If they're not turning up and if our fares are not realised, just fold the tent.

**Dr Kennedy:** We will—it's a good—

**CHAIR:** Charleville's one. There's Whyalla.

**Senator Patrick:** I'll just read Qantas' evidence. This is not me saying this; this is Qantas. They gave us testimony.

**CHAIR:** Careful, they're backing away from it, after they've given the evidence.

**Senator Patrick:** No, that was Rex.

**CHAIR:** That was Rex, was it?

**Senator Patrick:** That was Rex. I'm giving Qantas' undisputed position on this:

In the South Australian market, where we operate two Dash 8 Q300 50-seaters to Port Lincoln, Whyalla and Kangaroo Island, the impost of additional security charges to the level that you have described we think would be critical, in that it would move us beyond the tipping point of viability and put those services at risk.

I don't think you can hear any clearer message from Qantas that, if you impose this, it will stop flights into Whyalla, Port Lincoln and Kangaroo Island, and that must be of concern to every government. We heard evidence from Ms Langford—or it might have been her offsider, actually—who said that she's been around and talked to a whole bunch of these airports. Have
you actually picked up the phone and talked to some of these airport operators? Have you talked to Qantas? Have you talked to Rex? Have you talked to Virgin?

Ms Spence: I have certainly spoken to the airport association who represents those operators. I have spoken to Rex. I have spoken to Qantas. I don't think I have spoken to Virgin specifically on the security issues.

Senator PATRICK: Are they telling you something different to what they're telling this committee?

Ms Spence: They have certainly raised their concerns about the impact.

Senator PATRICK: The question then flows: when a concern like that is raised, what do you then go and do? Please don't say, 'We're listening.' What's the action you actually have been undertaking in response to these concerns as they're being raised? Who have you talked to in your department? Have you gone to the secretary and said, 'We have a significant problem.' Have you written to the minister and said, 'There's a real problem here.' Or is it just 'listening'?

Dr Kennedy: No, we hear these concerns. We do our own analysis and provide advice to the government.

Senator PATRICK: What analysis have you done in respect of this particular problem?

Ms Spence: Sorry, we haven't—

Senator PATRICK: I'm going to ask you to table it, if you've done some.

Ms Spence: We haven't done any economic analysis. I'd have to take on notice whether we've actually done anything more specific than having listened to—

Dr Kennedy: To be clear, because sometimes we are crossing ourselves: we have not got a formal economic model and have not gone and looked at the economic viability of all of these airports, but we do listen to the concerns and Ms Spence's group has a sense of which airports are most likely to be impacted by these changes. Ms Spence is absolutely right: we have not engaged in any formal economic modelling to say, 'Is it true that this airport is no longer economically viable at this point?' We have not done that.

Senator PATRICK: You now know that there are some airports where their viability is questionable. Having known that, what have you done in respect of taking that to government?

Ms Spence: I'd have to take on notice whether we've provided any detailed briefing to the minister on this. I will follow-up with Qantas on the specific examples that they raised last week, just to break down a little bit more detail about how they've got to the conclusions that they've reached, to see what further we can extrapolate from the information that they've—

CHAIR: How hard would it be for you to ask these airports? Whatever number there are, how hard would it be for you to write them a letter and say, 'What do you think are going to be economic impacts on you post the installation of this security?' Because I'm certain they've started to do some work about the cost to their wages and blah, blah, blah. How hard would that be? They might have that work done. I'm happy to draft this for you and pop it over to the office, and I'm not trying to be funny. The second one is: how are you going to meet that cost? Is it going to be met by rate payers or are you going to advertise it over the flights and so on? Rex have also issued concerns. I can give you some more airports that aren't on that list. How
hard is it for us to do that, to try and get a sense of the depth and breadth of this problem? It's real out there. I'm telling you, it's real.

**Dr Kennedy:** As Ms Spence said earlier, we have tended to engage predominantly through the association; but you're correct—

**CHAIR:** Abandon them. We haven't heard from them. Abandon them. They're not doing their job, and I'm not sure what resources they've got to do the job or what their will is.

**Senator PATRICK:** You could just read the submissions to our inquiry.

**Dr Kennedy:** Yes, we have.

**Senator PATRICK:** There's plenty of evidence in there that suggests it's problematic. For me, I expect government to look at things from a whole-of-government perspective. I get what Mr Pezzullo is saying; he's looked at it from a security perspective. He's done his job.

**CHAIR:** You're always pretty good at shutting us down, Dr Kennedy. I'm waiting for you to shut us down on this. You can shut us down by telling us that you're going to have a serious think about it through the weekend. You'll make a decision, and we'll examine you on that decision the next time you're back here. We're not driving you into a corner. We want this done for these people.

**Dr Kennedy:** I don't think it's correct to say we have not done any work on this. I can take on notice when we have provided advice, but we have provided advice on a number of occasions around this issue to government. The subsequent decision are then of government. We have not done formal economic modelling, but we have been aware of an economic impost that this will obviously impose on regional airports. We have included that in our advice through a whole-of-government process. We have drawn on the type of submissions that you've heard from. Subsequently, the government makes its decision to proceed in whichever way it proceeds. Ms Spence did bring to my attention your hearing the other day and the submissions around it. Having seen the elevated concerns—to be frank, they've been around for some time now—of particular airports, I think it's quite a reasonable ask for you to say to me, 'Is there a small number of airports where this is of real, immediate concern and could you look at those in detail?' I will be happy to do that.

**Senator PATRICK:** I'll point out to you that the evidence this committee has clearly taken is that, even if it doesn't push a particular service over the line, there are a number of regional air routes that are now subject to serious doubt. Even in circumstances where they're not subject to doubt, the fare gets passed on to the consumers within these townships. As we saw in Mount Gambier, that reduces air travel. Air travel is the lifeblood of these communities. The analysis has to not just be limited to stopping particular airlines from ceasing services but be looking more broadly at, even for the ones that survive, what is the impact that the government imposition on this has had on those communities?

**CHAIR:** Home Affairs left me with the impression that, as a convention, it's one thing to fund hardware and assets to put them in and so on. But the impression I got—and my colleagues will comment, as they were both there—was that, beyond that, it really wasn't a space for government to be thinking about socialising the additional costs because somewhere happens to be a small airport and it is going to impact on them greater than on another. They even admitted that they hadn't contemplated if an airport which started out as a tin shed and
was built over the years and didn't have the space and they had to do a physical extension. There is one airport that's got to do that for $1.2 million.

**Senator PATRICK:** Whyalla.

**CHAIR:** There is no money from the government for that. They come and drop the baby and don't leave any bottles or anything. They just say, 'Take care of yourselves from here.' The further out you are, the more vulnerable you are. The higher your need and reliance on this, the bigger the impact of it.

I will tell you what I'm interested in. I am not even going to burden Ms Spence with the question of whether you have said to whoever it is you're giving advice to in the government, 'Hey, Fred, there are airports likely to close and services likely to stop.' I'd love for you to have given that advice and I'd love to know what the response was. But we know what the response is—and that's absolutely nothing. This needs to be elevated and, if government doesn't do it, we'll do it.

**Senator Scullion:** I agree that there appears to be some information that would be very useful. I just go back to Dr Kennedy's offer to Senator Patrick. I'll just repeat it without verballing Dr Kennedy. I think it was, in the context of what the Chair said, 'Can you provide some airports of a different size from a very small airport as we go up.' I can tell you that when Senator McCarthy and I moved later to hardening Nhulunbuy, it had an impact. There is no doubt about it. But it will have an impact in different ways on different sizes of airports. So perhaps you can provide for Dr Kennedy an actual place or perhaps half a dozen that are representative of smaller and larger sizes and they will look at them. If it's already been done, they'll provide that into those particular places and provide it to the committee in the context of what they believe the impact will be on the ongoing running of that airport. So they'll have to actually speak to the manager of the airport and have a look at their pricing of the airport. It's a bit of a Pantene answer: it won't happen overnight. But it's an important question that deserves an answer.

**CHAIR:** We appreciate it.

**Senator PATRICK:** Minister, to help you out in that regard, the department has provided to this committee on a confidential basis every airport that will be affected by this. I'm sure your department could get access to that.

**Senator Scullion:** Just for the basis of rounding this out, rather than us going through and guessing the ones, if you can provide some of those on that list that can be of a slightly different size that would be very useful. I'll say to the committee that we'll have a look at that half dozen or so—or whatever the number is—to ascertain specifically the financial impact on those airports.

**Senator PATRICK:** There are two aspects to it. There's the impact it has on the airline in its decision-making to continue operating the route, but there's also another economic impact on the community. So I think there are two—

**Senator Scullion:** We've heard that. They're two separate matters that can be investigated with each example and an answer can be provided with each example. The example will be a place that is an airport.

**CHAIR:** We appreciate that.
Senator STERLE: The frustrating part is that this is not the first time we've talked about the impact. This is not the first government department we've talked about this with. We've spoken about this for probably the third, fourth or fifth time in an inquiry we're doing. Can someone just put an alarm clock in the minister's office and wake him up?

CHAIR: We've got two people I trust who have now undertaken it—Minister Scullion and Dr Kennedy. So I'm going to go with them. I'll have a bob each way on them—enough for a cab and a Chinese feed on the way home!

Dr Kennedy: You didn't look too confident there, Senator.

Senator STERLE: I've got no problem—

CHAIR: Don't worry about him.

Senator STERLE: I'm having great frustration with the minister. The office listens to all this all the time and they're just hoping it goes away. I wish their staff would wake him up and say: 'Minister, we have some serious problems here, and it ain't just Labor trying to start a fight. Wake up, will you, Minister, for God's sake!' That's not you, Minister Scullion; I'm talking about the Deputy Prime Minister.

CHAIR: I think that's it for Regional Development Local Government. I want to thank the officials. Thank you for your effort and preparation for estimates. You've had a double hit today, Dr Bacon, so thank you twice. We wish you all the best and safe travel back to your intended ports.

Now we need ATSB to walk briskly to the table. Welcome. You've had a pretty good run in front of this committee in the time I've been chair, you know. No-one's really given heavy stick. They stand up pretty well.

Senator STERLE: Oh, they copped a bit about eight years ago.

CHAIR: Did they?

Senator STERLE: Absolutely they did—not under Mr Hood's leadership.

Mr Hood: Thank you, Senator.

CHAIR: Money changing hands here!

Senator STERLE: All to do with a missing aeroplane.

CHAIR: Do you want to take point?

Senator STERLE: Yes, just a quick one. Mr Hood, did you want to say something?

Mr Hood: Just a very small statement if I may.

CHAIR: Of course; my apologies.

Mr Hood: This is really just to pay tribute to our staff that deployed to Indonesia at short notice following the loss of Lion Air flight 610 on 29 October with the loss of 189 lives. Basically, four of our staff went at the request of the government of Indonesia to assist the Indonesian investigating body—that's the NTSC—with the download and analysis of the cockpit voice recorder and flight data recorders. So we're very proud of our staff selflessly deployed at very short notice with no time off for some considerable time.

CHAIR: On behalf of this committee and, to the extent we're able on the behalf of the government, would you pass on our thanks to them too for their effort. Senator Sterle.
Senator STERLE: Mine's out of left field, Mr Hood. With the Transport Safety Bureau we know the work in rail, maritime and aviation. Why don't you inquire into truck accidents when there are deaths? I don't have a loaded question; I don't know.

Mr Hood: It's obviously a policy discussion. I don't know if Dr Kennedy would care to comment.

Dr Kennedy: You're correct: the ATSB doesn't do—how shall I describe it, Mr Hood?—no-fault investigations of trucking accidents. We are aware of the ATA and others—

Senator STERLE: It was raised with me last week. That's why I've raised it.

Dr Kennedy: calling for the ATSB to have a role. The government's made no decision around that call or made any announcements, but we are certainly aware of the interest in trucking and in the ATSB having a role in trucking—and it does. I'll just ask Mr Hood: I understand similar bodies have a role in other countries.

Mr Hood: Certainly. In the United States the National Transportation Safety Board investigates aviation, rail, maritime, road and gas pipeline accidents and incidents.

Senator STERLE: Of course, with that goes staffing and funding. Thank you.

CHAIR: If we accidentally have a change of government here, Mr Hood, under the new minister for road safety your staff will be doubled and your budget will be trebled.

Mr Hood: Thank you, Senator. I appreciate that!

Senator STERLE: Your work will be quadrupled!

Mr Hood: If I may, I do believe that the ATSB is well placed with the skill set to investigate any transport accident.

Senator STERLE: Thank you.

CHAIR: All right. I remember my early days as a detective. Detectives used to have to do them, and we were completely ill equipped to investigate them with any skill, I can tell you. Senator Patrick.

Senator PATRICK: My line of questioning is going to go to the issue of Angel Flight and the instrument that has been tabled in the parliament. I have moved a disallowance which will be decided in the next parliament, but I do want to talk to you about some details because you are in the processes of investigating an Angel Flight that occurred. So that's the context, and I'll put on the record that I have spoken to a number of people involved who have talked to me about various different matters. I'll just also put on the record that, because they're connected to these proceedings and the questions I'm about to ask, I view them as being protected by parliamentary privilege. Some people may have talked to me about—

CHAIR: Hold on. Let's be clear. What are you endeavouring to establish here? You mentioned them.

Senator PATRICK: No, I'm saying I might ask some questions that go to some of the investigations that have been carried out—that they're currently carrying out.

CHAIR: Yes, but why would you need to put them on record? It just sounded like you were bestowing parliamentary privilege—and it may be the case.
Senator PATRICK: I'm just saying I've had conversations with people who have perhaps told me things that they might not otherwise have been able to tell me but for the fact that I'm about to engage in some questions—

CHAIR: Yes, but I'm not sure you should give them the confidence that the parliament—

Senator PATRICK: Okay.

CHAIR: No, Rex; I just don't want to leave it hanging. The words 'parliamentary privilege' were used. I'm not sure it's up to us to bestow that on a whistleblower who's shared information or documents with you. I don't know that it works like that. You might remember we had some in camera whistleblowers recently, and we advise we had was that information at their disposal in a documentary form probably shouldn't have been.

Senator PATRICK: I've taken advice from the Clerk.

CHAIR: Oh, all right. If you want to cite the Clerk into the Hansard, you go ahead.

Mr Hood: Would it help if I outlined where we're at in terms of the investigation?

Senator PATRICK: Yes, you can do that.

Mr Hood: On 28 June 2017, a Tobago aircraft impacted terrain near Mount Gambier, killing all three on board. The ATSB sent an investigation team, and obviously we followed due process since then to investigate the accident and then, of course, to provide the natural justice opportunity to those directly involved in that accident, that being primarily the regulators, the Civil Aviation Safety Authority and Angel Flight to respond to us. We provided an extension to those parties until last Friday. We have received a substantial submission from both parties and, from my perspective, in terms of due process, natural justice, public interest and, of course, the sensitivities of next of kin, the ATSB hasn't traditionally talked about investigations that are currently underway. We think we're about a month to a month and a half away from the final publication of that investigation report.

Senator PATRICK: Sure. My questions are not going to go to the accident itself. I respect that there are good reasons for us not speculating on things. What I want to do, however, is match the instrument that's been tabled against facts that are involved in that particular accident. You'd be aware that an instrument has been tabled that requires 250 hours of in-command time. That is just a simple question of fact. We were told that this instrument was in some sense in response to the previous Angel Flight crash and, indeed, this crash. My understanding is that the pilot in both of those crashes had more than 250 hours. I'm asking you to confirm that. I can actually go through each one of the requirements in here and ask you whether or not it would have had an effect on the previous flight and, indeed, this flight. I'm not actually trying to get to the cause of the accident. I'm trying to focus on whether, if this instrument were in play, it would have made a difference in either Mount Gambier or the previous flight.

Mr Hood: Thank you. The difficulty for us is that, being in the natural justice process, we've done our analysis. We've come up with our draft findings. We're obviously aware of the CASA instrument. We weren't consulted in relation to the CASA instrument, but we're aware of it. And, of course, commenting on the merits of CASA's instrument in a draft report sense in our findings is not complete. As I said, we received substantial input from both Angel Flight and CASA in relation to our draft report. So I think it would be premature for us to comment in relation to CASA's instrument.
Senator PATRICK: But, for example, in the case of the Mount Gambier flight, my understanding is the pilot had something like 350 hours of in-command time?

Mr Hood: It's my understanding—

Senator PATRICK: That's just a question of fact. That's not revealing anything.

Mr Hood: My understanding is that it was below 500 hours, yes.

Senator PATRICK: It wasn't in a helicopter, although I note that 'helicopter' has now been removed from the new instrument. I can go to maintenance requirements. There's a requirement in the new instrument that the pilot must check whether the airplane has undergone a periodic inspection within the last 100 hours of service of the airplane. My understanding is—and you would have knowledge of this—that in both of those cases that requirement would not have changed the outcome of either the Mount Gambier or the previous flight.

CHAIR: Just before you answer, Mr Hood—Senator Patrick, you're doing a bit of the butler in the library with the candlestick. You're going slowly, dismantling it. Mr Hood indicated he didn't want to contribute to your comparative, and now you're going through it line by line.

Senator PATRICK: No. In fact, what I offered at the start was for him to simply tell me—I'm not trying to get to what the cause of the accident was or what happened; I'm trying to get to the instrument and whether or not that instrument would have had—

CHAIR: But if you rule out that the pilot was under 500 and the aircraft had two wings and one wheel you're eventually going to rule out things that don't impact on the instrument and therefore would be—

Senator PATRICK: I'm not trying to get to the cause of the accident, Chair; I'm simply trying to examine whether or not—

CHAIR: Were you at the CASA briefing in this room? I put to CASA whether the two events they cited had any bearing on the development of the instrument, and they told me they did not. They told me that's not why they developed the instrument and that neither of those accidents would have been prevented, if you like, had the instrument been in place. That wasn't in evidence, but it was in a briefing.

Senator PATRICK: Mr Hood, I'm trying to get to an understanding of why they've changed. In your report—once again, without going into the details of your report—you spend a lot of time looking at the operations of Angel Flight as opposed to the accident as it occurred?

Mr Hood: In our draft report we've looked at both what happened and why, in terms of the Angel Flight accident at Mount Gambier. Consistent with looking at the why we've obviously looked at the operator, as we have the regulator as well. The other point to make is we're completely independent of CASA in this matter. Our report has been developed in complete isolation of any action that CASA may have chosen to take in relation to that instrument.

Senator PATRICK: Sure. But if you're intending to make some adverse finding in relation to Angel Flight and perhaps suggesting that their pilots are under pressure, for example—because Mr Carmody indicated to us that their pilots are under a particular pressure
because of the nature of these flights. My understanding is your draft report effectively says that, but it's not grounded by evidence. You haven't gone to a whole range of different Angel Flight pilots and talked to them about any pressures they might have.

Mr Hood: Our methodology requires us to be evidence based, and our final report will be evidence based.

Senator PATRICK: Sure.

Mr Hood: We'll make a statement in our final report about maintenance procedures, for example.

Senator PATRICK: But that's in relation to a particular flight, isn't it?

Mr Hood: It'll be in relation to our observations as to whether maintenance was a contributing factor in any of the accidents or incidents that we've looked at. But I really don't think that I should be put in a position to prejudice the final report, given that we've got substantial feedback from the involved parties. We're in the process of examining it to incorporate it into the final report.

Senator PATRICK: Have you gone out and talked to a whole range of Angel Flight pilots?

Mr Hood: Part of our methodology is obviously to speak to witnesses and involved persons.

Senator PATRICK: So witnesses to the flight?

Mr Hood: Certainly witnesses to the accident.

Senator PATRICK: Yes, I understand that. And?

Mr Hood: Involved persons.

Senator PATRICK: 'Involved persons' I presume would be Angel Flight—

Mr Hood: We talked to a number of people in this investigation.

Senator PATRICK: My question does not go to the outcome of your investigation, but in the process of your investigation have you talked to a number of Angel Flight pilots to try to establish whether or not they are under pressure to commence a flight or to—

Mr Hood: Certainly in pursuance of the reasons why the accident happened we've talked to a number of people who are well-informed in this space.

Senator PATRICK: I'm being really specific. I really would like an answer to this. Have you talked to a number of Angel Flight pilots—if so, how many—in respect of pressures that might be put on them relating to community service flights?

Mr Hood: We have talked to Angel Flight pilots. I'd have to take on notice how many.

Senator PATRICK: Thank you. You understand that these community service flights provide a public service in that people are not required to pay for the service that gets them to their chemotherapy, for example?

Mr Hood: I think everybody lauds the concept of community service flights, specifically for regional Australia. We recognise the value in that. At a meeting recently with the Angel Flight principals we reiterated that there is certainly nobody in the ATSB trying to shut Angel
Flight down. What we are tasked to do is find out what happened in an accident and why, to prevent a recurrence. That is what the act tells me we're supposed to do.

**Senator PATRICK:** So you won't make any recommendations as bold as saying we should shift these flights across to RPT, where people have to pay?

**Mr Hood:** Once again, it's premature to speculate on the outcome because we're still working through the submissions of those people.

**Senator PATRICK:** I've read a number of your reports. They're all on the website.

**Mr Hood:** They're all first class.

**Senator PATRICK:** Well, there was one that wasn't, but it's been redone now.

**Mr Hood:** It was eight years ago. I've got the second one here if you need it.

**Senator PATRICK:** When this comes out I'll be very keen to look at the focus that you've put on the flight, which is exactly what I think you should do, versus the operations of Angel Flight.

**Mr Hood:** Understood. Let me say that any recommendation we make will usually be couched in outcome based phraseology, like, 'The controls should be strengthened.' Those recommendations can go to operators or to regulators. Once again, until we work through the submissions we won't come to a final position in relation to what a recommendation may or may not be.

**Senator PATRICK:** Mr Carmody has provided some data to this committee about statistics associated with Angel Flight. He also said that your report would go to some statistics on Angel Flight. A concern has been raised with me that the statistical approach that you've taken may be flawed in that, for example, you might be comparing private flights across a particular period with CSFs over a different period. That's not something you would do?

**Mr Hood:** In relation to not only statistics but the analysis of statistics, we have about eight PhDs in the organisation. They are very well versed at the methodology in terms of data analysis, as is the manager. So we have manager review, director review and, of course, commission review of that analysis. In addition, we have offered Angel Flight the opportunity to view and criticise that analysis if they think that it is incorrect. We'll certainly look at that in their submission, which I can't comment on, because it arrived I think only on Friday.

**Senator PATRICK:** In relation to the number of flights, Mr Carmody in his analysis was using only the sector that involved the actual passenger as opposed to positioning flights. That seems flawed to me. If one of the issues is pressure on pilots, there's also pressure associated with the positioning. In your analysis, are you including all of the—

**Mr Hood:** We've certainly made mention of that in our analysis. Once again, that's subject to feedback from both parties.

**Senator PATRICK:** I don't want to get to the point where the report comes out and we have to go through some oversight committee as to—

**Mr Hood:** No, I'm more than happy, Senator, once we have analysed the submissions from the directly involved parties and have incorporated those into the final version that's been approved by the commission, to offer a briefing to the senators.
Senator PATRICK: Another concern I might have is that, when you compare a typical private pilot's flight with a CFS flight, there may be some more complication involved in those particular flights. I just wonder how that's drawn out in the statistics?

Mr Hood: Once again, we've made a statement in our analysis, in the draft report, which is obviously subject to comment by Angel Flight and by CASA.

CHAIR: Senator, your 15 minutes is now 35 minutes. Maybe the only thing that stands between us and working through dinner and going home tonight—

Senator PATRICK: Dinner versus oversight—

CHAIR: How about you take this up with Mr Hood tomorrow and have lunch together and continue this very interesting conversation?

Senator PATRICK: I will leave it at that. Can I ask Mr Hood to take a question on notice? Let's assume your report comes out in about a month.

Mr Hood: My understanding is that an extensive submission was received only late last week. Usually it would take us around a month to incorporate any changes that might need to be made in the final report. Then it goes to the commission for public approval to release. I would say that the second week of May would be the earliest. It would be around the 18th, I think—

Senator PATRICK: When are our questions on notice due back?

CHAIR: The date is 23 May or 22 May.

Senator PATRICK: Can I ask—and you'll have an option, if you haven't released the report at that stage, to advance any public interest immunity that you need to—

Mr Hood: Sorry, Senator, I've missed the question.

Senator PATRICK: I haven't come to the question. I'm just saying that you'll have the opportunity to advance a public interest immunity if your report hasn't been published and the answers need to come back before that. Go through the current regulation before the Senate and simply indicate whether any of the terms or provisions would have changed the outcome of the Mount Gambier accident?

Mr Hood: Senator, we'll take on notice to have a look at what we can do in that regard.

CHAIR: It sits on the record that CASA have admitted that it would not have.

Senator PATRICK: In a discussion with me and Ms Sharkie MP, they indicated that the motivation for this particular instrument was these flights going—

CHAIR: You get together with me and I'll write to Mr Carmody and have him confirm back to me in writing what he told me in the briefing while he sat in the chair beside where you are.

Senator PATRICK: The distinction is that maybe he wasn't saying that each one of these directly indicated. He said the motivation for looking at this flowed from these accidents.

CHAIR: I don't know how he can do that. That's a big stretch.

Senator McCARTHY: Mr Hood, I just wanted to get an update on an investigation—just where it's at, in the Northern Territory, with the Cessna 210 on 23 October 2017.

Mr Hood: Senator, thank you. Public release will be tomorrow.
Senator McCARTHY: So it's actually completed now?

Mr Hood: Yes. Sadly, once again for senators' information, a Cessna 210, at the beginning of the wet season, departed Darwin to repatriate an Indigenous person to a community. It only got less than 10 miles from Darwin on climb and encountered some weather. The wings failed on the Cessna 210, with the loss of the lives of two young pilots. That'll be published tomorrow.

Senator McCARTHY: In terms of the recommendations from that, obviously you can only talk about that post tomorrow, or are you able to—

Mr Hood: I can. I'm happy to send a copy of that report to your office tomorrow.

Senator McCARTHY: Thank you very much.

CHAIR: Thank you, senators. Thank you, Mr Hood, as always—and, through you, to your colleagues for their preparation and attendance. We wish you a safe journey back to your intended destination.

CHAIR: If Surface Transport Policy Division could rush to the table, I think the committee will resolve to work through so I don't interrupt anyone at six o'clock.

Senator STERLE: I'll just plough through. If the officers could be precise in their answers, we'll get straight to the end.

CHAIR: Do you wish to make an opening statement?

Dr Kennedy: No.

Senator STERLE: I'd like to go to the National Road Safety Strategy. Of the 12 recommendations, how many have been committed to by government?

Ms Spence: As I think the Deputy Prime Minister set out in the ministerial statement and also in the communique from the Transport and Infrastructure Council, he's confirmed that he is the cabinet minister with the responsibility for road safety. The governance review is underway. As part of the budget, we've announced funding for—

Senator STERLE: I'll stop you there, Ms Spence, only because I just want to get moving. If I remember rightly, that was item 6: undertake the national road safety governance review by March 2019. Since it was announced—let me get this right—the government has said that they would step in and they promised the March 2019 review. That was made in September 2018, if I'm correct. Is that right?

Ms Spence: It was announced they would do the review in September 2018. I think we announced the terms of reference in January of this year. We have a draft review, which is with the independent peer reviewers, which was sent to them, I think, at the end of last month—the end of March.

Senator STERLE: The end of last month, which was two weeks ago?

Ms Spence: Yes, something like that.

Senator STERLE: The end of March. Can you tell us why it has taken so long? I think we've lost about 600 people, and 13,000 have been seriously injured.

Ms Spence: We've been working as quickly as we can. We're working with the states and territories. As I said, the terms of reference were settled in January and we've got the draft out
with the peer reviewers and we're working towards getting a final review to be considered Transport and Infrastructure Council ministers in June.

Senator STERLE: Not till June. So we've still got another two months to wait. Can you tell us how much funding has been committed around the recommendations?

Ms Spence: There was $2.2 billion included in the recent budget.

Senator STERLE: And that goes to all the recommendations?

Ms Spence: Yes.

Senator STERLE: Is there a projected rollout for the recommendations?

Ms Spence: Sorry, Senator, just to be clear, some of the funding is going towards programs which will improve road safety. Some of those are existing programs; some of those are new programs that go to specific recommendations.

Senator STERLE: I'll just come back to the 12 recommendations. How much money has been set aside for those 12, or for any of those 12? What I just want to get to, Ms Spence, is: if you do know, great; if you don't, let's move on.

Ms Spence: What I can say is that there are specific recommendations around the resource route key road safety enablers and road safety initiatives, so that's where there's been a $12 million Road Safety Innovation Fund established and $4 million—

Senator STERLE: $12 million?

Ms Spence: $12 million over the forwards and a $4 million Road Safety Awareness and Enablers Fund. That's recommendation 10. Of the $2.2 billion that has been announced, many of the elements of it will go to addressing road safety issues, but I can't line it up specifically, recommendation by recommendation.

Senator STERLE: If you can't, say you can't. That's fine. Is there a dedicated team within the department working on the recommendations?

Ms Spence: Yes.

Senator STERLE: How many are there?

Ms Spence: I think there are seven at the moment; although, I'll turn to my colleague, Ms Tucker.

Ms Tucker: We have four full-time staff, we have support from two contractors and we have independent expertise coming in through consultancy. Then we have the two independent reviewers as well.

Senator STERLE: How many are in the consultancy?

Ms Tucker: We're working with two secondees from the states and territories as well.

Senator STERLE: So you've got four full-time and two contractors who are working full-time on that.

Ms Tucker: Yes.

Senator STERLE: You've got some consultancy there. How many are there? What does that mean?

Ms Tucker: There are four full-time people.

Senator STERLE: Very good. And two secondees from states?
Ms Tucker: Yes.

Senator STERLE: So, since the Road Safety Strategy was presented and the minister said we're going to start work, these are all new positions?

Ms Tucker: The four staff are from within the department, and the others are new staff.

Senator STERLE: So this is a whole, brand-new—I don't mean brand-new people, but, this is: 'Right. We're moving in. We're dead-set serious, and this is what we're going to focus on.'

Ms Tucker: Yes.

Senator STERLE: That's great. I'm going to roll through, because I've seen Senator Rice come in and I don't intend being here until seven or eight o'clock tonight. Can I start with last year's budget regarding the targets for outcome 2. Could you tell us if all those targets were met, please?

Mr Foulds: Outcome 2—the performance criteria were number of road fatalities. The target was to reach the 30 per cent reduction as per the Road Safety Strategy, and we have not met that this year. That hasn't been met. For serious injuries due to road crashes is on track to have a source of data established and a baseline by 2019-20. That target has been met, and the baseline will be established in 2019-20. That's for casualty crashes.

Senator STERLE: When will that information be available for the public?

Mr Foulds: When the baseline has been agreed—

Senator STERLE: Sorry, Mr Foulds, when we say 2019-20—

Mr Foulds: The next time it'll be reported on formally in the portfolio budget statement will be this time next year.

Senator STERLE: Okay.

Mr Foulds: But the data itself may be before that. Then the number of rail fatalities to reduce relative to 2017-18 baseline—we don't have enough data yet to be able to report on that. This is a new way of reporting. That's expected to be available for the 2018-19 annual performance statements later. The last current performance one was the number of maritime transport fatalities, excluding fatalities on non-trading vessels—for example, fishing and recreational. The annual average from 2010 to 2017 is less than four, and, unfortunately, that target was not met. There were more than four fatalities.

Senator STERLE: Can I just ask why there weren't many met? Is there a resource problem? What is it?

Mr Foulds: In terms of road fatalities, for example, that's a 10-year strategy which has two-year action plans. We're about 18-odd per cent down from the baseline. The target is to get to a 30 per cent reduction, and we have not met that, but there are lots of reasons for that.

Senator STERLE: I understand that.

Mr Foulds: This is a way of measuring performance which is settling to understand the measures and the way we might meet them.

Senator STERLE: Let's go to this year's budget and go through the current performance information and targets for outcome 2. Do you have them handy?

Mr Foulds: For 2019-20?
Senator STERLE: You've just answered that for me—sorry, I'll get with it. Can you tell us what the department is actively doing to reduce the number of fatalities on our roads?

Mr Foulds: We are applying the National Road Safety Action Plan. That's been agreed by states and territories through COAG. That has, I think, nine key actions that are committed to. We're also doing the national road safety inquiry and that strategy, and we're working through that. As you know, the Commonwealth also has committed to enhancing technology improvements to vehicles. They're the things that are being progressed.

Ms Spence: I would also mention the work that Mr Foulds is doing around leading the National Drug Driving Working Group, which is working with the police, the road authorities and key policymakers. A report was published in November 2018 with strategies to help further improve the way in which we reduce drug driving. We also have some targeted infrastructure investments through the Black Spot Program, Roads to Recovery, the Heavy Vehicle Safety and Productivity Program, and the Bridges Renewal Program. Also, one of the things we were pleased to announce was providing $400,000 to the ATA to upgrade its safety truck. That was announced, I think, late last year.

Senator STERLE: I was in it the other day. Of course, these are questions that we'll probably revisit in 12 months time to see how they're progressing—I get that. Regarding serious injuries due to road crashes, the target set by the government is to establish a baseline in 2019-20. Would you explain to me what that means, please.

Ms Spence: We might ask Dr Dolman to come to the table.

Mr Foulds: He's done all the work, Senator.

Senator STERLE: Okay.

Dr Dolman: Regarding serious injury, this is a long-term project where we're looking to improve the quality of the data. As has already been mentioned, the National Road Safety Strategy has a target of a 30 per cent reduction by 2020. The available evidence from the police and hospitals was divergent in that the police data was going down and the hospital data was going up for serious injury. So, in the national road safety action plans for 2015-17 and also 2018-20, the current plan, there were actions to establish a system for reporting nationally matched data—matching the police and the hospital data. The project commenced in November 2015. Our bureau has been managing that as an Austroads project. It's being conducted in three stages. The first stage, which was a feasibility pilot project, is complete and has been published. An Austroads report was released on 14 March this year. It was shown to be feasible and valuable. Largely, the difference between the hospital data and the police data is motorcyclists and cyclists that don't report to the police but do go to hospital. Stage 2 is underway and it's looking to get the remaining approvals. Western Australia and Tasmania were unable to participate in the stage 1 process, so they're being added in stage 2. The second phase is looking at developing a historic series. Going back to the base years, 2008-10 is the base we use for the Road Safety Strategy.

Senator STERLE: So it's a collection of data?

Dr Dolman: It's collecting the data, which does involve quite a lot of approvals from all the hospitals et cetera. To finish, the final stage is to develop an ongoing mechanism for collecting the data.

Senator STERLE: Is that what the announcement of the office of road safety is?
Dr Dolman: No, it's separate.

Ms Spence: No. One of the things announced in the budget was that the Commonwealth would establish a new Office of Road Safety to manage some of the programs that were announced in the budget and, depending on the outcomes of the governance review, to take on other broader functions.

Senator STERLE: I see. So the announcement of establishing the Office of Road Safety was not to collect data on crashes—

Ms Spence: No, it's to take a broader role.

Senator STERLE: I wasn't aware of that. Okay; that's interesting. You did touch on the number of maritime fatalities but you said the target wasn't met. Could you tell us—I'll probably come back to you, Mr Foulds—why we didn't meet the maritime—

Mr Foulds: I can only say that it wasn't—I don't have the detail; I'll have to take that on notice.

Senator STERLE: That's all right. There's an announcement in the budget that says funding will discontinue from this budget, up to 2022-23, for the interstate road transport account. What's that?

Mr Foulds: That's the federal interstate road transport scheme, which existed for a number of years. I think it started in 2002. It was for heavy vehicles, and there was a particular registration benefit accrued to operators who only did interstate trade, and they had a separate registration.

Senator STERLE: Oh, yes.

Mr Foulds: They had a separate registration. They received a benefit on registration, a discount—

Senator STERLE: I fully understand.

Mr Foulds: and that's now been withdrawn. In the budget there's, I think, $200,000, which is the last remnant of it.

Senator STERLE: This is the FIRS.

Mr Foulds: Yes, correct.

Senator STERLE: Unfortunately, it was set up with good intent but there were crooks in the transport industry that exploited it. You're not agreeing with me, so you couldn't possibly comment. I could! Thank you. It's good you've explained that. Regarding funding for roads of strategic importance, has the government committed to funding this program after the budget?

Dr Kennedy: That's not for this division; that was for the infrastructure division the other night.

Senator STERLE: That's great; thanks, Dr Kennedy. Let's move on. I'll come back to the Office of Road Safety. We didn't see any dollars committed to road safety in the 2018-19 budget. In this year's budget we saw a commitment of $38½ million from this year for road safety measures. Can you tell us where that $38½ million came from?

Ms Spence: Sorry, Senator?

Dr Kennedy: Which $38½ million have you got in front of you, Senator?
Senator STERLE: I've got $38½ million that's been announced for road safety measures.

Mr Foulds: The measures that are new money are: the Road Safety Innovation Fund, which is $12 million over the forwards; the Road Safety Awareness and Enablers Fund, which is $4 million over forwards; the national Heavy Vehicle Safety Initiative is an additional $6 million over the forwards, over and above that which is appropriated from what was the RSRT, and that's an additional $1.5 million per year; and there is a grant to the Australian Road Research Board to assist local government in some of their technical assessments on pavement and pavement strengths and—

Senator STERLE: How much is that?

Mr Foulds: That's $2.6 million. The number you've mentioned is not familiar to me.

Senator STERLE: Okay, I'll chase it up.

Dr Kennedy: I should just add—

Mr Foulds: Sorry, I beg your pardon. Road safety, the establishment of the office, is $5.9 million over the forwards. The Road Safety Innovation Fund, which is $12 million, I mentioned. Keys2drive is an additional $8 million. That's to take it through to the new forwards. The Heavy Vehicle Safety Initiative project I mentioned. The Road Safety Awareness and Enablers Fund, I mentioned. The Australian Road Research Board, I mentioned. That should add up to $38.5 million.

Dr Kennedy: I was just going to add that there were very significant increases in the road safety programs—blackspots.

Senator STERLE: Yes, the Roads to Recovery Program.

Dr Kennedy: They all increased significantly. We discussed them the other—sorry, we didn't discuss them. They're done by the infrastructure division but they are—

Mr Foulds: The Black Spot Program was an extra $500 million. The Roads to Recovery Program, which has a road safety component, is $1.1 billion. And the bridges and heavy vehicle program is $275 million—

Senator STERLE: So it's just a step up from programs that are already there, and adding more funding.

Dr Kennedy: Yes.

Senator STERLE: I was just trying to find new money.

Dr Kennedy: I should just add that they were all ongoing funding, not just for the forwards. They were all ongoing.

Senator STERLE: With the announcement of the Office of Road Safety, where will that be situated?

Ms Spence: Within the department, within the Surface Transport Policy Division.

Senator STERLE: So Surface Transport will have responsibility for it. What will the staffing be on that?

Ms Spence: We're still working through the details. As I said, initially the focus, we're assuming, is going to be the management of the programs that were announced in the budget, but again we'll be informed by the governance review about what the appropriate functions for the office will be, and from that we'll be able to make a final decision on resourcing for it.
Dr Kennedy: In a practical sense, we'll take the task force across into the office, so the resources that were outlined earlier we will continue on through the office, and then of course we will revert back to government about future decisions on size et cetera.

Senator STERLE: So we don't have that. Do we know when we expect to have it up and running?

Mr Foulds: 1 July.

Senator STERLE: We don't know how many staff we'll have in there. Annual operating budget—do we know that?

Ms Spence: Again, that will be determined by the functions that it takes on, so I don't have an answer to that, no.

Senator STERLE: I'll confess: you've got me here. You've thrown a curve ball at me, because I thought it was going to reflect collection of data from road trauma and accidents, and it's not; it's just these three which Dr Dolman's been working on: feasibility, remaining approvals and development.

Mr Foulds: But one of the things that the Office of Road Safety could do as part of its remit is coordinate data and look at the sources of data and try and report at a national level, as a future activity.

Senator STERLE: No, I get that, and I remember when the Office of Road Safety was dismantled by the Howard government. I don't want to get too political, but the ALP made this a policy announcement. We will re-establish the Office of Road Safety, but we want to establish it to collect data, so this is a completely different thing. Once you meet these three projects you're working through, Dr Dolman, if I may ask, what's the role of the Office of Road Safety after that, if it's not collection of data for trauma and deaths?

Dr Dolman: We are working with the task force at the moment, and we'll continue to work with the Office of Road Safety once it's established. The inquiry suggested that we needed better key performance indicators, so we're helping to develop those, looking at best practice internationally—we're looking at what Sweden does, for instance, in terms of its key performance indicators—and working with the states to improve data collection. An example is the serious injuries that I've spoken about. We're also looking at a range of other places where—

Senator STERLE: Sure, but that's not on your menu now or your agenda now. What I've picked up—please correct me if I'm wrong—is that in the announcement there is no strategic office that is set to collect the data and put it all around the space between police, between hospitals, between providers of ongoing services for those who have lost legs and sight and all that. There's no view there in this announcement. You've just made it very clear that the Office of Road Safety is only to do those three issues that you—

Ms Spence: No, Senator. Just for clarity: what we have said is that, for the Office of Road Safety, the details of its functions are still to be finalised once the governance review has been completed. As Mr Foulds has already mentioned, the data role may well be a key focus for it, but there will also be programs to administer—

Senator STERLE: Sure.
Dr Kennedy: I should say that, as the secretary of the department, I'd be reluctant to establish data roles outside of BITRE because that is where most of my expertise lies in the collection and establishment and maintenance of databases.

Senator STERLE: Sorry, Dr Kennedy; I'm just going back. I remember what the Office of Road Safety used to do. I know there's been a call——this committee did an inquiry into road safety, and we were absolutely gobsmacked that we couldn't roll off the top of our tongues how many people are killed. Sorry, we can measure deaths pretty easily——

Dr Kennedy: But not injuries.

Senator STERLE: That's right. This is where I thought I had a glimmer of hope that this is what the Office of Road Safety was projecting itself to do.

Dr Kennedy: There's real hope here. We are well progressed on injury data now. We're right on our way to getting a national database for injuries.

Senator STERLE: Sure, but, just to cut it off so I can move on, that is not the intended role of the Office of Road Safety at this early announcement.

Dr Kennedy: No, it's being delivered through BITRE.

Senator STERLE: Yes, that's right. So who'll be responsible for ensuring that all the targets are met coming out of the Office of Road Safety, which Dr Dolman has put together? Who will that fall under? Who will be the boss to rant and rave if they're not met? We don't know? Too early yet?

Dr Kennedy: Ultimately, the accountability for effectiveness of the policies will lie with the department for the effectiveness of its advice and with governments for the implementation and decisions they've taken on policy. The key issue on this data—which I think is why we've put these numbers down, as Mr Foulds outlined—is that we want to be clear to the public when it's working and when it's not. Yes, we hold an accountability, but we did not want to put down numbers. For example, the states hold considerable responsibilities in road safety, but you're not interested in us trying to not focus on those key data on injuries and fatalities. We don't control all the levers, but we think it's reasonable that we report against them, so that's how it will work.

Senator STERLE: Yes. I'm just trying to tie in, because I'm a firm believer in the fine work of Professor Woolley and Dr Crozier, and their second point was: Establish a national road safety entity reporting to the Cabinet minister with responsibility for road safety.

This means no disrespect; I just hate to see a little pocket in the corner of the department—I don't want to upset anyone——

Dr Kennedy: That's not my intent.

Senator STERLE: That's what I like to hear, but you know the frustration that we've had in this committee about where we're going.

Dr Kennedy: Even in the short time I've been coming, I think we can point to steps and improvements through the task force.

Senator STERLE: Yes, and I will say this: when I talk about what measures we are going to do to reduce road trauma, we're not even talking as a nation. There is no conversation from the government yet, and I don't expect you guys expect government to lead this. We're not
even talking about ADRs and getting safer cars. That is a conversation for later. I have a
couple of quick ones before I move into my last lot. Has there been any work done in the
department on prevention of fires in vehicles? I believe this raised its head in a few forums.
No?

Mr Foulds: Not specifically.

Senator STERLE: That's all right. These are my last ones. I just want to go into shipping
very quickly. My question's in relation to certificates issued enabling entities to claim
shipping taxation incentives. Mr Foulds, can you help me out here?

Mr Foulds: I'll try.

Senator STERLE: Okay. What is the Australian dollar value or cost of the following
incentives for the calendar year 2018? I'll let you flick through to the appropriate section.

Mr Foulds: I won't be able to answer that here.

Senator STERLE: All right. I'll give you the question.

Mr Foulds: We'll have to take it on notice. I've got numbers, but they're not dollar
numbers; they're just numbers of certificates.

Senator STERLE: Okay. That's going to help with one. Let's go for the 20 income tax
exemption certificates issued.

Mr Foulds: In calendar year 2018, there were 22 certificates issued. Twenty were for
income tax exemption. As to the number of notices issued and the types of tax concessions
sought, there were two of those. The value of those we would not be aware of, because it's
actually done by the ATO, so the Treasury would be able to provide you with the data on that.

Senator STERLE: All right. I'm in the wrong area, but let's get the numbers anyway. You
said there were 20 income tax exemption certificates—is that right?

Mr Foulds: Yes, and one income tax exemption in the calendar year 2018. Each
certificate or notice issued may relate to more than one type of tax concession. Out of the 22
certificates issued, four covered both income tax and refundable tax offset.

Senator STERLE: So there were four refundable tax offset certificates?

Mr Foulds: Yes.

Senator STERLE: And there were two accelerated depreciation certificates.

Mr Foulds: There were.

Senator STERLE: Okay, so we'll have to go to the ATO for that.

Mr Foulds: Yes.

Senator STERLE: You might be able to help me out here, then: in relation to accelerated
depreciation, can you supply the committee with the names of the ships for which accelerated
depreciation was claimed? I've got my pencil ready here. There were only two of them.

Mr Foulds: I'm afraid I'll have to take that on notice.

Senator STERLE: You don't have it there?

Mr Foulds: No.

Senator STERLE: Would anyone have it behind you? It's only two ships. Why don't I
flag this, Mr Foulds? I'll make it easier for you? The department is working so collaboratively
with the committee, which is great. Why don't I just put it on notice to be answered in the next 10 or 15 minutes, and then I'll finish my time while Senator Rice is asking her questions. Before we fold, if you could just give us two—only two—ships. Dr Kennedy? Could someone please get on and push a button. I just want to know the names of these ships. I don't want you coming back in two, three or six weeks. I'll ask one last question: can the department advise if any tax exemptions have been issued to passenger ships in each of the six calendar years from 2013 to 2018.

Ms Spence: We'll see what we can find out.

Senator STERLE: Okay. And, if so, which type of tax exemption and for how many entities, please.

Dr Kennedy: We'll just check. You will be more experienced in this than I, Senator, on the provision of this and the legal aspects of who should provide this to you. That's all. We'll check.

Senator STERLE: You know where it goes to. It's not a level playing field if Aussie ships are missing out and foreign ships are getting exemptions, I don't think it's an unfair question. You don't have to tell me. You're going to take on notice how much it was. And if you're going to take on notice how much it was then you shouldn't have any problem with telling us which ships they were. I'll rely on that information coming in the next few minutes while I hand over to you, Chair. That's me finished.

CHAIR: We need to explore it. If I'm not satisfied that we can knock this over then we will go to an early tea break and come back and attack it after dinner.

Senator STERLE: Now you don't need to.

CHAIR: It's not up to you. We've got others.

Senator STERLE: It's only Senator Rice. She's only got five minutes, hasn't she?

CHAIR: It's not just Senator Rice. We've got Senator Storer.

Senator STERLE: Crikey!

CHAIR: I'm going to look for a fairly firm indication—and everything is up for grabs, of course; if you delve into something and it goes haywire—from the senators, while I make this decision, as to how long they think they may need.

Senator RICE: Ten to 15 minutes.

Senator STORER: Five minutes.

CHAIR: Twenty minutes all up. I'll remain the pleasant person that I'm known to be until about six minutes past the hour. Senator, you have the call.

Senator RICE: Electric vehicles: I want to ask a really basic question as to whether the department or, if the department hasn't a view, whether the minister thinks electric vehicles are a good thing.

Senator Scullion: Probably not so much in Yuendumu at the moment, particularly if you're towing a trailer or a boat. I guess it's different in the middle of Sydney, if you can afford the vehicles. They appear to be quite an expensive item at the moment. Where I come from, there is no capacity at all outside of Darwin, where you have a garage or even access to 240-volt power. I think that is a real issue. Entry access is extremely expensive. As a
Territorian, I don't see that there are spots for it, and I'm sure it's the case in other parts of remote Australia. Plenty of people who service their gardens and those sorts of things will need a trailer or something like that. So it's about anything you have to tow with. A lot of people in the Territory have said to me that it's going to be very difficult to tow a boat to go fishing and those sorts of things.

What do we think about it? Of course, it's all going to be part of the mix of getting around the place. It's fantastic for those people who can afford one. Most people who use electric cars live in the bigger metropolitan areas. But there are issues for remote communities, and they're certainly very nervous about how this transition is going to occur. Is it going to be compulsory and by a particular date? Are they going to simply confiscate the cars? Are they going to be unregistrable? Nobody really knows. There is a bit of a concern, particularly in those remote areas, for the power co-efficient and the capacity of people to afford such a vehicle.

Senator RICE: You don't sound very positive—a bit lukewarm. The government as a whole seems to be—

Senator Scullion: If you're an Aboriginal person, let's say you live in Gunbalanya, and you currently own a Toyota that you bought second-hand. It cost you about $15,000. You're never going to end up with an electric car, because you don't have the $40,000 entry level. You don't have access at the moment between there or anywhere else. So it's not about me seeming lukewarm. I'm just saying that there are some evident gaps between what is practical and what they're hearing, which is that there'll be a point in the time when these will be the only cars available. I'm just saying that the concerns that have been expressed to me have principally been through recreational fishing—people who travel but also people who live in those areas. But I don't think you should characterise my process as lukewarm. It's just an evident commentary about the lack of infrastructure and the cost of getting into these vehicles at the moment, which people are concerned about.

Senator RICE: Absolutely, they are too expensive, which is why they need to be supported. So we've got the energy minister—it's sounds like he's pretty similar to you, Senator Scullion—distributing memes from Top Gear with EVs out at camp sites being plugged into diesel generators, and yet we've got multiple senior members of the government, including the current Treasurer, spruiking electric vehicles and the government's support for them in their electric communications material. I don't hear a consistent message from the government on electric vehicles at all.

Senator Scullion: Well, that's probably unsurprising. We all have different portfolios and we come from different places. The Treasurer comes from an inner metropolitan area where affordability and infrastructure already exist. I come from a place where there is no infrastructure and we have some real issues around affordability.

CHAIR: Senator, to keep within your promised 15 minutes, you should not engage in debate with someone you're not going to beat.

Senator RICE: Yes, I'm about to move on. The lack of clarity is very clear. To the department, then: can we please get some information about exactly what the $400,000 for a national strategy for electric vehicles is going to be going to?

Ms Spence: I'd have to take the detail on notice. I don't have that information with me.

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
Senator RICE: Oh, come on!

Ms Spence: I'm sorry.

Senator RICE: It's been spruiked! It's been one of the big things that everybody has seen in the budget. It's $400,000 for an electric vehicle strategy.

Dr Kennedy: Are you referring to the environment and energy department's role in this?

Senator RICE: Well, this is part of the confusion: who in government is responsible for rolling out an electric vehicle strategy? We've got lukewarm support; we've got the minuscule amount of $400,000 going towards EVs, and nobody even seems to know who's responsible for it.

Ms Spence: One of the reasons why there are some questions for us is that we're working with the COAG Transport and Infrastructure Council. We've got a low- and zero-emissions vehicle working group, which is to report back to the Transport and Infrastructure Council with a work program on activities to support the rollout of electric vehicles, looking at things like infrastructure and what the up-front costs are.

Senator RICE: So is that the strategy? Who is being tasked to develop the strategy?

Ms Spence: The work that's being done through the COAG Transport and Infrastructure Council will be an important input into the strategy, and we'll be working with our colleagues in the Department of the Environment and Energy.

Senator RICE: Who's going to lead the development of the strategy?

Ms Spence: The Department of the Environment and Energy have announced the strategy and they will be the lead agency.

Senator RICE: So you've got the strategy, which is going to inform or be informed by the COAG process.

Ms Spence: Yes.

Senator RICE: What's its relationship with the Ministerial Forum on Vehicle Emissions?

Ms Spence: Only that the Deputy Prime Minister is a member of the ministerial forum and he's the chair of the Transport and Infrastructure Council. That's the link between the two pieces of work.

Senator RICE: Who's responsible for the work that's occurring out of the Ministerial Forum on Vehicle Emissions? Who's the lead agency for that?

Dr Kennedy: We have different leads on the three components.

Ms Spence: We provide the secretariat for the ministerial forum. The Department of the Environment and Energy leads on fuel standards. We're responsible for the fuel-efficiency standards and noxious emissions.

Senator RICE: Okay, so you're responsible for whether or not there is going to be a light-vehicle efficiency standard?

Ms Spence: We're responsible for providing advice. Sorry, I'm not trying to be cute here, but we're responsible for providing advice on fuel-efficiency standards and noxious emissions.

Senator RICE: Providing advice to who?
Ms Spence: The ministerial forum.

Senator RICE: Who will end up making the decision as to whether we're going to have a standard?

Dr Kennedy: The Deputy Prime Minister is the lead minister on the issue. A government decision would be made in the usual way, through a cabinet process.

Senator RICE: Would you expect that a decision on a light-vehicle fuel-efficiency standard will be part of the electric vehicle strategy?

Dr Kennedy: That's a matter for government.

Senator RICE: Have you got any ideas of what components, at least from the department of transport's perspective, will be in the strategy?

Ms Spence: As I said, it'd be informed by the work we're doing through the low- and zero-emissions vehicle working group, so, as I said, matters like infrastructure, charging infrastructure, anything that we can do to increase model availability, work around education and awareness raising, the possibility of whether we needed to mandate an electric vehicle plug standard—they're the sorts of issues that we'd be looking at.

Senator RICE: And a light vehicle efficiency standard is potentially in the mix but not necessarily?

Ms Spence: Well, Senator, I've just run through the things that we'd be thinking of in terms of promoting electric vehicles.

Senator RICE: Okay, but you didn't include the light vehicle efficiency standard in that list that you ran through, so are you ruling it out?

Ms Spence: I'm not ruling it out. I'm just ruling out the things that I'm aware of that we will be focusing on. But I'm not ruling it out.

Senator RICE: Going back to the $400,000: you don't know what it's going to be spent on. Would it be correct that that $400,000 would only be to develop the strategy and wouldn't have resources in that to actually implement it?

Dr Kennedy: I think it would be safest to address questions on the $400,000 to the department that leads on it, which is the environment and energy department.

Senator RICE: So you've got no views as to what the $400,000 should be spent on?

CHAIR: It's not a question of views. The witnesses have indicated to you that they don't have the detail. You're in the wrong estimates.

Senator RICE: And I will be heading straight back there!

CHAIR: I tell you what: why don't you head off early? You'd get a five-minute start.

Senator RICE: In fact, you're in luck, Chair, because that's it—I have finished!

CHAIR: You are wonderful, Senator! I never thought I'd ever say that—

Senator RICE: That's my last question with you as the chair of RRAT, and I think we'll both be grateful for that!

CHAIR: And I'm going to miss you—

Senator RICE: Not!

CHAIR: not. Senator Storer.
Senator STORER: I wanted to ask questions related to electric vehicles—the small electric vehicles, three-wheelers, that are actually prominent now in Europe. I hope the department may be able to answer this question; I may have been late to put it to the Australian Transport Safety Bureau. So I will just ask only if work is underway to align Australia's vehicle safety regulations with Europe's with regard to small electric vehicles—these are three-wheelers. Are you aware of any?

Ms Spence: I am not aware of any. I'll look to my colleagues—

Senator STORER: Anyone?

Ms Spence: No.

Ms Nyakuengama: To align with European—

Senator STORER: European standards and safety regulations with regard to small electric vehicles—these are three-wheelers—

Ms Nyakuengama: Not at the moment, no.

Dr Kennedy: We will take it on notice, because I did note at the last estimates that we said no to a couple of these questions and found out that our colleagues had been working on them, because there's a lot going on. So, if you don't mind, we will say no but take it on notice.

Senator STORER: Okay. Has consideration been given to developing fit-for-purpose Australian design rules for non-traditional lightweight EVs—these are three-wheelers limited to operations around metropolitan areas at low speeds, like less than 50 kilometres. That would be my question.

CHAIR: Bring back the Vespa—an electrified Vespa!

Dr Kennedy: The answer is: not that we're aware of, but we will double-check for you.

Senator STORER: Yes, please, if you could. Then I wanted to ask about trackless trams. This is a technology that's showing great promise in Europe as well as China—

Dr Kennedy: China, I believe, has got it.

Senator STORER: Yes. It is delivering a similar service to traditional trams but at a fraction of the cost. The cost of laying normal trams in Sydney was $120 million per kilometre; on the Gold Coast, it was a similar figure; in Canberra and Newcastle, $80 million per kilometre. Trackless trams are said to be a fraction of this cost. Is the department aware of the development and use of trackless trams in Europe and China?

Dr Kennedy: Yes, we are aware, and there have been a number of interesting articles from, I think, Professor Peter Newman from Western Australia on this technology. We've been watching the research and the articles with interest. I don't know if I'm about to pre-empt the question, but I'm not aware of any proposals—

Senator STORER: But is there any work? Is the department doing any work on trackless trams?

Dr Kennedy: No, other than watching with interest the way the technology is evolving. I have to admit, it is an area of interest that I will be interested in raising with my state colleagues. As you know, most of the infrastructure projects delivered are state projects—

Senator STORER: Yes.
Dr Kennedy: with the Commonwealth. So, beyond a watching brief, the answer would be no.

Senator STORER: Okay.

Dr Kennedy: So we have no proposals, and I'm not aware of any proposals, but I can definitely say we are definitely aware of it and it is one that seems like a highly prospective technology.

Senator STORER: That's good to know. I hope that it will lead forward, because it is stated to be a fraction of the cost and those figures of $120 million and $80 million per kilometre are quite—

Dr Kennedy: As you know, in Adelaide there are very interesting forms of transport—the busways et cetera.

CHAIR: Are there any plans to retrofit Vespas and electrify them?

Dr Kennedy: Not that I am aware of!

CHAIR: Senator Sterle asked me to ask the question!

Dr Kennedy: Lots of electric bikes around!

CHAIR: Dr Kennedy, I want to thank you for the time I've been chair with you and your officers.

Senator STERLE: Did you get the names of the ships?

Dr Kennedy: Sorry, we haven't got them.

CHAIR: Thank you and all your officers for their efforts. Sometimes it gets a bit scratchy, but we do appreciate it. Thank you, Minister, for today and thank you to the secretariat and our good friends in broadcasting.

Dr Kennedy: Chair, we really appreciate the interest and passion this committee shows for these policy areas, including your own, Senator. You have led a lot of very important inquiries in aviation and other areas of safety, in shipping. Congratulations on your achievement.

CHAIR: Thank you.

Dr Kennedy: We know we don't always satisfy you, but we do our best and we very much appreciate the Senate's oversight—

CHAIR: Thank you, Dr Kennedy.

Committee adjourned at 18:01